Yardi® Matrix

NATIONAL SELF STORAGE REPORT

MARCH 2019

MONTHLY SUPPLY AND RENT RECAP

Employment gains drive demand in fast-growing markets

- Metros with persisting demographic gains and strong employment continue to lead self storage development across the nation. New-construction activity is highest in the growing West Coast markets of Portland and Seattle and also in Nashville—where the professional and business services sector grew the fastest during the economic boom over the past five years, attracting a large number of high-skilled professionals filling newly formed, high-paying jobs. Construction also remains elevated in large, undersupplied metros in the Northeast.
- Nationwide, Yardi Matrix tracks a total of 2,063 self storage properties in the pipeline—704 under construction, 1,046 in the planning stages and 313 prospective projects—along with 538 abandoned stores. The new-development pipeline has increased by 5.4% compared to the previous month, mainly due to an uptick in planned projects. While the pipeline is increasing, the number of abandoned projects is also rising, and has tripled since mid-2018.
- Yardi Matrix also maintains operational profiles for 24,876 completed properties in the U.S., bringing the total data set to 27,545 stores. The new-supply pipeline accounts for 9.7% of the completed inventory tracked by Yardi Matrix.

Street rates showing signs of improvement

- Street rate performance nationwide continues to improve after widespread and significant discounting was the major theme of 2018. Despite a slight decrease of 0.9% year-over-year in February 2019 for the 10x10 non-climate-controlled (NON CC) units, street rates reflect an 80-basis-point uptick over the previous month's rent rate decline of 1.7%.
- Las Vegas still leads major markets in rent growth, with a 3.1% increase year-over-year in February 2019 for 10x10 NON CC units. While street rates for standard NON CC units remained flat in San Diego, 10x10 climate-controlled units increased by 5.6% year-over-year in February 2019, the fastest growth of any major metro.

