

Market Analysis for Land Development Team Project

Executive Summary

592 Ira Lee Rd is a proposed affordable housing residential development located in San Antonio, Texas. The site consists of 3.056 acres of land in the northeast part of the city. This multifamily development will consist of three garden-style buildings totaling 100 units. The units available will be a mix of one-, two-, and three-bedroom units. There have been analyses performed, such as Property Productivity Analysis, Supply & Demand Analyses, a Market Condition Analysis, and a subject Marketability Analysis. These analyses were performed on the proposed development in order to make recommendations on various related items such as product type, product size, location, various aspects of the market, rental rates, and other related items.

Team Member Biographies

Chris Semper



Currently a Master of Land and Property Development student, graduating in December 2024. Chris has 10 years of asset management experience with several private investment groups managing a variety of asset types including student housing, workforce housing, and single-family housing. He attended The University of Texas at Austin where he received a degree in Business Honors/ Finance. Chris plans to pursue roles in Land Acquisitions with national homebuilders or mixed-use developers upon graduation.

Courtney Wall



Courtney is currently a Master of Land and Property Development student and plans to graduate in December 2024. In undergrad at Texas A&M, she majored in Regional and Urban Planning with an emphasis in Policy. Courtney has over ten years of experience in construction and has been working in Land Development at Quiddity Engineering for the last year and a half.

All of this knowledge and experience melds together to create her passion for single and multifamily residential development, which she intends to pursue in the future.

Baleigh Yancy



Baleigh graduated in May 2023 from Texas A&M University with a Bachelor's degree in Work & Organizational Psychology. She is currently obtaining a Master of Land & Property from Texas A&M University as well and plans to graduate in December 2024. Following graduation, Baleigh hopes to acquire a position with a homebuilder and be a part of the development team that works to bring housing to modern families.

Elijah Schmit



After getting his undergraduate degree in the Science of Design of Architecture at the University of Nebraska- Lincoln in 2023, Elijah began his Master of Land and Property Development Degree at Texas A&M University with plans to pursue a dual degree with a Master of Architecture as well. He has been working as an intern at Overland Partners Architects where he assists with Sports and Entertainment projects, recently designing a Minor League baseball stadium in Spartanburg South Carolina. In the future, Elijah plans to continue working in architecture while adding real estate development in house for his architecture firm.

Tyler Skinner

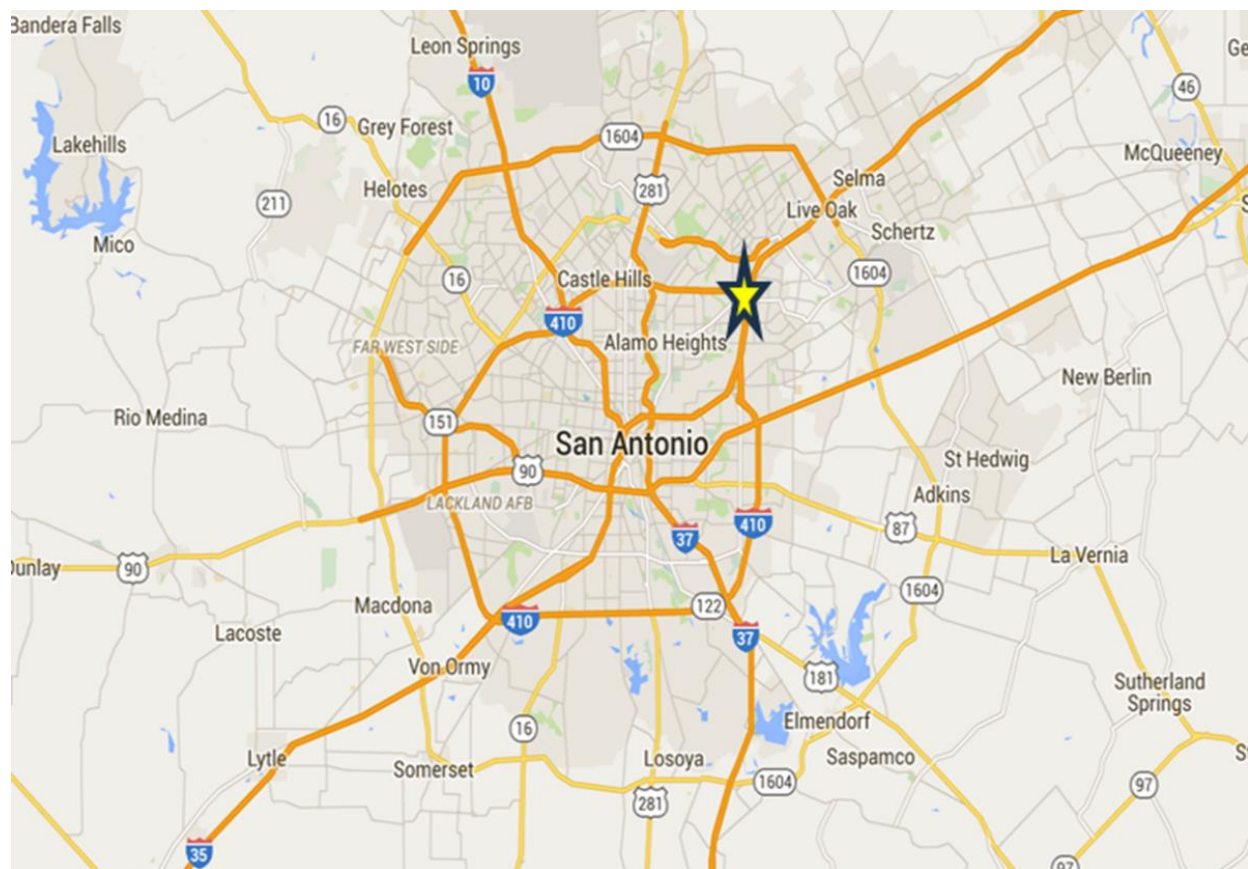


Tyler graduated in August of 2023 with his Bachelors of Science in University Studies Architecture and is currently earning his Master's in Land and Property Development at Texas A&M. Upon Graduation, Tyler plans to work for Clear Companies as a dirtwork contractor in the Houston area.

