



Yardi Matrix

National Self Storage Report

May 2023



Self Storage Supply and Rent Recap

Faced with headwinds, storage fundamentals remain strong

- Despite near-term headwinds, self storage fundamentals remain strong. Occupancy has declined from pandemic highs, but demand is firm and street rates are rising as the busy leasing season progresses. In recent earnings calls, REITs reported higher-than-expected operating income in the first quarter, and competition from new supply is expected to slow as developers face increasing difficulties with rising costs. Market sentiment is cautiously optimistic, though it is still early in the year and performance will depend heavily on the heart of the leasing season in coming months. The slowing economy and muted housing market could create downward pressure on demand, impacting street rates and occupancy levels, but the sector has historically stayed resilient in times of economic stress.

National street rates remain steady

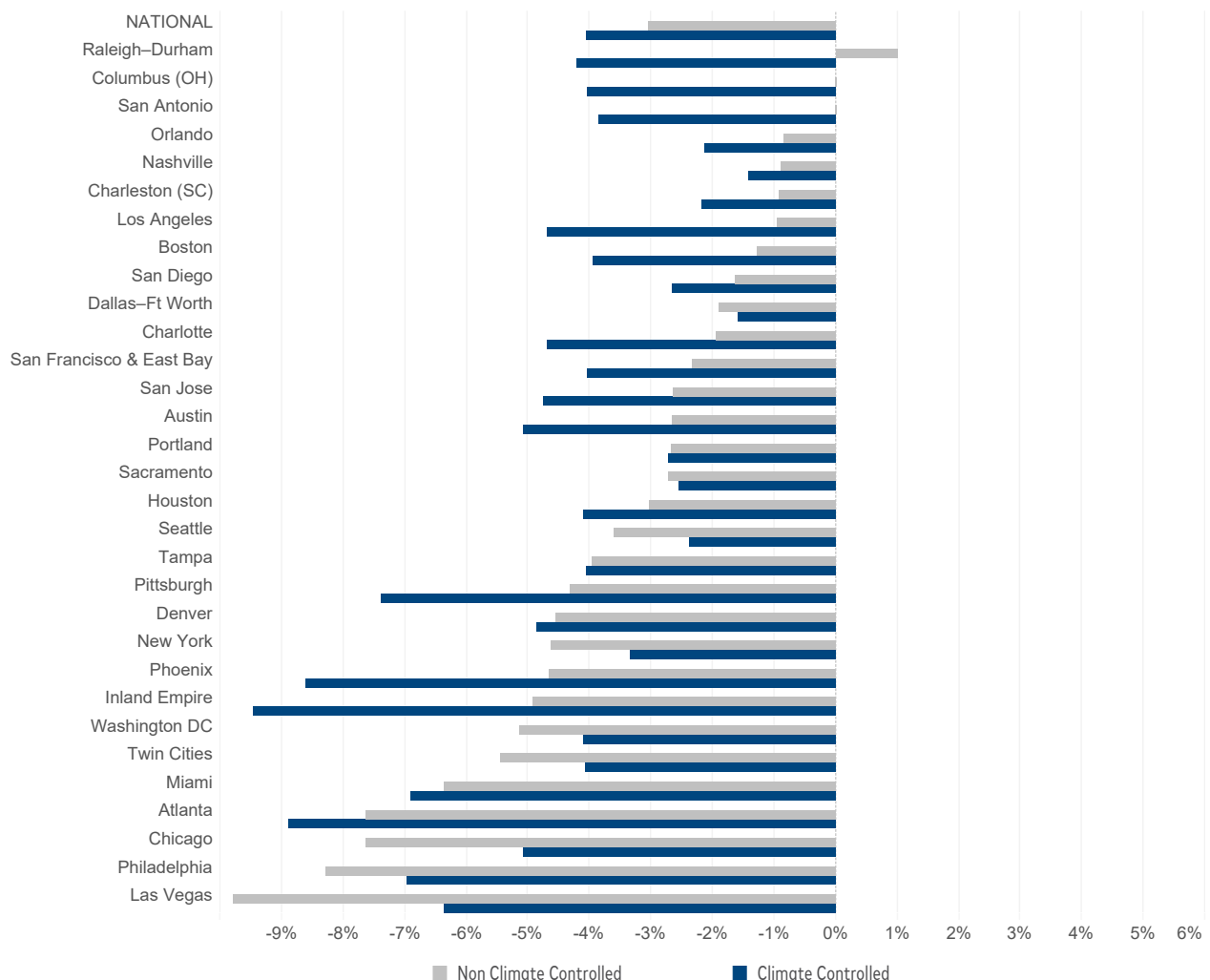
- National street rates saw modest gains month-over-month in April, following normal seasonal patterns. Street rates for all unit sizes combined increased by \$1 to \$141 in April, up 70 basis points from March. Rates for standard-size 10x10 units, including both non-climate-controlled (NON CC) and climate-controlled (CC) unit types, remained level.
- Metro-level street rate growth is overwhelmingly negative year-over-year. Each of Yardi Matrix's top 31 metros recorded a drop in 10X10 CC rates compared to a year ago, while rates are down in 90% of the top 31 metros for 10x10 NON CC units. Street rates rose or remained flat in only three metros. Nonetheless, operating income is being increased via existing customer rents.
- Nationally, Yardi Matrix tracks a total of 4,713 self storage properties in various stages of development, including 812 under construction, 1,885 planned, 638 prospective, 1,328 abandoned and 50 deferred properties. The share of projects under construction was equivalent to 3.6% of existing stock in April, remaining unchanged from March.
- Yardi Matrix also maintains operational profiles for 29,515 completed self storage facilities across the U.S., bringing the total data set to 34,228.

