Yardi® Matrix

NATIONAL SELF STORAGE REPORT

JUNE 2019

MONTHLY SUPPLY AND RENT RECAP

Expanding Millennial population supports demand in secondary markets

- Positive demographic trends, steady employment gains and sustained economic growth continue to drive demand for self storage space. With Millennials flocking to secondary markets with healthy employment growth, metros such as Portland, Nashville and Seattle continue to have the strongest development pipelines. On the other end of the spectrum, performance is decelerating in oversaturated markets such as Charleston, where the penetration level is about 45% higher than the traditional benchmark of 7 net rentable square feet (NRSF) per capita.
- On a national level, Yardi Matrix tracks a total of 2,066 self storage properties in various stages of development—comprising 652 under construction, 1,088 planned and 326 prospective projects. The national new-supply pipeline as a percent of existing inventory took a modest step back in May, decreasing by 0.1% compared to April as a number of projects reached completion.
- Yardi Matrix also maintains operational profiles for 25,080 completed U.S. self storage properties. This brings the total data set to 27,146 stores. The new-supply pipeline accounts for 9.5% of the completed inventory.

Rent rates fall furthest in oversaturated metros

- Street rates fell 0.9% nationwide year-over-year in May 2019 for the standard 10x10 non-climate-controlled (NON CC) units. While year-over-year street rate growth remains negative, the declines have slowed throughout the first half of 2019, offering hope for positive rate growth in the coming months. For climate-controlled (CC) units of similar size, street rates decreased by 2.2% year-over-year.
- Street rates decreased in about 42% of the top markets tracked by Yardi Matrix. Listed rates in Charleston continued to decrease year-over-year in May, falling by 6.6% for the standard NON CC units and 8.2% for CC units of similar size. In the Inland Empire, limited development and very low availability prompted rent rates for the standard NON CC units to increase by 2.7% year-over-year.

