Yardi® Matrix

NATIONAL SELF STORAGE REPORT

NOVEMBER 2018

MONTHLY SUPPLY AND RENT RECAP

High population gains and strong economic fundamentals pave the way for new construction

- Demand for self storage space continues to be driven by growing secondary markets with solid employment gains that fuel in-migration and low-supply metros with large urban clusters.
- Street rates continued to decrease on a national level as new product came online. However, rent growth stayed positive in Southern California and the Southwest.
- Nationwide, Yardi Matrix tracks more than 2,000 self storage properties in the pipeline—725 under construction, 978 planned and 322 prospective projects—along with 339 abandoned stores. The new development pipeline has been shrinking over the past few months as prospective properties move to planned and under construction. At the same time, the number of abandoned projects has increased.
- Yardi Matrix maintains operational profiles for an additional 24,644 completed properties in the U.S., bringing the total data set to more than 26,600 stores.

Rent rates fall in most markets

- On a national level, street-rate rents decreased 4.9% year-over-year in October 2018 for 10x10 non-climate-controlled (NON CC) units and by 2.9% for 10x10 climate-controlled (CC) units.
- Street rates continued to grow in Las Vegas and the Inland Empire, increasing in October by 5.2% and 0.9% year-over-year, respectively, for 10x10 NON CC units.
- Asking rates in New York gained 2.4% year-over-year in October for 10x10 NON CC units, fueled by the city's size and relative lack of supply. The metro's inventory per person (around 3 net square feet) is only half the national average of 6 net square feet per person. Expect street rates to moderate but remain positive over the next few quarters as supply is absorbed.

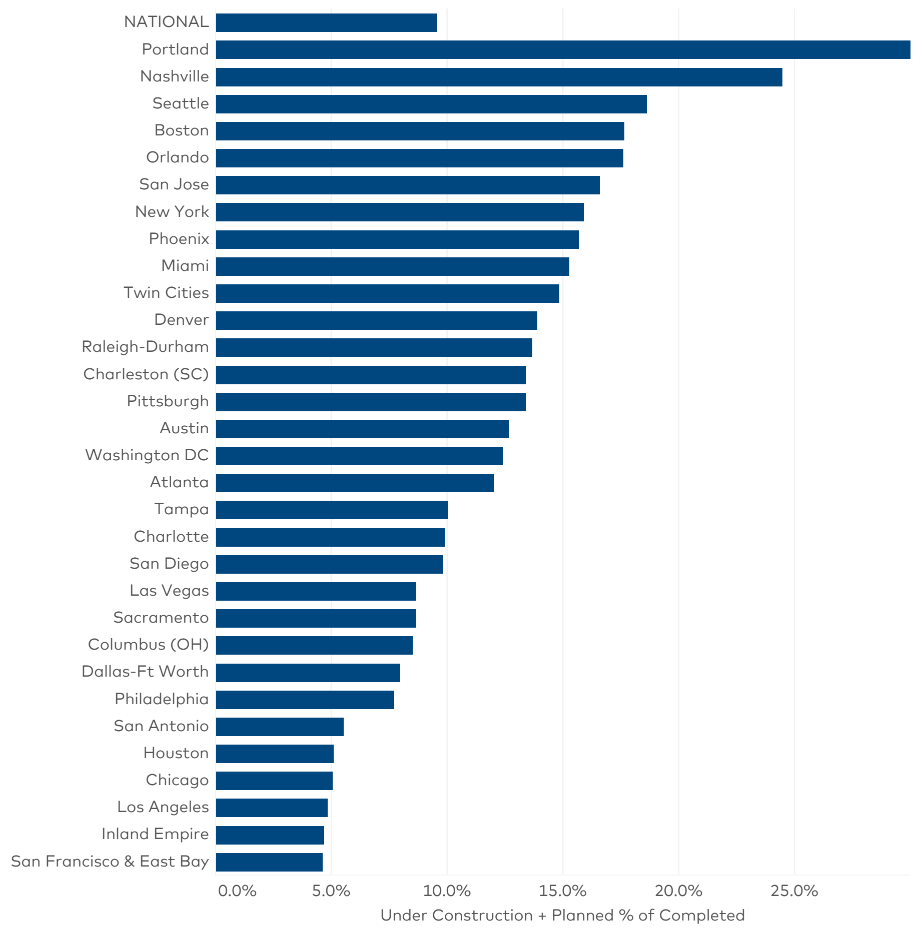
MONTHLY NEW SUPPLY UPDATE

New self storage completions reach cyclical peak in early summer 2018

- On a national level, units under construction and in the planning stages account for 9.6% of the existing inventory. That's a slight 10-basis-point increase over the previous month, with the final wave of late-season starts breaking ground.
- Demand for self storage space remains elevated in cities with strong population growth, such as Portland (30.5%) and Nashville (24.4%), where development activity is highest. A solid influx of Millennials drawn in by higher-paying positions and students enrolled in local colleges and universities has also been fueling new construction in Seattle (18.6%) and Boston (17.6%), a historically underpenetrated market.
- The share of self storage projects under construction or in the planning stages remains below 5.0% in undersupplied California markets such as Los Angeles, San Francisco and the Inland Empire. Land-use restrictions and development limitations still hinder new construction in these major markets.