Street Rate Growth Update

Street rates rebound in Raleigh-Durham

- National street rates for 10x10 NON CC units decreased 3.1% year-over-year, while rates for 10x10 CC units fell by 4.1%. The downward trend of growth in national street rates comes as occupancy rates regress from unusually high levels recorded during the pandemic, leading to concerns that storage fundamentals are weakening. After two record-high years of rate growth, the sector is moving toward normal patterns. The modest increases in national street rates since the start of the year is an encouraging sign that seasonal demand will continue to push rates up.
- Of Yardi Matrix's top 31 metros, Raleigh-Durham was the only one to record positive growth in April, as street rates for 10x10 NON CC units increased by \$1 to \$101 in April. The last time Raleigh-Durham saw street rates that high was in 2017, before a surge in new supply put downward pressure on rents.

April 2023 Year-Over-Year Rent Change for 10'x10' Units



Source: Yardi Matrix. Street rate data as of May 3, 2023

Monthly Sequential Rents

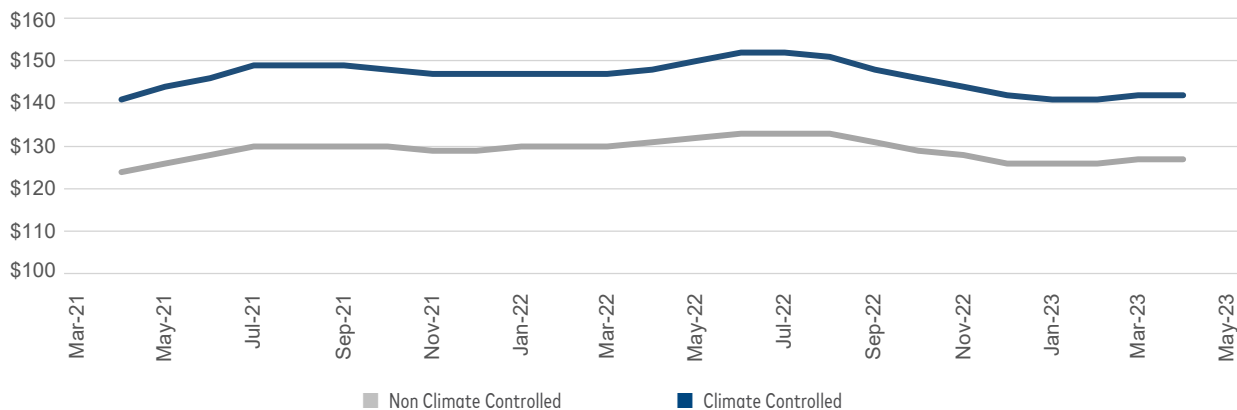
Eleven top metros registered positive monthly 10x10 rate growth in April

