



SELF STORAGE NATIONAL OUTLOOK

SPRING 2024

PRESENTERS



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AGENDA

- U.S. Economy, Inflation & Interest Rates
- Factors Influencing Storage Demand
- Self Storage Q4 REIT Results
- Deep Dive Into Storage Street Rates
- Historical & Forecasted Supply Trends
- Self Storage Transactions

Yardi Matrix Self Storage House View – March 2024

MACROECONOMIC UPDATE

- U.S. economic growth is strong, with 4.9% GDP growth in 3Q23, 4Q23 at 3.2%; and 1Q24 looking like 2%
- The Fed has stopped tightening, at the December & January meetings, interest rates were held; June '24 cuts expected
- Inflationary pressures have cooled, and will continue to, but risk of re-acceleration is non-trivial
 - De-globalization continues, putting mild upward back pressure on inflation
- The labor market is tight driven by an aging population, but showing signs of weakness at the top end, with no consensus on immigration policy, and 5-8 MM illegal immigrants slowly entering the shadow labor market.
- U.S. economy is slowing, yield curve (10 YR - 3 MTH) is inverted, mild recession likely in very late 2024

SELF STORAGE FUNDAMENTALS & OUTLOOK

- Self storage performance weakened throughout 2023 due to a slump in demand driven by record low home sales and a decrease in mobility, leading to occupancy levels near or below pre-COVID levels
- Revenue growth was close to flat by year end due to a decline in occupancy and decelerating rent growth; operators led by the REITs are testing new rental strategies keeping street rates low and aggressively pushing ECRIs
- Street rate declines improved the second half of 2023, but trended back down early 2024 with same store rate growth of -3.2% in January, led by markets that saw the strongest growth during COVID and heaviest supply pipelines recently
- Despite a more difficult rate and financing environment, new completions and construction starts held steady in 2023 and 2024-2025 will remain active led by less experienced developers and smaller secondary and tertiary markets
- 2023 transaction volume down 60-70% excluding two large entity level deals, 2024 activity should be about the same

Where are we now?

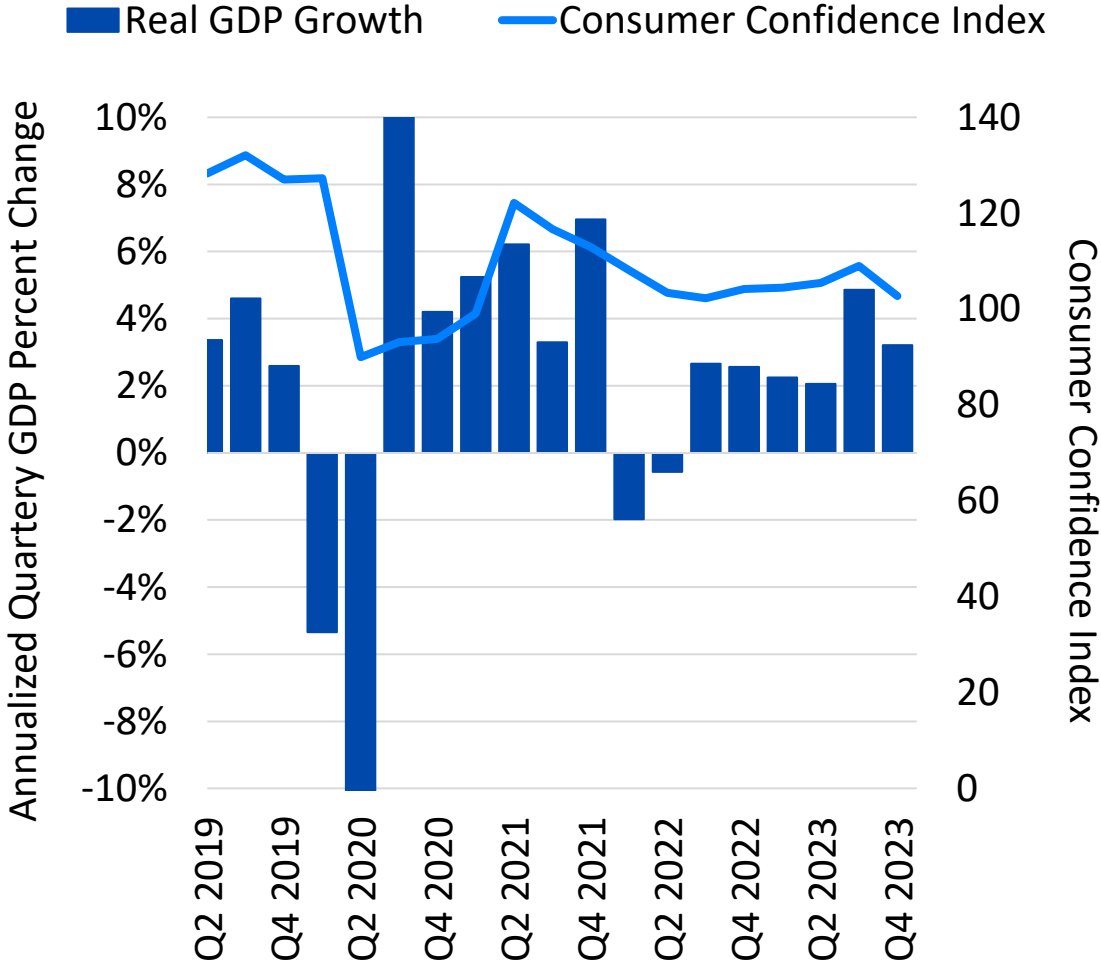
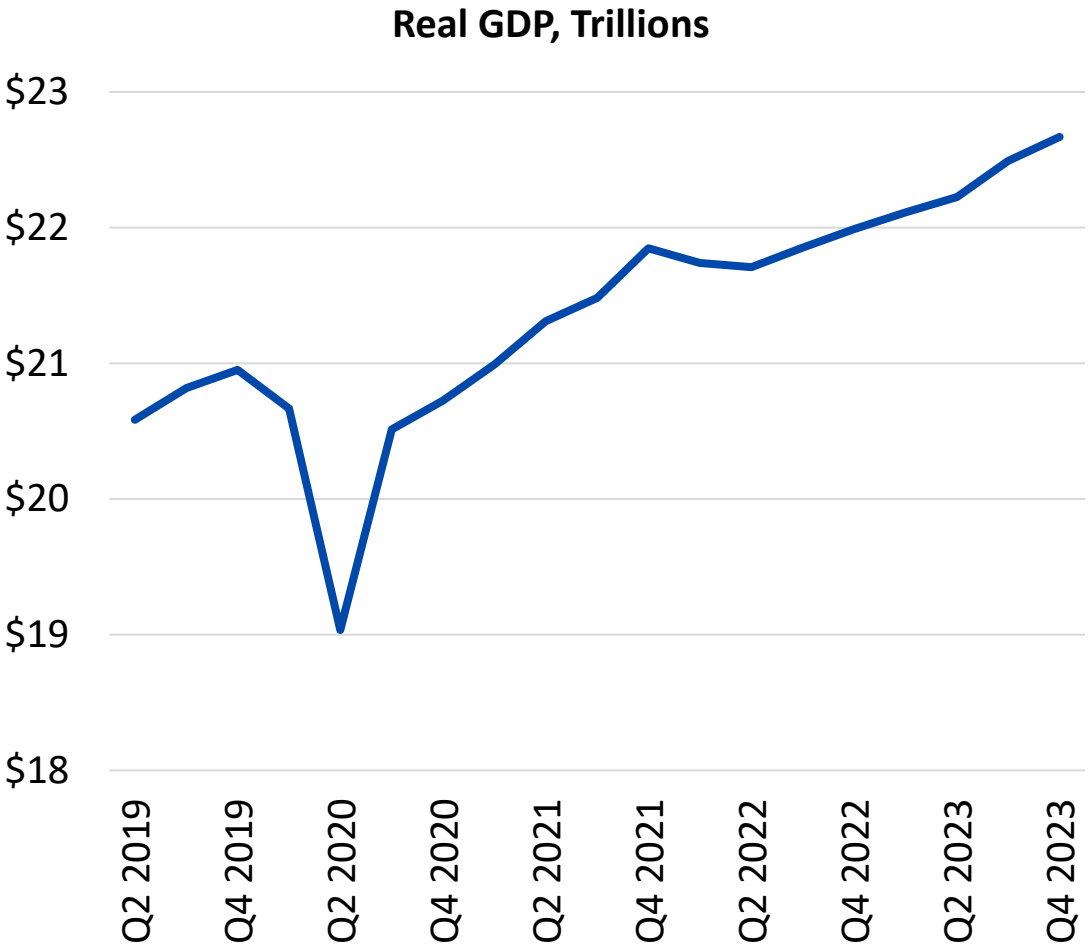
- Occupancy and rent increases during COVID pushed REIT same store revenues up over 37% and NOI up nearly 50% since Q2 2020; NOI margins are still near record-high levels around 75%
- Led by the self storage REITs, leasing strategies have changed with less emphasis on pushing street rate growth and higher and more frequent existing customer rate increases (ECRIs)
- Difficult to tell if lower street rates have a positive impact on move ins which have plummeted versus previous years leading REIT same store occupancy down to pre-COVID levels around 90%
- Stronger in-place rent increases so far have not led to greater move out activity, but declining street rates have brought REIT same store effective rent growth down to 1.3% in Q4 2023 from near 18% in Q2 2020
- Faltering demand impacts the Sunbelt markets that have benefitted the most from migration in recent years like Arizona and Florida
 - Improvement in performance in these places will hinge on an improvement in home sales which we think doesn't happen until later in 2024 or early 2025
- Record levels of immigration could have a longer-term impact on self storage demand in the markets that have seen an influx of migrants seeking asylum
 - Includes markets that saw domestic out-migration during COVID like California, New York and Chicago and markets with highest existing percentage of Latin American immigrants like Miami, Orlando and Houston

Where are the opportunities in 2024?

- Lease up supply has put downward pressure on street rates in the trade areas, submarkets and markets that have experienced the most new supply in recent years places like Orlando, Tampa and Atlanta, which also have more supply on the way, impacting lease up pace and achieved rates at new properties
- Markets with declining supply pipelines and recent deliveries have seen the most improvement in rate growth over the past few years, led by markets that were among the worst performing just 3-4 years ago
 - New York City, Denver, Minneapolis, Houston, Washington DC and Portland could see street rates bottoming
- **Interesting opportunities in markets where rents are down most from peak and where new supply could be struggling and create distress**
 - **Over 1,300 properties delivered in 2022 and 2023, many by developers new to self storage, originally underwritten at peak rental rates and pricing environment**
 - **Over 3,500 properties acquired in 2021 and 2022, many by new investors, when rates were at their peak**

U.S. ECONOMY, INFLATION & INTEREST RATES

Despite Ongoing Inflation Pressures, GDP Grew Faster Than Expected in the Third and Fourth Quarter



Source: Yardi Matrix; Moody's Data Analytics; Federal Reserve Bank of St. Louis

Forecasts for Real GDP Project a Mild Recession in Late 2024

Evercore ISI / Yardi Matrix Economic Forecasts

	2021	2022	2023 Q/Q	2024 Forecast Q/Q A.R.
Real GDP	5.5%	2.9%	Q1: 2.2% Q2: 2.1% Q3: 4.9% Q4: 3.2%	Q1: 2.0% Q2: 1.5% Q3: 1.0% Q4: -2.0%
Nominal GDP	10.7%	9.2%	Q1: 6.3% Q2: 3.8% Q3: 8.5% Q4: 5.1%	Q1: 4.0% Q2: 3.0% Q3: 2.5% Q4: 0.0%
Inflation (GDP Deflator)	5.9%	6.3%	Q1: 3.9% Q2: 1.7% Q3: 3.6% Q4: 1.9%	Q1: 2.0% Q2: 1.5% Q3: 1.5% Q4: 2.0%

Evercore ISI / Yardi Matrix Economic Forecasts

	2021	2022	2023 Q/Q	2024 Forecast Q/Q A.R.
Unemployment Rate	3.9%	3.5%	Q1: 3.5% Q2: 3.6% Q3: 3.8% Q4: 3.8%	Q1: 3.8% Q2: 3.9% Q3: 4.0% Q4: 4.5%
Bond Yield*	1.5%	3.6%	Q1: 3.9% Q2: 3.7% Q3: 4.6% Q4: 3.9%	Q1: 4.0% Q2: 4.0% Q3: 4.0% Q4: 3.5%
Fed Funds*	0.1%	4.1%	Q1: 5.0% Q2: 5.3% Q3: 5.5% Q4: 5.5%	Q1: 5.5% Q2: 5.0% Q3: 4.5% Q4: 4.0%

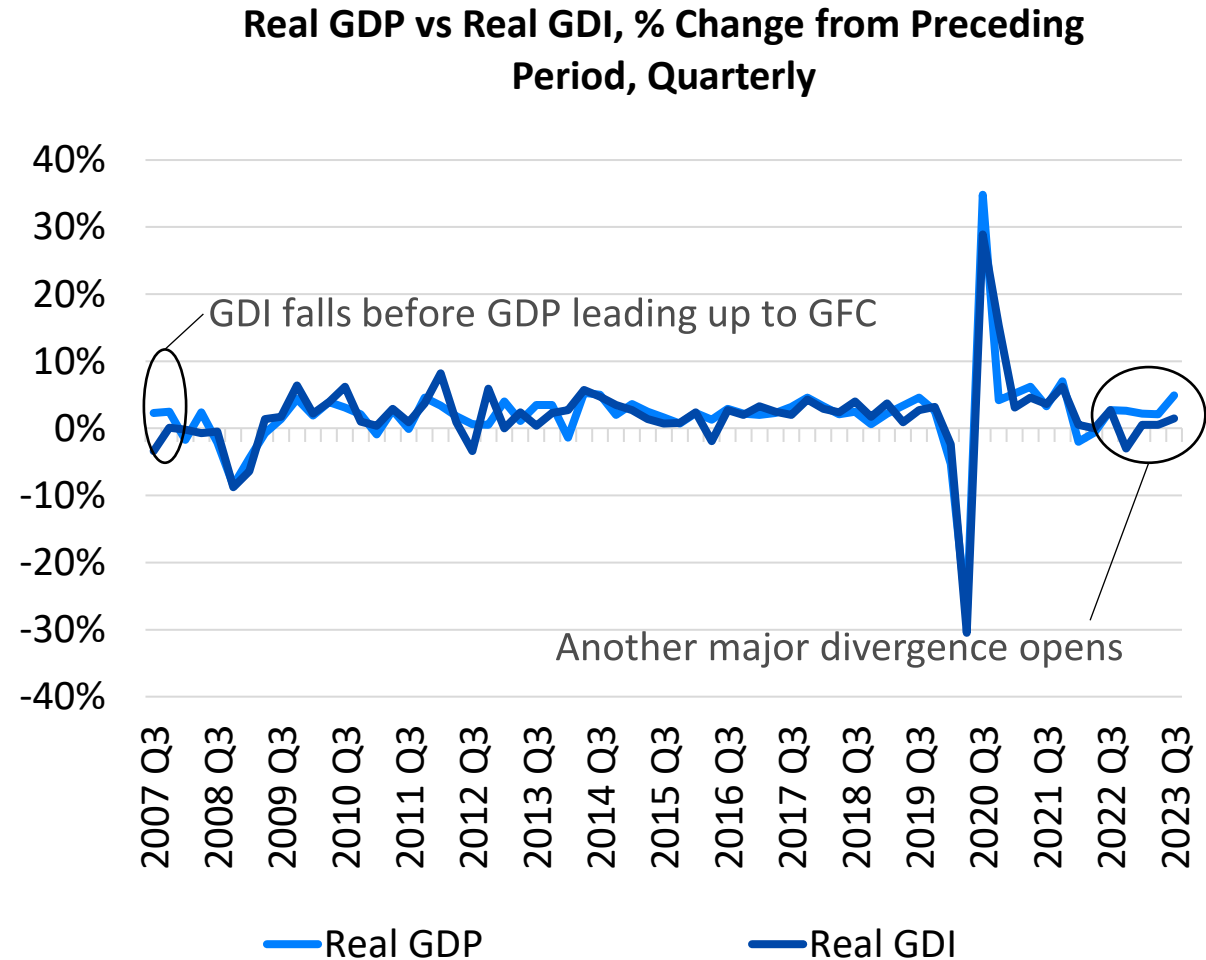
*End of quarter. Historical Bond Yield data shown as long-term government bond yields: 10-year: main (including benchmark) for United States, not seasonally adjusted

Source: Yardi Matrix; Evercore ISI, Morning Economic Report; Federal Reserve Bank of St. Louis



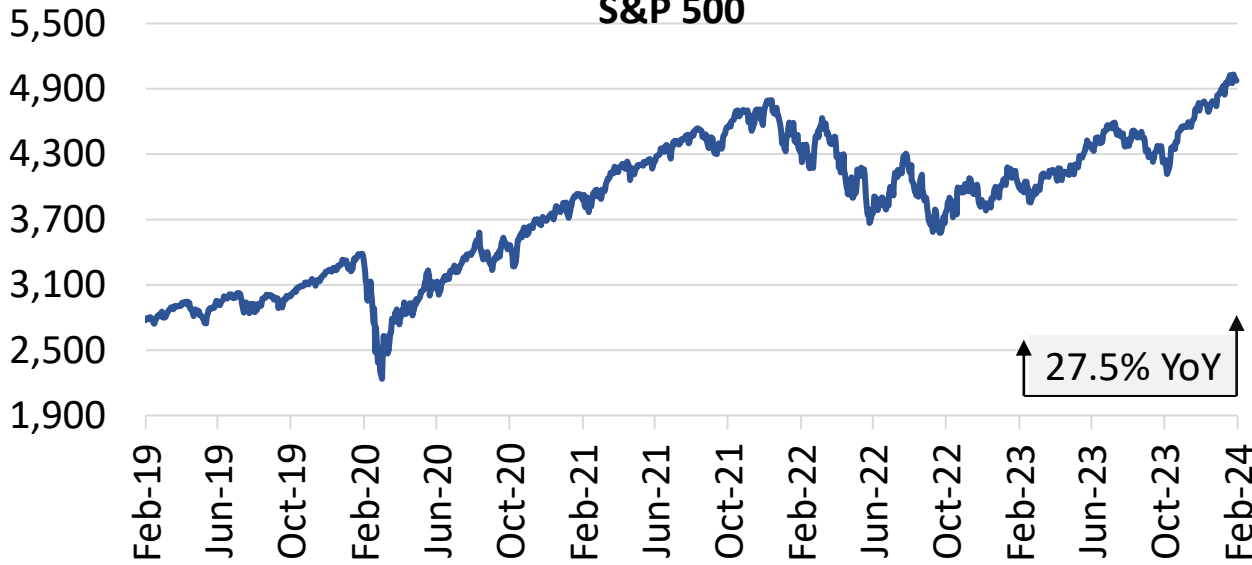
GDI, An Alternative Measure That Can Be Better At Predicting Recessions, Is Below That of GDP

Real Gross Domestic Product vs Real Gross Domestic Income			
	2021	2022	2023 Q/Q A.R.
Real GDP	5.5%	2.9%	Q1: 2.2% Q2: 2.1% Q3: 4.9% Q4: 3.3%
Real GDI	4.4%	0.1%	Q1: 0.5% Q2: 0.5% Q3: 1.5% Q4: ---
Difference	110 bps	280 bps	Q1: 170 bps Q2: 160 bps Q3: 340 bps Q4: ---



U.S. and International Financial Markets

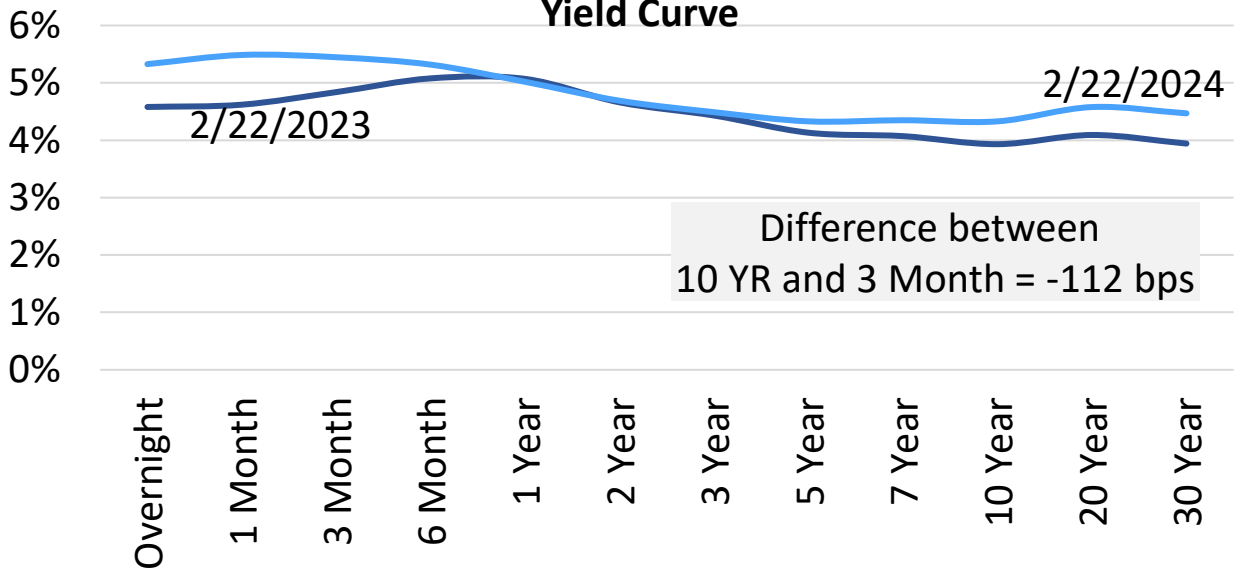
S&P 500



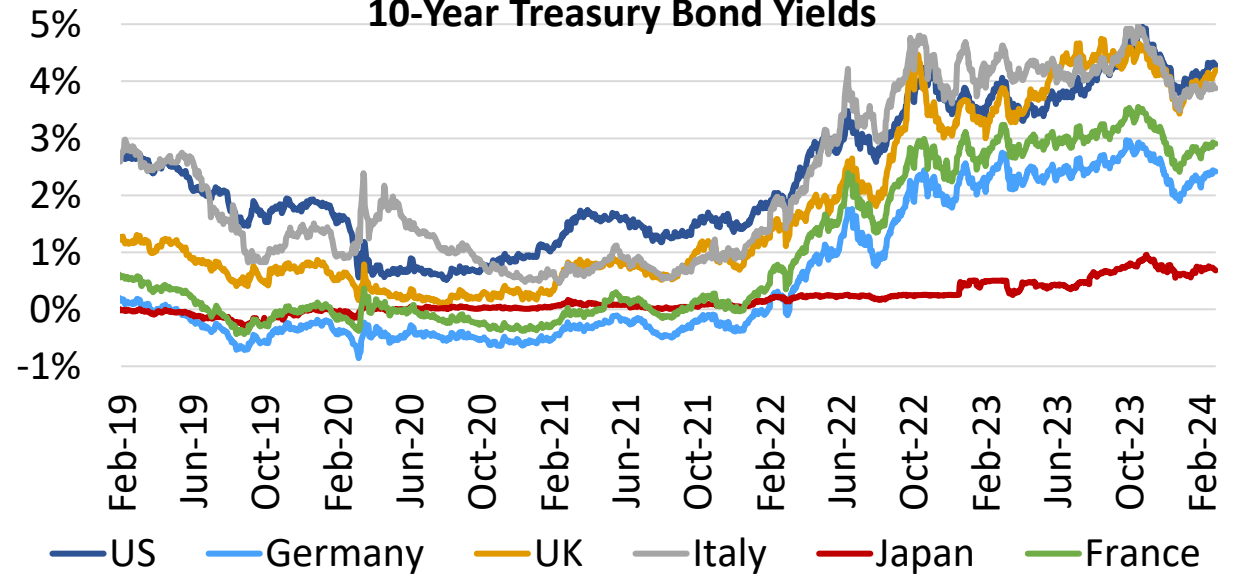
10 -Year Treasury Note



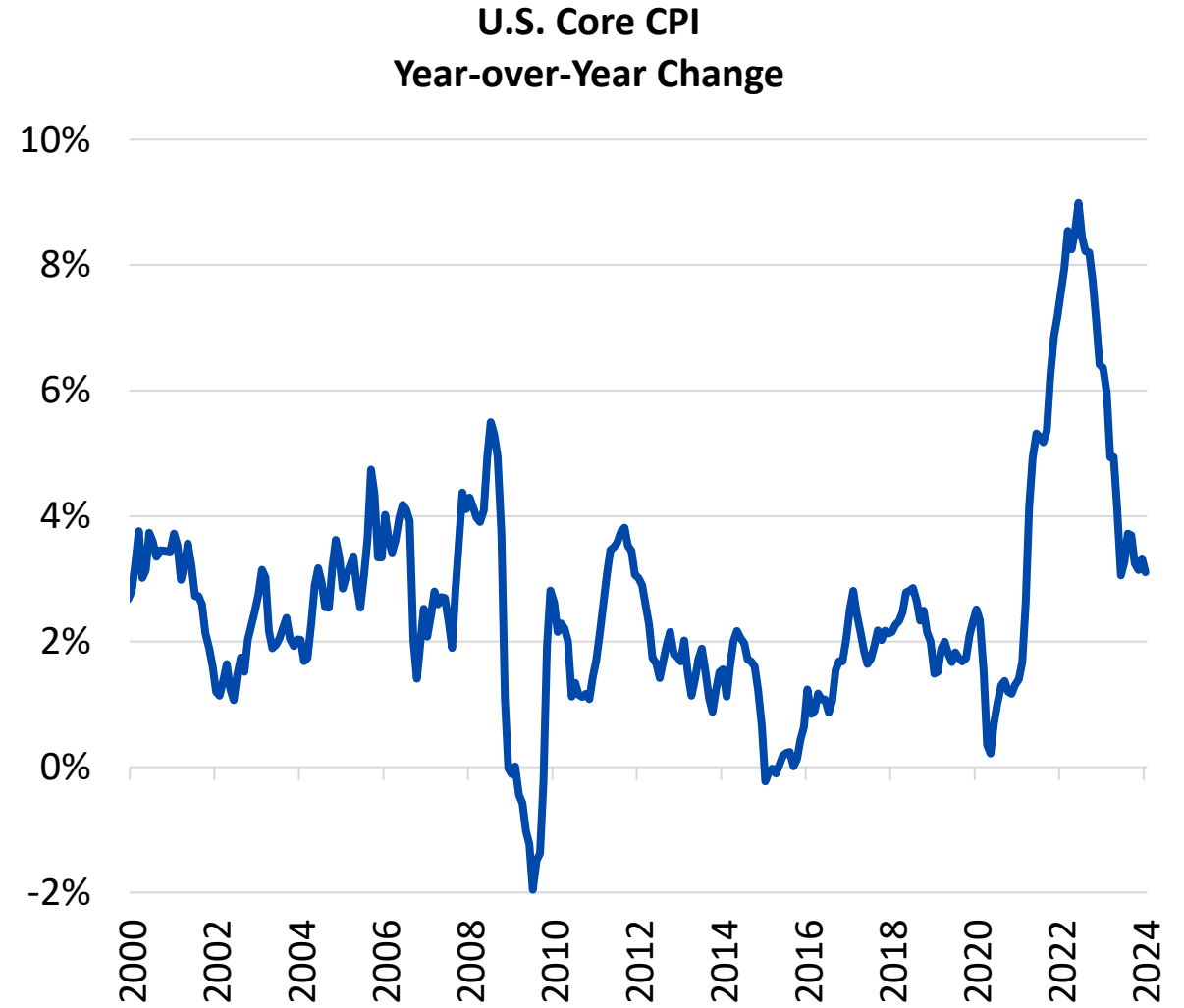
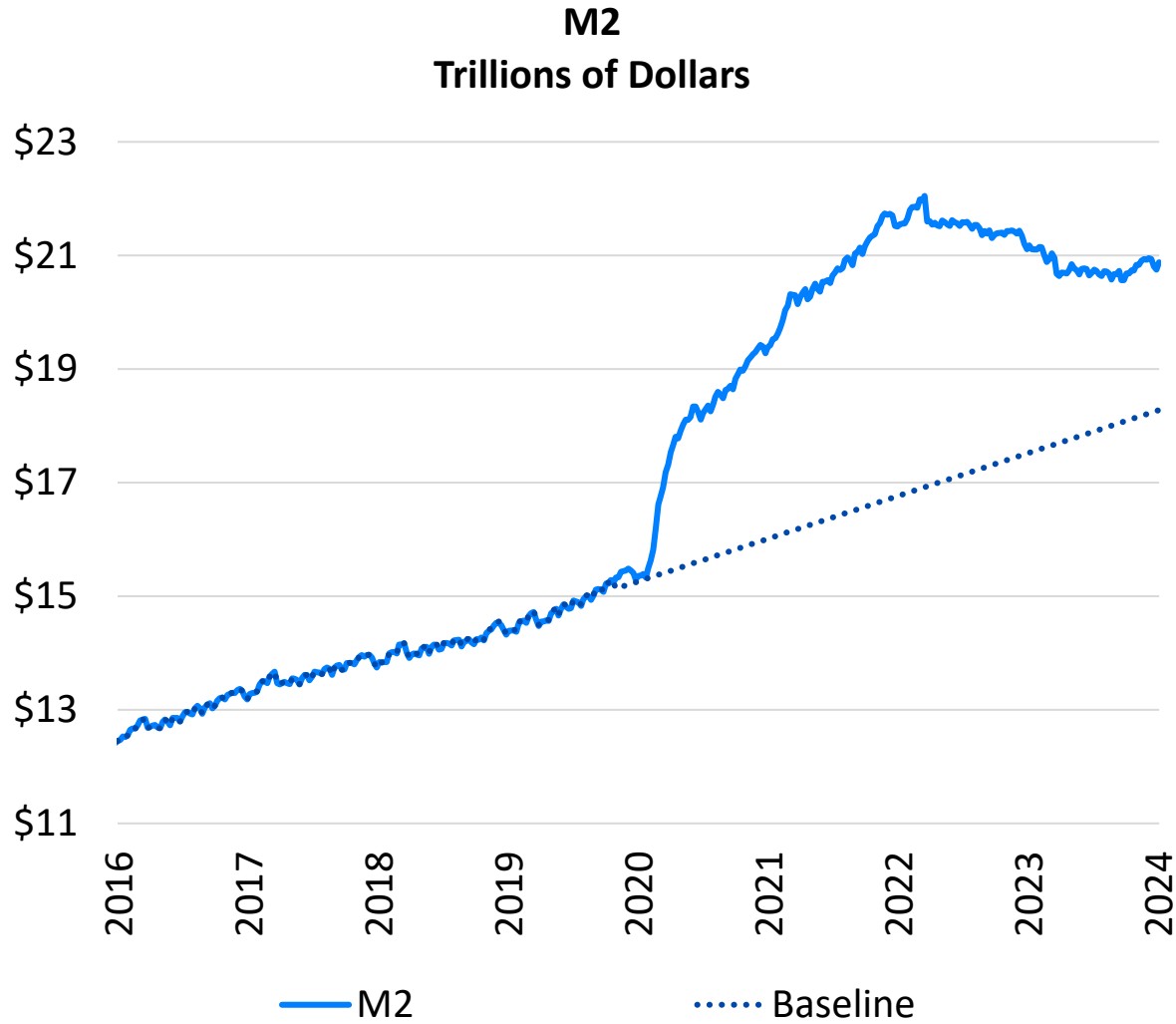
Yield Curve



10-Year Treasury Bond Yields

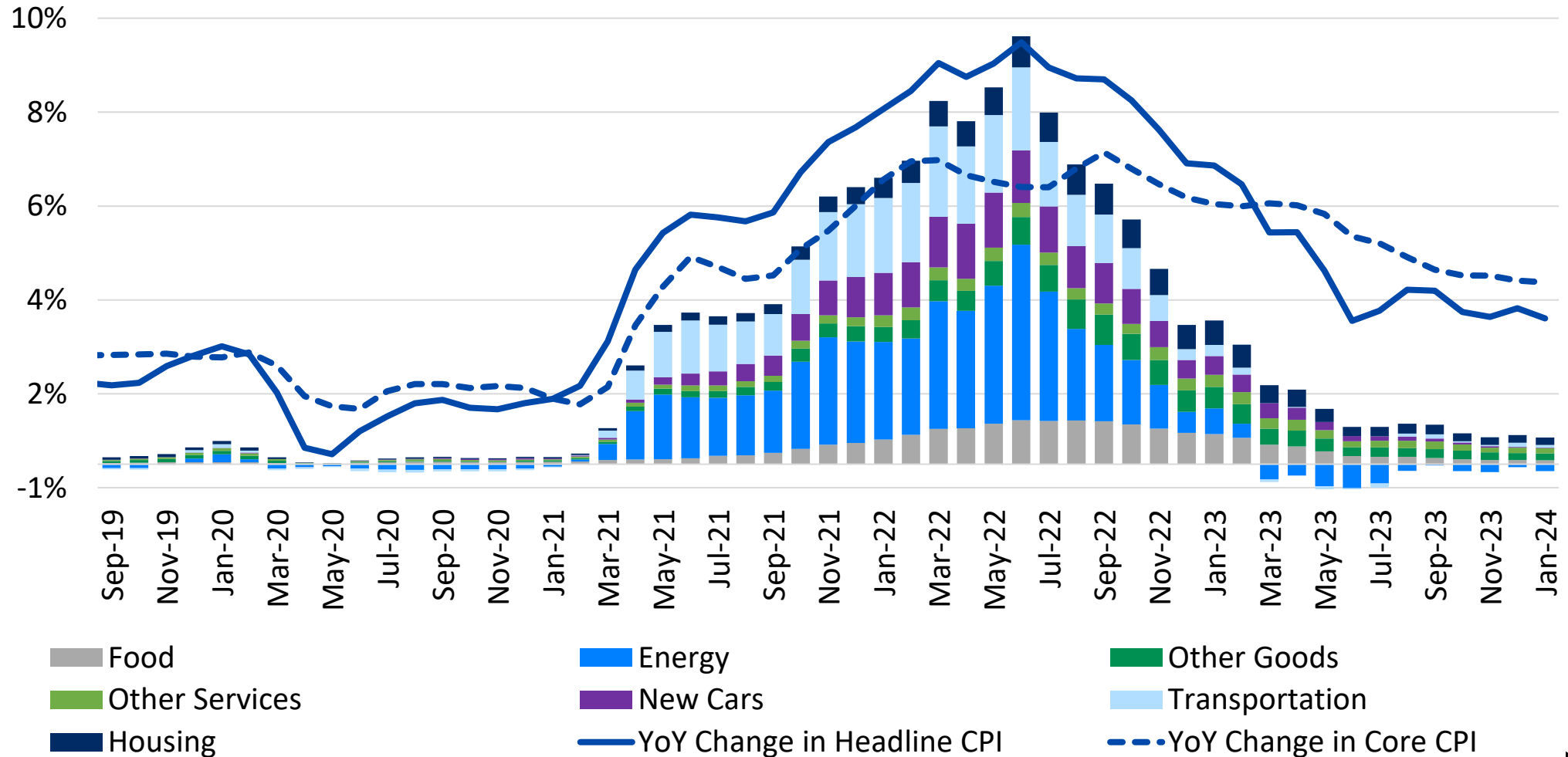


The Money Supply Is Returning to its Long-Term Trend and Inflation Is Slowly Cooling