Product and Location Description

Project Overview

The subject property is located on the burgeoning northeast side of San Antonio, inside the 410 loop. The airport is only 2.4 miles away and the site is only 5.4 miles from downtown San Antonio. The property is in an excellent neighborhood near the prestigious Oakwell Farms and Robert Tobin Park. The school system in the area with Garner Middle School less than a mile away. Major employers in the area include the San Antonio International Airport, Amazon & HEB Fulfillment Centers, United States Postal Service, USAA, Randolph Airforce Base, and Fort Sam Houston Army Base. The site is zoned MF-33 which allows for multifamily development of 33 units per acre of density, which will allow the development to be roughly 100 units. City utilities are available on-site and include public sewer, water, cable, and electricity.



Housing Product Type

The development will be a 3-building garden-style development consisting of 100 total units. The community will be gated to conform with neighboring sites and establishing a sense of security for residents and the overall submarket. The unit mix will be roughly 15% 3 bedrooms, 65% 2 bedrooms, and 40% 1 bedrooms tailored to the demographics of the area and targeting young families with 3-4 people per household. As a part of the PFC (Public Facility Corporation) tax abatement program in San Antonio, rent caps will be required as followed:

- 60% of the units will have rent caps subject to 80% of the area median income.
- 10% of the units will have rent caps subject to 60% of the area median income.
- 30% will be market-rate units available to whomever qualifies.

A 100% tax abatement will exist throughout the ownership of the property. Ample parking will exist on site per zoning requirements and will also include covered parking spaces at a monthly premium. Sustainable building practices will be adhered to for this development to include LEED certification.



Property Productivity Analysis

Physical Attributes

Site Improvements

The tract is approximately 3.056 acres located in northeast San Antonio just south of the 410 loop and west of I-35. Utility connections are available on site to include public sewer, water, cable, and electricity. Soil conditions are ideal for development and slight tree coverage provides an excellent opportunity for a walking trail around the property. The site slopes gently to the North towards Salado Creek for proper drainage.



Building Structure

The property will be a 3-building garden-style multifamily development and will also be a gated community. The unit-mix will be roughly 15% 3 bedrooms, 65% 2 bedrooms, and 20% 1 bedrooms to tailor to the demographics of the area. The amenities throughout the site will include a resort-style pool, fitness center, clubhouse, business center, dog park, and walking trail.



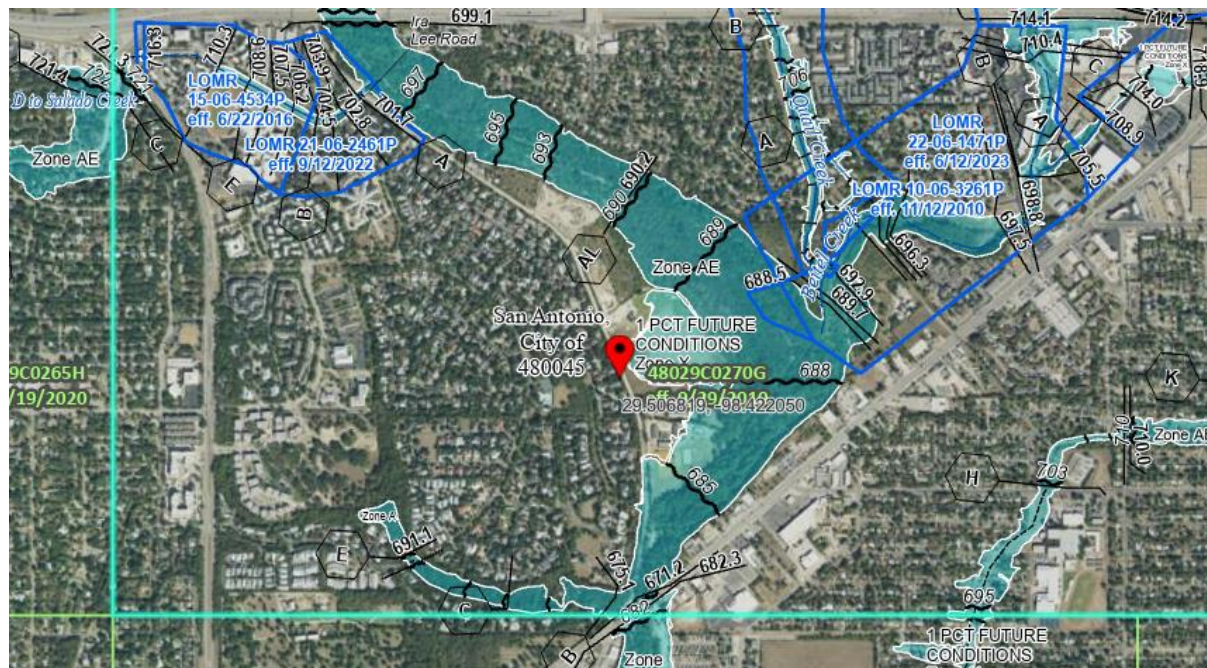
Site Analysis and Immediate Area

The site is in an excellent neighborhood near prestigious Oakwell Farms with the highest average home values in the area. Linkages to the 410 loop and I-35 less than a mile from the property is excellent for access/ travel. The property is also near Robert Tobin Park, Peak Greenway Trail System, and Salado Creek. The site is also near schools, grocery, and other necessities.