- Nationally, average street rates for 10x10 units combined increased \$1, or 0.8%, in April as the traditional busy season ramps up. On a metro level, sequential street rate performance varied, as some metros have been more adversely affected by the economy and pressure from new supply.
- Eleven of the top 31 metros recorded a sequential increase in combined street rates for 10x10 NON CC and CC units. They were led by Sacramento and Washington, D.C., where rates grew by more than 100 basis points over the month.
- Street rates fell by \$1 month-over-month in four markets, including Phoenix. After three years of leading the nation in home price growth, Phoenix has seen its growth turn negative for the first time since the Great Recession. The slowdown in its housing market, as well as heavy new supply in recent years, is putting downward pressure on rates.

Metro	Mar-23 Average 10' x 10' Street Rate (\$)	Apr-23 Average 10' x 10' Street Rate (\$)	Month-over-Month Change (%)	Change
NATIONAL	\$132	\$133	0.8%	↑
Sacramento	\$143	\$145	1.4%	↑
Washington DC	\$154	\$156	1.3%	↑
Columbus (OH)	\$103	\$104	1.0%	↑
San Francisco Penin. & East Bay	\$209	\$211	1.0%	↑
Raleigh-Durham	\$106	\$107	0.9%	↑
Las Vegas	\$118	\$119	0.8%	↑
Charleston (SC)	\$121	\$122	0.8%	↑
Inland Empire	\$139	\$140	0.7%	↑
Portland	\$143	\$144	0.7%	↑
Boston	\$161	\$162	0.6%	↑
San Diego	\$181	\$182	0.6%	↑
Pittsburgh	\$122	\$122	0.0%	-
San Jose	\$185	\$185	0.0%	-
Seattle	\$162	\$162	0.0%	-
New York	\$195	\$195	0.0%	-
Orlando	\$127	\$127	0.0%	-
Los Angeles	\$208	\$208	0.0%	-
Miami	\$171	\$171	0.0%	-
Minneapolis	\$110	\$110	0.0%	-
Nashville	\$123	\$123	0.0%	-
Charlotte	\$110	\$110	0.0%	-
Chicago	\$119	\$119	0.0%	-
Atlanta	\$116	\$116	0.0%	-
Austin	\$120	\$120	0.0%	-
Dallas-Ft Worth	\$112	\$112	0.0%	-
Denver	\$130	\$130	0.0%	-
Houston	\$105	\$105	0.0%	-
Philadelphia	\$140	\$139	-0.7%	↓
Tampa	\$132	\$131	-0.8%	↓
Phoenix	\$130	\$129	-0.8%	↓
San Antonio	\$118	\$117	-0.8%	↓

Source: Yardi Matrix. Data as of May 3, 2023

National Average Street Rates for 10' x 10' Units



*Drawn from our national database of 32,850 stores, including 3,335 projects in the new-supply pipeline as well as 29,515 completed stores. Source: Yardi Matrix. Data as of May 3, 2023