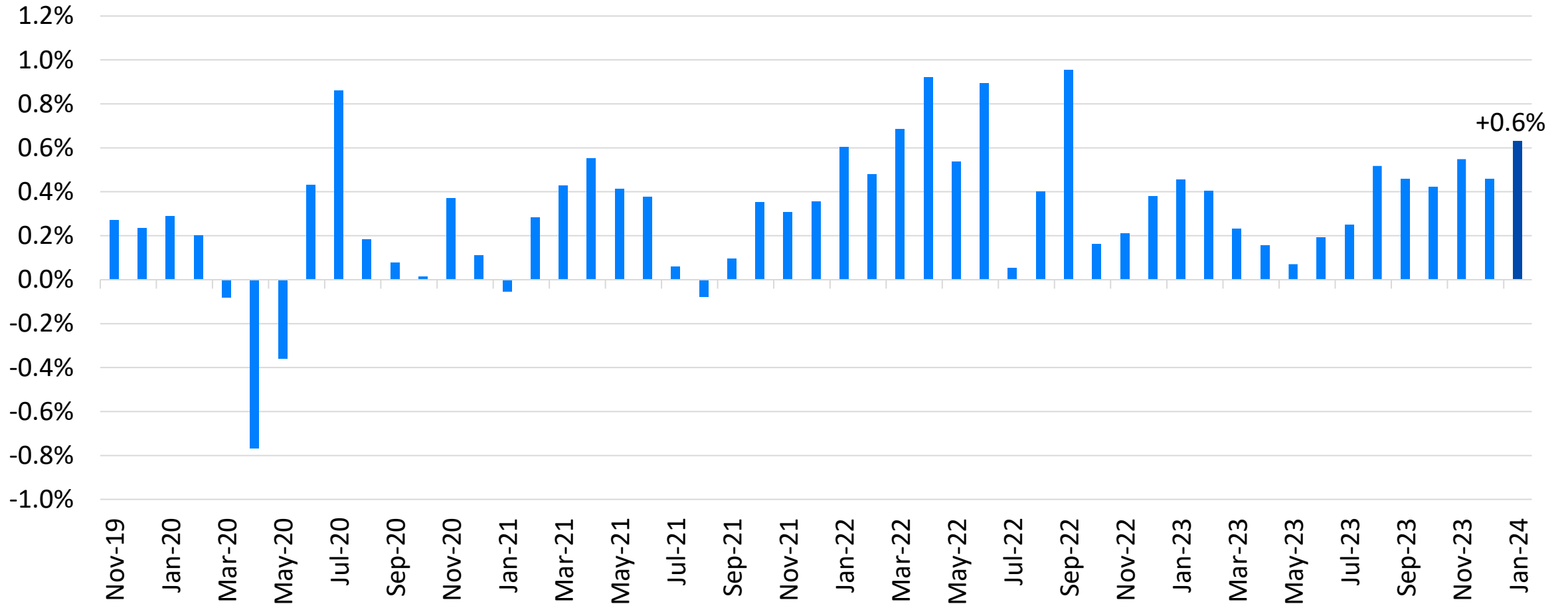
Inflation Impacted by Higher Prices For Shelter and Other Goods, and Slightly Lower Prices For Energy in January

Bars Represent Key Categories Percent of Headline CPI
(Does not include all categories)



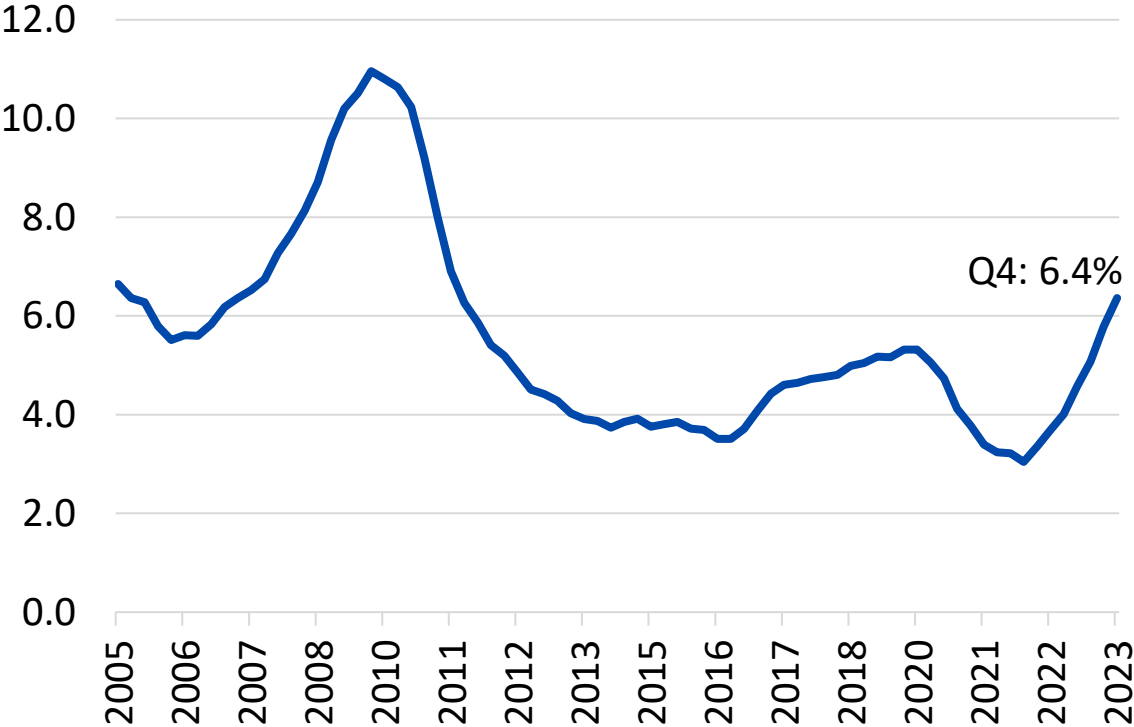
Core Services CPI Less Shelter, an Inflation Gauge, Has Been Up Since May 2023

**CPI: Urban Consumer - Core Services [services less energy]
less Shelter (Seasonally Adjusted) MoM % Change**

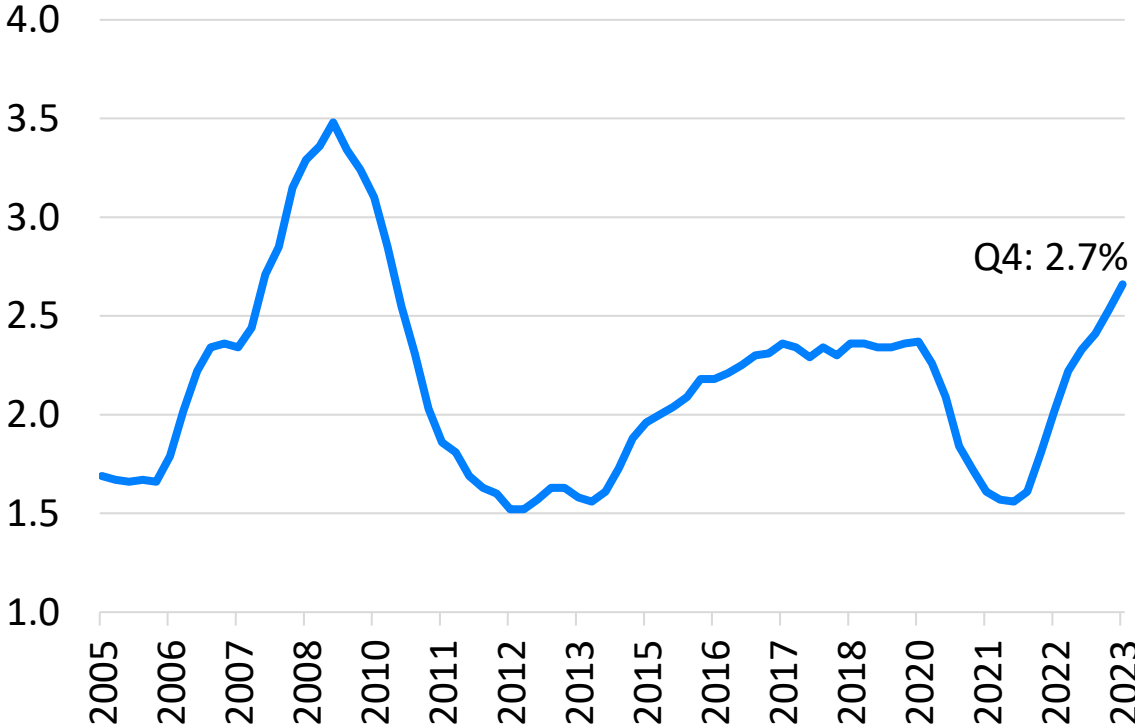


Credit Card and Auto Loan Delinquencies Continue To Move Higher

NY Fed/Equifax Serious Delinquency (90+) Transition for Credit Card



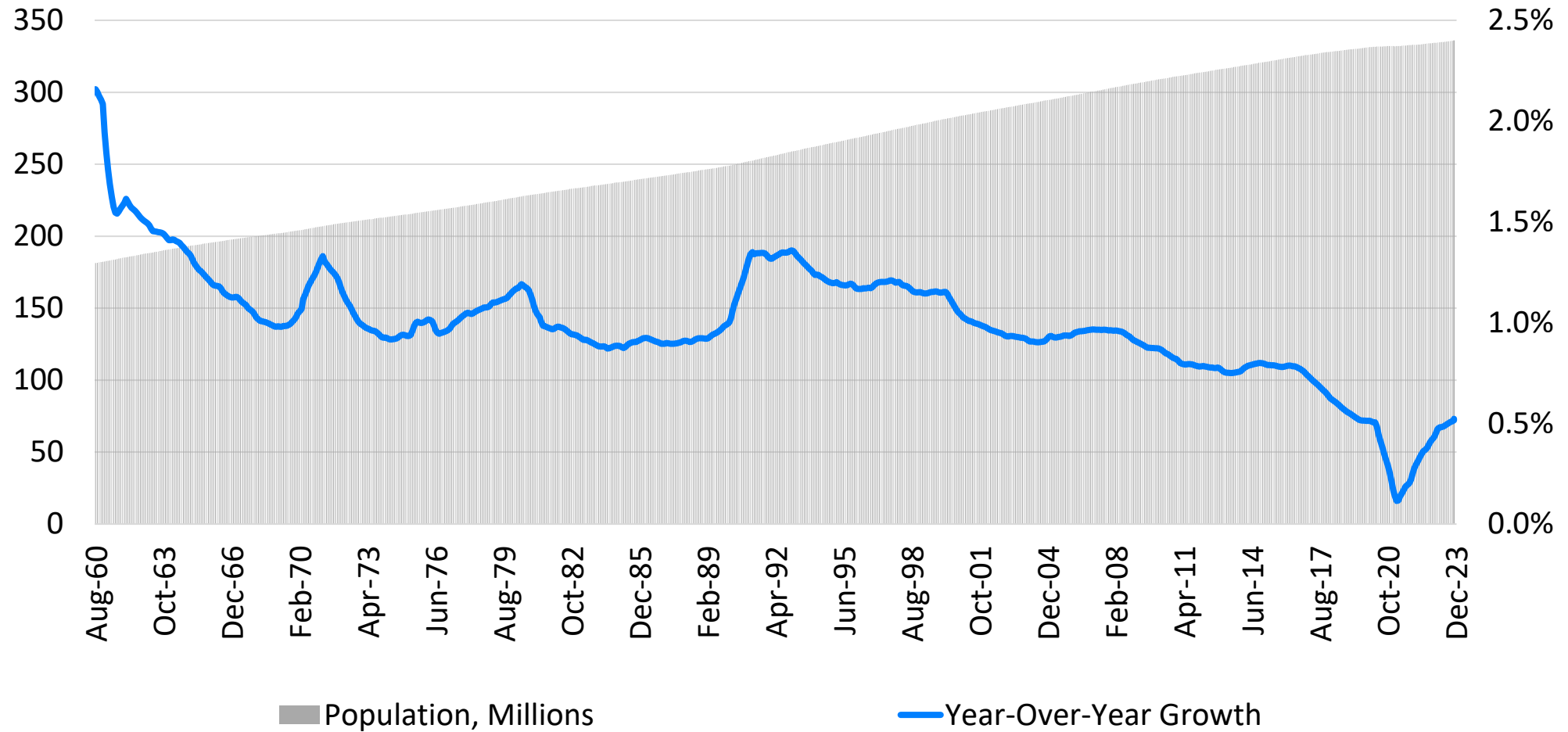
NY Fed/Equifax Serious Delinquency (90+) Transition for Auto Loans



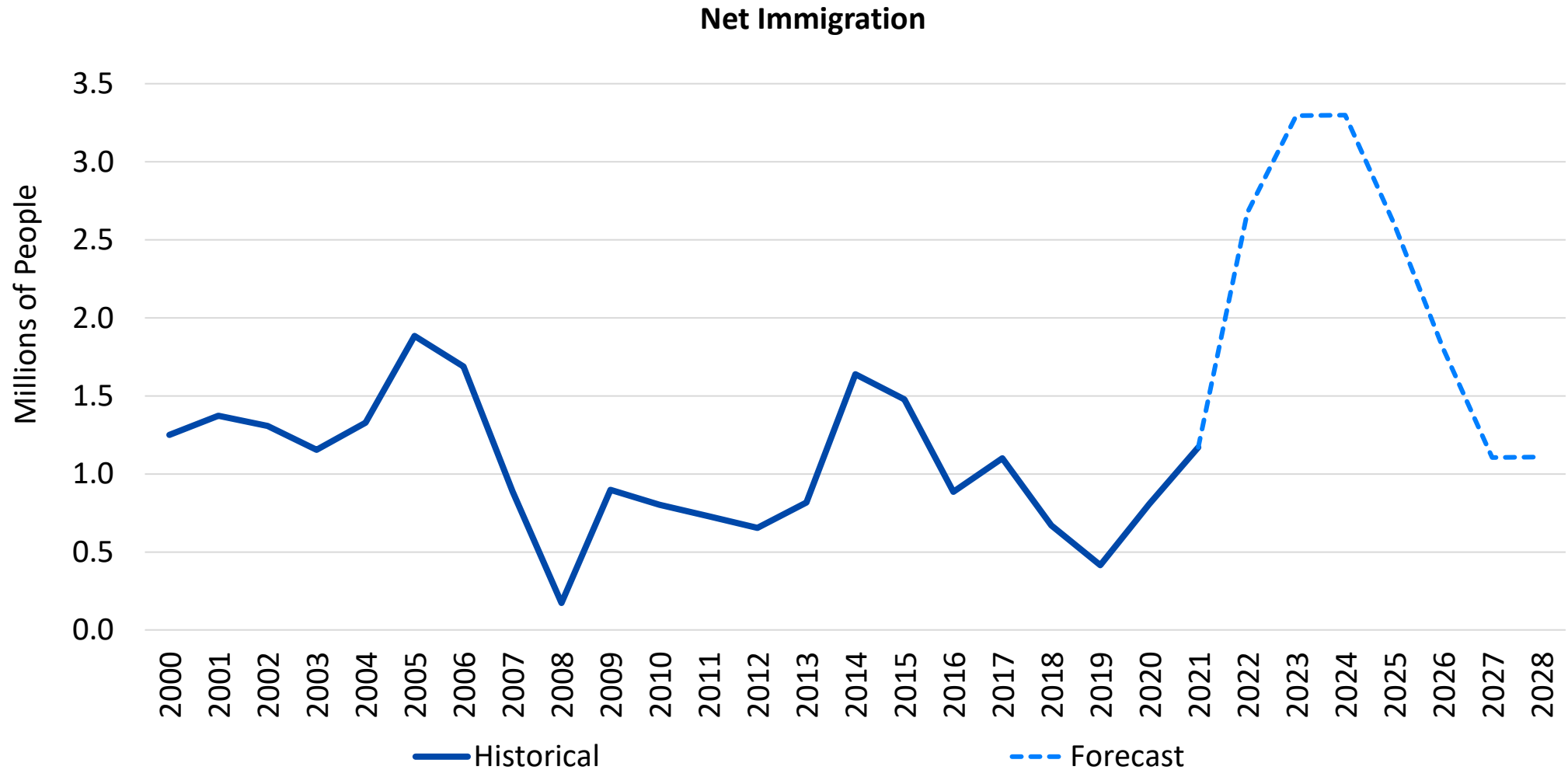
Source: Yardi Matrix; Federal Reserve Bank of New York

FACTORS INFLUENCING STORAGE DEMAND

U.S. Population Growth Is Gradually Returning To Pre-Pandemic Levels

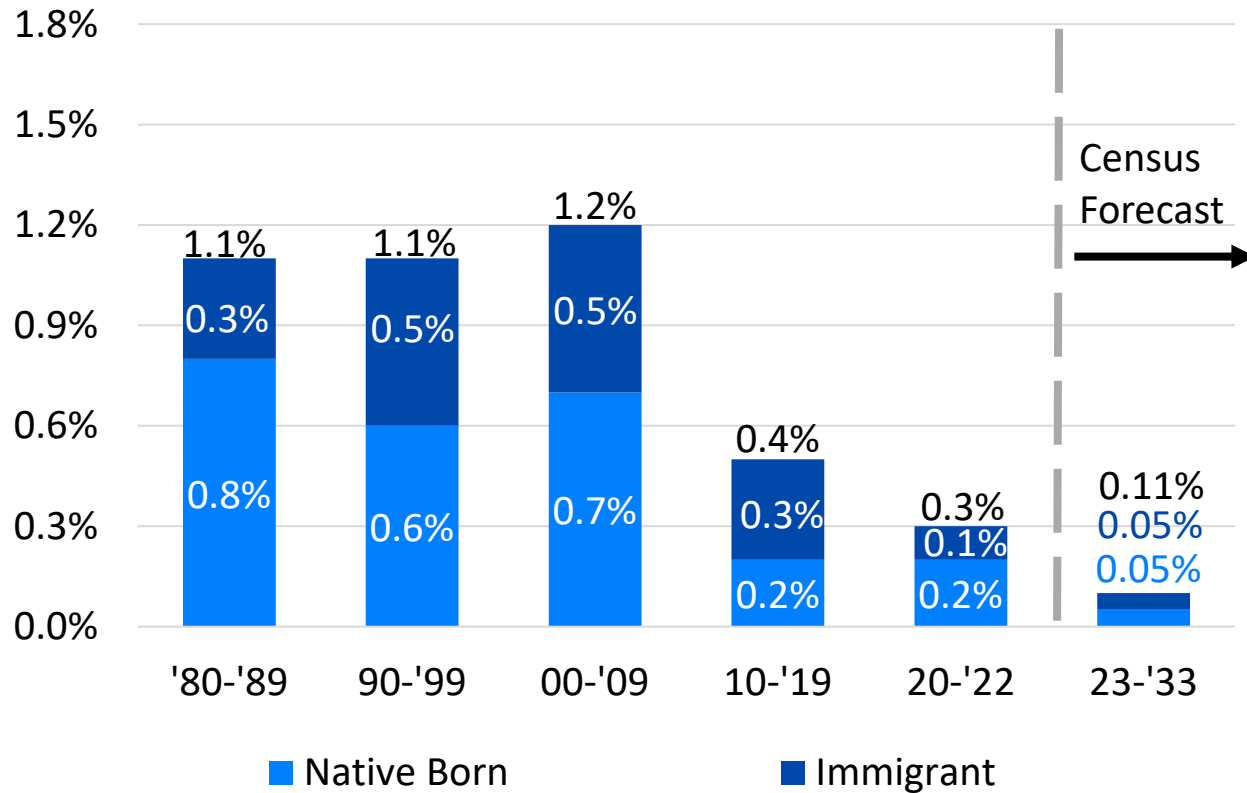


Net Immigration Saw a Sharp Uptick in 2022-2023, But Its Future is Dependent on Political Events

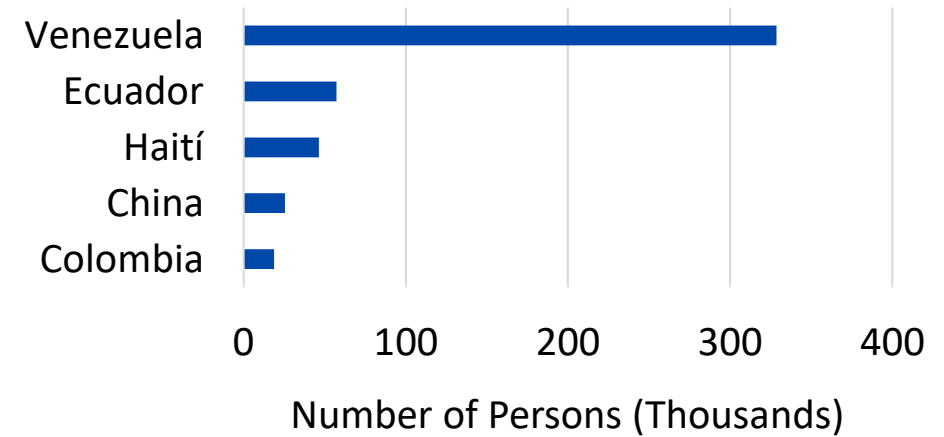


Despite A Record of U.S.-Bound Migrants, The U.S. Working Age Population Is Not Forecasted For Significant Growth

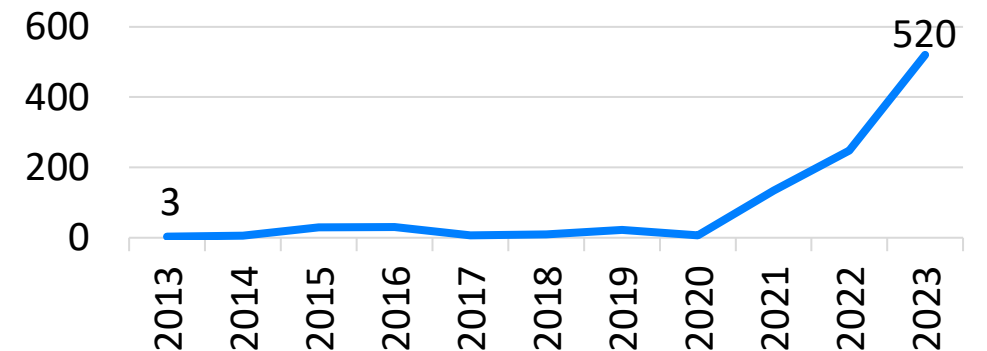
Growth in Working Age Population: % Increase in Civilian Non-Institutional Population Ages 16-64



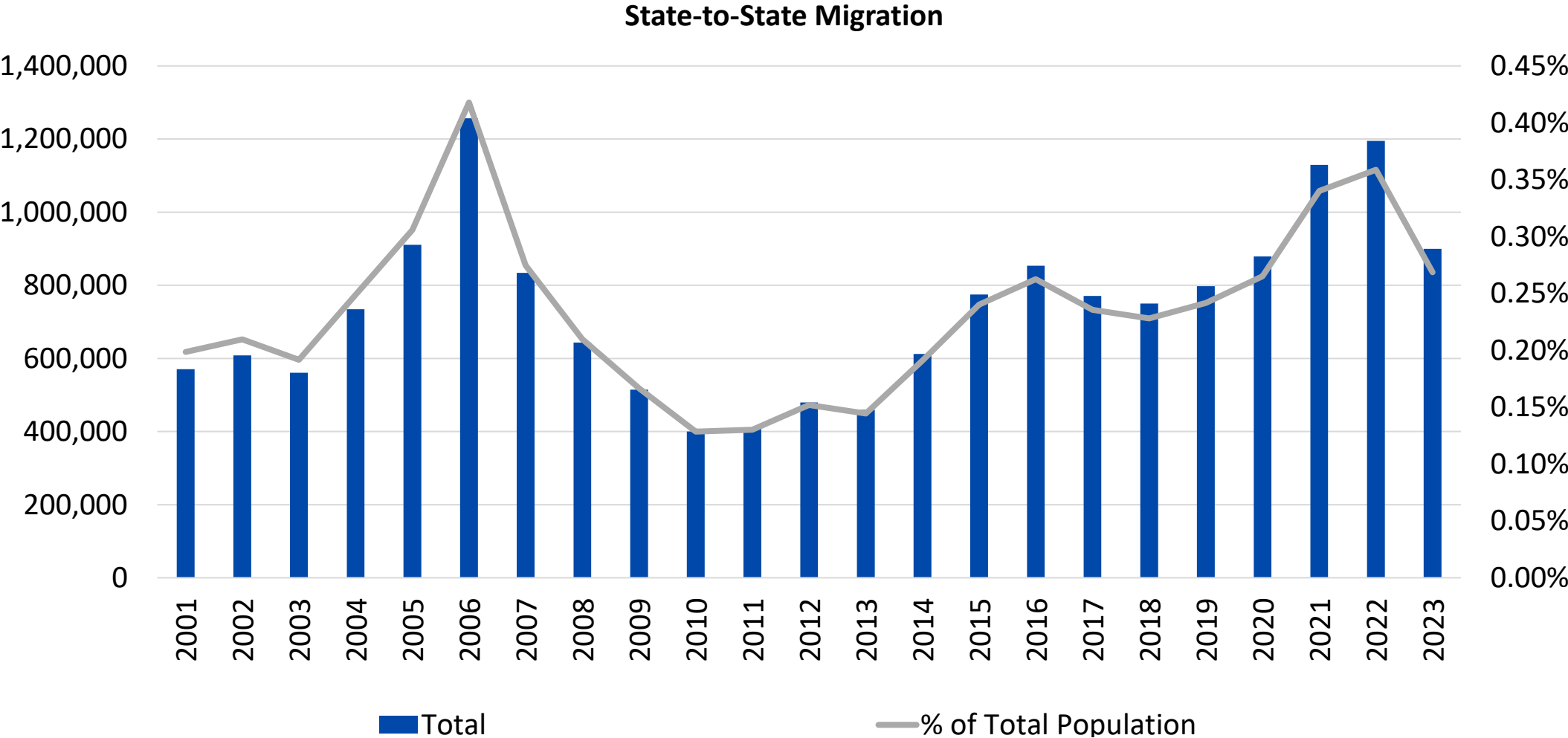
Migrants in Transit through the Darién Gap by Country of Origin: 2023



Darién Gap Crossings, Thousands



State-to-State Migration Decreased in 2023, Nearing A Return To Pre-Pandemic Norms



Source: Yardi Matrix; U.S. Census Bureau

The Migration to Southeastern States Continues, But At A Much Slower Rate Than During Peak COVID

U-Haul Top & Bottom Growth States 2023

Rank	Top Inbound	Rank	Top Outbound
1	Texas	50	California
2	Florida	49	Massachusetts
3	North Carolina	48	Illinois
4	South Carolina	47	New Jersey
5	Tennessee	46	Michigan
6	Idaho	45	Louisiana
7	Washington	44	Maryland
8	Arizona	43	New York
9	Colorado	42	Connecticut
10	Virginia	41	Oklahoma

- Texas was the #1 growth state for the 3rd year in a row
 - Texas has been the #1 growth state for six of the last eight years
- Florida was the #2 growth state and it netted almost as many inbound U-Haul customers as Texas in 2023
 - Florida has been a top-four growth state for nine years in a row
- Biggest climbers in the rankings include:
 - Arkansas (+26 spots), Wyoming (+19), and Vermont (+18)
- California recorded the greatest loss of one-way movers for the 4th year in a row
- Overall, one-way transactions in 2023 were below the record-breaking levels seen during the pandemic
 - While the numbers are smaller, the geographical trends are the same

Looking in the Rearview Mirror, Sunbelt Markets, Primarily Texas and Florida, Have Had Highest Number of In-Migration From 2020-2022

Top Markets for # Domestic Migration 2020-2022

Metro	Population Rank	Domestic Migration as % of Population	# Domestic Migration
Dallas-Fort Worth-Arlington, TX	4	2.0%	157,463
Phoenix-Mesa-Scottsdale, AZ	10	2.2%	109,951
Tampa-St. Petersburg-Clearwater, FL	17	3.1%	100,739
Austin-Round Rock, TX	26	3.4%	81,369
San Antonio-New Braunfels, TX	24	2.4%	64,282
North Port-Sarasota-Bradenton, FL	62	7.2%	62,836
Houston-The Woodlands-Sugar Land, TX	5	0.8%	61,363
Charlotte-Concord-Gastonia, NC-SC	23	2.1%	57,141
Cape Coral-Fort Myers, FL	71	7.0%	56,614
Lakeland-Winter Haven, FL	75	7.3%	56,251
Jacksonville, FL	38	3.3%	55,549
Atlanta-Sandy Springs-Roswell, GA	8	0.8%	50,894
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	104	9.4%	48,626
Raleigh, NC	41	3.1%	45,891
Orlando-Kissimmee-Sanford, FL	22	1.6%	44,075

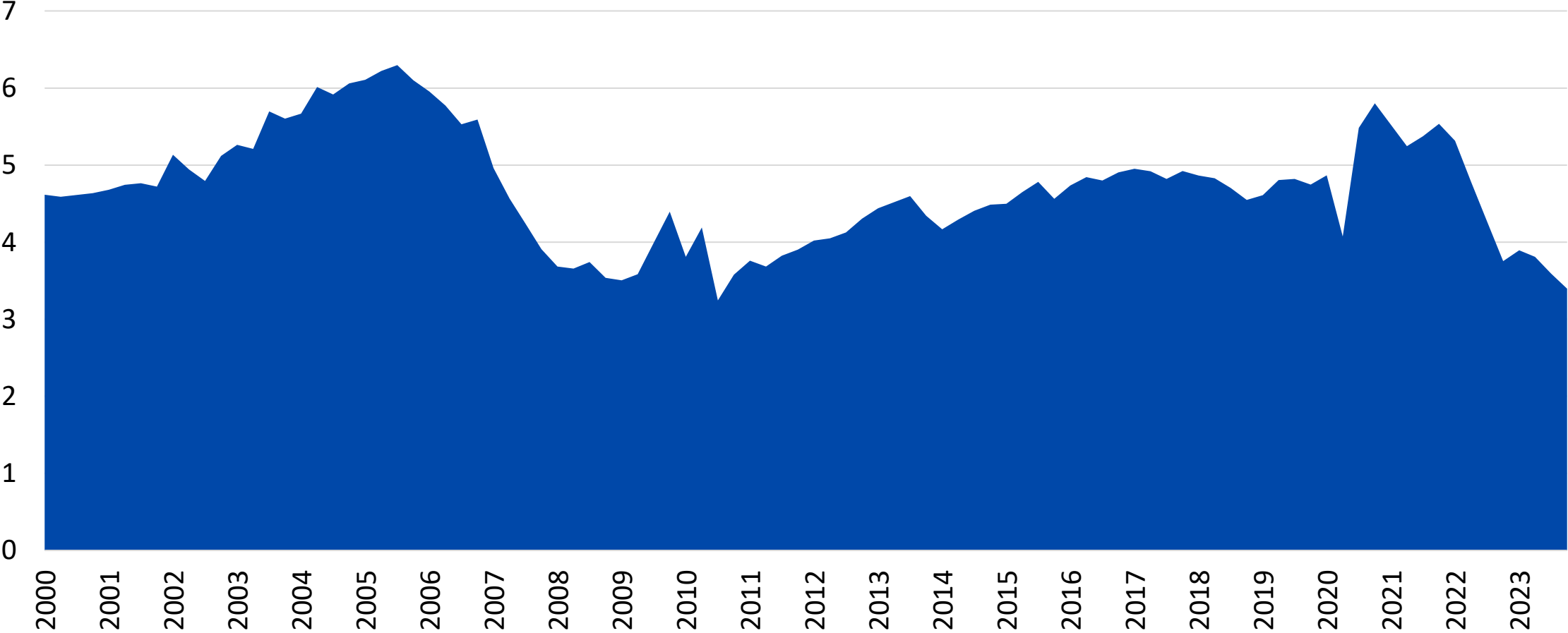
Florida Markets Have Also Had the Most % Growth in Migration 2020-2022

Top Markets for % Domestic Migration 2020-2022

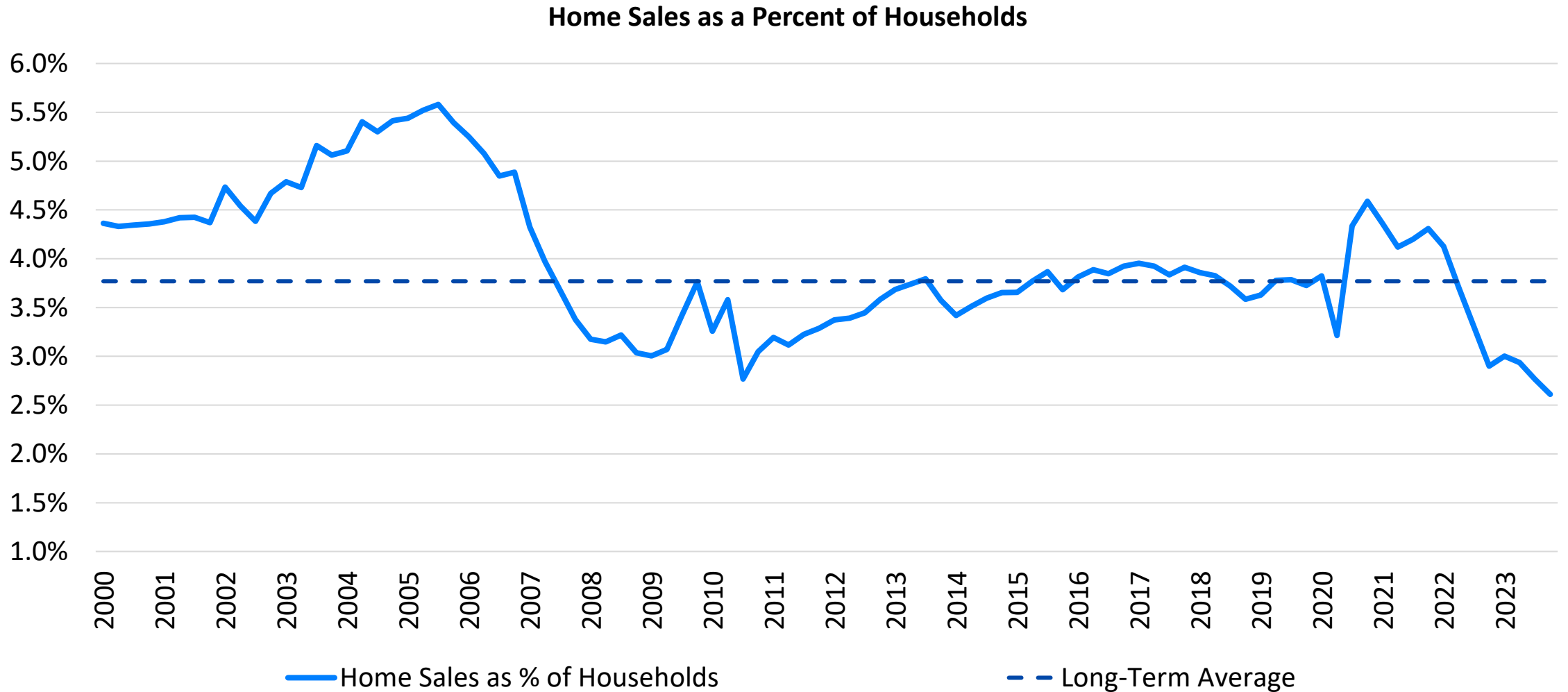
Metro	Population Rank	# Domestic Migration	Domestic Migration as % of Population
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	104	48,626	9.4%
Lakeland-Winter Haven, FL	75	56,251	7.3%
North Port-Sarasota-Bradenton, FL	62	62,836	7.2%
Cape Coral-Fort Myers, FL	71	56,614	7.0%
Port St. Lucie, FL	108	19,698	6.6%
Ocala, FL	137	13,951	6.2%
Deltona-Daytona Beach-Ormond Beach, FL	82	20,629	6.1%
Daphne-Fairhope-Foley, AL	190	10,889	5.8%
Prescott Valley-Prescott, AZ	191	10,024	5.5%
Salisbury, MD-DE	121	13,752	5.0%
Naples-Immokalee-Marco Island, FL	135	12,582	5.0%
Hilton Head Island-Bluffton-Beaufort, SC	199	8,954	4.8%
Wilmington, NC	165	10,921	4.7%
Boise City, ID	73	19,779	4.6%
Palm Bay-Melbourne-Titusville, FL	92	14,338	4.5%

Existing Home Sales Have Fallen to 2011 Levels, Down 10% Year-Over-Year and 42% Since Peaking Q4 2020

Existing Single-Family Home Sales (Millions, Seasonally-Adjusted Annual Rate)



Home Sales as a Percent of Households is Down to GFC Levels, 116 Basis Points Below Long-Term Average

