Yardi® Matrix

NATIONAL SELF STORAGE REPORT

MAY 2018

MONTHLY SUPPLY AND RENT RECAP

New supply impacts felt across the country as deliveries continue

- Development activity has been pronounced in fast-growing cities as well as historically underdeveloped urban markets where supply is catching up to demand.
- New supply levels are more balanced against demand in the Desert Southwest and Southern California, where rent growth continues to be positive.
- Nationwide, Yardi Matrix tracks more than 2,100 properties in the new supply pipeline, comprising 579 under construction, 912 in planning and more than 600 at the prospective stage.
- The new supply pipeline represents 9% of the 26,200 completed properties tracked by Yardi Matrix.

Rent growth falls as new supply is absorbed; western markets remain strongest

- Heavy new-supply deliveries and slowing economic fundamentals are adding headwinds to self-storage rents, which decreased 2% year-over-year in April 2018 after growing as quickly as 5% in the early fall of 2017.
- Rent growth in Las Vegas, Phoenix and Seattle reached 5% to 10% year-over-year.
- Brooklyn (10%) and White Plains (8%) saw rents rise, but most New York submarkets are experiencing muted performance. Rents continue to elevate modestly in Southern California because most submarkets of Los Angeles and San Diego are seeing very limited new development.
- Rents fell in Texas markets where the existing completed inventory per capita is substantially higher than the U.S. average. Completed inventory in Texas averages 7.7 NRSF in San Antonio, 7.8 NRSF in Dallas-Ft. Worth, 8.1 NRSF in Austin and 8.5 NRSF in Houston.

