

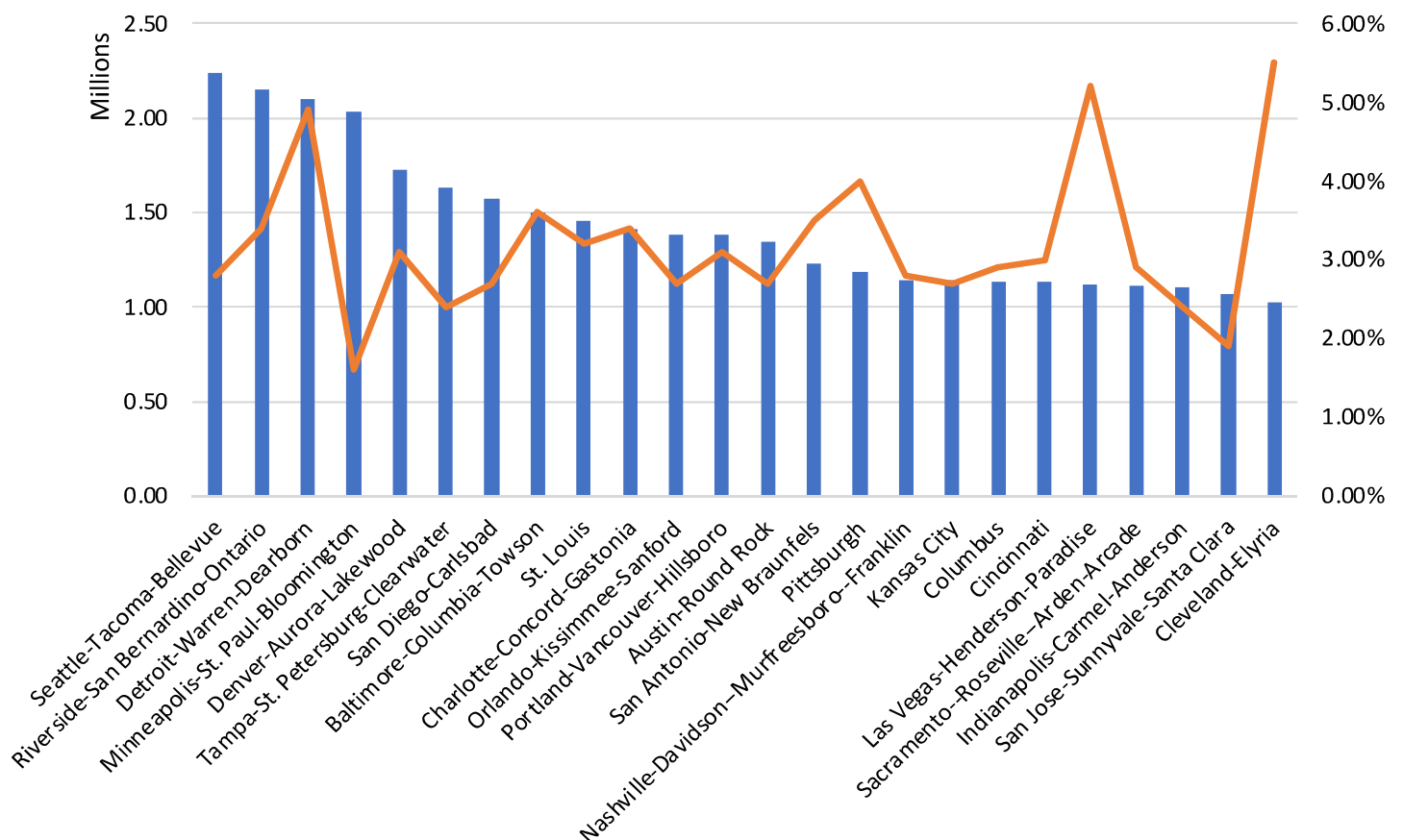


Ranking the Top Secondary Metro Areas for Commercial Real Estate Investment in 2022: Managing Economic Uncertainty

With 2022 winding to a close, the Trepp team came together to create the 2022 edition of our annual report ranking the “Top Secondary Metro Areas for Commercial Real Estate (CRE) Investment.” The year 2021 ended with level-breaking records of issuance in the commercial mortgage-backed securities (CMBS) market, and that pace looked to continue in 2022 as first-half issuance remained strong. However, macroeconomic factors like the war in Ukraine, rising interest rates, and rampant inflation have caused market slowdowns across the world, and the CRE market is no different.

In this report, Trepp analyzed the performance of 24 secondary metropolitan statistical areas (MSAs) creating a list of the top 10 areas for investment. This year, the findings were heavily made up of the MSAs that have found a way to heal from old distress and manage new economic outcomes. Common themes in these MSAs were low CRE distress and low unemployment levels – pointing to areas that have been able to make up ground on their pandemic losses while also maintaining through this economic cycle.

FIGURE 1: EMPLOYMENT DATA - SECONDARY MSAs



Source: Trepp | As of May 2022

■ Employed Persons — Unemployment Rate

This year’s ranking methodology has been improved in order to capture a more modern-looking commercial real estate market. CRE collateralized loan obligations (CRE CLOs) have been added to this year’s dataset to reflect the changes in recent years’ issuance. Additionally, agency data (aka Fannie Mae and Freddie Mac loans) have been added to this year’s dataset, adding insight into where investors are putting money to work under the Freddie and Fannie loan programs. Additionally, as the first ranking done since COVID-19’s economic damage sits (mostly) in the past - a healthy mix of backward-looking data, starting in 2020, was included along with more current market statistics. See the “Methodology” section for a more in-depth breakdown of the ranking system.