Under Construction & Planned Percent of Existing Inventory

Metro	Oct-18	Nov-18	Change
NATIONAL	9.5%	9.6%	↑
Portland	29.1%	30.5%	↑
Nashville	24.6%	24.4%	↓
Seattle	17.8%	18.6%	↑
Boston	18.0%	17.6%	↓
Orlando	18.0%	17.6%	↓
San Jose	17.2%	16.6%	↓
New York	15.5%	15.9%	↑
Phoenix	15.4%	15.7%	↑
Miami	15.7%	15.3%	↓
Minneapolis	13.6%	14.8%	↑
Denver	14.2%	13.9%	↓
Raleigh-Durham	15.7%	13.7%	↓
Charleston (SC)	12.4%	13.4%	↑
Pittsburgh	15.3%	13.4%	↓
Austin	14.2%	12.6%	↓
Washington DC	12.4%	12.4%	—
Atlanta	11.8%	12.0%	↑
Tampa	9.1%	10.0%	↑
Charlotte	11.8%	9.9%	↓
San Diego	10.4%	9.8%	↓
Las Vegas	8.2%	8.7%	↑
Sacramento	7.8%	8.7%	↑
Columbus (OH)	7.8%	8.5%	↑
Dallas-Ft Worth	7.0%	8.0%	↑
Philadelphia	7.4%	7.7%	↑
San Antonio	6.0%	5.5%	↓
Houston	5.1%	5.1%	—
Chicago	4.9%	5.1%	↑
Los Angeles	4.9%	4.9%	—
Inland Empire	4.4%	4.7%	↑
San Francisco Penin. & East Bay	5.0%	4.7%	↓



* Drawn from our national database of 26,600 stores, including 2,000 projects in the new-supply pipeline as well as 24,600 completed stores. New supply percentages are based on the number of properties currently under construction and in planning, and an average new property size of 75,000 net rentable square feet.

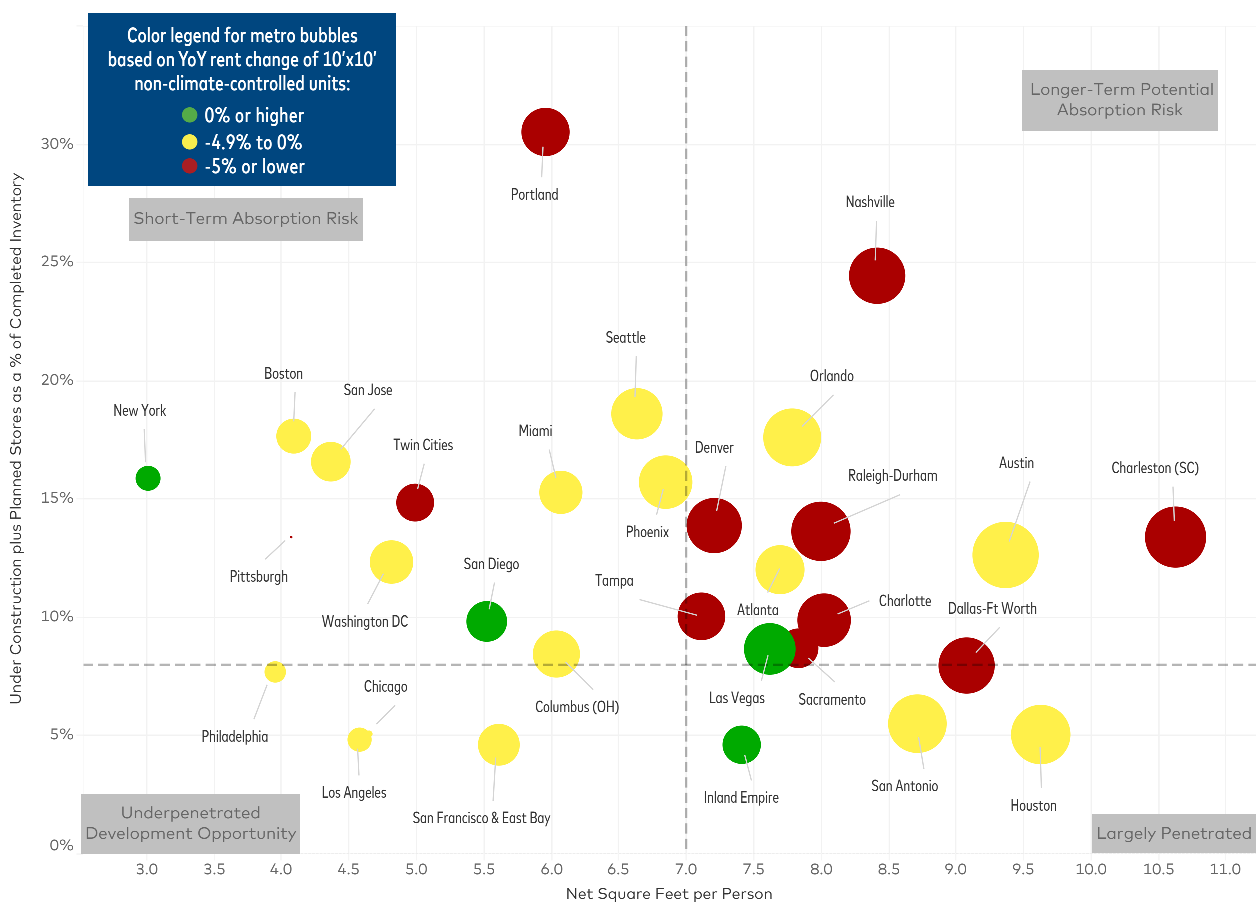
Source: Yardi Matrix. Supply data as of Nov. 9, 2018.