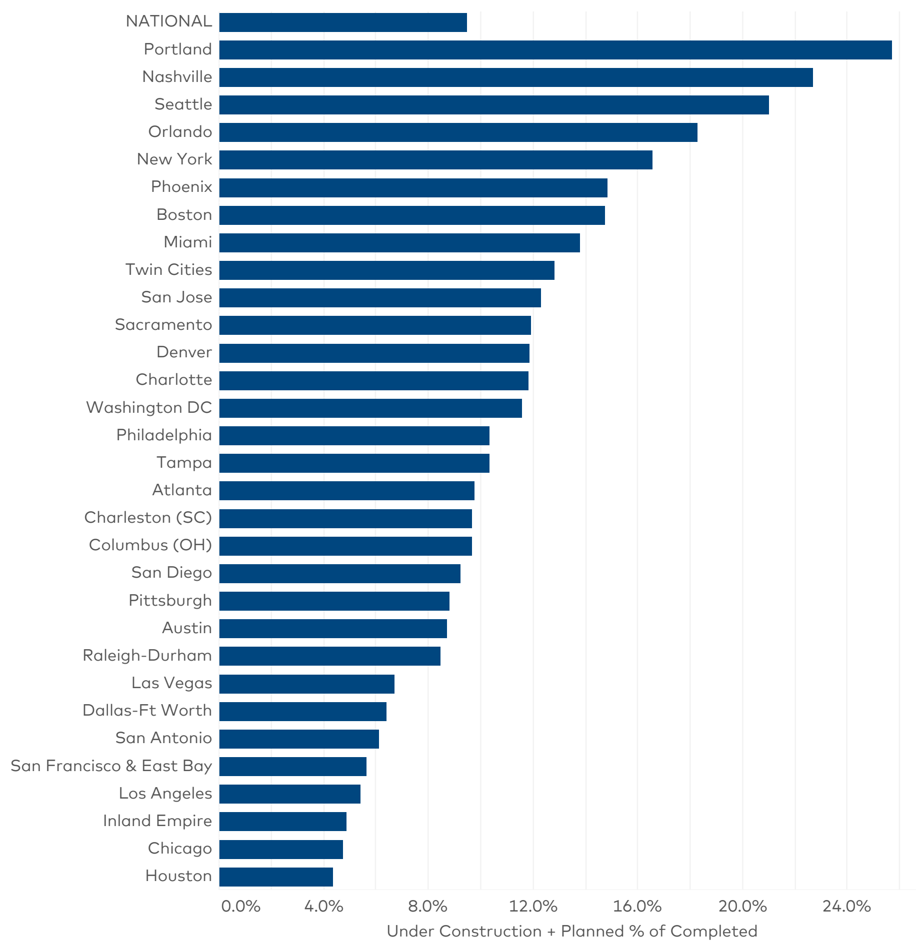
MONTHLY NEW SUPPLY UPDATE

Development accelerates in markets with solid employment growth

- On a national level, properties under construction or in the planning stages account for 9.5% of total inventory—a slight 10-basis-point decline over the previous month, due to a number of projects reaching completion during the first months of 2019.
- About 26% of the markets tracked by Yardi Matrix saw increased development activity on a month-over-month basis, with Sacramento leading the way (up 180 basis points since May) as improving wages and an influx of new residents relocating from the Bay Area bolster demand. However, the market is already well supplied with 7.7 NRSF per capita, and significant new development may impede rent growth in the coming years.
- Seattle (21.0%) remains one of the nation's top markets for new development, despite a 40-basis-point decrease in self storage development compared to the previous month. The market added 57,800 jobs in 2018—with about 65% of those in tech and e-commerce related sectors—which will help maintain healthy absorption levels throughout 2019.

Under Construction & Planned Percent of Existing Inventory

Metro	May-19	Jun-19	Change
NATIONAL	9.6%	9.5%	↓
Portland	25.1%	25.7%	↑
Nashville	23.5%	22.7%	↓
Seattle	21.4%	21.0%	↓
Orlando	18.5%	18.3%	↓
New York	15.5%	16.6%	↑
Phoenix	14.0%	14.9%	↑
Boston	15.9%	14.7%	↓
Miami	14.5%	13.8%	↓
Twin Cities	13.5%	12.8%	↓
San Jose	11.5%	12.3%	↑
Sacramento	10.1%	11.9%	↑
Denver	11.6%	11.9%	↑
Charlotte	12.3%	11.8%	↓
Washington DC	12.3%	11.6%	↓
Philadelphia	10.4%	10.3%	↓
Tampa	9.4%	10.3%	↑
Atlanta	10.5%	9.8%	↓
Charleston (SC)	10.9%	9.7%	↓
Columbus (OH)	9.0%	9.7%	↑
San Diego	10.2%	9.2%	↓
Pittsburgh	10.4%	8.8%	↓
Austin	9.7%	8.7%	—
Raleigh - Durham	8.5%	8.5%	—
Las Vegas	6.7%	6.7%	—
Dallas - Ft Worth	6.2%	6.4%	↑
San Antonio	6.1%	6.1%	—
San Francisco Penin. & East Bay	5.7%	5.6%	↓
Los Angeles	5.6%	5.4%	↓
Inland Empire	4.9%	4.9%	—
Chicago	5.5%	4.8%	↓
Houston	4.7%	4.4%	↓



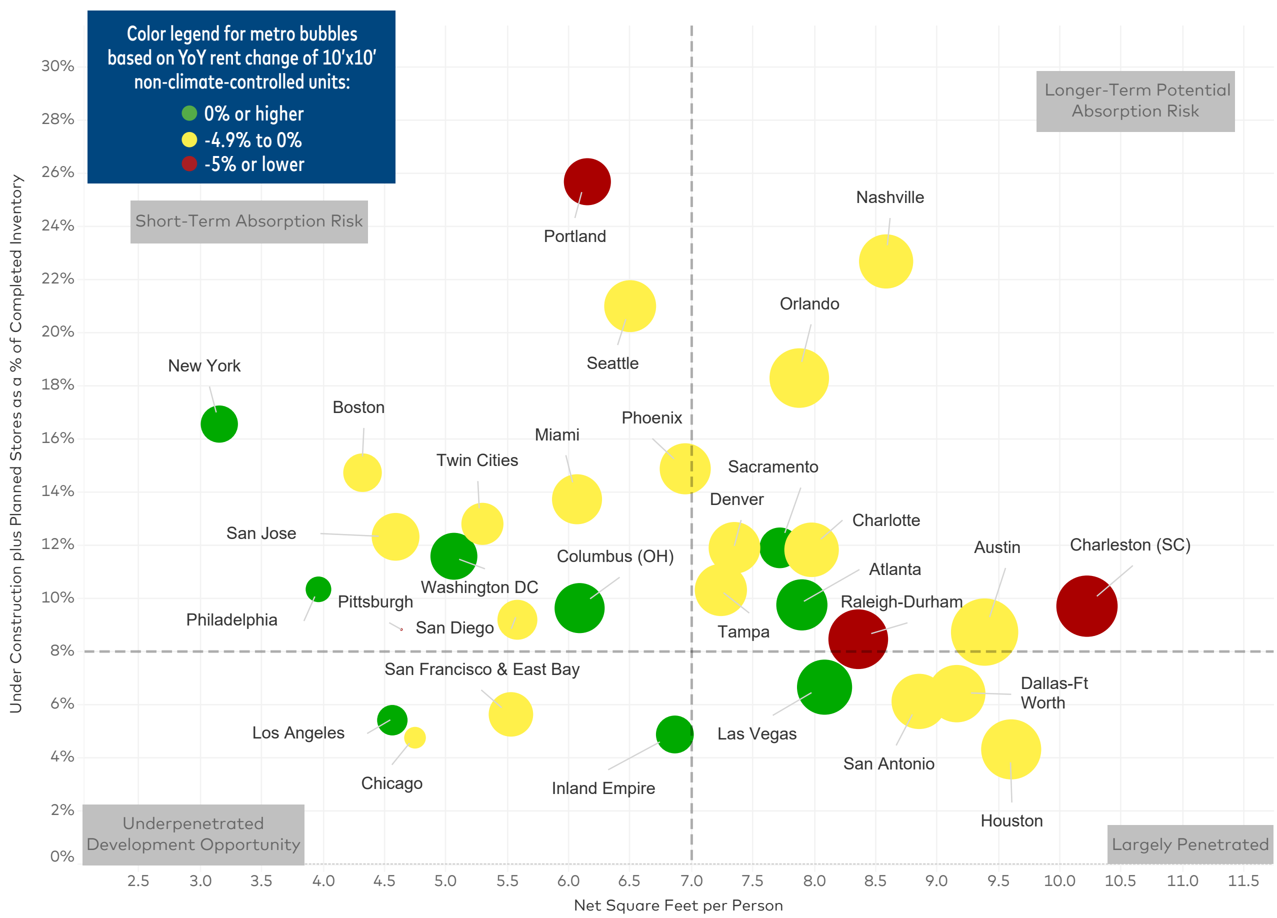
* Drawn from our national database of 27,146 stores, including some 2,066 projects in the new supply pipeline as well as 25,018 completed stores.

