

## SELF-STORAGE

San Antonio Metro Area

2H23

### Economic Trends

Hiring tempered in June and July of 2023 as San Antonio's year-to-date employment growth rate ebbed to 1.2 percent. Net losses in the leisure and hospitality, as well as manufacturing, industries were offset by notable gains within the education and health services sector. While the overall pace of hiring remains moderate during the latter half of the year, annual household income growth will again outpace its 2.6 percent historical rate, expanding by 2.8 percent.

### Demographic Trends

Population growth simmers to 1.3 percent this year, below its 1.9 percent long-term average. A net in-migration total registering below last year's tally, slowing household income growth and resumed student loan payment schedules contribute to this slower pace of expansion. In turn, the annual rate of retail sales growth falls below 1 percent for the first time since 2008 amid reduced consumer discretionary spending.

### Supply and Demand Trends

Builders cease to eclipse 1 million square feet of delivered space for the third consecutive year in 2023, although additions have been steadily increasing since 2021. The majority of new stock slated for completion this year was completed during the first half. These facilities were well received, as vacancy declined by 230 basis points during the first six months of 2023. By year-end, however, the rate will lift to 8.9 percent.

### Rent Trends

A five-year high vacancy rate weighs on operators' ability to lift asking rents, as does an expected decline in consumers' discretionary spending power. This year, the metro's average asking rate will return to \$1.10 per square foot, negating 2022's gain. Still, the figure remains 13.4 percent ahead of its 2019 recording.

#### FORECAST

##### EMPLOYMENT

▲ +1.6%

##### CONSTRUCTION

▲ 710,000  
square feet

##### VACANCY

▲ 40  
basis points

##### RENT

▼ -2.7%

### Self-Storage Division

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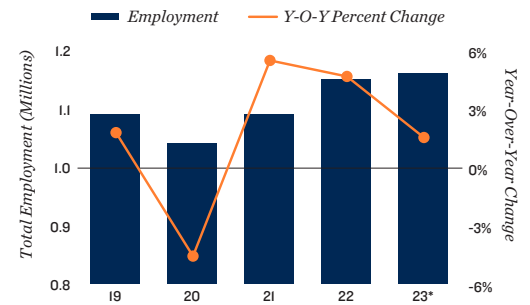
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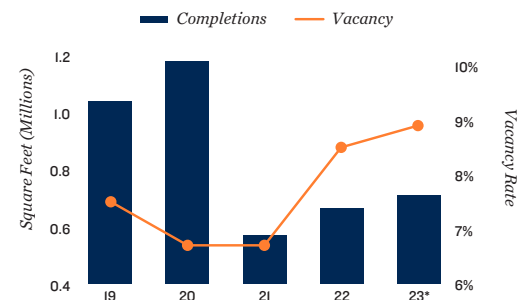
Price: \$500

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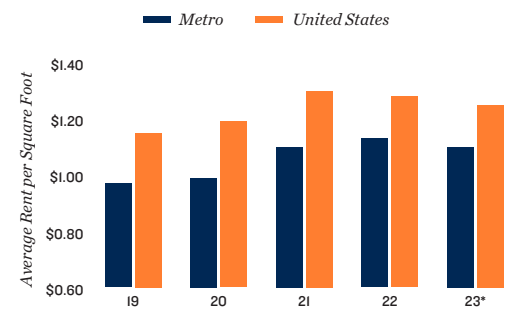
#### Employment Trends



#### Supply and Demand Trends



#### Rent Trends



\* Forecast

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

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