Yardi Matrix

# National Self Storage Report

July 2022

# Self Storage Supply and Rent Recap

## Storage street rates, development pipeline continue to grow

- Self storage performance remains excellent, with robust demand. Average U.S. street rates for 10X10 CC units rose $1 to $132 in June, while average rates for 10X10 NON CC units also rose $1 to $150, both all-time highs. Demand continues to come from all directions, including the growth in home offices as most companies employ some type of hybrid strategy for knowledge workers, consumer spending on items such as clothing and furniture, and to a lesser degree businesses using storage for distribution purposes. Solid occupancy enables property managers to push in-place rents, calculating that vacant units can be filled at higher rates. Concerns center around the slowing economy and rising interest rates that have produced a sudden chill on home sales, which produces demand for self storage. The strong fundamentals also serve to incentivize new supply. The amount of space under construction or planned rose to 10.0% of existing stock this month. Although fundamentals are still robust, fear of oversupply may creep into highly penetrated markets.

## Annual street rate growth remains above historical trends

- Nationally, the overall average street rate, which includes all unit sizes and types, increased 3.5% year-over-year in June. Although rates are at record highs, the growth rate has declined steadily since peaking at 14.4% in June 2021. However, market performance remains comfortably above historical trends, including through much of 2018 to 2020, when street rate growth was mostly flat or negative.

- While street rate growth is decelerating in many parts of the country, metros in the Southeast continue to lead the way in rate increases. For 10x10 NON CC units, 14 of the top 31 metros had rent increases of 5.0% or more year-over-year. For CC units, 10 of the top 31 had annual growth of at least 5.0%.

- Nationally, Yardi Matrix tracks a total of 4,115 self storage properties in various stages of development—including 1,524 planned, 755 under construction and 516 prospective properties. The new-supply pipeline as a percent of existing inventory increased 20 basis points month-over-month in June. The share of existing projects in the planning or under-construction stages is equal to 10.0% of existing stock.

- Yardi Matrix also maintains operational profiles for 28,455 completed self storage facilities across the United States, bringing the total data set to 32,570.

