



# Steeped in Nearly 300 Years of History, Multi-Cultural SAN ANTONIO Evolves into Cosmopolitan Business Giant of the Southwest

By Edward M. Bury, APR

Few American cities can boast a history shaped by wildly diverging cultures, storied historical events, frontier cowboy individualism, and fortunate geographic location as San Antonio. From its humble origins as the Spanish Mission San Antonio de Valero in 1718, the second-largest city in Texas

(in terms of population) has grown into a dynamic national market for business, transportation and tourism while retaining its heritage and charm.

Native American peoples were the first to inhabit the area around modern San Antonio. Over the decades, Hispanic Texans or Tejanos, Eastern settlers, and German immigrants put down roots to create a truly distinct metropolitan region. From a historical standpoint, the city has been the site of various battles, and it marked the start of the famous Chisholm Trail, the storied starting point for cattle drives north to the stockyards

in Kansas. And from a strategic perspective, the city is at the outskirts of the beautiful Texas Hill Country, centrally located between both coasts and just 150 miles from Mexico.

San Antonio is a place where the economy is driven by a huge military presence, major banking and health-care headquarters, and tourism. Yet, it still hosts annual events that show the world the city takes pride in its roots.

The San Antonio Stock Show & Rodeo each February, one of largest rodeos in the nation, evolved to include a scholarship program for students pursuing agriculture degrees. It's in its 59th year and draws more than 1 million spectators. And each April, the Fiesta, a multi-cultural celebration that draws 3.5 million visitors in its 11-day



Above: Tower of America – City Aerial



Left:  
The Alamo -  
San Antonio, Texas

run, features more than 100 individual events and generates an estimated \$284 million to the economy. Fiesta has a bit more history behind it, having celebrated its 118th anniversary.

Of course, any discussion of San Antonio requires mention of its most famous, most iconic attraction—the Alamo—site of the siege in 1836 that eventually led to the formation of the Republic of Texas. The Alamo ranks as the top tourist attraction in the Lone Star State. A few blocks from the Alamo, the San Antonio River Walk, the meandering waterway flanked by shops, hotels, restaurants, and entertainment venues that snakes its way through downtown, ranks as the state's second ranked tourist attraction. And, Seaworld, located 16 miles from downtown, comes in third place. These and other attractions draw an estimated 20 million visitors annually and bring in lots of revenue.

Beyond these visitor-oriented attractions, the city's economic engine is fueled by other industries, includ-

ing the proximity of five major military installations. Some—like historic Fort Sam Houston and Lackland and Randolph air bases—are still in operation; others are under what's known as "realignment" or decommissioned for other uses. Fort Sam, as locals call it, is the site of the new San Antonio Military Medical Center, a new facility to

accommodate the training of medical personnel from all branches of the military. The project is scheduled for completion in 2011 at an estimated cost of more than \$2 billion. Lackland is home to the 37th Training Wing, the largest training division in the Air Force, while Randolph is home to the 12th Flying Training Wing, an Air Force unit that conducts pilot instructor training, combat systems officer training, and host-base support to other Air Force units.

"Even though there were jobs lost at the time, the net value of the realignments to San Antonio was better in the long run," said Phil Crane, CCIM, of San Antonio. "This has been a good thing for economic development."

Development has been realized in the form of a multi-purpose complex on one former Department of Defense base. Crane pointed out that the for-

San Antonio Transaction Breakdown 12-Month Trailing Averages (07/01/08 - 06/30/09)					
	Office	Industrial	Retail	Apartment	Hotel
<b>&lt; \$5 Million</b>					
Volume (Mil)	\$17	\$14	\$96	\$6	-
Size Weighted Avg. (\$ per sf/unit)	\$109	\$43	\$96	\$35,339	-
Price Weighted Avg. (\$ per sf/unit)	\$136	\$50	\$149	\$38,012	-
Median (\$ per sf/unit)	\$104	\$57	\$95	\$36,389	-
<b>&gt; \$5 Million</b>					
Volume (Mil)	-	-	\$107	\$125	-
Size Weighted Avg. (\$ per sf/unit)	-	-	\$211	\$52,142	-
Price Weighted Avg. (\$ per sf/unit)	-	-	\$280	\$73,844	-
Median (\$ per sf/unit)	-	-	\$270	\$42,994	-
<b>All Transactions</b>					
Volume (Mil)	\$91	\$14	\$203	\$131	-
Size Weighted Avg. (\$ per sf/unit)	\$133	\$43	\$134	\$51,016	-
Price Weighted Avg. (\$ per sf/unit)	\$153	\$50	\$218	\$72,180	-
Median (\$ per sf/unit)	\$105	\$57	\$97	\$42,994	-
<b>Capitalization Rates (All Transactions)</b>					
Weighted Average (%)	-	-	-	-	-
Median (%)	-	-	-	-	-
Source: RERC.					



Above: Downtown Skyline - San Antonio

mer Kelly Air Force Base, a near-2,000 acre parcel, now operates as Port San Antonio. The facility is being redeveloped into an “aerospace, industrial complex and international logistics platform,” according to its web site. More than 60 tenants lease space on the site, including aeronautical giants like Boeing, Lockheed Martin, Pratt & Whitney, and Standard Aero. Also, the facility is covered as a Foreign-Trade Zone, which means goods admitted there are not subject to formal U.S. Customs entries or payment of duties.

Some 10 miles southeast of downtown, the former Brooks Air Force Base land is now under realignment as part of a redevelopment project between city, state, and federal governments. Now called the Brooks City Base, the site will one day include buildings housing a wide range of businesses and technology companies; the property currently has a retail component anchored by a Wal-Mart store.

Venture back toward the central city and one encounters new developments that will reshape downtown. Crane noted that a new federal court house is planned, and cost estimates for the project range from \$115 million to \$125 million. The court building would be built on a 6-acre site at Nueva Street and Santa Rosa Boulevard that now houses the main police

department; the city and the General Services Administration are finalizing terms for a land swap that would give the city a new site for a new public safety complex projected to cost \$100 million.

Directing attention back to the famous River Walk, Crane

said the first phase of major extension for the waterway has just been completed. This phase of the San Antonio River Improvements Project added 2 miles of walkway to link the San Antonio Museum of Art and the Pearl Brewery redevelopment area, a so-called “urban village in the making” comprised of retail, office, apartments, public spaces, and art galleries. The projected total investment for River Walk projects is \$279 million.

New downtown residential properties have kept pace with demand, but more high- and mid-rise housing may

be needed. According to a report from the Downtown Alliance San Antonio, the demand for downtown housing is increasing and developers have projects under construction or planned. One successful new property is the 20-story, 150-unit Vidorra, where more than 40 units sold this summer. A two-bedroom, 1,640-square-foot unit there is listed at \$495,000.

But like any major market these days, greater San Antonio must cope with the impact of a sputtering national economy. Crane, a broker with Providence Commercial Real Estate Services, noted that San Antonio does plan to use federal stimulus money to rebuild some major roadways like U.S. Highway 281, established in the 1930s, and the 1604 Loop, the more modern outer 95-mile beltline that encircles the metro area.

“But the good news is that San Antonio won’t need as much stimulus money because we have not suffered as much as other markets,” Crane pointed out. “Our economy has maintained itself much better.”



Right: River Walk - San Antonio