Source: Yardi Matrix. Supply data as of June 11, 2019.

Balanced supply-demand dynamics in major South Florida markets

- The new-supply pipeline remains robust in major South Florida markets, which continue to welcome both downsizing retirees and professionals looking to settle in a tax-friendly state. Multifamily developers added nearly 7,000 apartments in Orlando in 2018 and an additional 13,000 units were underway in June, underpinning elevated demand for storage space. The metro's new-supply pipeline of storage units accounts for 18.3% of total inventory.
- With 32 stores under construction as of June, Miami is still far from hitting a supply-demand breaking point. Despite a recent wave of completions, the market has maintained saturation levels below the national average per capita over the past few quarters.

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)



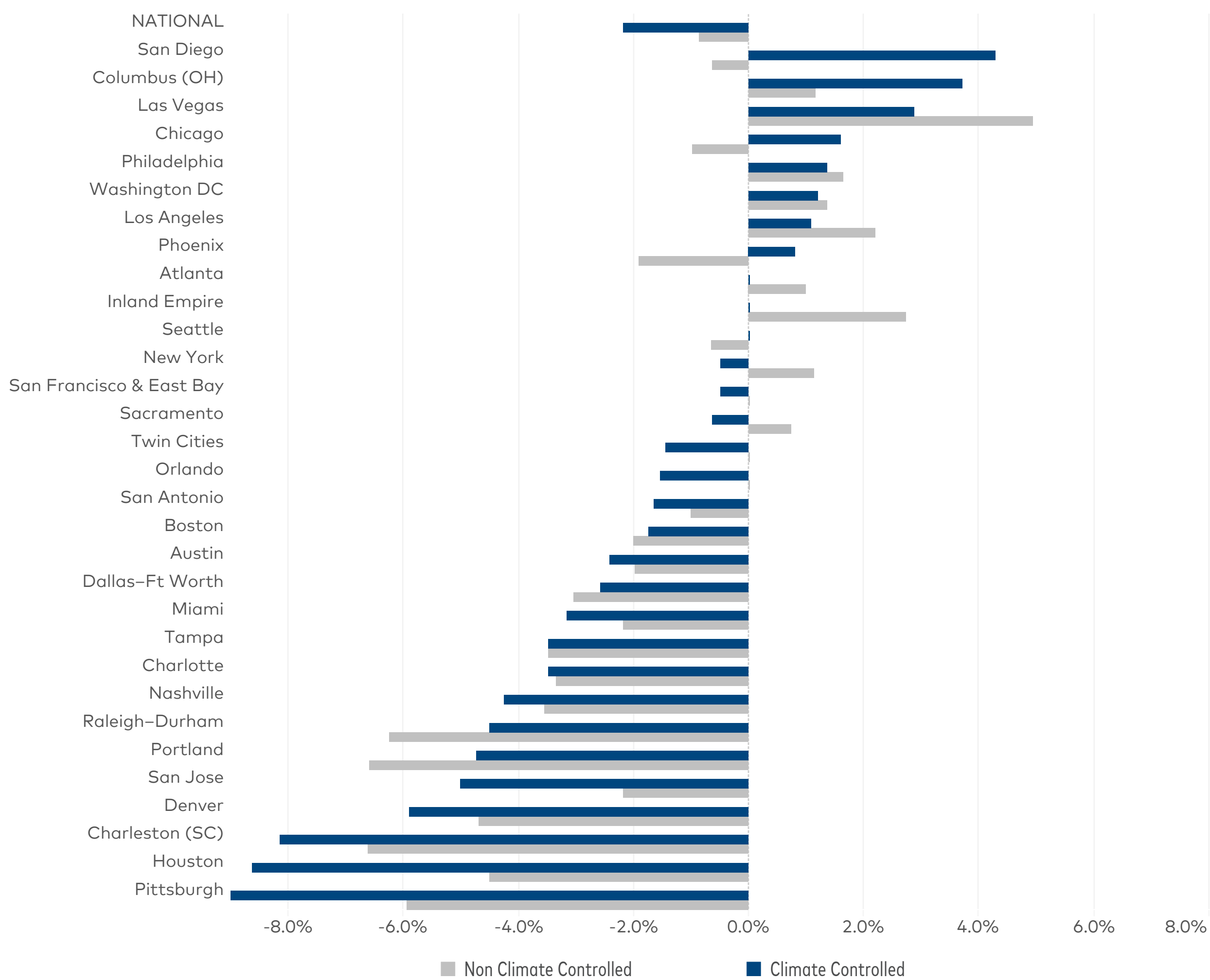
Sources: Yardi Matrix; U.S. Census Bureau. Data as of June 11, 2019.