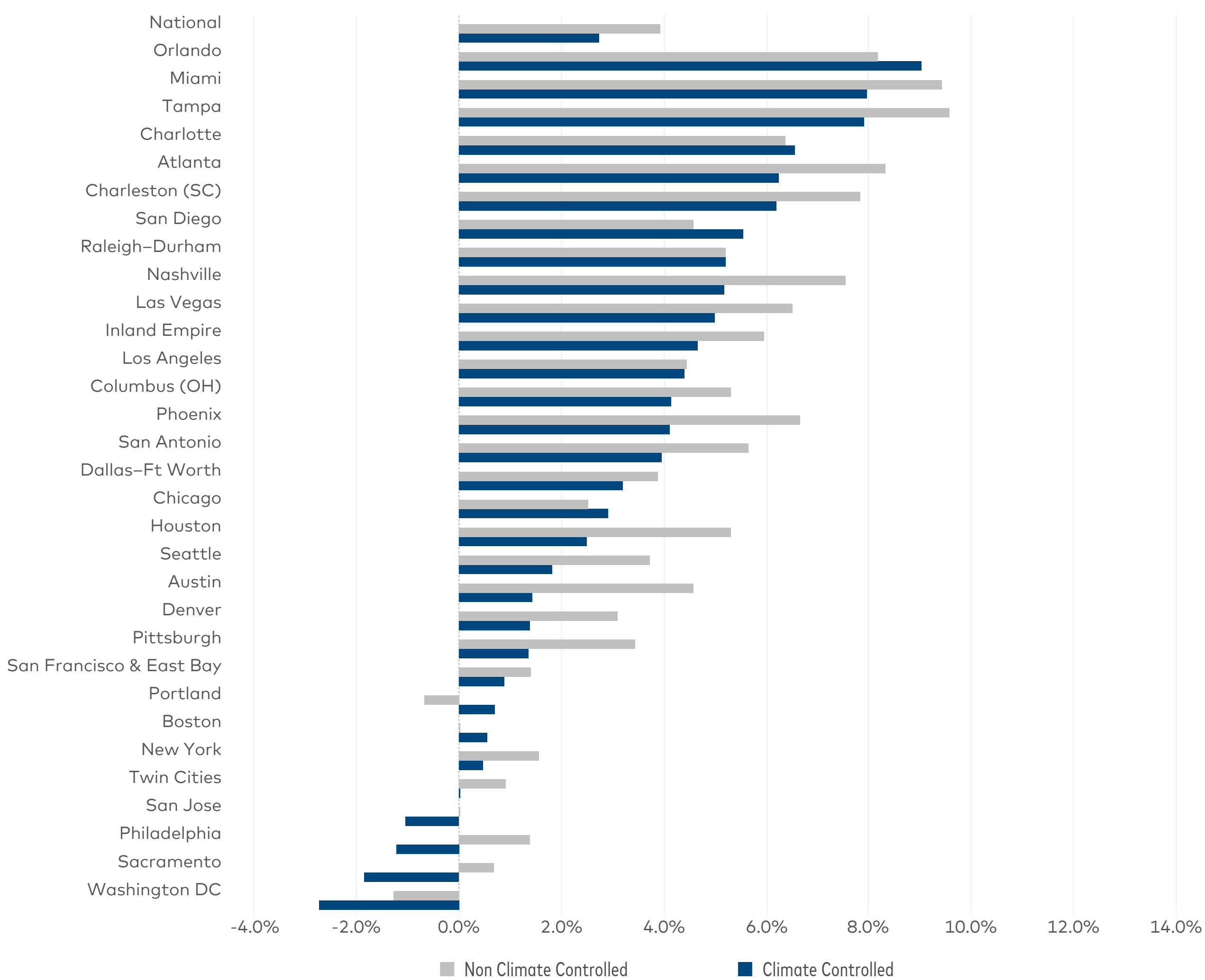
# Street Rate Growth Update

## Street rates reach record highs amid slowing growth

- Street rates for 10x10 NON CC units nationally increased 3.9% year-over-year in June, while rates for similar-size CC units experienced less growth at 2.7%. Despite a deceleration in the rate of annual growth over the first half of the year, rate performance remains impressive, with average rates reaching record high amounts again this month. In June, the national average street rate was $132 for 10x10 NON CC units and $150 for 10x10 CC units, both of which exceeded the highest prices previously recorded by Yardi Matrix.

- Washington, D.C., was the only top metro to experience negative rate growth on an annual basis for both NON CC and CC units of the 10x10 size. Street rates for 10x10 NON CC units dropped 1.3% year-over-year in June, and rates for similar-size CC units fell even further, down 2.7% compared to June 2021. While rates in the metro have fallen this busy season compared to last year, DC's storage market has remained healthy, with average rates in June the highest recorded thus far in 2022, at $156 for 10x10 NON CC and $178 for 10x10 CC units.

