OCTOBER 2025 ISSUE 19

CRE marketwire

INTEL FROM THE SAN ANTONIO & AUSTIN
RETAIL COMMERCIAL REAL ESTATE MARKETS

Where is retail pricing going?

Market sentiment is improving as investors anticipate rate cuts and more favorable lending conditions

pg. 05

Austin Retail Market is Alive

Who's Expanding, Who's Holding Back, and Where the Opportunities Lie

pg. 13

ISSUE 19
October 2025

marketwire

Foresite Commercial Real Estate
Investment Sales | Leasing |
Property Management

777 E Sonterra Blvd. Suite 150
San Antonio, TX 78258

1301 W 25th St. Suite 410
Austin, TX 78705

foresitecre.com
(210) 816-2734

Table of Contents

This report contains real data and analytics on the San Antonio and Austin commercial real estate markets covering all metrics of shopping centers and retail buildings, including retail occupancy and cap rates. Sourced from our proprietary extensive research efforts in aggregating hundreds of data points, interviewing active investors and property owners, and adding insights from experts in the segment, this is a comprehensive look at the current condition of the local retail commercial real estate market.

FORESITE
INVESTMENT SALES

Letter from the editor

STEADY THROUGH THE SLOWDOWN

San Antonio and Austin retail real estate has emerged as the standout product type in an otherwise challenging market. Limited inventory and strong investor demand have kept pricing steady, even amid tighter debt conditions. Cap rates for closed deals in San Antonio have remained in line with last year's pricing, while Austin saw a notable increase. Transaction activity was sluggish in the first half of the year but gained momentum in the third quarter. However, total transactions year-to-date remain down 52% compared to last year.

The retail leasing market continues to expand as both new and established businesses grow their presence in Central Texas. Restaurants remain the primary driver of new store openings. Although rental rates for new leases have dipped slightly, low vacancy levels are sustaining a healthy market. Looking ahead, steady demand and ongoing development activity are expected to further support leasing momentum.

The latest employment report showed a cooling job market nationwide, with the pace of hiring slowing considerably. However, Texas continues to lead all states in job gains over the past twelve months, demonstrating the strength and resilience of its economy.

Employers across the state are creating jobs at a rate that outpaces the national average, driven in part by sustained growth in the construction sector, which posted its eighth monthly increase in nine months.

Consumer spending slowed in September as shoppers grew more cautious amid concerns about impending tariffs and persistently rising inflation. Prices are increasing at the fastest pace since May 2023, and excluding the pandemic and its aftermath, core commodity prices haven't climbed this quickly since 2012.

As we approach the end of the year, the U.S. economy is headed to a period of slow growth. While the Fed is likely to continue cutting rates to help offset the slowdown, the effects may take time to filter through to consumers and businesses. Despite national headwinds, investors continue to view Texas retail as a resilient and promising segment, supported by strong fundamentals and steady economic growth.

Alex Tatem is the Head of Research for Foresite Commercial Real Estate and is also an active investment sales agent.

FORESITE
INVESTMENT SALES

CURRENT ISSUE'S KEY POINTS

ON THE MARKET

- 74 class A & B multi-tenant retail properties were publicly marketed during the third quarter of 2025.
- Nineteen new listings came to market during the quarter. Nine properties went under contract. Six reduced their price. Fifteen properties sold in San Antonio and Austin markets combined.
- San Antonio's average asking cap rate for all multi-tenant retail was 6.84%, up 8 basis points from Q3 2024.
- The average listing cap rate for all product sizes in Austin is 6.02%, down 13 basis points from Q3 2024.
- So far in 2025, property listings are up roughly 38% compared to the same period last year.

LEASING AND VACANCY

- Retail rental rates have dipped slightly for new leases, but low vacancy rates continue to keep the market healthy.
- San Antonio's average starting rental rate is $20.25, down $1.53 (7.02%) year over year.
- Starting rents declined in Austin in 2025 after peaking at $42.40. Rates for deals done during the third quarter dropped from $37.59 in Q3 2024 to $33.00 in Q3 2025, a decrease of $4.59, or 12.21%.
- Restaurants have led the retail sector in new store openings in 2025, with over a third of all store openings.

LABOR MARKET

- Texas ended the third quarter with an unemployment rate of 4.1 percent, lower than the nation's 4.3 percent.
- Austin's unemployment rate is 3.9%. San Antonio's is 4.4%.
- U.S. employment increased by just 22,000 jobs in August, below than the modest estimate of 75,000.
- Wages for hourly pay are up 3.7% compared to a year ago, and the average workweek held steady at 34.2 hours.
- Texas led all states for jobs gained over the last twelve months.

RETAIL SALES

- Total U.S. Retail Sales for the month of August were 5.0% above August 2024.
- Consumer prices increased by the most in seven months in August, driven largely by food and apparel costs.
- Sales in August were better than expected, suggesting that Americans may be making big purchases ahead of the tariffs anticipated later this year.

KEY INDICATORS

- The US economy grew at a 3.8% rate in the second quarter, significantly stronger than previously reported.
- Forecasts by the Bank of Atlanta Fed estimates that third-quarter GDP will register at a solid 3.3% rate.
- The Consumer Price Index (CPI) rose by 2.9% year-over-year in August.
- The cooling job market offers could ease upward pressure on prices in the months ahead due to slower wage growth.
- At their September meeting, the Federal Reserve lowered the rate by 25 basis points, bringing it to the 4.00 to 4.25 percent range.

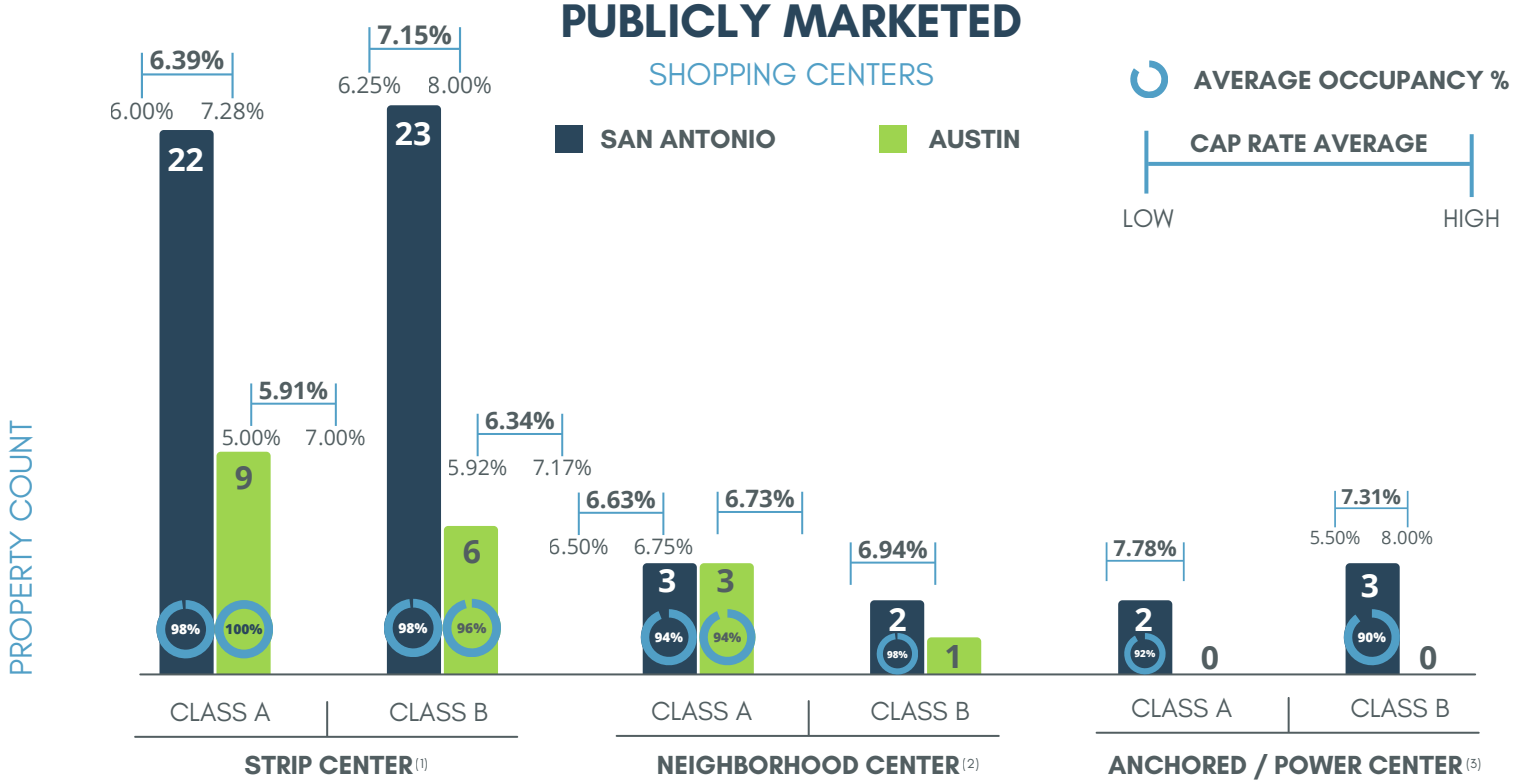
On The Market

Map shows properties available for sale during the third quarter of 2025

- The dataset below consists of **Class A and B** retail centers that were **publicly listed** on the market during the **third quarter of 2025**.
- Out of the 74 properties, **19 new listings** came to market during the quarter, 9 went under contract, 6 reduced their list price, and fifteen sold.
- **San Antonio's** average multi-tenant retail asking cap rate for all product sizes **is 6.84%**, up 8 basis points from the same period last year. The average cap rate for all product sizes in **Austin is 6.02%**, down 13 basis points from Q3 2024.
- So far in 2025, property listings are up roughly 38% compared to the same period last year. The increase has been driven primarily by new listings of Class A strip centers in San Antonio, while Austin has seen inventory tighten across all shopping center categories.