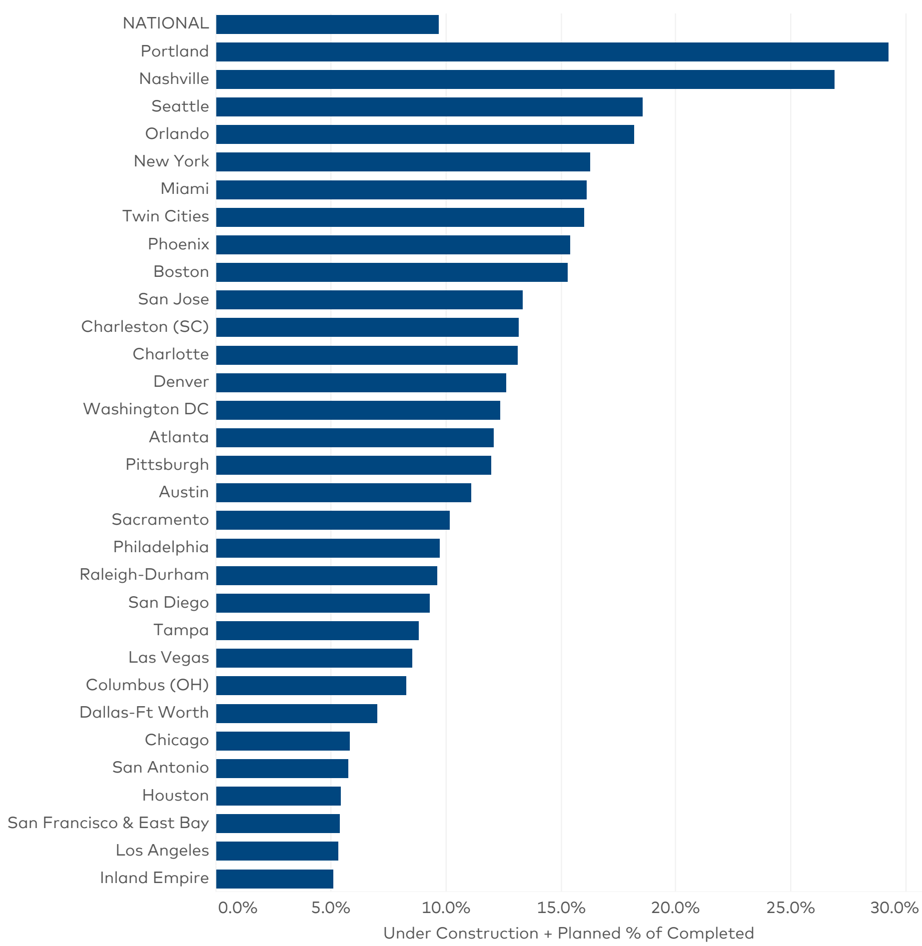
MONTHLY NEW SUPPLY UPDATE

Supply is catching up with demand in Seattle and Minneapolis

- Nationwide, the share of self storage units under construction and in the planning stages accounts for 9.7% of the existing inventory, marking a 40-basis-point increase compared to February. Construction levels have remained relatively steady, and the pipeline growth is driven mostly by new planned properties.
- Despite a 70-basis-point decline from the previous month, development activity remains highest in Portland (29.2% of existing stock), followed by Nashville (26.9%). In Seattle, supply is catching up with demand. Roughly 65,000 of new jobs were created in 2018—the metro's strongest year for employment growth in a decade. The new-supply pipeline increased by 1.9% month-over-month, and is equal to 18.6% of the market's existing stock.
- Benefiting from a robust economy and one of the nation's lowest unemployment rates, the Twin Cities continue to attract professionals from outside the metro. The new-supply pipeline accounts for 16.0% of existing inventory, a 190-basis-point increase from February.

Under Construction & Planned Percent of Existing Inventory

Metro	Feb-19	Mar-19	Change
NATIONAL	9.3%	9.7%	↑
Portland	29.9%	29.2%	↓
Nashville	25.1%	26.9%	↑
Seattle	16.7%	18.6%	↑
Orlando	17.0%	18.2%	↑
New York	15.7%	16.3%	↑
Miami	15.6%	16.1%	↑
Twin Cities	14.1%	16.0%	↑
Phoenix	15.1%	15.4%	↑
Boston	16.1%	15.3%	↓
San Jose	14.4%	13.4%	↓
Charleston (SC)	13.2%	13.2%	–
Charlotte	12.2%	13.1%	↑
Denver	13.0%	12.6%	↓
Washington DC	10.9%	12.4%	↑
Atlanta	11.9%	12.1%	↑
Pittsburgh	12.4%	12.0%	↓
Austin	11.2%	11.1%	↓
Sacramento	10.2%	10.2%	–
Philadelphia	9.4%	9.7%	↑
Raleigh-Durham	11.3%	9.6%	↓
San Diego	9.3%	9.3%	–
Tampa	9.2%	8.8%	↓
Las Vegas	7.6%	8.6%	↑
Columbus (OH)	9.0%	8.3%	↓
Dallas-Ft Worth	7.4%	7.0%	↓
Chicago	5.2%	5.9%	↑
San Antonio	5.4%	5.7%	↑
Houston	5.1%	5.4%	↑
San Francisco Penin. & East Bay	4.9%	5.4%	↑
Los Angeles	4.6%	5.3%	↑
Inland Empire	5.1%	5.1%	–



* Drawn from our national database of roughly 27,575 stores, including roughly 2,050 projects in the New Supply Pipeline as well as 24,800 completed stores.