June 2022 Year-Over-Year Rent Change for 10'x10' Units




Source: Yardi Matrix. Street rate data as of July 11, 2022

# Monthly Sequential Rents

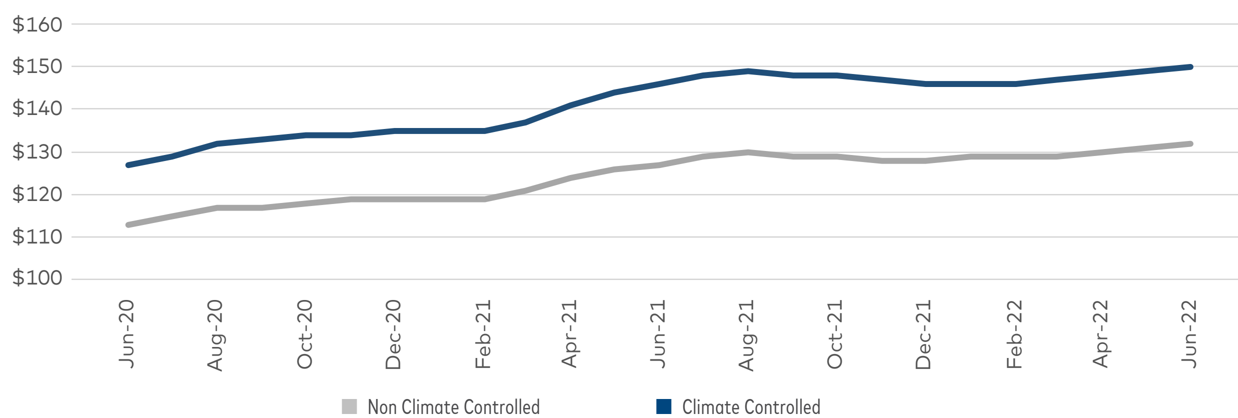
## Eighteen metros, led by Minneapolis, register street rate increases in June

- A majority of Yardi Matrix's 31 top metros recorded a month-over-month increase in street rates for standard-size 10x10 units in June. Street rates for 10x10 NON CC and CC units combined rose $2 in five markets and $1 in 13 other markets on a monthly basis.
- Interestingly, markets experiencing negative or flat rate growth year-over-year—such as Washington, D.C., and Minneapolis—were actually among the top-performing metros for month-over-month growth in June. While street rates have not met the above-trend increases of 2021, they remain durable and have so far continued to see gains over the busier summer months.
- Twelve of the top markets saw no change in combined rates, while only one saw a drop from May to June. The average 10x10 rate in Portland fell 1.4%, or $2, to $146 month-over-month in June.

| Metro | May-22 Average 10' x 10' Street Rate ($) | Jun-22 Average 10' x 10' Street Rate ($) | Month-over-Month Change (%) | Change |
|---|---|---|---|---|
| NATIONAL | $138 | $139 | 0.7% | ↑ |
| Minneapolis | $117 | $119 | 1.7% | ↑ |
| Austin | $125 | $127 | 1.6% | ↑ |
| Orlando | $130 | $132 | 1.5% | ↑ |
| Denver | $137 | $139 | 1.5% | ↑ |
| Washington DC | $165 | $167 | 1.2% | ↑ |
| Dallas–Ft Worth | $116 | $117 | 0.9% | ↑ |
| San Antonio | $119 | $120 | 0.8% | ↑ |
| Atlanta | $126 | $127 | 0.8% | ↑ |
| Las Vegas | $128 | $129 | 0.8% | ↑ |
| Chicago | $130 | $131 | 0.8% | ↑ |
| Tampa | $137 | $138 | 0.7% | ↑ |
| Philadelphia | $152 | $153 | 0.7% | ↑ |
| Boston | $169 | $170 | 0.6% | ↑ |
| San Diego | $183 | $184 | 0.5% | ↑ |
| Miami | $183 | $184 | 0.5% | ↑ |
| New York | $203 | $204 | 0.5% | ↑ |
| Los Angeles | $210 | $211 | 0.5% | ↑ |
| San Francisco Penin. & East Bay | $215 | $216 | 0.5% | ↑ |
| San Jose | $188 | $188 | 0.0% | – |
| Seattle | $167 | $167 | 0.0% | – |
| Phoenix | $138 | $138 | 0.0% | – |
| Pittsburgh | $132 | $132 | 0.0% | – |
| Raleigh–Durham | $110 | $110 | 0.0% | – |
| Sacramento | $149 | $149 | 0.0% | – |
| Houston | $109 | $109 | 0.0% | – |
| Inland Empire | $148 | $148 | 0.0% | – |
| Nashville | $125 | $125 | 0.0% | – |
| Charleston (SC) | $124 | $124 | 0.0% | – |
| Charlotte | $113 | $113 | 0.0% | – |
| Columbus (OH) | $107 | $107 | 0.0% | – |
| Portland | $148 | $146 | -1.4% | ↓ |