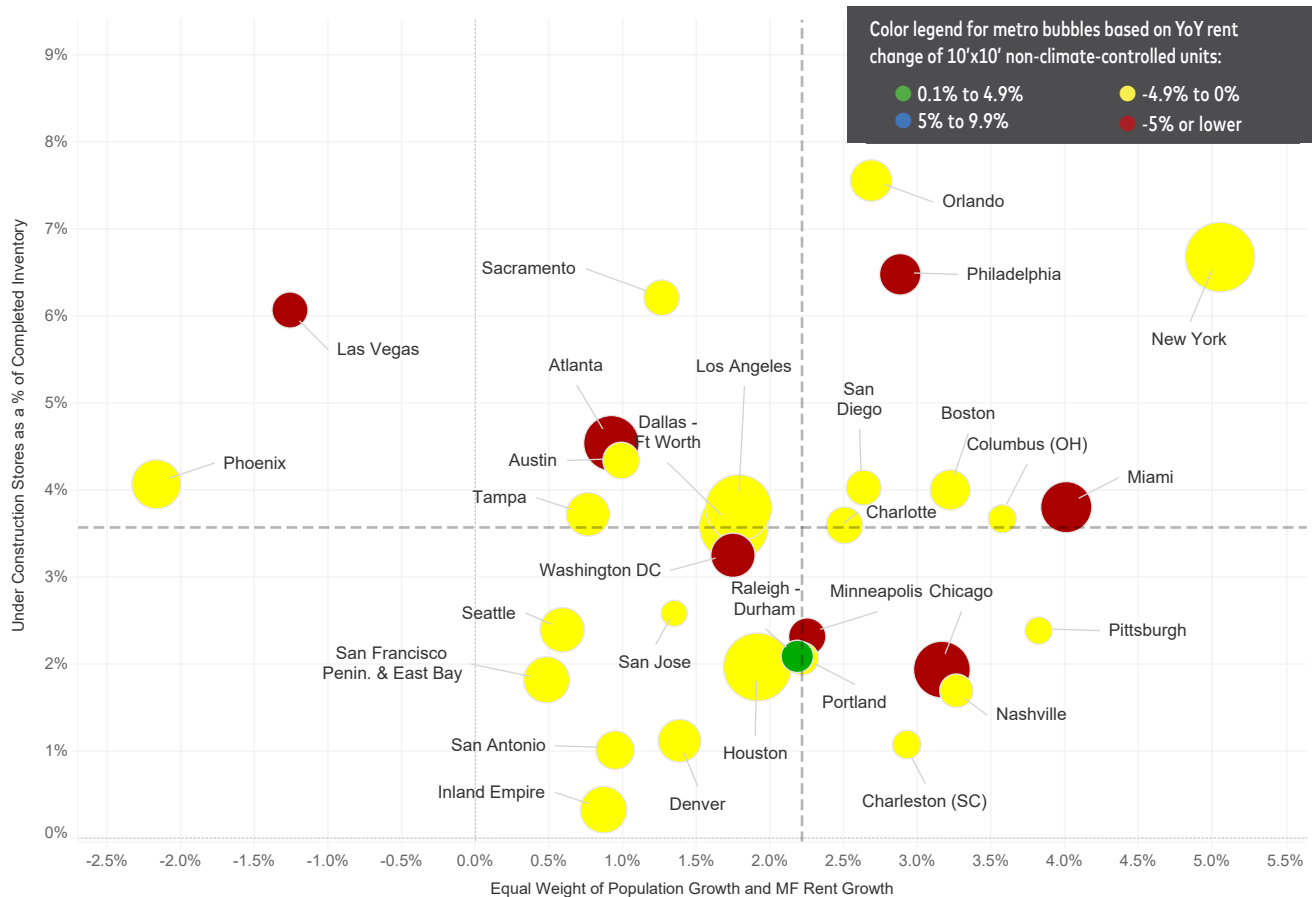
Street Rates and New Supply

Las Vegas storage market cooling

- Street rates for 10x10 NON CC units have declined year-over-year in most metros, despite relatively strong population and multifamily rent growth. While that suggests a weakening correlation between those metrics, it is not totally unmoored since self storage property income is rising as operators push rates for existing customers. Examples of this trend include Philadelphia, Chicago and Miami, which all recorded among the biggest decreases in street rate growth in 10x10 NON CC units, while they were among the top performers in population and multifamily rent growth.
- Las Vegas had the largest drop year-over-year in street rates for 10x10 NON CC units (-9.8%), while also underperforming nearly all of the other top metros in population and multifamily rent growth. A slowdown in Las Vegas' housing market, in addition to supply pressures, has caused occupancy to drop and street rates to cool. Las Vegas has added 7.8% to its self storage stock over the last two years, and properties under construction will add another 6.2%.