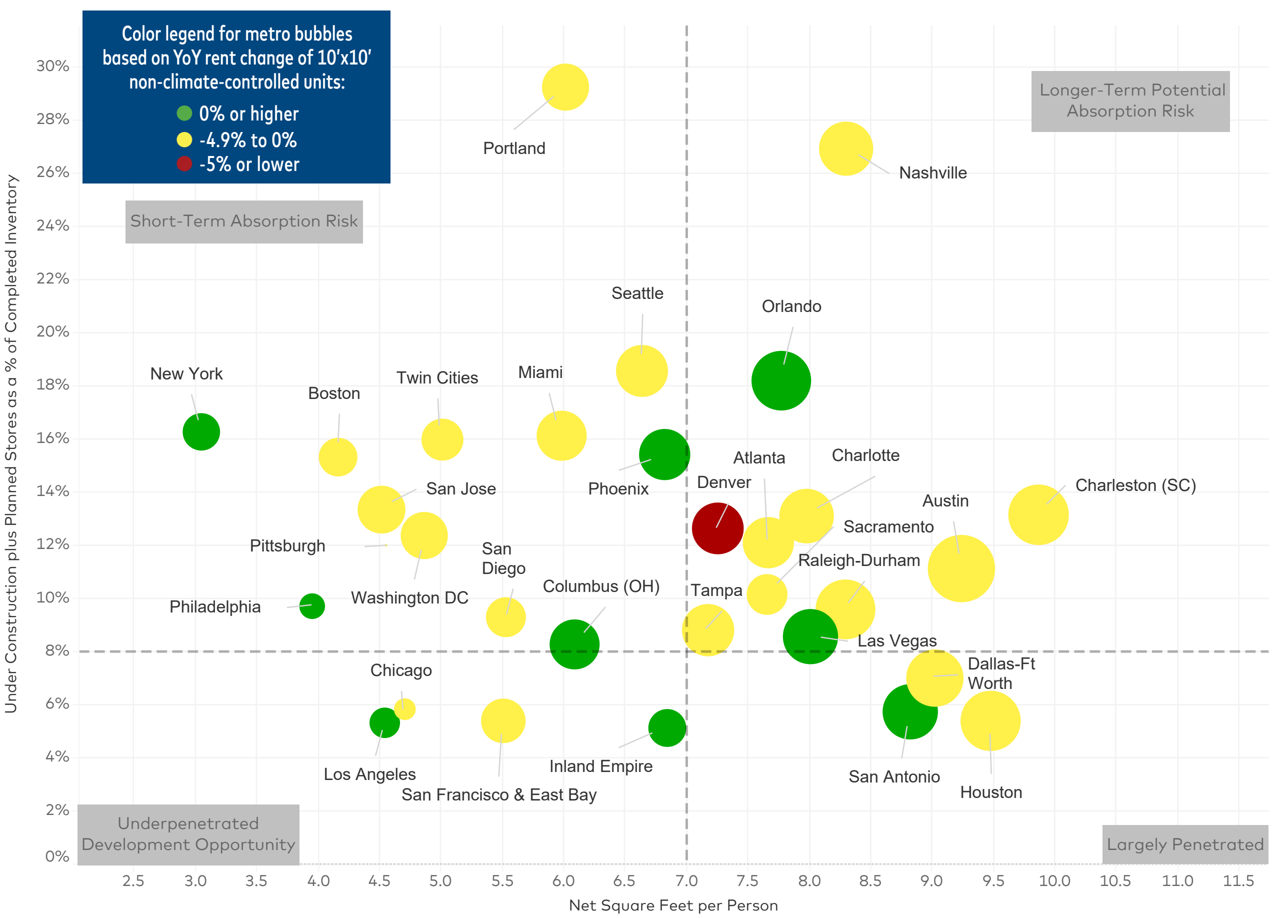
Source: Yardi Matrix. Supply data as of March 15, 2019.

MONTHLY NEW SUPPLY UPDATE

Dallas remains highly penetrated, despite persisting employment expansion

- Development activity is losing steam in Denver, where existing inventory per capita has finally surpassed 7 net rentable square feet. The share of stores under construction or in the planning stages accounts for 12.6% of total stock, a 40-basis-point decline month-over-month and a roughly 5% decline from last summer. The wave of new product delivered in the metro over the past few quarters continues to put pressure on rent rates, which decreased by 5.3% from January.
- In Dallas, completed inventory per capita is the second highest in the nation (9.5 net rentable square feet), indicating the markets' oversaturation despite steady demand. The metro's shrinking new-supply pipeline of 7.0% dropped 40 basis points over January.