PUBLICLY MARKETED

SHOPPING CENTERS



CLASSIFICATION METHOD

(1) Unanchored retail, generally under 20,000 square feet oriented in a straight line
(2) Unanchored retail, generally under 75,000 square feet with a mixture of local and regional tenants
(3) Over 75,000 square feet, anchored with a national tenant, may include inline retail or big box stores only

Source: Foresite Research Services

Current Trends

- The average asking cap rate for Class A shopping centers in San Antonio is 6.56%. The average for Class B is 7.13%
- The average asking cap rate for Class A shopping centers in Austin is 5.99%. The average for Class B is 6.22%

	SATX	ATX
# of Listings	54	20
Avg Cap Rate Class A	6.56%	5.99%
Avg Cap Rate Class B	7.13%	6.22%
Average Occupancy	95.85%	90.58%

CHANGES TO LISTED PROPERTIES

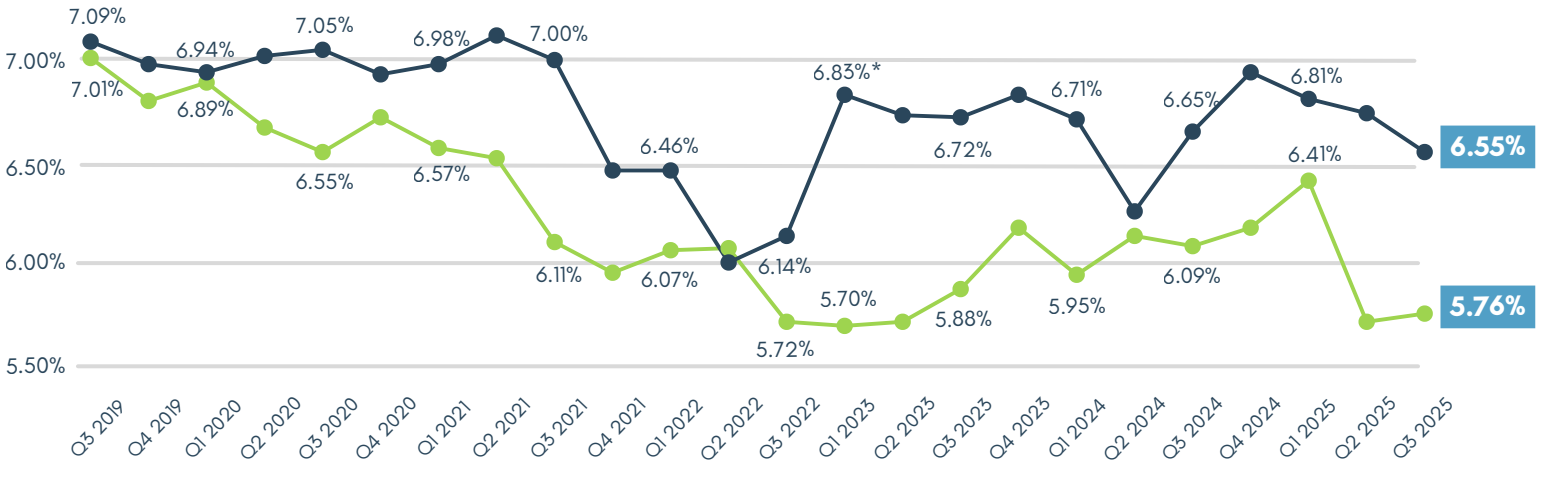
	Q3 2025	Q3 2024
Class A & B Centers	74	71
New Listings	19	12
Went Under Contract	9	4
Reduced Price	6	4
Sold	15	10

*San Antonio & Austin Markets Combined

Average Asking Cap Rate

AVERAGE STARTING ASKING PRICE

AVERAGE ASKING CAP RATE FOR NEW LISTINGS



Source: Foresite Research Services

*Q1 2023 San Antonio unadjusted asking cap rate was 7.12%. Data was adjusted to remove several power centers that came to the market at the same time.

Retail Pricing

RETAIL CENTER SALES TRAILING 12 MONTHS (2024 Q4 - 2025 Q3)*

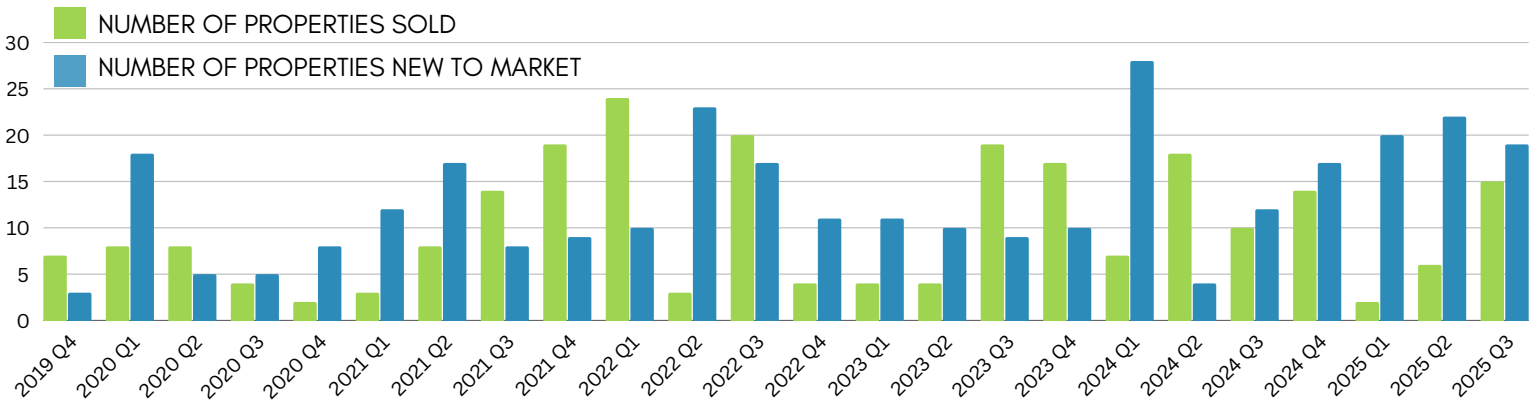
UNDER $5M	AVERAGE CAP RATE		AVERAGE PPSF		AVERAGE OCCUPANCY	
	2024	2025*	2024	2025	2024	2025
SAN ANTONIO	7.15%	7.17%	$278	$279	93%	97%
AUSTIN	6.14%	6.39%	$415	$344	100%	90%

OVER $5M	AVERAGE CAP RATE		AVERAGE PPSF		AVERAGE OCCUPANCY	
	2024	2025	2024	2025	2024	2025
SAN ANTONIO	7.09%	6.89%	$309	$322	92%	93%
AUSTIN	6.36%	6.67%	$402	$365	98%	92%

** 2025 Q3. Sample of 40 Class A & B Properties.*

Source: Foresite Research Services

COMBINED SAN ANTONIO AND AUSTIN - NEWLY LISTED AND SOLD



Between San Antonio and Austin, 15 retail centers traded in the third quarter of 2025, up from 10 during the same period last year. Transaction activity was sluggish through the first half of the year but gained momentum in the third quarter. Year-to-date, 23 centers have sold compared to 35 during the first three quarters of 2024, a 34% decline.

Persistent concerns over elevated interest rates and limited access to financing, combined with broader economic and inflationary uncertainty, slowed investor momentum throughout the year. There were fewer 1031 exchange buyers in the market, and many transactions required all-cash purchases with plans to refinance later. Despite these headwinds, market sentiment is improving as investors anticipate rate cuts and more favorable lending conditions in the months ahead.

Source: Foresite Research Services

A Window of Opportunity for CRE Investors

BY CHAD KNIBBE, CCIM

Chad Knibbe is Co-Owner of Foresite Commercial Real Estate and founded its Investment Sales division.