Source: Yardi Matrix. Data as of July 11, 2022

### National Average Street Rates for 10' x 10' Units



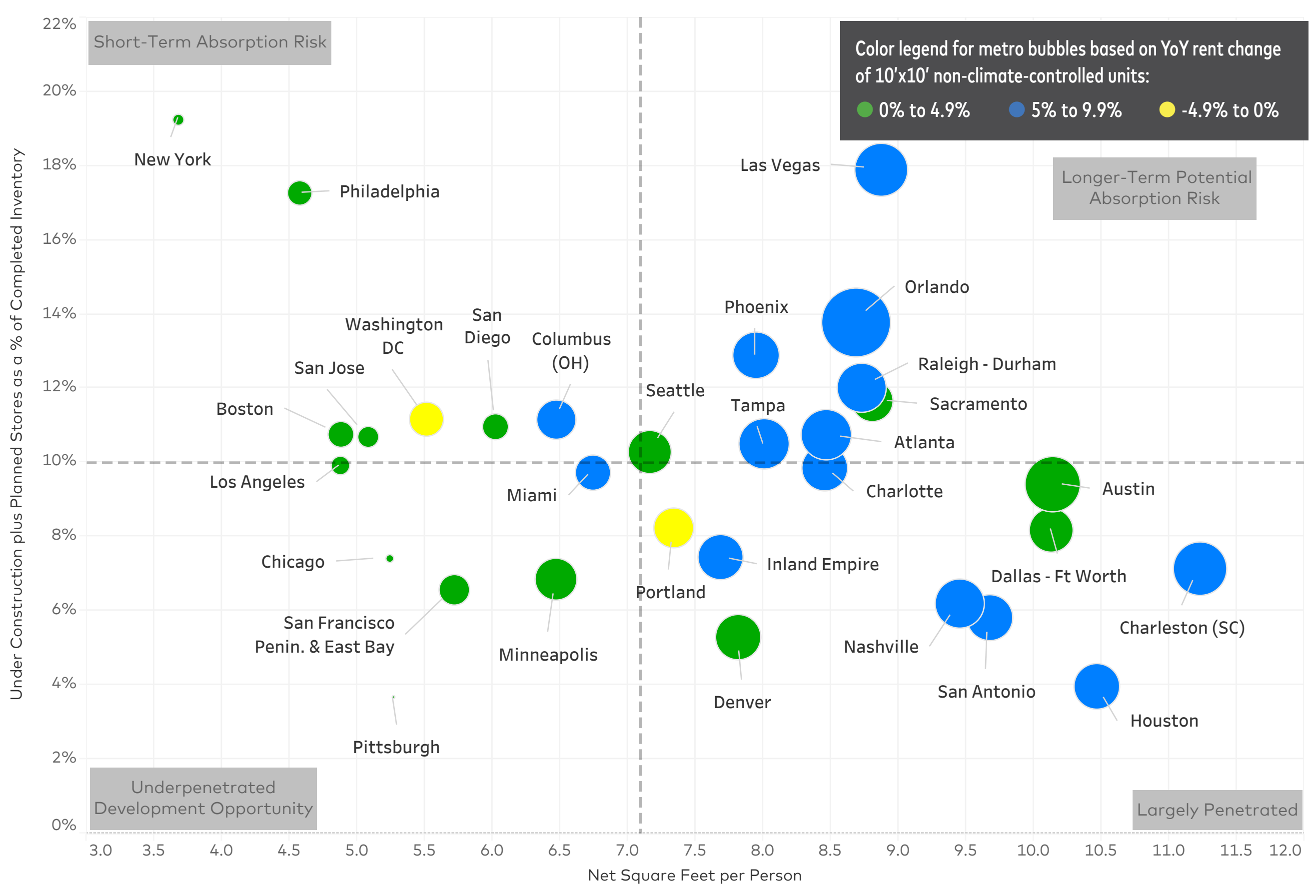

* Drawn from our national database of more than 32,570 properties, including 4,115 in the various stages of development and 28,455 completed properties.
Source: Yardi Matrix. Data as of July 11, 2022