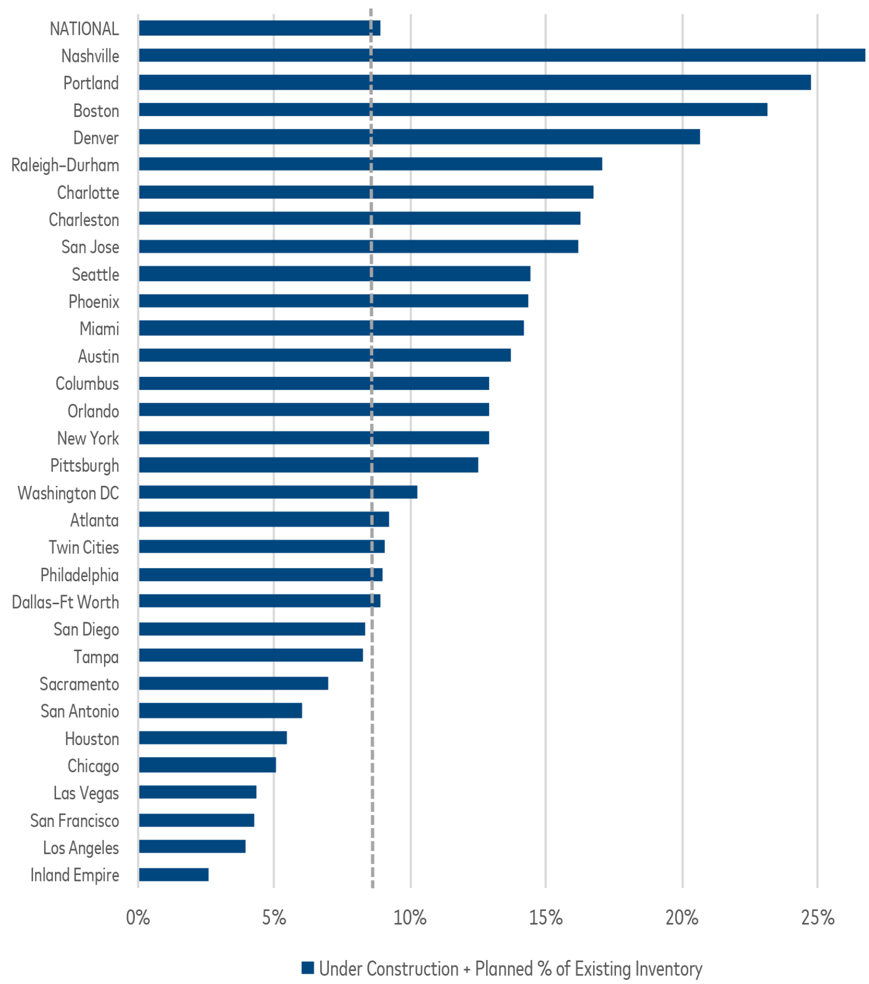
MONTHLY NEW SUPPLY UPDATE

Supply surge in southern and western metros fueled by strong population gains

- Nashville (27%), Portland (25%) and Denver (21%) have some of the strongest new-supply pipelines, as all three markets have been attractive and affordable relocation destinations for migrating Millennials.
- Existing inventory remains between 5 and 6 square feet per person in those markets, indicating strong ability to absorb new units, although absorption may be slow.
- Nationally, units under construction and those in the planning stage total 9% of existing inventory. Yardi Matrix estimates a balanced market maintains an under-construction and planned pipeline of roughly 8% of existing inventory.
- California metros that face significant barriers to development such as the Inland Empire (3%), Los Angeles and San Francisco (both 4%) have the lowest percentage of existing stock under construction or in the planning phase.

Under Construction & Planned Percent of Existing Inventory (Data as of April 30, 2018)

NATIONAL	9%
Nashville	27%
Portland	25%
Boston	23%
Denver	21%
Raleigh-Durham	17%
Charlotte	17%
Charleston	16%
San Jose	16%
Seattle	14%
Phoenix	14%
Miami	14%
Austin	14%
Columbus	13%
Orlando	13%
New York	13%
Pittsburgh	13%
Washington DC	10%
Atlanta	9%
Twin Cities	9%
Philadelphia	9%
Dallas-Ft Worth	9%
San Diego	8%
Tampa	8%
Sacramento	7%
San Antonio	6%
Houston	5%
Chicago	5%
Las Vegas	4%
San Francisco	4%
Los Angeles	4%
Inland Empire	3%



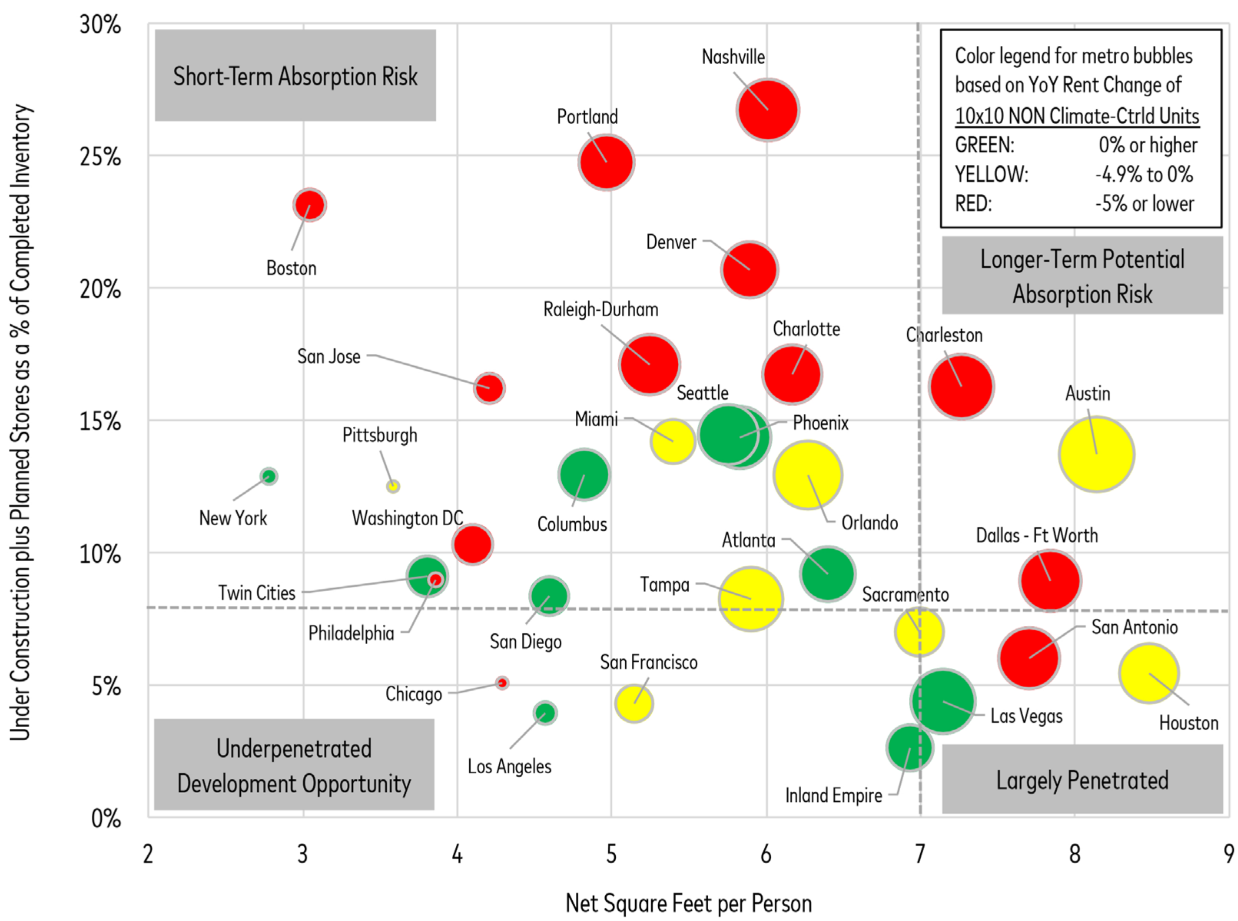
* Drawn from our national database of 26,200 stores, including 2,045 projects in the New Supply pipeline as well as 24,200 Completed stores