According to the U.S. Census Bureau, a metropolitan statistical area (MSA) refers to a core area containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. It is categorized based on the raw number of individuals employed, as well as through an

evaluation of their historical performance. Secondary MSAs are categorized as regions with employment approximately between one and two million. The following graph shows the June employment data for secondary MSAs.

Ranking Overview:

Seattle-Tacoma-Bellevue, WA ranked first in Trepp’s report, ahead of the San Jose-Sunnyvale- Santa Clara, CA and Orlando-Kissimmee-Sanford Florida. The three MSAs benefited from having investment profiles that touted strong weighted average debt service coverage ratios (DSCRs), high outstanding volume growth (OVG) since 2020, and low distress rates (delinquency and special servicing rates) despite economic uncertainty.

The bottom three rankings belonged to Pittsburg, PA, St. Louis, MO-IL, and Cleveland-Elyria, OH. Comparatively speaking, these MSAs struggled with low issuance, high unemployment rates, and high levels of distress while also experiencing population decline.

FIGURE 2: TOP 24 SECONDARY MSAS FOR CRE INVESTMENT

RANK	MSA	WEIGHTED AVERAGE DSCR	OVG (2020-2021)	OVG (2021-2022)	ISSUANCE (2022)	POPULATION GROWTH RATE	UNEMPLOYMENT RATE	DELINQUENCY RATE	SPECIAL SERVICING RATE
1	Seattle-Tacoma-Bellevue, WA	2.16	17.12%	4.89%	\$1,652,634,572	-0.33%	2.80%	0.60%	0.83%
2	San Jose-Sunnyvale-Santa Clara, CA	2.06	16.65%	8.64%	\$975,038,296	-2.15%	1.90%	0.31%	0.71%
3	Orlando-Kissimmee-Sanford, FL	2.08	9.73%	7.81%	\$1,610,243,635	0.53%	2.70%	0.87%	2.25%
3	Sacramento-Roseville-Arden-Arcade, CA	2.09	15.83%	5.09%	\$611,028,574	0.50%	2.90%	0.24%	0.24%
5	San Diego-Carlsbad, CA	2.20	8.97%	9.01%	\$1,321,389,189	-0.34%	2.70%	0.29%	1.24%
6	Las Vegas-Henderson-Paradise, NV	2.91	6.18%	30.73%	\$4,381,287,197	0.84%	5.20%	1.18%	1.84%
7	Tampa-St. Petersburg-Clearwater, FL	2.22	12.90%	7.74%	\$1,149,926,468	1.13%	2.40%	2.54%	6.39%
8	Austin-Round Rock, TX	1.89	9.09%	0.67%	\$1,324,581,738	2.32%	2.70%	0.28%	1.95%
9	Nashville-Davidson-Murfreesboro-Franklin, TN	2.06	11.01%	2.43%	\$406,684,556	0.86%	2.80%	0.53%	2.57%
10	San Antonio-New Braunfels, TX	1.85	13.00%	10.49%	\$1,250,635,636	1.37%	3.50%	3.79%	3.54%
11	Charlotte-Concord-Gastonia, NC-SC	2.03	19.07%	1.86%	\$957,407,611	1.18%	3.40%	3.11%	3.30%
12	Detroit-Warren-Dearborn, MI	1.97	6.31%	14.35%	\$1,764,420,563	-0.47%	4.90%	1.97%	2.19%
13	Kansas City, MO-KS	1.74	8.02%	12.16%	\$783,764,165	0.27%	2.70%	2.45%	3.93%
14	Riverside-San Bernardino-Ontario, CA	2.17	13.86%	0.56%	\$1,041,736,684	1.03%	3.40%	5.67%	6.39%
15	Indianapolis-Carmel-Anderson, IN	1.74	14.20%	1.72%	\$543,305,153	0.62%	2.40%	1.82%	6.25%
16	Columbus, OH	1.90	10.68%	4.67%	\$726,440,796	0.47%	2.90%	4.07%	5.85%
17	Denver-Aurora-Lakewood, CO	1.95	4.71%	4.03%	\$1,544,361,280	0.11%	3.10%	3.07%	4.44%
18	Minneapolis-St. Paul-Bloomington, MN-WI	1.89	9.82%	10.17%	\$665,452,958	-0.05%	1.60%	6.20%	37.67%
19	Cincinnati, OH-KY-IN	2.04	6.46%	8.04%	\$385,608,085	0.10%	3%	3.20%	7.18%
20	Portland-Vancouver-Hillsboro, OR-WA	1.95	10.84%	9.26%	\$911,562,325	-0.18%	3.10%	12.21%	22.54%
21	Baltimore-Columbia-Towson, MD	1.75	10.38%	4.32%	\$1,834,769,505	-0.12%	3.60%	9.45%	10.62%
22	Pittsburgh, PA	1.83	6.30%	1.22%	\$279,268,395	-0.58%	4%	1.64%	2.50%
23	St. Louis, MO-IL	1.73	4.45%	3.49%	\$612,174,120	-0.32%	3.20%	2.36%	10.77%
24	Cleveland-Elyria, OH	1.97	0.69%	5.12%	\$533,752,414	-0.46%	5.50%	5.85%	13.19%

Source: Trepp | OVG - Outstanding Volume Growth

1. Seattle-Tacoma-Bellevue, WA

Number one in this year's Trepp secondary MSA ranking is the Seattle-Tacoma-Bellevue, Washington MSA. The MSA struggled during the pandemic, but the strong build up in the years prior laid the foundation for a metro area that has recovered incredibly well to take this year's top spot.

