



# 2018 U.S. Self Storage Market Update



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# Today's Agenda

- Macroeconomic Outlook
- Profile of Current Supply and Demand
- How Will New Supply Levels Impact U.S. Cities?
- What Happens After the Current Development Cycle?



# The Yardi® Matrix View: A Sharpshooter's Game Short-Term, Back to Intellectual Hubs Longer-Term

- **U.S. economy is in VERY good shape**

- GDP/Employment up and growth is humming >3%, but appear to be leveling out at this growth rate
- Trade and immigration policies appear to be driving the downshift in the pace of growth
- Oil Prices Up => \$70/bbl – will stay high (\$80/bbl?) for what looks like 18-24 months – Iran/Venezuela/Saudi/Russia impacts
  - As a meaningful producer, not a clear negative anymore, positive for the Oil Patch
- Wages rising ~2.6% and labor market tight – people being pulled off the sidelines
- Inflation rising, but unlikely to break 2.5%; Short-Term interest rates up, 10 Yr range with 3% to 3.5%; Watch Yield Curve!

# The Yardi® Matrix View: A Sharpshooter's Game Short-Term, Back to Intellectual Hubs Longer-Term

- **Dynamics of Demand-**

- Lower cost cities with concentrations of intellectual capital work are attracting domestic migrants, a strong driver of storage demand
- Fundamentals in 2018 are deteriorating, after reaching a peak in summer 2017
  - Only 12 of 133 markets show rent increases, vs 41 in the prior years (Sept to Sept)
- Completions peaked Summer 2018 (May to July was heaviest 100 days); new supply pressure will persist due to heavy lease-up

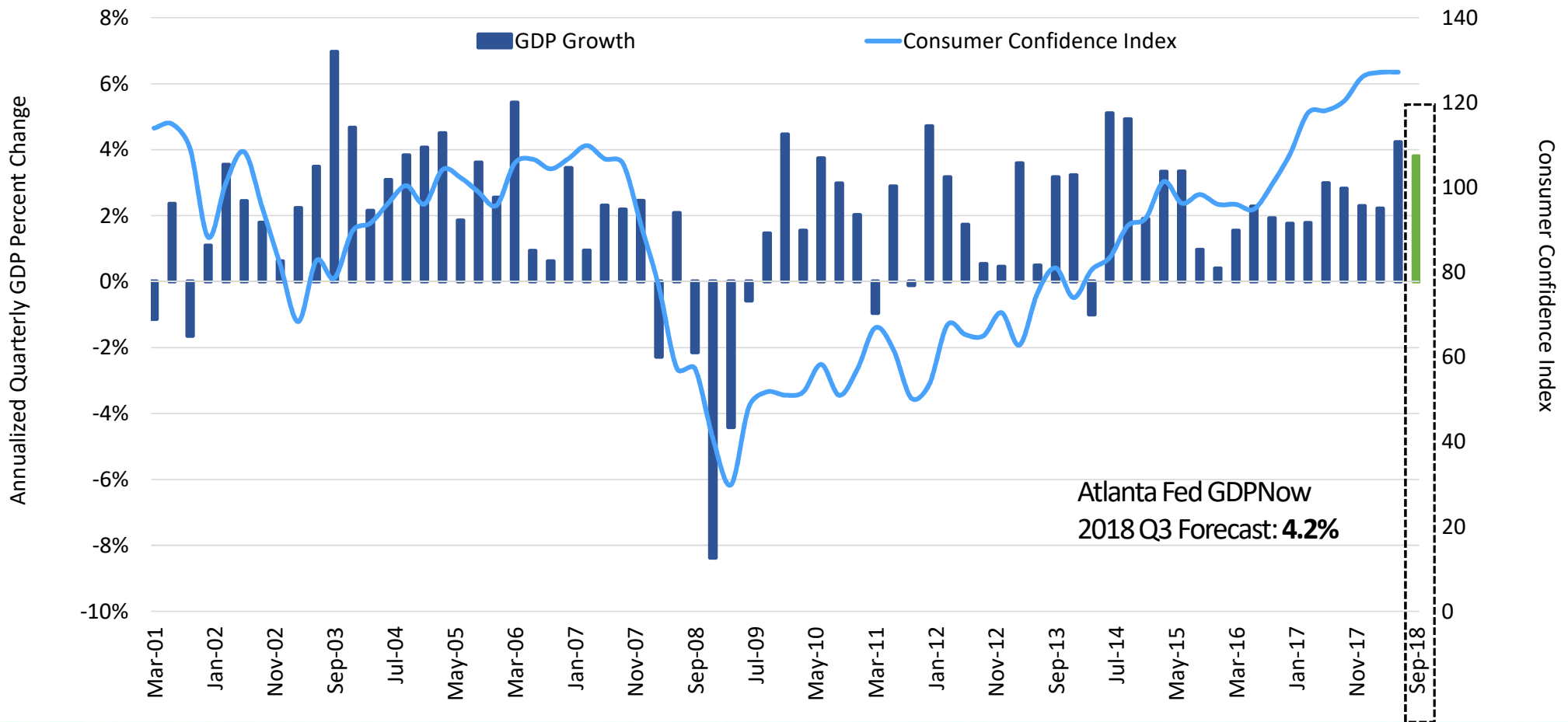
- **What happens after 2019/2020?**

- After the current development wave ends metros could see rents improve due to demand from strong domestic in-migration
- Attractive metros currently tend to be retirement destinations in the Desert Southwest (e.g., Las Vegas), coastal areas of Florida and the Southeast (e.g. Tampa to Daytona), and smaller mountain metros in the Appalachians and Rockies (e.g., Boise)

An aerial view of a city with 3D building models. The buildings are rendered in a light gray color, and the perspective is from a high angle, looking down at the city. The buildings are of various heights and shapes, creating a dense urban landscape. The background is a light gray color, and the overall image has a clean, modern aesthetic.

# Macroeconomic Outlook

# U.S. Economic Growth is Pretty Good



Atlanta Fed GDPNow  
2018 Q3 Forecast: **4.2%**

Source: Moody's Analytics; Bureau of Labor Statistics (BLS); S&P Dow Jones Indices LLC; CoreLogic, Inc; Federal Housing Agency (FHFA); Freddie Mac; Fannie Mae; U.S. Bureau of Economic Analysis (BEA); U.S. Board of Governors of the Federal Reserve System (FRB); Investing.com; Federal Reserve Bank of Atlanta

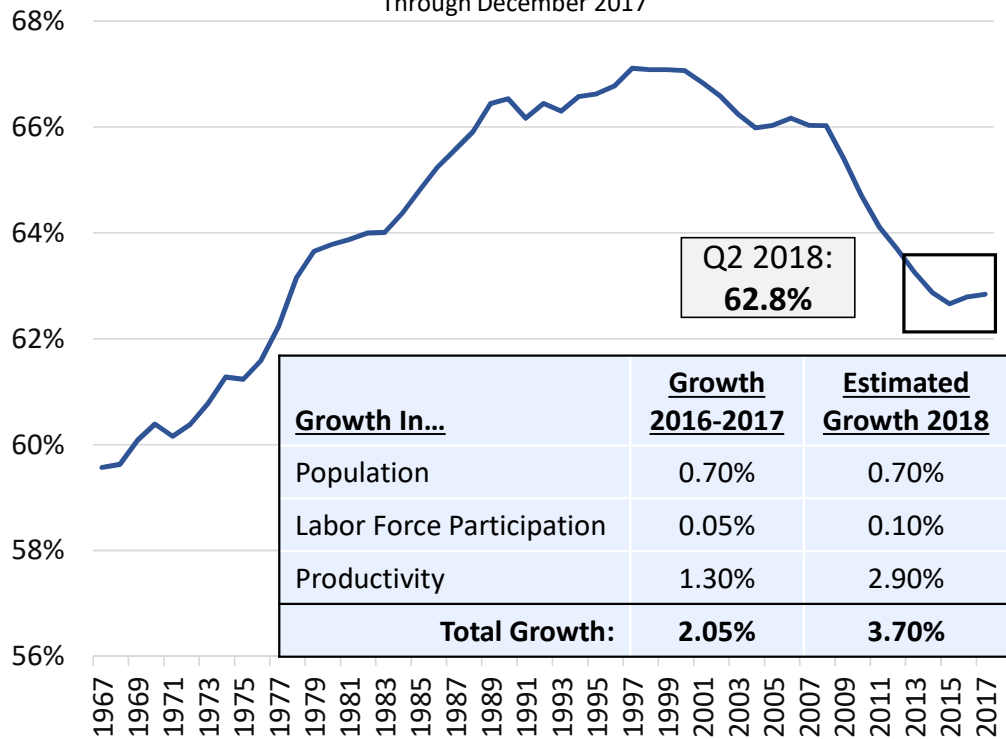


# Factors Driving GDP Show Signs of Growth

Where will U.S. GDP growth come from?

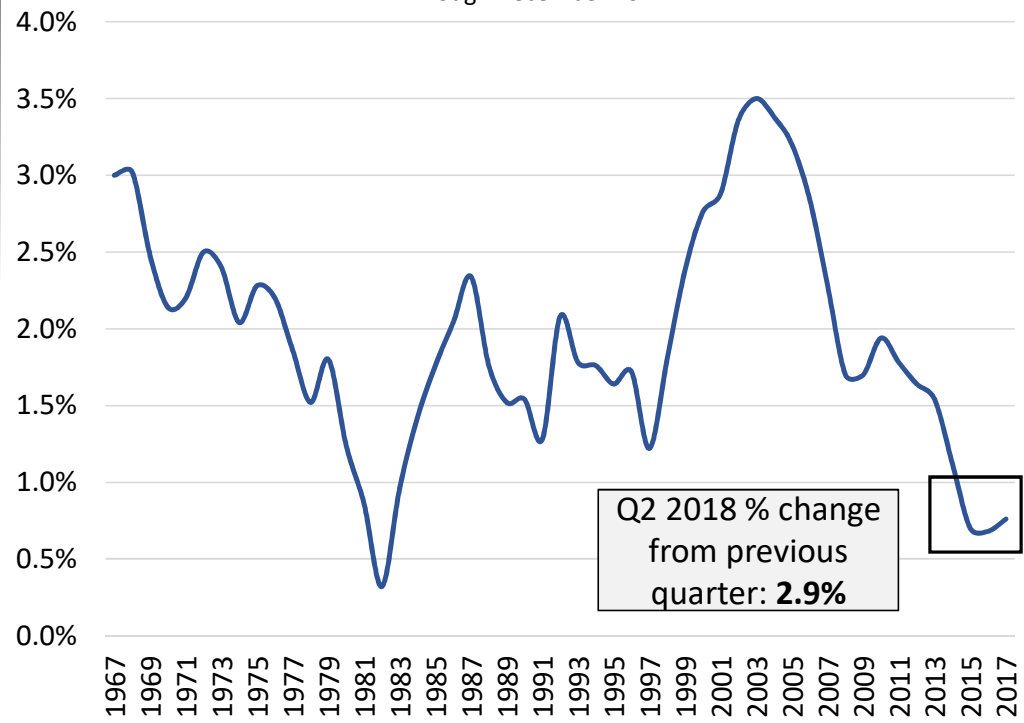
Labor Force Participation Rate

Through December 2017



Labor Productivity Annual Change  
Nonfarm Business Sector

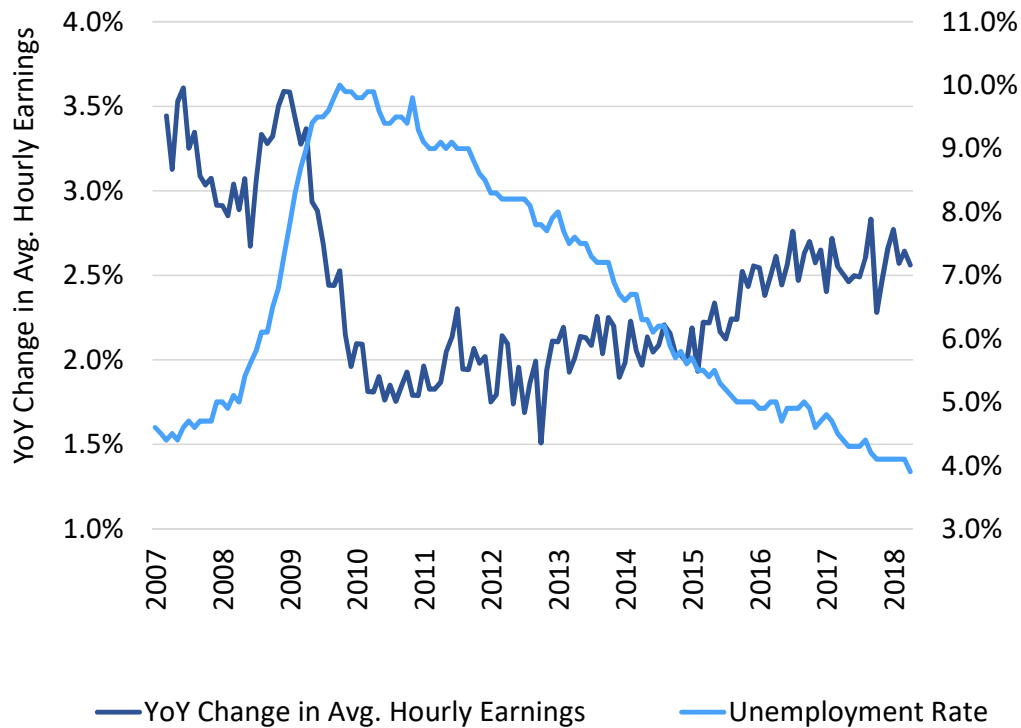
Through December 2017



\*Labor productivity graph is based on a 6-year rolling average  
Source: Moody's Analytics; Bureau of Labor Statistics (BLS)

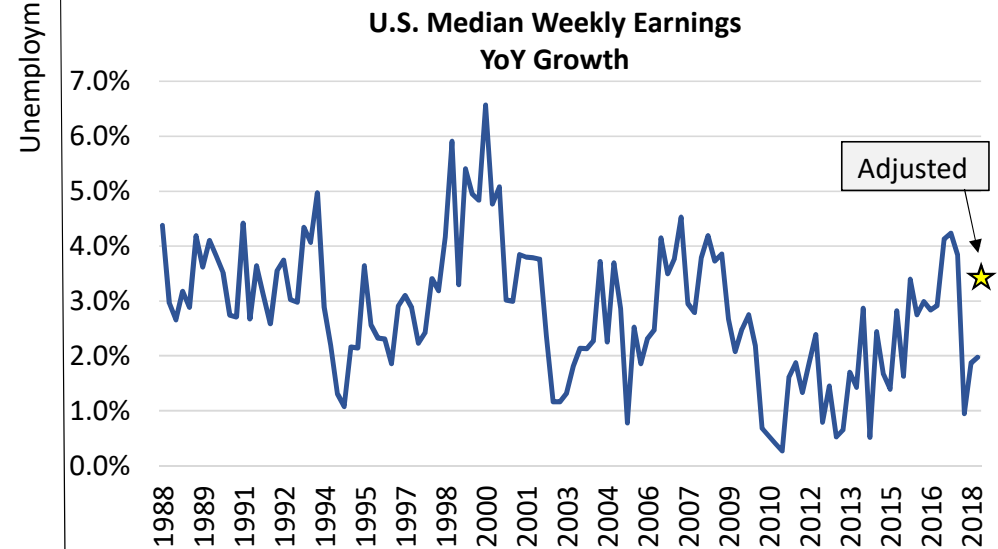
# Will Productivity Out-Distance Real Wage Growth?