Legal Attributes

Property Rights & Restrictions

There are no restrictions regarding garden-style multifamily development in the area. The purchase will include fee simple absolute ownership. The site is located outside of the Special Food Hazard Area along the Salado Creek. Public utility easements exist on the property, but no private easements were found. The building heights will conform with the surrounding area of single-family homes and be no more than 3 stories. There are parking requirements of 1.5 acres for each 70 units.



Public Policy and Market Delineation

Zoned MF-33 which will allow for multifamily development with 33 units per acre of density for a total of 100 units on site. To avoid pushback from nearby neighborhoods the community will be gated. The submarket is bounded by Wurzbach Parkway to the North, I-35/410 to the East, Highway 281 to the West, and Alamo Heights to the South.

Community Preferences

The City of San Antonio is pro-growth and has projected a need of 28,00 additional rental units by 2030. A \$150 million housing bond was recently passed and earmarked for affordable housing development in San Antonio. The prestigious Oakwell Farms neighborhood located just south of the subject property but shouldn't have any objection (NIMBY) as it is buffered by Ira Lee Road.

Location Attributes

Accessibility

The site sits directly west of I-35 and Austin Highway 368 and is just south of Salado Creek. It is located 2.4 miles from the San Antonio International Airport and 5.4 miles from downtown San Antonio. Major nearby highways include Loop 410, I-35, and I-10. Ingress will be located off Ira Lee Road which connects 410 and Austin Highway. Egress will be on the east side of the property on a road connecting Ira Lee Road to Salado Creek to the North.

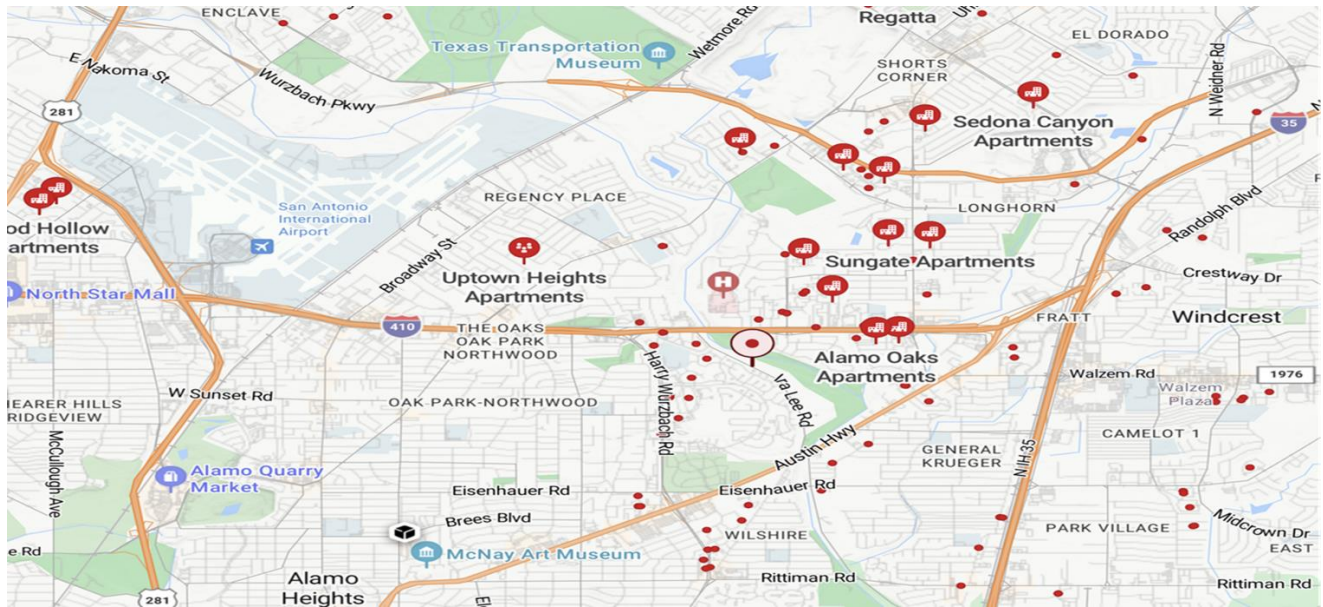
Jobs and School System

Urban Growth Pattern

A map of the Oakwell Farms area. The map shows a network of streets including Dalewood Dr, Robin Rest Dr, Five Oaks Dr, Rockhill Dr, Lynn Batts Ln, Granburg Pl, Campden Cir, Highcliff Dr, Starhill Dr, and Quail Ck Dr. Key landmarks include Garner Middle School, Tobin Library at Oakwell, and St Pius X Parish Office. Water features include Salado Creek, Quali Creek, and Beitel Creek. The map also shows the NE Interstate 410 Loop and the 410 Loop. A 'Street View' icon is visible in the top left corner.

Submarket Area

A 5-mile radius was used as the majority of demand and competition are located within this market area. The primary employer in the area is the San Antonio International Airport which supplies many service jobs. The competition is located in the region bounded by Wurzbach Parkway to the North, I-35 to the East, Highway 281 to the West, and Rittiman Road to the South.

