



Yardi Matrix

National Self Storage Report

July 2023



Self Storage Supply and Rent Recap

Storage faces slower street rate growth as demand cools

- Amid moderating growth, street rates remained healthy through the second quarter of 2023. Rate growth in June may not have been as strong as hoped the middle of the leasing season, but demand is stable overall. Move-in activity has slowed this year as home sales have cooled, especially compared to the robust home sales in early 2022. While street rates have declined over the past year, net operating income is supported by rent increases for existing customers. However, demand is facing macro headwinds, such as a muted housing market, a slowing job market and softer retail sales. Questions are arising as to whether the expected second-half economic slowdown will impact the ability of operators to push rates. Luckily, self storage benefits from being a need-based business. People need storage when they experience major life changes, which tend to happen more frequently during difficult economic times. Self storage has proven that it is less sensitive to economic shifts than other sectors, so the industry is remaining cautiously optimistic.

National street rate growth was muted from May to June

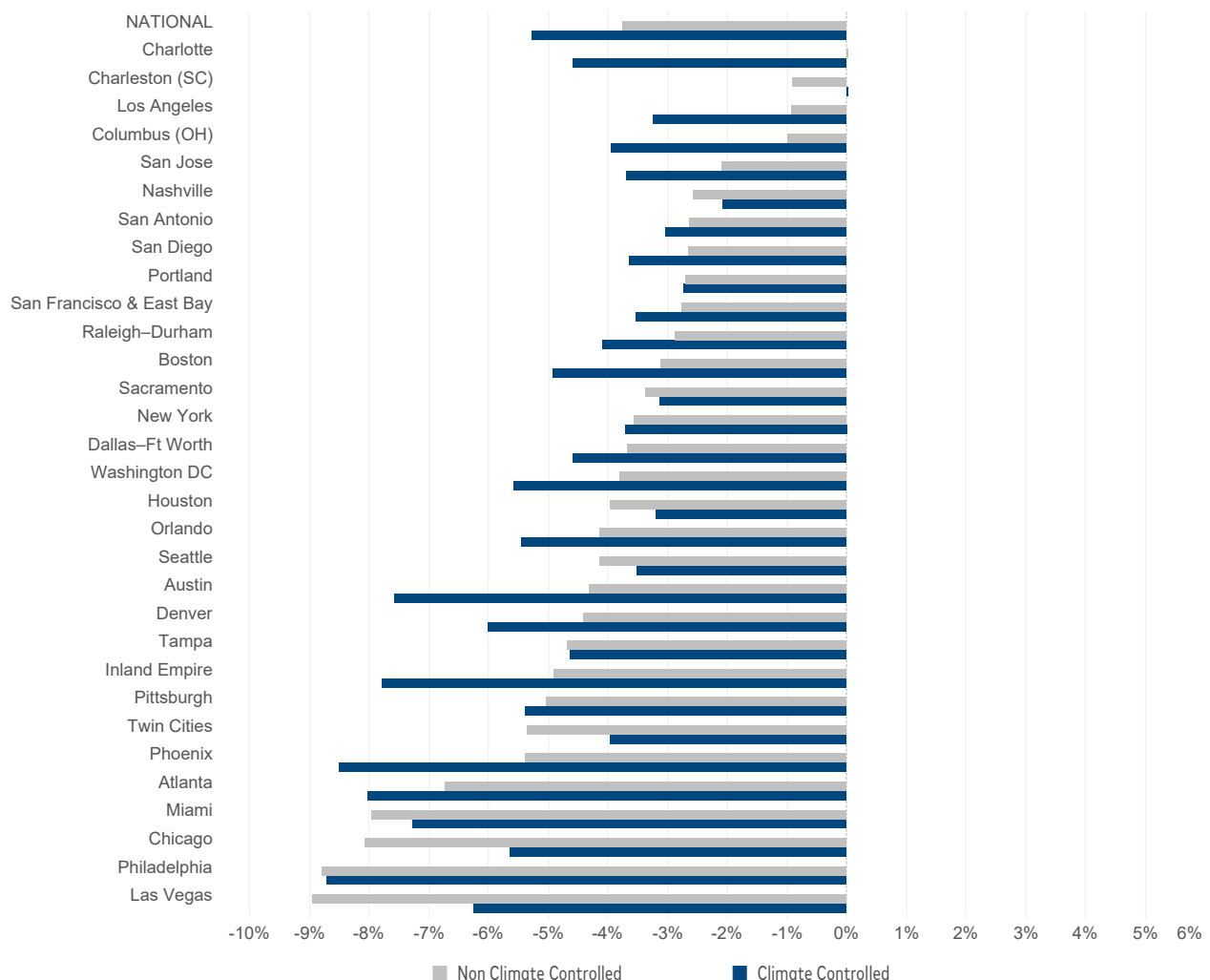
- Street rate growth was sluggish in June. On a national level, the average rate for units overall remained unchanged month-over-month. Historically, rates tend to increase in the summer months. With the exception of 2019, every year from 2017 to 2022 experienced a May-to-June rent increase of at least 0.7%. Muted monthly rate growth this year may signal that move-ins are slowing this leasing season as demand cools.
- Annual street rate growth continued to be negative for almost all of Yardi Matrix's top 31 metros in June. Street rates for 10x10 non-climate-controlled (NON CC) units were down year-over-year in 97% of the top 31 metros, and rates for similar-sized climate-controlled (CC) units decreased in every top metro except Charleston.
- Nationally, Yardi Matrix tracks a total of 4,751 self storage properties in various stages of development, including 810 under construction, 1,913 planned, 622 prospective, 1,353 abandoned and 53 deferred properties. The share of projects under construction in June was equivalent to 3.6% of existing stock, unchanged from the previous month.
- Yardi Matrix also maintains operational profiles for 29,824 completed self storage facilities across the U.S., bringing the total data set to 34,575.

