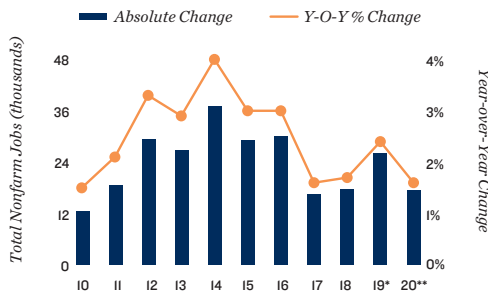
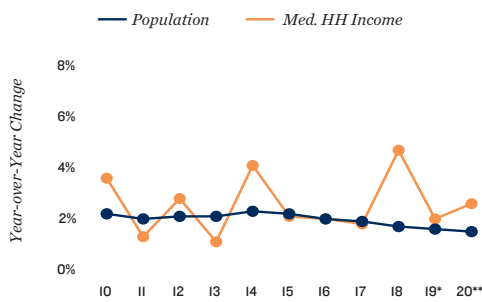


Consumer Spending Underscores Self-Storage Demand

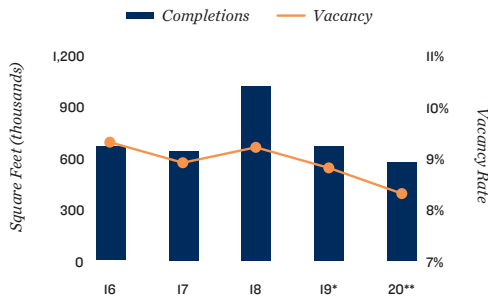
Employment Trends



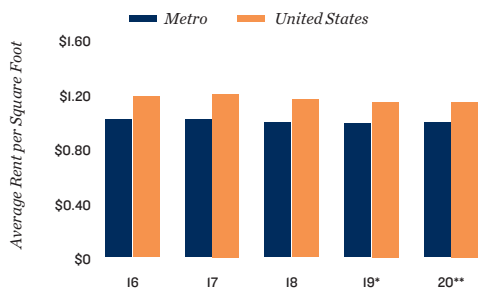
Demographic Trends



Supply and Demand Trends



Rent Trends



Economic Overview

Total employment in San Antonio increased 2.4 percent in 2019, adding 28,000 new positions. The sector employing the most new personnel was the professional and business services sector. The unemployment rate fell to under 3 percent in 2019, which will slow the pace of hiring to about 1.6 percent in 2020.

Demographic Overview

Job growth and the positive net migration of 19,400 residents contributed to 16,000 additional household formations for 2019. The added households supported a 3.2 percent increase in retail spending that year, bringing the sum to \$49.3 billion. This will likely create future demand for self-storage as individuals seek space to store belongings.

Construction Overview

Self-storage construction tapered in 2019 following the a cyclical high of one million square feet opened in 2018. Deliveries for 2020 will fall again to about the annual average for the past decade. Since 2009 an average of 556,000 square feet has been completed per year, expanding supply by 32 percent in that span, the second fastest pace in Texas behind Austin.

Vacancy/Rent Overview

Amid one of the largest self-storage deposits in recent years, 2019 recorded a drop in vacancy, falling from 9.2 percent in 2018 to 8.8 percent in 2019, the lowest vacancy rate since 2015. The average asking rent fluctuated little, dipping 1 cent to 98 cents per square foot. Both metrics are set to improve in 2020 as supply growth moderates.

2020 Market Forecast

- Inventory** ● 21.6 million square feet and 8.3 square feet per capita
- Employment** ↗ Approximately 17,300 jobs will be added in 2020, coming off a 2.4 percent employment growth rate from the prior year. up 1.6%
- Population** ↗ San Antonio will add an additional 36,000 residents in 2020, bringing the total population to 2.6 million residents. up 1.4%
- Construction** ↘ About 91,000 fewer square feet will be completed in 2020 compared with the previous year, a 3 percent rate of expansion. 573,600 sq. ft.
- Vacancy** ↘ Availability will decline for the second consecutive year, bringing the metrowide rate down to 8.3 percent. down 50 bps
- Rent** ↗ The average asking rent will increase to 99 cents per square foot raising 1 cent from 2019. up 1.0%

* Estimate; ** Forecast

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