



Yardi Matrix

National Self Storage Report

October 2020



Monthly Supply and Rent Recap

Self storage performing well during economic downturn

- The pandemic-driven disruption across the United States economy has created uncertainty in all real estate sectors. Nevertheless, the self storage industry appears to be doing much better than other asset classes. In September, self storage continued to weather the downturn, as street rate performance showed significant improvement across the nation. For the first time since the end of 2017, the year-over-year street rate performance on a national level for 10x10 non-climate-controlled (NON CC) units was even positive. While some storage markets show signs of slowing development activity, the new-supply pipeline remains steady nationwide. The current strength of the storage industry is reinforcing the notion of countercyclical forces; however, the health crisis created by COVID-19 remains, which could lead to further uncertainty and a tougher slog for self storage in the coming months as people limit their mobility once again.

National street rate performance shows positive outlook

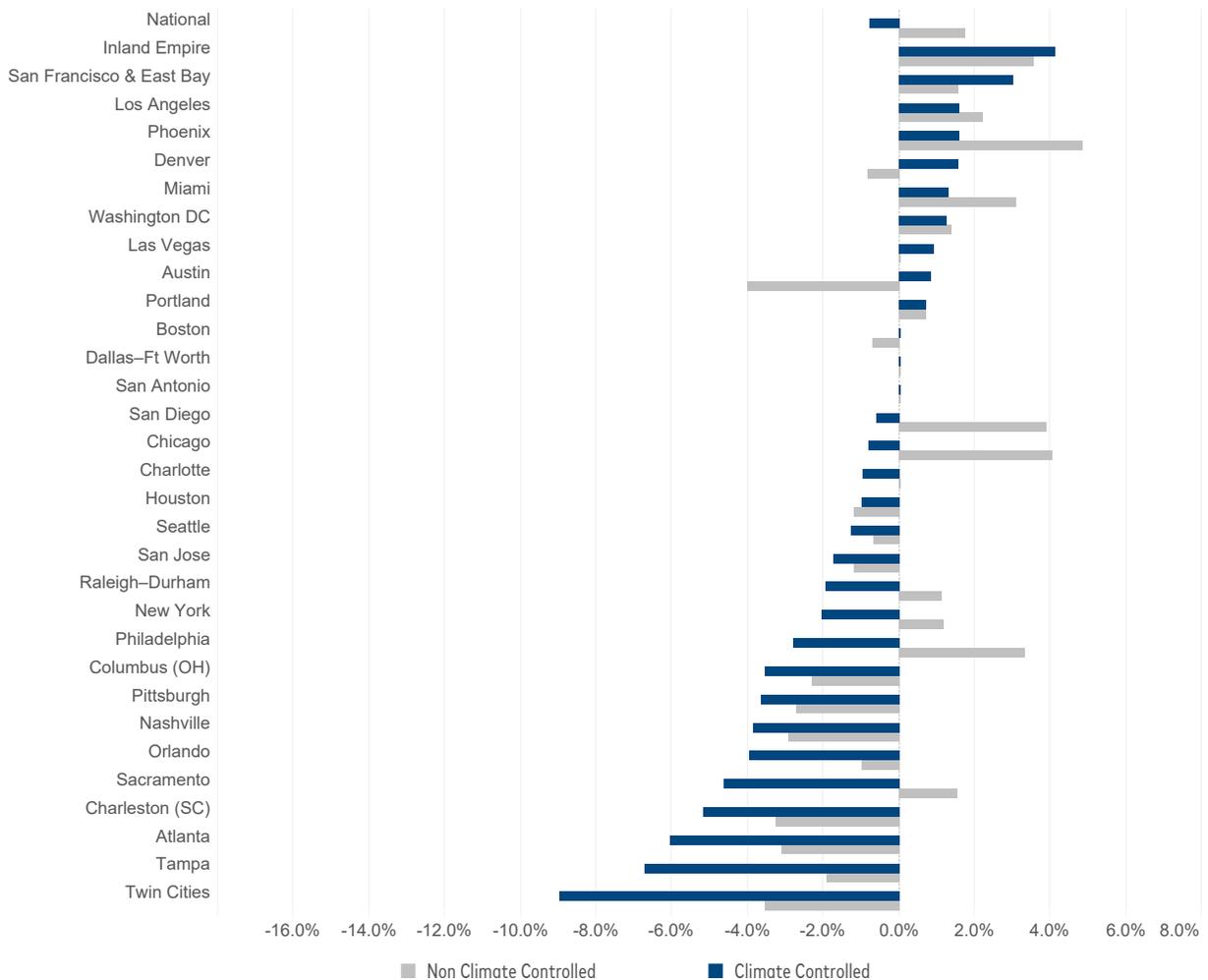
- Street rate performance in September showed signs of a positive outlook for storage operators, as rates have rebounded well. National street rates for 10x10 NON CC units increased by 1.8% compared to September 2019. While year-over-year rates for 10x10 climate-controlled (CC) units fell 0.8%, this downward trend in annual street rates has decelerated substantially since the beginning of 2020.
- Annual street rate performance was negative in roughly 45% of the top markets tracked by Yardi Matrix for 10x10 NON CC units. Rates for this unit type were hit the hardest in the oversupplied Austin metro, which saw a 4.0% decrease year-over-year.
- Nationwide, Yardi Matrix tracks a total of 2,149 self storage properties in various stages of development—comprising 565 under construction, 1,170 planned and 414 prospective properties. The national new-supply pipeline as a percent of existing inventory increased by a marginal 0.1% month-over-month in September, and the share of existing properties in various stages of development accounts for 8.6% of existing inventory.
- Yardi Matrix also maintains operational profiles for 26,261 completed self storage facilities across the United States, bringing the total data set to 28,410.