Street Rate Growth Update

National street rates continue to drop year-over-year

- In June, national street rates for 10x10 NON CC units decreased 3.8% year-over-year. Rates for 10x10 CC units fared worse, falling 5.3% year-over-year, the largest recorded decline since May 2020, when rates were down 6.7% year-over-year. However, this deepening of negative growth may not be as alarming as it appears because of the anomaly created by the pandemic. Rates dropped during the lockdowns in 2020, but then went on a tear as the pandemic impact ebbed, peaking last summer. As a result, it remains difficult to compare rates year-over-year.
- On a trailing 12-month basis, the national average rate for 10x10 NON CC units in June was \$129, a drop of 1.5% year-over-year. National rates for similar-size CC units averaged \$145 in the trailing 12 months, a 2.4% decrease year-over-year.

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



Source: Yardi Matrix. Street rate data as of July 11, 2023

Monthly Sequential Rents

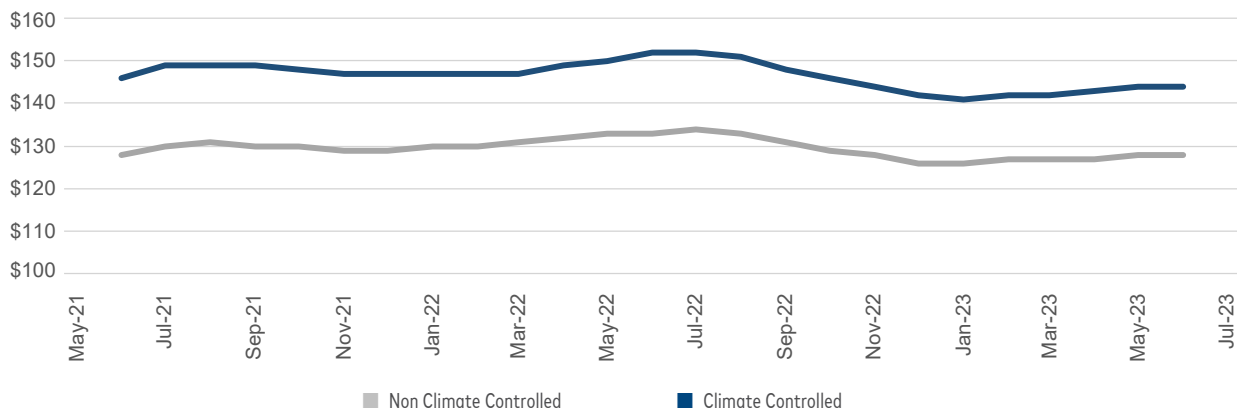
Fourteen top metros registered positive monthly 10x10 rate growth in June