The commercial real estate market is showing signs of renewed activity, as transaction velocity has gradually increased, reflecting a positive shift in investor sentiment and market momentum. However, recent economic developments and shifting forecasts suggest that rather than continuing to decrease, interest rates may soon stabilize before potentially rising again.

During the Federal Reserve's aggressive rate hikes in 2022 and 2023, many investors paused aggressive commercial property acquisitions. The resulting higher borrowing costs made financing less attractive, causing a slowdown in market activity. Throughout this period, there was widespread speculation that interest rates on acquisition financing would eventually peak and begin to decline, prompting many investors to adopt a "wait-and-see" approach. The prevailing sentiment was that holding off on acquisitions would ultimately lead to better long-term returns, as lower interest rates would reduce capital costs, enhancing both cash flow and asset valuations.

Over the past four quarters, as borrowing rates have modestly decreased, a growing number of investors are returning to the acquisition market. This resurgence in investor activity has encouraged more property owners to list their assets for sale, contributing to an uptick in transaction velocity. As we approach the fourth quarter of the year, this trend appears to be gaining momentum as rates are more attractive and lender spreads are compressing.

However, recent shifts in economic forecasts are now calling into question the assumption that interest rates will continue to fall, bringing into question the wait-and-see approach.

Rising inflation concerns, partly driven by new tariffs, onshoring initiatives, and geopolitical uncertainties, suggest that a prolonged period of low interest rates may not materialize as expected.

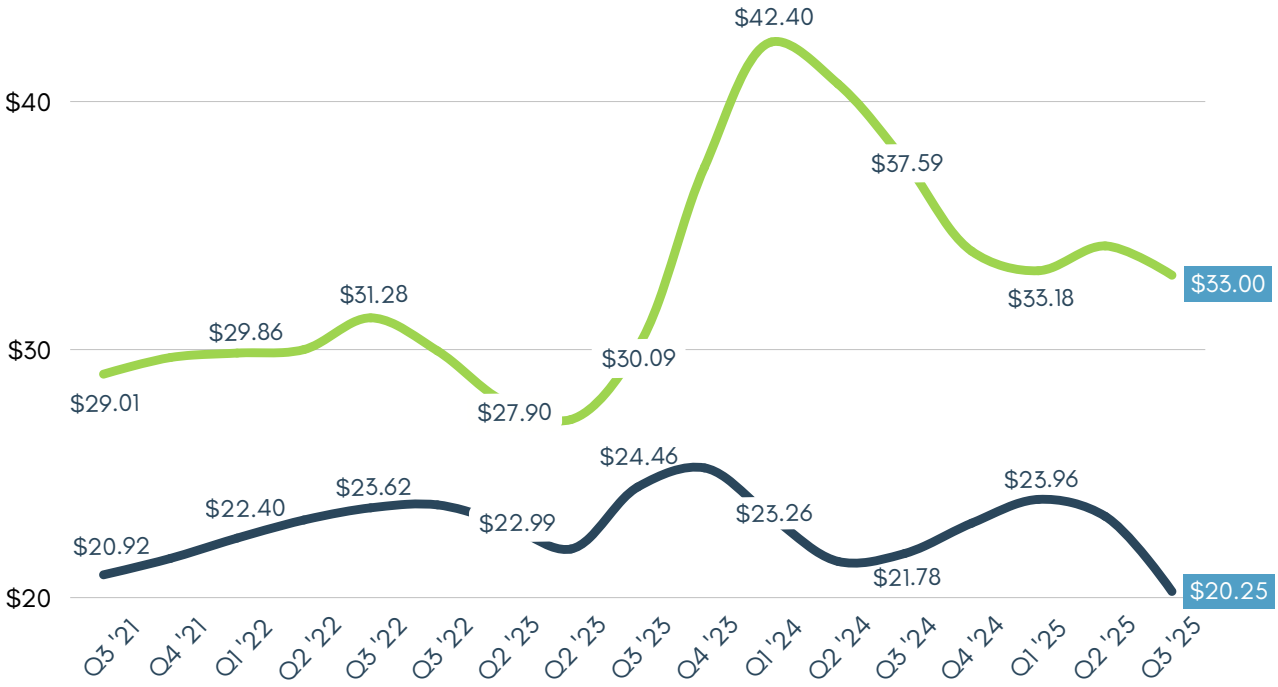
If inflation reemerges from these risks, despite central banks' efforts to control it through tightening monetary policy, the Federal Reserve could be forced to raise interest rates again beginning as early as mid-2026. Such an increase could indirectly lead to higher borrowing costs, prompting many investors to reevaluate their strategies and consider accelerating their acquisition or disposition plans before borrowing costs rise once more.

Given these evolving conditions, investors who are waiting for a significant improvement in market fundamentals may find that the optimal window for acquiring commercial real estate at favorable borrowing rates could close sooner than anticipated. If inflation pressures resurface and the Federal Reserve raises rates in response, borrowing costs could rise as early as 2026. Therefore, for those with a cautious outlook, the current window of relatively low and stable interest rates may already represent the best opportunity to act.

Leasing Activity

Starting rates decrease in 2025

STARTING RENT TRENDS



$33.00
AUSTIN

$20.25
SAN ANTONIO

Source: Compstak
3 month moving average includes reported concessions

San Antonio MSA - Tenant Inquiries

Darker areas indicate higher leasing inquiries based on inbound calls to Foresite for the year of 2025 to date.

ABSORPTION

San Antonio's starting retail rents have decreased to $20.25, down $1.53 (7.02%) year over year for deals done during that quarter.

Starting rents started to decline in Austin in 2025 after peaking at $42.40 at the beginning of the year. Rates for deals done during the third quarter dropped from $37.59 in Q3 2024 to $33.00 in Q3 2025, a decrease of $4.59, or 12.21%.

Despite the dip in average rental rates, San Antonio and Austin's retail markets remain healthy, supported by low vacancy. Looking ahead, steady demand and new development activity are expected to bolster leasing momentum.

Recent Foresite Transactions

Select 2025 Deals Closed by Foresite Investment Sales and Leasing Teams

AUTUMN HEIGHTS SALE

Alexandria Tatem
Represented the Seller

MISSION PLAZA SALE

Xavier Alvarado
Represented the Seller

BABCOCK FLEX SALE

Alexandria Tatem & Xavier Alvarado
Represented the Buyer

tropical SMOOTHIE CAFE

Zach Parra
& Madison Batey
Represented Landlord
12123 Culebra Road
San Antonio, TX 78253

BURGER BOY

Lex Lutto
& Jon Galindo
Represented Tenant
Marbach Road
San Antonio, TX 78245

DISCOVER STRENGTH

Vicki Adelstein - *Landlord Rep*
Kara Walters - *Tenant Rep*
4000 Pond Hill Road
San Antonio, TX 78231

SHALLOTS INDIAN CUISINE

Tristen Palori
Represented Landlord
12221 Riata Trace Parkway
Austin, TX 78727

KUMON

Stephen Berchelmann
& Alexandria Tatem
Represented Landlord
14119 Grant Road
Cypress, TX 77429

STARBUCKS COFFEE

Miranda Henry
& Zach Parra
Represented Landlord
8111 Tezel Road
San Antonio, TX 78250

ANGRY CHICKZ

Madison Batey - *Tenant Rep*
Miranda Henry & Zach Parra
Landlord Rep
8111 Tezel Road
San Antonio, TX 78250

Pediatric Therapy Associates

Alexandria Tatem
& Kara Walters
Represented Tenant
8527 Village Drive
San Antonio, TX 78217

wewhiten

Madison Batey
Represented Tenant
310 East Basse Road
San Antonio, TX 78209

TINTO Y TAPAS

Leroy Sanchez
Represented Tenant
14355 Blanco Road
San Antonio, TX 78216

MISSION PHYSICAL REHABILITATION

Miranda Henry
Represented Landlord
970 Coronado Boulevard
Universal City, TX 78148

CFSLINEN

Tristen Palori
Represented Tenant
21 Cypress Boulevard
Round Rock, TX 78665

Over 100 Transactions YTD

Contact a member of our team for more market intel

What Most Buyers Miss During Shopping Center Due Diligence

BY BETHANY BABCOCK, MBA

Bethany Babcock has worked in property management, leasing and investment sales for over 20 years. She is the managing broker of Foresite Commercial Real Estate which she founded in 2014.

In the last 20 years I have accumulated a few stories of buyers and sellers with shopping centers and while I can't share all of those for confidentiality reasons, I can share some things I would do if I were buying a shopping center today. **These steps aren't in most checklists, but they'll tell you far more about the property than a rent roll ever will.**

1. Ask for the General Ledger

Request the general ledger for the past two years. This document exposes the story behind the numbers. You'll see rent that was quietly forgiven or expenses that never made it into the financial summaries. Reports and estoppels look clean, but the ledger shows where the dirt is buried.