Self Storage Major Metro Summary
New-Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)
(bubble size represents 2017 population growth rate, three-mile radius)



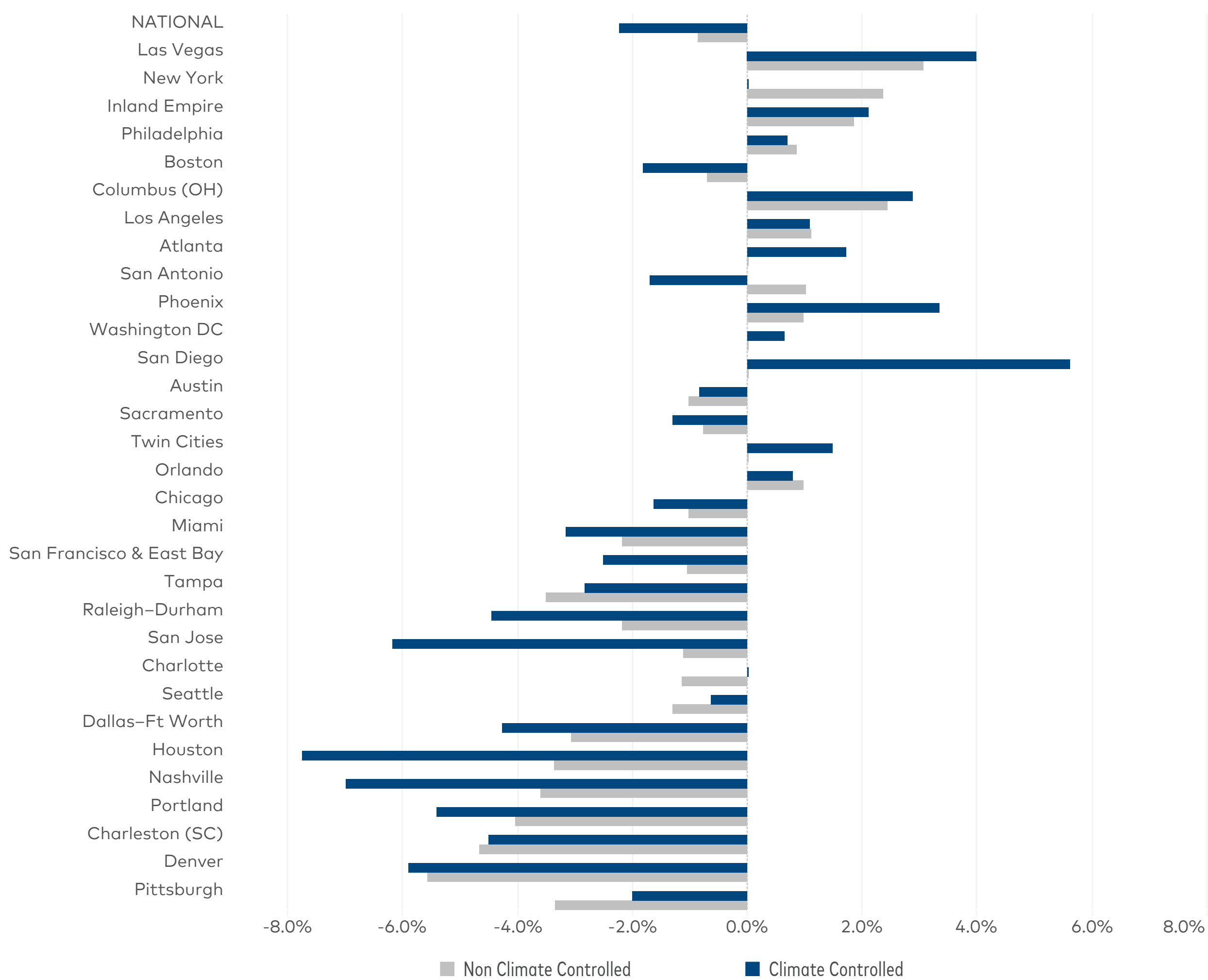
Sources: Yardi Matrix; U.S. Census Bureau. Data as of March 15, 2019.