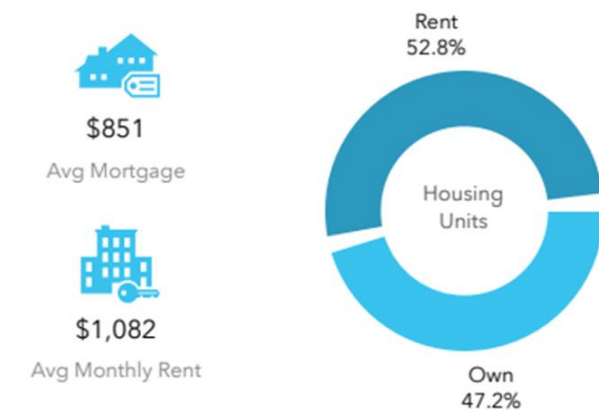


Space User Segmentation

The lack of affordable housing options in the area presents an opportunity for this development to capture this segment of the market. As part of the PFC tax abatement program in San Antonio, 60% of the units will have rent caps subject to 80% of the area median income (assuming a family only spends 1/3 of their income on housing). The unit mix will be 15% 3 bedrooms, 65% 2 bedrooms, and 20% 1 bedrooms tailored to capture the market of young families with 3-4 people per household. 52% of the submarket are renters and the average monthly rent is \$1,082. With elevated interest rates, renting is significantly cheaper than owning in this area as home values are the highest in the area. The median age is 38.9 with an average annual income near \$60,000.

HOUSING

Mortgage, rent and home value are estimated by Esri. Housing type is from the Census Bureau's American Community Survey (ACS).



Typical Household Type: Single Family; Multi-Units

Median Home Value: \$256,824



Key Demographic Indicators

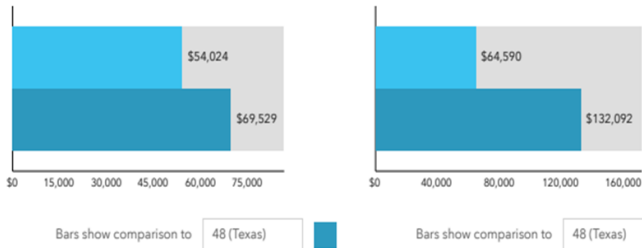
592 Ira Lee Rd, San Antonio, Texas, 78218

Ring of 3 miles



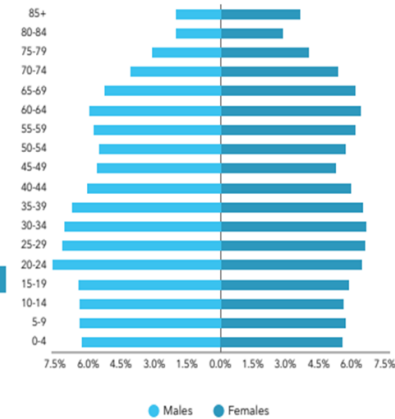
INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g. mortgages) or unsecured (credit cards) for this area.



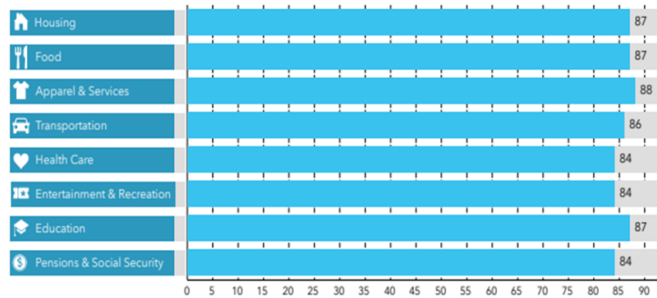
AGE BY SEX

Median Age: 38.9



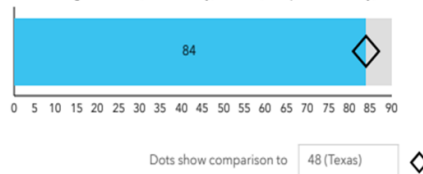
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average.



DIVERSITY

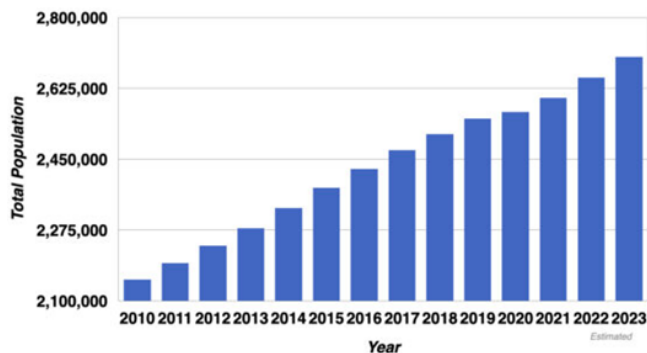
The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).



Demand Analysis

The overall city of San Antonio has seen population growth of over 20% in the past 10 years, making it the 7th largest city in the county.

POPULATION GROWTH SAN ANTONIO METRO AREA



20.84%
% CHANGE
2010 - 2021

2.7 M
POPULATION
ESTIMATE 2023

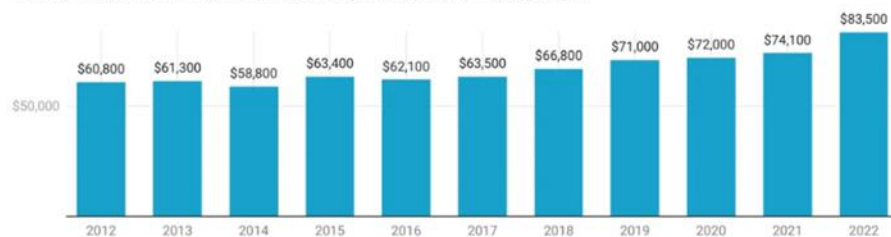
Major employers in the area include the San Antonio International Airport, USPS, Amazon Fulfillment Center, HEB Distribution Center, Randolph Airforce Base, and Fort Sam Houston.



These basic industries have drastically increased the need for service jobs in the area. As a result of this increase in basic jobs, median incomes have surged 37% in the past decade highlighting the need for more affordable housing to accommodate non-basic employees in the area.