2. Talk to the People Who Really Know the Property

Take the maintenance engineers and key vendors for drinks or to dinner. Ask them what major repairs were proposed but never approved. Ask what they assume broke when they get a call at three in the morning. They'll tell you exactly where the problems are.

3. Visit as a Customer

Go shop and eat at the center. Is the restaurant busy or empty? Is the food good? Is the veterinarian booked months out and clogging up the parking lot? What you see as a customer will tell you what kind of experience tenants are delivering to their customers.

4. Read the Reviews

Check Google reviews and social media for each tenant. You're looking for clues like "closed when they should have been open" or "the owner was rude." A lack of online presence can also be a red flag. The public's perception of your tenants affects the property's long-term health.

5. Talk to the Leasing Team

Meet with the current leasing agents. Ask what deals fell through and why. Find out if they want to stay on with the property. Ask who's called looking for space that couldn't be accommodated. Those leads can point you to unmet demand in the market.

6. Find the "Mayor"

Every shopping center has one tenant who knows everything that's going on. They can be helpful or difficult, but they always have influence. They know who's moving out, who's struggling, and what the tone of the center really is. Get to know them early.

7. Drive to the Property from Different Directions

Approach the center from at least three routes. Notice the signage, lighting, and visibility from each direction. Pay attention to how the surrounding neighborhoods change as you get closer. Demographics can shift quickly, and that affects your tenant mix.

8. Inspect the HVAC Units

Don't overlook HVAC systems even in occupied spaces. Even if tenants are technically responsible, a failed unit can hurt their ability to pay rent or renew. Have them inspected so you know what's coming.

9. Review Alcohol Sales Data

In most states, alcohol sales are public information. Use those numbers to estimate restaurant performance. There are benchmarks for how much alcohol typically makes up total sales for different restaurant types.

10. Check Sales Data from Tax incentives

In smaller markets, larger centers often have tax incentives. If the anchors don't report sales, you can file a Freedom of Information Act request for their sales tax contributions and estimate from there. Just remember that grocery sales are often tax-exempt; you will need to make some assumptions to adjust accordingly.

New Retail Openings

New restaurant openings lead tenant demand for space

According to GlobeStreet, restaurants have lead the retail sector in new store openings in 2025, with over a third of all store opening announcements coming from restaurants. 3,000 of the 7,770 new retail openings in the US were restaurants. Quick service was the largest sub-type of dining establishment to announce openings, with McDonald's, Chipotle, Wingstop, and Dutch Bros being the most active. Restaurants were followed by grocery stores, specifically Aldi's plan to open 800 new stores over three years, then discount stores such as Dollar General and Burlington came in third.

Whataburger - San Antonio
6311 Old Pearsall Road
10411 Shaenfield Road

Public records reveal that "construction of [a] new fast food restaurant with sit-in dining and drive-thru service" is slated to begin on October 27 and finish on May 6, 2026.

Fatburger - San Antonio
4250 TPC Parkway, Suite 101

A second Fatburger location is expected to open later this year.

Pokeworks - San Antonio
10 New Outposts

Pokeworks is preparing to open ten new outposts in San Antonio. The franchisee shares, "I've experienced success across varying industries, but what sets Pokeworks apart is their momentum – it's a high-performing brand that's constantly improving, innovating, and growing."

Postino - Westlake Retail
701 S. Capital of Texas Hwy, Bldg J
Austin, TX 78746

The scope of work consists of a full interior fit-out + patio space fit-out within an existing Bank / Financial Institute. The base building is being altered by the Postino to accommodate the restaurant: 4,000 SF Patio 1,871 SF

Postino - Westlake Retail
701 S. Capital of Texas Hwy, Bldg J
Austin, TX 78746

The scope of work consists of a full interior fit-out + patio space fit-out within an existing Bank / Financial Institute. The base building is being altered by the Postino to accommodate the restaurant: 4,000 SF Patio 1,871 SF

Round Table Pizza - Round Rock
200 University Blvd

The records in question describe an "New seat down pizza restaurant in existing space" covering around 2,381 square feet. It is estimated to cost around $510,000 and should reach completion in fall 2025.

Kura Sushi - Keystone 11 in Pflugerville
18725 F.M. 685, Suite 140, Pflugerville, TX 78660

A permit filed for 18725 F.M. 685 in Pflugerville, details a $1.4 million renovation project set to transform a former 3,350-square-foot restaurant space into Kura's signature dining experience including new partitions, new ADA toilet rooms, kitchen and equipment, MEP infrastructure, equipment and fixtures, furniture and finishes.

Twin Liquors - San Antonio
15481 Culebra Road Suite 204
San Antonio, TX 78253

McDonald's - San Antonio
I-10 & Tarpon Dr.
Boerne, TX 78006

U-Haul - Ingram II in San Antonio
7616 NW loop 410
San Antonio, TX 78238

Teso Life
12720 W I-10 Highway
San Antonio, TX 78230

Domino's Pizza
14835 Culebra Road
San Antonio, TX 78254

QuikTrip - Bulverde
26711 N. US Hwy 281
San Antonio, TX 78260

Club Car Wash
2815 SE Military Drive
San Antonio, TX 78223

Dick's Sporting Goods
1-35 & Loop 1604 W
Live Oak, TX 78233

Costco Wholesale
235 Kohlenberg Rd. Bldg 2
New Braunfels, TX 78130

Tea2go
1037 E Hwy 46 suite 16
New Braunfels, TX 78130

Chase Bank
TBD Creekside Crossing & Sophie Lane
New Braunfels, TX 78130

Dave's Hot Chicken
I-35 FM & 306
New Braunfels, TX 78130

Capital Farm Credit
116 IH 35 South
New Braunfels, TX 78130

Playa Bowls
150 Heroes Memorial Dr. Bldg A
Kyle, TX 78640

Subway
340 E-FM 150
Kyle, TX 78640

Austin Retail

Who's Expanding, Who's Holding Back, and Where the Opportunities Lie

BY JOE HOUSTON IV, FORESITE COMMERCIAL REAL ESTATE

Joe is an Associate at Foresite Commercial Real Estate with a specialty in retail leasing. His background in leasing enables him to support clients with diverse needs.

Walking through Austin's retail centers lately, it's clear the city's retail scene is full of both challenges and growth potential. Some tenants are cautious or slowing down their expansion plans, some are content to stay put, while others are actively planning to open more locations. Understanding how different tenants are performing offers a window into the broader market trends shaping Austin today.

Most tenants are stable but still feeling the echoes of COVID and are still working to fully recover from the market disruptions. Conversations often referenced "BC" (before COVID) and "AC" (after COVID), reflecting just how much the pandemic reshaped business expectations. Larger companies, like **Ideal Image**, are navigating the recent closure on Brodie Lane even as they leverage new approaches like tele-aesthetics.

Meanwhile, long-standing mom-and-pop tenants like **Terra Toys**, or small ethnic grocers and restaurants, rely on local customer loyalty. Many local tenants have been in the same location for a decade or more, serving a targeted clientele, and are cautious to take on relocation costs.

Yet, certain niches are thriving and eyeing expansion. Newcomers to Austin like **Handel's Ice Cream** are planning to open five locations, while **No.1 Boba Tea** is exploring 8–10 sites.

Fitness and wellness franchises, including **Spenga**, **Flow Yoga**, and **European Wax Center**, are also growth drivers, targeting anchored developments in North and East Austin.

Projects such as **EastVillage** near Samsung Austin Semiconductor, **Parmer Commons** with nearly 20,000 square feet of Class A retail, and **The Shops at Parmer** with over 10,000 square feet of mixed-use space are creating opportunities for retailers to scale in high-growth areas.

Austin's retail market is alive with opportunity. Lifestyle, wellness, and family-focused concepts are leading the charge, expanding into new developments and high-growth neighborhoods.

Franchise operators are also adapting in creative ways. **Dart Em Up** is strategically carving space alongside food, beverage, and wellness tenants, while **Perspire Sauna Studio**'s operator transitioned from running multiple Mathnasium locations to Austin's wellness market, balancing business growth with personal time. These moves highlight how lifestyle and wellness concepts are responding to Austin's evolving retail market.

Conversely, some sectors are saturated or scaling back growth plans. Nail salons, massage, daycares, and after-school programs show little interest in opening new locations. Several of these business owners cited unpredictability in the market or limited profitability as reasons for holding back. Some of these tenants are considering selling their businesses or consolidating locations.

Redevelopment of older centers is a key strategy for creating opportunities for national and out-of-state tenants seeking entry into Austin's market. Demand in Austin retail is strongest among lifestyle, health, and family-focused tenants. Ice cream, boba, fitness, and wellness concepts are actively seeking space for multiple locations, while service-focused, mom-and-pop tenants are content and loyal to their current locations.