MONTHLY RENT GROWTH UPDATE

Storage space is least expensive in largely penetrated Texas markets

- On a national level, street rates decreased by 0.9% for the average 10x10 NON CC unit year-over-year in February, with average asking rents stabilizing at $115 per unit. Rents for climate-controlled units of similar size declined by 2.2%.
- Asking rates remained highest in major California markets such as San Francisco ($189) and Los Angeles ($180), where the new-supply pipeline—still hindered by development barriers—is below 5.0%.
- On the other side of the spectrum, street rates were lowest in Texas' oversupplied markets of Houston ($86), Dallas ($95), Austin ($98) and San Antonio ($99). On average, asking rents dropped $1 in all of these metros—with the exception of Houston, where prices remained flat on a month-over-month basis.

February 2019 Year-over-Year Rent Change for 10'x10' Units



Source: Yardi Matrix. Street rate data as of February, 2019

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	February 2019 YoY Rent Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
NATIONAL	115	-2%	-1%	**-1%**	**-2%**	-2%
San Diego	153	-2%	-1%	**0%**	**6%**	1%
Las Vegas	101	8%	11%	**3%**	**4%**	5%
Phoenix	103	0%	0%	**1%**	**3%**	-1%
Columbus (OH)	84	0%	2%	**2%**	**3%**	2%
Inland Empire	110	2%	2%	**2%**	**2%**	0%
Atlanta	99	0%	0%	**0%**	**2%**	1%
Minneapolis	112	-4%	-1%	**0%**	**1%**	-2%
Los Angeles	180	-1%	-1%	**1%**	**1%**	-1%
Orlando	104	2%	2%	**1%**	**1%**	1%
Philadelphia	119	2%	1%	**1%**	**1%**	0%
Washington DC	142	0%	0%	**0%**	**1%**	0%
Charlotte	87	-2%	-2%	**-1%**	**0%**	-1%
New York	173	1%	3%	**2%**	**0%**	3%
Seattle	151	0%	0%	**-1%**	**-1%**	1%
Austin	98	-2%	-2%	**-1%**	**-1%**	-1%
Sacramento	131	2%	1%	**-1%**	**-1%**	NA
Chicago	98	0%	-2%	**-1%**	**-2%**	-1%
San Antonio	99	2%	2%	**1%**	**-2%**	-2%
Boston	142	6%	0%	**-1%**	**-2%**	-2%
Pittsburgh	116	-3%	-5%	**-3%**	**-2%**	-5%
San Francisco Penin. & East Bay	189	0%	-1%	**-1%**	**-3%**	-1%
Tampa	110	-2%	-1%	**-4%**	**-3%**	-1%
Miami	134	-4%	-3%	**-2%**	**-3%**	-1%
Dallas–Ft Worth	95	-2%	-2%	**-3%**	**-4%**	-3%
Raleigh–Durham	90	-5%	-3%	**-2%**	**-4%**	-2%
Charleston (SC)	102	-7%	-6%	**-5%**	**-5%**	-4%
Portland	143	-5%	-4%	**-4%**	**-5%**	-4%
Denver	119	-5%	-5%	**-6%**	**-6%**	-3%
San Jose	177	1%	0%	**-1%**	**-6%**	-3%
Nashville	107	-5%	-5%	**-4%**	**-7%**	-4%
Houston	86	-3%	-4%	**-3%**	**-8%**	-3%

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

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