Home of many tech and cloud computing companies, the number one ranking was earned on the back of high CRE investment from 2020-2021, which led to a growth in investment of almost 20%, as well as low distress rates, a high weighted average DSCR (2.16x) and the fourth highest amount of 2022 issuance at \$1.65 billion.

Seattle and its surroundings were one of the major areas that suffered in the face of pandemic as people opted out of their city apartments for neighborhoods with backyards. Compared to other major cities, Seattle's population fall off was small, but persisted slightly into 2022 as the population fell 0.33%.

That said, in 2021 the Seattle area became the 10th largest regional economy in the country, surpassing the Atlanta metro in its first ranking since 2012 according to a report

by Greater Seattle Partners. GDP rose to \$383 billion in 2019, and in 2020 its economy grew about 2.5x faster than the U.S. economy. According to an article from [Forbes](#), the growth of its tech sector led to a GDP change of 24.5% from 2015-2020. During that same time period, Seattle was rated the fastest growing major city in the past decade, growing 2% in the year leading up to the pandemic.

Analyzing the area's private-label commercial real estate profile shows that investors placed a heavy emphasis on supporting the tech industries as the office sector accounted for \$4.2 billion of the investment profile in the metro area.

METRIC	VALUE	RANK
Weighted Average DSCR	2.16	5
OVG (2020-2021)	17.12%	2
OVG (2021-2022)	4.89%	14
Issuance (2022)	\$1,652,634,572	4
Population Growth Rate	-0.33%	19
Unemployment Rate	2.80%	9
Delinquency Rate	0.60%	6
Special Servicing Rate	0.83%	3

Source: Trepp



2. San Jose-Sunnyvale-Santa Clara, CA

The San Jose-Sunnyvale-Santa Clara, California MSA took the number two spot in Trepp's 2022 secondary rankings. The MSA houses Silicon Valley and is the geographical base of many major global corporations, unicorns, and incubators alike.

In last year's ranking, we talked about the "techsodus" that had been making headlines – as corporations and citizens fled major metropolitan areas for ones with either more space or more affordability. San Jose was one of the metro areas hit hardest by this, and well documented were the headlines moonlighting the number of companies that left the area for cities like Austin or Phoenix. However, many citizens and investors alike stayed, and that is reflected in its current ranking.

After initially suffering with the exodus, Q4 2021 CRE data showed that San Jose had [positive net absorption](#) for the first time since 2019 as over 900,000 square feet of office space was leased to Meta and LinkedIn, with the latter purchasing two lots of land in downtown San Jose for redevelopment. Additionally, in late 2021 the tech sector added nearly 13,000 workers to the metro area, and San Jose reported one of the highest GDPs per capital globally.

This year's ranking was built thanks to the areas high level of investment from 2020-2021, low unemployment rates (0.20%), and low distress rates. In addition to this, the loans in the area reported a weighted average DSCR of 2.06x.

The San Jose-Sunnyvale-Santa Clara, CA investment profile is one of a kind, as its office market has a higher outstanding CMBS balance than its multifamily sector, including agency loans. At \$8.7 billion investors in the area continue to identify the Silicon Valley area as a safe place to invest in office space despite recent murmurs of work-from-home handicapping office markets all over the world.

METRIC	VALUE	RANK
Weighted Average DSCR	2.06	8
OVG (2020-2021)	16.65%	3
OVG (2021-2022)	8.64%	8
Issuance (2022)	\$975,038,296	12
Population Growth Rate	-2.15%	24
Unemployment Rate	1.90%	2
Delinquency Rate	0.31%	4
Special Servicing Rate	0.71%	2

Source: Trepp



San Jose-Sunnyvale-Santa Clara, CA

3. Orlando-Kissimmee-Sanford, FL

Tied for third in Trepp’s 2022 rankings is Florida based MSA: Orlando-Kissimmee-Sanford. This MSA’s strengths are population growth and friendly tax cuts. CRE investors who normally would invest in South Florida are looking for alternatives in today’s economic landscape, and many have [noted](#) Central Florida, and Orlando specifically as prime for development.

Orlando, however, has recently carved out its own niche. The home of Disney World has climbed this year’s rankings thanks to consistent investment in the sector, especially over the past 12 months. Additionally, the area is currently benefiting from a boom in [office demand](#) thanks to their recent population growth. A Q2 Orlando Office Market report by Marcus & Millichap notes that employment is expected to rise in the area by 5.3% thanks to lower office rents and a growing work force. On top of that, of the major metro areas in the state, Orlando has the lowest available office space at 12.7% with an average asking rate at \$22.87 per square foot – an all-time high for the city.