- Leasing season demand has remained strong in many markets. Average street rates for 10x10 units increased in roughly half the top 31 metros month-over-month in June. Street rates for 10x10 units increased \$2 in two markets and \$1 in another 12 markets.
- Nationally, combined street rates for 10x10 NON CC and CC units remained unchanged from May to June. Street rates for 10x10 units also remained level month-over-month in 15 of the top 31 metros.
- Portland and the Inland Empire are the only two of the top 31 metros that saw 10x10 street rates drop month-over-month. Many markets that have recorded the fastest rent declines since peaking have added the most new supply in recent years, and Portland is an example. However, the Inland Empire is a bit more surprising, as it has had very little new supply and some of the strongest occupancy.

Metro	May-23 Average 10' x 10' Street Rate (\$)	Jun-23 Average 10' x 10' Street Rate (\$)	Month-over-Month Change (%)	Change
NATIONAL	\$134	\$134	0.0%	-
Chicago	\$121	\$123	1.7%	↑
Washington DC	\$158	\$160	1.3%	↑
Columbus (OH)	\$106	\$107	0.9%	↑
Charlotte	\$111	\$112	0.9%	↑
Minneapolis	\$112	\$113	0.9%	↑
Atlanta	\$117	\$118	0.9%	↑
Las Vegas	\$121	\$122	0.8%	↑
Nashville	\$124	\$125	0.8%	↑
Pittsburgh	\$124	\$125	0.8%	↑
Tampa	\$131	\$132	0.8%	↑
Denver	\$133	\$134	0.8%	↑
Philadelphia	\$139	\$140	0.7%	↑
Boston	\$163	\$164	0.6%	↑
San Diego	\$183	\$184	0.5%	↑
San Francisco Penin. & East Bay	\$212	\$212	0.0%	-
San Jose	\$187	\$187	0.0%	-
Seattle	\$163	\$163	0.0%	-
Raleigh-Durham	\$108	\$108	0.0%	-
Sacramento	\$145	\$145	0.0%	-
San Antonio	\$118	\$118	0.0%	-
Charleston (SC)	\$124	\$124	0.0%	-
Austin	\$122	\$122	0.0%	-
Houston	\$107	\$107	0.0%	-
Dallas-Ft Worth	\$113	\$113	0.0%	-
Phoenix	\$130	\$130	0.0%	-
Los Angeles	\$211	\$211	0.0%	-
Miami	\$173	\$173	0.0%	-
New York	\$198	\$198	0.0%	-
Orlando	\$128	\$128	0.0%	-
Portland	\$145	\$144	-0.7%	↓
Inland Empire	\$141	\$140	-0.7%	↓

Source: Yardi Matrix. Data as of July 11, 2023

National Average Street Rates for 10' x 10' Units



*Drawn from our national database of 33,169 stores, including 3,345 projects in the new-supply pipeline as well as 29,824 completed stores. Source: Yardi Matrix. Data as of July 11, 2023