MONTHLY NEW SUPPLY UPDATE

Limited inventory in New York drives new development interest

- Development activity has seen an uptick in New York City, where projects under construction and in the planning stages account for 15.9% of existing inventory, up 40 basis points over the previous month. Despite the Self Storage Text Amendment that restricts self storage developments on lots over 50,000 square feet in industrial business zones in order to strengthen manufacturing and industrial businesses, many small projects are underway in the boroughs, with a large part of the new-supply pipeline incorporating below-grade space.
- Oversupplied Texas markets with inventory of more than 7 net square feet per person have decreased their new-supply pipelines to less than 10% of existing inventory.

Self Storage Major Metro Summary
New-Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)
(bubble size represents 2016 population growth rate, three-mile radius)



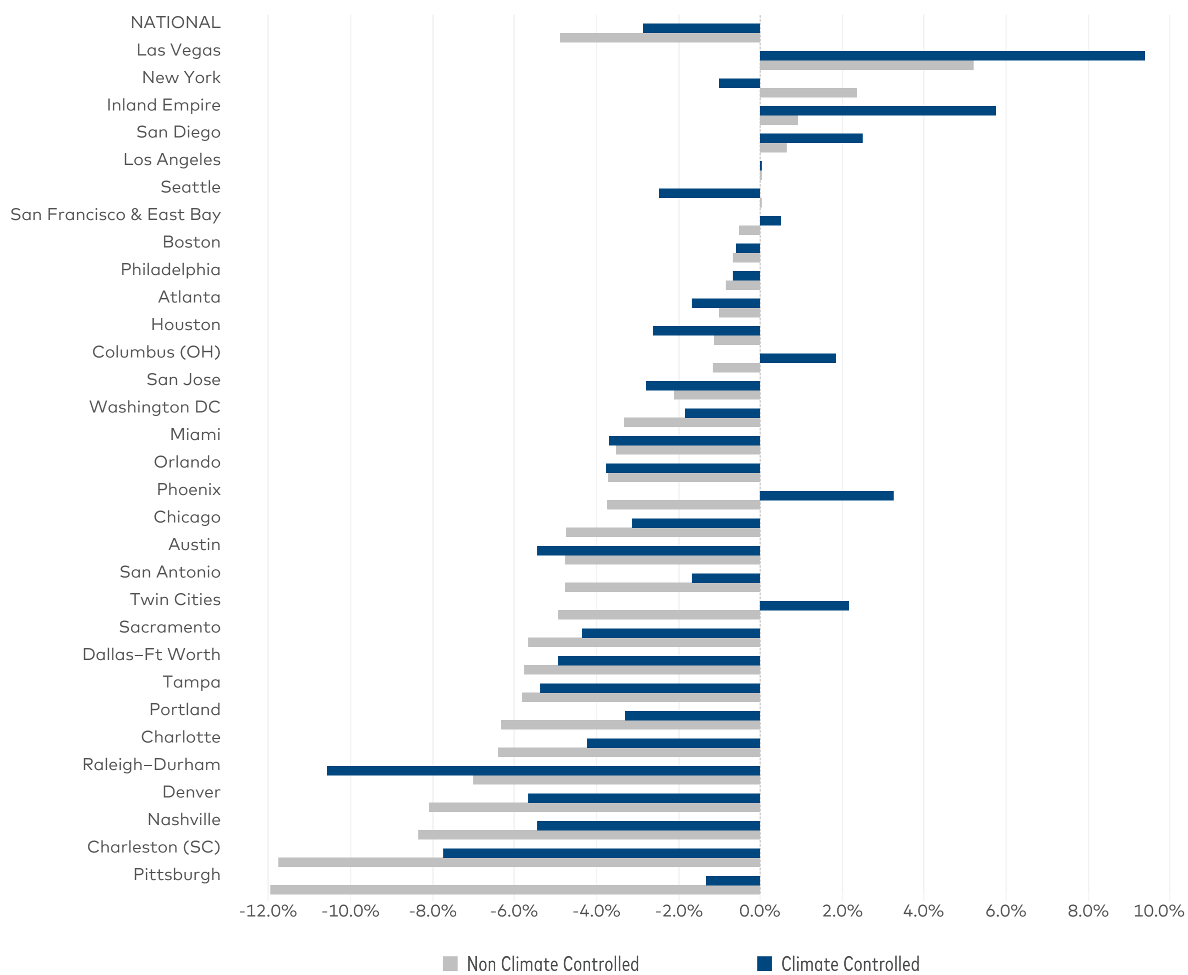
Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of Nov. 9, 2018.