Self Storage Major Metro Summary

New-Supply Pipeline (y-axis) & Equal Weighting of Population Growth and Multifamily Rent Growth (x-axis)
(bubble size represents completed NRSF)



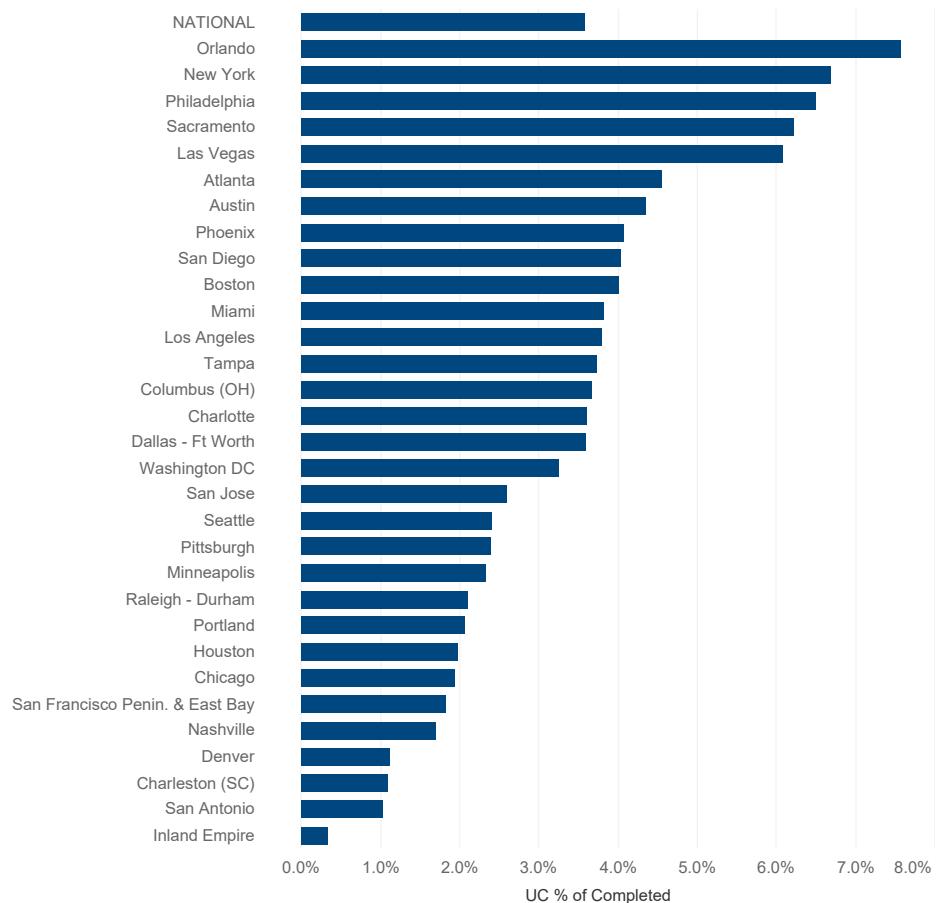
New Supply Update

Development continues to face headwinds, slowing new supply

- The national new-supply pipeline was unchanged in April, with properties under construction equal to 3.6% of existing inventory. While the number of properties under construction remains stable, the pipeline of properties in the planned stage continues to expand, suggesting that developers are facing increasing headwinds in starting new projects. One reason for the delays is that the cost of construction financing has soared with the rise in interest rates and tightening standards from small- and medium-size commercial banks. Other factors challenging project approvals are the growing uncertainty in underwriting potential income growth and delays in the entitlement process. As a result, Yardi Matrix has reduced its forecast for new deliveries in 2025 to 2.4% of total stock, down from our previous forecast of 2.6% growth.
- Among the top 31 metros, Orlando has the largest pipeline of supply under construction, encompassing 7.6% of completed stock. Orlando's storage market has steadily outperformed other metros, as robust in-migration has boosted demand for units, spurring interest from storage investors and developers.