Monthly Rate Growth Update

Street rate performance continues to rebound in a number of markets

- Street rate performance in September again demonstrated that the self storage industry is weathering the pandemic-driven economic downturn well. While nationwide street rates for 10x10 CC units saw a minor 0.8% drop year-over-year, national rates for 10x10 NON CC units bounced back with a 1.8% increase from September 2019. The last time the self storage sector saw positive year-over-year street rate performance on the national level for 10x10 NON CC units was the end of 2017.
- In September, none of the top markets saw street rates for 10x10 NON CC units drop lower than -4.0% year-over-year—the first month this trend has been seen since Yardi Matrix started tracking self storage rate data. Even the overpenetrated Charleston metro, which has experienced plummeting street rates, saw rates for 10x10 NON CC units fall by just 3.2% year-over-year.

September 2020 Year-over-Year Rent Change for 10'x10' Units



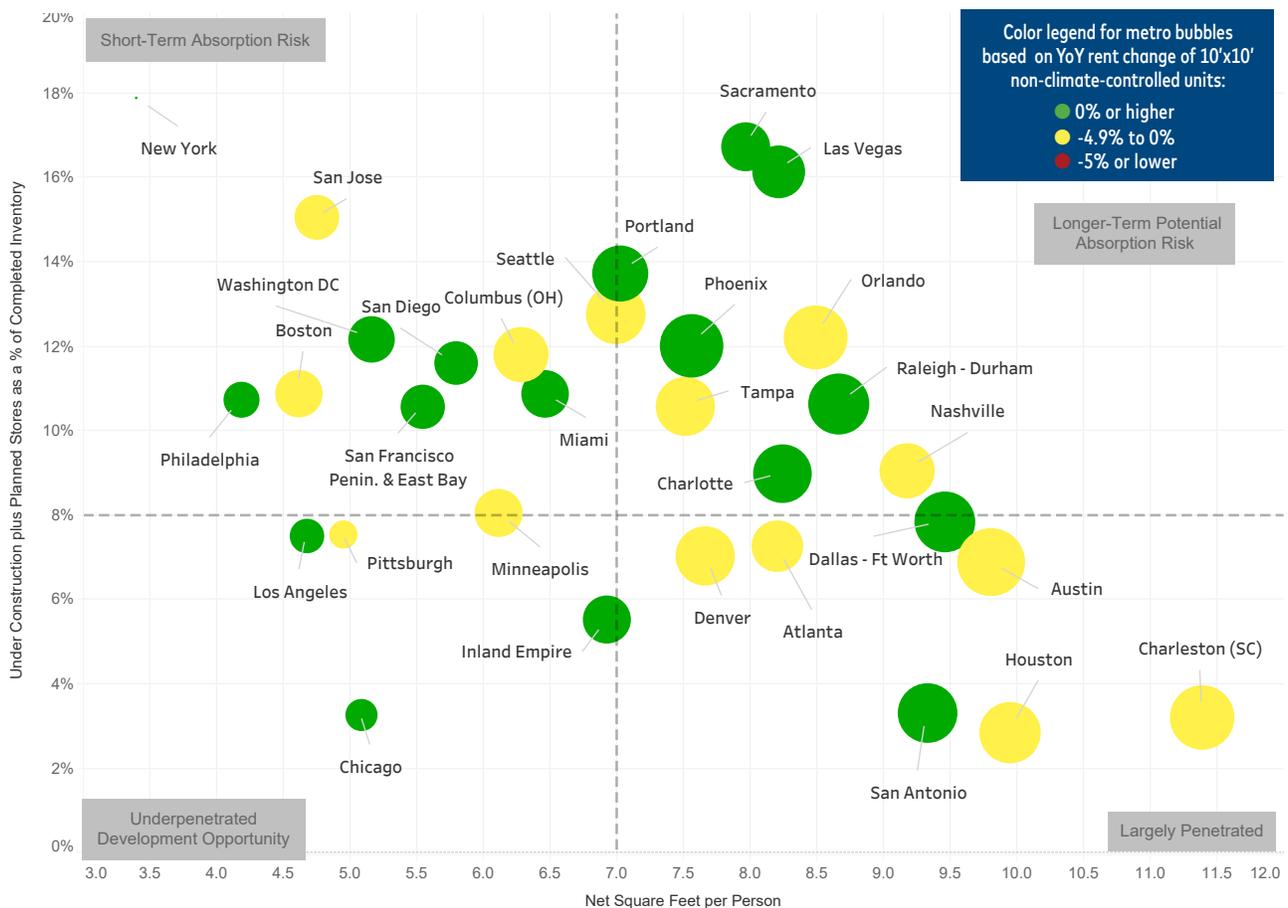
Source: Yardi Matrix. Street rate data as of October 15, 2020

Monthly Rate Growth Update

Notable street rate performance in Phoenix and San Francisco

- Street rates in the Phoenix metro experienced impressive performance in September. Year-over-year, rates for 10x10 NON CC units increased a significant 4.9%, while street rates for CC units of the same size experienced growth at a slower pace, up 1.6%. The average rate in September for 10x10 NON CC units was \$108, the highest amount seen in the metro since October 2017, when they averaged \$110.
- The pandemic has changed the way people live and work, which has impacted many cities, including the San Francisco–East Bay area. As more tech companies give their employees freedom to work from anywhere, the San Francisco–East Bay multifamily market has slumped, with year-over-year declines in both rental rates and occupancy. However, the metro’s self storage sector seems to be holding up much better. San Francisco–East Bay saw a 1.6% annual increase in street rates for 10x10 NON CC units, and rates for 10x10 CC units fared even better, increasing 3.0% year-over-year in September.

Self Storage Major Metro Summary
 New-Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)
 (bubble size represents 2018 population growth rate, three-mile radius)



Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of October 15, 2020

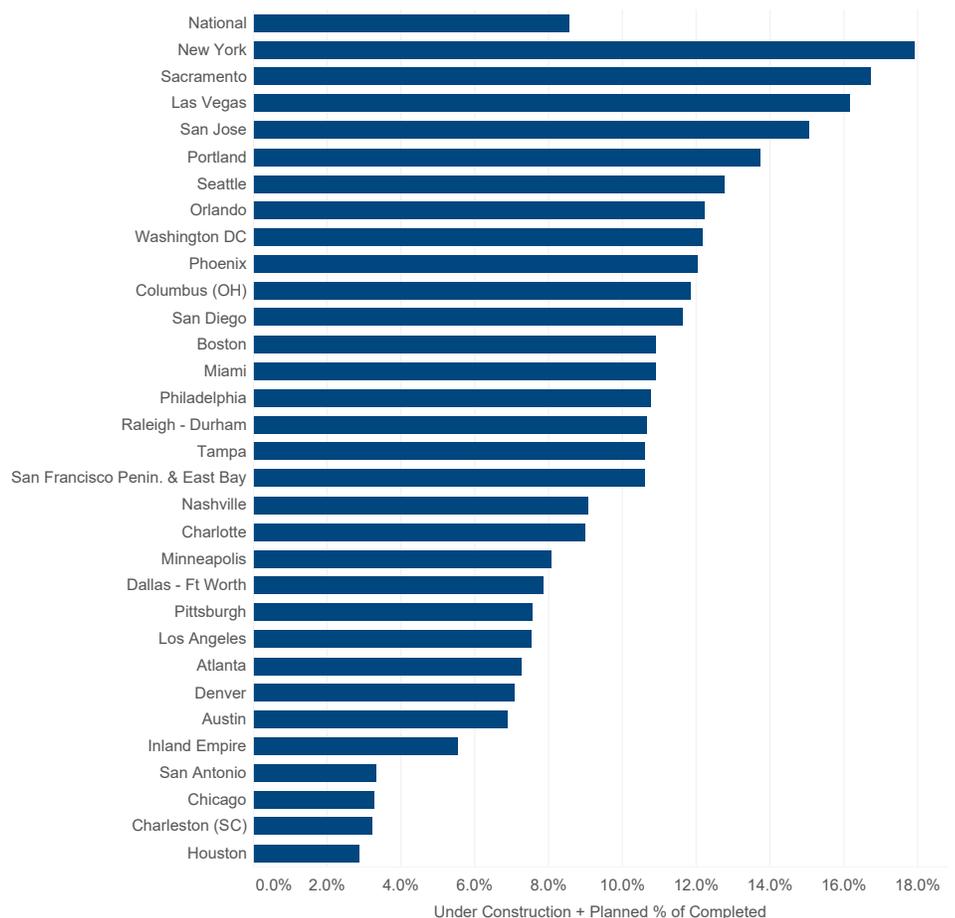
Monthly New Supply Update

Self storage development continues at a steady pace

- Self storage development activity appeared to remain relatively steady in September. Self storage properties under construction or in the planning stages nationwide accounted for 8.6% of existing inventory, marking a slight 10-basis-point uptick compared to August. Only five of the top 31 markets tracked by Yardi Matrix saw a decrease in their new-supply pipelines month-over-month. However, 30 storage projects nationwide were abandoned from the pipeline in September, and the latest forecast still shows a slowdown in new supply compared to pre-COVID projections.
- The pipeline in the Portland metro still experienced the greatest decline among the top markets, despite a small drop in storage development activity of 0.2% in September. However, this drop appears to be due to an increase in the amount of completed inventory, as two storage projects were delivered in September, rather than a drop in the number of facilities under construction or in the planning stages—which remained unchanged, with two properties added to the pipeline. On the whole, Portland continues to see an elevated level of development, with storage projects under construction or planned equal to 13.7% of completed stock.

Under Construction & Planned Percent of Existing Inventory

Metro	Aug-20	Sep-20	Change
NATIONAL	8.5%	8.6%	↑
New York	18.0%	17.9%	↓
Sacramento	16.7%	16.7%	▬
Las Vegas	16.0%	16.1%	↑
San Jose	15.2%	15.1%	↓
Portland	13.9%	13.7%	↓
Seattle	12.8%	12.8%	▬
Orlando	12.1%	12.2%	↑
Washington DC	12.0%	12.2%	↑
Phoenix	11.9%	12.0%	↑
Columbus (OH)	11.8%	11.8%	▬
San Diego	11.7%	11.6%	↓
Boston	10.9%	10.9%	▬
Miami	10.9%	10.9%	▬
Philadelphia	10.5%	10.7%	↑
Raleigh-Durham	10.7%	10.6%	↓
Tampa	10.6%	10.6%	▬
San Francisco Penin. & East Bay	10.4%	10.6%	↑
Nashville	9.1%	9.1%	▬
Charlotte	9.0%	9.0%	▬
Minneapolis	8.1%	8.1%	▬
Dallas-Ft Worth	7.7%	7.9%	↑
Pittsburgh	7.6%	7.6%	▬
Los Angeles	7.5%	7.5%	▬
Atlanta	7.2%	7.3%	↑
Denver	7.1%	7.1%	▬
Austin	6.9%	6.9%	▬
Inland Empire	5.3%	5.5%	↑
San Antonio	3.3%	3.3%	▬
Chicago	3.3%	3.3%	▬
Charleston (SC)	3.2%	3.2%	▬
Houston	2.7%	2.9%	↑