MONTHLY RENT GROWTH UPDATE

Asking rates for modern, climate-controlled stock continue to decline moderately

- Nationwide, street rates decreased by 0.9% year-over-year in May for standard 10x10 NON CC units. However, on a month-over-month basis, average asking rates increased $1 to $117 per unit. Street rates for climate-controlled units of similar size decreased by 2.2% year-over-year.
- Portland's heightened completion volume over the past three years is starting to put pressure on rate growth, with asking rates for standard NON CC units dipping by 6.6% year-over-year in May. Street rates for climate-controlled storage units contracted by 4.7% during the same time period.
- Asking rates increased the most in the supply-constrained markets of Las Vegas (5%), the Inland Empire (2.7%) and Los Angeles (2.2%). The strongest rate gains for climate-controlled units were in San Diego (4.3%) and Columbus (3.7%).

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



Source: Yardi Matrix. Street rate data as of May 2019

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	May 2019 YoY Rent Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
NATIONAL	117	-2%	0%	**-1%**	**-2%**	-2%
San Diego	156	0%	1%	**-1%**	**4%**	0%
Columbus (OH)	87	0%	4%	**1%**	**4%**	0%
Las Vegas	106	8%	10%	**5%**	**3%**	5%
Chicago	101	0%	0%	**-1%**	**2%**	-1%
Philadelphia	124	2%	1%	**2%**	**1%**	-1%
Washington DC	148	-2%	-1%	**1%**	**1%**	0%
Los Angeles	186	1%	2%	**2%**	**1%**	0%
Phoenix	103	0%	-2%	**-2%**	**1%**	-2%
Atlanta	101	2%	2%	**1%**	**0%**	0%
Inland Empire	113	2%	3%	**3%**	**0%**	3%
Seattle	155	0%	1%	**-1%**	**0%**	0%
New York	177	-1%	0%	**1%**	**0%**	1%
San Francisco Penin. & East Bay	193	1%	0%	**0%**	**0%**	-2%
Sacramento	136	4%	1%	**1%**	**-1%**	0%
Twin Cities	117	-2%	0%	**0%**	**-1%**	-1%
Orlando	105	2%	0%	**0%**	**-2%**	2%
San Antonio	99	0%	0%	**-1%**	**-2%**	-1%
Boston	148	2%	-1%	**-2%**	**-2%**	0%
Austin	99	-4%	-2%	**-2%**	**-2%**	-1%
Dallas–Ft Worth	96	-2%	-3%	**-3%**	**-3%**	-4%
Miami	135	-2%	-1%	**-2%**	**-3%**	-3%
Tampa	111	0%	-3%	**-3%**	**-3%**	-1%
Charlotte	87	0%	-2%	**-3%**	**-3%**	-1%
Nashville	109	-5%	-5%	**-4%**	**-4%**	-4%
Raleigh–Durham	90	-9%	-5%	**-6%**	**-5%**	-1%
Portland	142	-9%	-7%	**-7%**	**-5%**	-5%
San Jose	179	-1%	-2%	**-2%**	**-5%**	-3%
Denver	122	-7%	-4%	**-5%**	**-6%**	-2%
Charleston (SC)	99	-7%	-7%	**-7%**	**-8%**	-7%
Houston	85	-5%	-5%	**-4%**	**-9%**	-3%
Pittsburgh	111	-12%	-3%	**-6%**	**-9%**	-8%