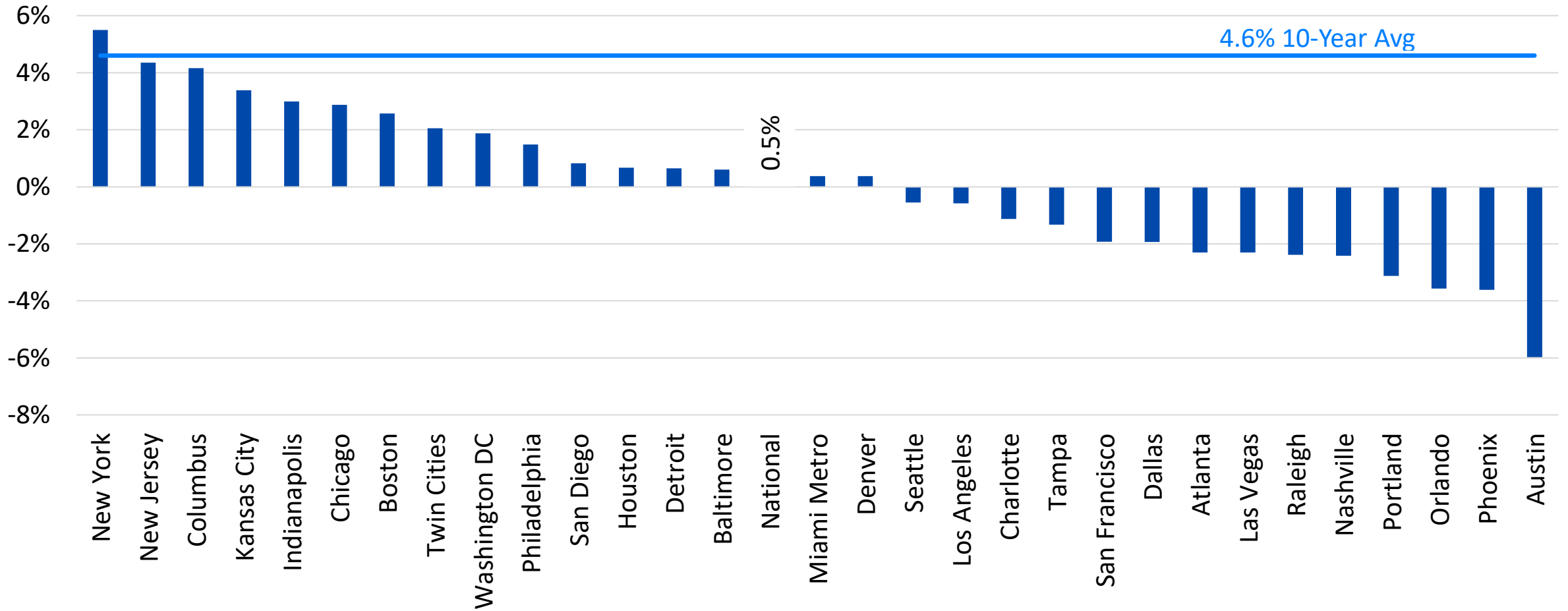


Home Sales as Percent of Households Highest in Smaller Markets in Southeast, Mountain West and Midwest

Metro	Home Sales as a % of Households
Boise City, ID	5.7%
Provo-Orem, UT	5.0%
Rockford, IL	5.0%
Crestview-Fort Walton Beach-Destin, FL	4.9%
Fayetteville-Springdale-Rogers, AR-MO	4.7%
Little Rock-North Little Rock-Conway, AR	4.7%
Killeen-Temple, TX	4.7%
Naples-Immokalee-Marco Island, FL	4.6%
Salt Lake City, UT	4.6%
Lexington-Fayette, KY	4.4%
Fort Worth-Arlington, TX	4.4%
St. Louis, MO-IL	4.4%
Fort Wayne, IN	4.4%
Duluth, MN-WI	4.3%
Indianapolis-Carmel-Anderson, IN	4.3%

Multifamily Rent Growth Has Been Softening in Most Matrix Top Markets

Year-Over-Year Rent Growth - All Asset Classes



Southeastern Markets Largely Had The Most Multifamily Absorption As A Percentage of Current Stock

Market	2023 Completions	Completions as % Stock	Absorption % Current Stock
Nashville	7,763	4.3%	3.8%
Miami Metro	16,252	4.6%	3.7%
Charlotte	10,618	5.0%	3.5%
Twin Cities	7,899	3.2%	3.3%
Raleigh	8,054	4.5%	3.2%
Austin	14,372	5.0%	3.2%
N. New Jersey	7,915	3.0%	3.0%
Tampa	8,768	3.6%	3.0%
Orlando	11,960	4.6%	3.0%
Denver	9,525	3.0%	3.0%
Seattle	7,788	2.6%	3.0%
San Francisco	8,289	2.8%	2.7%
Phoenix	13,159	3.8%	2.7%
Washington DC	13,907	2.4%	2.4%
Boston	5,405	2.0%	2.0%

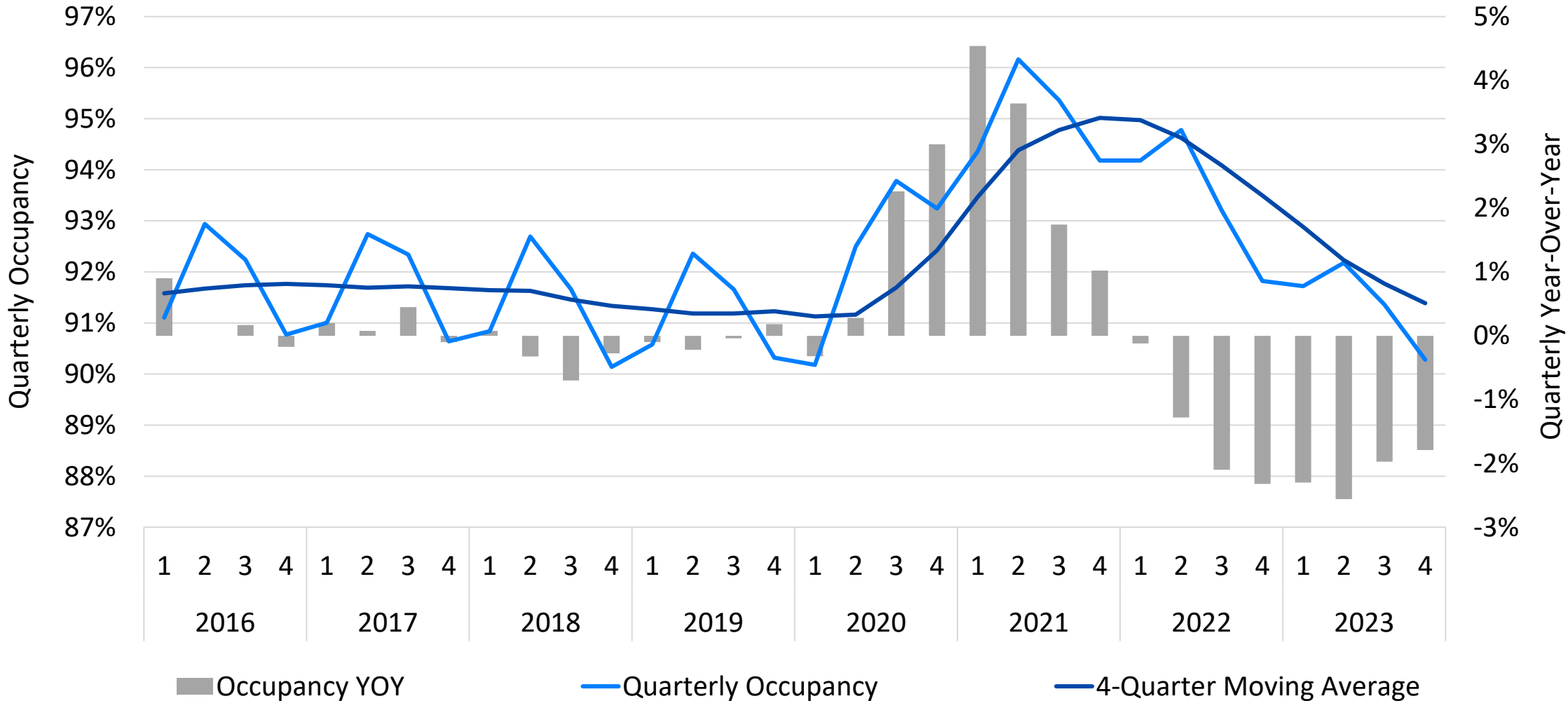
Market	2023 Completions	Completions as % Stock	Absorption % Current Stock
Columbus	6,093	3.2%	2.0%
Los Angeles	11,716	2.5%	1.9%
Kansas City	4,028	2.4%	1.8%
Chicago	7,774	2.0%	1.8%
Houston	15,719	2.2%	1.8%
Portland	4,415	2.5%	1.6%
Atlanta	18,102	3.5%	1.5%
Dallas	20,975	2.4%	1.4%
Philadelphia	6,096	1.7%	1.2%
New York City	6,425	1.1%	1.1%
San Diego	3,007	1.5%	0.9%
Baltimore	3,058	1.3%	0.6%
Indianapolis	3,146	1.8%	0.4%
Detroit	2,005	0.9%	0.3%
Las Vegas	2,342	1.3%	0.3%



SELF STORAGE REITS Q4 RESULTS

REIT Occupancy Is Down to Pre-COVID Levels But Occupancy Declines are Moderating

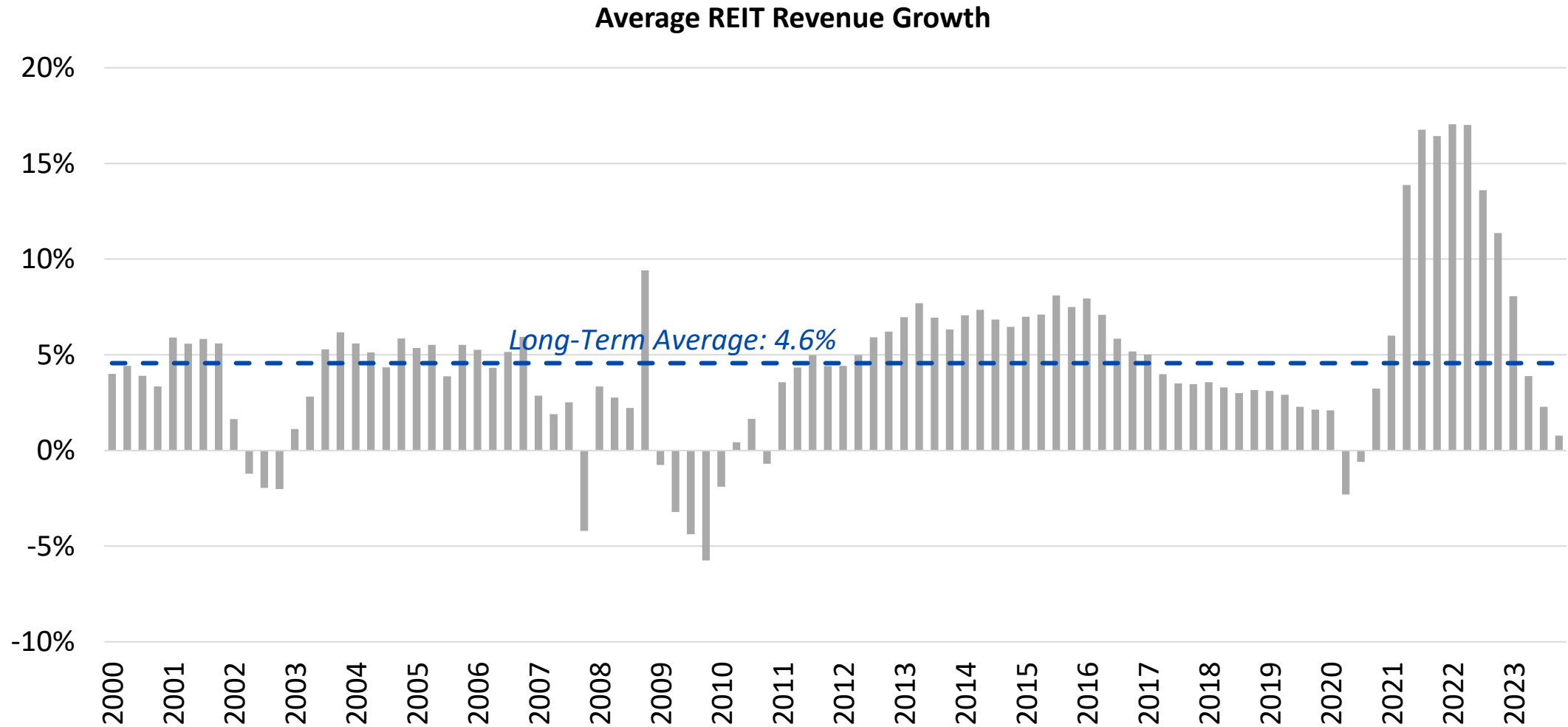
REIT Quarter End Occupancy Indexed to Q4 2023



Source: Yardi Matrix; Quarterly Financial Supplemental and Form 10-Q/10-K, 2018 to 2024, from storage REITs including: CubeSmart, Extra Space Storage, National Storage Affiliates, Public Storage

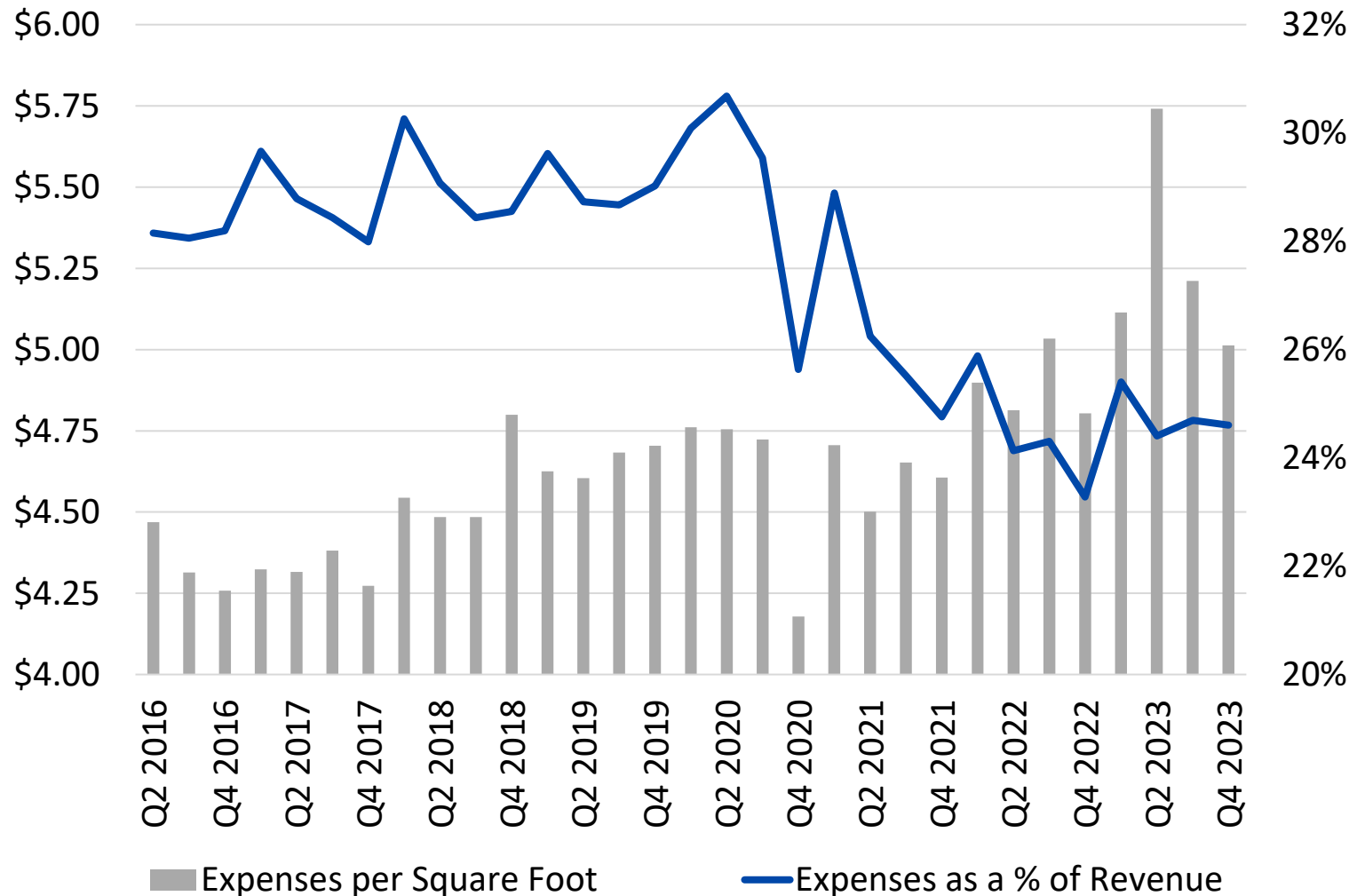


REIT Revenue Growth Could Turn Negative in 2024 But Same Store Revenues Are Up 37% Since Q2 2020



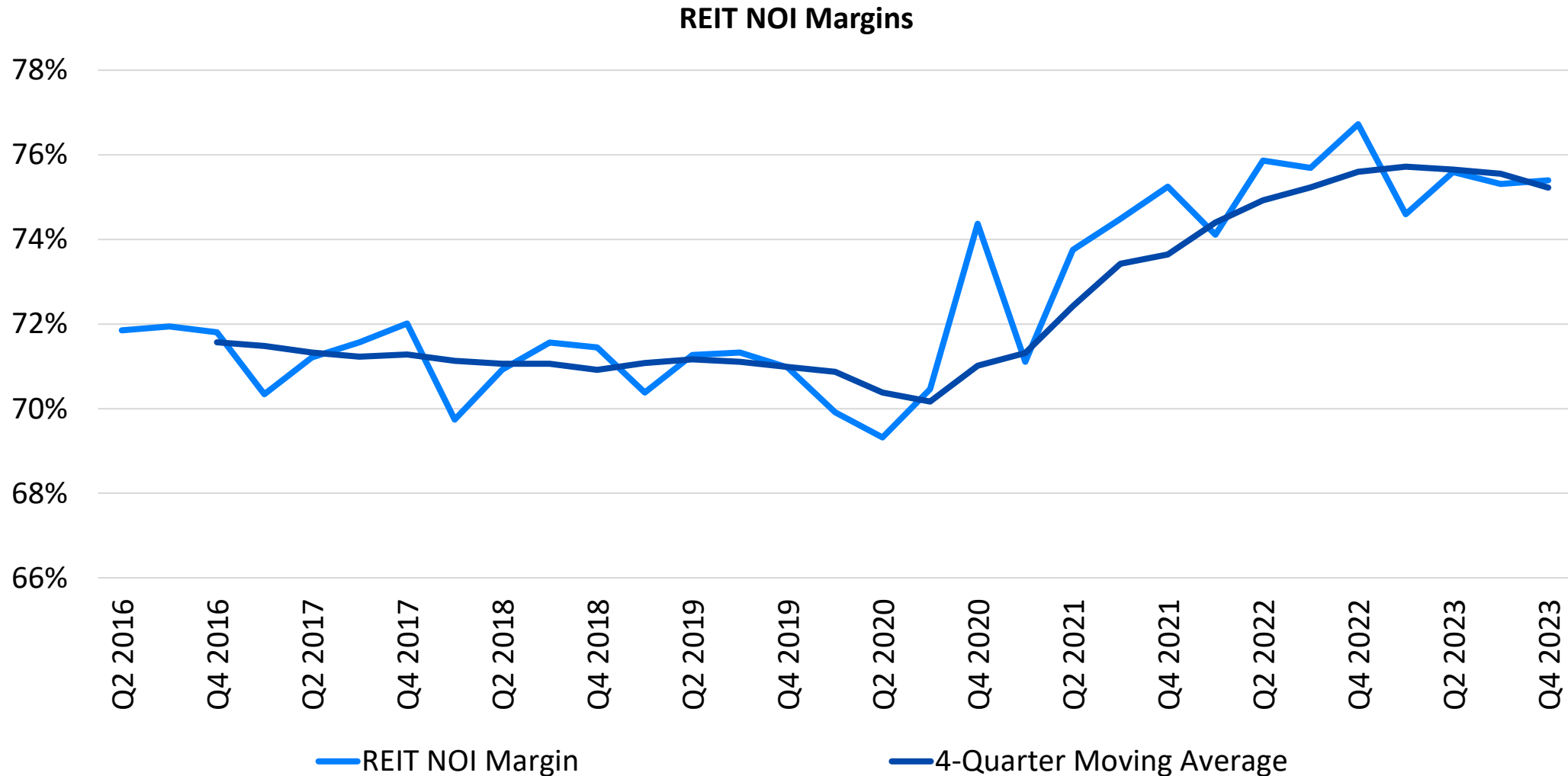
Expenses per Square Foot Dropped Quarter-over-Quarter, But Remain High

Self Storage REIT Expense Trends



- Upward pressure on property taxes and insurance have caused expenses to rise, weighing on operational expense ratios
- However, healthy revenue growth has help offset the increase in expenses
- Operators will rely on technology even more to reduce costs and maximize income

REIT NOI Margins Have Been Increasing Since 2020, But Growth Slowing



Source: Yardi Matrix; Quarterly Financial Supplemental and Form 10-Q/10-K, 2018 to 2024, from storage REITs including: CubeSmart, Extra Space Storage, National Storage Affiliates, Public Storage

NOI Margins are the Highest in Place with Highest Rents and Lowest Impact from Property Taxes

Top 12 Markets – REIT NOI Margins

Market	Q4 2023 4Q Moving Average	YoY Change in NOI Margin
Los Angeles, CA	82.3%	-2.1%
San Francisco, CA	81.1%	-0.5%
Space Coast, FL	80.1%	-3.3%
Seattle, WA	79.3%	-2.3%
Las Vegas, NV	78.9%	-2.3%
Cincinnati, OH	78.7%	-1.9%
Richmond, VA	78.7%	N/A
Nashville, TN	78.7%	0.7%
Riverside, CA	77.5%	-2.4%
Charlotte, NC	77.5%	-2.8%
Phoenix, AZ	77.4%	-2.9%
Norfolk, VA	77.1%	-4.1%

Bottom 12 Markets – REIT NOI Margins

Market	Q4 2023 4Q Moving Average	YoY Change in NOI Margin
Beaumont, TX	60.4%	-11.7%
Chicago, IL	61.8%	9.6%
San Antonio, TX	64.0%	1.7%
Denver, CO	64.6%	-3.9%
Montgomery, AL	66.4%	-4.1%
Columbus, OH	66.4%	-0.7%
Wichita, KS	67.4%	N/A
St. Louis, MO	68.5%	-1.7%
Austin, TX	68.8%	-4.6%
Houston, TX	69.3%	3.6%
Shreveport, LA	69.4%	N/A
Cleveland, OH	70.3%	-9.1%

Weighted Average Occupancies for Self Storage REITs Fell in Nearly all Metros Year-Over-Year in Q4 2023

MSA	Q4 2022	Q4 2023	YoY Change in Occupancy
Raleigh-Durham, NC	94.5%	94.9%	0.4%
San Francisco, CA	94.0%	94.4%	0.3%
Washington DC	92.7%	92.9%	0.2%
Sacramento, CA	91.4%	91.6%	0.2%
Boston, MA	92.9%	92.9%	0.0%
Chicago, IL	92.6%	92.5%	-0.1%
Seattle-Tacoma, WA	92.6%	92.4%	-0.2%
Denver, CO	93.3%	92.8%	-0.5%
Philadelphia, PA	92.3%	91.4%	-0.8%
New York/New Jersey	93.6%	92.8%	-0.9%
St. Louis, MO	92.2%	91.3%	-0.9%
Las Vegas, NV	92.2%	91.3%	-0.9%
Charleston, SC	94.2%	93.1%	-1.1%
Miami, FL	94.5%	93.3%	-1.2%

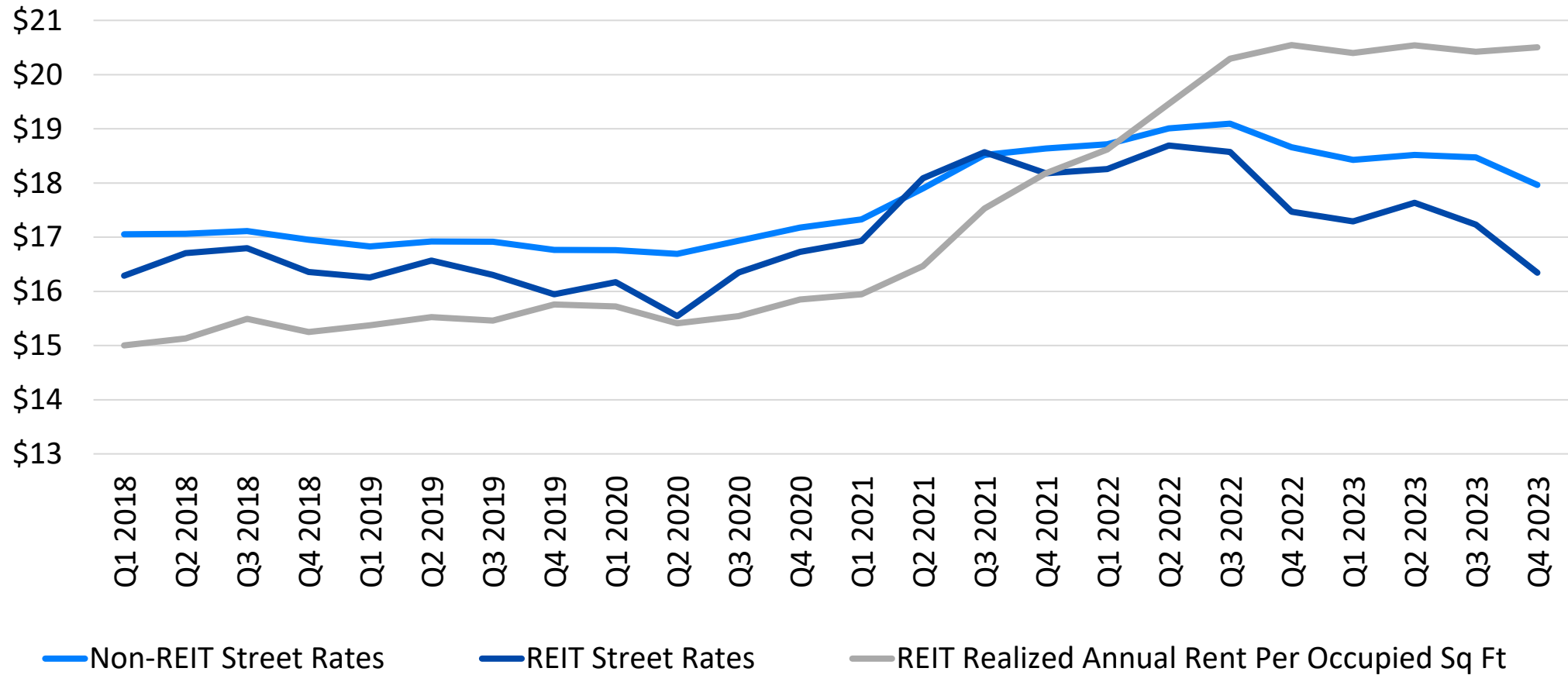
MSA	Q4 2022	Q4 2023	YoY Change in Occupancy
Houston, TX	92.7%	91.4%	-1.3%
Charlotte, NC	93.3%	92.0%	-1.3%
Los Angeles, CA	95.6%	94.0%	-1.6%
Portland, OR	88.5%	86.8%	-1.7%
Columbus, OH	92.6%	90.8%	-1.8%
Atlanta, GA	92.0%	89.8%	-2.2%
Dallas-Ft. Worth, TX	93.9%	91.6%	-2.3%
Austin, TX	92.0%	89.4%	-2.5%
San Antonio, TX	90.3%	86.7%	-3.6%
Phoenix, AZ	92.3%	88.7%	-3.6%
Tampa, FL	93.7%	90.0%	-3.7%
Orlando, FL	94.8%	91.1%	-3.7%
Nashville, TN	92.2%	88.2%	-4.0%
San Diego, CA	95.7%	91.1%	-4.6%

Source: Yardi Matrix; Quarterly Financial Supplemental and Form 10-Q/10-K, 2018 to 2024, from storage REITs including: CubeSmart, Extra Space Storage, National Storage Affiliates, Public Storage



REIT Street Rates Have Been Below Non-REIT Street Rates Having a Noticeable Impact on Realized Rates Recently

REIT Average Realized Annual Rents PSF versus Yardi Matrix Street Rates

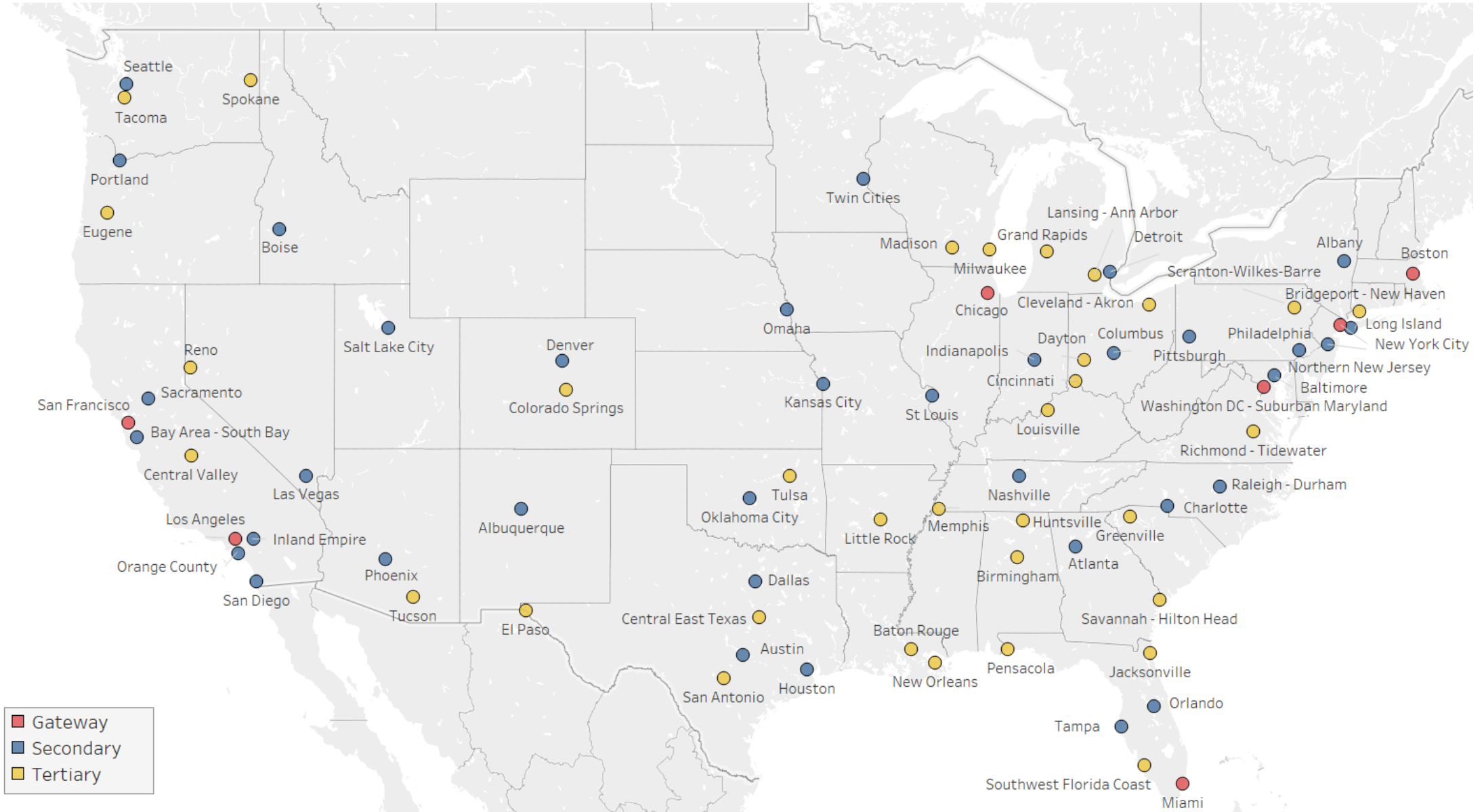


Matrix street rates = annualized average street rate per sq. ft. for stabilized properties at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units| Source: Yardi Matrix; Quarterly Financial Supplemental and Form 10-Q/10-K, 2018 to 2024, from storage REITs including: CubeSmart, Extra Space Storage, National Storage Affiliates, Public Storage



DEEP DIVE INTO STORAGE STREET RATES

Yardi Matrix Storage Market Classifications



New Yardi Matrix Storage Markets Added in the Past Year

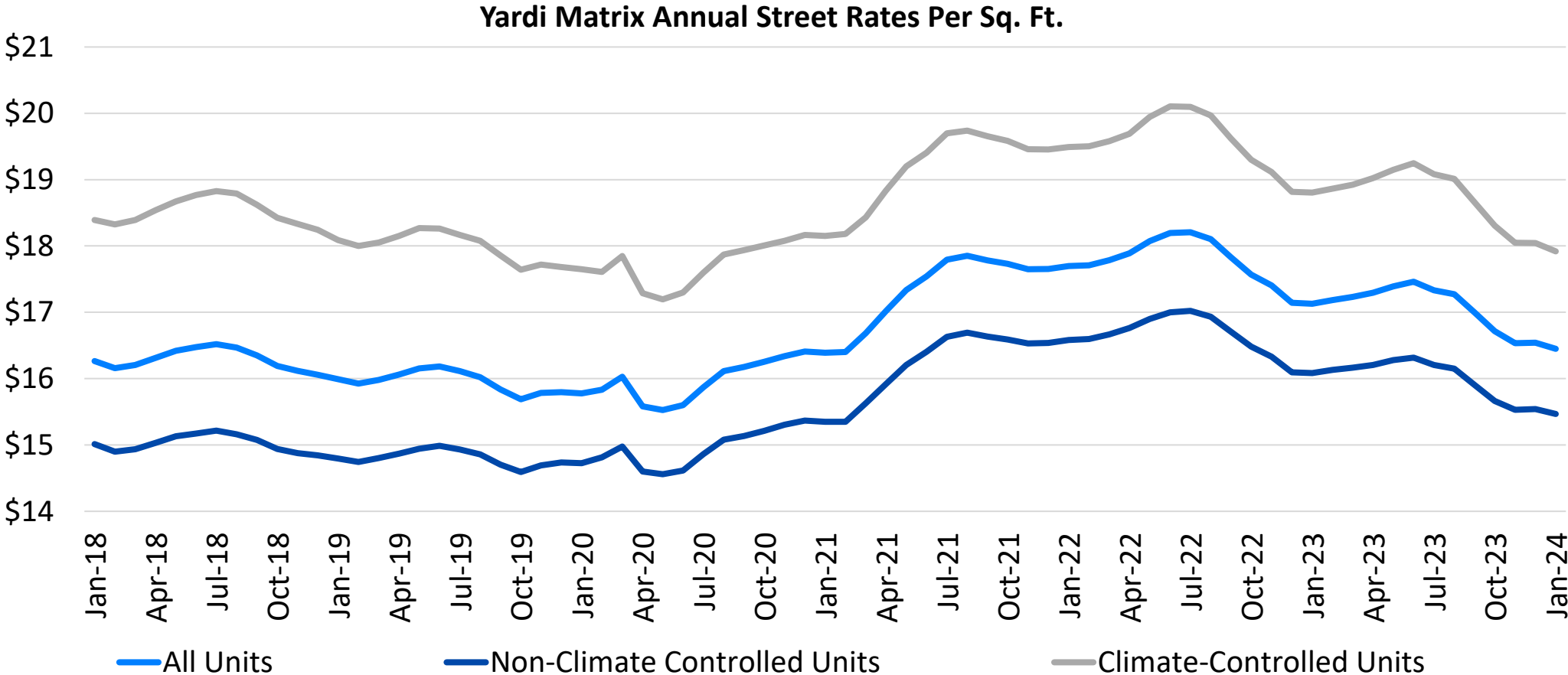
Market	Type	Date Added	Existing Properties	Under Construction	Planned	Prospective
Fayetteville (AR)	New Market	Mar-23	135	3	6	3
South Dakota	New Market	May-23	137	0	3	0
Lafayette - Lake Charles	New Market	Jun-23	150	4	4	2
Athens	New Market	Jul-23	81	17	17	2
Asheville	New Market	Aug-23	79	2	1	3
Appalachian (VA) (Roanoke, Lynchburg, Others)	New Market	Oct-23	108	3	12	3
Gulfport – Biloxi	New Market	Nov-23	78	0	4	2
Clarksville	New Market	Nov-23	52	0	6	1
Montana (Entire State)	New Market	Dec-23	266	1	2	0
Rochester MN	New Market	Dec-23	45	1	1	0
Hickory	New Market	Dec-23	50	1	1	0
Suburban Philadelphia (Atlantic City, Cape May, Dover)	Expansion	Jan-24	85	3	14	3
Wyoming (Entire State)	New Market	Jan-24	132	2	6	2
Jacksonville – Greenville NC (New Bern, Rocky Mount)	New Market	Feb-24	155	6	4	2
Columbia MO (Jefferson City)	New Market	Feb-24	34	0	4	1