Austin's retail market is alive with opportunity. Lifestyle, wellness, and family-focused concepts are leading the charge, expanding into new developments and high-growth neighborhoods. Out-of-state tenants are drawn by the city's energy, while local operators continue to anchor established locations. The combination of stability and momentum points to a market where the right tenants can thrive, making the months ahead an exciting time for Austin retail.

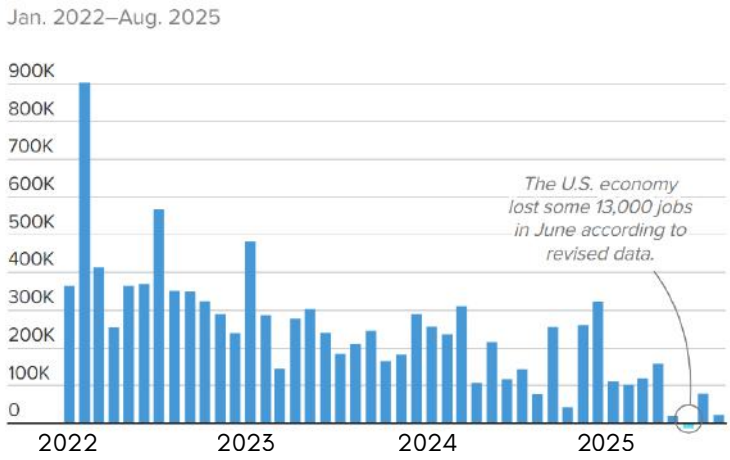
THE STATE OF UNEMPLOYMENT

JOB GROWTH CAME IN WEAKER THAN EXPECTED, REINFORCING THE FEDERAL RESERVE'S SEPTEMBER RATE CUT AND ADDING PRESSURE FOR ADDITIONAL EASING LATER THIS YEAR.

*AUGUST 2025

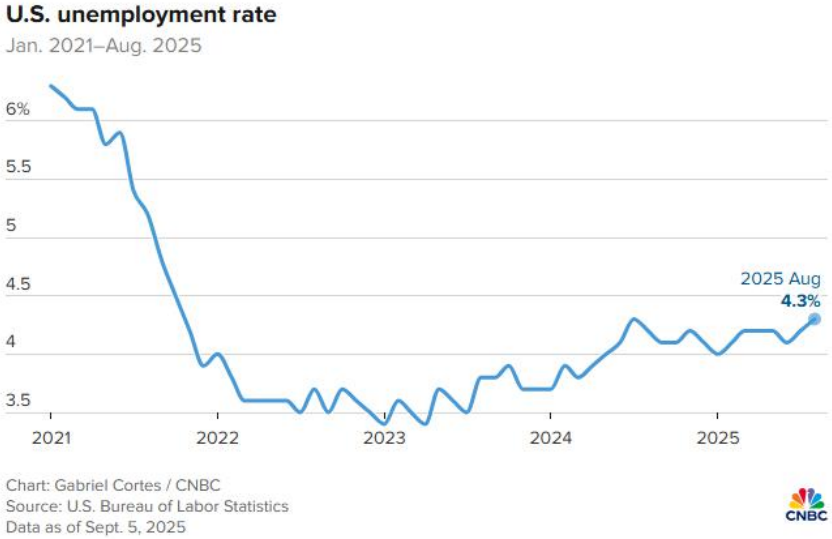
Monthly change in jobs (000's)

Source: Bureau of Labor Statistics



Unemployment Rate

4.3%	4.1%	3.9%	4.4%
United States	Texas	Austin	San Antonio



U.S. employment increased by just 22,000 jobs in August, below than the modest estimate of 75,000. The report also revised June's data to show a net loss of 13,000. Year over year, the unemployment rate has increased from 4.1% to 4.3%, the highest level since October 2021. Job creation has been stagnant throughout 2025. Hourly wages were up 3.7% compared to a year ago, while the average workweek held steady at 34.2 hours.

The increase in employment was again led by the Health Care sector, adding 31,000 jobs, though this was below the average 12 month gain of 42,000. Federal government employment was a big contributor to job losses, with a decline of 15,000 in August and is down by 97,000 since reaching a peak in January.

Labor market momentum continues to soften. The pace of hiring has slowed considerably. The average monthly job gains since January represent the fewest jobs added in 15 years, excluding 2020. The August jobs report was a contributing factor to the Fed's decision to lower rates in September. The September jobs report has been delayed due to the government shut down, and it was going to be a key piece of information for the Fed to make a decision whether to cut rates again. Without that report, the Fed will rely on the surveys of business owners and other anecdotal evidence.

*September Jobs Report was delayed due to government shut down.

"Employment growth seems to be softening and is on a slower trajectory for the second half of the year. With employment growth decelerating, year-to-date job growth is 1.6 percent, below its long-term trend of 2.0 percent."

Luis Torres, Dallas Fed
Senior Business Economist

TEXAS EMPLOYMENT

Texas year-to-date job growth

TEXAS LEADS ALL STATES FOR JOBS GAINED OVER LAST 12 MONTHS

The Texas labor market achieved another new record-high level for jobs in August and marked 60 out of 62 months of growth. Texas added 237,800 jobs from August 2024 to August 2025, bringing the annual growth rate to 1.4 percent, which outpaced the U.S. by 0.3%.

Texas employers are creating jobs at a rate that outpaces the nation, showing the strength of the state's economy.

Manufacturing and oil and gas employment are leading the slowdown in state employment. Employment in education and health services, which had been growing at a solid pace, reversed course and fell in July. The remaining sectors recorded job gains. San Antonio led the pack among major Texas metro areas, while employment in Houston declined for a third straight month.

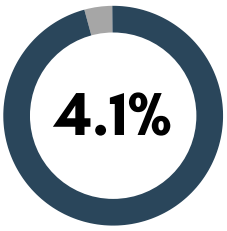
HIGHLIGHTS

- Leisure and Hospitality employment reached a new high level for the fifth straight month with an increase of 10,900 jobs in August.
- Employment in Private Education and Health Services increased by 5,200 positions in August following a revised gain of 3,100 jobs the previous month.
- The Construction industry job count rose on a monthly basis for the eighth time in nine months.

Texas August 2025

Employed
15,213,500

Unemployed
643,800



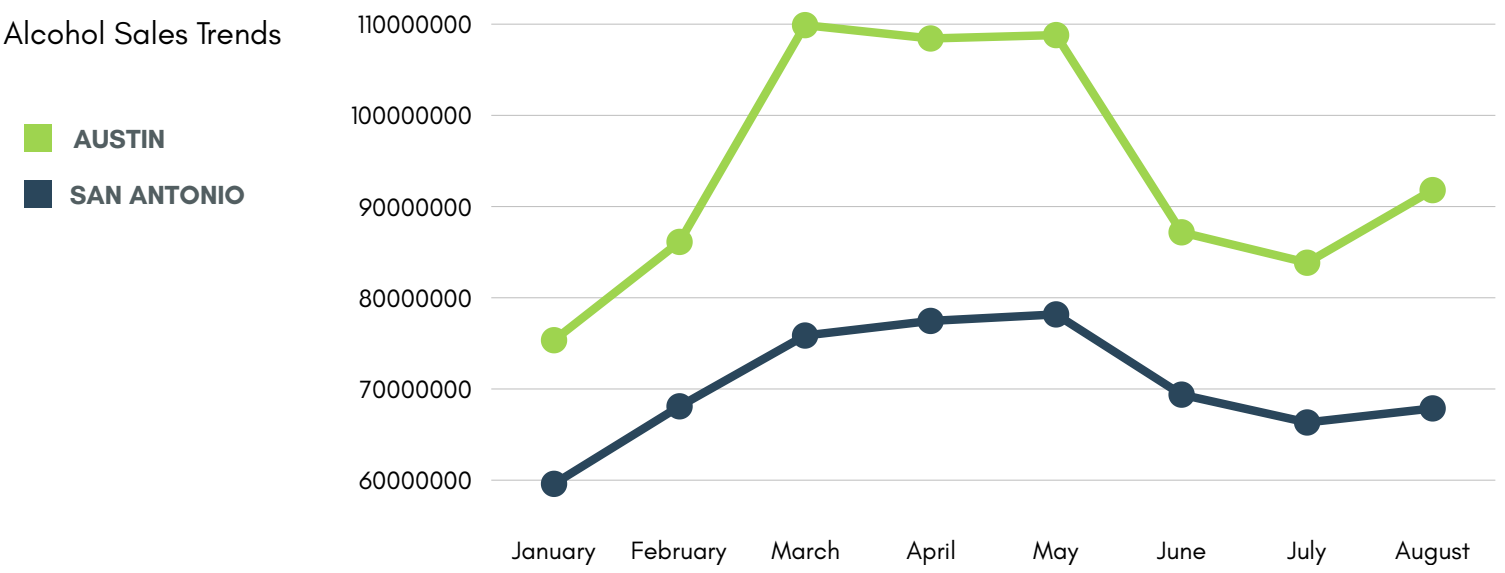
AUGUST SALES

TOP TEN

ALCOHOL SALES

	AUSTIN		SAN ANTONIO	
01	JW Marriott Austin	$1.23 million	JW Marriott Hill Country	$1.47 million
02	Ojos Locos Sports Cantina	$1.19 million	La Cantera Resort	$730,459
03	Proper Hotel	$889,583	Hyatt Regency Resort	$625,454
04	Levy at Austin Fc	$819,406	Hotel Emma	$518,134
05	Matt's El Rancho, Inc.	$741,869	Diamond Concessions	$472,388
06	Omni Barton Creek Resort	$699,089	Sea World San Antonio	$411,339
07	Mala Fama	$657,659	Brass Monkey	$401,379
08	WLS Beverage Company	$549,046	The Angry Elephant/roo Pub	$372,162
09	De Nada Cantina	$511,067	Topgolf	$364,153
10	Asylum Cc, LLC	$504,988	Pearl Market	$344,084