## U.S. Wage Pressure Increasing



## Wage Growth Reports Hide Demographic Shift

- 2018 Q2 median weekly earnings of full time workers rose 2%
- Wage growth is better than the headline numbers indicate
- Held down by the exchange of new workers for new retirees
- New workers generally earn less than workers who are leaving full-time employment (boomers)
- Adjusting for this, 2018 Q2 wage growth was actually 3.5%

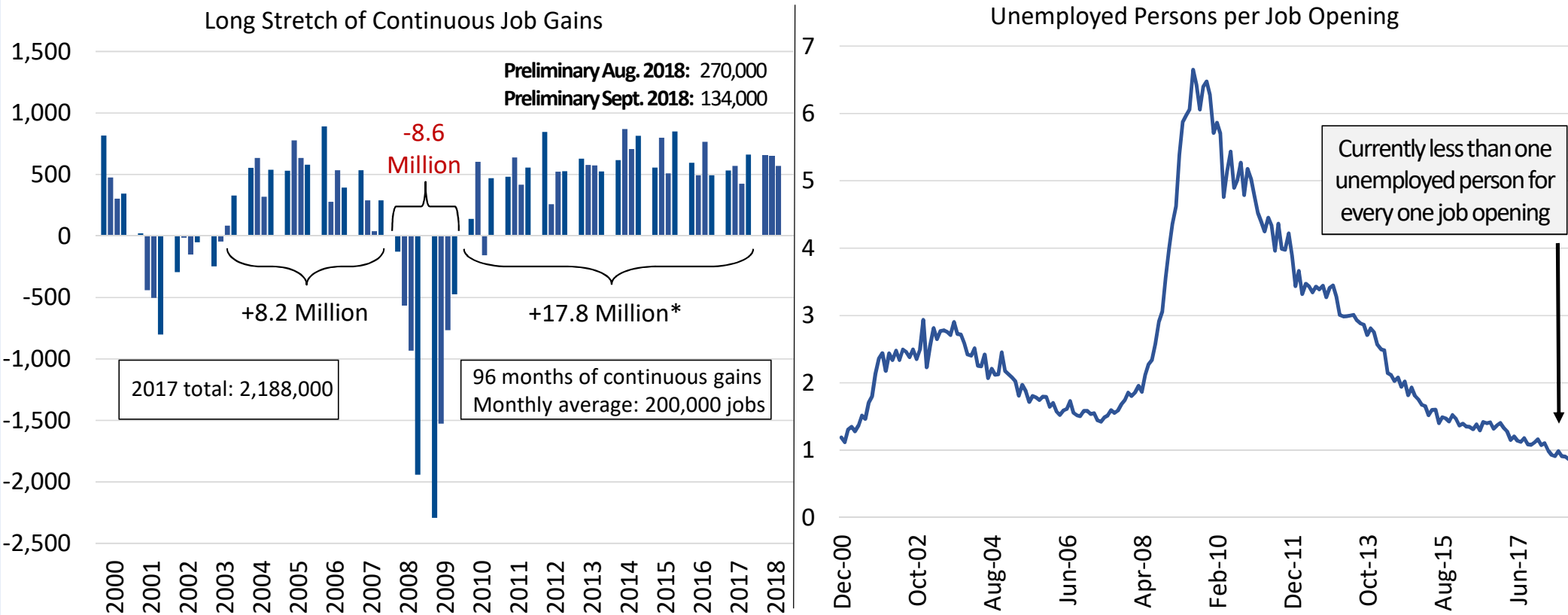


Source: Moody's Analytics; Bureau of Labor Statistics (BLS); Current Population Survey (CPS); Mary C. Daly, The San Francisco Fed; Daly, Mary C., Bart Hobijn, and Benjamin Pyle. 2016. "What's Up with Wage Growth?" FRBSF Economic Letter 2016-07; Daly, Mary C., and Bart Hobijn. 2016. "The Intensive and Extensive Margins of Real Wage Adjustment." Federal Reserve Bank of San Francisco Working Paper 2016-04



# Tight Labor Market, Pulling People off the Sidelines

It is difficult to find labor at the right *price*, with the right *skills*, in the right *city*

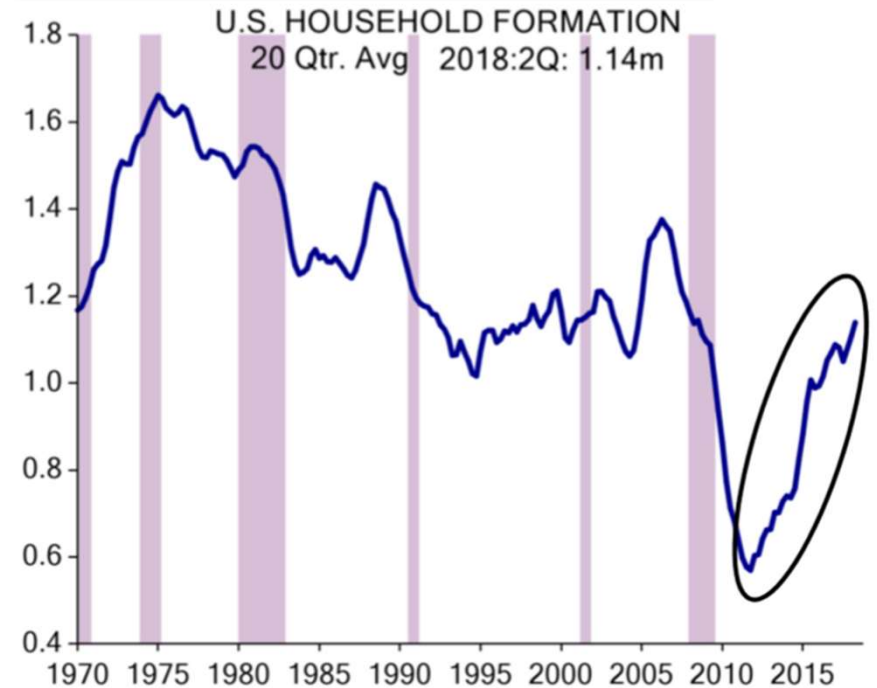


\*Through December 2017

Source: Moody's Analytics; Bureau of Labor Statistics (BLS); The Conference Board

# Millennials are a Positive Force for the Expansion

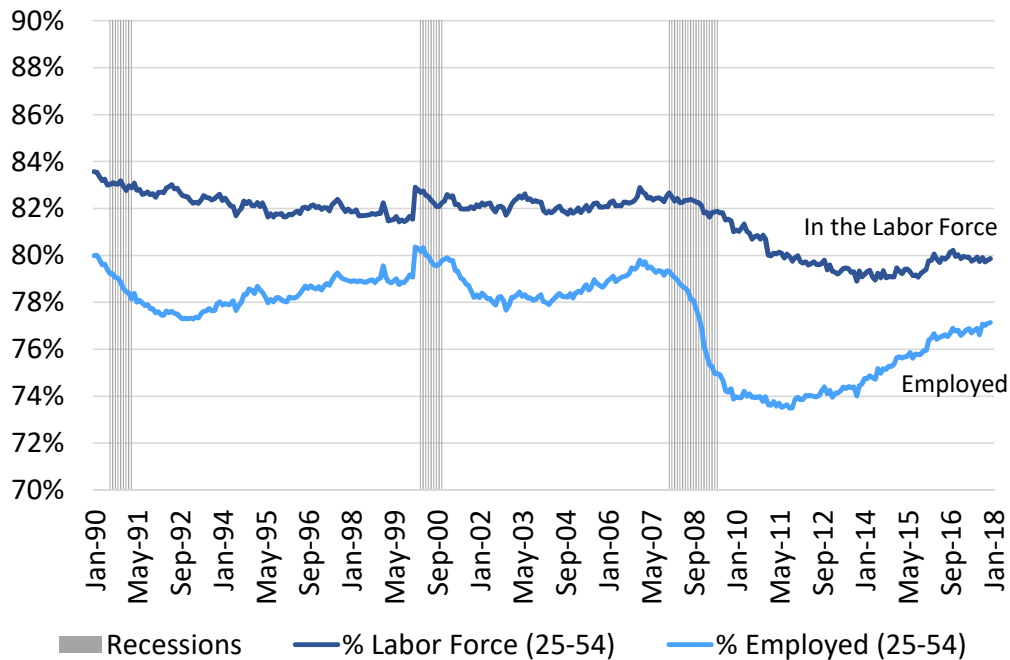
- Employment of Millennials has accelerated over the past decade
- Employment of Millennials increased 2.7% YoY in July vs. 1.3% for employment excluding Millennials
- Household formation has doubled



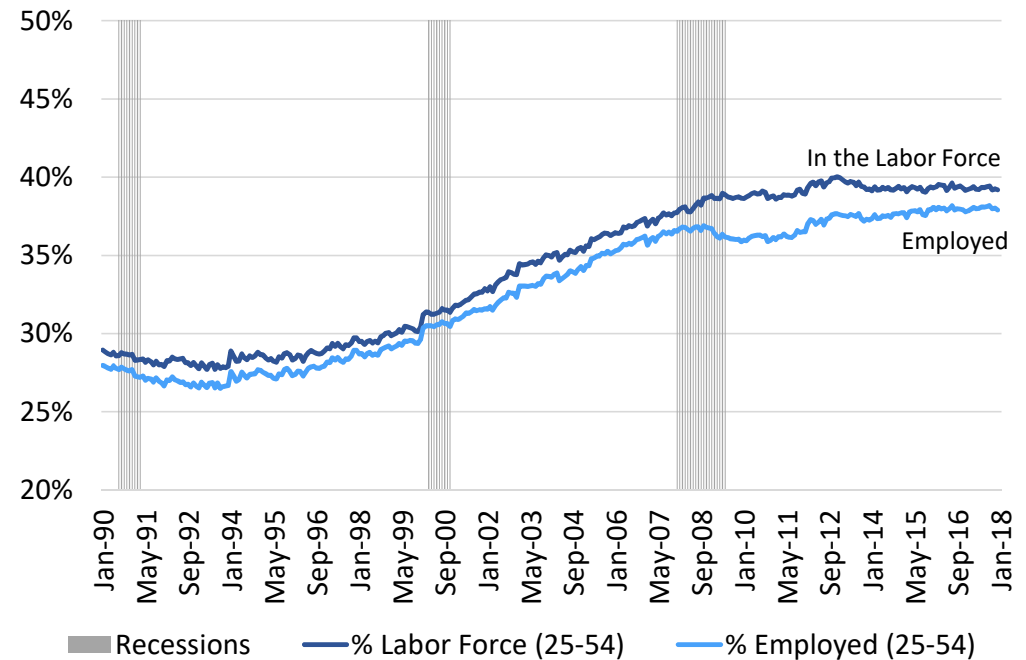
# Reserve Supply of Labor

- Another 2% of the prime-age population could get engaged – approximately 2.6 million people
- Participation rates for people age 55+ are rising – buoying the expansion

Share of Prime-Age Population (25-54) That Is...

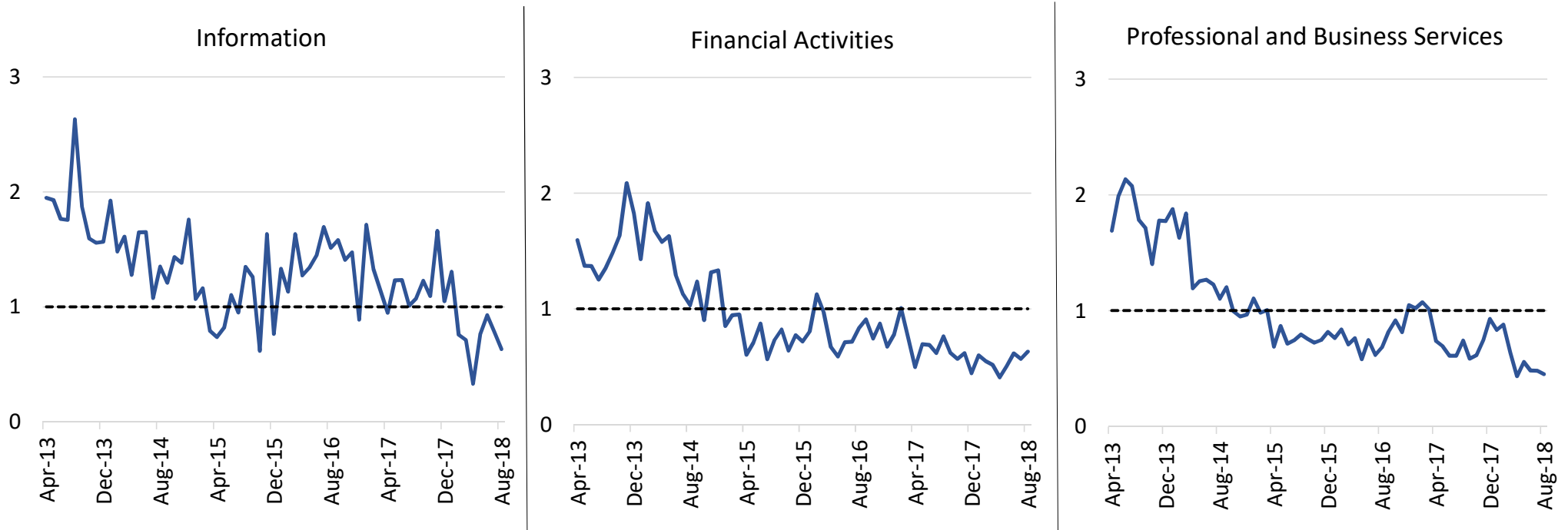


Share of Age 55+ Population That Is...



