

Self-Storage Research

2018 INVESTMENT FORECAST

Dallas/Fort Worth Metro Area

Stout Population Growth Supports Influx of Space

Economic Overview

Dallas/Fort Worth enters this year with a 3.2 percent unemployment rate following the creation of 80,000 positions in 2017, half of which were hospitality or business services-related. A comparable rate of job growth will occur in 2018, driven by increased retail trade hiring and an influx of higher-paying job openings.

Demographic Overview

A diverse economy and a variety of affordable housing options attract new residents to Dallas/Fort Worth. In 2018, the metro's populace of millennials is slated to spike by roughly 26,800 individuals, with household formations totaling 61,000. These gains equate to robust net migration and increased demand for conveniently located retail. The continued influx of new apartments also boosts consumer sales and generates underlying demand for self-storage space.

Construction Overview

Stout population growth in 2018 influences the completion of 3.1 million square feet of space, the largest total among major metros. Deliveries this year are concentrated in the northern Dallas suburbs of Plano, McKinney and Irving, along with the city of Fort Worth.

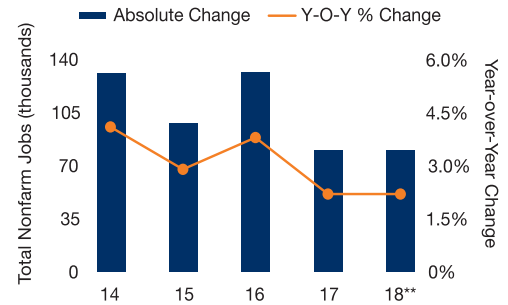
Vacancy/Rent Overview

After bottoming out at 6.5 percent in 2015, the metro's vacancy rate climbed by triple-digit basis points in successive years. This trend persists in 2018 with a 100-basis-point rise occurring. Steadily increasing vacancy requires more operators to ease rents this year, equating to a more than 3 percent dip for a second straight period.

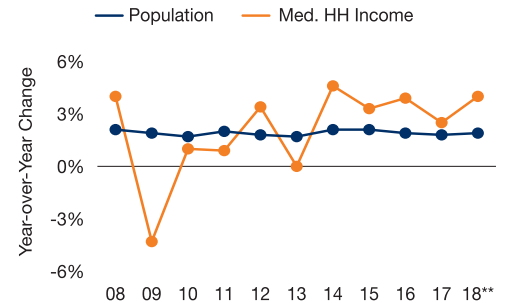
2018 Market Forecast

- Employment** up 2.2% Consistent organizational expansions equate to the creation of 80,000 positions for a second consecutive year.
- Population** up 1.9% Dallas/Fort Worth leads the nation in population growth, adding 144,600 people in 2018. Last year, the metro's populace rose by nearly 131,000 individuals.
- Construction** 3.1 million sq. ft. Metroplex finalizations total 3.1 million square feet of space in 2018 following the delivery of more than 2.6 million last year.
- Vacancy** up 100 bps Heightened construction elevates Dallas/Fort Worth's vacancy rate by 100 basis points to 10.4 percent, nearly matching last year's 110-basis-point increase.
- Rent** down 3.4% Operators reduce rates by 3.4 percent in 2018, dropping the metro's average rent to 97 cents per square foot. In 2017, a comparable 3.3 percent decline was noted.

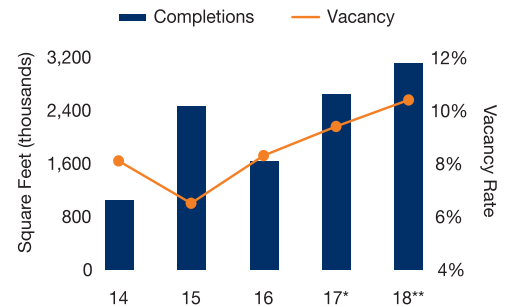
Employment Trends



Demographic Trends



Supply and Demand Trends



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

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