MONTHLY RENT GROWTH UPDATE

Rents continue to soften as new supply pressure peaks

- On a national level, new self storage deliveries continued to put the brakes on rent growth, which decreased by 4.9% for the average 10x10 NON CC unit year-over-year as of October.
- Rent rates for high-demand CC units of similar size continued to decelerate, dipping by 2.9% year-over-year in October.
- San Francisco had the highest asking rates as of October ($192) for 10x10 NON CC units, followed by San Jose ($184) and Los Angeles ($181). However, despite limited new supply, street rates were flat or slightly negative in most major California markets. San Diego rents increased on a year-over-year basis for the first time since August, indicating strength for the moderately supplied Southern California market. On a national level, rents stabilized at $117 as of October, down $1 over the previous month.

October 2018 Year-over-Year Rent Change for 10′x10′ Units



Source: Yardi Matrix.

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	October 2018 YoY Rent Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
NATIONAL	$117	-4%	-5%	**-5%**	**-3%**	-7%
Las Vegas	$101	18%	11%	**5%**	**9%**	7%
Inland Empire	$109	2%	2%	**1%**	**6%**	1%
Phoenix	$103	0%	-2%	**-4%**	**3%**	-3%
San Diego	$156	-3%	-2%	**1%**	**2%**	0%
Minneapolis	$116	2%	-1%	**-5%**	**2%**	-9%
Columbus (OH)	$86	3%	-3%	**-1%**	**2%**	-4%
San Francisco Penin. & East Bay	$192	-1%	-2%	**-1%**	**1%**	-2%
Los Angeles	$181	-3%	-2%	**0%**	**0%**	-2%
Boston	$145	4%	1%	**-1%**	**-1%**	1%
Philadelphia	$120	2%	1%	**-1%**	**-1%**	-2%
New York	$174	3%	1%	**2%**	**-1%**	-1%
Pittsburgh	$118	-6%	-7%	**-12%**	**-1%**	-15%
Atlanta	$101	-4%	-2%	**-1%**	**-2%**	-1%
San Antonio	$100	0%	-2%	**-5%**	**-2%**	-4%
Washington DC	$145	-5%	-3%	**-3%**	**-2%**	-5%
Seattle	$156	2%	3%	**0%**	**-2%**	-3%
Houston	$87	-3%	-2%	**-1%**	**-3%**	-1%
San Jose	$184	-4%	-2%	**-2%**	**-3%**	-3%
Chicago	$101	-5%	-5%	**-5%**	**-3%**	-8%
Portland	$148	-6%	-6%	**-6%**	**-3%**	-7%
Miami	$137	0%	-1%	**-4%**	**-4%**	-2%
Orlando	$104	0%	-3%	**-4%**	**-4%**	-4%
Charlotte	$88	-9%	-7%	**-6%**	**-4%**	-9%
Sacramento	$133	0%	-4%	**-6%**	**-4%**	-5%
Dallas–Ft Worth	$98	-4%	-6%	**-6%**	**-5%**	-7%
Tampa	$113	-2%	-4%	**-6%**	**-5%**	-3%
Austin	$100	-6%	-2%	**-5%**	**-5%**	-3%
Nashville	$110	-2%	-8%	**-8%**	**-5%**	-8%
Denver	$125	-7%	-7%	**-8%**	**-6%**	-8%
Charleston (SC)	$105	-8%	-13%	**-12%**	**-8%**	-9%
Raleigh–Durham	$93	-7%	-11%	**-7%**	**-11%**	-7%

Source: Yardi Matrix. Sorted according to 10x10 CC rent performance.