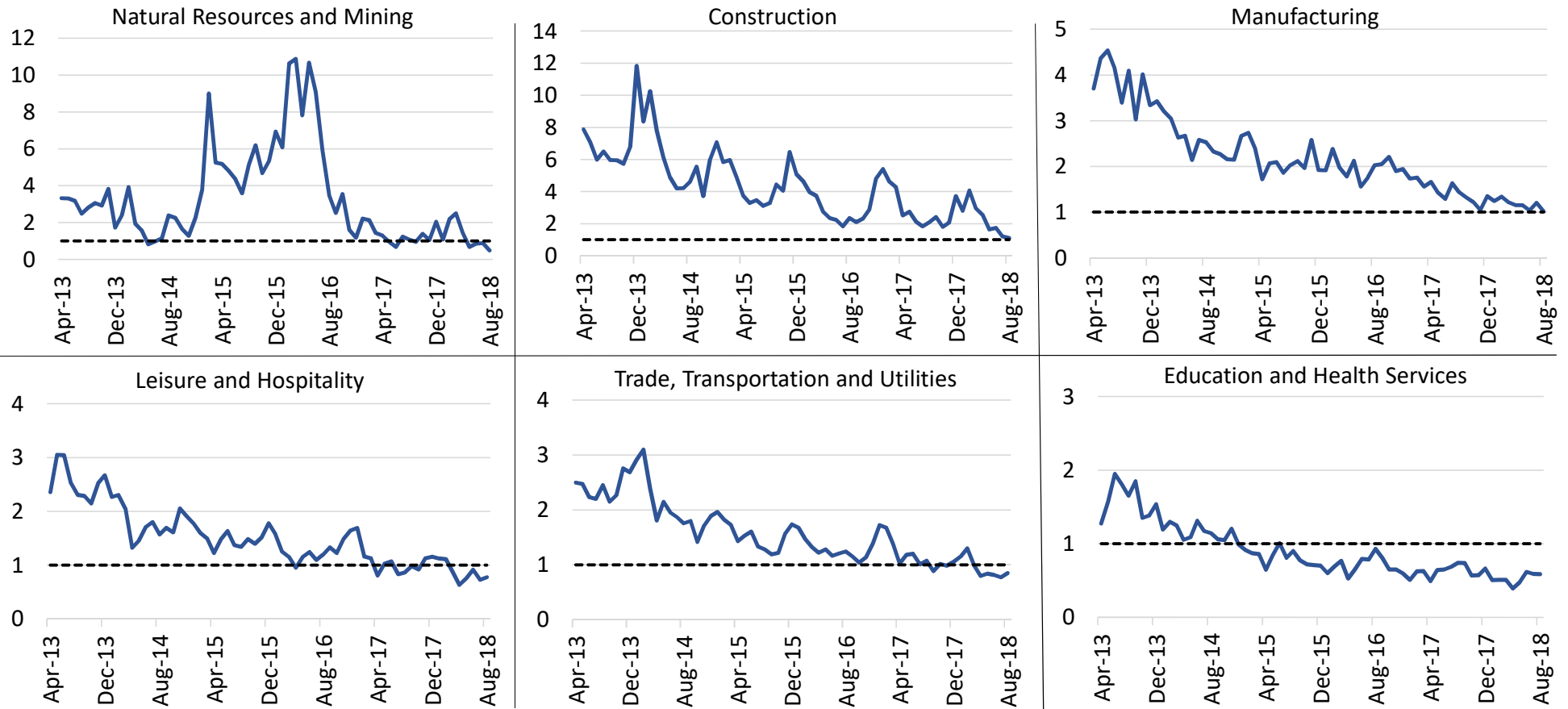
Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS); U.S. Census Bureau (BOC)

# Unemployed Persons per Job Opening: Office-Using Industries



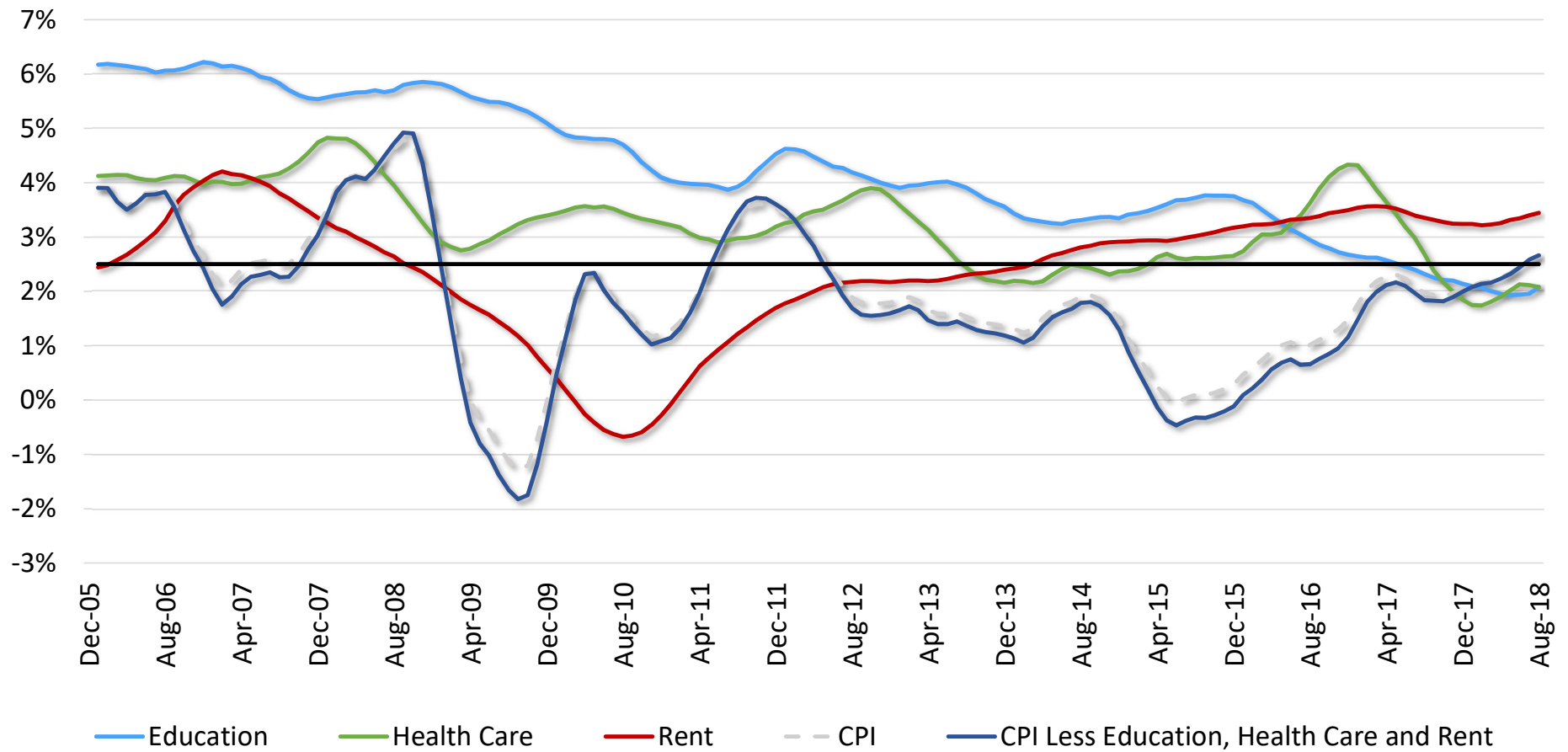
Source: Moody's Analytics; Bureau of Labor Statistics (BLS); Yardi® Matrix

# Unemployed Persons per Job Opening: Non Office-Using Industries



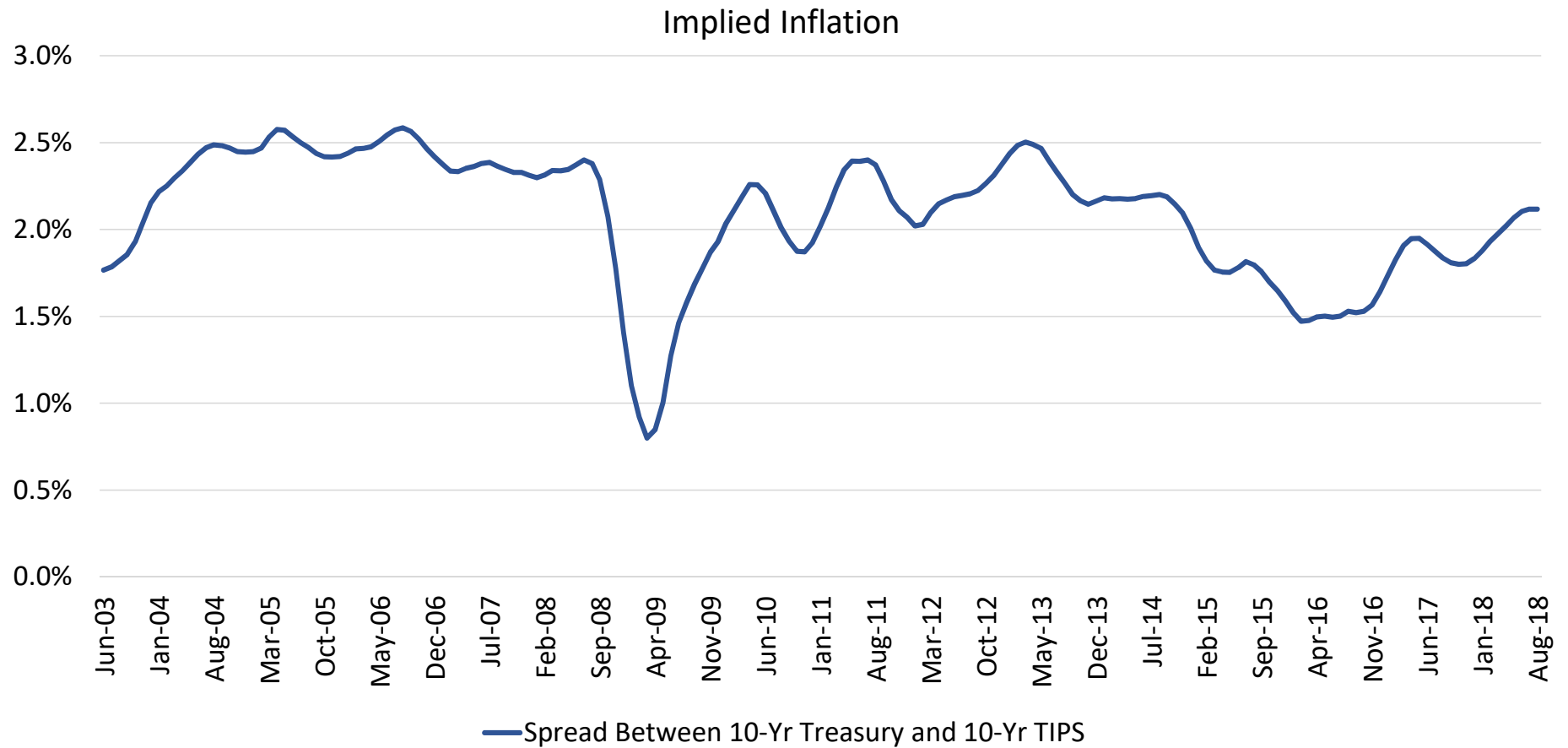
Source: Moody's Analytics; Bureau of Labor Statistics (BLS); Yardi® Matrix

# Inflation Rising, But Unlikely to Break Out >2.5%



\*YOY 6 month moving avgs. CPI Less Health Care, Education and Rent is an estimate using BLS document "Math calculations to better utilize CPI data"  
Source: Moody's Analytics; Bureau of Labor Statistics (BLS)

# Implied Inflation Has Increased, but Remains Low



Source: Federal Reserve Bank of St. Louis; Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