Trepp data shows that \$1.61 billion was issued in the Orlando-Kissimmee-Sanford, FL MSA in 2022 –ranking it fifth highest amongst the secondary MSAs. Orlando was also ranked within the top 5 for unemployment rate, and

just outside of it for its distress rates (7th for delinquency, 6th for special servicing).

According to the Bureau of Labor Statistics, the Orlando MSA is also home to one of the [fastest growing](#) tech sectors in the country. Between 2015 and 2020, employment in high-tech industries rose by 26.8% in the area, compared to 8.9% nationally. The pharmaceutical and medicine manufacturing industries in the area reported 101.3% job growth over the same period.

Investment in the MSA is also dominated by agency CMBS, but the area also thrives on a lodging sector that is backed by \$2.35 billion in lodging and \$1.4 billion in retail properties. Notable loans in the area include The Florida Mall, the Hilton Orlando, and the Walt Disney Dolphin & Swan Resorts.

METRIC	VALUE	RANK
Weighted Average DSCR	2.08	7
OVG (2020-2021)	9.73%	14
OVG (2020-2021)	781%	10
Issuance (2022)	\$1,610,243,635	5
Population Growth Rate	0.53%	9
Unemployment Rate	2.70%	5
Delinquency Rate	0.87%	7
Special Servicing Rate	2.25%	8

Source: Trepp



Orlando-Kissimmee-Sanford, FL

3. Sacramento—Roseville-Arden-Arcade, CA

The second number three in this year’s rankings is the Sacramento—Roseville-Arden-Arcade, California metro area – the fifth largest metropolitan area in the state. The northern California metro area and Sacramento is one of the fastest growing areas in the state, even throughout the pandemic. Since 2018, the city itself added nearly 24,000 residents as California’s relocated from San Francisco and San Jose and in Q1 2022 the area added about 34,000 workers to the labor force.

The metro area is thriving behind the growth of its industrial, retail, and multifamily markets. A Newmark report on the industrial sector noted that late 2021 and early Q1 2022 was a “red-hot” time for the sector that has slightly cooled, despite still promoting strong market fundamentals. Q2 year to date net absorption in the sector remained strong as it reached 1.6 million square feet and despite fears of a potential recession Industrial sales continued in the sector.

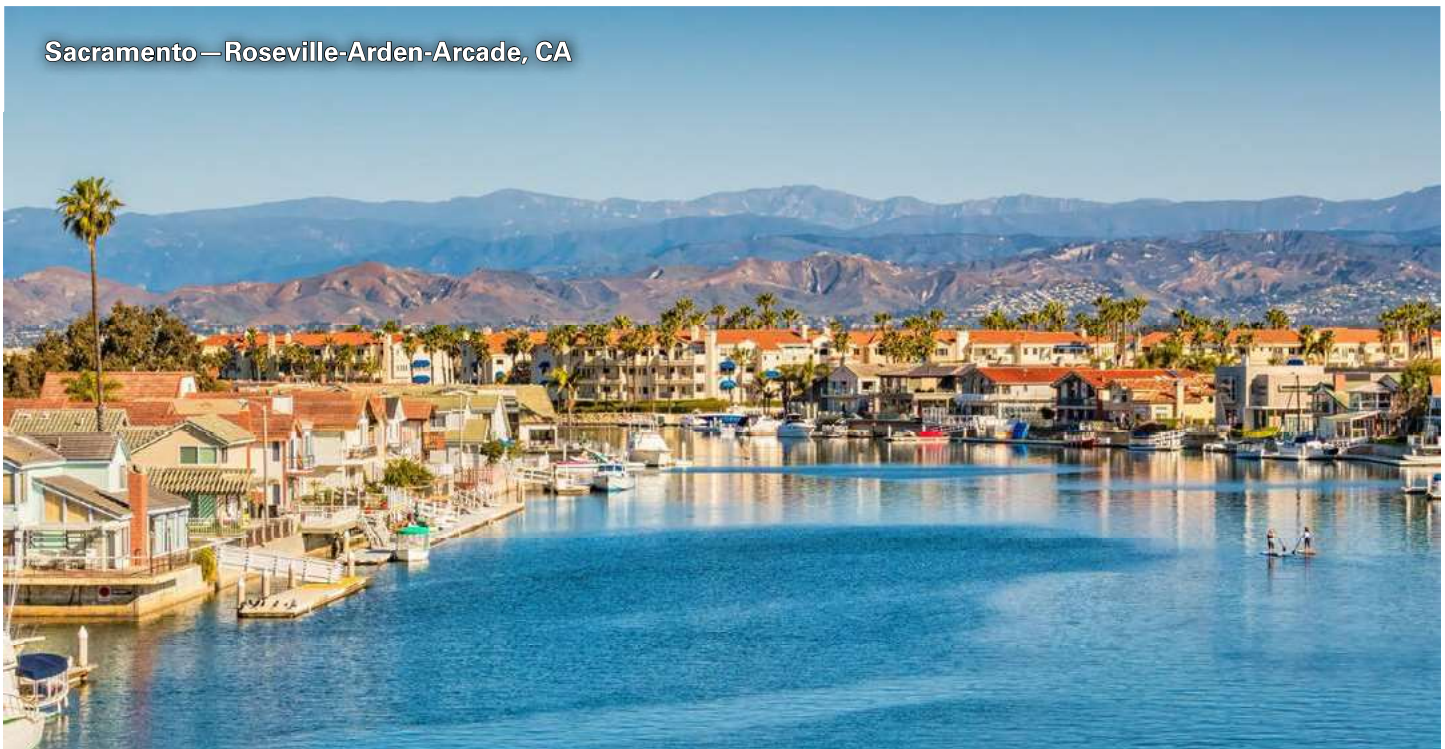
The Sacramento MSAs retail sector saw its [second highest](#) level of net absorption since 2018 and reported vacancy at its lowest point in the past two years. Simultaneously,

a [Colliers](#) report on Sacramento Multifamily noted that investor demand is pushing cap rates down and that Sacramento’s quarterly sales volume has remained strong and the quarterly average price per unit rose to a record high.