New Markets on the Roadmap for 2024

Market	Type	Target Date Added
Springfield – Joplin (MO)	New Market	Mar-24
Harrisburg (Lancaster, State College, others)	Expansion	Mar-24
Rockford (IL)	New Market	Mar-24
Raleigh – Durham	Expansion	Mar-24
Dallas - North (Sherman – Denison)	Expansion	TBD
Houston - East (Huntsville)	Expansion	TBD
Seattle (Bellingham)	Expansion	TBD
Orlando (The Villages)	Expansion	TBD
Houston – West (Austin, Waller Counties)	Expansion	TBD
Salisbury	New Market	TBD
Peoria – Springfield	New Market	TBD
Beaumont – Port Arthur	New Market	TBD
Montgomery	New Market	TBD
Shreveport – Texarkana	New Market	TBD
Davenport – Cedar Rapids	New Market	TBD

Annualized Street Rates Peaked in 2022, But Have Continued to Moderate



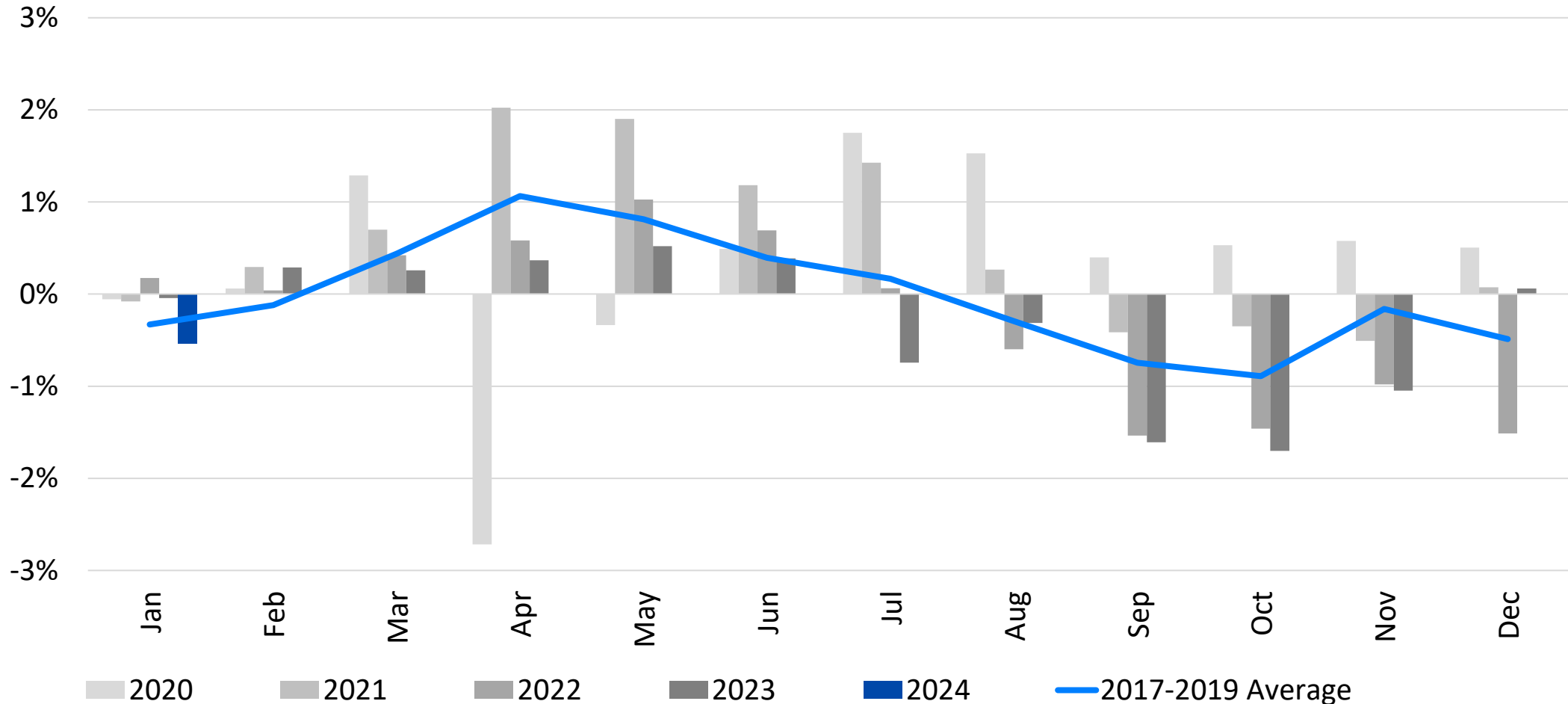
	All Units	Non-Climate Controlled	Climate-Controlled
Annualized Street Rates Per Sq Ft: Jan'24	\$16.45	\$15.47	\$17.92
Same-Store Year-Over-Year: Jan '23 – Jan '24	-3.2%	-3.1%	-3.4%
Same-Store Pre-Pandemic to Current: Feb '20 – Jan '24	5.6%	5.9%	5.2%



Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix

Month-Over-Month Street Rate Growth Decreased in January After Minor Growth in December

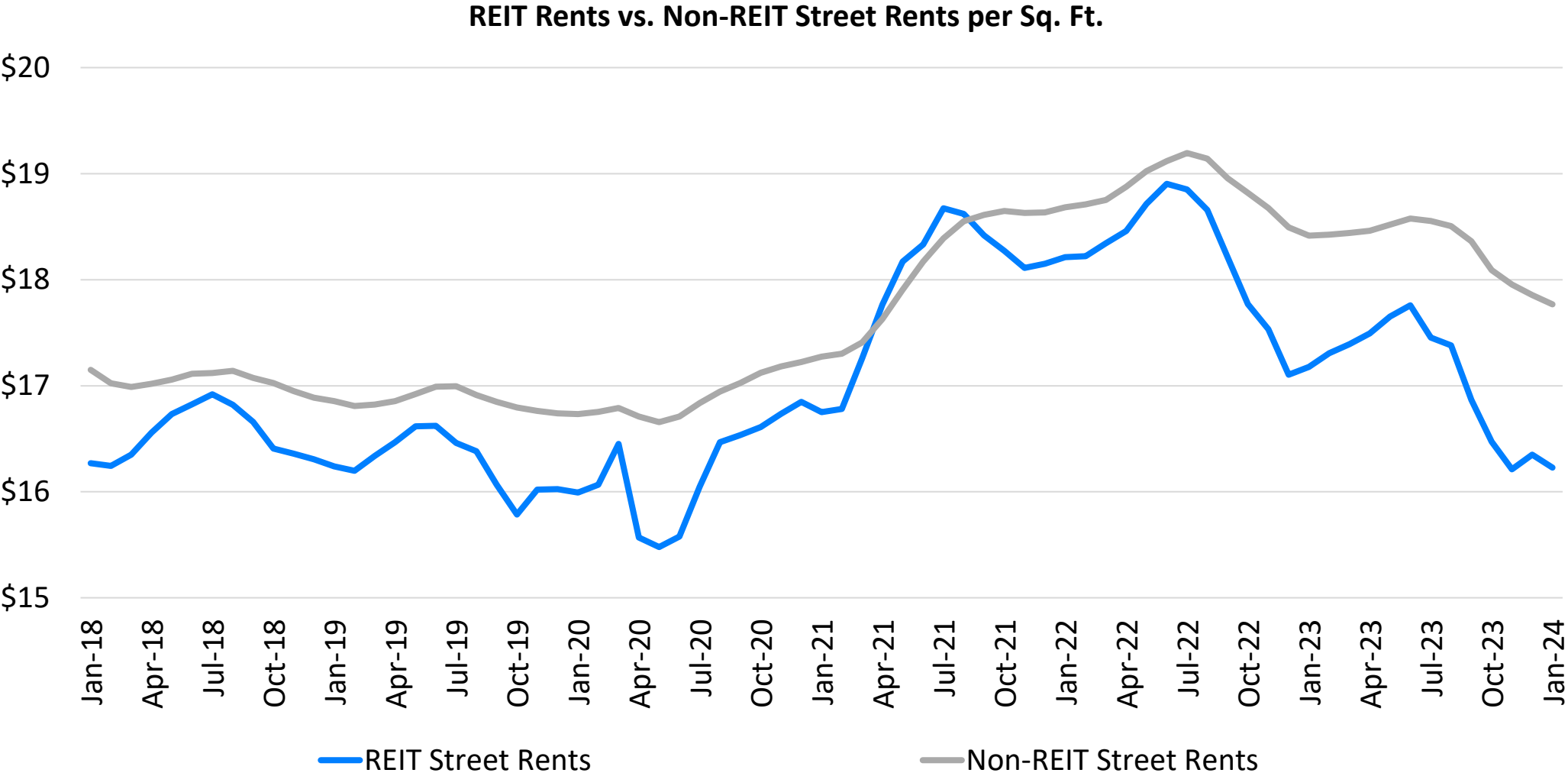
Self Storage Street Rate Growth Month-Over-Month



Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



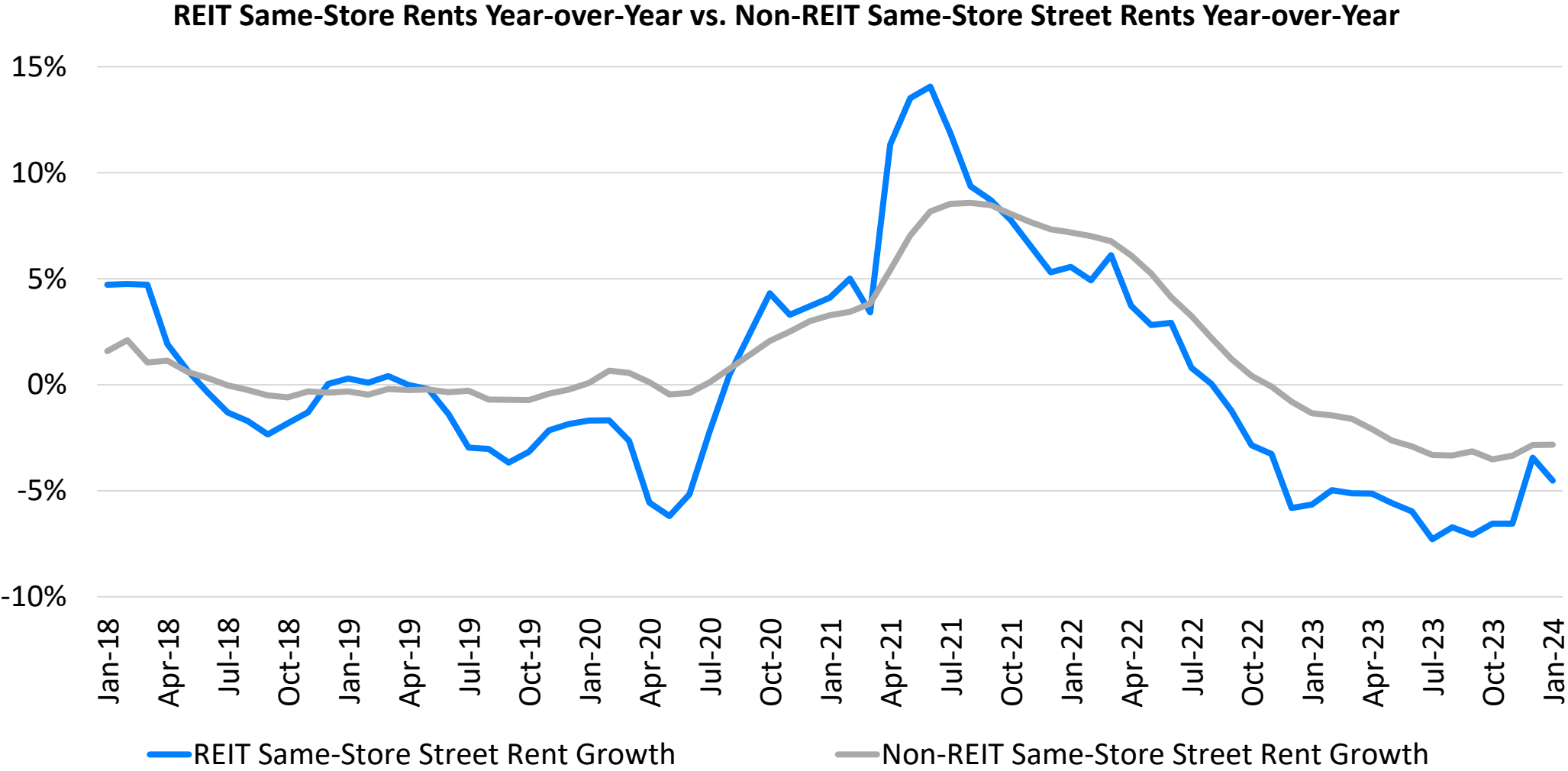
Annual Rents Per Square Foot for All REITs Are Below Those of The Market



Market rents include all properties in those markets not operated by REITs. Rent growth = annualized average street rate per sq. ft. for properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



Same-Store Year-Over-Year Rent Growth for All REITs Combined Is More Noticeably Below Those of the Market Over the Past Year

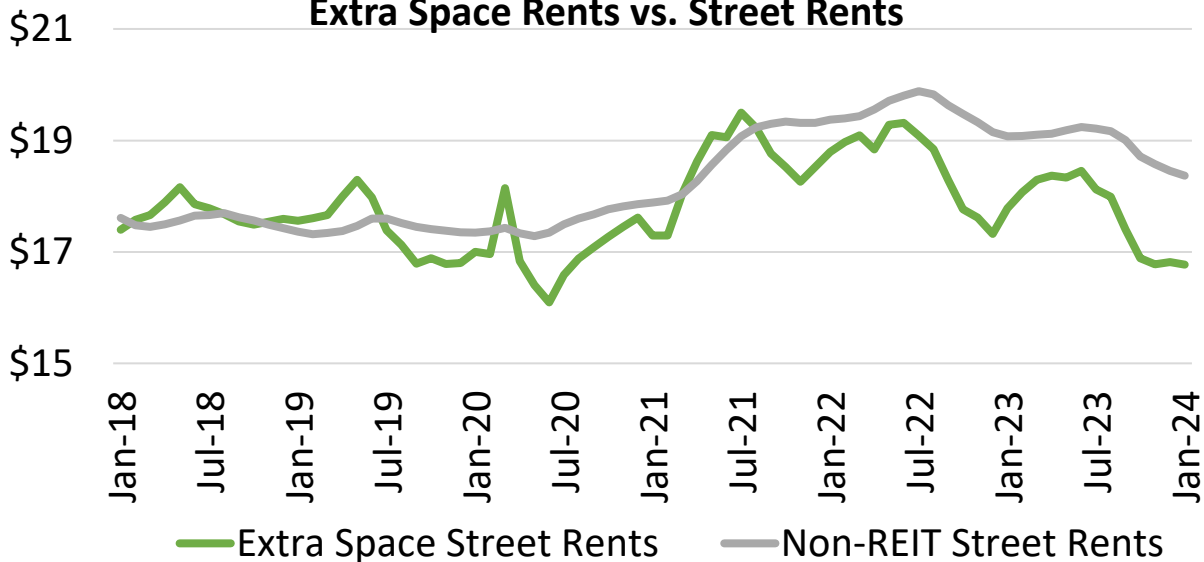


Market rents include all properties in those markets not operated by REITs. Rent growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix

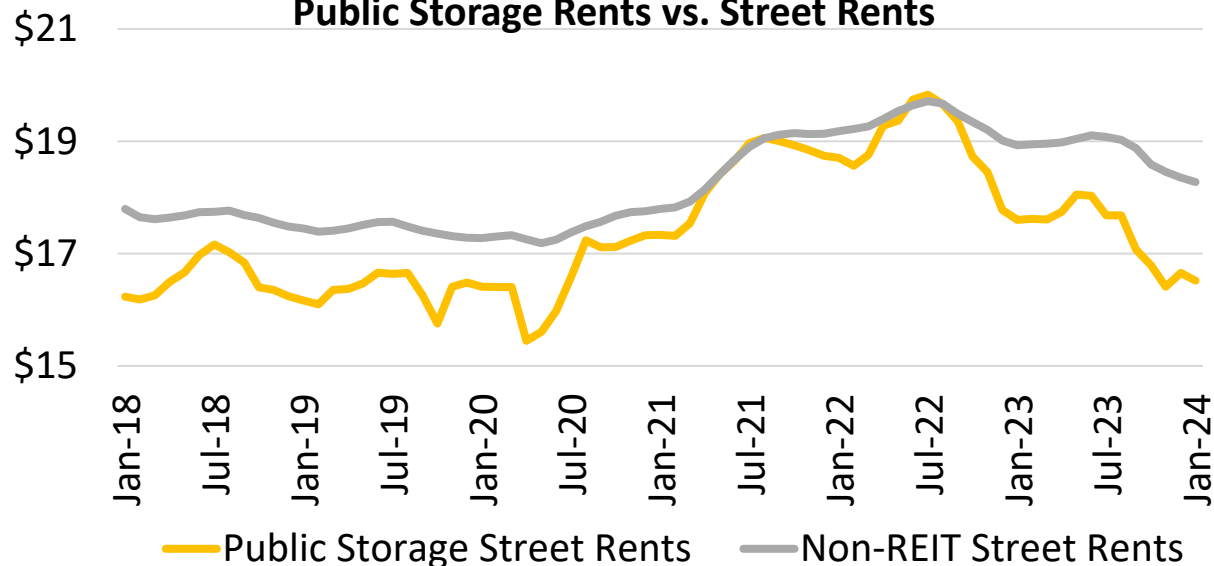


Individual REIT Annual Rents Per Square Foot Are Below Those of The Market

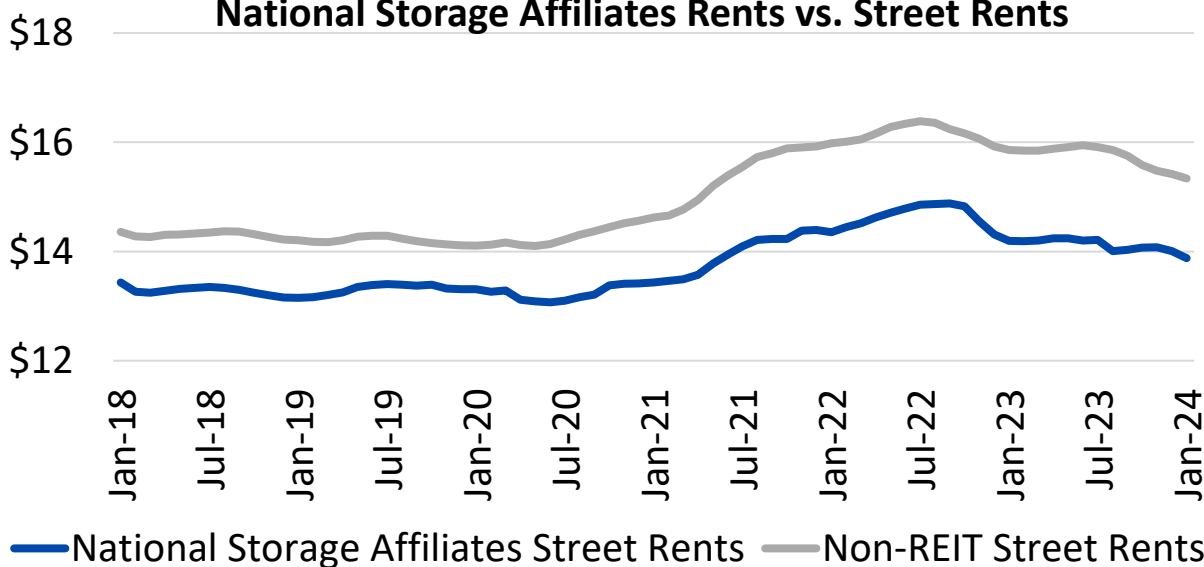
Extra Space Rents vs. Street Rents



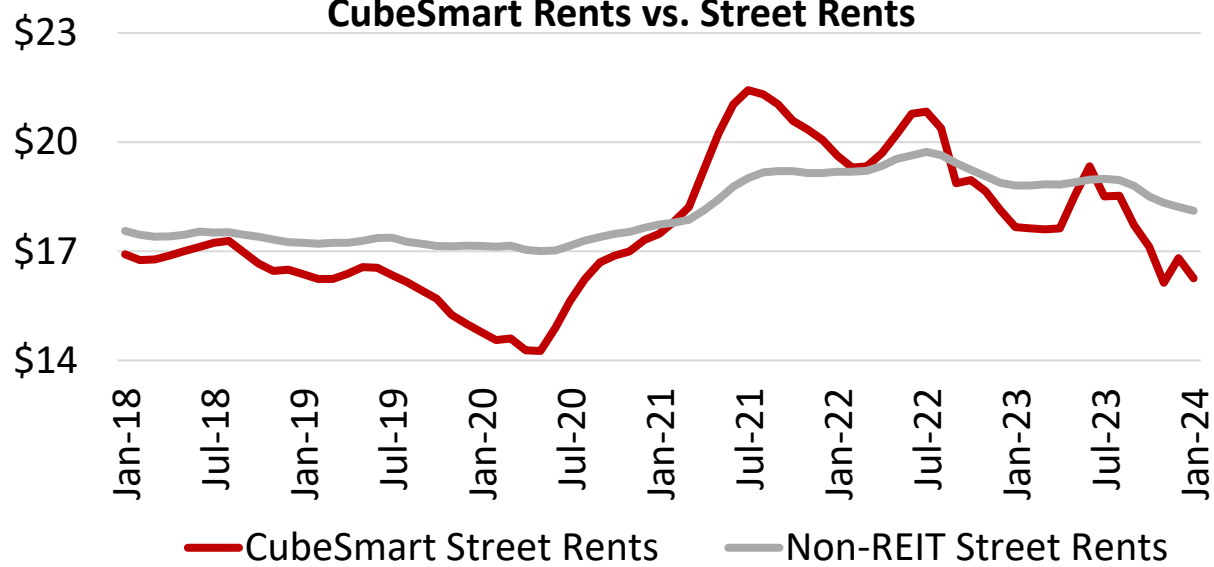
Public Storage Rents vs. Street Rents



National Storage Affiliates Rents vs. Street Rents



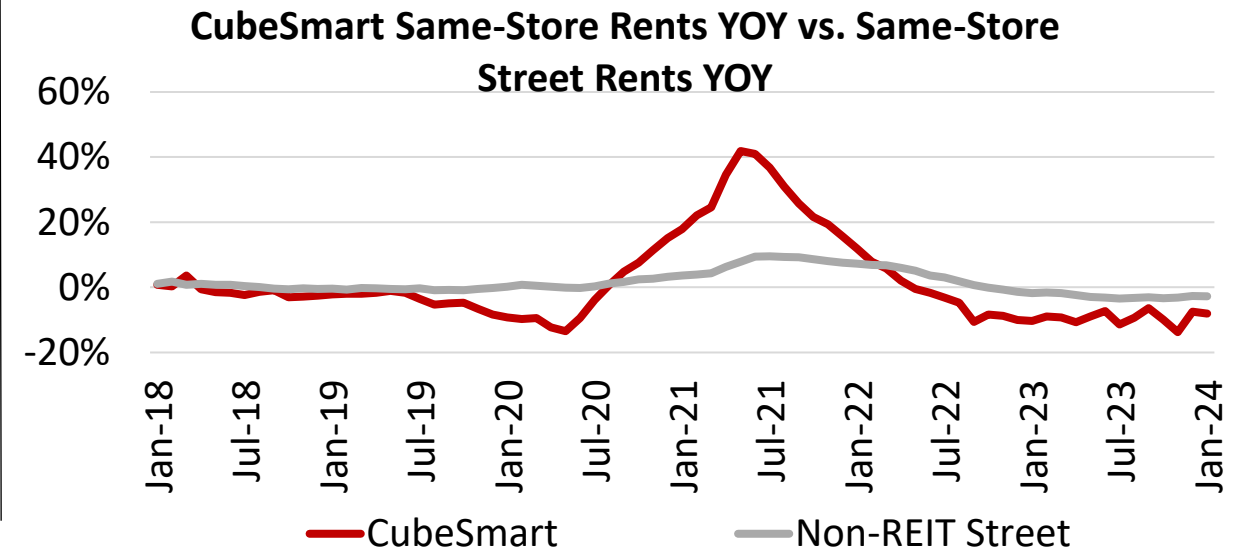
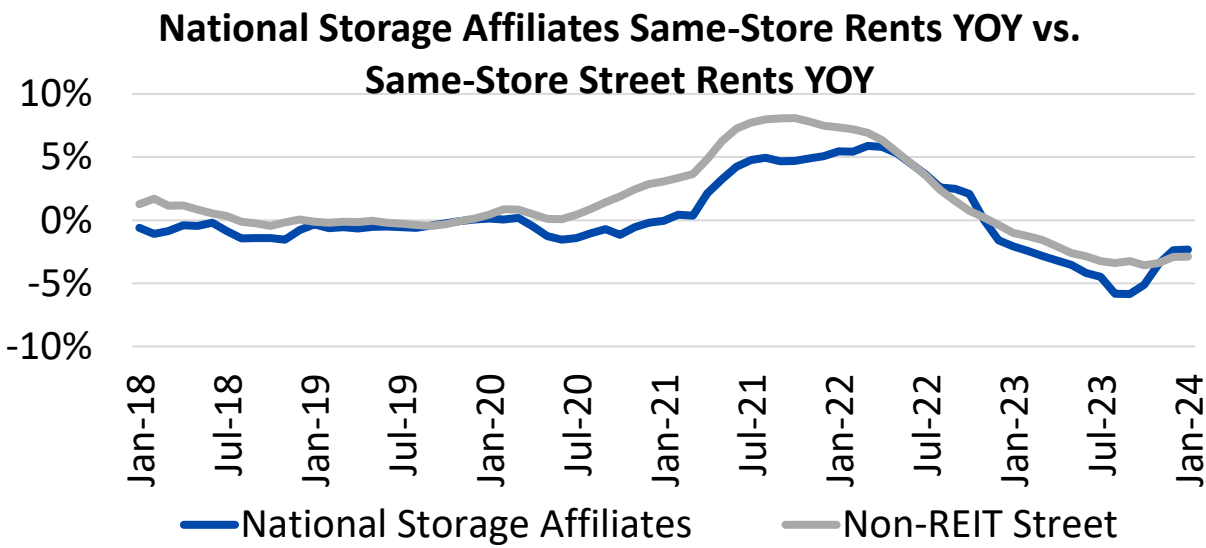
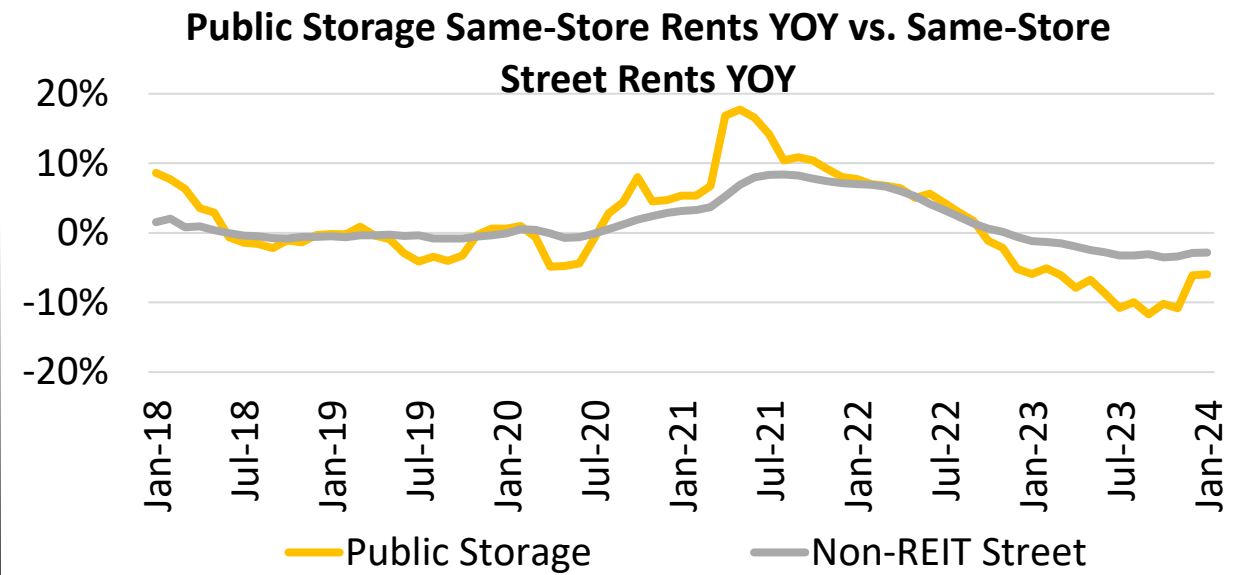
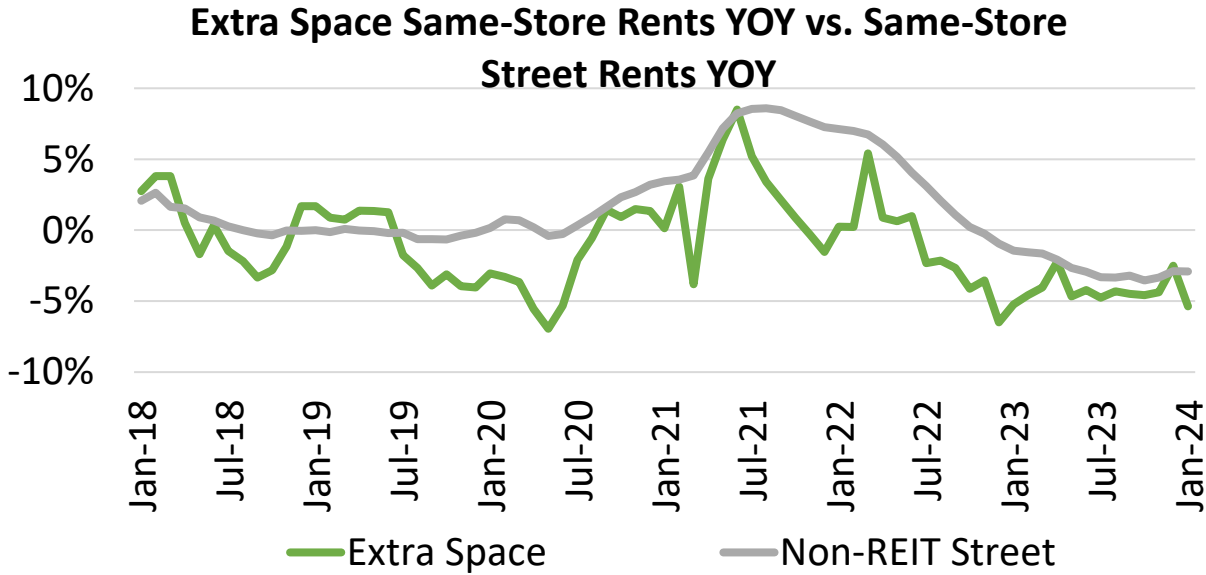
CubeSmart Rents vs. Street Rents



Market rents include all properties in those markets not operated by REITs. Rent growth = annualized average street rate per sq. ft. for properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units. Extra Space rents exclude Life Storage rents | Source: Yardi Matrix



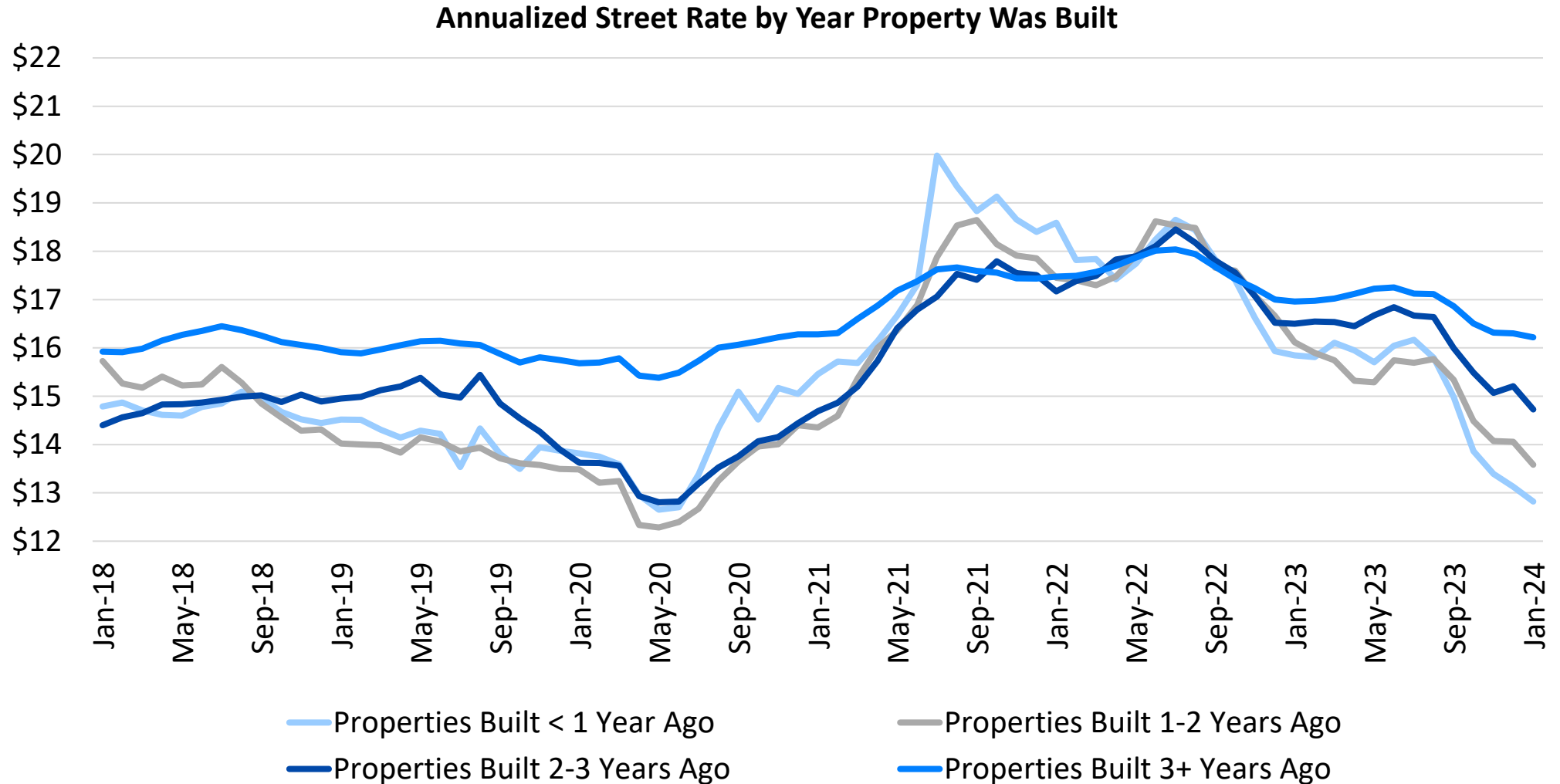
Individual REIT Same-Store Rents YoY Are At or Below Those of The Market



Market rents include all properties in those markets not operated by REITs. Rent growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units. Extra Space rents exclude Life Storage rents | Source: Yardi Matrix