# Inflation Moving Up, but Not Sharply

## 1980's, 1990's, and 2000's:

- Average hourly earnings accelerating from 2% to 4% in 2 ½ years

## Now:

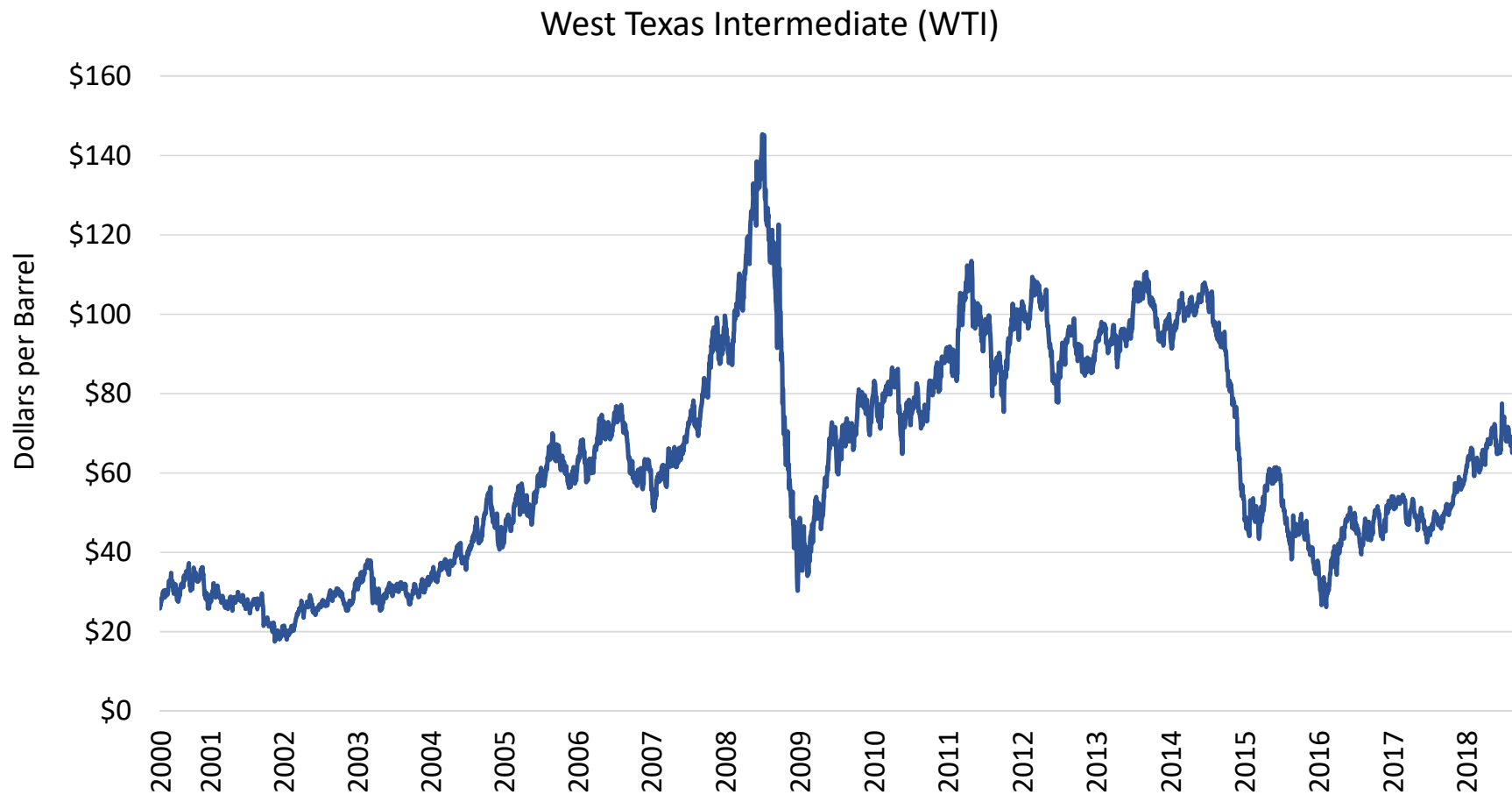
- Average hourly earnings have accelerated to just 2.7% in 5 years
- At this rate, won't hit 4.0% for another 9 years

***This argues for a very long expansion***





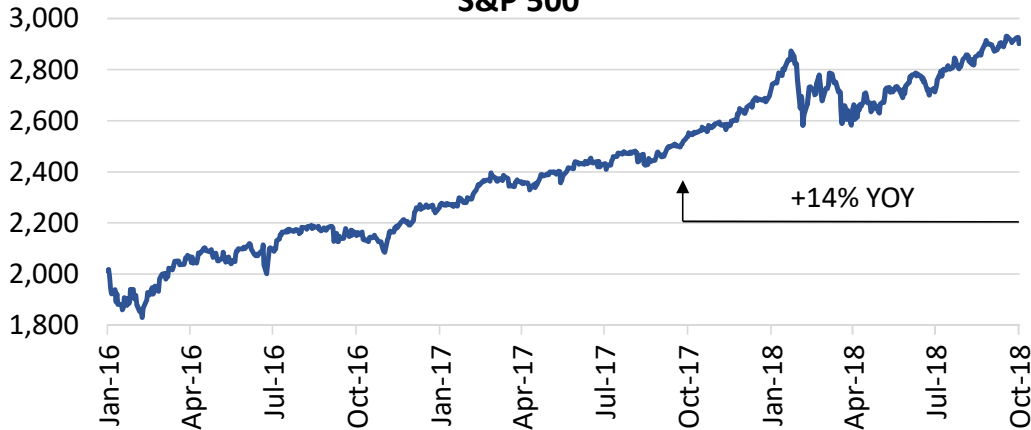
# Oil Prices are Rising – Not a Clear Negative Anymore



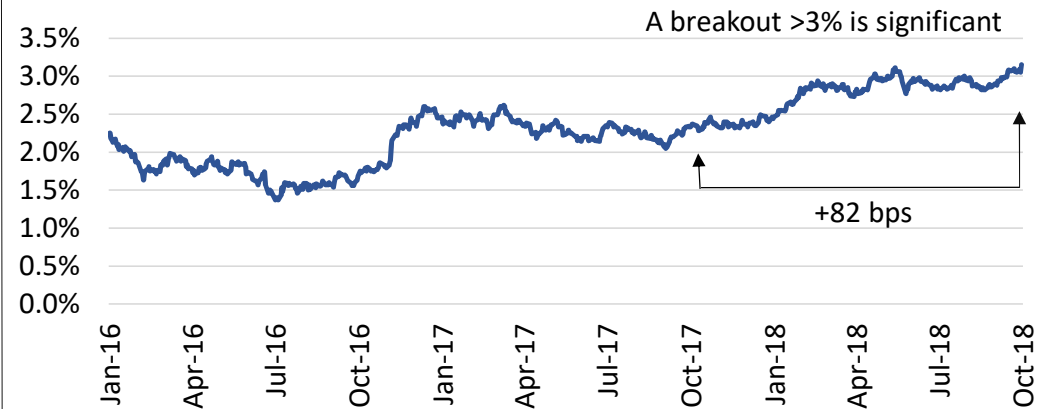
Source: Federal Reserve Bank of St. Louis

# The U.S. Economy is in High Gear

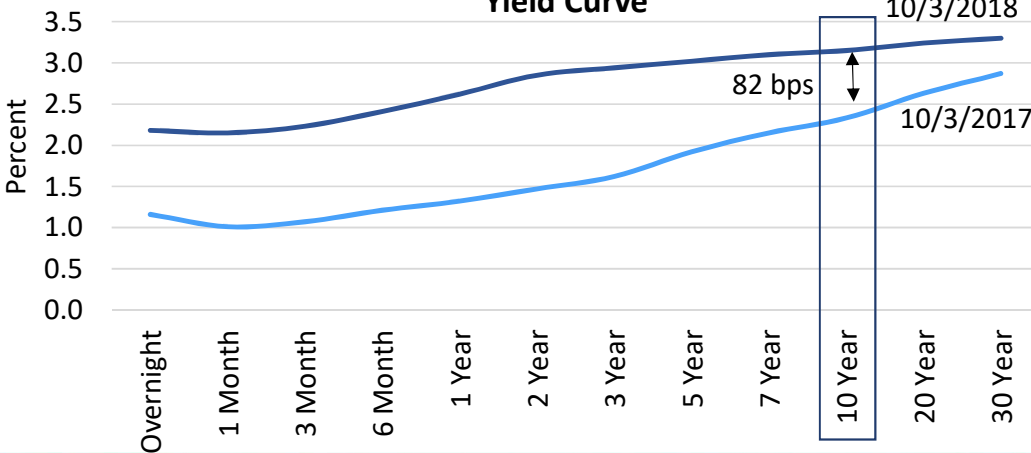
**S&P 500**



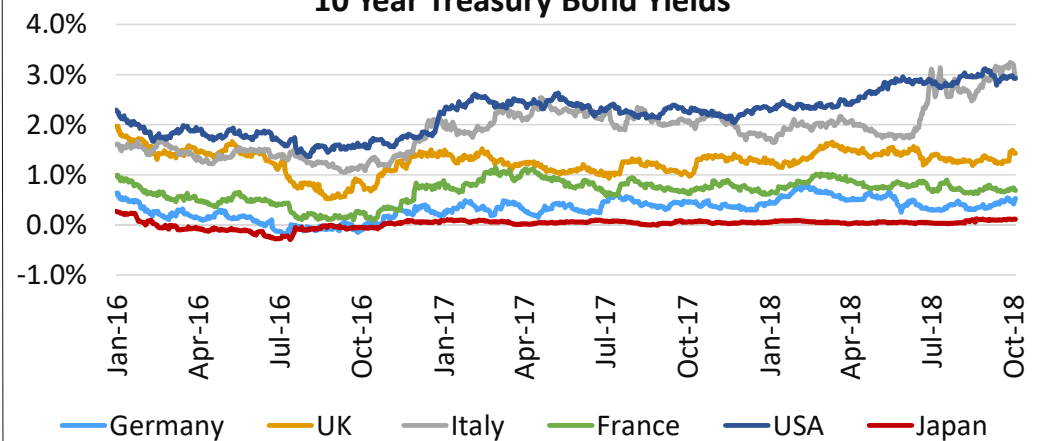
**10 -Year Treasury Note**



**Yield Curve**



**10 Year Treasury Bond Yields**



Source: Moody's Analytics; Investing.com

# Watch for These 5 Signs that Presage a Recession

1. Average Hourly Earnings Growth goes from 2.5% to 4.0%
2. Cyclical Sector Share of GDP moves from 24% to 28% of GDP
3. GDP Deflator moves from <2.0% to 2.5%
4. Operating Capacity Utilization Rate moves from 76% to 80%
5. Yield Curve Inverts (10 Yr treasury rate less Fed Funds Rate) from +90bp to >-50bp → NOT YET! Best guess 2020-2021

# Timing of the Next Recession

## 5 Models Developed by Ed Hyman at Evercore ISI

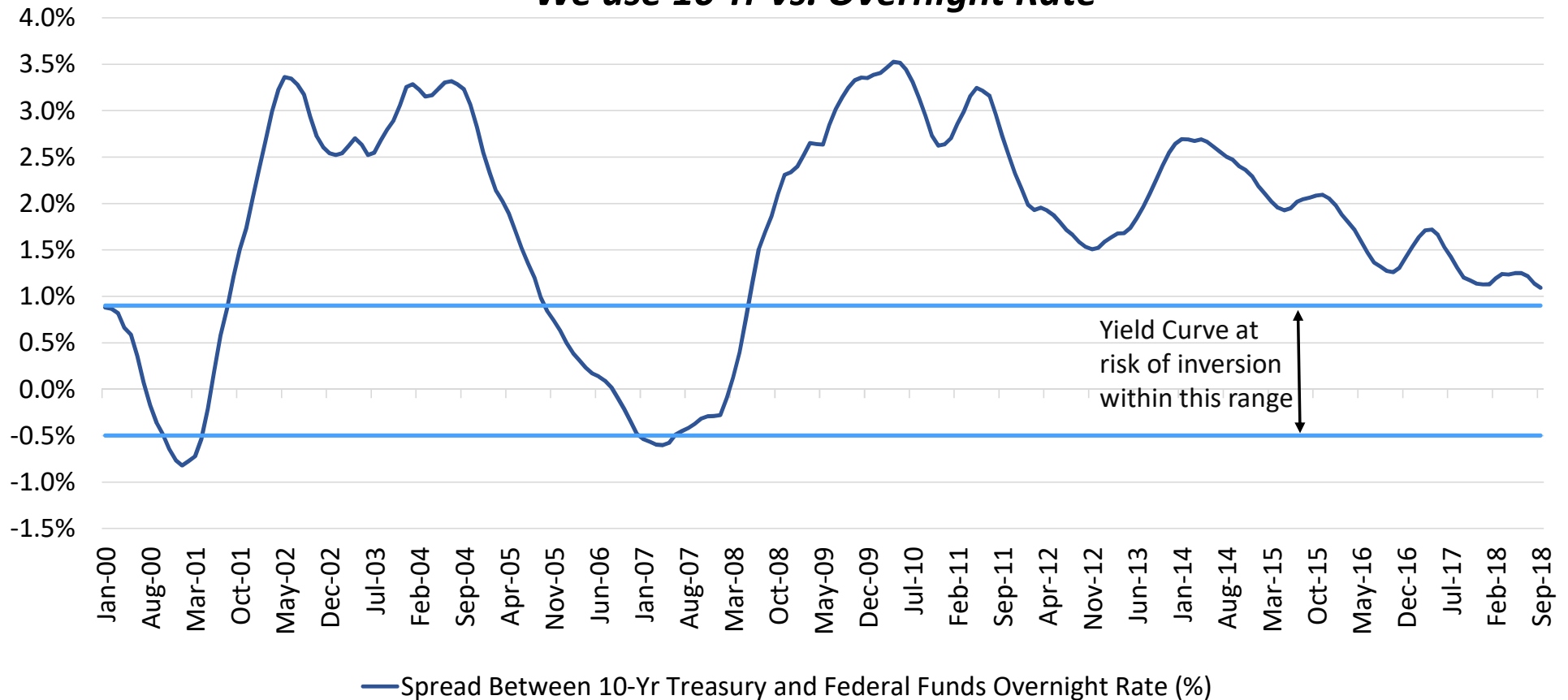
On track to reach recession-signal level in...