Source: Yardi Matrix

Historically high-supply metros have slowed development, while up-and-coming southern metros add significant new properties

- Texas metros that have long maintained self-storage inventory of more than 7 square feet per person have limited their new-supply pipelines to around 5% of existing inventory.
- Nashville, Portland and Denver have emerged as the most active metros for new development, but Boston, San Jose and New York are not far behind.
- Northeast markets have significantly less inventory per capita, which should allow for steady absorption of new supply.

Self-Storage Major Metro Summary
New Supply Pipeline (y-axis) & Completed Inventory per Capita (x-axis)
(Bubble size represents 2016 population growth rate)



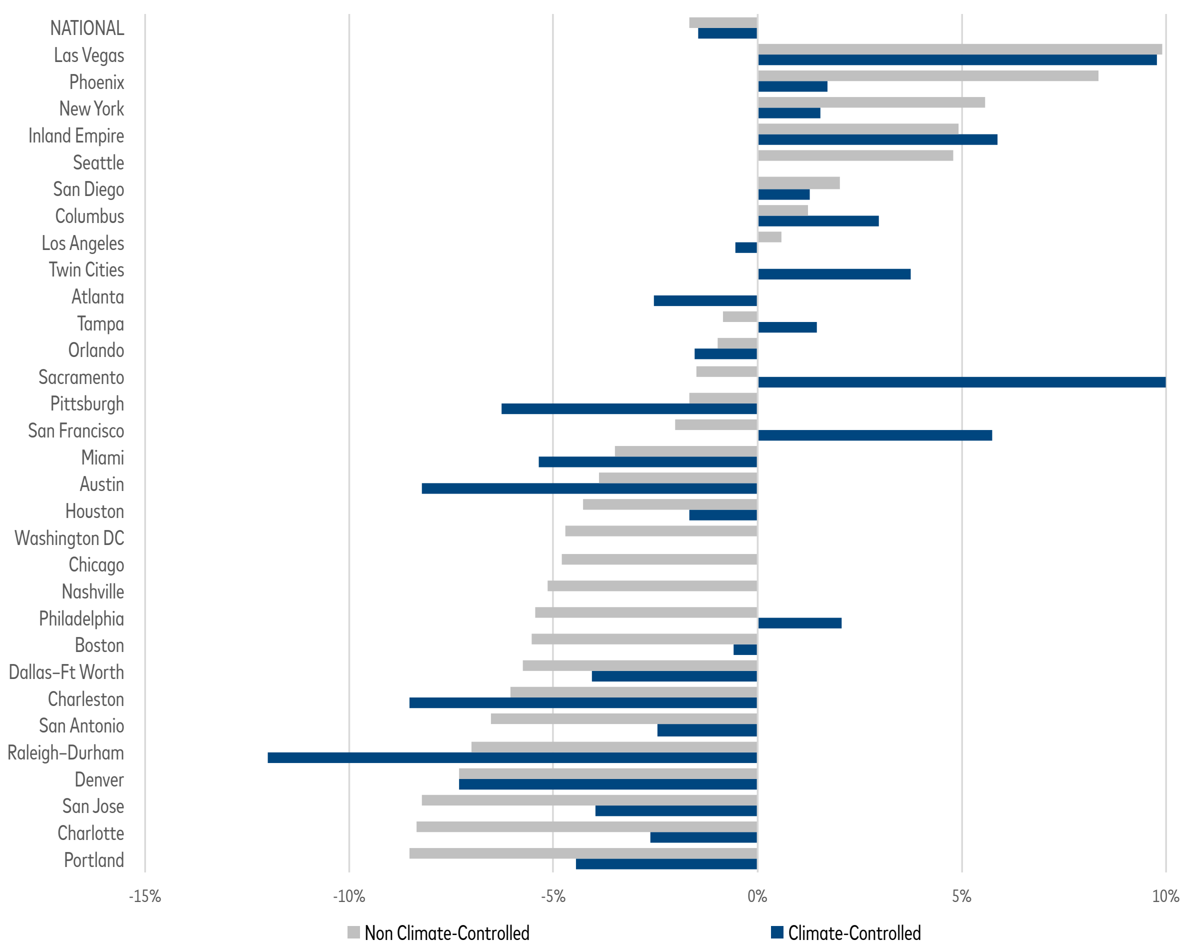
Sources: Yardi Matrix; U.S. Census Bureau

