

INVESTMENT FORECAST

Marcus & Millichap

SELF-STORAGE

Dallas/Fort Worth Metro Area

2020

Stout Employment Growth Buys Storage Leasing

Economic Overview

Metroplex employers will continue their steady hiring efforts in 2020, creating slightly fewer positions than the 110,000 employees added in 2019. The Dallas/Fort Worth economy is highly diverse, with companies engaged in transportation, manufacturing, education and healthcare steadily hiring workers. Over the past decade, the metro has created nearly 1 million jobs, producing a 32 percent increase to the employment base.

Demographic Overview

A strong corporate presence supports high-wage job creation. This is driving the median household income well above the national level and fostering sizable gains to metro retail sales. Self-storage opportunities may be realized with younger professionals earning and spending, while the fastest-growing demographic, those over age 65, are also seeking to store possessions as they downsize homes or move.

Construction Overview

Dallas/Fort Worth development will cool off in 2020 after five years of heightened construction, in which an average 2.5 million square feet was added per year. Deliveries are weighted toward northern Dallas along the President George Bush Turnpike, with some development in the southern portion near U.S. 175.

Vacancy/Rent Overview

Despite heightened development over the past four years, availability has decreased, and robust demand will tighten vacancy an additional 80 basis points this year. Vacancies have also benefited from lower rents. The average asking rate has trended down 11 percent over that same period to 92 cents per square foot in 2019 and it will dip again in 2020.

2020 Market Forecast

- **Employment** up 2.2%

Dallas/Fort Worth payrolls will grow by 85,000 individuals this year, 23 percent less than in 2019.
- **Population** up 1.7%

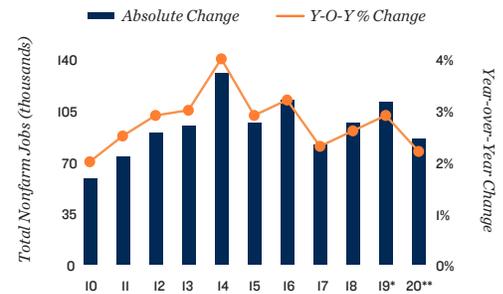
In 2020 the metro will expand by 128,400 people, a slight decrease from the 130,000 people added in 2019.
- **Construction** 1.4 million sq. ft.

Deliveries will be lower in 2020, equating to roughly half of the 2.8 million square feet constructed in 2019.
- **Vacancy** down 80 bps

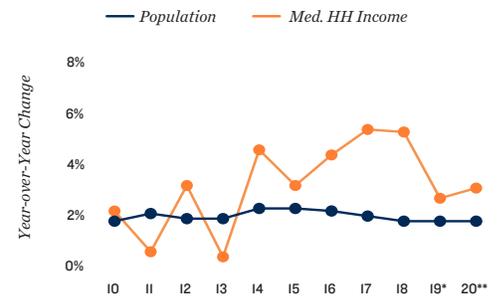
Availability will decline by a wider margin in 2020 than 2019, down to 7.4 percent.
- **Rent** down 1.5%

The average asking rent will decrease to 91 cents per square foot in 2020, continuing the previous four-year downward trend. Last year, rent declined 3.7 percent.

Employment Trends



Demographic Trends



Supply and Demand Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2020. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and self-storage data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.