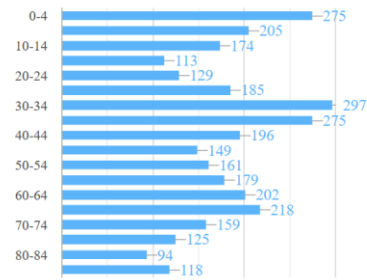
San Antonio-New Braunfels Area Median Income 2012-2022

The region's area median income has increased by about 37% over the past decade.

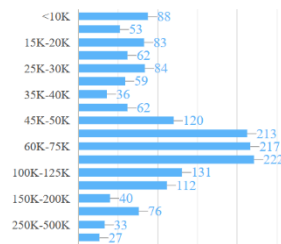


Considering that this parcel of land is located near Oakwell Farms, which comprises high end homes in a gated community, this is an attractive site for our garden-style apartments. Our target population is young couples and families that want a single family residential atmosphere but are unable to afford the price range of options in the area. Additionally, being inside the loop and only 2.4 miles to the airport and 5.4 miles to downtown makes it easier for future residents to commute to their jobs. This suburban parcel combines affordability with luxury living and nature to create a tranquil picture of serenity.

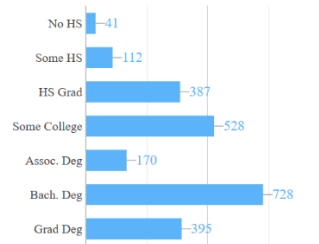
The Oakwell Farms residential development prices their homes with a median sale price of \$468,750. They have the average work commute at 23 minutes, median age at 39, and median area income at \$59,959. They are up 24% change from the last quarter versus the same time period of the previous year. To the left, we see age distribution for the area, and based on this information we can infer that a large number of those in the late 20s to mid 30s are likely parents of younger children. We can also see that there is a significant amount of population that falls older than 60. It is possible that those who are older could find our apartments attractive as they would be smaller and easier to maintain than a full sized single family residential home in the area. Despite this possibility, we are still seeking to bridge the gap of homeownership for those in the area of a younger demographic.



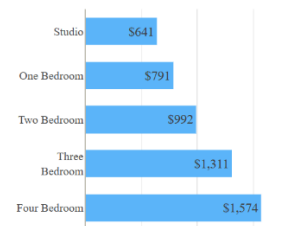
Population by Age Level. Median Age 39.54. Households: 1,721.



In Thousand of Dollars. (Median Income: \$59,959)



Population by Education Level



Fair Market Rents

The graphics above provide even more information about our surrounding demographics. The left illustration shows the median income for those in the area. Considering that the substantial portion fall between 45k and 75k, with a median income of \$59,959, we can expect those statistics to coincide with the middle graphic which shows the majority of the population to hold a bachelor's degree or higher. All the information in these two graphics supports the fair market rents graphic on the right, which shows the expected rent values based on bedrooms in the unit.

The natural beauty of the area is not lost on this parcel of land.

There are views of the greenbelt, tree-lined streets, and an available system of walking trails. With nearby attractions such as Robert Tobin Park, Peak Greenway Trail Systems, and Salado Creek, this area offers green and

walkability elements that further support multi-family housing. Healthy living is crucial for every age, and with these amenities, young and old will feel encouraged to explore what the area has to offer.

Part of the attractiveness of this land also lies in the surrounding schools which fall in the Northeast Independent School District. Northwood Elementary School is only 1 mile away, Garner Middle School is 0.6 miles away, and MacArthur High School is 1.6 miles away. The closeness of the schools and safe environment would allow parents and guardians the comfortability and luxury to consider allowing their children to walk to and from school alone, given their age, maturity levels, and ability to handle such responsibility.

Nearby there are also an assortment of contemporary restaurants, cozy eateries, and shopping spaces. In close proximity to Alamo Heights and downtown, residents will find no shortage of options.