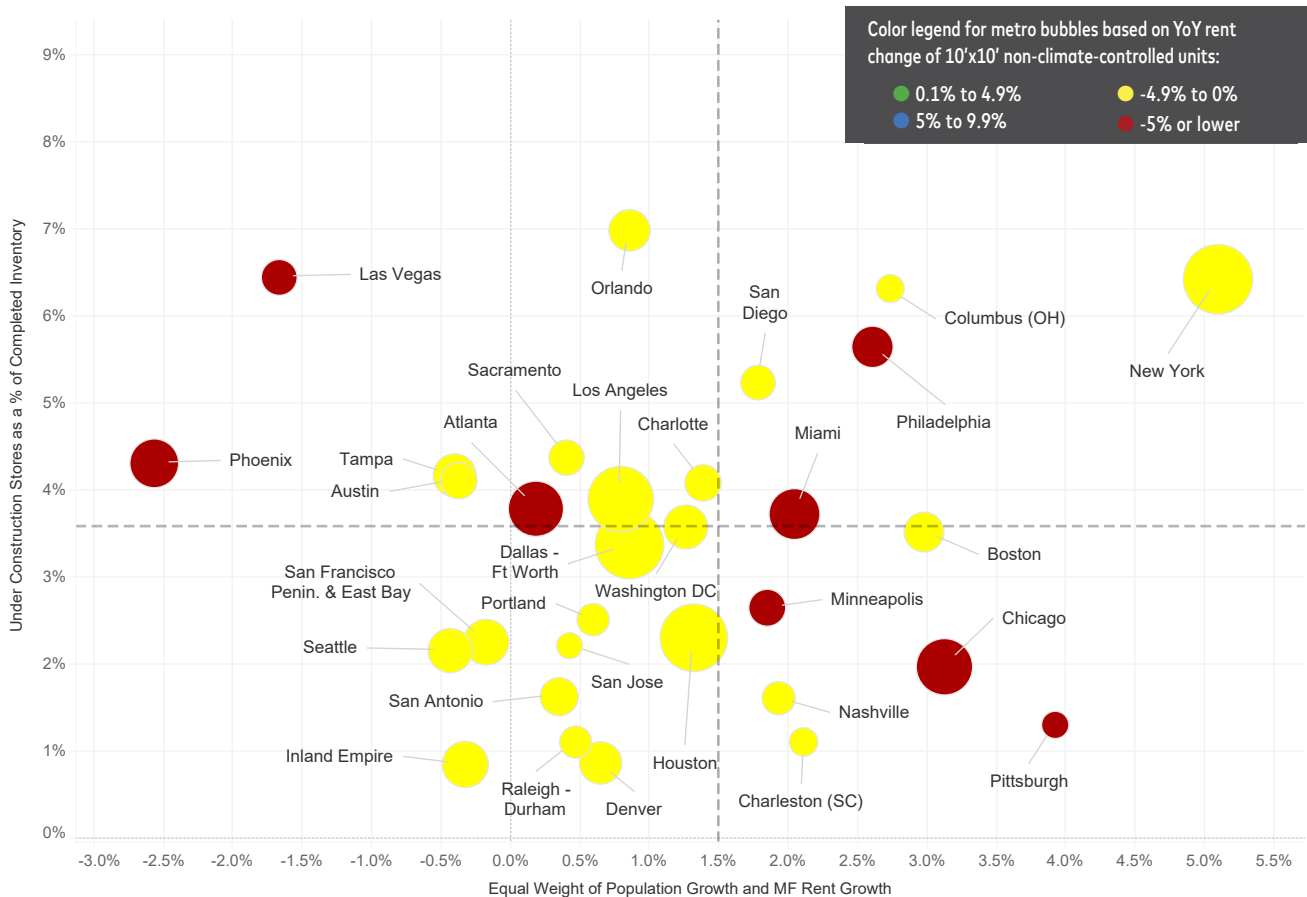
Street Rates and New Supply

Street rates remain resilient among largest U.S. metros

- Street rates have been resilient in several of the largest metros compared to most other markets. San Francisco and Los Angeles, which showed some of the weakest population and multifamily growth, still saw smaller year-over-year declines in street rates for 10x10 NON CC units than a majority of the top 31 markets. In New York, street rates have held up relatively well considering the elevated additions of new supply in recent years. Many of the market's self storage customers have few options to move, as housing costs are high and apartment vacancy is extremely low. Storage in New York gives apartment dwellers much-needed additional space, creating a stickier tenant base.
- Many of the metros at the bottom of the list for year-over-year decreases in 10x10 street rates have also been impacted recently by above-average delivery of new supply. For example, deliveries in Las Vegas, Phoenix and Philadelphia over the last three years have added at least 11.8% to existing inventory.

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)