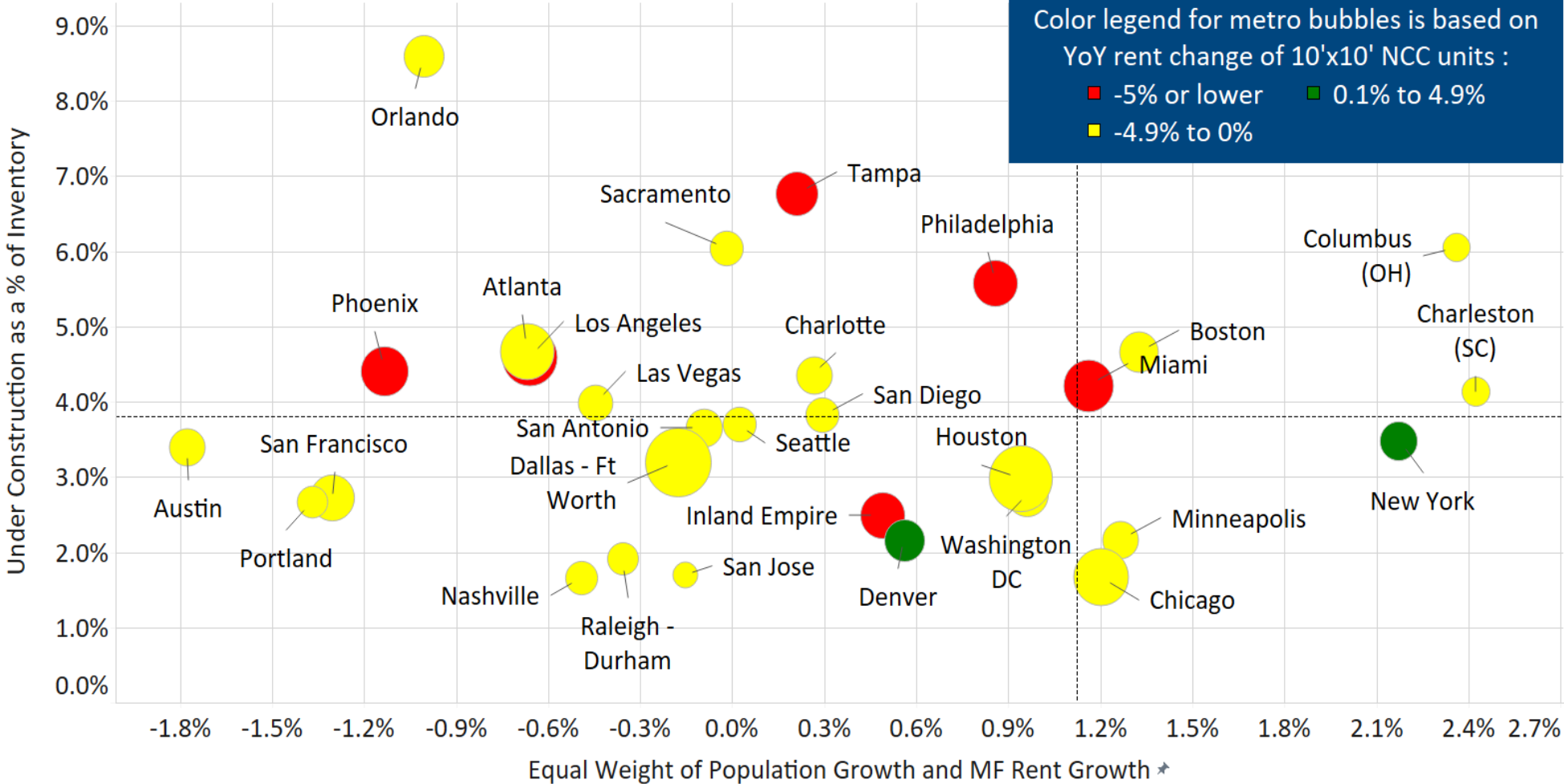
Stabilized Properties Built 3+ Years Ago Have Been Charging Higher Rates Since November 2022



Street Rates Haven't Remained More Resilient in Major Markets with Strong Multifamily Fundamentals, a Trend Seen in Recent Years

2024 Snapshot: January 2024 Supply and Rent Growth

New Supply Pipeline (Y-axis) and Equal Weighting of Population Growth and Multifamily Rent Growth (X-axis)
 (Bubble Size Represents Completed NRSF)



Major Markets in the Sunbelt Region are Facing the Most Downward Pressure on Street Rate Growth

Market	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Denver	-0.4%	0.1%
New York	-0.4%	-0.2%
Minneapolis	-0.5%	-1.0%
Sacramento	-0.1%	-1.2%
Columbus (OH)	-0.5%	-1.6%
Houston	-0.5%	-1.6%
Washington DC	-0.5%	-1.9%
Nashville	-0.7%	-2.3%
Portland	-0.4%	-2.3%
Las Vegas	-0.6%	-2.4%
San Antonio	-0.9%	-2.6%
Charleston (SC)	0.0%	-2.7%
Chicago	-0.9%	-3.0%
Boston	-0.4%	-3.1%
Seattle	-0.3%	-3.1%

Market	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Charlotte	-0.4%	-3.2%
Austin	-0.4%	-3.2%
San Diego	-0.2%	-3.2%
Raleigh - Durham	-0.5%	-3.5%
Dallas - Ft Worth	-0.5%	-3.6%
San Francisco	-0.2%	-3.7%
San Jose	-0.1%	-4.0%
Atlanta	-0.8%	-4.9%
Los Angeles	-0.1%	-4.9%
Orlando	-0.4%	-4.9%
Inland Empire	-0.6%	-5.3%
Tampa	-0.3%	-5.5%
Philadelphia	-0.6%	-6.2%
Miami	-0.3%	-6.3%
Phoenix	-1.0%	-7.0%

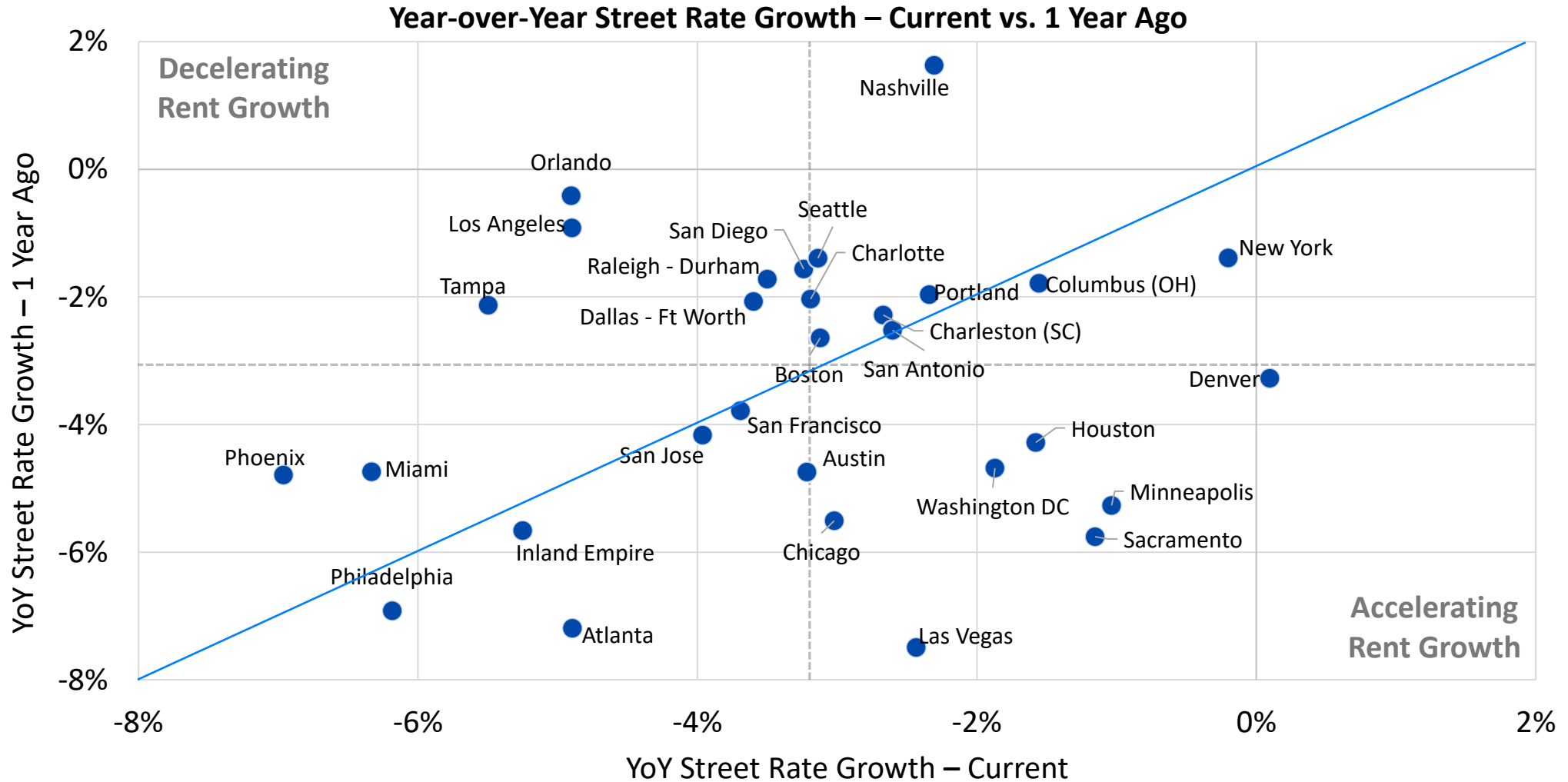
Pittsburgh omitted as rents are being reviewed. January 2024 rent data

Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes:

5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



Compared to Last Year, Declines in Annual Street Rates Have Accelerated in Half of the Major Metros and Decelerated in the Other Half



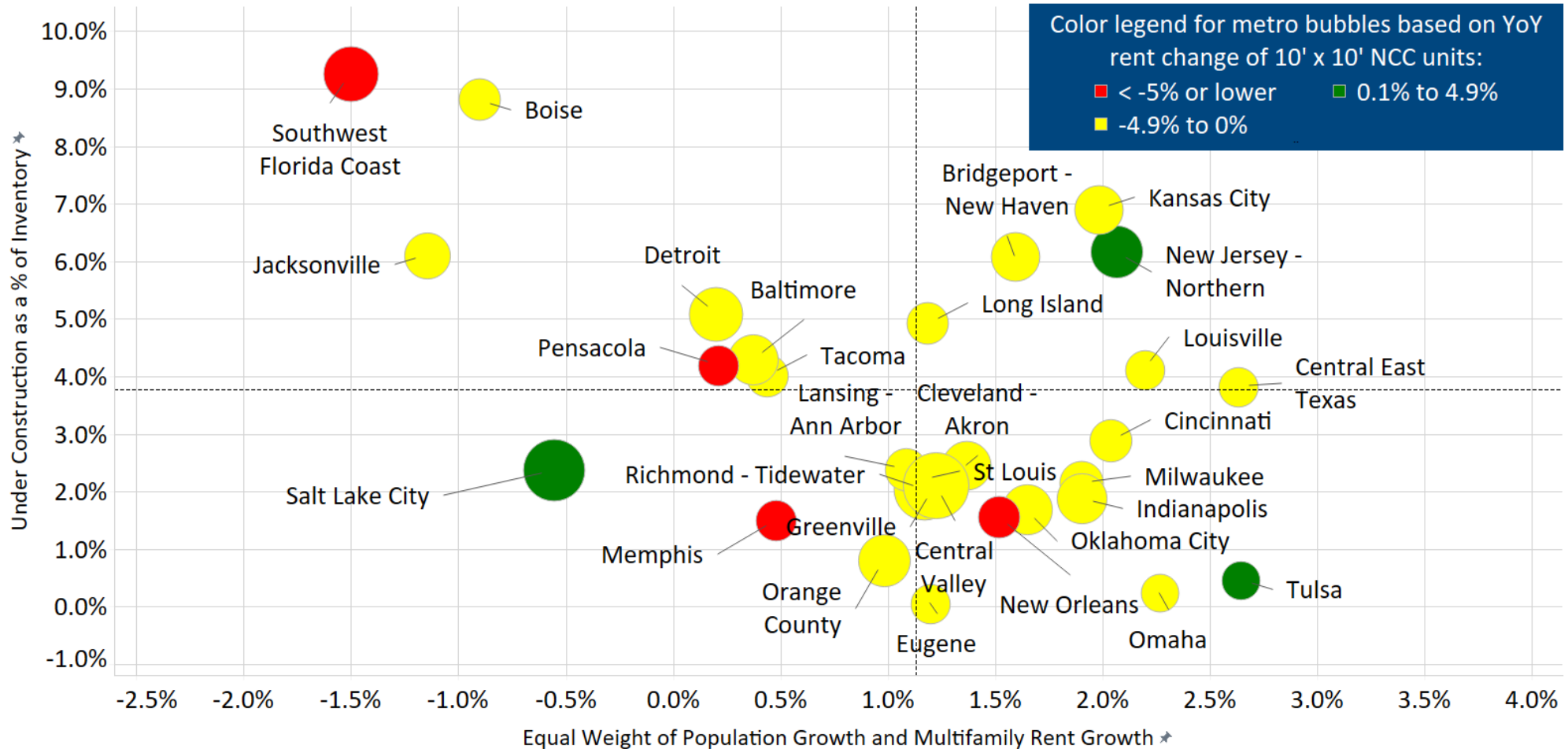
Gray dashed lines denote national. Pittsburgh omitted as rents are being reviewed. January 2024 rent data
 Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes:
 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



Street Rate Performance in Secondary and Tertiary Markets Have Also Not Been Tied to Multifamily Fundamentals

2024 Snapshot: January 2024 Supply and Rent Growth

New Supply Pipeline (Y-axis) and Equal Weighting of Population Growth and Multifamily Rent Growth (X-axis)
 (Bubble Size Represents Completed NRSF)



The Largest Secondary and Tertiary Markets are Seeing Similar Downward Trends in Street Rates as Major Markets

Market	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Omaha	-0.4%	0.8%
Greenville (SC)	0.4%	0.3%
Tulsa	-0.2%	-0.2%
Eugene	-0.4%	-0.8%
Salt Lake City	0.1%	-1.0%
Lansing	-0.8%	-1.2%
Boise	-0.2%	-1.8%
Oklahoma City	-0.1%	-1.8%
St Louis	-0.8%	-1.9%
Detroit	-0.6%	-2.0%
Central Valley	0.1%	-2.0%
N. New Jersey	-0.5%	-2.2%
Cincinnati	0.3%	-2.3%
Louisville (KY)	-0.4%	-2.3%
Bridgeport	-0.6%	-2.3%

Market	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Kansas City	-0.2%	-2.5%
Richmond	0.0%	-2.5%
Cleveland - Akron	-1.1%	-2.5%
Central East Texas	0.1%	-2.6%
Milwaukee	-0.6%	-2.6%
Baltimore	-0.5%	-2.8%
Jacksonville	-0.4%	-2.9%
Indianapolis	-0.2%	-3.0%
Pensacola	-0.4%	-3.0%
Long Island	-0.8%	-3.2%
Memphis	-0.6%	-4.3%
New Orleans	-0.1%	-4.3%
Tacoma	-0.6%	-4.9%
Orange County	-0.4%	-5.3%
SW Florida Coast	-1.4%	-9.6%

Top 30 Secondary and Tertiary markets based on total NRSF. January 2024 rent data

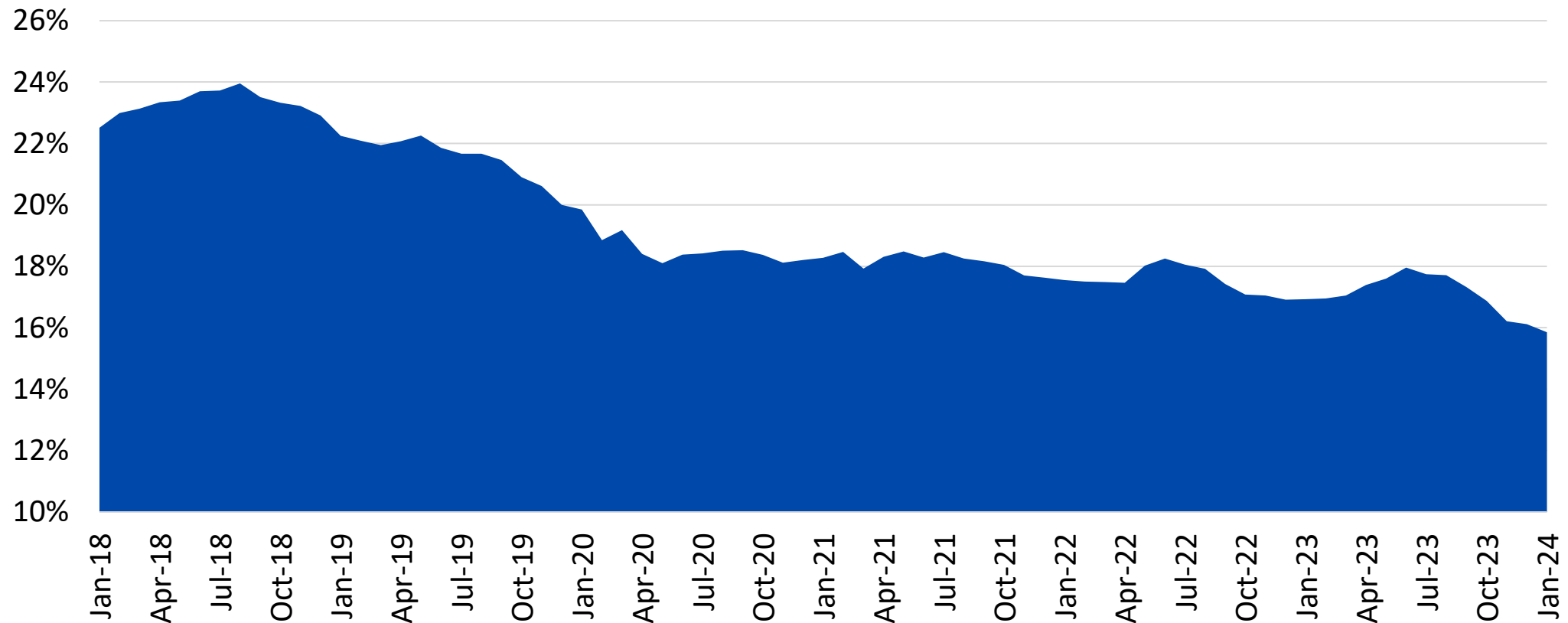
Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes:

5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



The Street Rate Premium for Climate-Controlled Units Compared to Non-Climate Controlled Units Dipped to just under 16% at the Start of 2024

**Street Rate Premium for Climate-Controlled Units
vs. Non-Climate-Controlled Units**



Street rate growth = annualized average street rate per sq. ft. for stabilized properties at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



Smaller Markets with Limited Climate-Controlled Supply Have Largest Premium, While Larger Markets with Heavy New Supply Have Lowest Premium

Top 15 Markets: Climate – Controlled Premium

Market	T12 Street Rate Non-Climate	T12 Street Rate Climate-Control	Premium
McAllen	\$10.89	\$19.03	74.7%
Little Rock	\$9.81	\$16.83	71.5%
Dayton	\$11.06	\$17.54	58.5%
South Bend	\$10.02	\$15.77	57.4%
Madison	\$12.50	\$19.41	55.2%
Corpus Christi	\$11.93	\$18.23	52.8%
Toledo	\$11.11	\$16.89	52.1%
Tulsa	\$10.21	\$15.32	50.1%
Anchorage	\$21.22	\$31.44	48.1%
Harrisburg	\$12.88	\$18.90	46.7%
Reno	\$14.97	\$21.88	46.2%
Jackson	\$11.82	\$17.27	46.1%
Wichita	\$10.00	\$14.58	45.7%
Mobile	\$10.35	\$14.97	44.6%
Central East Texas	\$11.90	\$17.12	43.8%

Bottom 15 Markets: Climate – Controlled Premium

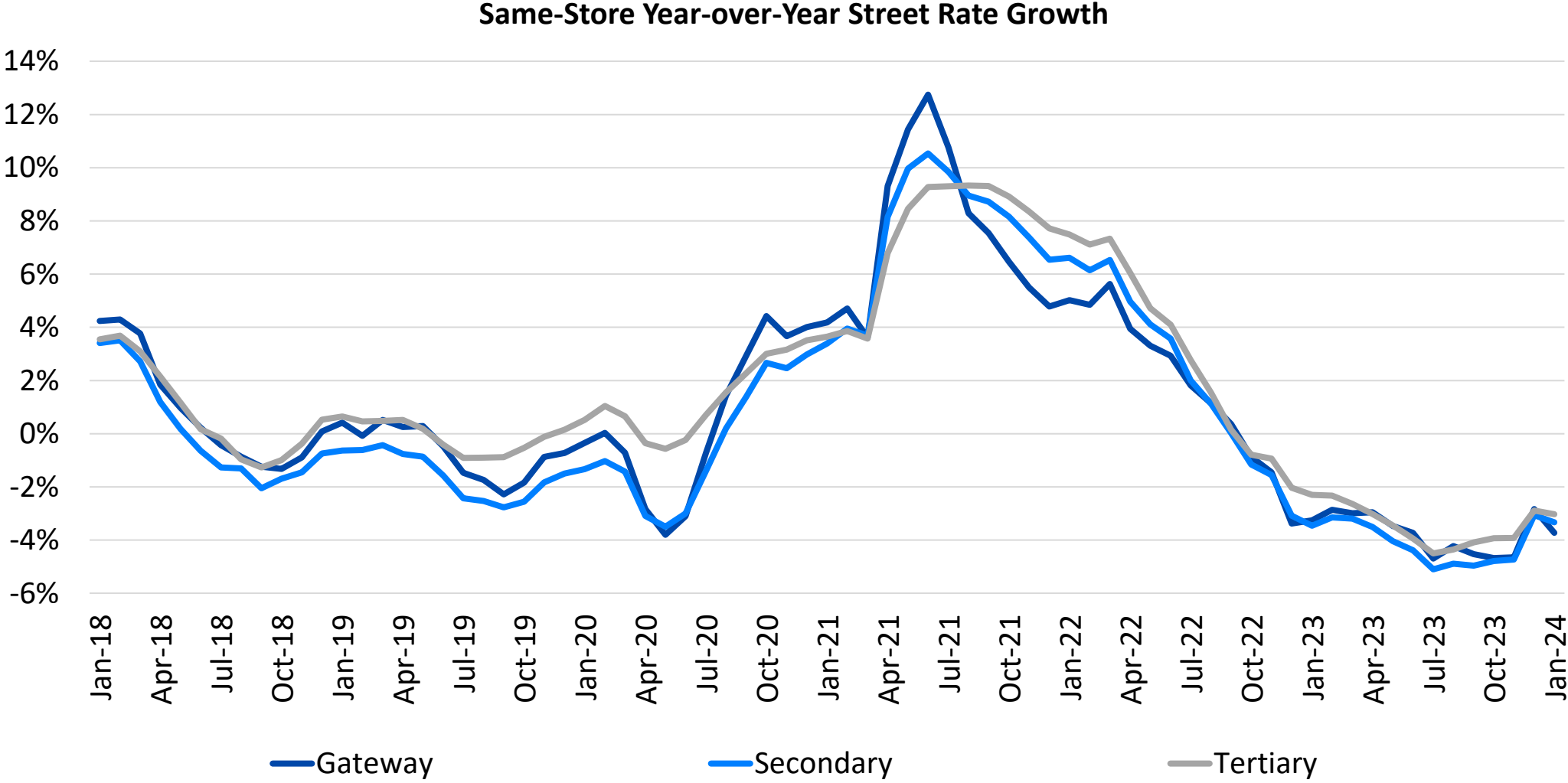
Market	T12 Street Rate Non-Climate	T12 Street Rate Climate-Control	Premium
Orange County	\$25.31	\$24.63	-2.7%
Tacoma	\$18.31	\$18.11	-1.1%
New York	\$34.92	\$34.85	-0.2%
San Jose	\$23.90	\$23.90	0.0%
N. New Jersey	\$22.74	\$24.01	5.6%
Long Island	\$24.94	\$26.71	7.1%
Las Vegas	\$15.37	\$16.54	7.6%
Los Angeles	\$28.69	\$31.31	9.1%
Portland	\$17.71	\$19.46	9.9%
San Diego	\$24.56	\$27.11	10.4%
San Francisco	\$26.94	\$29.86	10.9%
Seattle	\$21.21	\$23.66	11.6%
Athens	\$14.16	\$16.13	14.0%
Baltimore	\$16.03	\$18.43	14.9%
Philadelphia	\$16.74	\$19.33	15.5%

January 2024 rent data. Street rates = annualized average street rate per sq. ft. for properties stabilized at 36 months after completion, for the following unit sizes:

5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix

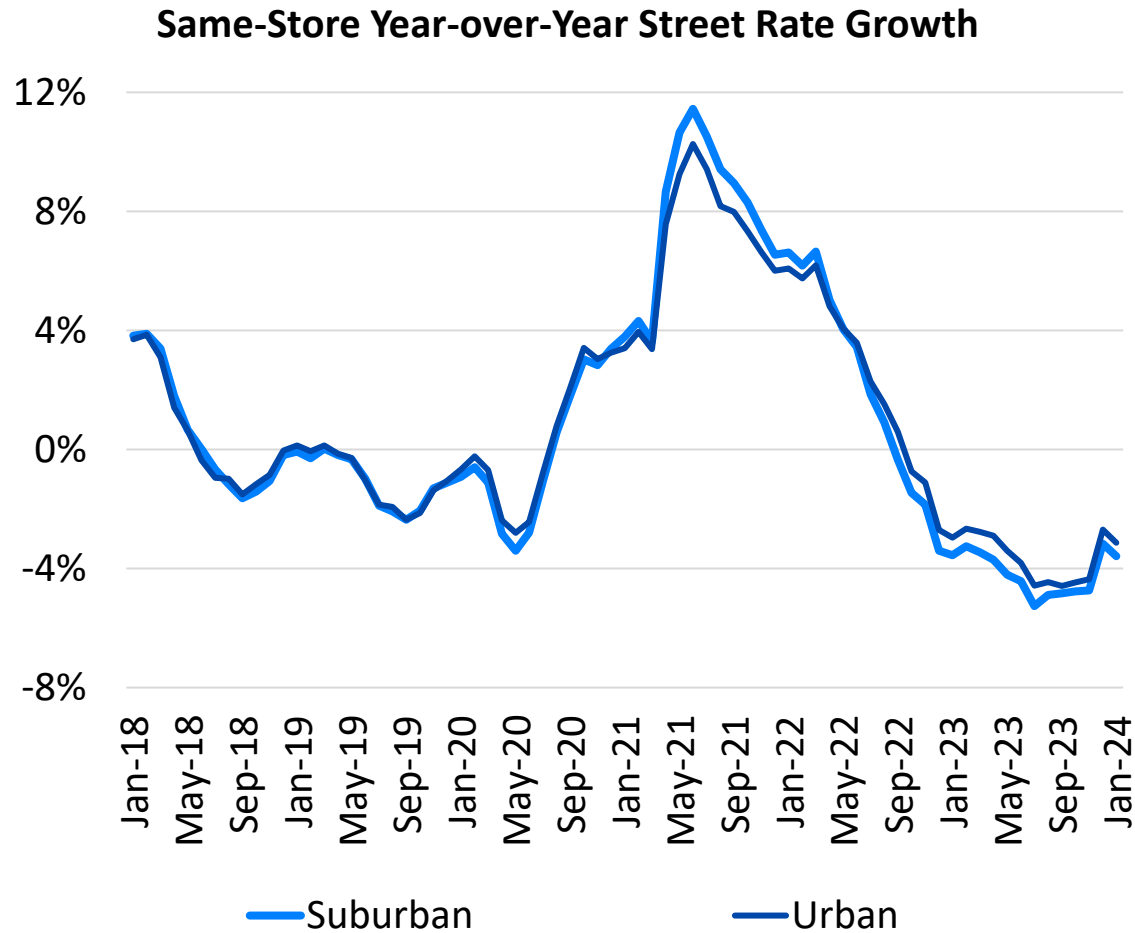


Same-Store Street Rate Growth Has Declined Since Peaking in Summer 2021, With Little Variation Between Gateway, Secondary and Tertiary Markets



Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix

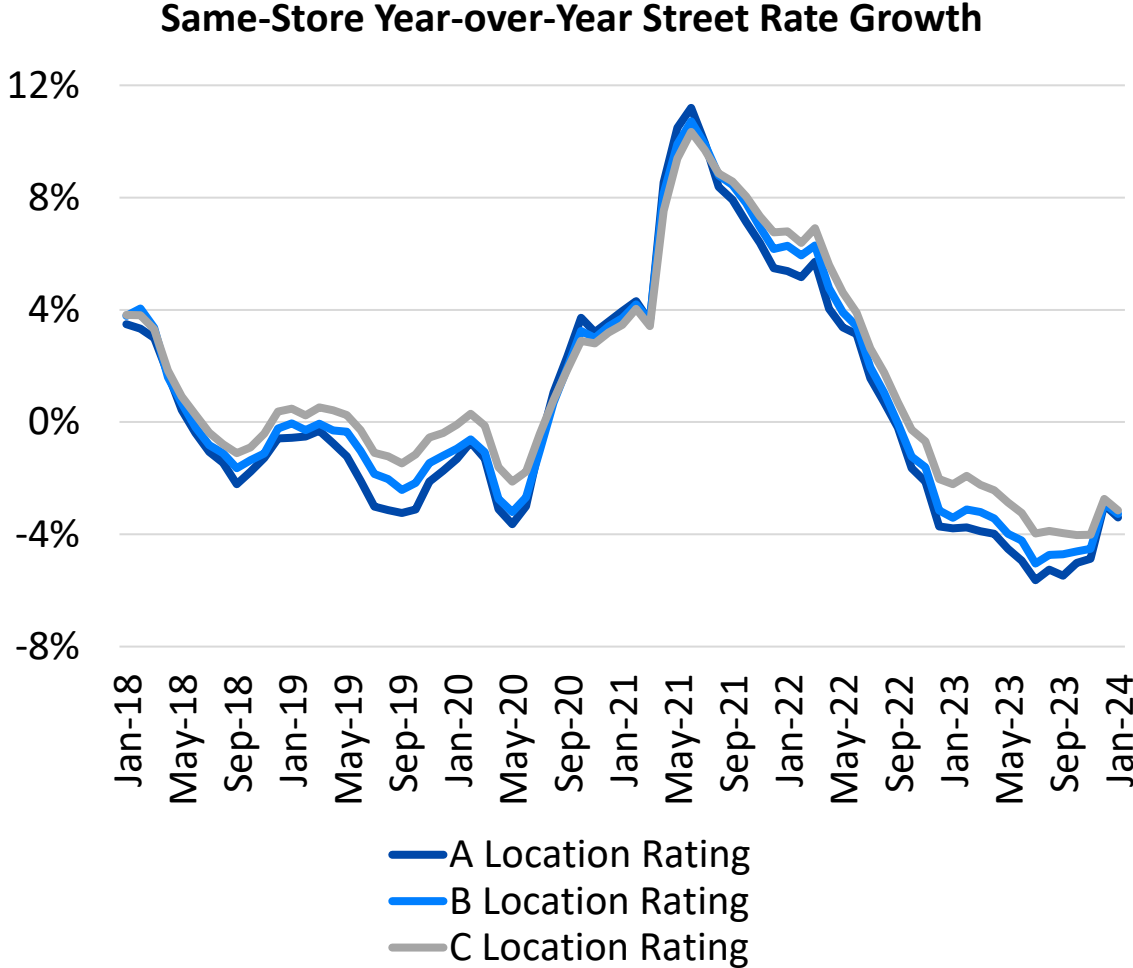
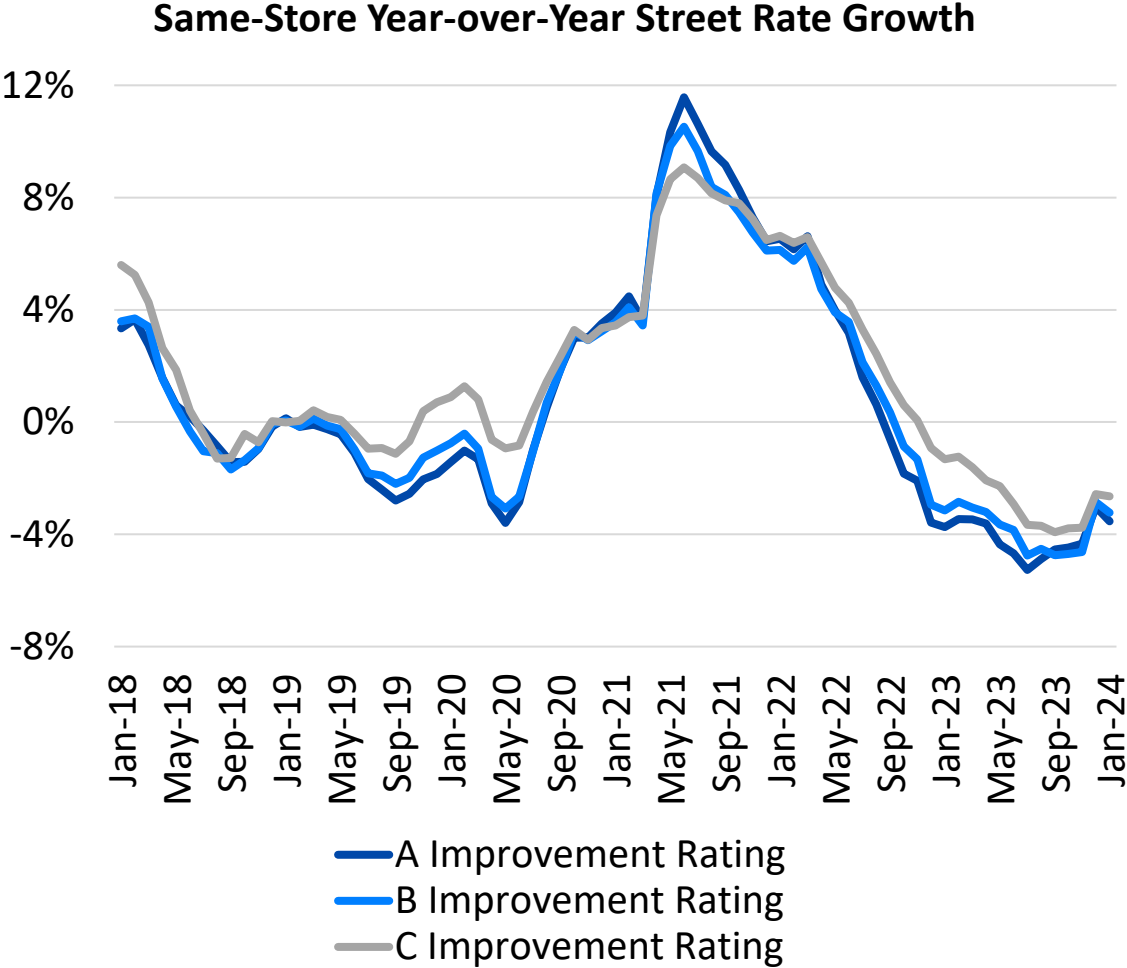
Urban Trade Areas and Properties Built After 1990 Slightly Outperforming, But There Has Been a Reversion to the Mean



Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



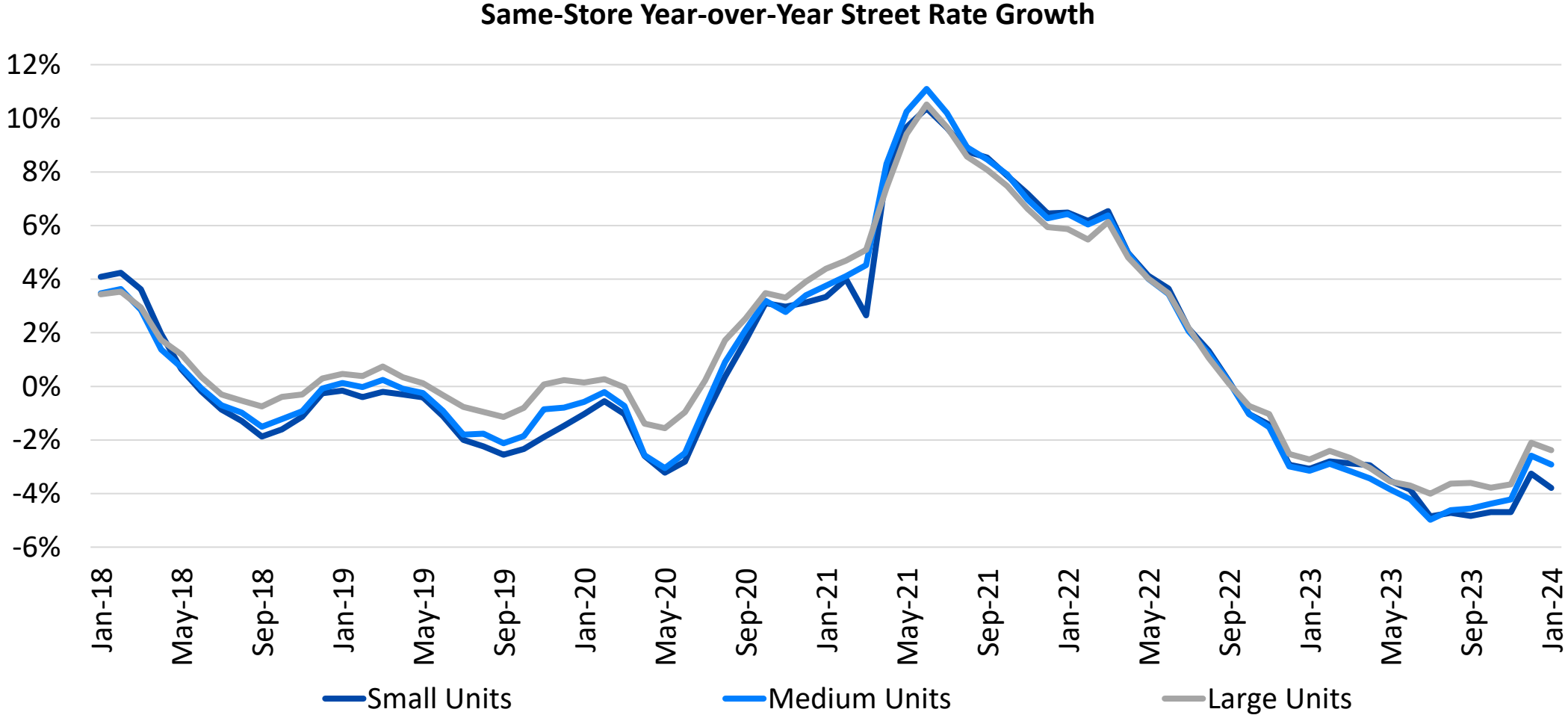
A Similar Reversion to the Mean Occurs When Looking at Improvement and Location Ratings



Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



There Is Little Variation in Street Rate Performance by Unit Size

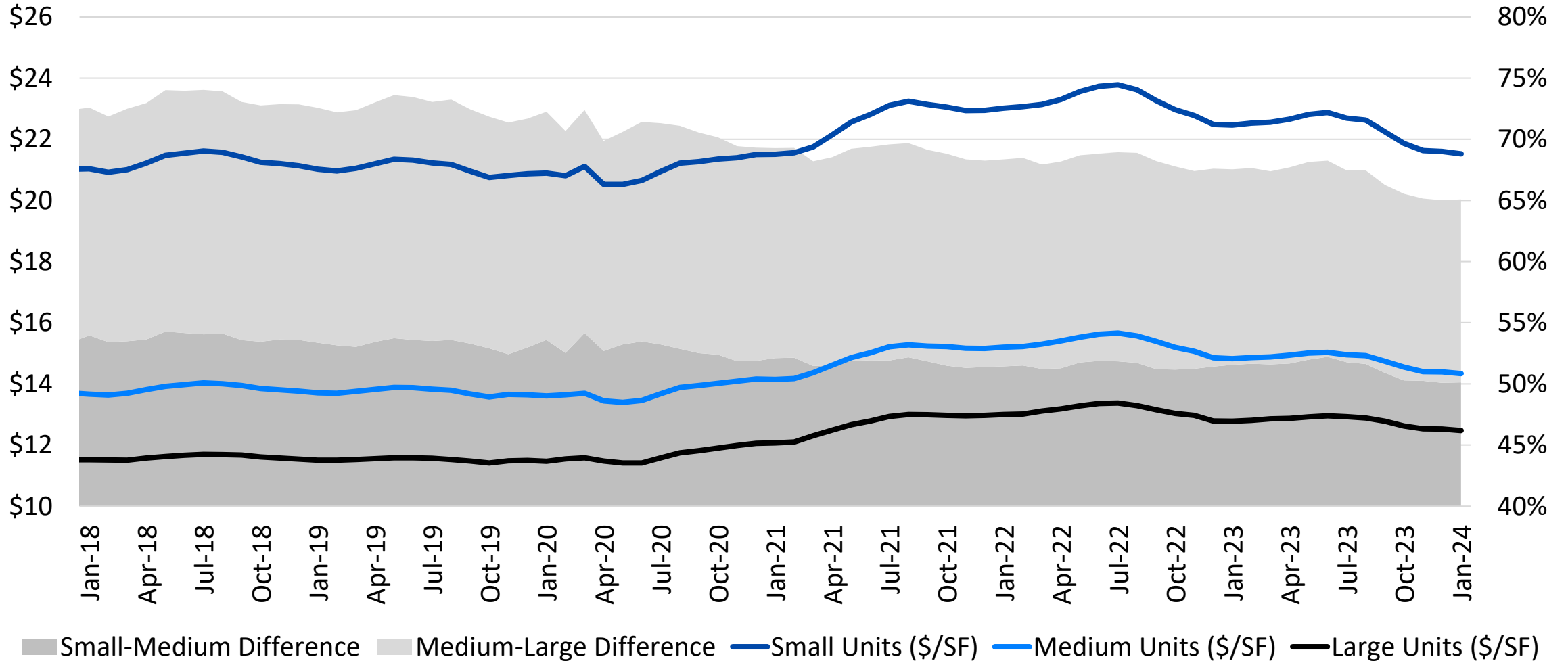


Street rate growth = annualized average street rate per sq. ft. for same-store properties stabilized at 36 months after completion, for the following unit sizes: Small = 5x5, 5x10, 10x5, Medium = 5x15, 15x5, 10x10, Large = 10x20, 20x10, 10x30 & 30x10 CC and NCC units | Source: Yardi Matrix



The Spread in Street Rates per Square Foot for Small Versus Large Units Has Shrunk Since 2018 on a National Level

Yardi Matrix Annual Street Rates Per Sq. Ft.



Small = 5x5, 5x10, 10x5; Medium = 5x15, 15x5, 10x10; Large = 10x20, 20x10, 10x30 & 30x10 CC and NCC units.

Street rates = annualized average street rate per sq. ft. for properties stabilized at 36 months after completion | Source: Yardi Matrix



Markets with Less Land Availability Seem to Have the Smallest Difference in Rates Between Small and Large Units

Markets with SMALLEST Difference: Small – Large Units

Market	Difference in Annual Street Rates Per Sq. Ft.	Change Since 2018
Honolulu	29.5%	-41.9%
New York	33.3%	-8.3%
Miami	43.1%	-10.5%
Sarasota-Cape Coral	44.3%	-12.7%
Washington DC	47.7%	-19.3%
Long Island	48.4%	-17.5%
Baltimore	48.9%	-13.6%
Chicago	49.6%	-5.9%
Houston	51.6%	-12.2%
Greenville (SC)	54.9%	-19.1%

Markets with LARGEST Difference: Small – Large Units

Market	Difference in Annual Street Rates Per Sq. Ft.	Change Since 2018
Lubbock	157.4%	22.7%
Madison	141.0%	7.7%
Tri-Cities	137.9%	18.1%
Reno	127.2%	-40.2%
Little Rock	117.1%	-19.1%
Syracuse	116.7%	1.4%
McAllen	113.6%	8.5%
Grand Rapids	112.5%	-5.0%
Eugene	108.3%	-3.9%
South Bend	107.5%	-0.6%

Small = 5x5, 5x10, 10x5; Medium = 5x15, 15x5, 10x10; Large = 10x20, 20x10, 10x30 & 30x10 CC and NCC units. Data as of January 2024.

Street rates = annualized average street rate per sq. ft. for properties stabilized at 36 months after completion | Source: Yardi Matrix

Street Rate Summary & Outlook

- Following weakened demand and declining occupancy, street rates have fallen and have been below in-place rents since 2021
- The sector has historically been recession resilient, and operators are still able to grow revenue through existing customer rate increases (ECRIs) moving new customers at lower street rates to in-place rates within 9-18 months
- Street rate declines will continue to be a drag on growth in 2024 without the support of growing or stabilized occupancy
- Lease up supply is again a drag on performance and the markets with the most new supply delivered recently have seen the slowest street rate growth

HISTORICAL & FORECASTED SUPPLY TRENDS

NEW STORAGE SUPPLY PIPELINE



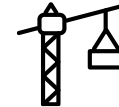
PROSPECTIVE

594 Properties
39MM Total Sq. Ft.
33MM Rentable Sq. Ft.



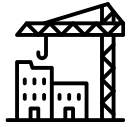
PLANNED

1,949 Properties
154MM Total Sq. Ft.
145MM Rentable Sq. Ft.



UNDER CONSTRUCTION

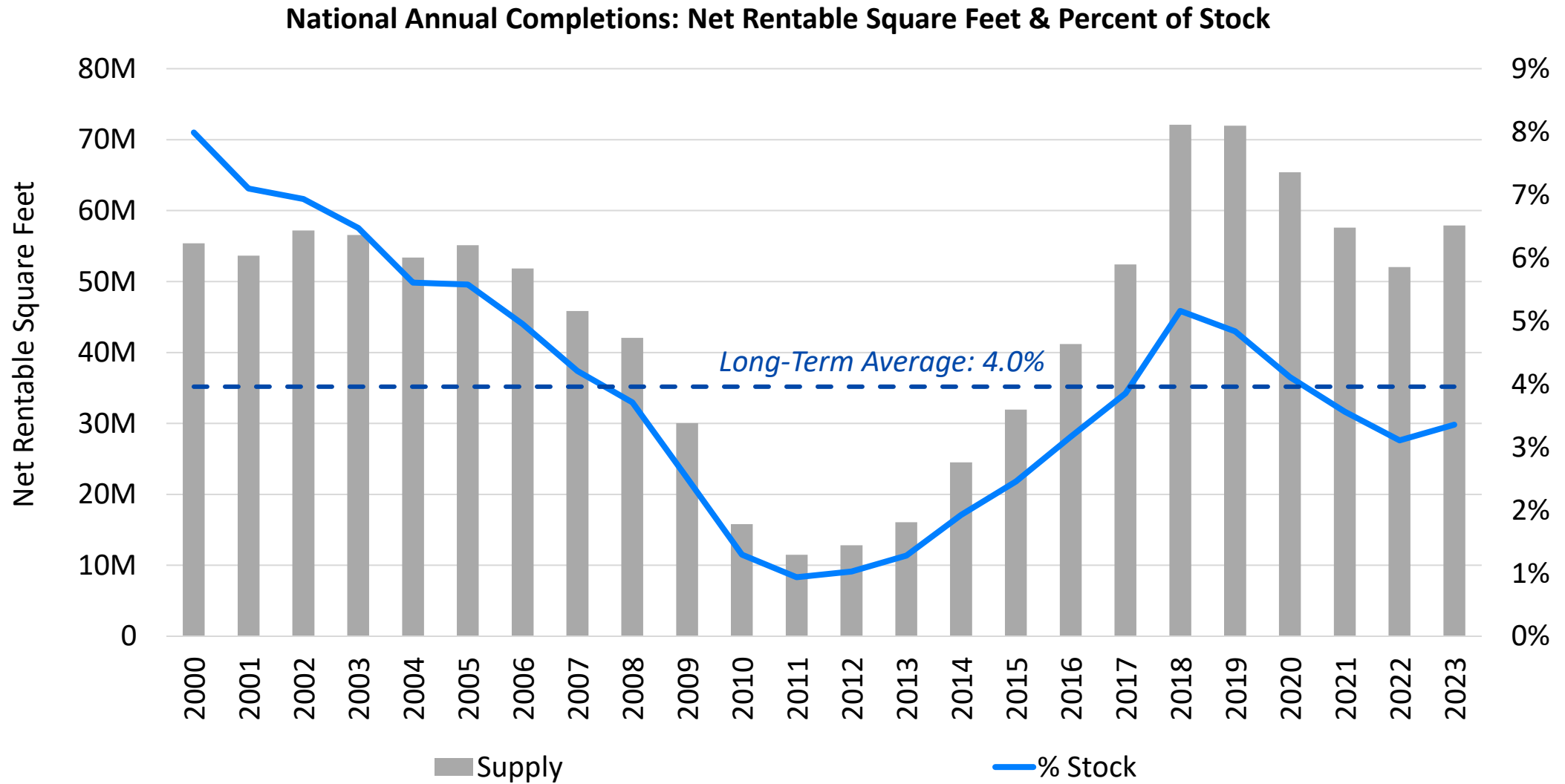
900 Properties
78MM Total Sq. Ft.
67MM Rentable Sq. Ft.



LEASE-UP SUPPLY

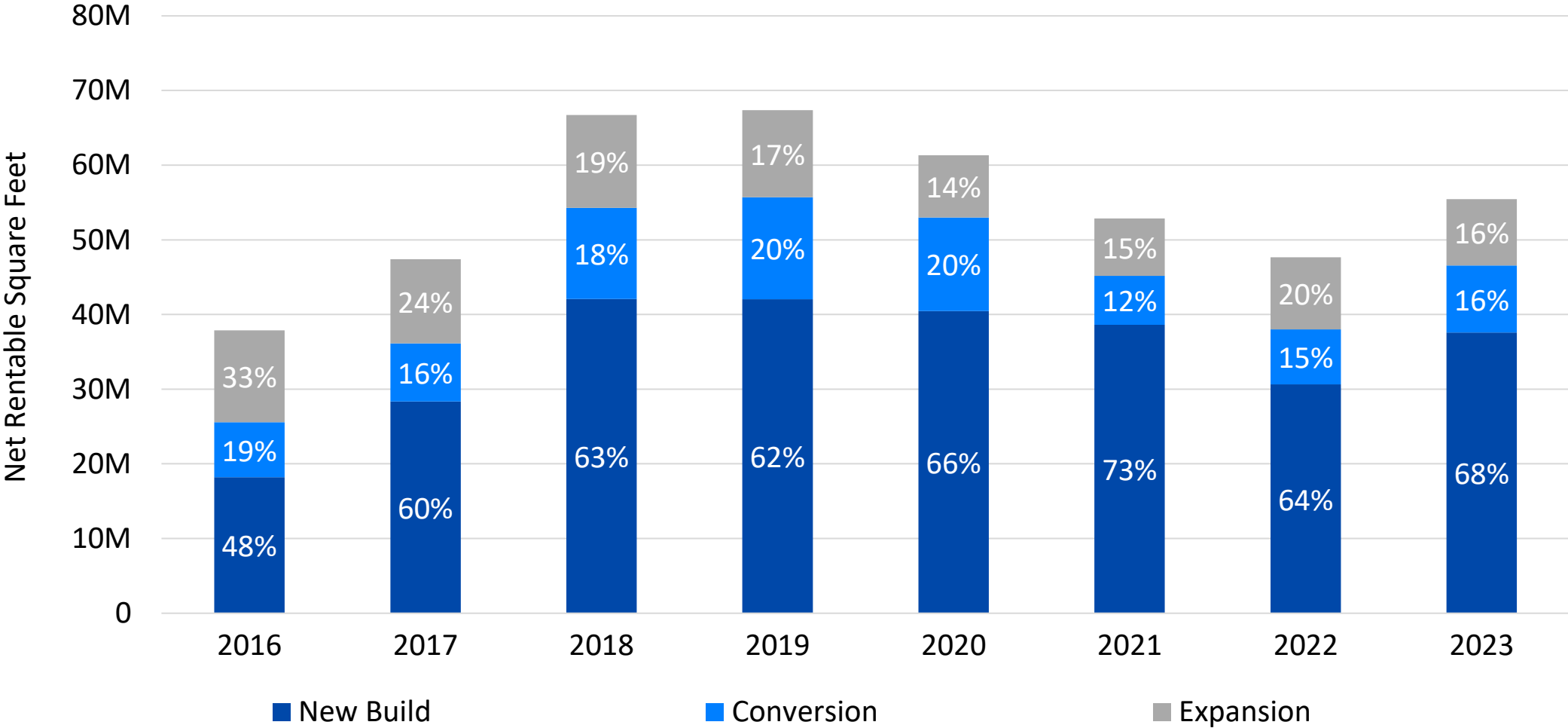
1,822 Properties
166MM Total Sq. Ft.
136MM Rentable Sq. Ft.

After Slowing for Several Years, Completions Slightly Increased in 2023



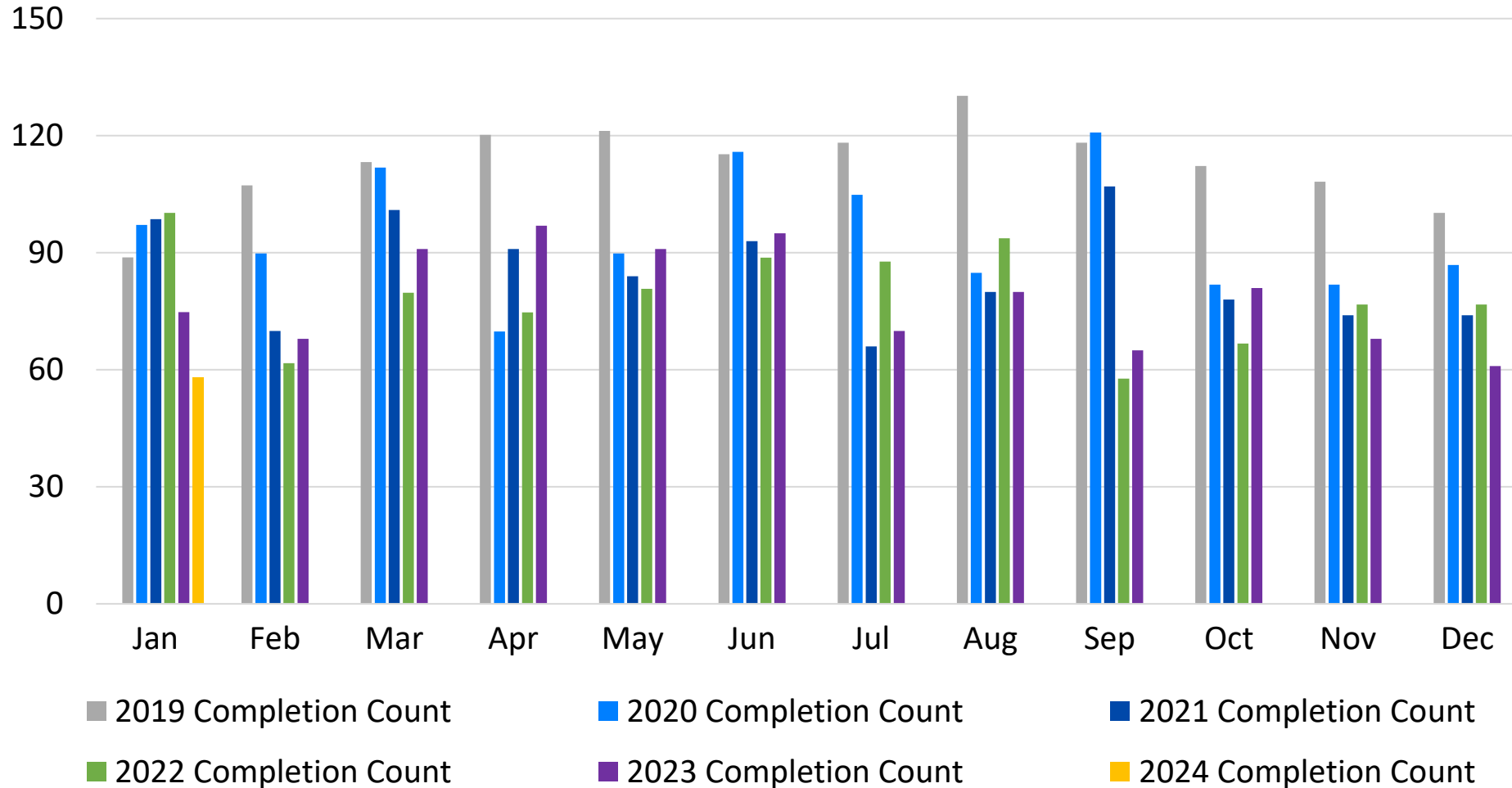
Conversions and Expansions Continue to Account for Roughly 30% of Completions

Storage Completions by Build Type



January 2024 Completions Appear Low Compared to Previous Years, But This Number Will Increase as We Continue to Document Additional Completions

Storage Completions

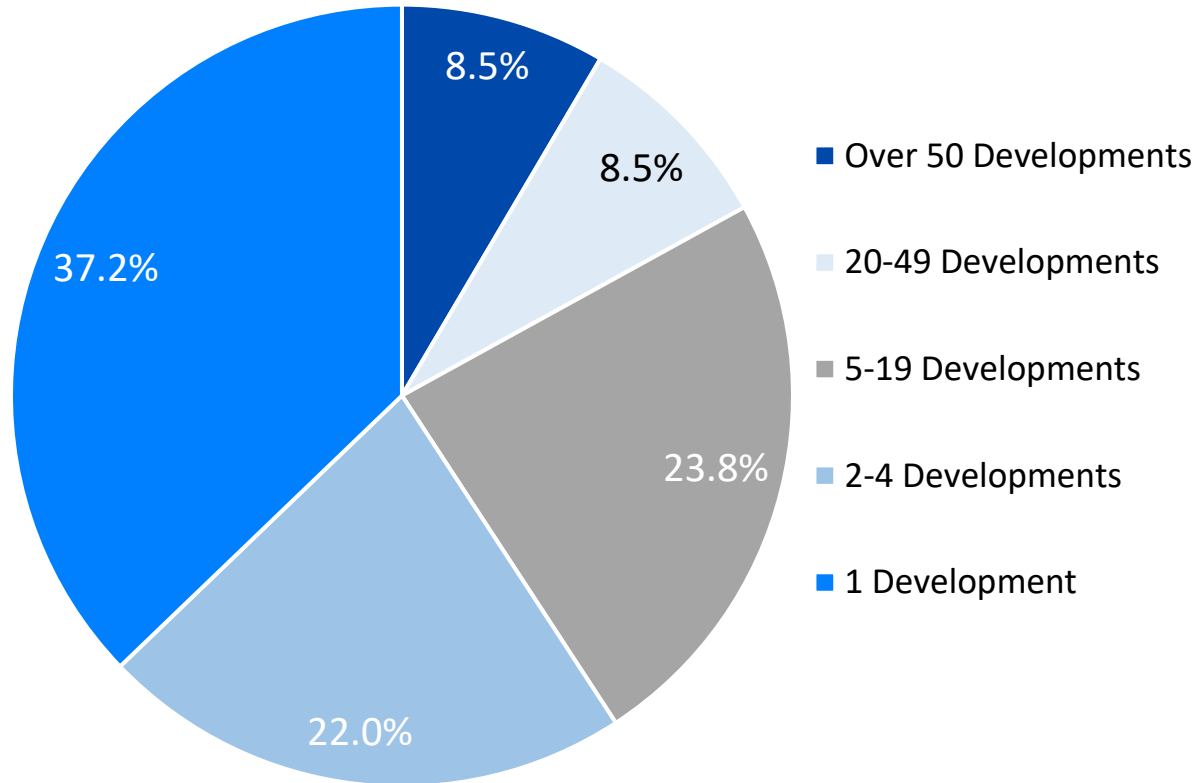


YEAR	COMPLETIONS
2019	1,353
2020	1,135
2021	1,016
2022	945
2023	985
2024 YTD	58



Self Storage Development Is Highly Fragmented; Nearly 60% of Activity Has Been From Developers With < 5 Projects

Developers Since 2017 by Number of Developments

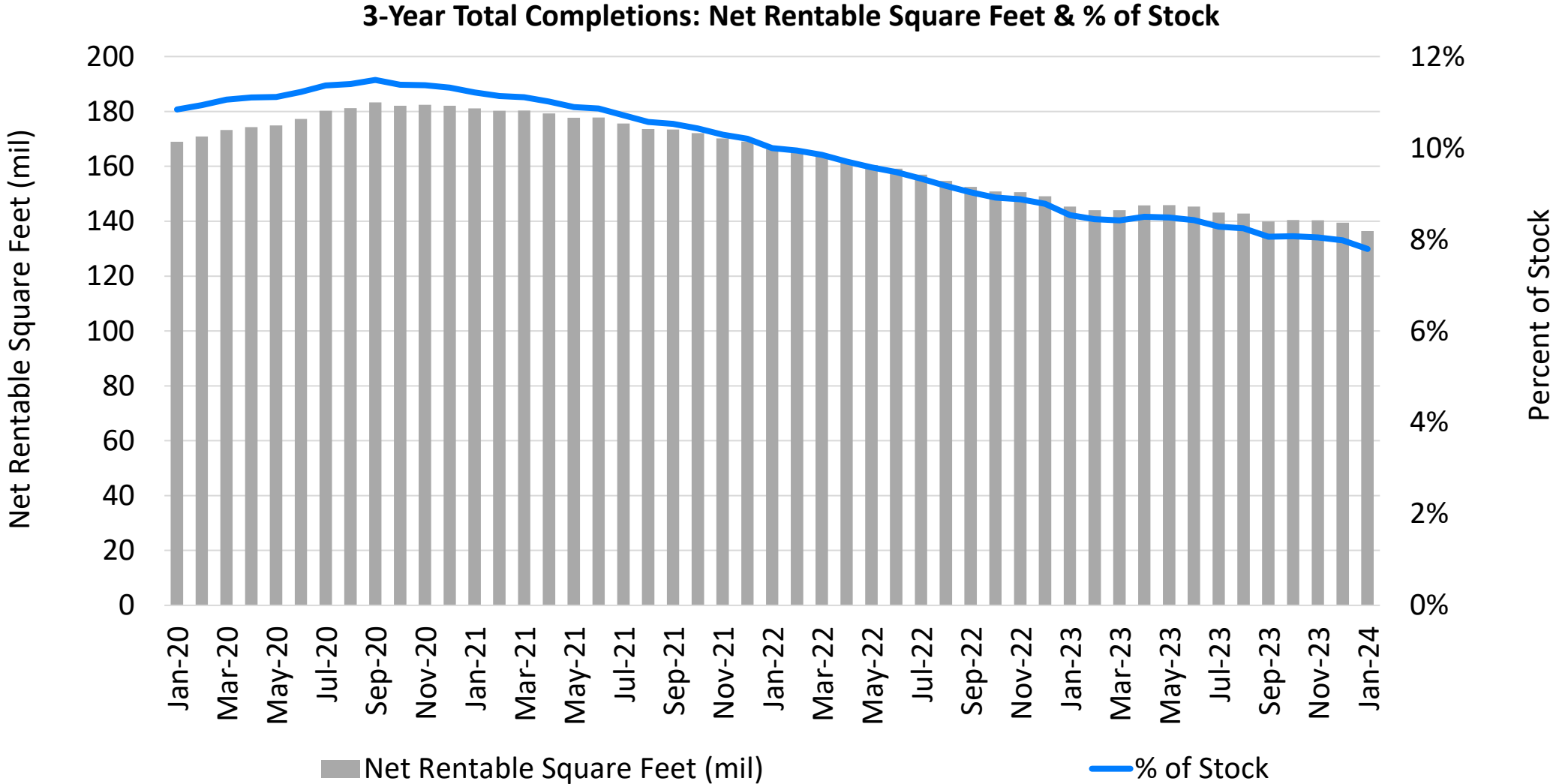


Top Self-Storage Developers Since 2017

Developer	Total Developments	
	Properties	Net Rentable Square Feet
Amerco Real Estate	234	24,465,687
Public Storage	110	14,999,335
Johnson Development Associates	70	7,722,199
SAFStor	43	4,462,857
Platinum Construction	36	4,140,676
Premier Storage Investors	36	3,515,749
William Warren Group, The	36	3,072,415
NorthPoint Development	32	3,876,945
Extra Space Storage	32	3,279,493
Brookwood Properties	28	3,643,659
Sterling Group, The	28	2,375,291
CubeSmart	27	2,711,229
Madison Capital Group	25	2,259,981
All Storage	24	4,944,734
Carroll Companies, The	24	2,002,399



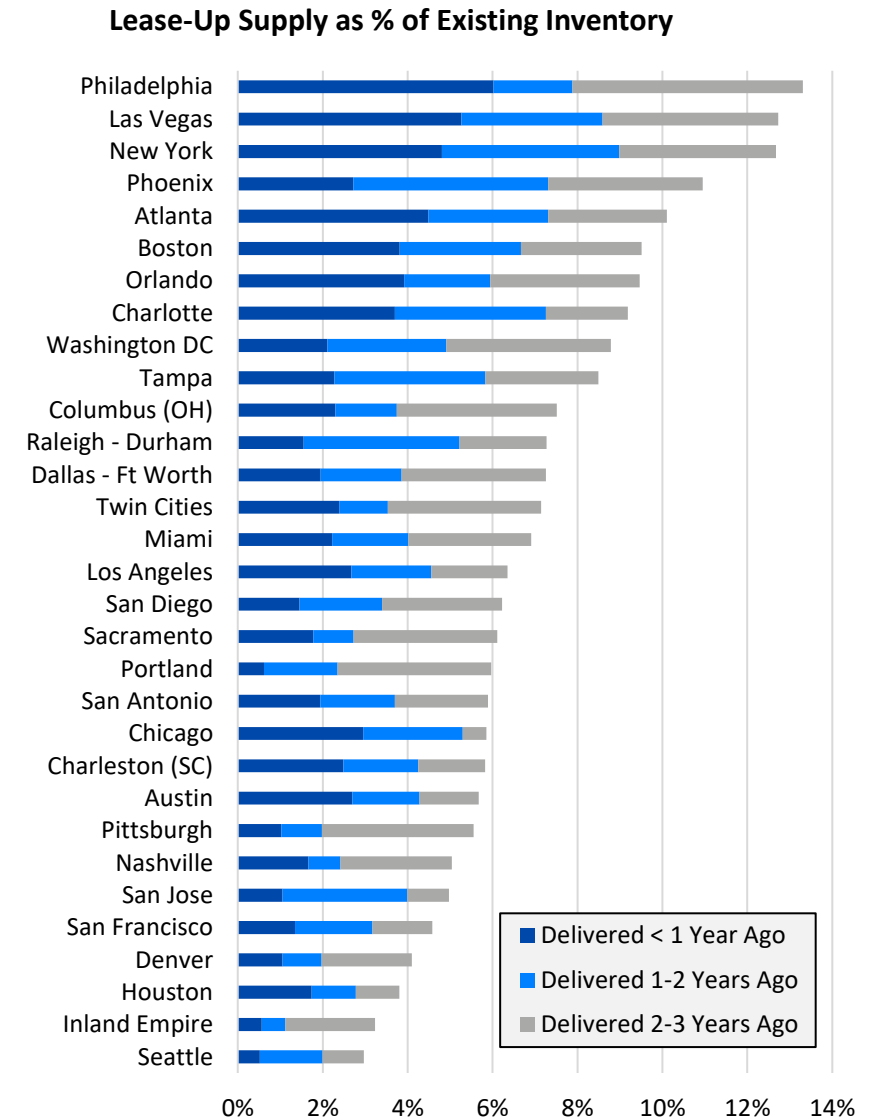
Supply in Lease-Up Has Been Steadily Declining Since 2020



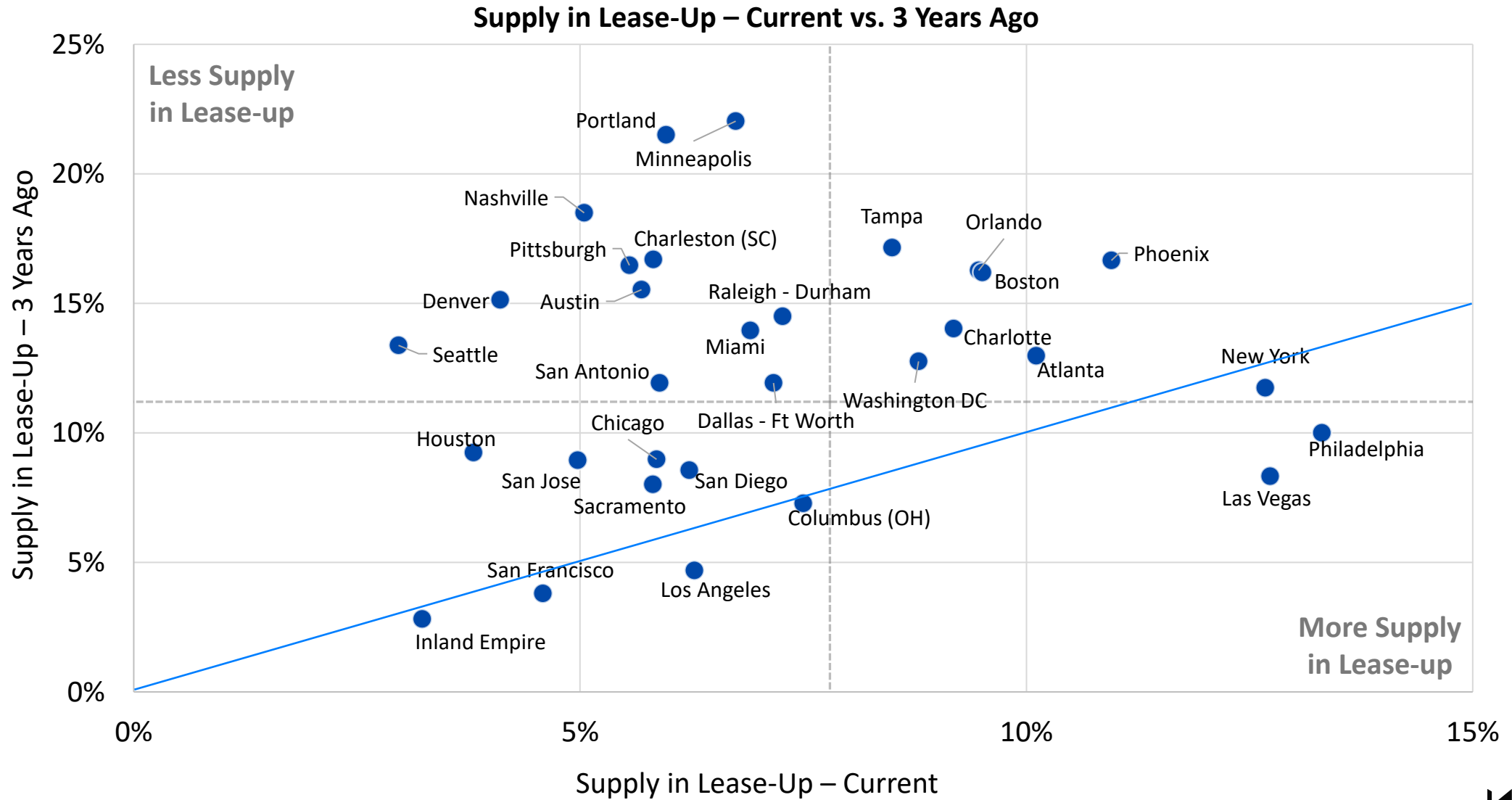
Lease-up supply delivered in the trailing 36 months | Source: Yardi Matrix

Majority of Lease-Up Supply in Many Major Markets Was Delivered 2-3 Years Ago

Market	Lease-Up % of Existing Inventory	Market	Lease-Up % of Existing Inventory
Philadelphia	13.3%	San Diego	6.2%
Las Vegas	12.7%	Sacramento	6.1%
New York	12.7%	Portland	6.0%
Phoenix	11.0%	San Antonio	5.9%
Atlanta	10.1%	Chicago	5.9%
Boston	9.5%	Charleston (SC)	5.8%
Orlando	9.5%	Austin	5.7%
Charlotte	9.2%	Pittsburgh	5.6%
Washington DC	8.8%	Nashville	5.0%
Tampa	8.5%	San Jose	5.0%
Columbus (OH)	7.5%	San Francisco	4.6%
Raleigh - Durham	7.3%	Denver	4.1%
Dallas - Ft Worth	7.3%	Houston	3.8%
Twin Cities	7.1%	Inland Empire	3.2%
Miami	6.9%	Seattle	3.0%
Los Angeles	6.4%		