# Street Rates and New Supply

## Strong rate performance in largely penetrated Texas markets

- The relationship between supply penetration and street rate performance continues to be weak for storage markets. With storage supply greater than 10 net rentable square feet (NRSF) per capita, the Houston, Austin and Dallas-Fort Worth metros could be seen as oversupplied. However, these three Texas markets continue to see healthy rate performance; all three experienced record-high average rate performance for all storage units in June.
- Development activity is strong across the board, not only in secondary markets with strong population growth but also in gateway metros where population growth is relatively stagnant. In the traditionally low-supplied New York metro, demand is driven by urban dwellers looking to ease the lack of space associated with New York City living, especially as people continue to work from home. With 13.9 million NRSF in the planning or under-construction stages, the New York metro has more than twice as much new supply in the pipeline as any other market. The metropolitan area's pipeline represented 19.2% of inventory as of June.

Self Storage Major Metro Summary
New-Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)
(bubble size represents 2020 population growth rate, three-mile radius)




Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of July 11, 2022

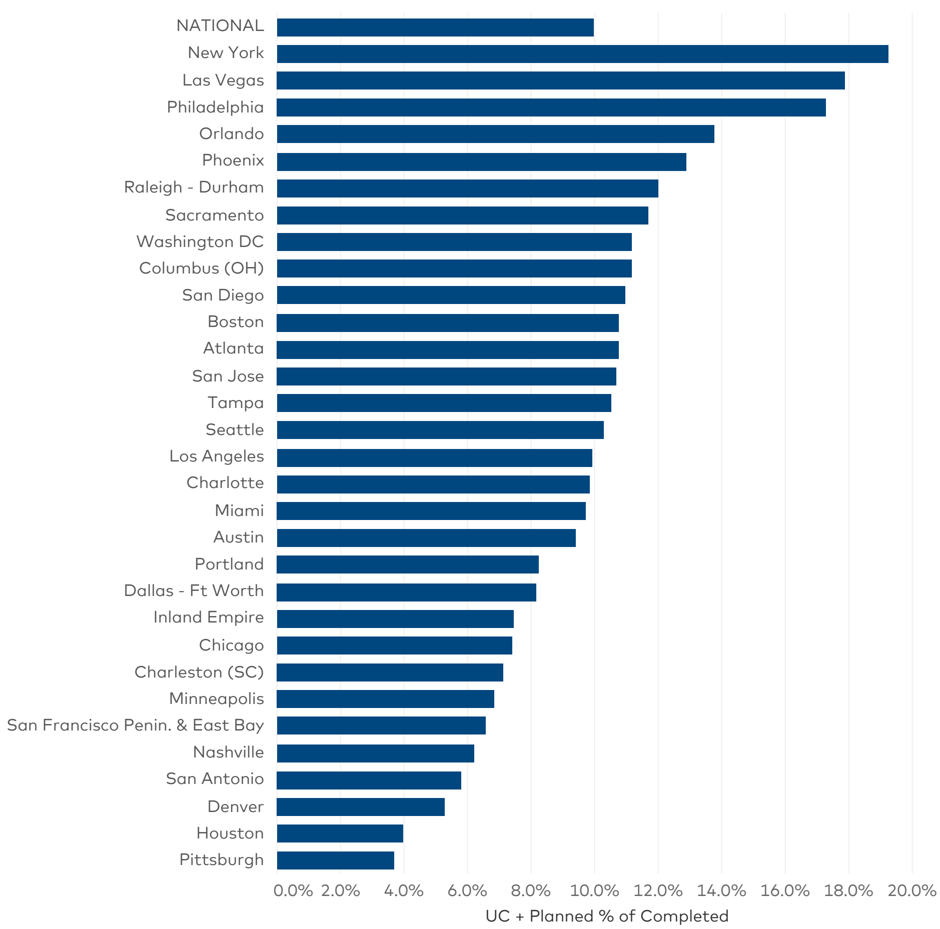
# New Supply Update

## New-supply pipeline continues to grow in June

- The national new-supply pipeline grew once again in June, with properties under construction or in the planning stages equal to 10.0% of existing inventory, a 20-basis-point uptick from May. Storage's strong performance during and after the pandemic, especially compared to other asset types, has attracted new capital. Development activity has rebounded back to levels that have not been seen since the sector's last expansion, prior to the pandemic. The revival in new-supply activity may lead to a renewed threat of oversupply in some markets.