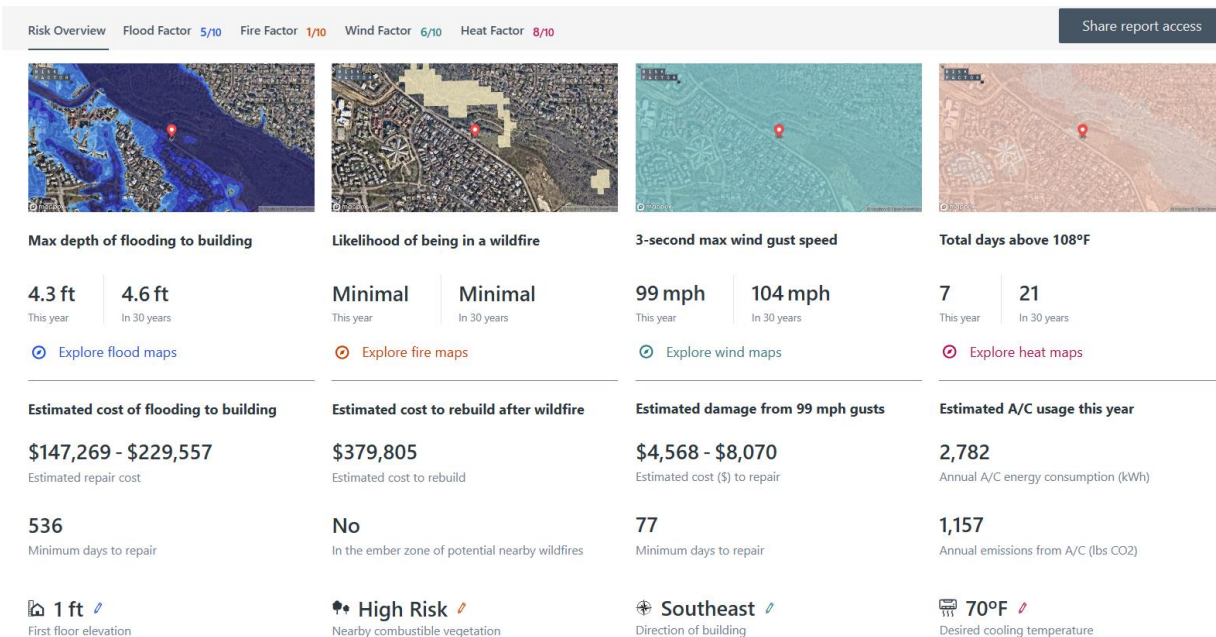
Supply Analysis

This parcel is listed on Zillow and other comparable websites and is marketed as a multi-family housing development project candidate. This land was listed on Zillow previously, but not currently. In April 2014, it was listed for sale at \$599,117. Then, it dropped in price by 0.8% in May of 2015 to \$594,117. In July of 2015 the listing was removed. It was listed again, more recently, in August of 2022 at \$1,100,000. In September of 2022, the price increased to \$1,200,000. Following that, in July of 2023 the land dropped back down to a price of \$1,100,000. The price dropped again in August of 2023 to \$995,000, where the price currently sits today.

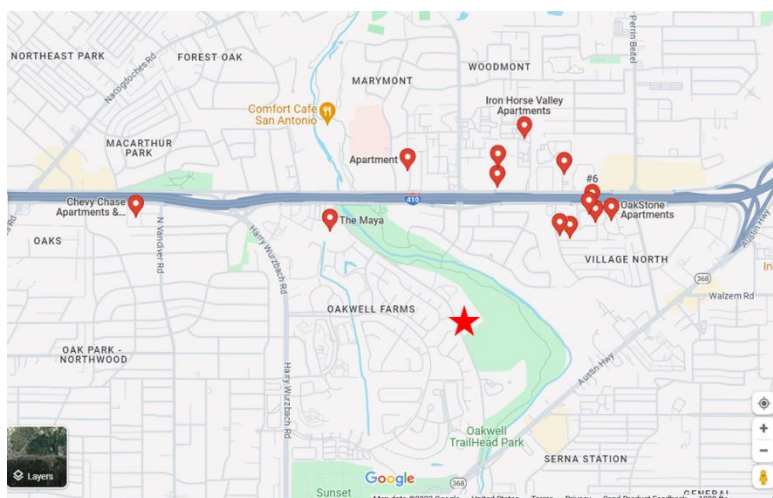
JES Dev Co, Inc. was an applicant listed on several filings and official documents with the City of San Antonio City Council pertaining to the subject parcel. They proposed an 80-unit affordable multi-family rental housing development under the name Trailside Creek. On February 13 2020, the City of San Antonio approved an application related to multifamily rental



housing development projects. They were seeking a competitive 9% Housing Tax Credits from the Texas Department of Housing and Community Affairs for the location of 592 Ira Lee Road.



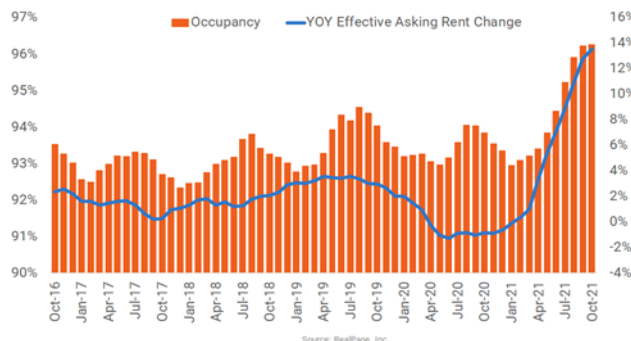
Risk factors, shown above, for the land were provided on several listing websites, including Redfin and Estately, and were a product of First Street Foundation assessment of approximate environmental risk. They gave the property a 5/10 major rating on flooding, stating that the property has a 24% risk of flooding in the next 30 years. Fire factor is 1/10 minimal rating, with the statement that it has a 0% change of being in a wildfire within the next 30 years. Heat factor was severe at a 8/10, and a reported 7 days about 108* F expected this year, with 21 days in the next 30 years. Wind factor is major at a rating of 6/10 and a 77% chance of wind gust damaging the property over the next 30 years.



Apartments in the vicinity are shown in the Google Maps screen grab, displayed on the left. The star denotes the location of 592 Ira Lee Road, the location of our proposed garden-style apartments. While it does appear that there are options for apartments already in the area, these locations are all located right on the 410 Interstate, which is highly trafficked and creates substantial road noise in addition to being an eyesore. By being

removed from the road and tucked away on the greenbelt, there is an added benefit of feeling secluded without being removed.

Occupancy within the submarket has remained high near 95% which accounts for healthy frictional vacancy. Apartment asking rents have also climbed substantially by 12% since 2021, which shows a market in need of additional housing units.



The City Council’s 10-year comprehensive plan for growth estimates the need for an additional 28,000 rental units. 30 residential communities under construction will bring an additional 7,868 units to the market in the next few years. Another 18,665 units have been proposed but this is still far under the city’s goal of 28,000 rental units. Additionally, a \$150 million housing bond was recently passed and earmarked for affordable housing development and preservation in San Antonio.