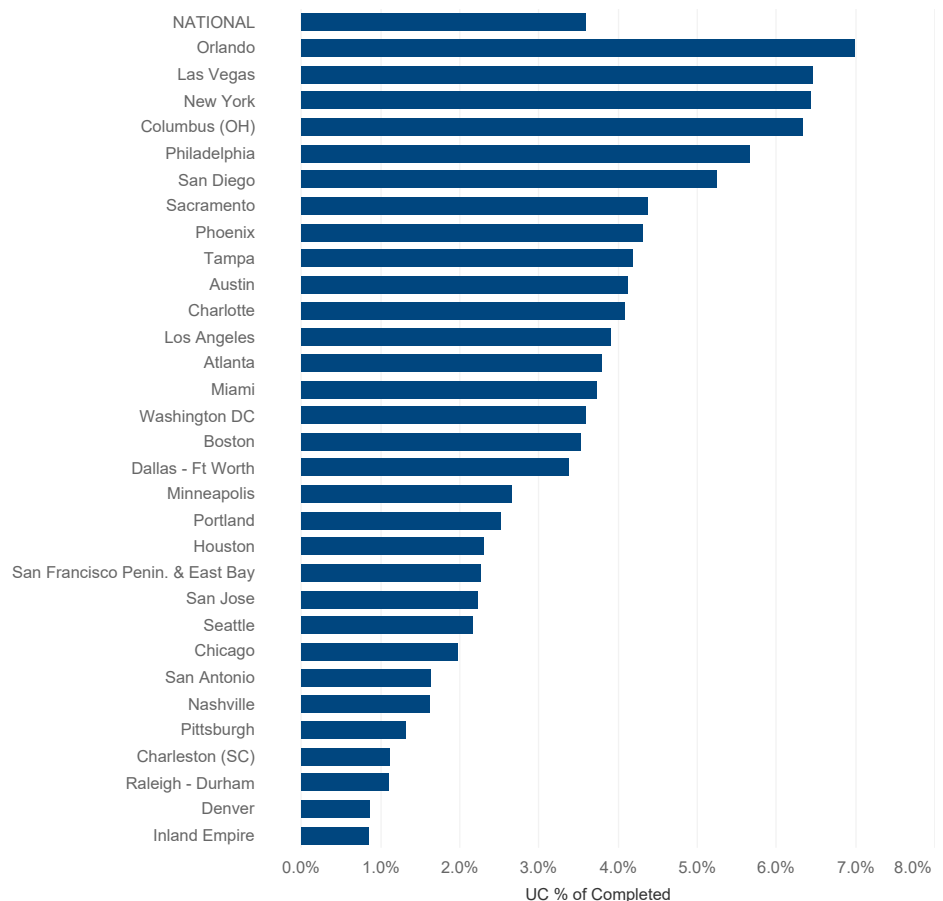
New Supply Update

Development activity faces headwinds

- The national new-supply pipeline was unchanged month-over-month in June, with properties under construction equal to 3.6% of existing inventory. Development activity remains firm and construction starts increased in the first quarter compared to 2022. However, the pipeline of planned projects is growing at a faster rate and projects are staying in the planning stage longer, suggesting that developers are having trouble moving projects forward. A key factor is the increased time needed for planning and entitlements. Lenders are also more selective and fewer offer attractive terms. Constrained lending and rising interest rates will have a lag effect on construction starts.
- Roughly one-third of the top metros saw their new-supply pipelines shrink month-over-month. Orlando had the largest slowdown, a 120 basis-point drop in new supply under construction as a percentage of completed stock. After four projects delivered in June, it appears there are fewer starts to backfill development in the metro and the number of properties under construction has begun to taper.