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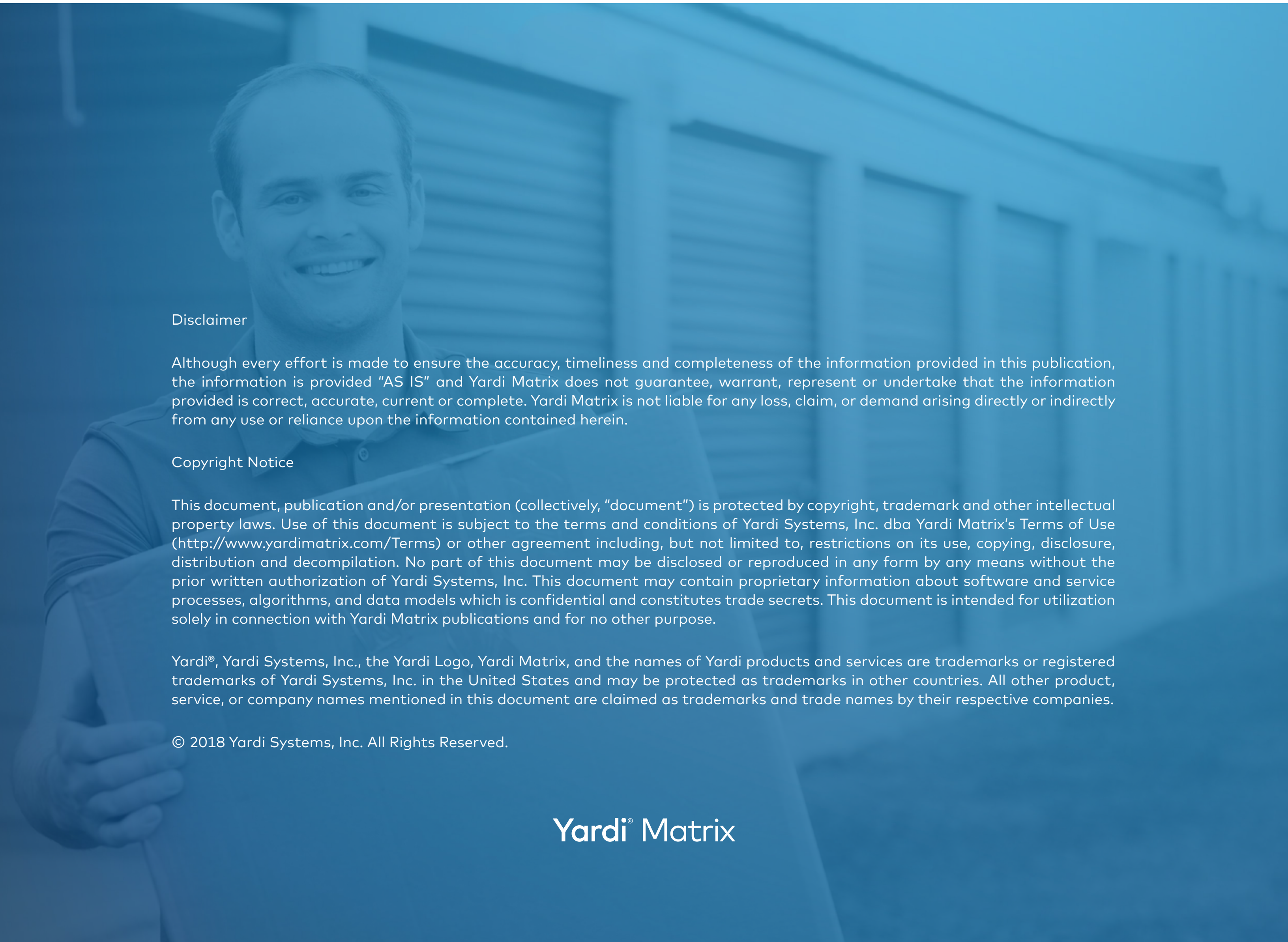

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