Under-Construction Supply by Percentage of Existing Inventory

Metro	Mar-23	Apr-23	Change
NATIONAL	3.6%	3.6%	—
Orlando	7.6%	7.6%	—
New York	6.7%	6.7%	—
Philadelphia	6.5%	6.5%	—
Sacramento	6.2%	6.2%	—
Las Vegas	6.1%	6.1%	—
Atlanta	4.6%	4.5%	↓
Austin	4.3%	4.3%	—
Phoenix	4.1%	4.1%	—
San Diego	4.0%	4.0%	—
Boston	4.0%	4.0%	—
Miami	3.8%	3.8%	—
Los Angeles	3.8%	3.8%	—
Tampa	3.6%	3.7%	↑
Columbus (OH)	3.7%	3.7%	—
Charlotte	3.6%	3.6%	—
Dallas-Ft Worth	3.6%	3.6%	—
Washington DC	3.3%	3.3%	—
San Jose	2.6%	2.6%	—
Seattle	2.4%	2.4%	—
Pittsburgh	2.4%	2.4%	—
Minneapolis	2.3%	2.3%	—
Raleigh-Durham	2.1%	2.1%	—
Portland	2.1%	2.1%	—
Houston	2.0%	2.0%	—
Chicago	1.9%	1.9%	—
San Francisco Penin. & East Bay	1.8%	1.8%	—
Nashville	1.7%	1.7%	—
Denver	1.1%	1.1%	—
Charleston (SC)	1.1%	1.1%	—
San Antonio	1.0%	1.0%	—
Inland Empire	0.3%	0.3%	—



*Drawn from our national database of 32,850 stores, including 3,335 projects in the new-supply pipeline as well as 29,515 completed stores.
Source: Yardi Matrix. Data as of May 3, 2023