Under-Construction Supply by Percentage of Existing Inventory

Metro	May-23	Jun-23	Change
NATIONAL	3.6%	3.6%	—
Orlando	8.2%	7.0%	↓
Las Vegas	6.5%	6.5%	—
New York	6.3%	6.4%	↑
Columbus (OH)	6.3%	6.3%	—
Philadelphia	6.1%	5.7%	↓
San Diego	5.2%	5.2%	—
Sacramento	4.4%	4.4%	—
Phoenix	4.3%	4.3%	—
Tampa	4.2%	4.2%	—
Austin	4.1%	4.1%	—
Charlotte	3.7%	4.1%	↑
Los Angeles	3.6%	3.9%	↑
Atlanta	3.8%	3.8%	—
Miami	3.9%	3.7%	↓
Washington DC	3.6%	3.6%	—
Boston	3.5%	3.5%	—
Dallas-Ft Worth	3.3%	3.4%	↑
Minneapolis	2.7%	2.7%	—
Portland	2.5%	2.5%	—
Houston	2.4%	2.3%	↓
San Francisco Penin. & East Bay	2.1%	2.3%	↑
San Jose	2.2%	2.2%	—
Seattle	2.2%	2.2%	—
Chicago	2.5%	2.0%	—
San Antonio	1.7%	1.6%	↓
Nashville	1.9%	1.6%	↓
Pittsburgh	1.3%	1.3%	—
Charleston (SC)	1.9%	1.1%	↓
Raleigh-Durham	1.6%	1.1%	↓
Denver	0.9%	0.9%	—
Inland Empire	0.9%	0.9%	—



*Drawn from our national database of 33,169 stores, including 3,345 projects in the new-supply pipeline as well as 29,824 completed stores.
Source: Yardi Matrix. Data as of July 11, 2023