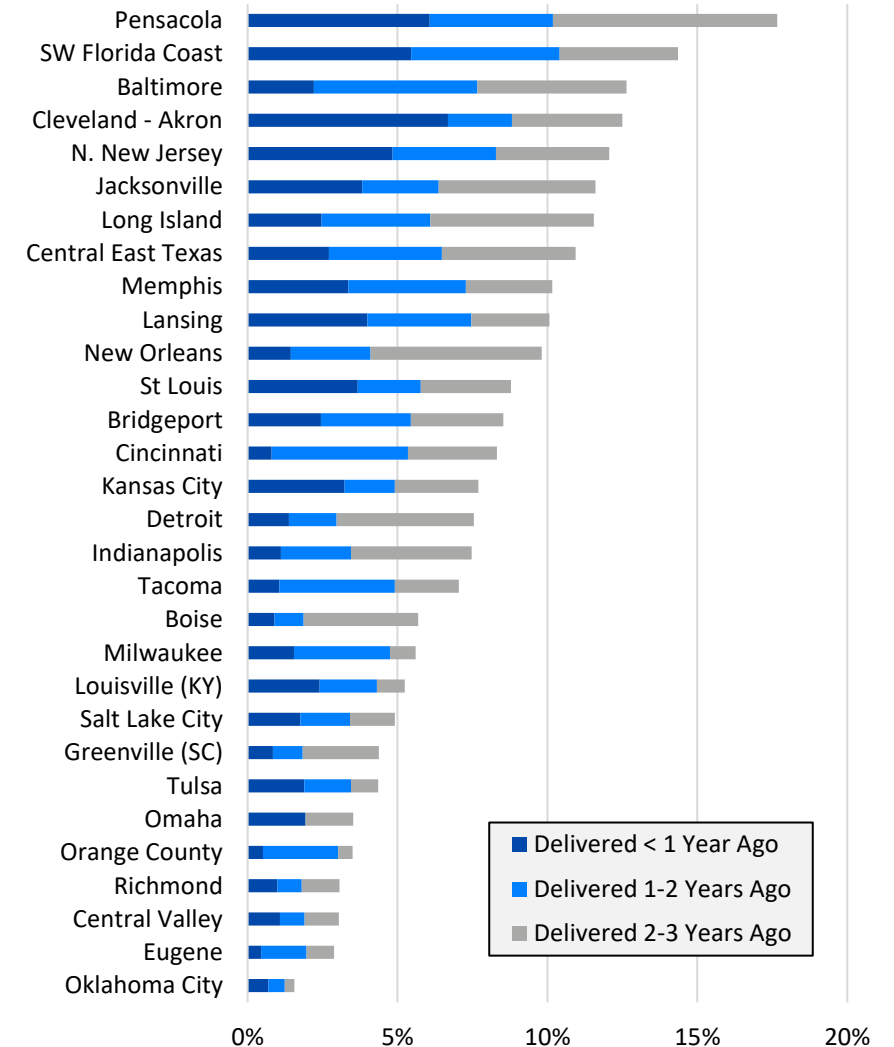
Despite Remaining Elevated, Lease-Up Supply in Most Top Markets Has Actually Decreased Compared to Three Years Ago



Secondary and Tertiary Markets on the East Coast Have the Most Lease-Up Supply

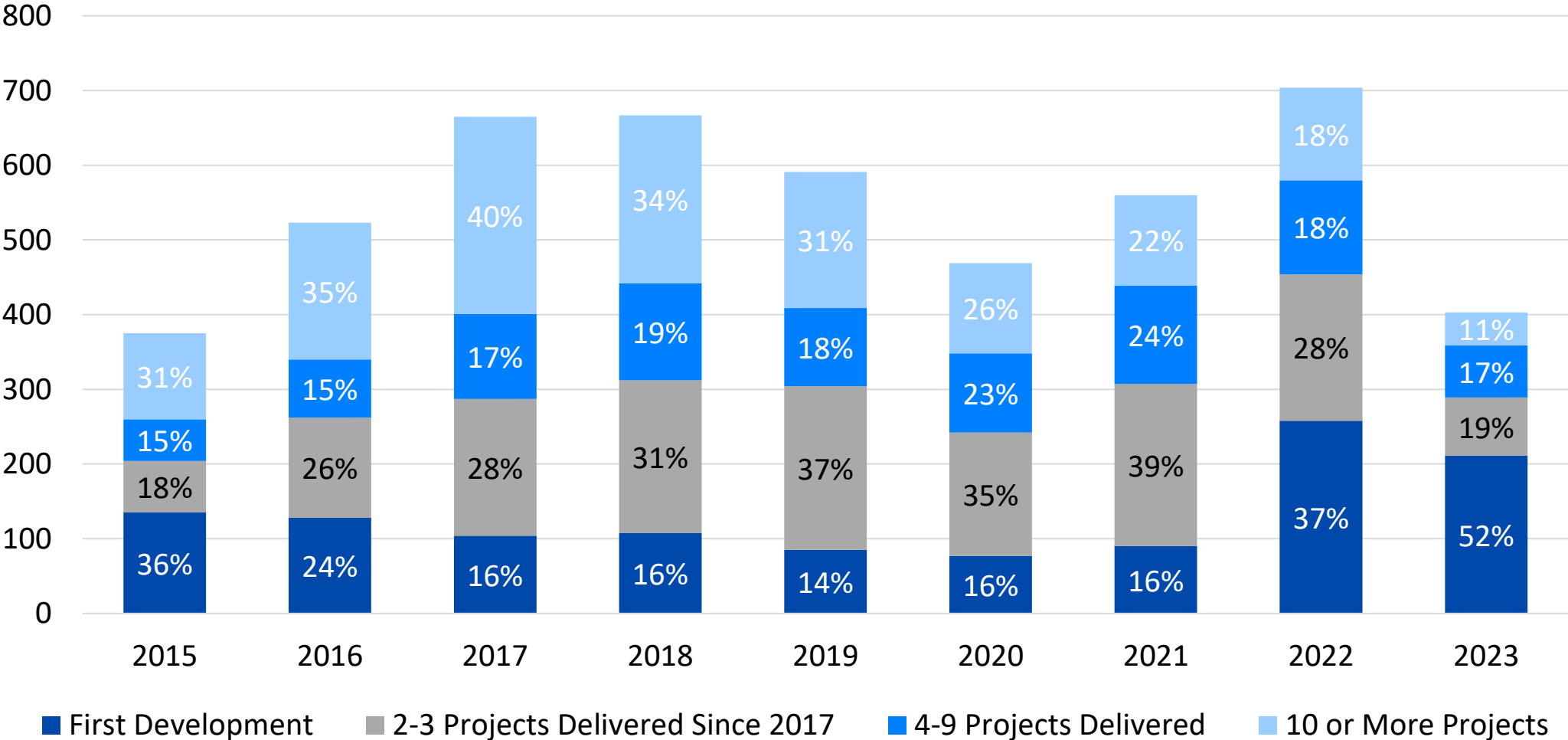
Market	Lease-Up % of Existing Inventory	Market	Lease-Up % of Existing Inventory
Pensacola	17.7%	Detroit	7.5%
SW Florida Coast	14.4%	Indianapolis	7.5%
Baltimore	12.6%	Tacoma	7.0%
Cleveland - Akron	12.5%	Boise	5.7%
N. New Jersey	12.1%	Milwaukee	5.6%
Jacksonville	11.6%	Louisville (KY)	5.2%
Long Island	11.6%	Salt Lake City	4.9%
Central East Texas	10.9%	Greenville (SC)	4.4%
Memphis	10.2%	Tulsa	4.4%
Lansing	10.1%	Omaha	3.5%
New Orleans	9.8%	Orange County	3.5%
St Louis	8.8%	Richmond	3.1%
Bridgeport	8.5%	Central Valley	3.0%
Cincinnati	8.3%	Eugene	2.9%
Kansas City	7.7%	Oklahoma City	1.6%

Lease-Up Supply as % of Existing Inventory



Most Loans Recently Have Gone To Less Experienced Developers

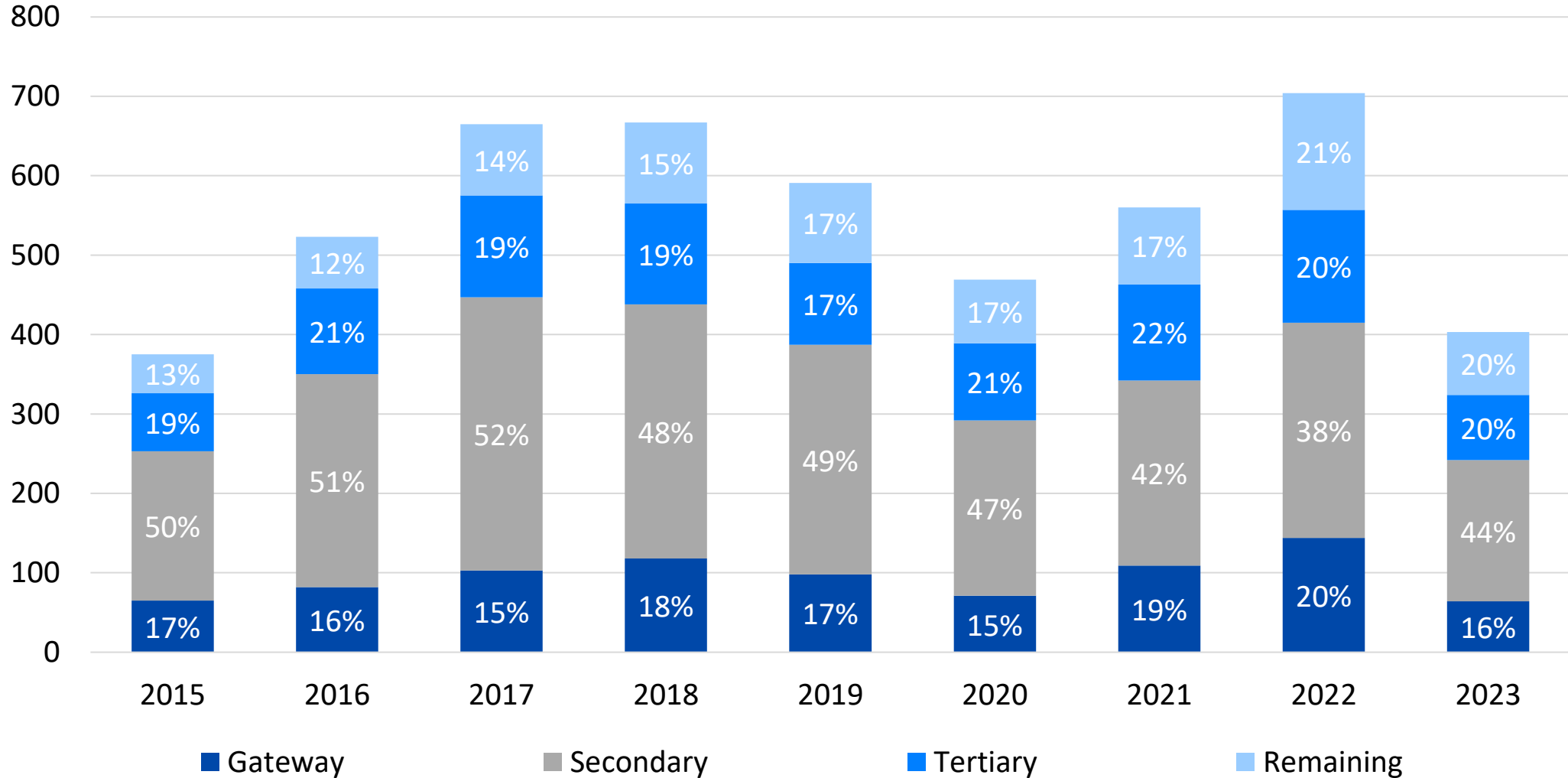
Construction Loans by Developer Experience Since 2017



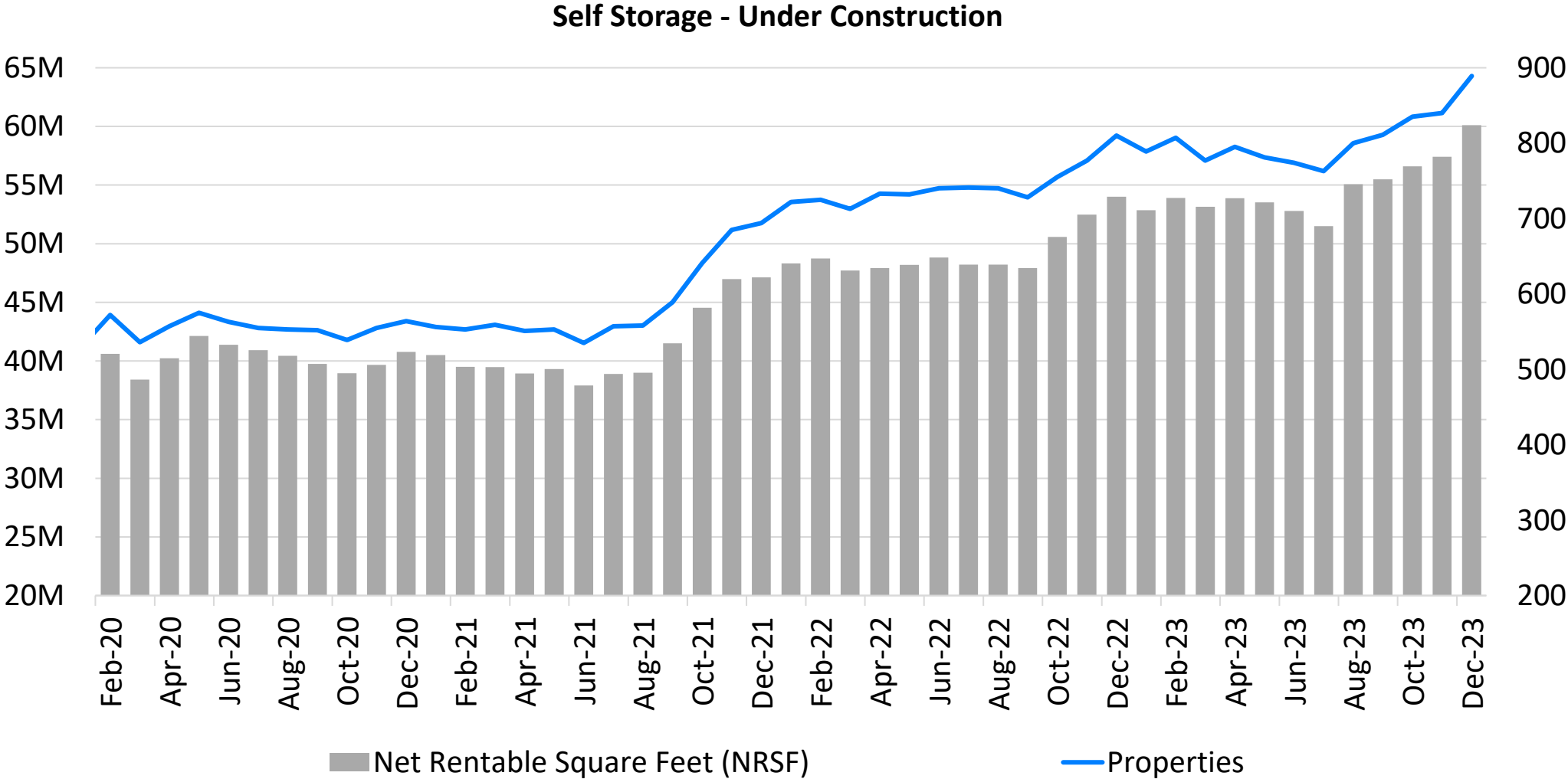
Data as of December 2023 | Source: Yardi Matrix

Construction Lending in Recent Years Has Shifted to Smaller Markets

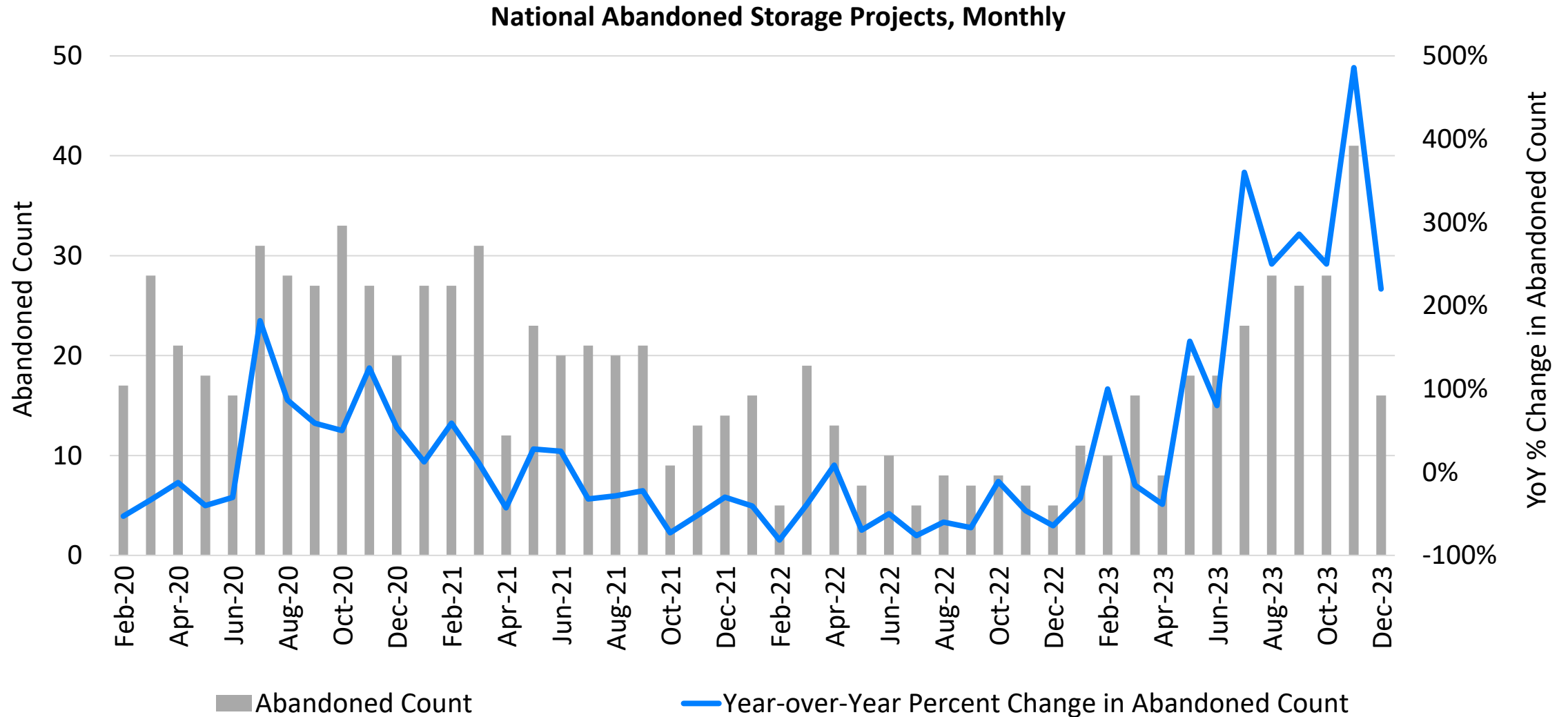
Construction Loans by Market Classification



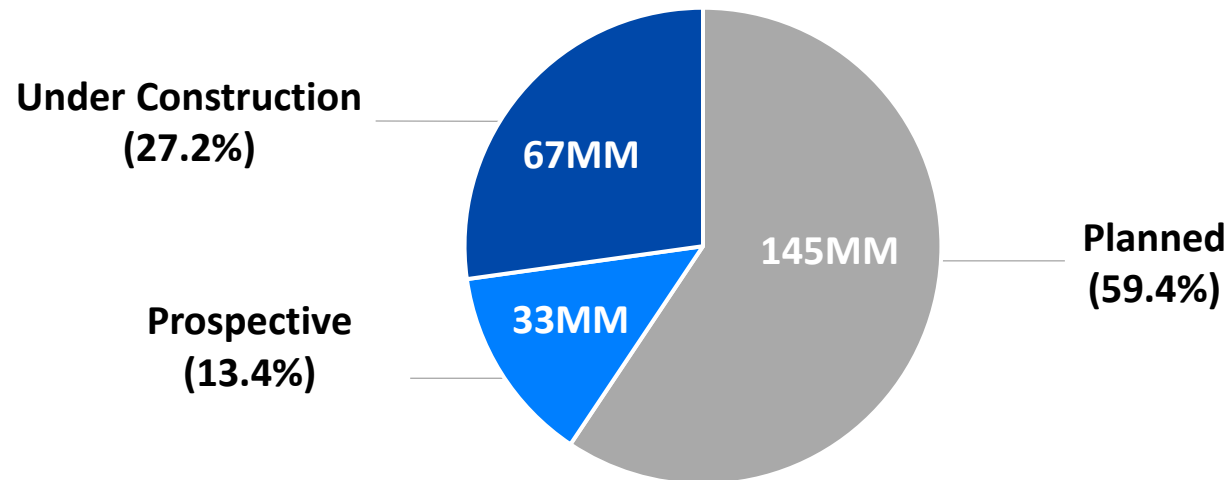
The Under Construction Pipeline Increased in Recent Months



After Rising to a Peak in November 2023, the Number of Storage Projects Abandoned per Month Slowed Significantly in December



New Supply Pipeline: Where Is New Supply Concentrated?



Top 10 Markets	NRSF	UC as a % of Existing Stock
Athens	582,195	14.7%
Providence	847,104	11.7%
Port St. Lucie	506,133	10.0%
Harrisburg	528,156	9.9%
Sarasota-Cape Coral	1,960,143	9.6%
Worcester-Springfield	655,612	9.3%
McAllen	613,916	9.1%
Honolulu	232,121	9.0%
Boise	1,034,760	8.8%
Albany	510,860	8.7%

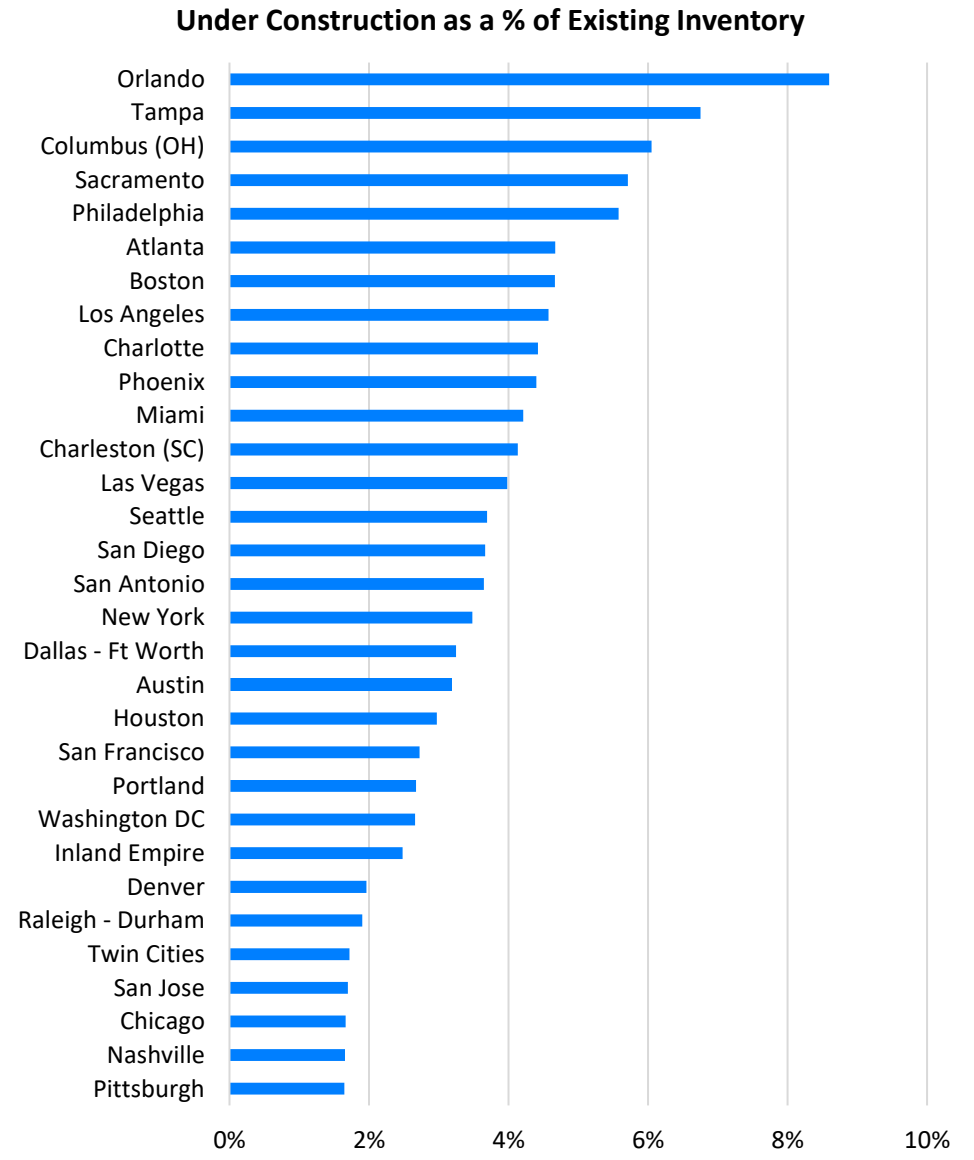
Top 10 Markets	NRSF	Planned as a % of Existing Stock
Port St. Lucie	1,824,789	36.0%
Sarasota-Cape Coral	5,627,637	27.6%
North Central Florida	2,525,285	22.8%
Tallahassee	690,497	21.6%
Portland ME	798,066	18.7%
Clarksville	517,782	18.7%
White Plains	2,106,432	18.6%
Athens	695,929	17.5%
Philadelphia	5,804,469	17.5%
New Jersey - Central	2,211,483	15.8%

Top 10 Markets	NRSF	Prospective as a % of Existing Stock
Port St. Lucie	5,070,312	16.0%
Sarasota-Cape Coral	20,354,653	9.3%
Albany	5,903,320	8.5%
New Jersey - Central	13,981,337	8.4%
White Plains	11,300,370	7.8%
Tallahassee	3,198,505	5.6%
Tucson	7,341,428	5.2%
Savannah-Hilton Head	5,824,676	5.1%
Phoenix	37,929,310	4.9%
Tampa	29,929,019	4.9%



Heavy Supply in Major Markets with Low Existing Stock & Strong Population Growth

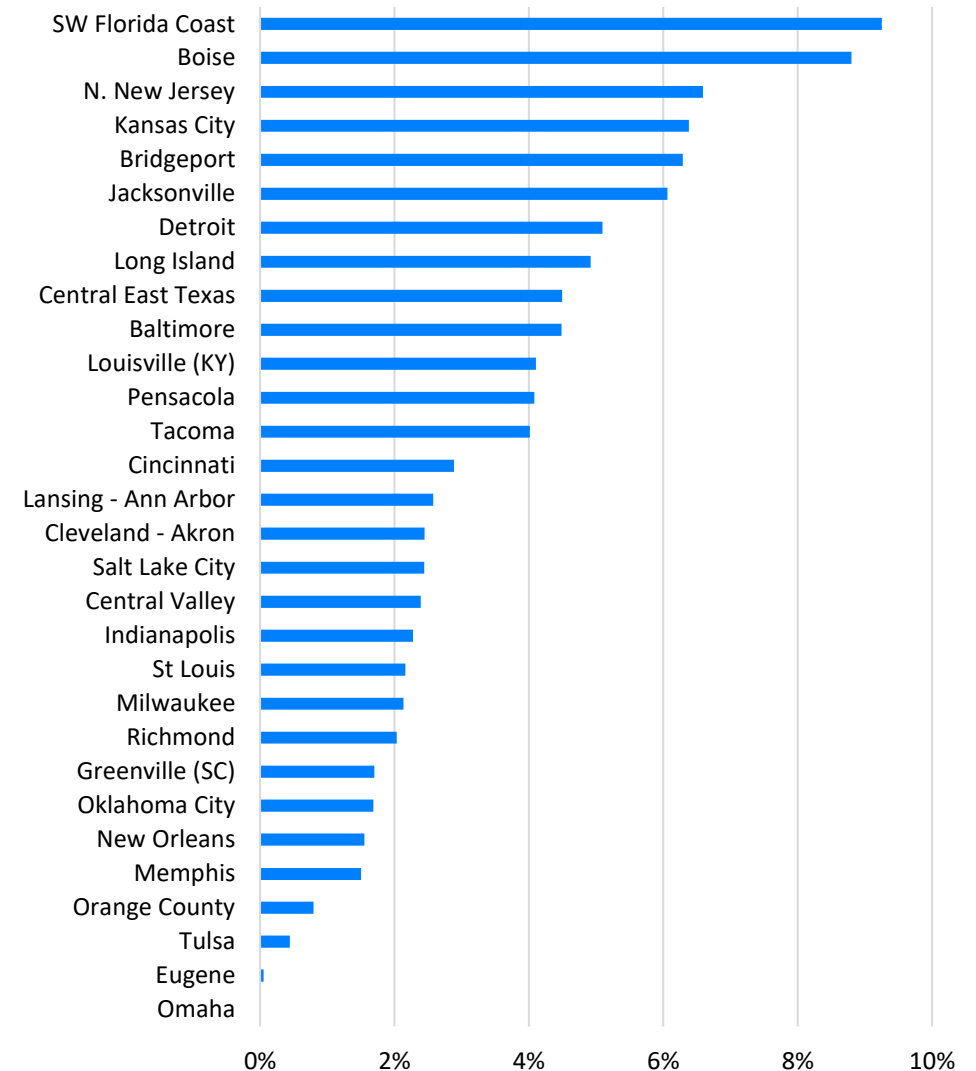
Market	UC % of Existing Inventory	Market	UC % of Existing Inventory
Orlando	8.6%	New York	3.5%
Tampa	6.8%	Dallas - Ft Worth	3.2%
Columbus (OH)	6.0%	Austin	3.2%
Sacramento	5.7%	Houston	3.0%
Philadelphia	5.6%	San Francisco	2.7%
Atlanta	4.7%	Portland	2.7%
Boston	4.7%	Washington DC	2.7%
Los Angeles	4.6%	Inland Empire	2.5%
Charlotte	4.4%	Denver	2.0%
Phoenix	4.4%	Raleigh - Durham	1.9%
Miami	4.2%	Twin Cities	1.7%
Charleston (SC)	4.1%	San Jose	1.7%
Las Vegas	4.0%	Chicago	1.7%
Seattle	3.7%	Nashville	1.7%
San Diego	3.7%	Pittsburgh	1.6%
San Antonio	3.6%		



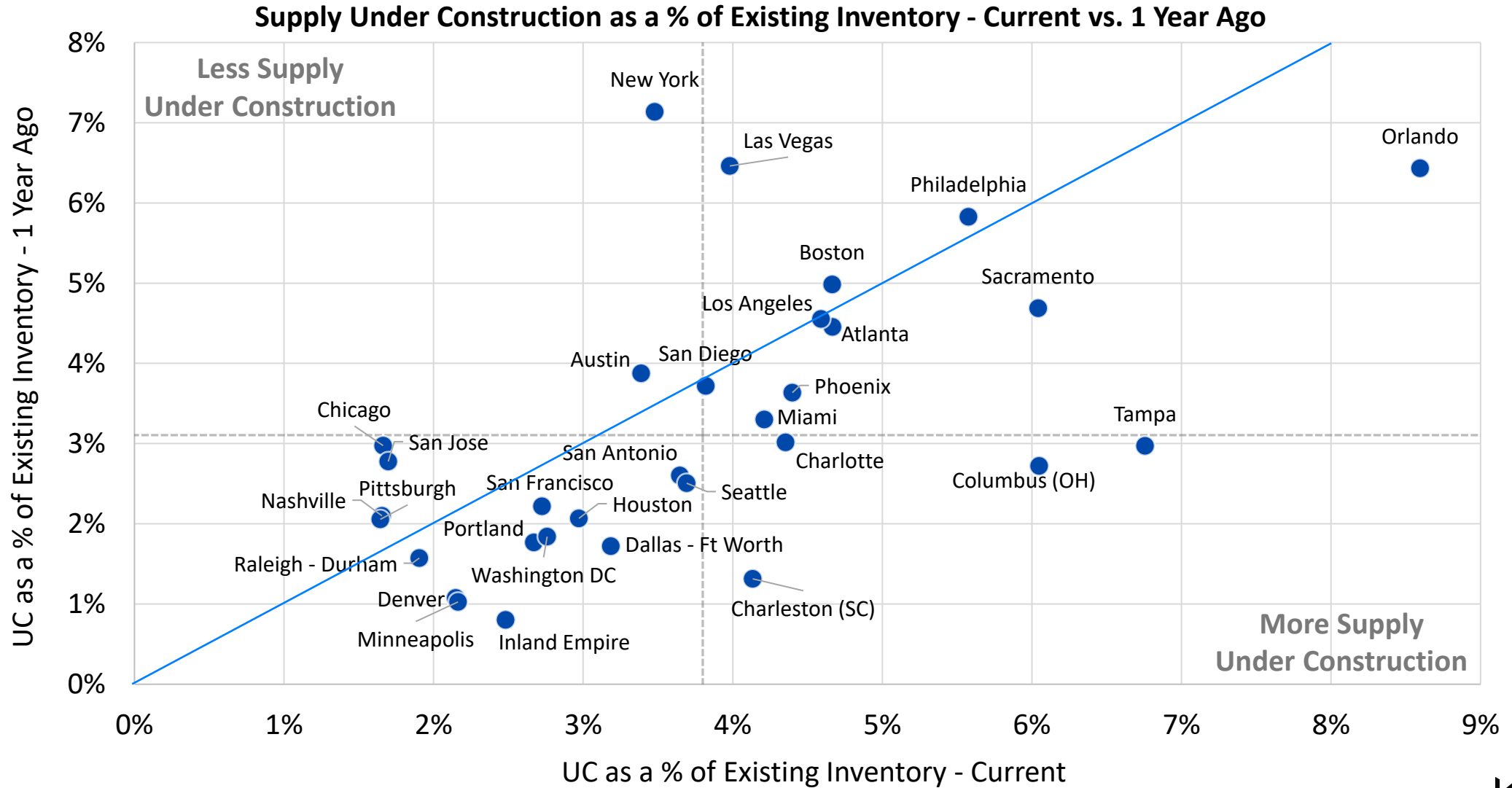
Development Activity Continues to Increase in Secondary and Tertiary Markets

Market	UC % of Existing Inventory	Market	UC % of Existing Inventory
SW Florida Coast	9.3%	Cleveland - Akron	2.4%
Boise	8.8%	Salt Lake City	2.4%
N. New Jersey	6.6%	Central Valley	2.4%
Kansas City	6.4%	Indianapolis	2.3%
Bridgeport	6.3%	St Louis	2.2%
Jacksonville	6.1%	Milwaukee	2.1%
Detroit	5.1%	Richmond	2.0%
Long Island	4.9%	Greenville (SC)	1.7%
Central East Texas	4.5%	Oklahoma City	1.7%
Baltimore	4.5%	New Orleans	1.6%
Louisville (KY)	4.1%	Memphis	1.5%
Pensacola	4.1%	Orange County	0.8%
Tacoma	4.0%	Tulsa	0.4%
Cincinnati	2.9%	Eugene	0.0%
Lansing	2.6%	Omaha	0.0%