Alcohol Sales Trends



Source: TABS Report

Retail Sales

NATIONAL TRENDS

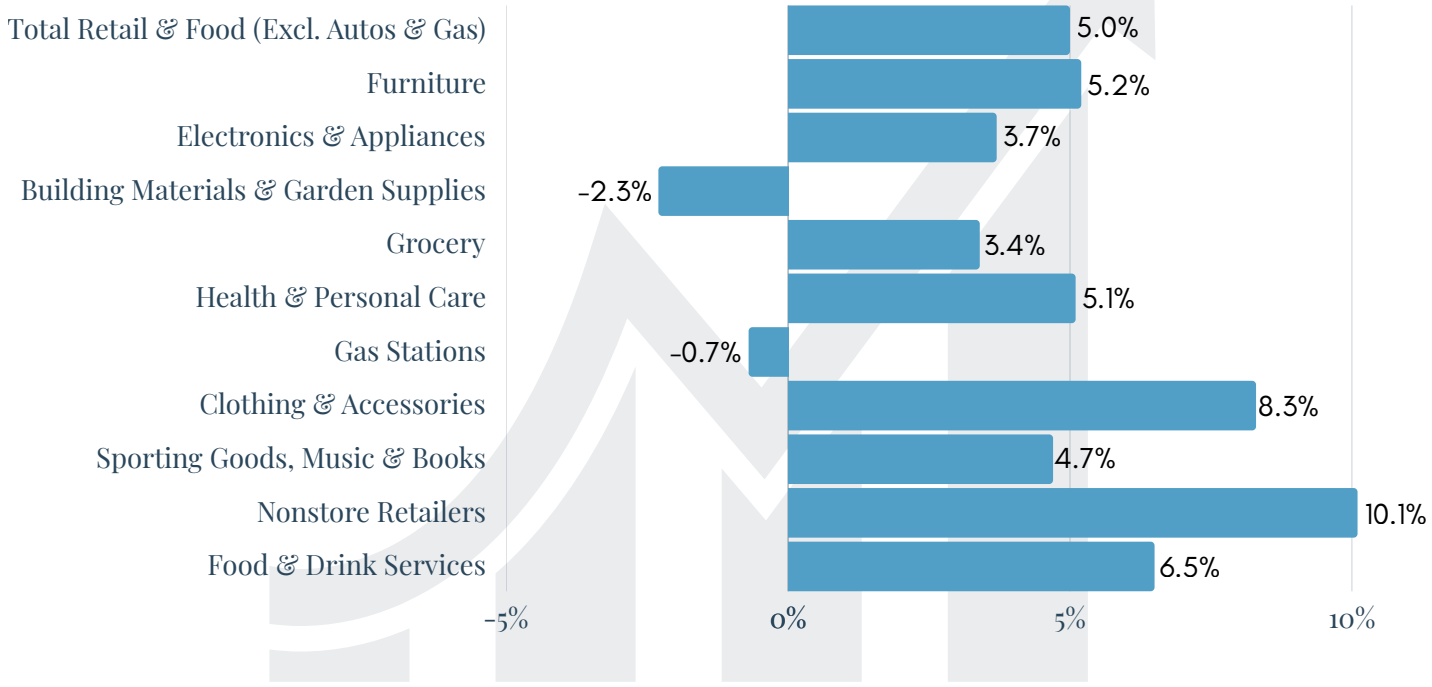
August retail sales were boosted by strong back-to-school spending, led by gains led by online and clothing sales. The increase was partly inflated by higher prices. The government reported that consumer prices increased by the most in seven months in August, driven largely by food and apparel costs. Households also continued to dine at restaurants and bars. Sales in August were better than expected, suggesting that Americans may be making big purchases ahead of the tariffs anticipated later this year.

Using credit and debit card purchases instead of consumer surveys, the NRF's early reports show retail sales in September dropped 0.66% from the previous busy month. After two months of increases, consumers may be saving spending power for the holiday season. For the first nine months of 2025, core sales, which excludes restaurants and auto, rose 5.32%, signaling consistent consumer demand despite short-term fluctuations.

- Total U.S. Retail Sales for the June through August 2025 period were up 4.5% from the same period a year ago.
- Month over month, August sales were up 0.6% from July, and up 5.0% year over year.

AUGUST 2024 - AUGUST 2025

YEAR OVER YEAR RETAIL SALES GROWTH

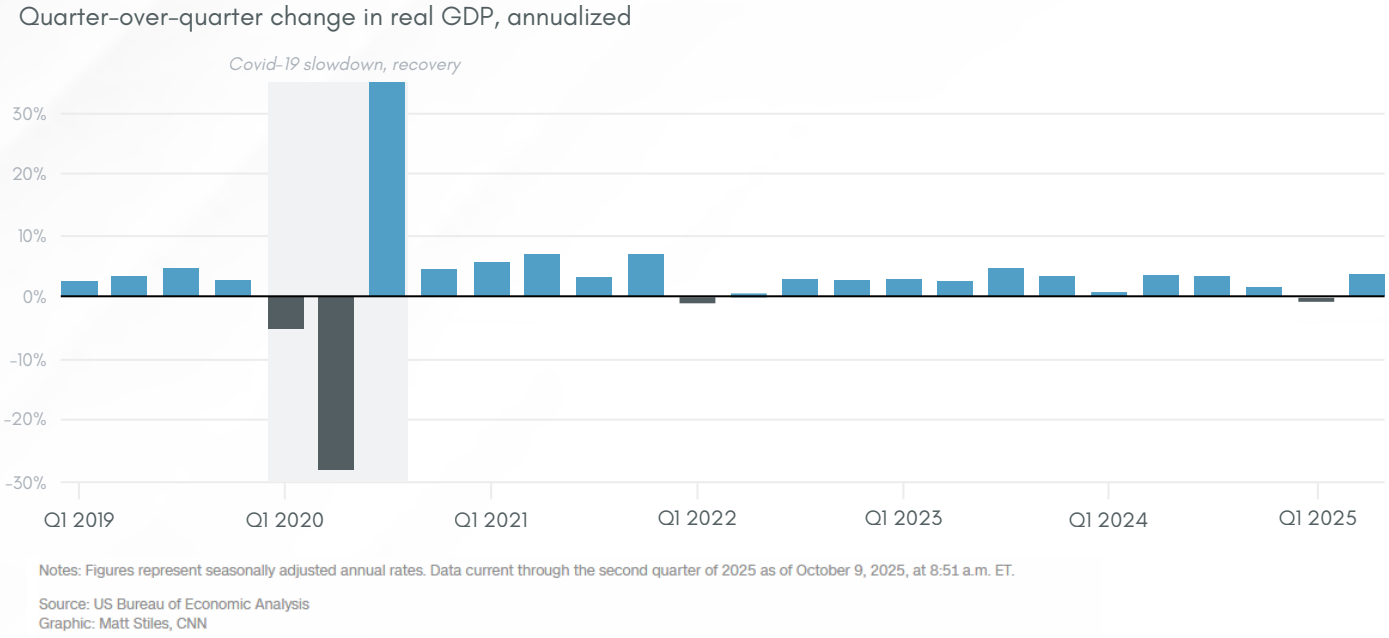


Key Indicators

GROSS DOMESTIC PRODUCT

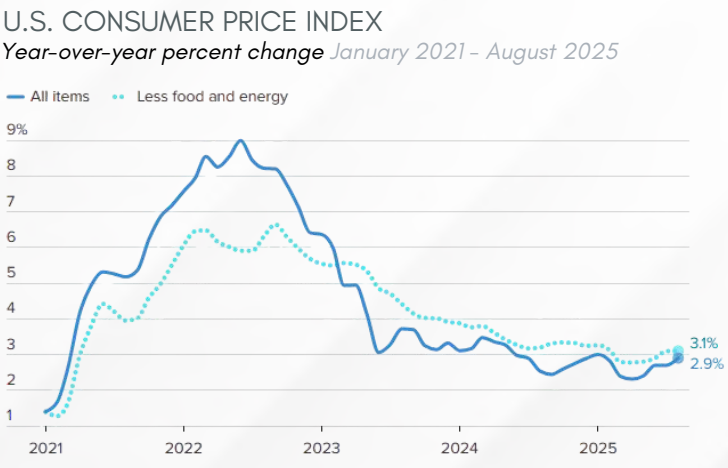
The US economy grew at a 3.8% rate in the second quarter, significantly stronger than previously reported. The figures were revised higher due to the additional data on consumer spending that revised retail sales growth from 1.6% to 2.5%.

