

Economic Trends

Employment growth in the Austin metro continued to exceed its 3.8 percent historical average over the year ended in June, expanding 4.4 percent. This was bolstered by a net gain of more than 17,000 personnel in business and professional services jobs. Hiring is set to slow over the remaining six months of 2023, however, as elevated interest rates and inflation persist. By year-end, Austin's workforce will have grown by 2.3 percent, while traditionally office-using industries increase payrolls by a more moderate 1.9 percent.

Demographic Trends

Austin's 2.2 percent population growth rate this year will register as the largest improvement among all major U.S. metros in 2023, welcoming a net of 44,650 residents via in-migration. Nevertheless, this figure is well below the local 3.0 percent two-decade average. Sustained population growth, particularly in younger cohorts, will contribute to self-storage demand, mitigating some of the supply-side headwinds facing the market.

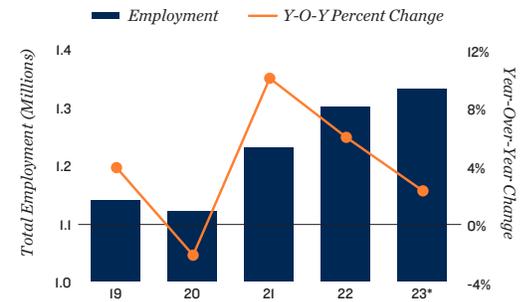
Supply and Demand Trends

Builders return to a typical delivery slate this year, following two periods of sub-500,000-square-foot additions. Still, the completion total will fall almost 25 percent below the five-year average noted between 2016 and 2020. This uptick in deliveries will coincide with another triple-digit basis-point hike to the market's vacancy rate, though well below last year's 230-basis-point jump, bringing the figure to 9.4 percent by year-end.

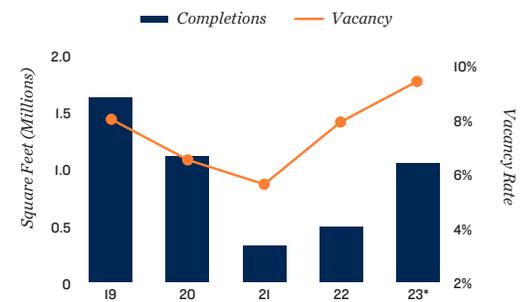
Rent Trends

An elevating vacancy rate, coupled with easing population growth, reduces the metro's average asking rent for the first time since 2019. After reaching \$1.11 per square foot in June, the rate ebbs to \$1.09 per square foot by year-end. Still, this will register 12.4 percent ahead of its pre-pandemic mark.

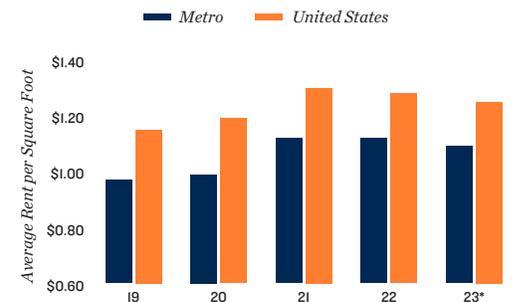
Employment Trends



Supply and Demand Trends



Rent Trends



* Forecast

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

FORECAST

EMPLOYMENT

▲ +2.3%

CONSTRUCTION

▲ 1,050,000
square feet

VACANCY

▲ 150
basis points

RENT

▼ -2.7%

Self-Storage Division

Steven Weinstock

Senior Vice President, Director

Tel: (630) 570-2200 | steven.weinstock@marcusmillichap.com

For information on national self-storage trends, contact:

John Chang

Senior Vice President, Director | Research & Advisory Services

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

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