MONTHLY RENT GROWTH UPDATE

Rent growth falls for 10x10 units; climate-controlled outperforming in select metros

- Nationwide rents fell 1.7% for the average 10x10 unit on a year-over-year basis in April, mirroring the overall trend for storage rental rate declines.
- In most metros, rent growth for climate-controlled units has been similar to non-climate-controlled units. However, rent growth for climate-controlled units has underperformed non-climate units in metros with heavy new supply.
- Phoenix rents increased 8% for non-climate units, but climate-controlled rent growth was 2%, as metro development levels are aproximately 50% greater than the national average.
- In contrast, rent growth for climate-controlled units in San Francisco reached 6% while non-climate rents decreased 2% in the past year. Rent growth for climate-controlled units in low-supply markets is outpacing non-climate units, as the total inventory of Generation V stores lags that of its older, non-climate-controlled counterparts.

April Year-over-Year Rent Change for 10'x10' Units



Source: Yardi Matrix

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' NON CC	April 2018 YoY Rent Performance: 5'x5' NON CC	5'x10' NON CC	10'x10' NON CC	10'x10' CLMT-CTRLD	10'x20' NON CC
NATIONAL	$116	0%	-3%	**-2%**	**-1%**	-4%
Las Vegas	$100	22%	11%	**10%**	**10%**	9%
Phoenix	$104	8%	7%	**8%**	**2%**	8%
New York	$170	3%	2%	**6%**	**2%**	-1%
Inland Empire	$107	10%	5%	**5%**	**6%**	4%
Seattle	$153	7%	5%	**5%**	**0%**	2%
San Diego	$153	-1%	-4%	**2%**	**1%**	3%
Columbus	$82	-6%	-2%	**1%**	**3%**	-4%
Los Angeles	$178	0%	1%	**1%**	**-1%**	1%
Atlanta	$98	0%	-2%	**0%**	**-3%**	-1%
Twin Cities	$115	4%	1%	**0%**	**4%**	-3%
Tampa	$114	-2%	-1%	**-1%**	**1%**	-3%
Orlando	$102	-2%	-2%	**-1%**	**-2%**	-1%
Sacramento	$131	6%	3%	**-2%**	**10%**	-1%
Pittsburgh	$119	-5%	1%	**-2%**	**-6%**	-5%
San Francisco	$192	-1%	-1%	**-2%**	**6%**	-1%
Miami	$138	2%	-1%	**-3%**	**-5%**	-3%
Austin	$99	-2%	0%	**-4%**	**-8%**	-3%
Houston	$90	-5%	-7%	**-4%**	**-2%**	-3%
Washington DC	$141	-7%	-3%	**-5%**	**0%**	-3%
Chicago	$99	-9%	-6%	**-5%**	**0%**	-7%
Nashville	$111	0%	-5%	**-5%**	**0%**	-6%
Philadelphia	$121	-2%	-6%	**-5%**	**2%**	-5%
Boston	$153	-3%	-7%	**-6%**	**-1%**	1%
Dallas–Ft Worth	$98	-4%	-7%	**-6%**	**-4%**	-5%
Charleston	$109	-12%	-3%	**-6%**	**-9%**	-10%
San Antonio	$100	2%	-2%	**-7%**	**-2%**	-4%
Raleigh–Durham	$93	-10%	-5%	**-7%**	**-12%**	-6%
Denver	$127	-4%	-8%	**-7%**	**-7%**	-7%
San Jose	$179	-6%	-6%	**-8%**	**-4%**	-2%
Charlotte	$88	-12%	-8%	**-8%**	**-3%**	-6%
Portland	$150	-9%	-7%	**-9%**	**-4%**	-5%

Source: Yardi Matrix

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