

SELF-STORAGE

Houston Metro Area

2H23

Economic Trends

During the first half of this year, health care and social assistance organizations expanded staff counts by 17,000 positions, the largest increase among local industries. This helped Houston's unemployment rate hold below the 4.7 percent mark for the 19th consecutive month in July, a feat that has only been achieved immediately before the pandemic and between 2007 and 2008. Hiring across all industries tempers in the latter half of the year, however, as the employment total increases 1.8 percent in 2023 amid a tight job market.

Demographic Trends

Despite boasting the nation's second-largest net in-migration total this year, a notable pullback in population growth among residents age 55-plus slows the metro's overall pace to 1.4 percent, below its 2.3 percent long-term mean. Still, above-average household income growth and higher homeownership affordability than nearby markets aids consistent household formation gains in 2023, expanding 1.7 percent.

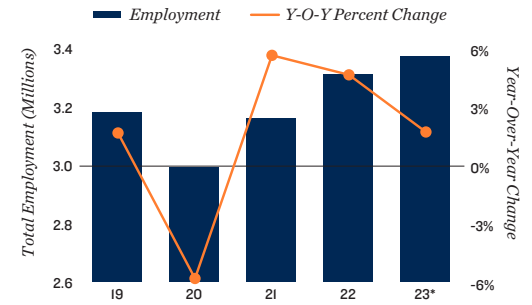
Supply and Demand Trends

Following a three-year period in which builders completed an average of 1.1 million square feet of self-storage space, development moves closer in line to Houston's 1.9-million-square-foot historical average this year. An uptick in new supply, coupled with easing population inflows and slowing consumer spending growth, however, contributes to another triple-digit basis-point vacancy hike in 2023, elevating the rate to 7.7 percent.

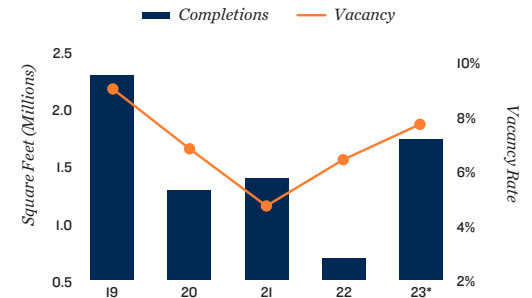
Rent Trends

Although Houston's average asking rent ticks down for the second straight year in 2023 amid rising vacancy, these declines will not be enough to negate the 15.5 percent hike noted across 2020 and 2021. Settling at \$0.94 per square foot by year-end, the figure will remain 11.9 percent ahead of its pre-pandemic mark.

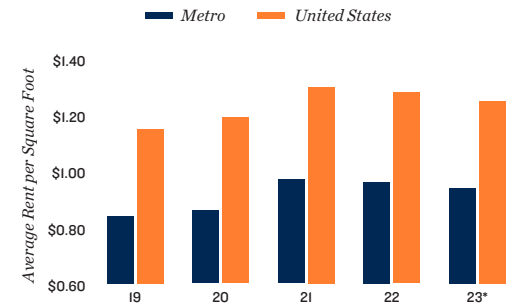
Employment Trends



Supply and Demand Trends



Rent Trends



* Forecast

Sources: BLS; Moody's Analytics; Radius+; Yardi Matrix; U.S. Census Bureau

FORECAST

EMPLOYMENT

▲ +1.8%

CONSTRUCTION

▲ 1,735,000
square feet

VACANCY

▲ 130
basis points

RENT

▼ -2.1%

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