- Among the top 31 metros, Boston saw the largest increase in development activity month-over-month in June. Boston's new-supply pipeline, which consists of properties under construction or in planning, grew 100 basis points during the month to 10.8% of completed stock.
- More than half the nation's storage development in the planning or under-construction stages—approximately 94.6 million square feet or about 59%—is located in the top 31 metros. In addition, development activity in these metros does not appear to be seeing much of a slowdown, as none of the top markets saw a reduction in new-supply pipelines from May to June.

### Under Construction & Planned Percent of Existing Inventory

| Metro | May-22 | Jun-22 | Change |
|---|---|---|---|
| NATIONAL | 9.8% | 10.0% | ↑ |
| New York | 19.1% | 19.2% | ↑ |
| Las Vegas | 17.9% | 17.9% | — |
| Philadelphia | 17.3% | 17.3% | — |
| Orlando | 13.8% | 13.8% | — |
| Phoenix | 12.7% | 12.9% | ↑ |
| Raleigh–Durham | 12.0% | 12.0% | — |
| Sacramento | 11.7% | 11.7% | — |
| Washington DC | 11.0% | 11.2% | ↑ |
| Columbus (OH) | 11.2% | 11.2% | — |
| San Diego | 11.0% | 11.0% | — |
| Boston | 9.8% | 10.8% | ↑ |
| Atlanta | 10.6% | 10.7% | ↑ |
| San Jose | 10.7% | 10.7% | — |
| Tampa | 10.2% | 10.5% | ↑ |
| Seattle | 10.3% | 10.3% | — |
| Los Angeles | 9.8% | 9.9% | ↑ |
| Charlotte | 9.5% | 9.8% | ↑ |
| Miami | 9.7% | 9.7% | — |
| Austin | 9.0% | 9.4% | ↑ |
| Portland | 8.2% | 8.2% | — |
| Dallas–Ft Worth | 8.2% | 8.2% | — |
| Inland Empire | 7.4% | 7.4% | — |
| Chicago | 7.3% | 7.4% | ↑ |
| Charleston (SC) | 7.1% | 7.1% | — |
| Minneapolis | 6.8% | 6.8% | — |
| San Francisco Penin. & East Bay | 6.4% | 6.6% | ↑ |
| Nashville | 6.2% | 6.2% | — |
| San Antonio | 5.8% | 5.8% | — |
| Denver | 5.3% | 5.3% | — |
| Houston | 3.7% | 4.0% | ↑ |
| Pittsburgh | 3.7% | 3.7% | — |



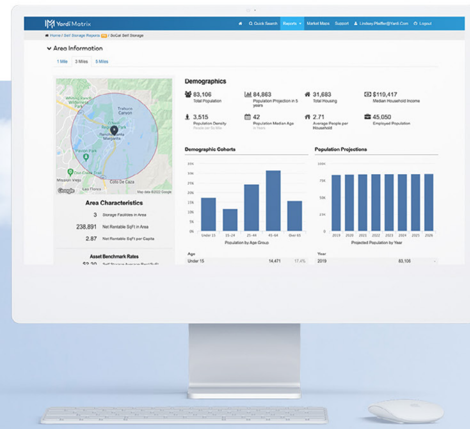

* Drawn from our national database of more than 32,570 properties, including 4,115 in the various stages of development and 28,455 completed properties.
Source: Yardi Matrix. Data as of July 11, 2022