Monthly Rate Recap

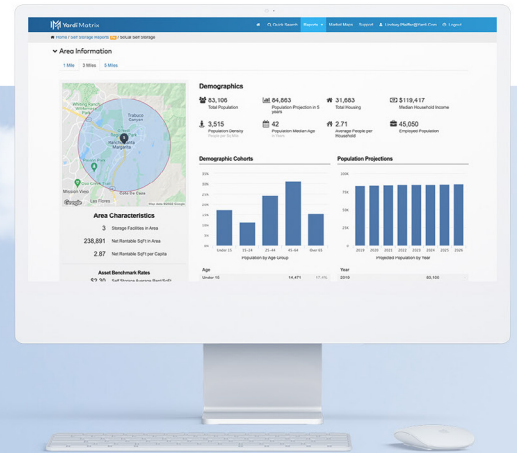
Market	Avg Metro Rate 10'x10' (non cc)	June 2023 YoY Rate Performance						
		5'x5' (non cc)	5'x10' (non cc)	5'x15' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)	10'x30' (non cc)
National	\$128	-3%	-4%	-4%	-4%	-5%	-4%	-4%
Charlotte	\$102	-4%	-1%	-3%	0%	-5%	-2%	-1%
Charleston (SC)	\$111	0%	-1%	2%	-1%	0%	-4%	-4%
Los Angeles	\$212	-2%	-2%	-1%	-1%	-3%	-2%	-2%
Columbus (OH)	\$100	-2%	-3%	-5%	-1%	-4%	-3%	-3%
San Jose	\$187	-1%	-2%	-3%	-2%	-4%	-3%	-3%
Nashville	\$114	-2%	-3%	-3%	-3%	-2%	-2%	-3%
San Antonio	\$111	-4%	-4%	-3%	-3%	-3%	-3%	-2%
San Diego	\$183	-1%	0%	-2%	-3%	-4%	-1%	-2%
Portland	\$144	-3%	-2%	-5%	-3%	-3%	-2%	-3%
San Francisco Penin. & East Bay	\$211	-3%	-3%	-3%	-3%	-4%	-3%	-3%
Raleigh–Durham	\$101	-4%	-3%	-5%	-3%	-4%	-4%	-2%
Boston	\$156	-2%	-1%	-2%	-3%	-5%	-2%	-3%
Sacramento	\$143	-5%	-4%	-3%	-3%	-3%	-5%	-5%
New York	\$190	-4%	-4%	-4%	-4%	-4%	-4%	-4%
Dallas–Ft Worth	\$105	-2%	-4%	-3%	-4%	-5%	-4%	-4%
Washington DC	\$152	-7%	-4%	-6%	-4%	-6%	-5%	-6%
Houston	\$97	-5%	-3%	-3%	-4%	-3%	-3%	-4%
Orlando	\$116	0%	-3%	-3%	-4%	-5%	-4%	-5%
Seattle	\$162	-4%	-3%	-4%	-4%	-4%	-5%	-5%
Austin	\$111	-4%	-3%	-3%	-4%	-8%	-5%	-4%
Denver	\$130	-4%	-2%	-5%	-4%	-6%	-5%	-6%
Tampa	\$122	-2%	-5%	-2%	-5%	-5%	-4%	-4%
Inland Empire	\$136	-5%	-6%	-6%	-5%	-8%	-6%	-6%
Pittsburgh	\$113	-4%	-4%	-6%	-5%	-5%	-7%	-8%
Minneapolis	\$106	-7%	-7%	-8%	-5%	-4%	-8%	-4%
Phoenix	\$123	-4%	-5%	-3%	-5%	-8%	-5%	-5%
Atlanta	\$111	-8%	-8%	-3%	-7%	-8%	-7%	-5%
Miami	\$162	-6%	-8%	-6%	-8%	-7%	-7%	-5%
Chicago	\$114	-8%	-8%	-9%	-8%	-6%	-7%	-8%
Philadelphia	\$135	-8%	-9%	-8%	-9%	-9%	-9%	-9%
Las Vegas	\$122	-6%	-7%	-7%	-9%	-6%	-8%	-8%

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



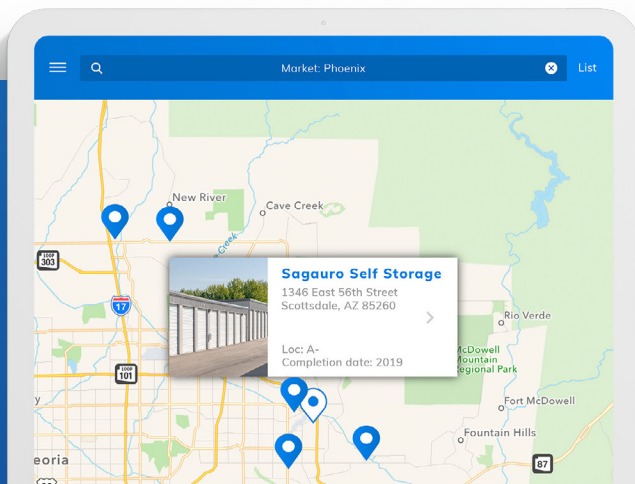
Yardi Matrix

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with the industry's
leading data provider



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.



(800) 866-1144

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Contact us



Contacts

Jeff Adler

Vice President & General Manager,
Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Tyson Huebner

Director of Research
Tyson.Huebner@Yardi.com
(773) 415-4672

Paul Fiorilla

Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Claire Spadoni

Senior Research Analyst
Claire.Spadoni@Yardi.com
(800) 866-1124 x2151

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

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