Trepp data shows that investment in the Sacramento—Roseville-Arden-Arcade metropolitan shows that non-agency investment so far has been concentrated in the office (\$738 million) and retail (\$482 million) sectors. The MSA reported a weighted average DSCR of 2.09x, showing just another example of how strong cashflows in the area have been.

METRIC	VALUE	RANK
Weighted Average DSCR	2.09	6
OVG (2020-2021)	15.83%	4
OVG (2021-2022)	5.09%	13
Issuance (2022)	\$611,028,574	19
Population Growth Rate	0.50%	10
Unemployment Rate	2.90%	11
Delinquency Rate	0.24%	1
Special Servicing Rate	0.24%	1

Source: Trepp



Sacramento—Roseville-Arden-Arcade, CA

5. San Diego-Carlsbad, CA

San Diego-Carlsbad, California is the third California MSA on the list and is number five in Trepp's 2022 ranking of Secondary MSAs. The research and defense hub has rose to its spot behind low distress rates, the second lowest unemployment rate (2.70%) and the third highest WADSCR of the secondary MSAs.

According to the U.S. Bureau of Labor Statistics, the second most populated city in California saw nonfarm employment grow by 83,900 (5.9% year-over-year) between May 2021 and May 2022. Additionally, employment is expected to grow at a combined rate of 5.4% in 2022 and San Diego's economy is forecasted to grow 5.2% through the end of 2022.

In Trepp's Rent CPI FYI piece, San Diego-Carlsbad MSA multifamily sector was found to have seen Revenue and NOI growth of 4.6% and 5.8% respectively. Additionally, the report found that investors in top quintile of investment (think Class-A, Class-B institutional investors) saw revenue and NOI increases of 7.3% and 9.5% respectively.

Touching further on multifamily, A Multi-Housing News report on San Diego noted that the areas fundamentals have continued to strengthen as occupancy increased 90 basis points over 12 months and year-over-year rent growth came in at 20.8% and outperforming national rent growth.

Trepp data shows that of the \$15 billion currently invested in the MSA, agency and multifamily investment makes up the lion's share, equating to \$9.6 billion, followed by \$1.26 billion invested in the office market and \$1.22 billion invested in the retail sector.

METRIC	VALUE	RANK
Weighted Average DSCR	2.20	3
OVG (2020-2021)	8.97%	16
OVG (2021-2022)	9.01%	7
Issuance (2022)	\$1,321,389,189	8
Population Growth Rate	-0.34%	20
Unemployment Rate	2.70%	5
Delinquency Rate	0.29%	3
Special Servicing Rate	1.24%	4

Source: Trepp



6. Las Vegas-Henderson-Paradise, NV

Number six in Trepp’s ranking is the Las Vegas-Henderson-Paradise Nevada. The areas extracurricular activities need no further introduction, but its commercial real estate profile earned its rank thanks to #1 rankings in WADSCDR, Outstanding Volume Growth from 2021-2022 (30.73%), and levels of new issuance – which reached \$4.4 billion in 2022. Despite this, its ranking was slightly held back by its high unemployment rate (5.20%) and relatively high distress rates when compared to other secondary MSAs.

Early in the year Las Vegas natives were bullish on the area’s economy as conventions, international tourism, and small businesses continued to thrive. At the start of 2022 an *Axios* report noted the Las Vegas-Henderson-Paradise MSA as seeing the fourth highest growth in job postings while also having a lower cost of living than the national average.

The MSA was one of the first to re-open in the wake of the pandemic and it has continued to thrive since. As of May 2022, the population had grown 84 basis points year over year and a report from the *National Association of Realtors* noted that in Q1 2022 Las Vegas was seeing stronger than

national job creation and wage growth. The report also notes that the areas industrial, retail, and lodging sectors all reported stronger absorption rates than the national average and, in the retail, and office sectors sales transactions are rising faster than nationally.

An investigation of the areas commercial real estate portfolio has a similar story to that of San Jose, except that in the case of Las Vegas, it is investment in the lodging sector (\$8.7 billion SASB - \$9.6 billion total) that outweighs the investment in the multifamily sector (\$7.5 billion Agency CMBS - \$9.5 billion total).

METRIC	VALUE	RANK
Weighted Average DSCR	2.91	1
OVG (2020-2021)	6.18%	21
OVG (2021-2022)	30.73%	1
Issuance (2022)	\$4,381,287,197	1
Population Growth Rate	0.84%	7
Unemployment Rate	5.20%	23
Delinquency Rate	1.18%	8
Special Servicing Rate	1.84%	5

Source: Trepp



7. Tampa-St. Petersburg-Clearwater, FL

The number seven spot in this year’s Trepp 2022 Secondary MSA rankings is the Tampa Bay-St. Petersburg-Clearwater, Florida MSA. Its ranking comes thanks to its high weighted average DSCR (2.22x), high population growth, low unemployment rate, and low watchlist rating. Additionally, the MSA ranked just outside the top 10 in new issuance, with \$1.14 billion issued so far in 2022.