1. Average Hourly Earnings – **9 years**
2. Cyclical sectors % GDP – **6 years**
3. OECD Leading Economic Index – **5 years**
4. Housing starts – **3.5 years**
5. Fed funds – **2.5 years**

Based on the average of the above 5 models, the next recession will begin in 5.2 years, or at the end of 2023, with a range of 2021-2027

# There's Some Debate About Which Yield Curve to Use

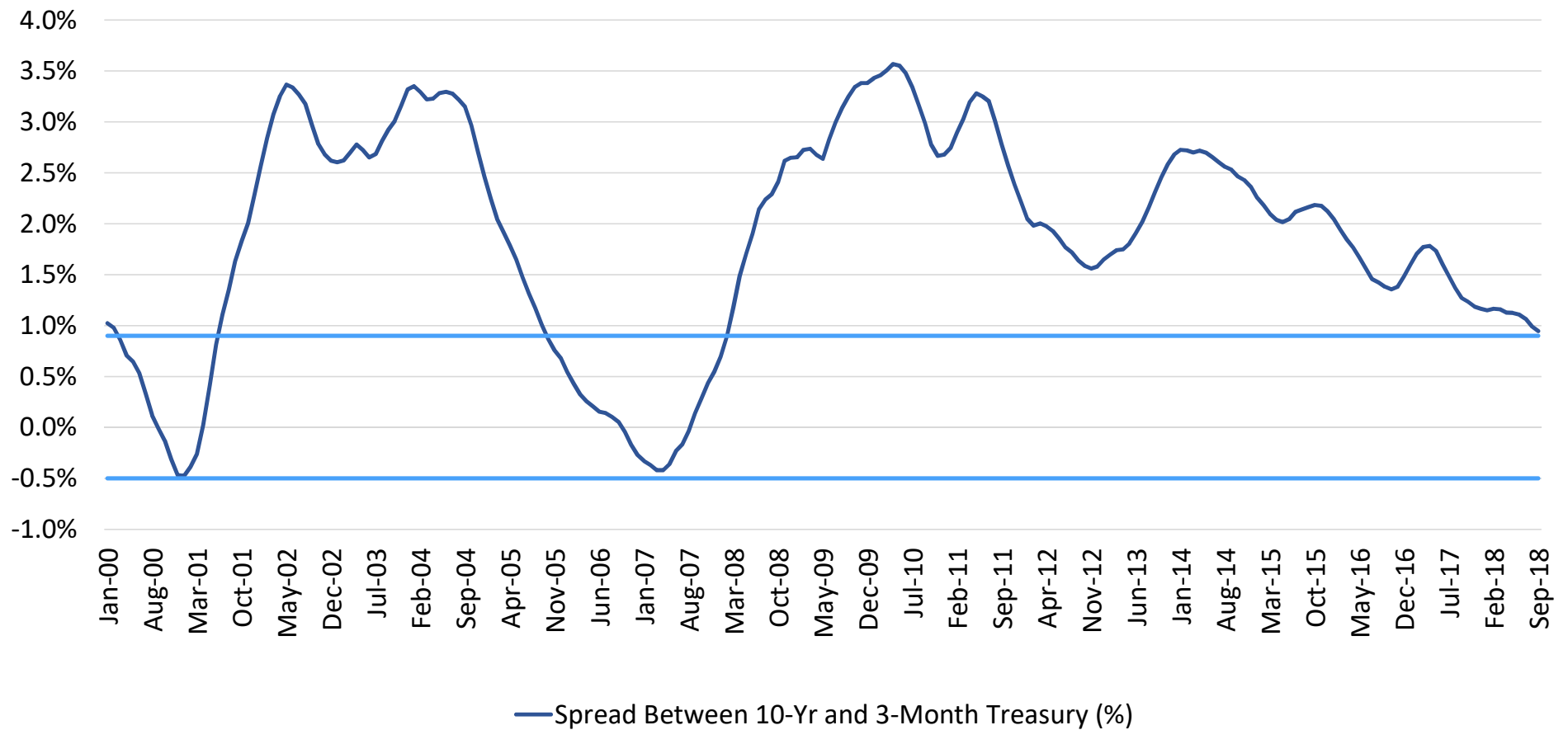
## *We use 10 Yr vs. Overnight Rate*



\*Data is based on 6-month rolling averages

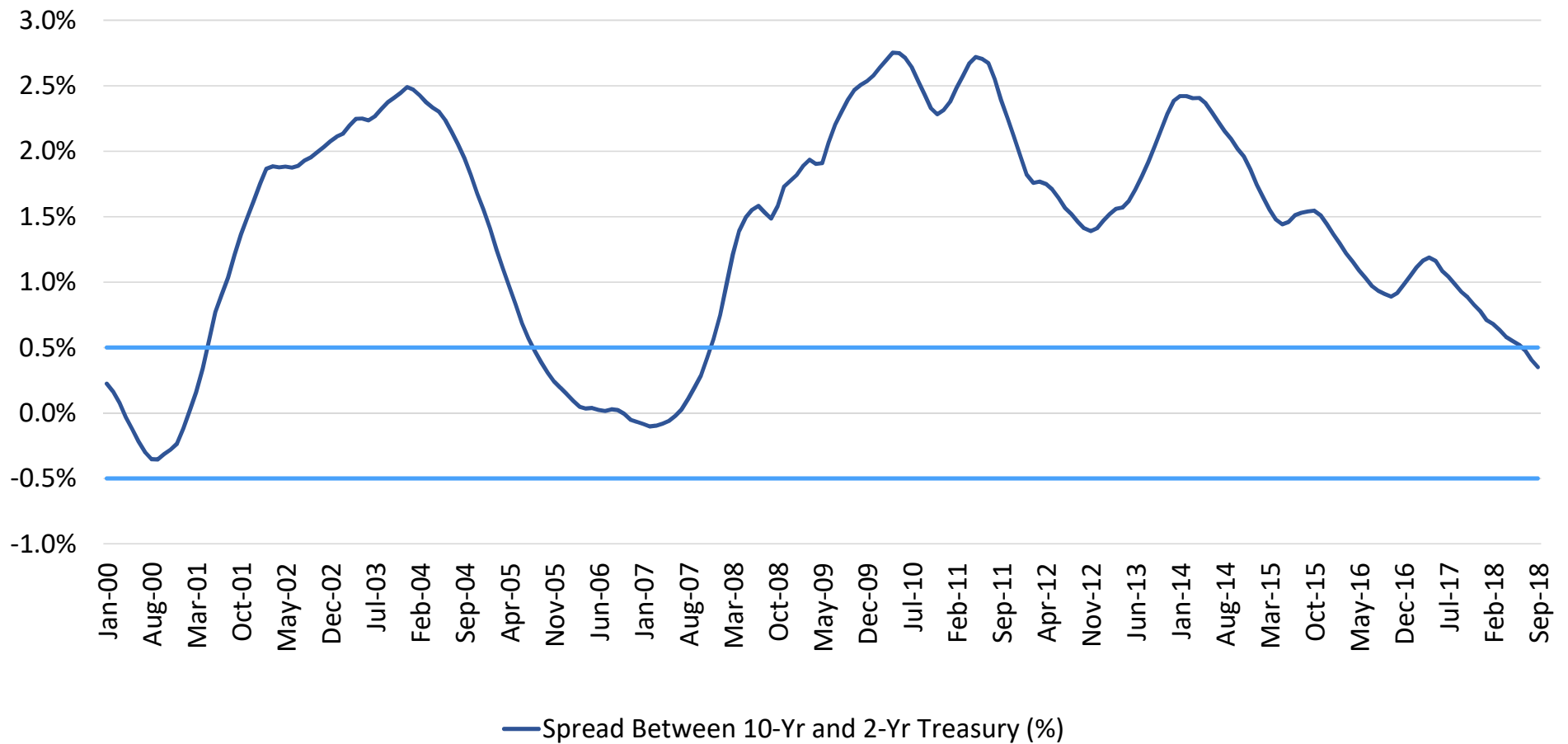
Source: Moody's Analytics; U.S. Board of Governors of the Federal Reserve System (FRB)

# U.S. 10-Year Treasury and 3-Month Treasury Spread



Source: Moody's Analytics; U.S. Board of Governors of the Federal Reserve System (FRB)

# U.S. 10-Year Treasury and 2-Year Treasury Spread



Source: Moody's Analytics; U.S. Board of Governors of the Federal Reserve System (FRB)

# U.S. Federal Policy Mix is Mildly Pro-Growth

## Pro-Growth

- Tax Reform
- Regulatory Relief
- Executive Orders
  - Energy
  - Finance
  - Labor Costs



Generally Positive Progress

## Pro-Growth but Slow

- Infrastructure
- Education Reform
  - German Model
- Healthcare Reform



Progress in Tone,  
but Not Yet Substantive

## Anti-Growth

- Immigration Control
- Trade Renegotiation
  - President Trump announced U.S. will impose tariffs on steel and aluminum imports



Recent Tariff Move a Potential Drag on Growth



# So What?

- The U.S. economy is strong
  - Employment and wage growth are good
  - How much slack is left?
    - Productivity
    - Labor force participation
- } Both need to, and are, rising
- Inflation is rising but not a lot, so the 10 yr rate is the binding constraint on the yield curve
  - Fiscal policy is mildly pro-growth
    - Keep putting money to work



# Profile of Current Supply and Demand

# Job Growth is Happening in Secondary Cities

At this stage in the economy, companies are relocating and expanding in markets where their money will get them further

## Charles Schwab

- Relocated jobs from San Francisco to lower-cost states like Texas and Colorado
- Consolidated Denver-area employees and newly relocated employees into a \$230 million campus in Lone Tree, CO
- Light rail currently being extended in part to accommodate employees and other residents drawn to the area

## KPMG

- Developing \$400 million, 55-acre learning, development and innovation campus in Lake Nona outside of Orlando
- Create 330 new jobs and 800,000 sq. ft. for meeting, classroom, residential and dining facilities

Market	2016-2017 Emp. Growth	Trend	Market	2016-2017 Emp. Growth	Trend
Reno	5.0%	Accelerating	San Diego	2.0%	Decelerating
Boise	4.1%	Accelerating	Fort Lauderdale	2.0%	Decelerating
Nashville	3.2%	Decelerating	Denver	2.0%	Decelerating
Orlando	3.2%	Decelerating	West Palm Beach	1.9%	Decelerating
Austin	3.2%	Decelerating	Columbus	1.9%	Decelerating
Charlotte	2.9%	Decelerating	New York	1.8%	Decelerating
Las Vegas	2.9%	Decelerating	Boston	1.7%	Decelerating
Dallas	2.8%	Decelerating	Washington DC	1.6%	Stable
Phoenix	2.8%	Decelerating	Minneapolis	1.6%	Stable
Seattle	2.7%	Decelerating	Kansas City	1.6%	Decelerating
Raleigh	2.6%	Decelerating	Detroit	1.6%	Decelerating
Portland	2.5%	Decelerating	Philadelphia	1.5%	Stable
South Bay Area	2.5%	Decelerating	Miami	1.4%	Decelerating
Charleston	2.3%	Decelerating	Indianapolis	1.4%	Decelerating
Salt Lake City	2.3%	Decelerating	Los Angeles	1.2%	Decelerating
East Bay Area	2.3%	Decelerating	Newark	1.2%	Stable
Atlanta	2.3%	Decelerating	Pittsburgh	1.1%	Accelerating
San Francisco	2.3%	Decelerating	St. Louis	1.0%	Decelerating
Sacramento	2.1%	Decelerating	Houston	0.9%	Decelerating
Tampa	2.1%	Decelerating	Chicago	0.9%	Decelerating
Orange County	2.1%	Decelerating	Milwaukee	0.3%	Decelerating

Source: Moody's Analytics; Bureau of Labor Statistics; kpmg.com; denverpost.com

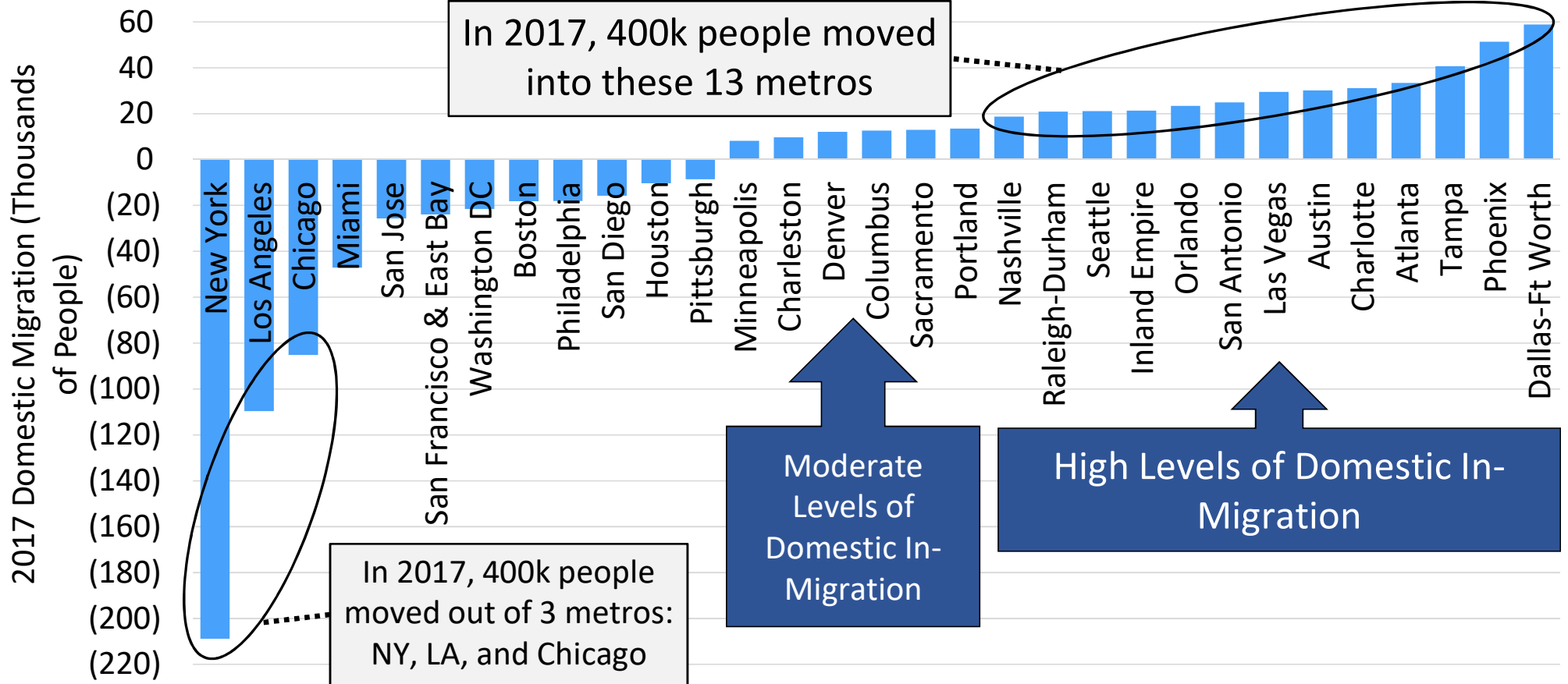
# Population Growth is in Secondary Markets

With the exception of Washington DC, secondary and tertiary markets are the only ones seeing stable or rising population growth since 2015