Market Condition Analysis

Key Facts & Demographics

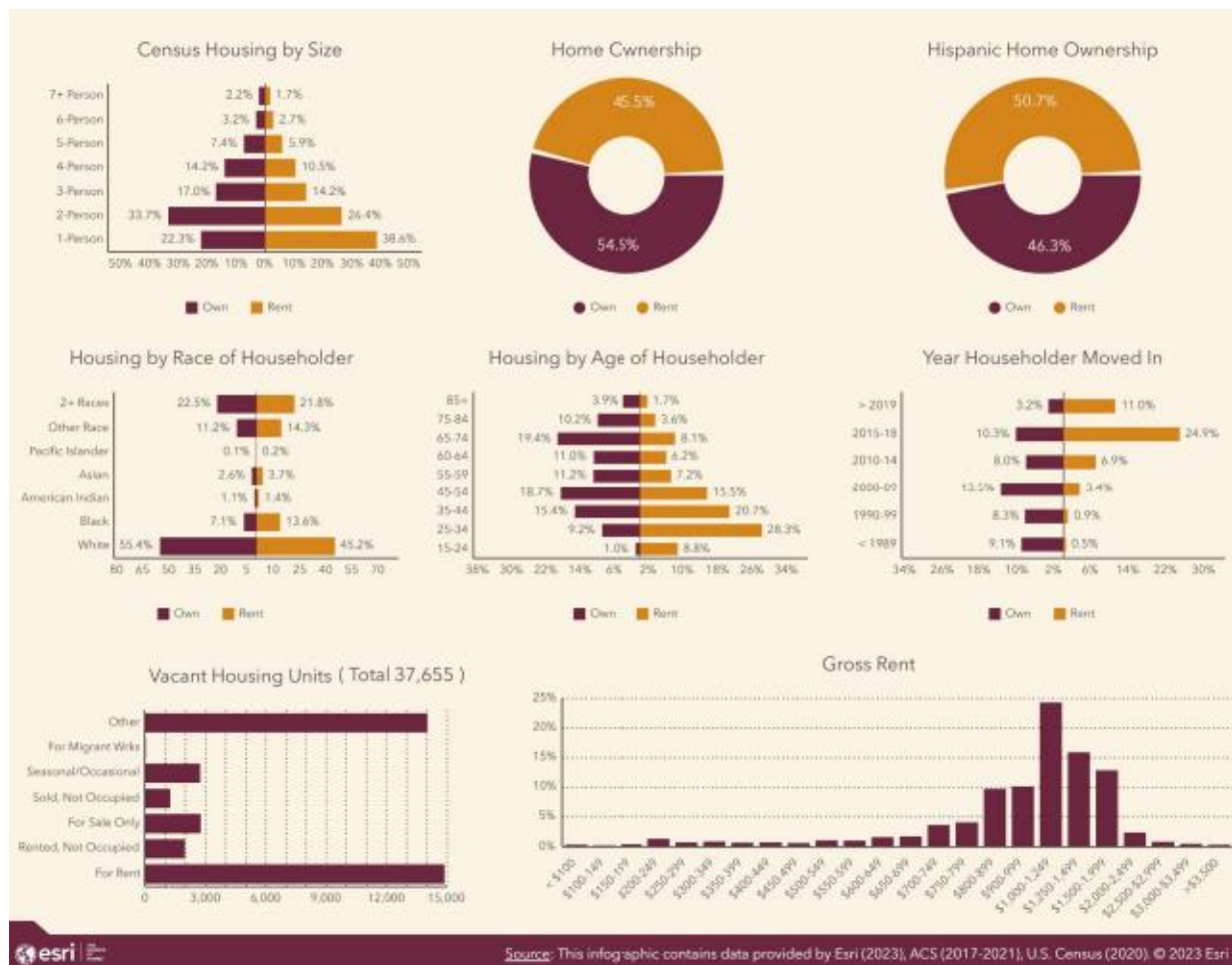
A 10-mile radius was used to get a more representative view of the overall NE San Antonio Market. Below is demographic summary pulled from Business Analyst Online:



Housing Breakdown

65% of the renters in the market are 1 or 2 person homes with an age between 25-44. The rental trend has increased dramatically since 1989 (0.5% of the market in 1989) and more rents moved into the area in 2019 than homeowners. The majority of owners are 2-person (33.7%) and 3-person (17%) households, creating 50% of the owners housing market. Gross rent in the area is between \$1,000 and \$1,499. Household income is \$74,999 with the mortgage taking 10-24% of the salary for majority of homeowners. The overall housing data indicates a healthy housing market but the need for additional units in the future.