This year, the Tampa Bay metro area has been the benefactor of a couple of key changes. Florida is already an attractive option for many, as nice weather and its friendly tax-structure attracts many. Cathie Wood of Ark Investment went as far as calling the city “the next Austin” and Zillow named the area its top housing market in the U.S. (dethroning Austin). Zillow also noted in their explanation of the rankings they saw the “thriving job market and forecasted home values increases that exceed 24%”.

The area has notably benefited from the state’s population growth. Data from the Census Bureau reports that Tampa’s population has grown 1.13% since last year and city of Tampa [alone](#) is expected to grow by 100,000 more residents by 2045, adding 77,000 new homes. Furthermore, the [Tampa Bay Business Journal](#) notes that nearly 1,100 people were moving to Florida every day, but the migrants to the Tampa Bay region were mostly from South Florida residents relocating. Hillsborough County (of Tampa) added the most

people in Florida in 2021 and outpaced Miami-Dade as it saw its population recede.

Tampa was also a focal point of Trepp’s recent CPI “FYI” report, which dove into the geographic variation of growth rates around the US. The examination of the MSAs multifamily loan performance and its variation in growth rates found that NOI grew 7.0% year-over-year in Tampa, and the U.S Bureau of Labor Statistics Rent CPI report found that it had reached 13.2% in June 2022 – an 18-month compounded annual growth rate of 10.8%.

The MSA is heavily made up of multifamily investment, \$8 billion of which is Agency CMBS. Private label investment is led by the \$1.5 billion invested in the area’s retail market, followed by \$564 million in lodging investments.

METRIC	VALUE	RANK
Weighted Average DSCR	2.22	2
OVG (2020-2021)	12.90%	8
OVG (2021-2022)	7.74%	11
Issuance	1,692,553,468	9
Population Growth Rate	1.13%	4
Unemployment Rate	2.40%	3
Delinquency Rate	0.57%	9
Special Servicing Rate	1.43%	14

Source: Trepp



Tampa-St. Petersburg-Clearwater, FL

8. Austin-Round Rock, TX

One of the largest beneficiaries of the “techsodus” and pandemic migration patterns, Austin was the benefactor of large corporations move from Silicon Valley in the hopes for greener (more affordable) pastures. In fact, in 2020 only Austin and San Jose posted positive GDP growth in 2020 according to a report from the [Austin Chamber of Commerce](#).

The area earned its top 10 ranking in parts thanks to that migration, as the area posted the highest population growth of the secondary MSAs, low distress rates, and a low unemployment rate (2.70%). It came in at sixth on Axios list of metros with the fastest growing job postings and a report from the Texas Real Estate Research Center at Texas A&M notes that not only are Austin and Travis County establishing themselves as Texas mainstays, but the growth is expanding to the northern suburbs such as Williamson County as well – helping to explain the MSAs continued growth.

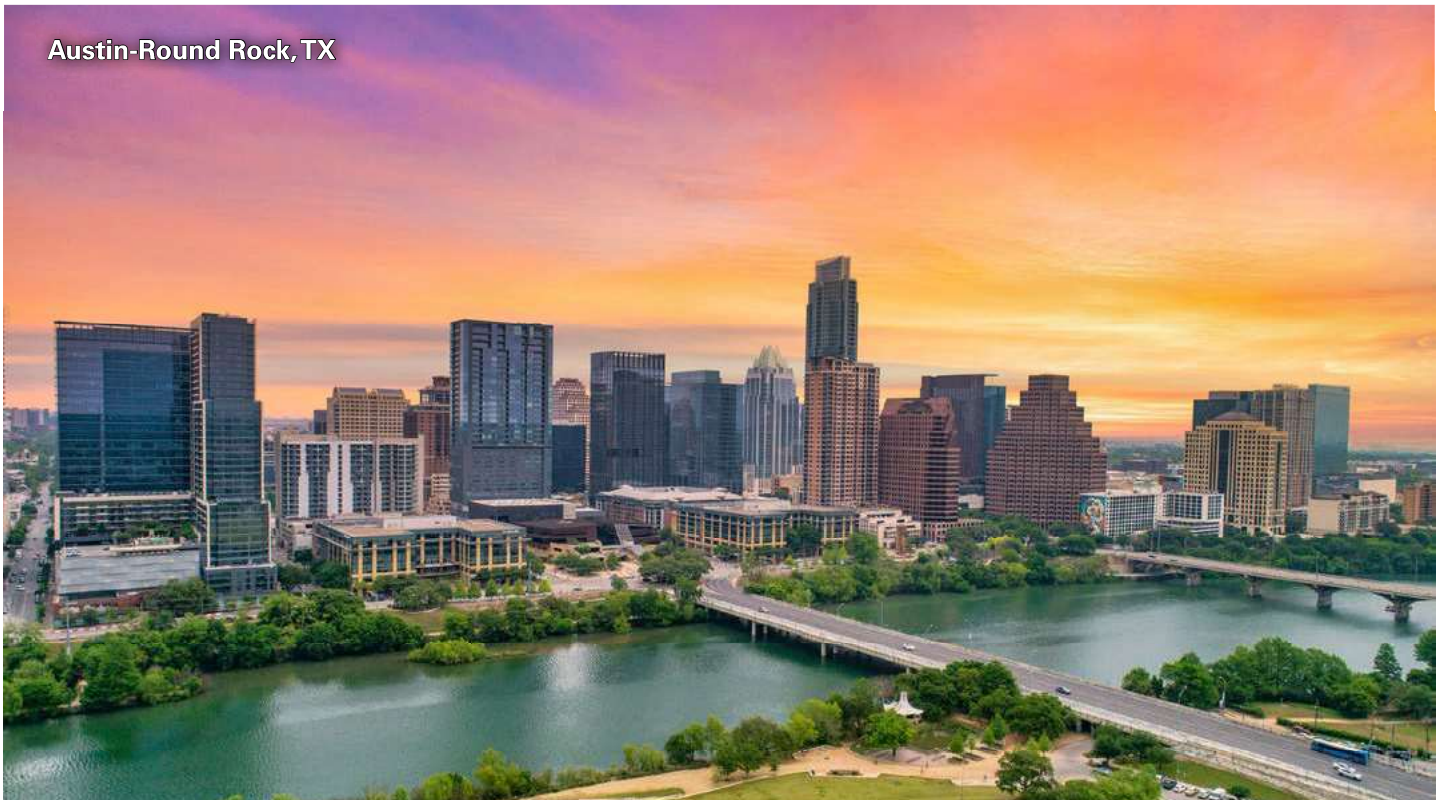
Amongst the companies that left other locations for Austin-Round Rock area include Samsungs new \$17 billion plant