Market	2015 Pop. Growth	2016 Pop. Growth	2017 Pop. Growth	Overall Trend	Market	2015 Pop. Growth	2016 Pop. Growth	2017 Pop. Growth	Overall Trend
New York	0.6%	0.4%	0.2%	Decelerating	Denver	2.1%	1.6%	1.3%	Decelerating
Los Angeles	0.5%	0.3%	0.1%	Decelerating	Miami	1.2%	1.1%	0.6%	Decelerating
Chicago	0.0%	-0.1%	-0.1%	Falling	Newark	0.2%	0.3%	0.4%	Rising
Houston	2.6%	2.0%	1.4%	Decelerating	Orlando	2.7%	2.6%	2.3%	Decelerating
Washington DC	1.0%	1.0%	1.1%	Stable	Portland	1.7%	1.7%	1.2%	Decelerating
Philadelphia	0.2%	0.2%	0.3%	Stable	Pittsburgh	-0.3%	-0.3%	-0.3%	Steady/Negative
Atlanta	1.7%	1.6%	1.5%	Decelerating	Austin	3.0%	3.0%	2.7%	Decelerating
Dallas	2.2%	2.2%	2.1%	Decelerating	Columbus	1.2%	1.2%	1.6%	Rising
Boston	0.7%	0.6%	0.6%	Decelerating	Indianapolis	0.8%	0.9%	1.1%	Rising
Phoenix	2.0%	2.0%	1.9%	Decelerating	Nashville	2.1%	2.2%	1.8%	Decelerating
San Francisco	1.3%	0.9%	0.6%	Decelerating	Raleigh	2.4%	2.5%	2.3%	Decelerating
Tampa	2.0%	2.1%	1.8%	Decelerating	Salt Lake City	1.2%	1.6%	1.4%	Decelerating
Seattle	1.7%	1.9%	1.6%	Decelerating					

Although population is falling in Pittsburgh, the greater downtown's population expanded by 22% between 2010 and 2016

# Domestic Migration Trend is Out of Gateway Metros and Into Secondary Cities



Source: U.S. Census Bureau (BOC)

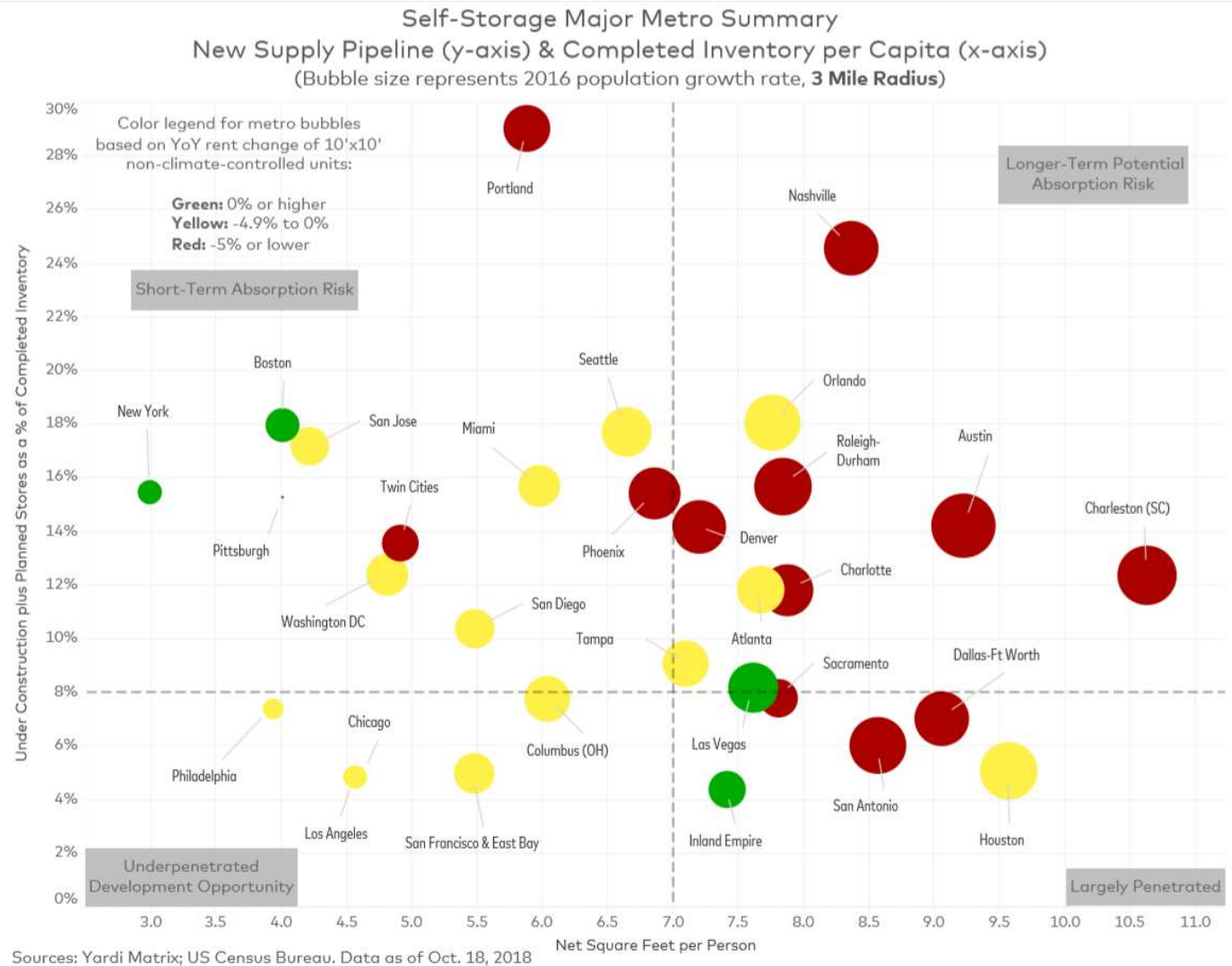
OCTOBER 2018

Metro

Performance in

One Chart:

- 1) New Supply %
- 2) Existing Stock SF
- 3) YoY Rent Chg.
- 4) Population Growth %



# There is a Playbook Describing How Cities Reach Take-Off Velocity as a Tech Hub

***All existing tech markets have these characteristics to some degree***

Public and Private Partnerships

Business Friendly Environment

Community and Amenities that Retain and Draw in Talent

Educated Workforce

# Columbus, OH

## Public and Private Partnerships

- Many public and private entities partnered for massive development along both sides of the Scioto River
  - Columbus Downtown Development Corporation (CDDC), Columbus Center of Science and Industry (COSI), State of Ohio, civic and community leaders
- Public and private entities are also teaming to revitalize the previously struggling Milo-Grogan area

## Community and Amenities that Retain and Draw in Talent

- Open parks, walkways and bike paths, restaurants, museums, a band shell, fountain, carousel, etc. along both sides of the Scioto River
- Development of an 18-hour mixed-use district, with 1,700 residential units, 800,000 sq. ft. of office, 150,000 sq. ft. of restaurant and retail space, and a 150-room boutique hotel

## Business Friendly Environment

**STATE RANK – #14**

- State and city tax credits and incentive packages encouraging retention and expansion of companies in the Columbus area, including Koorsen Fire & Security (25 jobs), Matic Insurance Services (50 jobs), Accenture plc (200 jobs)

## Educated Workforce

University	Approx. Enrollment 2017
Ohio State University	66,444
Ohio University	29,712
Miami University	19,452
Kent State University	28,972
University of Dayton	10,803



# What's Going on in Columbus?

- Accenture Plc named Columbus one of 14 U.S. innovation hubs for the global IT consulting firm
  - Adding 200 jobs by end of 2020
- Koorsen Fire & Security
  - Adding 14,000 sq. ft., 25 jobs, and \$1 million to payroll
  - Ohio Tax Credit Authority approved a 0.991%, five-year tax credit
- Matic Insurance Services Inc.
  - \$400,000 expansion of call center into administrative office – 50 new jobs by 2020
  - Utilizing state and city incentive packages
- JP Morgan Chase, Honda, Huntington Bank – large employers
- Milo-Grogan area near downtown is emerging thanks manufacturing hub
  - Public-private partnership transforming the neighborhood
  - New housing, improved infrastructure and neighborhood, job training and employment resources
- Development along the Scioto River
  - Accessible urban amenity for Downtown's residents, professionals and visitors
  - Center of Science and Industry and National Veterans Memorial and Museum
  - Scioto Peninsula Park and Garage – 6.5-acre park and 600-space underground parking garage
  - 18-Hour Mixed-Use District
    - Planned 1,700 residential units, 800,000 sq. ft. of office, 150,000 sq. ft. of restaurant and retail, hotel
  - Franklinton – multimillion-dollar housing, retail and office developments in the works
  - Scioto Mile
    - Reconnected downtown to the Scioto River with parks, boulevards, bikeways, and pedestrian paths
    - John W. Galbreath Bicentennial Park – 15,000 sq. ft. fountain, band shell, restaurants
    - Scioto Greenways – 33 acres of new urban greenspace
    - Columbus Commons – 6 acre park: gardens, performance stage, carousel, outdoor reading room, NEOS play system, Bocce ball courts, two cafes



## Average Rent Compared to Nearest Gateway Cities

Market	Avg. Rent - Dec 2017
Columbus	\$919
Chicago	\$1,429
Washington DC	\$1,734

**7,576,592** passengers flew in and out of John Glenn Columbus International Airport in 2017

**79,828,183** passengers flew in and out of O'Hare International Airport in 2017

**23,928,248** passengers flew in and out of Ronald Reagan Washington National Airport in 2017

35 multi-family transactions valued at \$393 million in 2017



# What's Going on in Tampa?

## Public and Private Partnerships

- Port Tampa Bay approved \$60 million widening/extension of Big Bend Channel to accommodate larger ships
  - U.S. Army Corps of Engineers, Florida Department of Transportation Tampa Electric Co., Mosaic Co. and Fed Gove
- Tampa River Walk
  - Friends of the Riverwalk, City of Tampa, Hillsborough County
  - Opening public access to Tampa's lovely waterfront and linking five museums, seven parks and numerous hotels, restaurants and outdoor gathering places

## Community and Amenities that Retain and Draw in Talent

- Tampa River Walk
  - Holds various events for the community, including Tampa Riverfest, 4th of July fireworks, riverwalk trick or treat, and downtown Tampa holiday lighted boat parade
  - Connects to museums, parks, hotels and restaurants
- Various live-work-play projects in the works, including Midtown Tampa and Waterstreet Tampa
  - Retail, office, hotel, entertainment, apartments, restaurants

## Friendly Business Environment

**STATE RANK #7**

- Tampa offers a wide variety of economic incentive programs through the city website
- KPMG Focus on Tax 2016 report ranked Tampa...
  - #5 in U.S. and #14 worldwide for most favorable tax structures for businesses, and #2 in the U.S. for its cost-effective tax structure for corporate services
- \$1.7 million incentive package to lure TouchPoint Medical to city

## Educated Workforce

University	Approx. Enrollment 2017
University of Central Florida	66,183
University of Florida	55,862
Hillsborough Community College	43,905
University of South Florida	43,540
University of Tampa	8,913

Source: forbes.com; usf.edu; ut.edu; ucf.edu; ir.aa.ufl.edu; tampabay.com; thetampariverwalk.com; patch.com; curbed.com; tampaedc.com

# What's Going on in Tampa?

- TouchPoint Medical, an engineering and manufacturer of high-tech hospital equipment, plans to bring global headquarters to Tampa
  - \$23 million, 125,000 sq. ft. industrial and corporate office building
  - Taking advantage of incentive packages
  - Expects to employ 228 people initially with plans to expand
  - Avg. annual wage for the news jobs ~\$57,546, nearly 60 percent higher than countywide avg.
- Fortune 500 phosphate company Mosaic moving headquarters to Tampa area
  - Estimated to move about 150 employees from MN office
- Validity Inc., a data quality and compliance company, opened new hub in Tampa
  - Plans to hire 75 employees by end of year
  - Latest tech firm to move, following Vendita Technology Group, Revature, and the Frank Recruitment Group
- Midtown Tampa
  - \$500 million dollar project on 22-acre site
  - Scheduled for completion in 2020
  - 1.8 million sq. ft. of retail, residential, office and entertainment space tied together with four acres of walkable leisure area
- Water Street Tampa
  - \$3 billion, 16-block mega-development
  - Recently broke ground on a new JW Marriott hotel and the \$164.7 million University of South Florida Morsani College of Medicine and Heart Institute
    - Goal is to become the centerpiece of an emerging medical-tech cluster
  - Plan to be the first WELL-Certified district in the world

Average Rent Compared to Nearest Gateway Cities	
Market	Avg. Rent – July 2018
Tampa	\$1,219
Washington DC	\$1,758



**19,624,284** passengers flew in and out of Tampa International Airport in 2017

**23,928,248** passengers flew in and out of Ronald Reagan Washington National Airport in 2017

81 multifamily transactions valued at \$2.2 billion in 2017



# Phoenix, AZ

- Arizona's promise to keep the driverless car industry free of regulations has attracted many companies:
  - Waymo, Uber, Lyft, General Motors, Intel...
  - Phoenix residents are test-riding Waymo's vehicles as passengers
  - Waymo has self-driven more than 5 million miles across all locations since 2009
  - Uber's self-driving trucks are conducting regular freight halls in AZ through the Uber Freight network
- Advanced Manufacturing
  - Industry leaders manufacturing in Phoenix– Intel, Microchip, Freescale Semiconductor, Honeywell, JDA Software, and Frito Lay
  - Since 1979, Intel has invested more than \$20 billion in Arizona to develop advanced high-tech manufacturing capacity
  - Intel announced a \$7 billion expansion slated to bring 3,000 new jobs to Phoenix



# Orlando, FL

## Lake Nona

- 17 square mile master-planned community – one of the country’s fastest growing
- More than 12,000 residents and more than 10 million sq. ft. of residential and commercial facilities
- Health and life sciences cluster
- Lake Nona Town Center
  - 3.8 million sq. ft. campus
  - 80,000 sq. ft. of retail, restaurant, and entertainment