* Drawn from our national database of more than 28,400 stores, including some 2,100 projects in the new-supply pipeline as well as more than 26,300 completed stores. Source: Yardi Matrix. Supply data as of October 15, 2020

Monthly Rate Recap

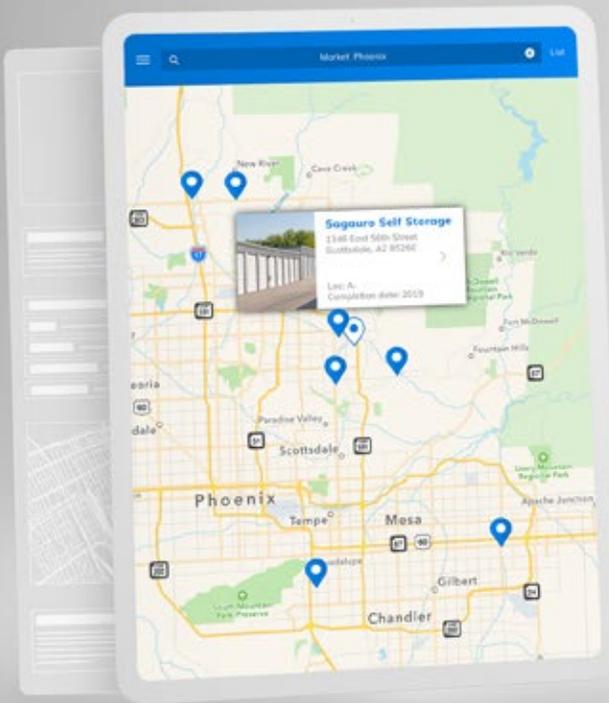
Market	Avg Metro Rate 10'x10' (non cc)	September 2020 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	116	2%	1%	2%	-1%	2%
Inland Empire	116	2%	3%	4%	4%	3%
San Francisco Penin. & East Bay	195	1%	2%	2%	3%	1%
Los Angeles	186	1%	3%	2%	2%	4%
Phoenix	108	3%	3%	5%	2%	2%
Denver	118	-2%	-3%	-1%	2%	1%
Miami	133	2%	3%	3%	1%	4%
Washington DC	145	-2%	0%	1%	1%	3%
Las Vegas	107	0%	0%	0%	1%	2%
Austin	96	0%	-2%	-4%	1%	1%
Portland	140	0%	1%	1%	1%	1%
Dallas-Ft Worth	93	-2%	0%	0%	0%	1%
Boston	141	-2%	-2%	-1%	0%	0%
San Antonio	96	0%	0%	0%	0%	2%
San Diego	160	5%	4%	4%	-1%	1%
Chicago	103	3%	3%	4%	-1%	5%
Charlotte	84	3%	0%	0%	-1%	4%
Houston	83	0%	-2%	-1%	-1%	0%
Seattle	152	0%	-1%	-1%	-1%	0%
San Jose	168	0%	0%	-1%	-2%	0%
Raleigh-Durham	88	0%	-2%	1%	-2%	0%
New York	173	3%	3%	1%	-2%	2%
Philadelphia	123	2%	1%	3%	-3%	3%
Columbus (OH)	85	-3%	-2%	-2%	-4%	-1%
Pittsburgh	108	-2%	-4%	-3%	-4%	-1%
Nashville	100	-4%	-1%	-3%	-4%	2%
Orlando	100	-2%	0%	-1%	-4%	3%
Sacramento	133	0%	0%	2%	-5%	0%
Charleston (SC)	89	-5%	-5%	-3%	-5%	2%
Atlanta	94	-2%	-3%	-3%	-6%	-1%
Tampa	103	-2%	-2%	-2%	-7%	-1%
Minneapolis	109	-6%	-4%	-4%	-9%	0%

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



Yardi Matrix

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