in Taylor, TX, an NXP semiconductors expansion of its local facilities and potentially an applied materials lab along with a growing number of other semiconductor expansions.

The commercial real estate profile of the area shows that commercial real estate investment in the area is heavily focused in the multifamily sector, with agency CMBS and CRE CLOs accounting for \$6.7 billion and \$1.58 billion of the sectors outstanding \$9.1 billion in investment.

METRIC	VALUE	RANK
Weighted Average DSCR	1.89	17
OVG (2020-2021)	9.09%	15
OVG (2020-2021)	0.67%	23
Issuance (2022)	\$1,324,581,738	7
Population Growth Rate	2.32%	1
Unemployment Rate	2.70%	5
Delinquency Rate	0.28%	2
Special Servicing Rate	1.95%	6

Source: Trepp



9. Nashville-Davidson—Murfreesboro-Franklin, TN

Number nine in the 2022 rankings is the Nashville-Davidson—Murfreesboro-Franklin, Tennessee MSA. Nashville got its ranking thanks to its high population growth, low distress rates, low unemployment rate, and the high performance of its current investments (WADSCR).

The area consistently ranks in the top 10 U.S. metros for job growth, remains below the national average cost of living, and the area generates nearly 40% of the state’s revenue and 30% of its tax revenue. A 2021 report by Stessa [rated](#) the Nashville MSA as the number one metro that saw economic growth in 2021. Additionally, the Bureau of Labor Statistics noted that 70,200 jobs were added as of May 2022, reflecting a 6.7% increase year over year.