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

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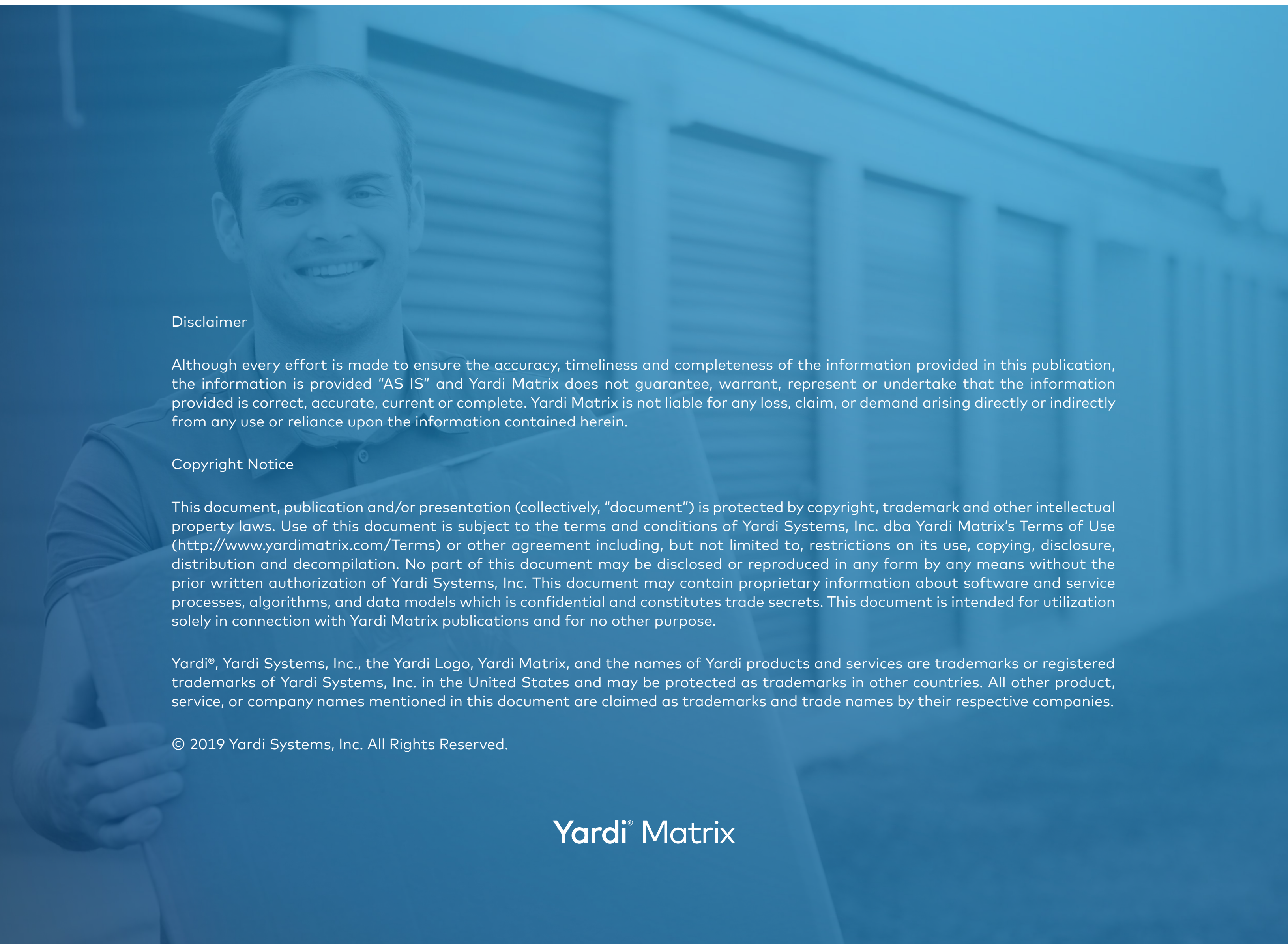

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