# Monthly Rate Recap

| Market | Avg Metro Rate 10'x10' (non cc) | June 2022 YoY Rate Performance 5'x5' (non cc) | 5'x10' (non cc) | 10'x10' (non cc) | 10'x10' (cc) | 10'x20' (non cc) |
|---|---|---|---|---|---|---|
| National | $132 | 4% | 4% | **4%** | **3%** | 3% |
| Orlando | $119 | 7% | 7% | **8%** | **9%** | 6% |
| Miami | $174 | 11% | 9% | **9%** | **8%** | 7% |
| Tampa | $126 | 9% | 9% | **10%** | **8%** | 9% |
| Charlotte | $100 | 9% | 7% | **6%** | **7%** | 7% |
| Atlanta | $117 | 11% | 10% | **8%** | **6%** | 8% |
| Charleston (SC) | $110 | 7% | 6% | **8%** | **6%** | 9% |
| San Diego | $183 | 7% | 6% | **5%** | **6%** | 4% |
| Raleigh–Durham | $101 | 9% | 8% | **5%** | **5%** | 11% |
| Nashville | $114 | 6% | 7% | **8%** | **5%** | 5% |
| Las Vegas | $131 | 6% | 5% | **7%** | **5%** | 6% |
| Inland Empire | $142 | 7% | 7% | **6%** | **5%** | 6% |
| Los Angeles | $211 | 5% | 4% | **4%** | **4%** | 4% |
| Columbus (OH) | $99 | 8% | 5% | **5%** | **4%** | 5% |
| Phoenix | $128 | 7% | 7% | **7%** | **4%** | 5% |
| San Antonio | $112 | 6% | 4% | **6%** | **4%** | 4% |
| Dallas–Ft Worth | $107 | 7% | 6% | **4%** | **3%** | 3% |
| Chicago | $122 | 4% | 3% | **3%** | **3%** | 2% |
| Houston | $99 | 5% | 5% | **5%** | **3%** | 4% |
| Seattle | $167 | 3% | 2% | **4%** | **2%** | 4% |
| Austin | $114 | 7% | 7% | **5%** | **1%** | 2% |
| Denver | $133 | 2% | 3% | **3%** | **1%** | 3% |
| Pittsburgh | $120 | 0% | 0% | **3%** | **1%** | 2% |
| Portland | $147 | -2% | -2% | **-1%** | **1%** | 2% |
| Boston | $161 | 0% | 1% | **0%** | **1%** | 1% |
| New York | $196 | 0% | 3% | **2%** | **0%** | 2% |
| San Francisco Penin. & East Bay | $215 | 0% | 0% | **1%** | **0%** | 2% |
| Minneapolis | $112 | 2% | 1% | **1%** | **0%** | 1% |
| San Jose | $188 | -3% | -2% | **0%** | **-1%** | 1% |
| Philadelphia | $147 | 0% | 0% | **1%** | **-1%** | 3% |
| Sacramento | $147 | 0% | 1% | **1%** | **-2%** | 1% |
| Washington DC | $156 | -2% | -1% | **-1%** | **-3%** | 0% |

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

Yardi® Matrix

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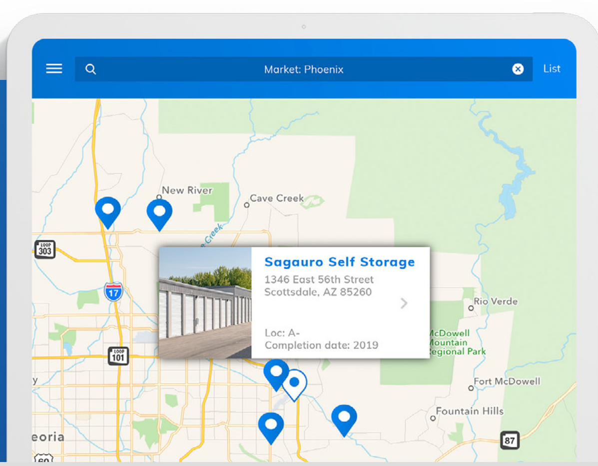


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