The Federal Reserve Bank of Atlanta estimates that GDP continued to power through at a robust pace in the third quarter, forecasting third-quarter GDP to register at a solid 3.3% rate.



CONSUMER PRICE INDEX

The Consumer Price Index (CPI) rose by 2.9% year-over-year in August. Prices for "core" commodities, which exclude food and energy, rose 1.5% in August from a year earlier, the fastest annual pace since May 2023. Excluding the pandemic and its aftermath, core commodity prices haven't risen that quickly since 2012. Tariff policies appear to be the main contributor to rising inflation. The slowdown in the labor market is concerning economists more than the inflation reports.



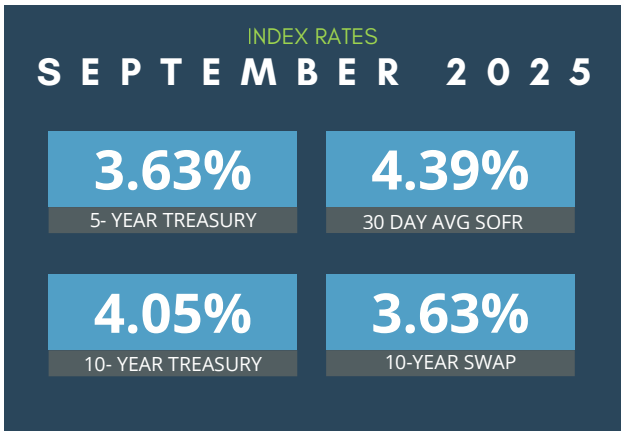
Source: U.S. Bureau of Labor Statistics

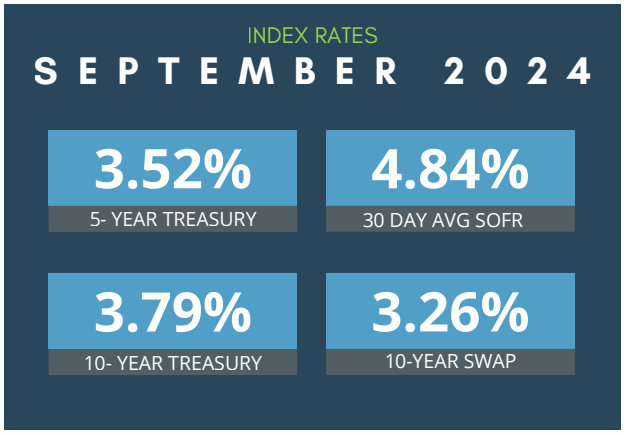
Goods inflation has reignited while services disinflation has stalled, keeping prices elevated. The cooling job market offers some optimism that slower wage growth could ease upward pressure on prices in the months ahead.

Notable Increases

- Motor vehicle repair 15%
- Furniture 9.5%
- Eggs 10.9%
- Jewelry 6.9%
- Used vehicles 6.2%

Index Rates





THE FED

At their September meeting, the Federal Reserve lowered the Overnight Rate by 25 basis points, bringing it to the 4.00 to 4.25 percent range. This was the first rate cut since December 2024, and two additional cuts are anticipated in the fourth quarter.

The Federal Reserve noted that economic activity has moderated, job gains have slowed, and inflation has moved up and remains elevated. Powell explained that the cut positions monetary policy in a more neutral stance, compared to earlier characterizations that rates were moderately restrictive.

"Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen." **the Fed statement said.**

Powell described the move as a "risk management cut" and emphasized that growing risks to the labor market were the key reason for lowering rates. This statement suggests that the Fed is not behind the curve, but instead taking an insurance policy to guard against potential future weakness in employment. Markets are likely to interpret this as a signal that the Fed is prepared to ease further if economic conditions soften.

COMMERCIAL - LIFE COMPANIES

TERM	AMORTIZATION	LTV	SPREAD	RATE
5 - YEAR	25-30	60% - 75%	160-220	5.18%-5.78%
10 - YEAR	25-30	50% - 65%	150-190	5.51%-5.91%
10 - YEAR	25-30	60% - 75%	160-220	5.61%-6.21%
15 - YEAR	Fully Amortizing	60% - 75%	160-220	5.90%-6.50%

COMMERCIAL - CMBS

TERM	AMORTIZATION	LTV	SPREAD	RATE
5 - YEAR	30	65% - 75%	250-300	6.08%-6.58%
10 - YEAR	30	65% - 75%	225-275	6.26%-6.76%

Source: Northmarq
September 17, 2025

Investment Sales Specialists

Experience, **focus** and **creativity** is what makes Foresite Investment Sales so unique. Coming together from large firms to form our team, we offer **decades of experience and a national reach**. Having closed over 250 sale transactions across 15 states in every primary product type, our team has the expertise to maximize value for our clients in any market condition.

Chad Knibbe, CCIM

Principal / Co - Owner

Chad was a key player in the launching of Foresite in 2014 and later founded the investment sales division of Foresite Commercial Real Estate in 2018.

CKNIBBE@FORESITECRE.COM

Daryl Lange

Senior Vice President
Land Services & Brokerage

Daryl brings over 20 years of hands-on experience as a commercial broker and development associate.

DLANGE@FORESITECRE.COM

Stephen Berchelmann

Vice President
Urban Developments / Special Projects

Stephen has worked in real estate for more than a decade and was a member of the #1 retail team in the central Texas Region.

SBERCHELMANN@FORESITECRE.COM

Alexandria Tatem

Head of Research / Associate VP

Alexandria Tatem joined Foresite as an Investment Sales Assoc. and was quickly promoted to Head of Research. She has a talent for sourcing data and compiling information in challenging markets.

ATATEM@FORESITECRE.COM

Xavier Alvarado

Investment Sales Associate

Xavier Alvarado is a retail investment sales specialist focusing exclusively on shopping centers and net-leased properties.