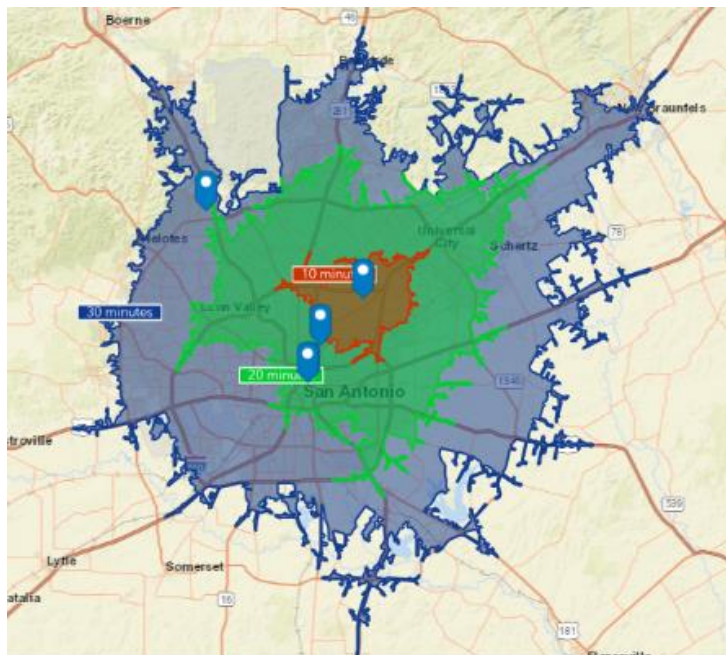
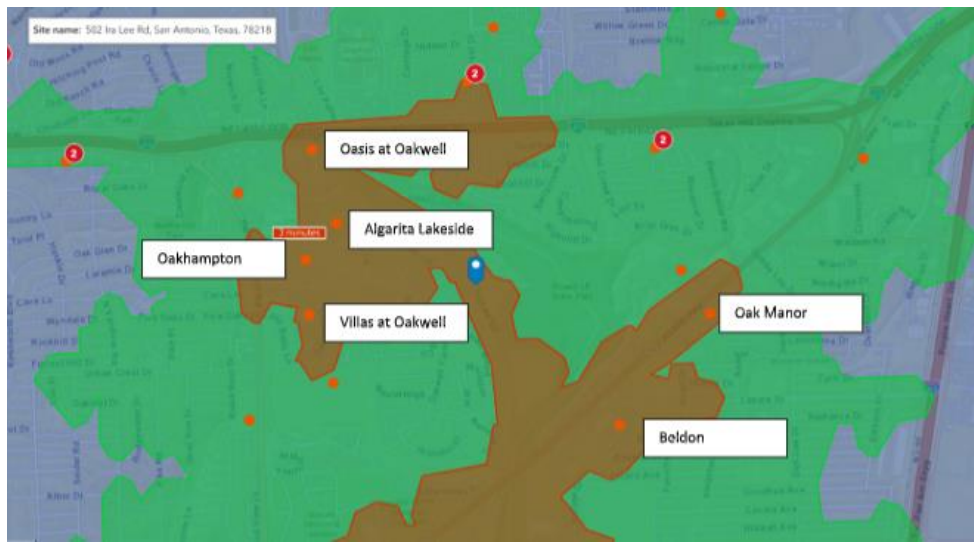
Population to Employment Ratio

- $1,001.308/475,888 = 2.1$

Subject Marketability Analysis

The property is located north of downtown with a number of attractions within a 20-30 minute drive including The Alamo, Riverwalk, San Antonio, and Six Flags. The lower cost of living and growth in major employers has drawn families to this submarket. The target consumer is middle-aged with a median income above \$52,567.

Our team identified 6 apartments within a 3-minute drive of the subject property as the direct competitive set. Please see map below:



Relative Value and Subject Capture

We believe the subject property would capture a large portion of future demand due to its location, amenities, unit sizes, and price point. We also feel a large part of the market is underserved with affordable rates based on area median income and unit types. Below is a chart comparing the subject property to the direct competition based on vintage (year built), total units, style, unit types, amenities ranking, average rent, and online review scores:

	Subject Property	Algarita Lakeside	Villas at Oakwell	Oakhampton	Oak Manor
Year Built	2023	1999	1995	1998	1967
Total Units	100	260	250	280	229
Style	Garden	Garden	Garden	Garden	Garden
Unit Types	1-3 BR	1-2 BR	1-2 BR	1-2 BR	Studio-3 BR
Amenities (1-5)	5	4	4	3	2
Avg. Rent	\$1,300	\$1,424	\$1,364	\$1,389	\$1,324
Reviews	4.5	3.7	3.0	3.9	2.0

Oasis at Oakwell is now permanently closed and was excluded from this analysis. Beldon is low-income housing and was excluded from this analysis as well.

Vintage

The direct competition has properties much older than our, with most build in the late 1990s and one built in 1967. Our property would be a brand-new product which the market hasn't seen in some time. This would set us apart from the competition significantly.

Total Units

Our property would be smaller than our competition which averages around 250 units each. We forecast demand to be strong and believe we will lease-up extremely quickly once we receive certificate of occupancy.

Style

This garden-style community conforms with the rest of the market. The other properties are also 2-3 stories in building height, so our property will conform here as well.

Unit Types

The largest differentiating factor for the subject property will be the unit mix which will have 80% 2- and 3-bedroom units. Most of the competition only offers 1 and 2 bedrooms which is not large enough to accommodate the younger families we plan to target.

Amenities

Most of the other properties have a similar selection of amenities including swimming pools, fitness centers, and dog parks. However, most of these amenities have quite a bit of deferred maintenance and will not match the quality or size of our new amenities.

Average Rent

The subject property will have the lowest average rent in the market due to the rental caps set as a part of the PFC Affordability Program through the city. Due to the tax abatement, we are able to offer competitive rents, larger psf units, and upgraded finish outs.

Reviews

Another opportunity to capture future demand is with superior on-site management. The competitive has low scores online below 4.0 (out of 5). Many of the negative reviews are related to deferred maintenance and slow work order turnaround time.

Overall, the subject property at 592 Ira Lee Road will be able to capture a large percentage of the underserved market of young families with 1-2 kids. We anticipate high absorption of units soon after the development is complete, and the ability to charge competitive rents and maintain a high level of occupancy. The area median income should continue to increase in San Antonio, so we expect healthy rent growth to continue in the future.

Works Cited

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- [San Antonio-New Braunfels 2022 Area Median Income jumps to \\$83,500 \(sanantonioreport.org\)](#)
- [592 Ira Lee Rd, San Antonio, TX 78218 | MLS #69805300 | Zillow](#)
- [Microsoft Word - Examples of uses permitted 06-10-20 \(sanantonio.gov\)](#)
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- [San Antonio Real Estate Market 2023 | Trends, Predictions & Stats \(realwealth.com\)](#)
- [San Antonio's Apartment Market Thrives | RealPage Analytics](#)
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