

# INVESTMENT FORECAST

Marcus & Millichap

## SELF-STORAGE

Southeast Florida Metro Area

2020

## In-Migration Fueling Demand for Storage Space

### Economic Overview

Job creation continues in light of sub-national-level unemployment rates. Among the three metros, Miami added positions at the fastest pace, growing the total employment base by 2.5 percent. West Palm Beach followed closely behind, posting a 2.3 percent advance. In 2020, labor shortage headwinds will moderate hiring in Miami and West Palm Beach, yet remain strong with employment growth rates just a tick below 2 percent.

### Demographic Overview

Employers recruiting from outside the region and the retirement appeal of southeastern Florida is boosting in-migration, which totaled nearly 70,000 in 2019. West Palm Beach buoyed this total, with roughly 30,000 relocations to the metro last year. This inflow of residents supported the formation of 49,000 households within the three metros, and each posted household growth rates above national levels.

### Construction Overview

The development of self-storage maintains the rapid pace that it has been on since 2017, as more than 2.5 million square feet will be completed for the third consecutive year in 2020. Nearly half of this total is slated to be delivered in Miami, which will increase the metro's inventory by 7.6 percent.

### Vacancy/Rent Overview

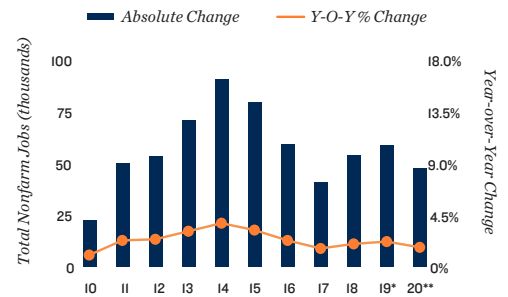
Vacancy remains nearly 100 basis points below the national average; however, expeditious development is weighing on rent growth potential. The average asking rent declined in all three metros in 2019. Fewer deliveries in West Palm Beach and strengthening demand in Fort Lauderdale will turn the tides in 2020, with each metro posting positive rent gains.

## 2020 Market Forecast

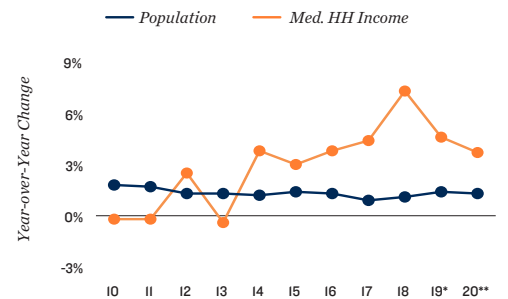
<b>Employment</b> up 1.7%	Employers will create roughly 47,000 roles this year, an abatement from the 58,000 positions added in 2019.
<b>Population</b> up 1.3%	Strong in-migration and steady employment gains result in a population growth totaling 82,400 individuals in 2020.
<b>Construction</b> 2.5 million sq. ft.	Deliveries are comparable to the trailing-three-year average, as Miami and Fort Lauderdale each receive 1 million-plus square feet. West Palm Beach will log its lowest delivery total since 2017.
<b>Vacancy</b> up 10 bps	Amid a large volume of arrivals, strengthening demand keeps the rise in vacancy minimal in 2020, inching up to 9.1 percent.
<b>Rent</b> down 2.7%	Average asking rent will grow by 1.6 percent in West Palm Beach and 0.7 percent in Fort Lauderdale. However, Miami will post a 3.8 percent decline, pulling down the aggregate average.

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2020. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and self-storage data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

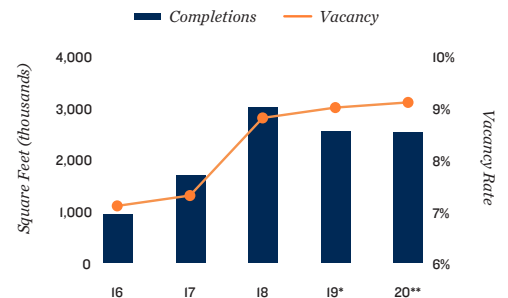
### Employment Trends



### Demographic Trends



### Supply and Demand Trends



\* Estimate; \*\* Forecast

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

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