Monthly Rate Recap

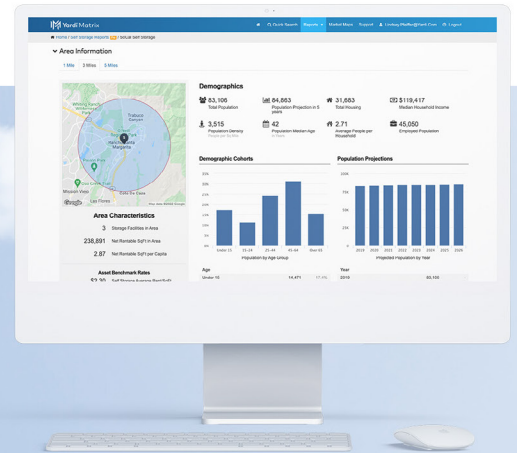
Market	Avg Metro Rate 10'x10' (non cc)	April 2023 YoY Rate Performance						
		5'x5' (non cc)	5'x10' (non cc)	5'x15' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)	10'x30' (non cc)
National	\$127	-3%	-2%	-3%	-3%	-4%	-4%	-4%
Raleigh–Durham	\$101	-2%	-2%	-5%	1%	-4%	-1%	-1%
Columbus (OH)	\$97	-3%	-5%	-3%	0%	-4%	-1%	-1%
San Antonio	\$112	-2%	-3%	-2%	0%	-4%	-2%	-1%
Orlando	\$116	2%	0%	2%	-1%	-2%	-3%	-3%
Nashville	\$112	0%	-1%	-3%	-1%	-1%	-2%	-2%
Charleston (SC)	\$109	-2%	-1%	1%	-1%	-2%	-4%	-4%
Los Angeles	\$209	0%	-2%	-1%	-1%	-5%	-2%	-1%
Boston	\$155	0%	-1%	-2%	-1%	-4%	-2%	-3%
San Diego	\$182	0%	0%	-1%	-2%	-3%	-2%	-2%
Dallas–Ft Worth	\$104	-2%	-2%	0%	-2%	-2%	-3%	-3%
Charlotte	\$101	-2%	-2%	-1%	-2%	-5%	0%	-1%
San Francisco Penin. & East Bay	\$210	-2%	-2%	-2%	-2%	-4%	-3%	-2%
San Jose	\$185	-4%	0%	-1%	-3%	-5%	-3%	-4%
Austin	\$110	-2%	-3%	-1%	-3%	-5%	-3%	-1%
Portland	\$145	-3%	-3%	-4%	-3%	-3%	-3%	-4%
Sacramento	\$143	-3%	-4%	-3%	-3%	-3%	-4%	-4%
Houston	\$96	-3%	-3%	0%	-3%	-4%	-3%	-4%
Seattle	\$161	-3%	-3%	-4%	-4%	-2%	-4%	-4%
Tampa	\$121	-2%	-1%	-1%	-4%	-4%	-2%	-5%
Pittsburgh	\$111	-2%	-4%	-4%	-4%	-7%	-8%	-8%
Denver	\$126	-4%	-1%	-3%	-5%	-5%	-5%	-6%
New York	\$186	-3%	-4%	-3%	-5%	-3%	-4%	-5%
Phoenix	\$123	-2%	-4%	-3%	-5%	-9%	-5%	-4%
Inland Empire	\$135	-3%	-4%	-6%	-5%	-9%	-5%	-5%
Washington DC	\$148	-5%	-5%	-3%	-5%	-4%	-6%	-6%
Minneapolis	\$104	-7%	-6%	-8%	-5%	-4%	-7%	-6%
Miami	\$162	-5%	-7%	-5%	-6%	-7%	-4%	-4%
Atlanta	\$109	-8%	-7%	-2%	-8%	-9%	-7%	-3%
Chicago	\$109	-6%	-7%	-6%	-8%	-5%	-5%	-6%
Philadelphia	\$133	-10%	-8%	-8%	-8%	-7%	-9%	-7%
Las Vegas	\$120	-7%	-9%	-5%	-10%	-6%	-9%	-10%

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



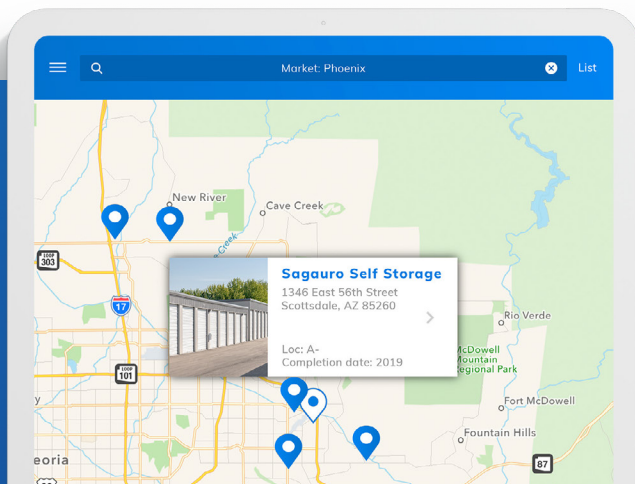
Yardi Matrix

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SELF STORAGE KEY FEATURES

- Gain new supply pipeline information at the asset, competitive set and market level
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Pierce the LLC with true ownership and contact info at the asset and portfolio level
- Leverage current buyer, seller, date and purchase price information
- Access trend reports on sales, rents and completions as well as whole portfolios



Yardi Matrix Self Storage provides accurate data on storage facilities in 134 markets covering more than 30,000+ properties nationwide.



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