XALVARADO@FORESITECRE.COM

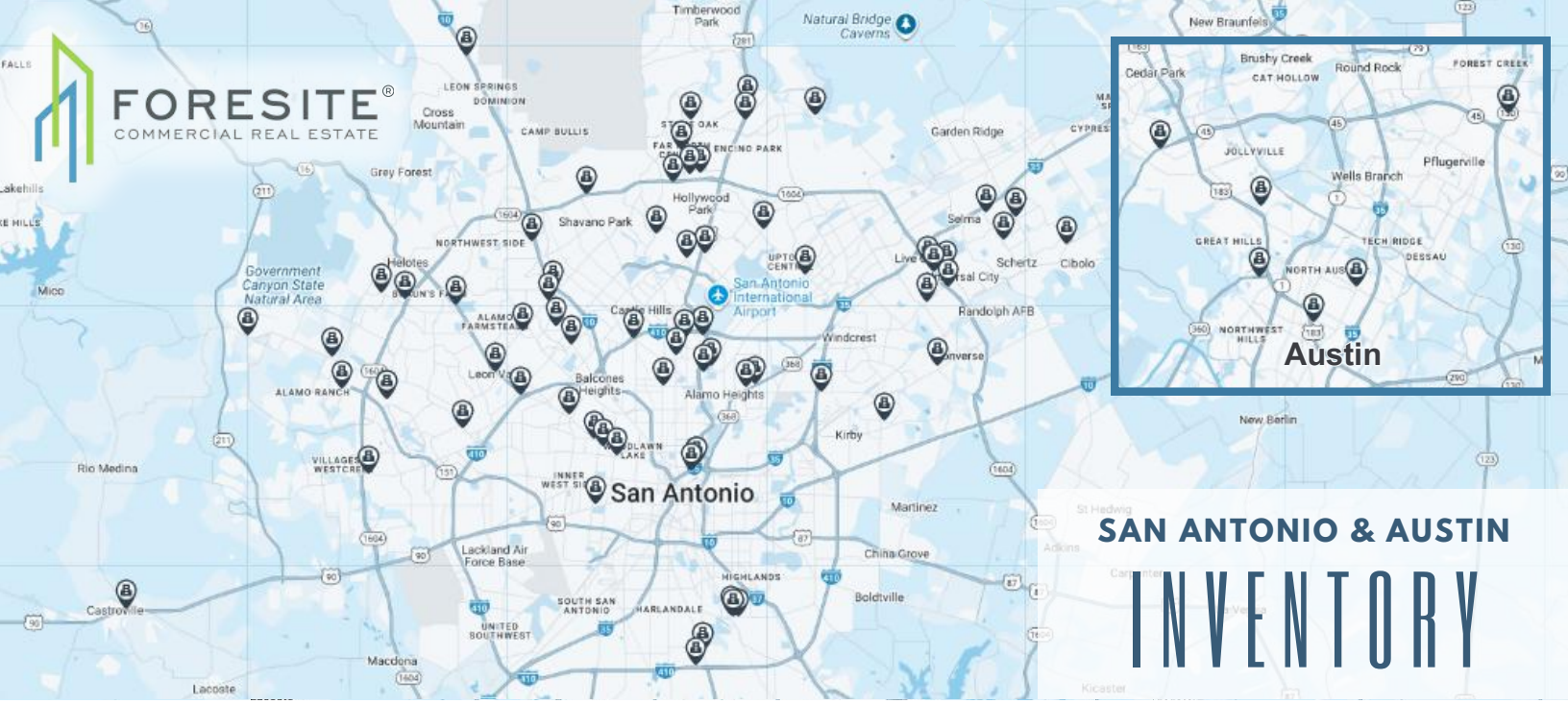
Kevin Gumprecht

Investment Sales Associate

Kevin Gumprecht provides an expansive approach to commercial real estate investment sales with more than a decade of diverse operations management and strategic planning experience.

KGUMPRECHT@FORESITECRE.COM

FORESITE®
COMMERCIAL REAL ESTATE



SAN ANTONIO & AUSTIN

INVENTORY

Leasing Team

Bethany Babcock, MBA
Managing Broker

Zach Parra
Assistant Director of Leasing

Donna Havel
Operations Manager

Nicole Mendoza
Marketing Manager

Lauren O'Breza
Austin Operations & Marketing

Louis "Lex" Lutto III
Senior Vice President

Bill Coats, CCIM
Associate Vice President

Vicki Adelstein
Senior Associate

Miranda Henry
Senior Associate

Tristen Palori
Senior Associate

Madison Batey
Associate

Leroy Sanchez
Associate

Kara Walters
Associate

Joe Houston IV
Associate

Jason Nguyen
Inbound Sales Associate

Property Management Team

More than just answering calls and bookkeeping, **our Property Management division adds value by discovering opportunities**. We offer our clients a **visualization of trends** occurring within their property and submarket. As investment sales brokers we understand how important this information is to investors and we aim to share that with our clients in an easy and quick to read format.

Nancy Braun, , RPA®
Director of Property Management

Lisa Jimenez
Director of Accounting

Kraig McCoy
Associate Director

Craig Slaughter
Associate Director

Donna Weidow, CPM®
Property Manager

Cindy James, RPA®
Property Manager

Dianna Bolch
Property Manager

Rachel Alton
Property Manager

Carmen Martinez
Property Management Coordinator

Marina Prestenbach
Senior Property Accountant

DezaRae Garcia
Property Accountant/Administrator

Melisa Esparza
Property Accountant

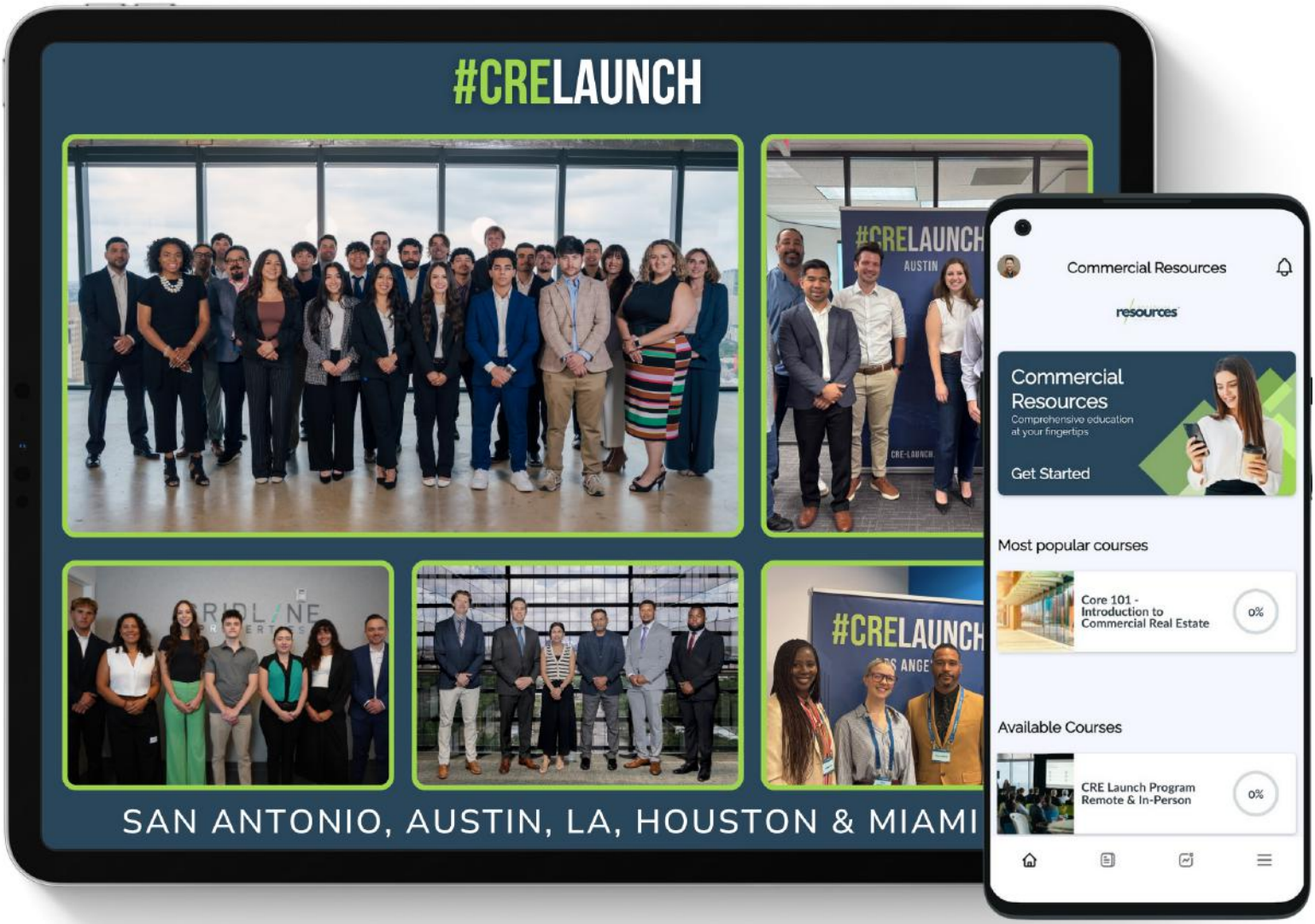
Genevieve Resto
Receptionist/Accounting Admin

Joseph Villarreal
Maintenance Supervisor

Albert Gonzales
Maintenance Technician

Wilmer Hinkle
Maintenance Technician

David Hellwagner
Maintenance Technician



JOIN THE 2026 LAUNCH COHORT

Each year a small group of students are selected to participate in a 10 week intensive training program taught by industry veterans.

The application period is now open for the 2026 CRE Launch Program. Apply today to take the first step in advancing your CRE career!

CORE COMPONENTS

- ☑ Mentorship Pairing according to your interests in CRE
- ☑ Weekly Comprehensive Self-Paced Modules
- ☑ Real World Assignments with Sample Properties
- ☑ Discussions and Lectures Taught by Industry Experts

ADMISSION DEADLINE

April 15, 2026

HOW TO ENROLL

- Visit cre-launch.com.
- Submit your application, resume and cover letter.
- Confirm your participation during our acceptance period.

SCHOLARSHIPS AVAILABLE THROUGH CAMPUS HOSTS

Learn more about our campus locations at cre-launch.com | (210) 816-2734

FORESITE®
COMMERCIAL REAL ESTATE

FORESITE RESEARCH SERVICES

UNIQUE REPORTS

Our Investment Sales Team compiles unique reports each quarter that you won't find anywhere else.

VALUABLE INFORMATION

This valuable information will help you understand national and local economic trends, investment market intel and what it all means for your portfolio.

TRANSPARENCY

Market reports, quarterly investor reports, and rent surveys performed by agents, not data aggregators, are some of the ways we approach the business differently. Our clients deserve to know what is happening so they can be the first to respond to changes.

FORESITE COMMERCIAL REAL ESTATE

777 E Sonterra Blvd. Ste 150 | San Antonio, TX 78258 | (210) 816-2734
1301 W 25th St. Suite 410 | Austin, TX 78705 | (512) 856-4861