

SELF-STORAGE

Minneapolis-St. Paul Metro Area

2H23

Economic Trends

Sizable employment gains across the leisure and hospitality, as well as the education and health services, sectors helped marketwide employment improve 2.0 percent over the yearlong period ending in June. The number of traditionally office-using jobs, however, has fallen by 3,300 heads through the initial six months of the year and will record a 0.1 percent decline annually by December. This brings overall employment gains to 20,000 positions this year, 10,800 roles below 2019's figure.

Demographic Trends

Net in-migration will reach its largest total since 2017 this year, helping boost the metro's population 0.8 percent by year-end. The market's improving resident count is largely due to fewer 20- to 34-year-olds leaving the market. From 2019 to 2022, this age group shrank by an average of 6,850 people per year. In 2023, only 2,000 such individuals will leave the local population, while older demographics continue to grow.

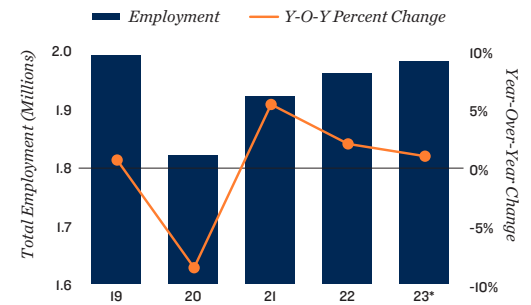
Supply and Demand Trends

Development in Minneapolis-St. Paul is picking up after few deliveries were noted during the four-quarter period ended in June. Over the remaining six months of the year, builders are anticipated to add nearly 575,000 square feet of inventory. This will help increase local supply 2.5 percent, nearly doubling 2022's growth rate. Nevertheless, inventory expansion will remain well below the 6.3 percent average noted between 2018 and 2022.

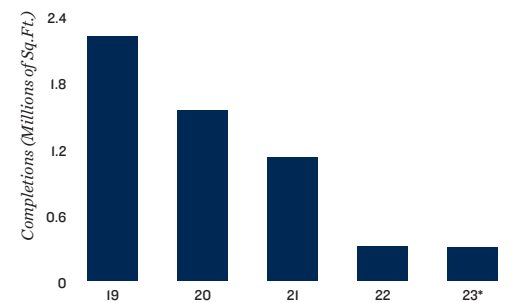
Rent Trends

A notable increase in new supply coming online this year, paired with consumers tightening up on discretionary spending amid inflationary and employment pressures, maintains downward pressure on the market's average asking rate. Following last year's 4.0 percent decline, Minneapolis-St. Paul's mean rate will shift down to \$1.03 per square foot.

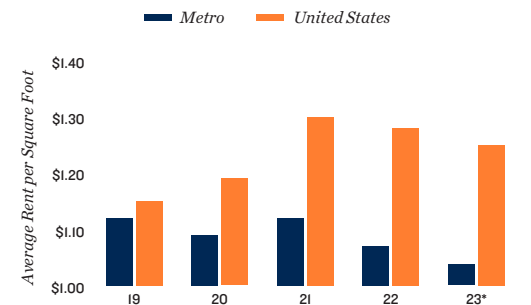
Employment Trends



Supply Trends



Rent Trends



* Forecast

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

FORECAST

EMPLOYMENT



CONSTRUCTION



RENT



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