Under Construction as a % of Existing Inventory

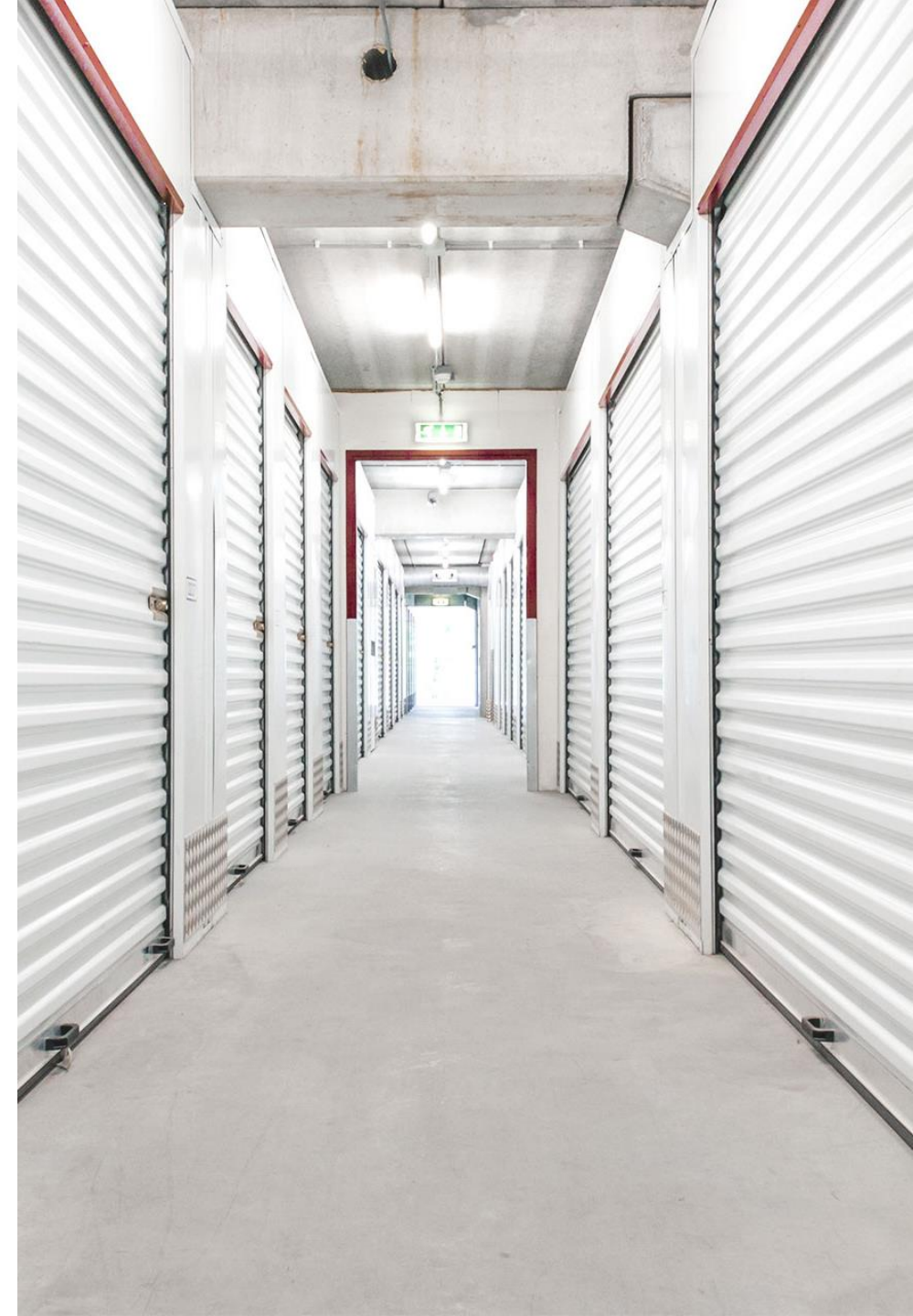


More Than Half of the Major Markets Currently Have More Supply Under Construction Compared to One Year Ago



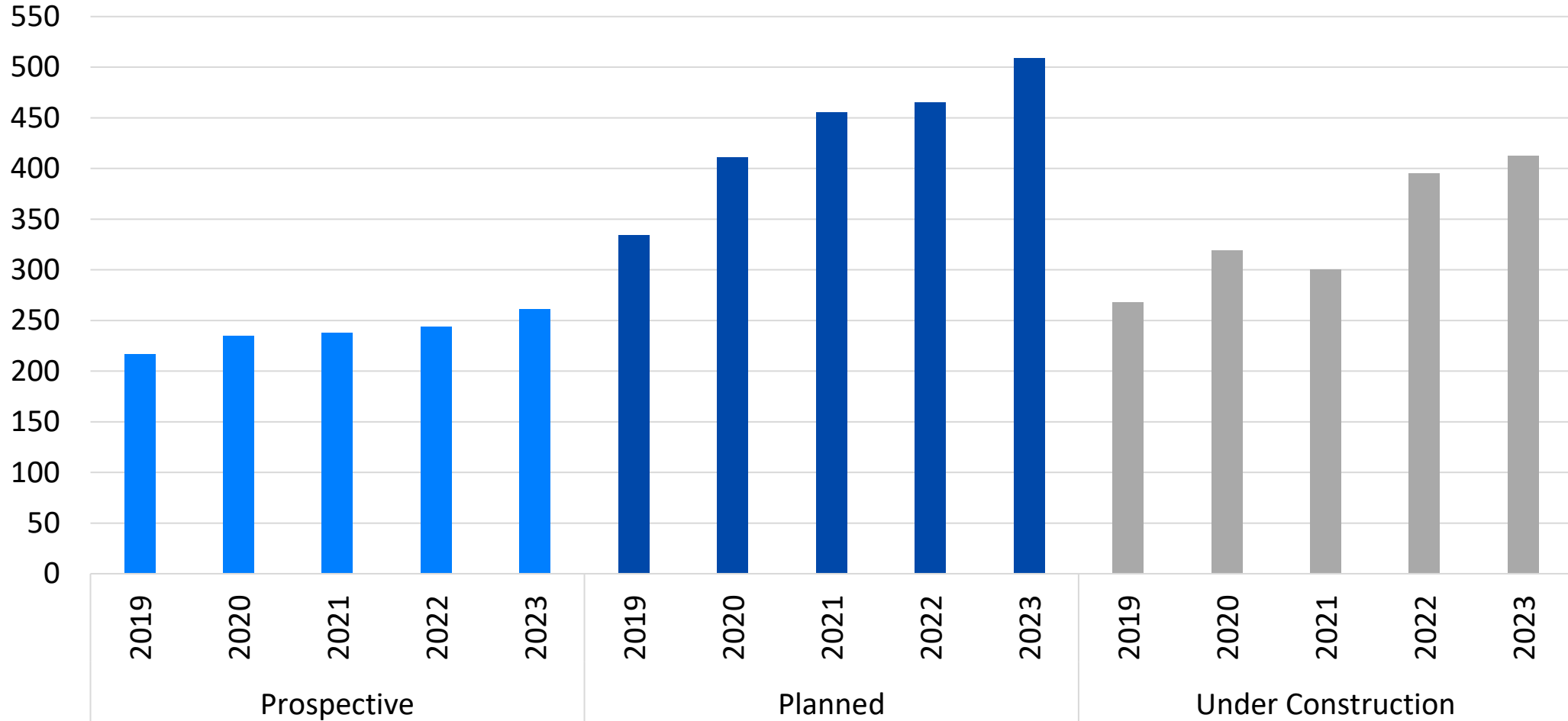
Takeaways From Our Q1 2024 Self Storage Supply Forecast

- Yardi Matrix is forecasting 54.45 mm net rentable square feet (NRSF) will be delivered in 2024, a 6.0% decrease from the 57.91 mm NRSF delivered in 2023
- Nationally, 62.1 mm NRSF of self storage properties are currently under construction, an 8.9% increase quarter over quarter. Construction starts remained strong in Q3 2023 at 16.1 mm NRSF, above the trailing four quarter average of 13.8 mm NRSF
- We continue to expect starts to decline in 2024. Growth in both the planned and prospective pipelines plateaued in the second half of 2023 and the number of abandoned projects increased notably at year end
- A substantial slowdown in new supply, however, will take time. The planned pipeline has expanded 63.2% over pre-pandemic levels and currently contains 119.25 mm NRSF. This represents a large inventory of potential new developments that will take time to wind down

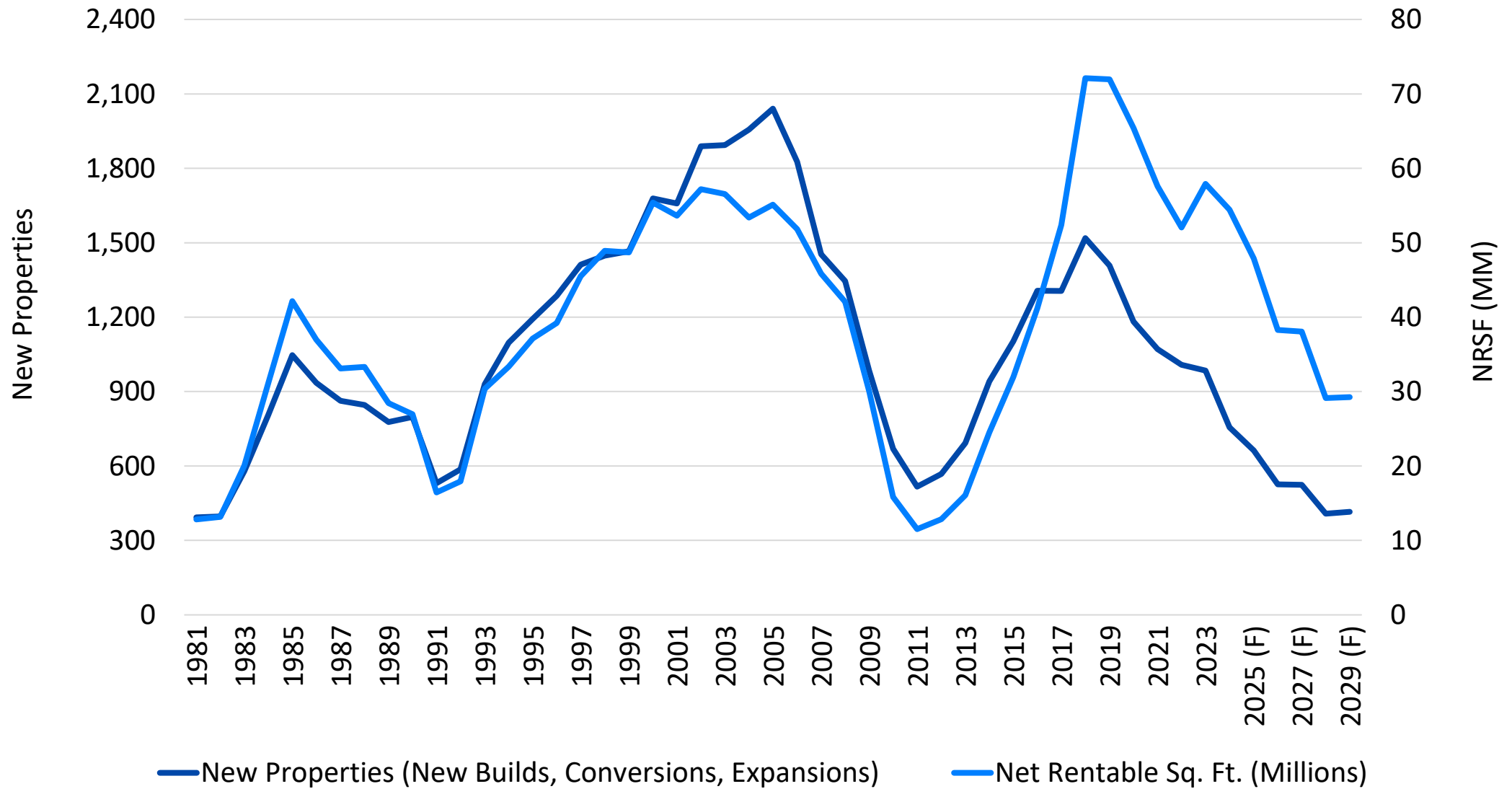


The Average Number of Days Spent in Each Phase of the Development Pipeline Continues to Increase

National Average Days in Development Stage per Year

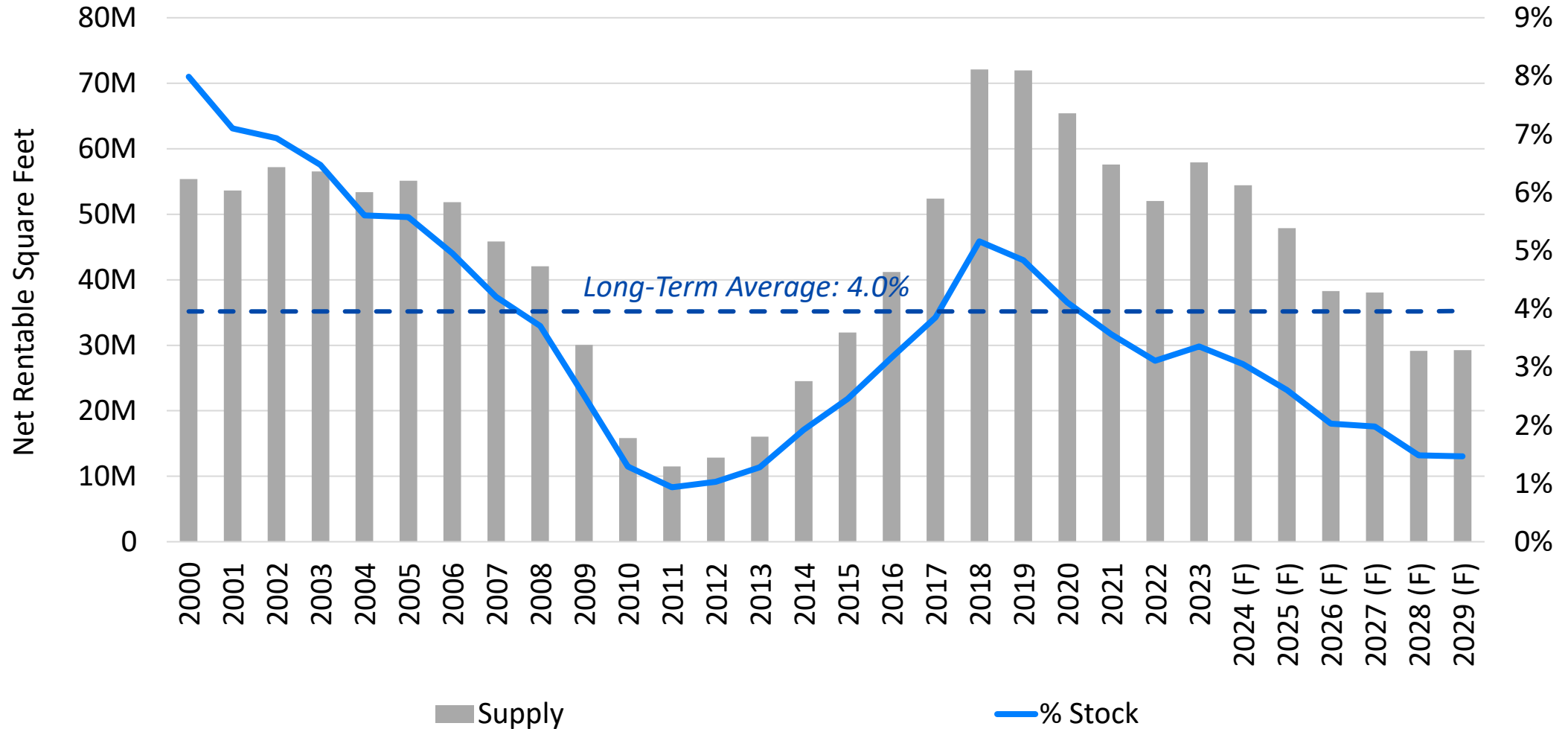


Our Current Forecast Shows a Significant Decrease in Deliveries in 2025-2029



Completions Are Forecasted to Decrease For The Next Five Years, And The Percent Of Stock Will Remain Below The Long-Term Average

National Annual Completions: Net Rentable Square Feet & Percent of Stock



Forecast of New Storage Supply Summary

National Q1 2024 Update

Property Forecasts	Actual 2023 Completions	2024	2025	2026	2027	2028	2029
New Build	565	545	502	379	396	303	296
Conversion	120	63	44	22	20	16	16
Expansion	300	148	117	125	108	89	103
Total	985	756	663	526	524	408	415

NRSF Forecasts (MM)	Actual 2023 Completions	2024	2025	2026	2027	2028	2029
New Build	39.93	43.20	39.40	31.22	32.09	24.15	23.01
Conversion	8.87	4.96	3.10	1.79	1.25	1.20	1.16
Expansion	9.11	6.28	5.38	5.28	4.74	3.79	5.09
Total	57.91	54.45	47.88	38.29	38.08	29.14	29.25
NRSF as a % of Stock	3.4%	3.1%	2.6%	2.0%	2.0%	1.5%	1.5%

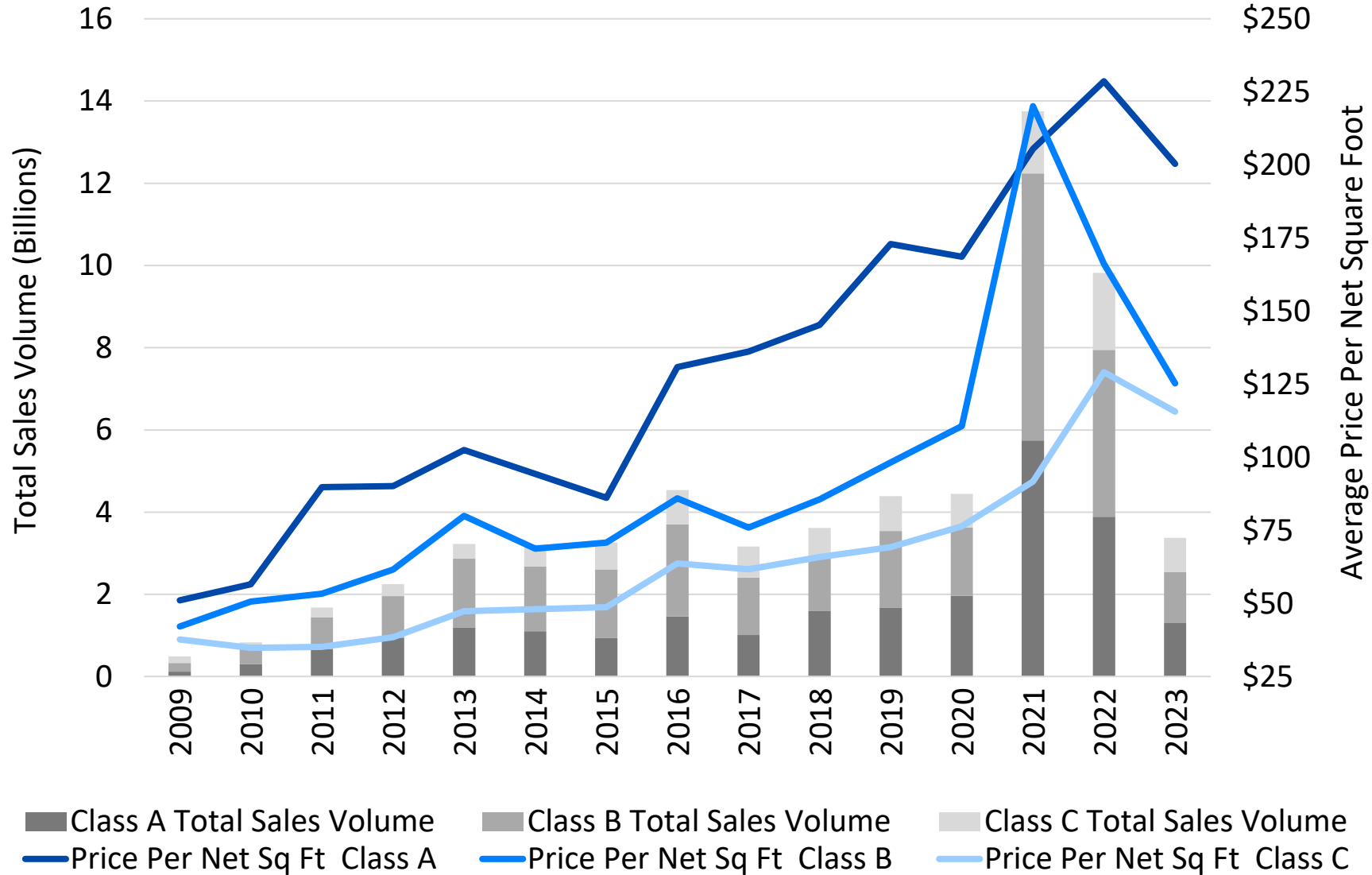


New Supply Summary & Outlook

- Supply in lease up, defined as built in the last three years, has been declining since September 2020 and has been a tailwind for the sector but plateaued in late 2023
- New supply under construction has remained high and completions increased in 2023 compared to the previous year
- Construction starts are still expected to decline in 2024, as the second half of 2023 saw the growth in the prospective and planned pipelines plateau, as well as a sharp uptick in abandoned projects
- Supply as a percent of stock is forecasted to remain below the long-term average over the forecast period, which should help fundamentals stabilize once demand picks up

SELF STORAGE TRANSACTIONS

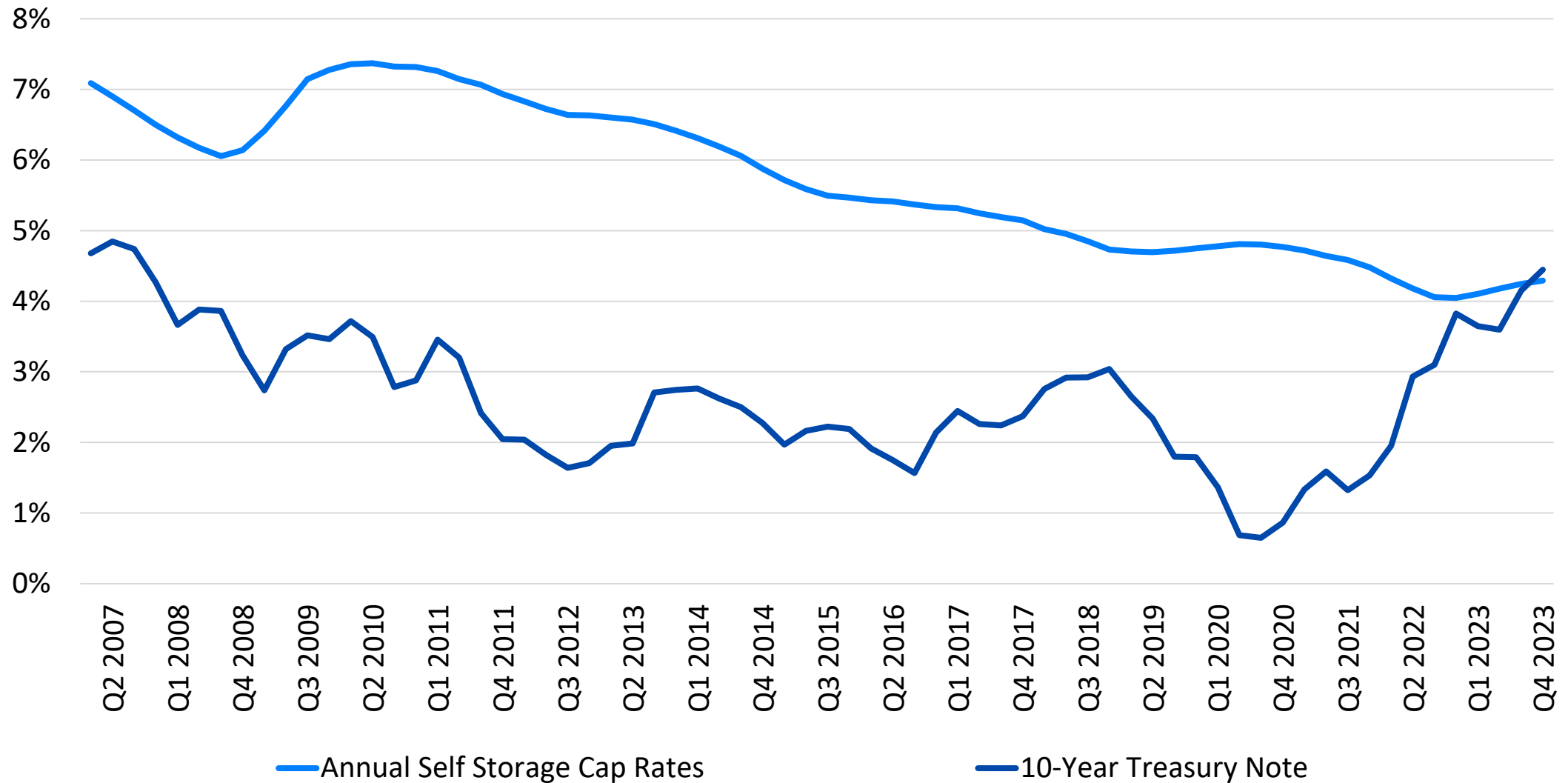
Total Sales Volume Following Pre-Pandemic Trend



YEAR	STORES SOLD PER YEAR
2020	976
2021	1,996
2022	1,658
2023	698
2024 YTD	20



NCREIF Self Storage Cap Rates Measured Via Appraisals Trended Upwards in 2023 After Trending Down Over Two Decades



With Institutional Capital on the Sidelines, Smaller Markets Have Become More Prominent in Sales Transactions

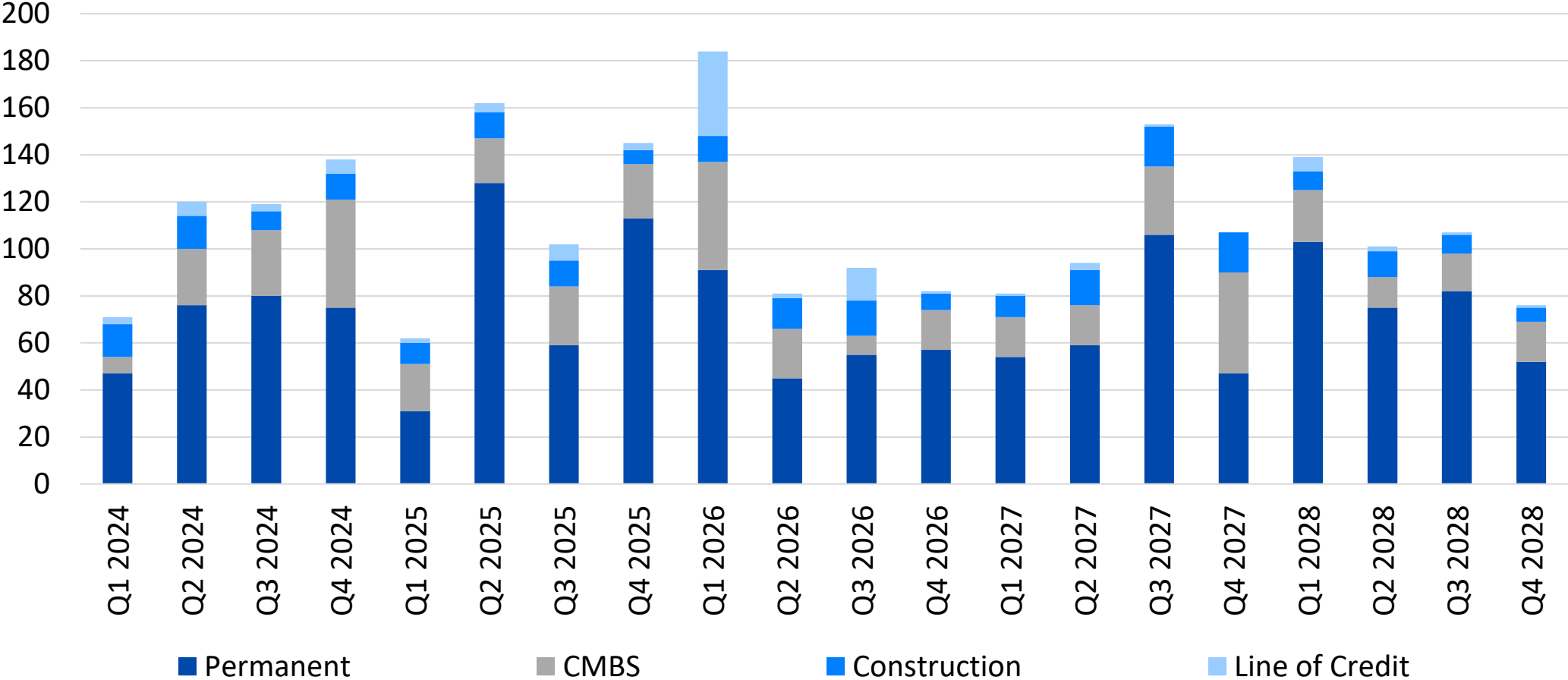
% of Total Inventory Sold 2023		
Market	Net Rentable SF Sold	% of Total Inventory
Augusta	841,386	15.8%
Macon	379,631	12.7%
Port St. Lucie	431,900	8.7%
Grand Rapids	695,071	8.0%
Tallahassee	232,852	7.4%
Athens	252,001	6.4%
Charleston (SC)	839,700	6.4%
White Plains	677,235	6.0%
Wyoming	330,768	5.9%
Colorado Springs	417,741	5.7%
Knoxville	316,003	5.5%
Salt Lake City	1,396,429	5.4%
Oklahoma City	889,108	5.2%
San Diego	977,386	5.1%
Huntsville	321,213	5.1%

% Increase in Inventory Sold Year-Over-Year			
Market	Net Rentable SF Sold 2022	Net Rentable SF Sold 2023	Growth
Wichita	32,906	212,600	546.1%
Lubbock	31,730	184,822	482.5%
Augusta	170,338	841,386	394.0%
Knoxville	70,200	316,003	350.1%
Huntsville	72,808	321,213	341.2%
Corpus Christi	65,129	229,928	253.0%
San Diego	353,931	977,386	176.2%
Tucson	114,788	228,576	99.1%
Wyoming	171,085	330,768	93.3%
Reno	84,686	160,081	89.0%
Salt Lake City	761,952	1,396,429	83.3%
White Plains	389,092	677,235	74.1%
Grand Rapids	531,579	695,071	30.8%
Tallahassee	183,060	232,852	27.2%
Tacoma	266,817	330,325	23.8%



Of More Than 380 Loan Maturities Scheduled in 2024, Over 100 of Them Are CMBS Loans

Upcoming Loan Maturities by Type of Loan



Source: Yardi Matrix

Several Companies Have Been Involved in Major Transactions Within The Last Year

- **W.P. Carey Inc.**, a net lease REIT, sold 78 self-storage facilities valued at \$465M to **U-Haul** in February 2024
- **Baranof Holdings** acquired the 30-property **Security Self Storage** portfolio from seller **Clark Investment Group** in December 2023 with properties in Denver, Wichita and Texas
- **Public Storage** completed its acquisition of **Simply Self Storage**, the 127-property portfolio from Blackstone in a \$2.2B deal in September 2023
 - Simply's largest markets were Dallas (18 stores), Houston (17), Oklahoma City (12) and Memphis (11)
- **Extra Space** merged with competitor **Life Storage** in July 2023 in an all-stock transaction worth \$12.7B which added over 1,200 stores to the company's portfolio and makes EXR the largest self-storage owner and operator in the U.S., with 3,500 stores across 43 states
 - Life Storage's largest markets were Chicago (42 stores), New York City (40), Houston (40) and Atlanta (39)
- **CBRE Global Investors**, with managing partner **StorQuest**, acquired the 14-property **Storage Etc.** portfolio, previously owned by **KOAR Institutional Advisors**, in March 2023 including 10 properties in Southern California and 4 in Salt Lake City

Sale Transactions of the Top 2023 Buyers Focused Heavily on Smaller Markets

2023 Top Buyers				
Buyer	Net Rentable SF Bought	Number of Properties	% Increase in Portfolio (NRSF)	Top Market Bought
Extra Space Storage	59,495,542	775	44%	West Houston
Public Storage	10,297,699	144	11%	West Houston
Prime Group Holdings	3,246,839	40	19%	Salt Lake City
Merit Hill Capital	2,394,682	51	13%	White Plains
Baranof Holdings	1,899,639	33	361%	Denver
SROA Capital	1,858,672	30	15%	Augusta
U-Haul	1,044,962	17	6%	Oklahoma City
CBRE Global Investors	896,588	15	329%	Salt Lake City
StorageMart	815,570	10	8%	Milwaukee
City Line Capital	809,590	20	9%	Huntsville
Prestige Storage Capital	639,215	13	79%	Grand Rapids
Wentworth Property Company	635,849	8	28%	Suburban Atlanta
Andover Properties	625,942	8	8%	Colorado Springs
Reliant Real Estate Management	598,072	9	10%	Athens
InSite	529,550	6	22%	Suburban Philadelphia

Yardi Matrix Self Storage House View – March 2024

MACROECONOMIC UPDATE

- U.S. economic growth is strong, with 4.9% GDP growth in 3Q23, 4Q23 at 3.2%; and 1Q24 looking like 2%
- The Fed has stopped tightening, at the December & January meetings, interest rates were held; June '24 cuts expected
- Inflationary pressures have cooled, and will continue to, but risk of re-acceleration is non-trivial
 - De-globalization continues, putting mild upward back pressure on inflation
- The labor market is tight driven by an aging population, but showing signs of weakness at the top end, with no consensus on immigration policy, and 5-8 MM illegal immigrants slowly entering the shadow labor market.
- U.S. economy is slowing, yield curve (10 YR - 3 MTH) is inverted, mild recession likely in very late 2024

SELF STORAGE FUNDAMENTALS & OUTLOOK

- Self storage performance weakened throughout 2023 due to a slump in demand driven by record low home sales and a decrease in mobility, leading to occupancy levels near or below pre-COVID levels
- Revenue growth was close to flat by year end due to a decline in occupancy and decelerating rent growth; operators led by the REITs are testing new rental strategies keeping street rates low and aggressively pushing ECRIs
- Street rate declines improved the second half of 2023, but trended back down early 2024 with same store rate growth of -3.2% in January, led by markets that saw the strongest growth during COVID and heaviest supply pipelines recently
- Despite a more difficult rate and financing environment, new completions and construction starts held steady in 2023 and 2024-2025 will remain active led by less experienced developers and smaller secondary and tertiary markets
- 2023 transaction volume down 60-70% excluding two large entity level deals, 2024 activity should be about the same

Where are we now?

- Occupancy and rent increases during COVID pushed REIT same store revenues up over 37% and NOI up nearly 50% since Q2 2020; NOI margins are still near record-high levels around 75%
- Led by the self storage REITs, leasing strategies have changed with less emphasis on pushing street rate growth and higher and more frequent existing customer rate increases (ECRIs)
- Difficult to tell if lower street rates have a positive impact on move ins which have plummeted versus previous years leading REIT same store occupancy down to pre-COVID levels around 90%
- Stronger in-place rent increases so far have not led to greater move out activity, but declining street rates have brought REIT same store effective rent growth down to 1.3% in Q4 2023 from near 18% in Q2 2020
- Faltering demand impacts the Sunbelt markets that have benefitted the most from migration in recent years like Arizona and Florida
 - Improvement in performance in these places will hinge on an improvement in home sales which we think doesn't happen until later in 2024 or early 2025
- Record levels of immigration could have a longer-term impact on self storage demand in the markets that have seen an influx of migrants seeking asylum
 - Includes markets that saw domestic out-migration during COVID like California, New York and Chicago and markets with highest existing percentage of Latin American immigrants like Miami, Orlando and Houston

Where are the opportunities in 2024?

- Lease up supply has put downward pressure on street rates in the trade areas, submarkets and markets that have experienced the most new supply in recent years places like Orlando, Tampa and Atlanta, which also have more supply on the way, impacting lease up pace and achieved rates at new properties
- Markets with declining supply pipelines and recent deliveries have seen the most improvement in rate growth over the past few years, led by markets that were among the worst performing just 3-4 years ago
 - New York City, Denver, Minneapolis, Houston, Washington DC and Portland could see street rates bottoming
- **Interesting opportunities in markets where rents are down most from peak and where new supply could be struggling and create distress**
 - **Over 1,300 properties delivered in 2022 and 2023, many by developers new to self storage, originally underwritten at peak rental rates and pricing environment**
 - **Over 3,500 properties acquired in 2021 and 2022, many by new investors, when rates were at their peak**



Upcoming Events

SSA Spring Conference & Trade Show

National Harbor, MD

Booth #335

MARCH 12TH – 14TH

Spring Webinar Series

Student Housing National Outlook

APRIL 18TH

Multifamily National Outlook

MAY 9TH



THANK YOU

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