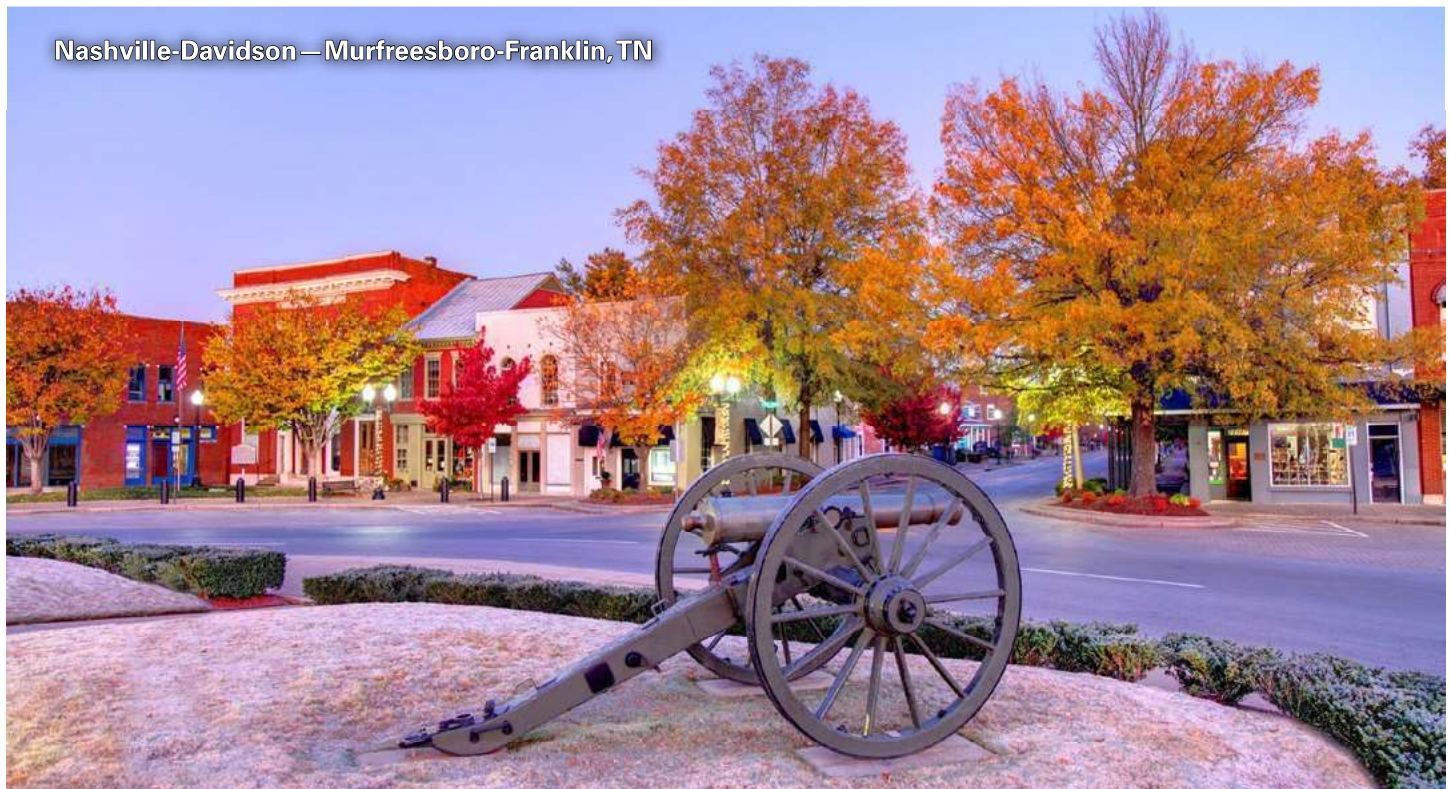
All of this has helped culminate into a highly desired metropolitan area. Home of the Music City, WalletHub ranked Nashville as a top 10 place to buy a house, and in its annual *Emerging Trends in Real Estate Report*, PricewaterhouseCoopers also rated Nashville as number one. In the same report, under their [Local Market Perspective](#):

[Investor Demand](#) section, PwC reported Nashville as the most desired location for investors.

Trepp data shows that of the \$7.6 billion of current CMBS investment, \$5 billion is made up of the multifamily sector and a further \$1.2 billion is made up of lodging investments. This data would suggest a lot of room to grow along with its currently bustling economy, and Nashville has increasingly become the destination of supply chain management, advanced manufacturing, and health care corporations.

METRIC	VALUE	RANK
Weighted Average DSCR	2.06	9
OVG (2020-2021)	11.01%	9
OVG (2021-2022)	2.43%	19
Issuance (2022)	\$406,684,556	22
Population Growth Rate	0.86%	6
Unemployment Rate	2.80%	9
Delinquency Rate	0.53%	5
Special Servicing Rate	2.57%	10

Source: Trepp



10. San Antonio-New Braunfels, TX

Rounding out the top ten is the San Antonio- New Braunfels, Texas MSA earning its ranking thanks to having the second highest population growth, top 10 outstanding volume growth and top 10 in CMBS issuance thanks to the \$1.25 billion generated so far in 2022.

A byproduct of its rising population, the National Association of Realtors (NAR) ranked San Antonio of one of its 10 “[hidden gems](#)” of the 2022 housing market. San Antonio also benefits from being relatively close to Austin, but being more affordable, and reporting a lower vacancy rate than its neighbor. Additionally, office occupancy has grown over the past 12 months, there has been a net increase of 14,631 apartment units since Q2 2022.

One of the key indicators of San Antonio’s continue growth is how strongly its retail market has performed. According to

a report by NAI Partners the MSAs retail market saw full year 2021 net absorption rate of 1.7 million square feet, its highest annual total since 2016.

Trepp data for the sector shows that investment has been heavily made up by the multifamily sector behind \$5.2 billion in agency CMBS and \$1.3 billion in CRE CLOs.

FIGURE 12:

METRIC	VALUE	RANK
Weighted Average DSCR	1.85	19
OVG (2020-2021)	13.00%	7
OVG (2021-2022)	10.49%	4
Issuance (2022)	\$1,250,635,636	9
Population Growth Rate	1.37%	2
Unemployment Rate	3.50%	19
Delinquency Rate	3.79%	18
Special Servicing Rate	3.54%	12

Source: Trepp



San Antonio-New Braunfels, TX

Methodology

For this analysis, Trepp applied data for the seven factors listed below. Each factor was given equal weighting.

1. Weighted-Average DSCR
2. MSA Outstanding Volume Growth Rate (OVG)
3. New Issuance (Jan 2022-August 2022)
4. Population Growth Rate
5. Unemployment Rate
6. CMBS Delinquency Rate
7. CMBS Special Servicing Rate

MSA Outstanding Volume Growth Rate was tracked over the past two years (2020) to build a historical trend of investor interest and confidence in the MSA following the effects of the COVID-19 pandemic. The rest of the statistics use the most recently available data.

Data for the MSAs was collected from a wide range of sources, including Trepp's database, the United States Department of Labor, and the United States Census Bureau.



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For inquiries about the data analysis conducted in this research, contact press@trepp.com or 212-754-1010.

About Trepp

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