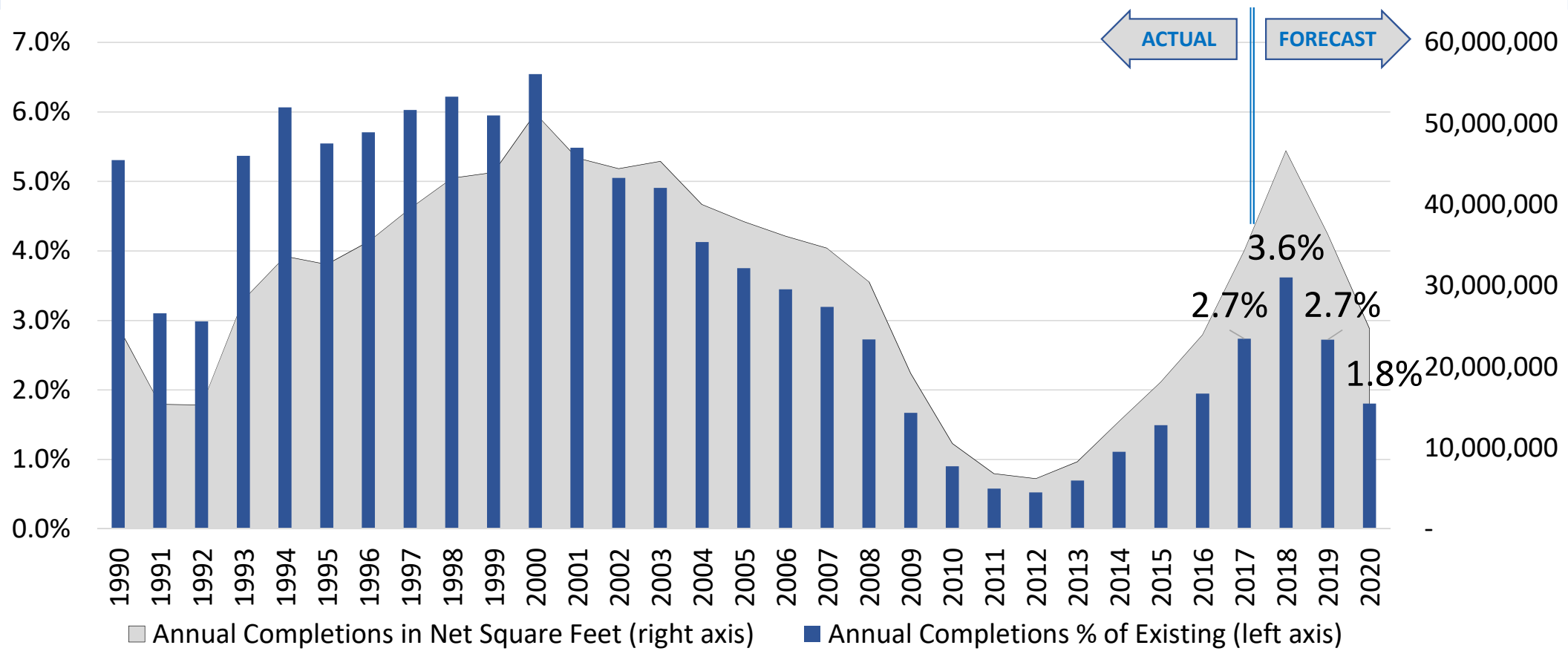
### Johnson & Johnson

- \$18 million expansion of its existing 17,000 sq. ft. development and training center
- New regional headquarters
- Create 25 position by Dec 31 2020 that pay an average annual wage of \$100,000



Source: multihousingnews.com; bizjournals.com

# Total US Self Storage Deliveries: 1990-2017 Actual & 2018-2020 Forecast



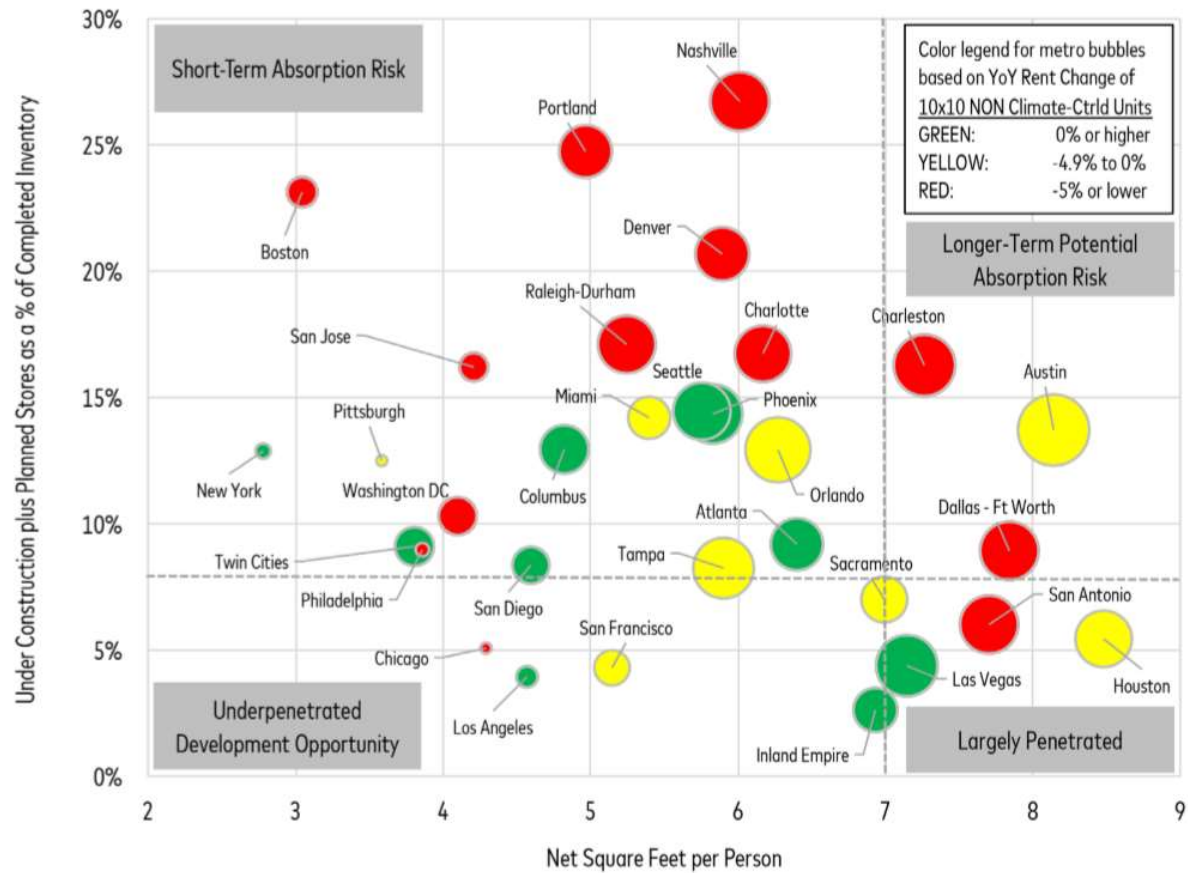
MAY 2018

Metro

Performance in  
One Chart:

- 1) New Supply %
- 2) Existing Stock SF
- 3) YoY Rent Chg.
- 4) Population Growth %

Self-Storage Major Metro Summary  
New Supply Pipeline (y-axis) & Completed Inventory per Capita (x-axis)  
(Bubble size represents 2016 population growth rate)



Sources: Yardi Matrix; U.S. Census Bureau

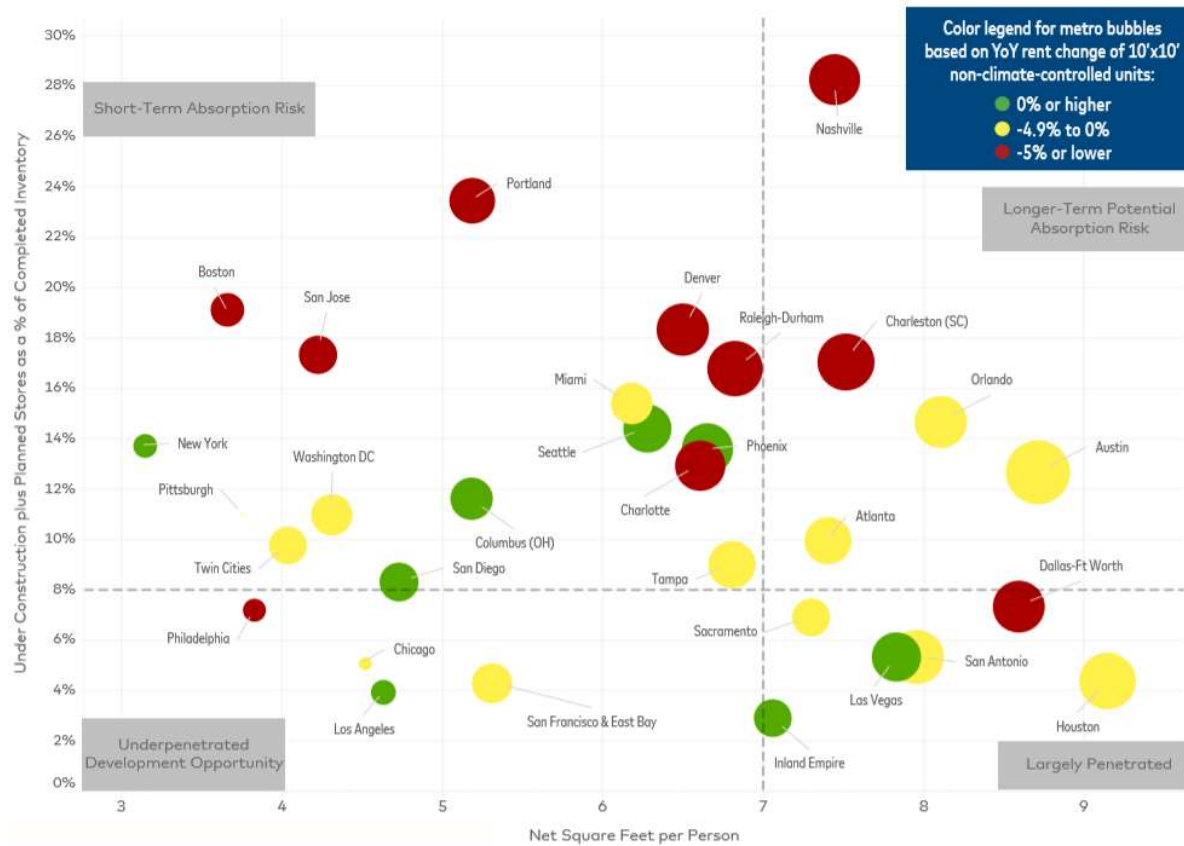
JUNE 2018

Metro

Performance in  
One Chart:

- 1) New Supply %
- 2) Existing Stock SF
- 3) YoY Rent Chg.
- 4) Population Growth %

Self Storage Major Metro Summary  
New Supply Pipeline (y-axis) & Completed Inventory per Capita (x-axis)  
(Bubble size represents 2016 population growth rate)



Sources: Yardi Matrix; U.S. Census Bureau. Data as of June 19, 2018.



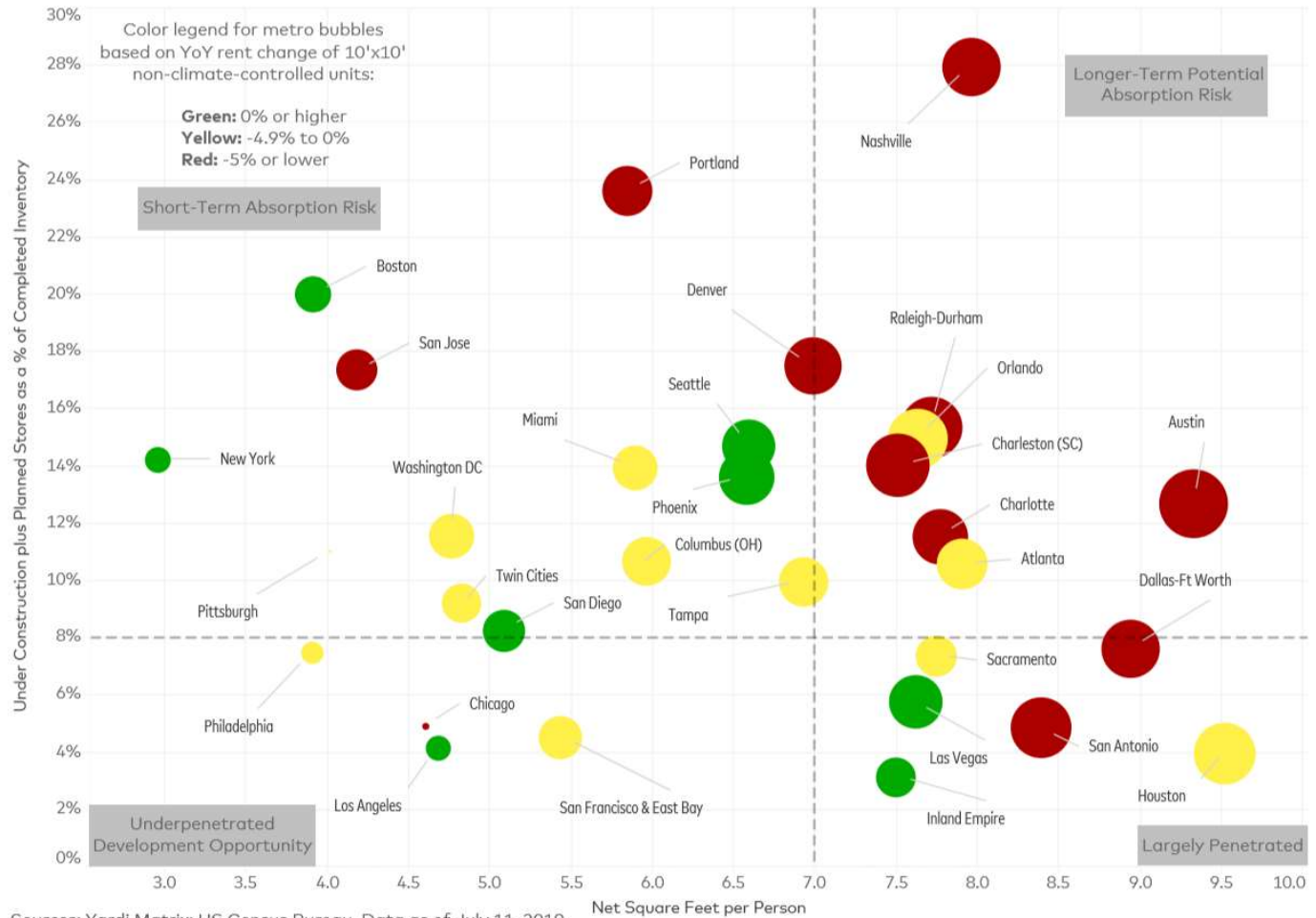
JULY 2018

Metro

Performance in  
One Chart:

- 1) New Supply %
- 2) Existing Stock SF
- 3) YoY Rent Chg.
- 4) Population Growth %

Self-Storage Major Metro Summary  
New Supply Pipeline (y-axis) & Completed Inventory per Capita (x-axis)  
(Bubble size represents 2016 population growth rate, 3 Mile Radius)

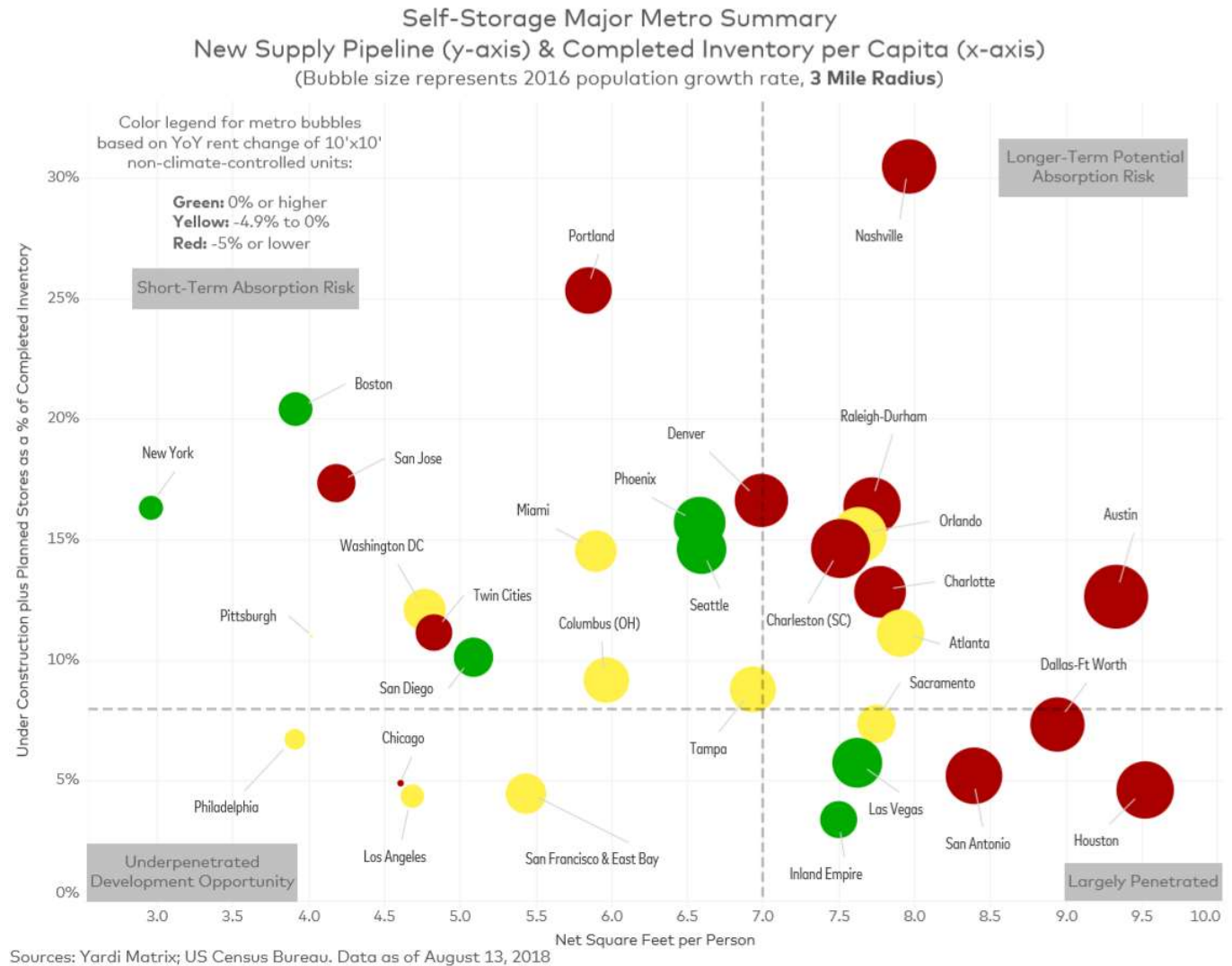


AUGUST 2018

Metro

Performance in  
One Chart:

- 1) New Supply %
- 2) Existing Stock SF
- 3) YoY Rent Chg.
- 4) Population Growth %



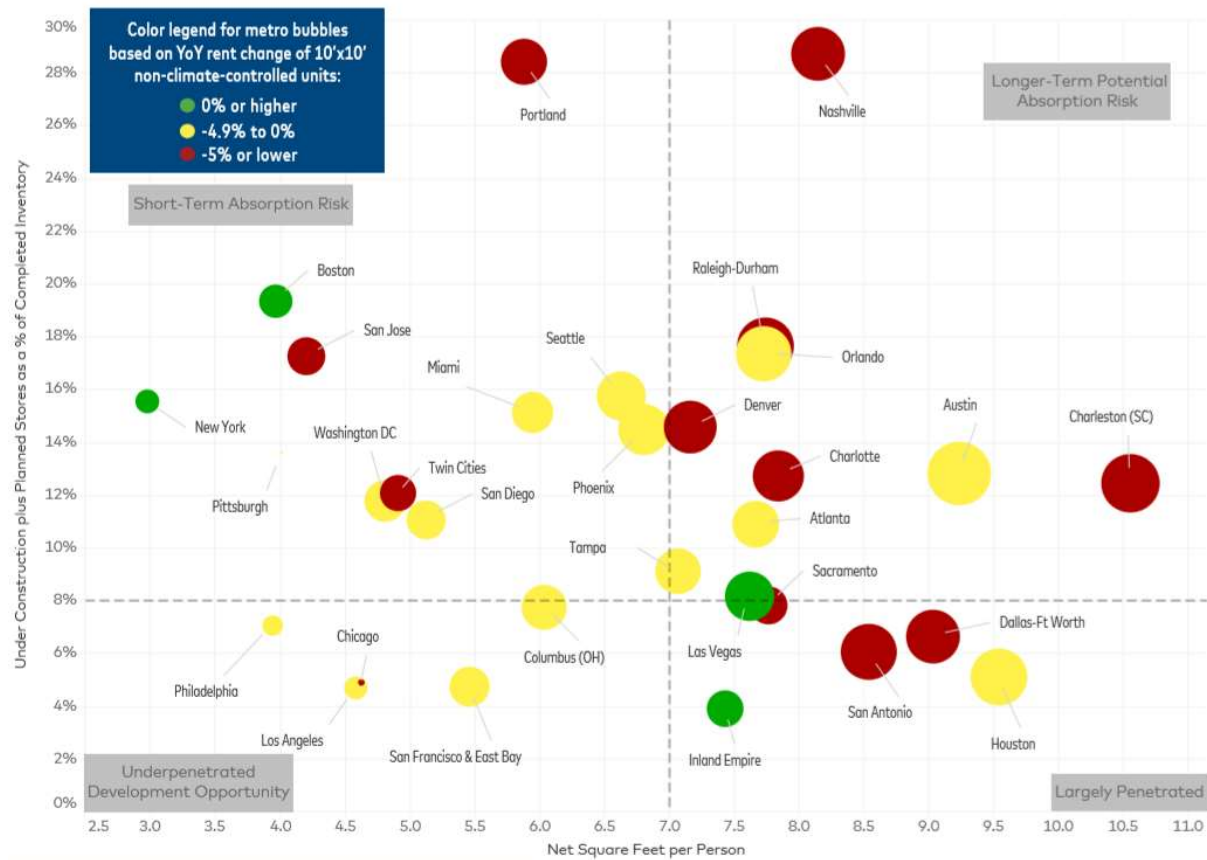
SEPTEMBER 2018

Metro

Performance in  
One Chart:

- 1) New Supply %
- 2) Existing Stock SF
- 3) YoY Rent Chg.
- 4) Population Growth %

Self Storage Major Metro Summary  
New-Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)  
(bubble size represents 2016 population growth rate, three-mile radius)



Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of September 18, 2018.

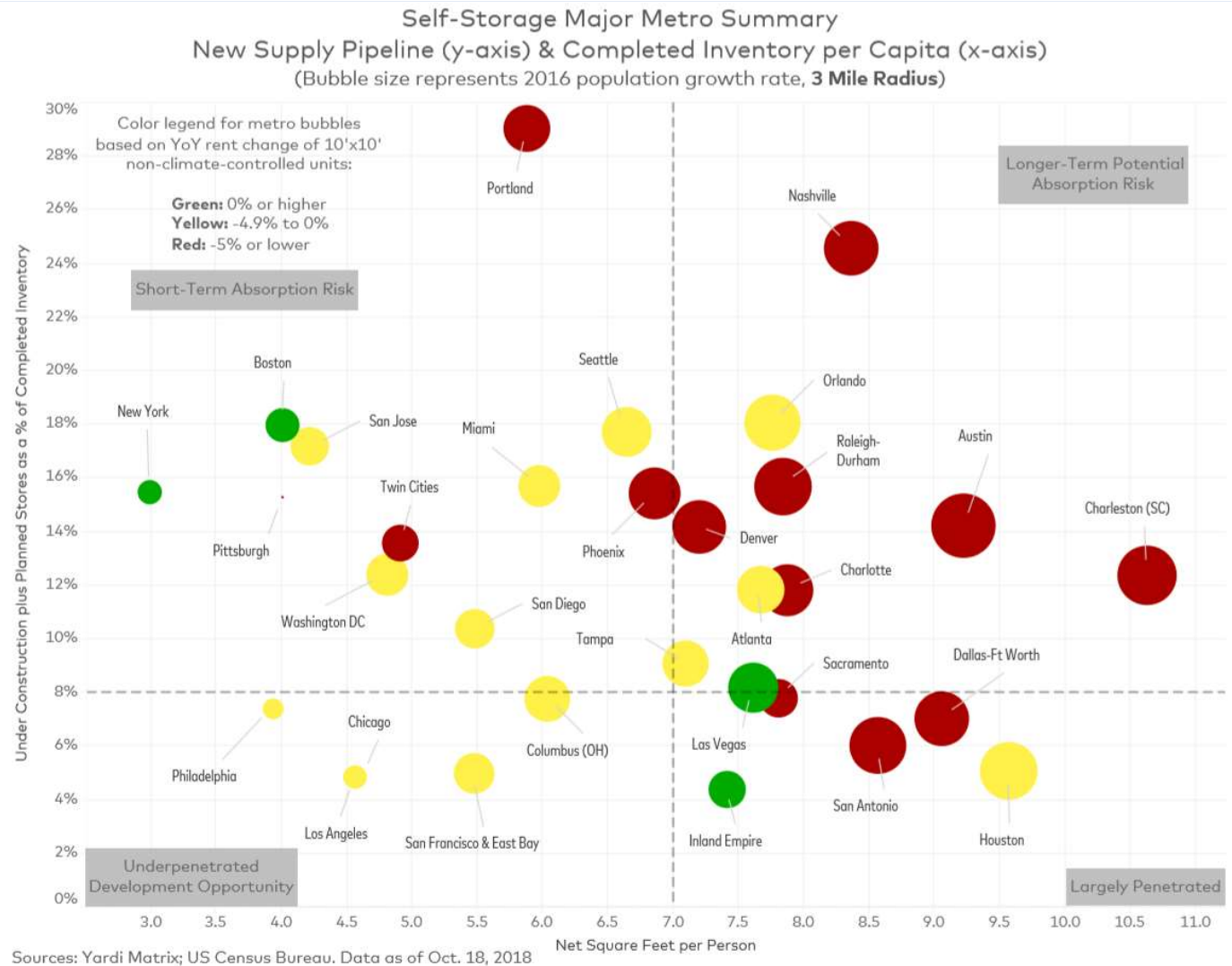
OCTOBER 2018

Metro

Performance in

One Chart:

- 1) New Supply %
- 2) Existing Stock SF
- 3) YoY Rent Chg.
- 4) Population Growth %



# Year-Over-Year Street Rate Summary for 10x10 Climate Controlled Units

Metro	9/16-9/17 Rent Growth	9/17-9/18 Rent Growth	Change
Houston	-13.7%	-0.9%	12.9%
<b>San Francisco East Bay</b>	<b>-5.8%</b>	<b>4.6%</b>	<b>10.4%</b>
Charlotte	-10.6%	-3.4%	7.2%
Boston	-6.6%	0.6%	7.2%
Pittsburgh	-6.1%	-0.7%	5.5%
Portland	-12.2%	-7.0%	5.3%
Miami	-5.3%	-1.9%	3.4%
DFW	-7.5%	-4.9%	2.6%
<b>San Diego</b>	<b>0.6%</b>	<b>3.1%</b>	<b>2.5%</b>
Atlanta	-3.2%	-0.8%	2.4%
San Antonio	-4.7%	-2.5%	2.2%
Minneapolis	-1.4%	0.7%	2.1%
Austin	-7.0%	-6.0%	1.0%
<b>Las Vegas</b>	<b>9.1%</b>	<b>9.4%</b>	<b>0.3%</b>
Philadelphia	-1.3%	-2.0%	-0.7%

Metro	9/16-9/17 Rent Growth	9/17-9/18 Rent Growth	Change
Denver	-4.0%	-5.6%	-1.6%
Bay Area - South Bay	0.0%	-1.6%	-1.6%
<b>Phoenix</b>	<b>3.3%</b>	<b>1.6%</b>	<b>-1.7%</b>
Charleston	-5.3%	-7.0%	-1.7%
Washington DC	-0.6%	-3.0%	-2.4%
Chicago	-0.8%	-3.9%	-3.1%
Seattle	4.2%	0.6%	-3.6%
Orlando	1.6%	-2.3%	-3.8%
Tampa	1.4%	-2.7%	-4.1%
Inland Empire	8.5%	4.3%	-4.2%
<b>Nashville</b>	<b>1.4%</b>	<b>-6.0%</b>	<b>-7.4%</b>
<b>Columbus</b>	<b>6.7%</b>	<b>-1.8%</b>	<b>-8.5%</b>
<b>Raleigh - Durham</b>	<b>-3.1%</b>	<b>-12.7%</b>	<b>-9.6%</b>
<b>New York</b>	<b>9.6%</b>	<b>-1.0%</b>	<b>-10.5%</b>
<b>Sacramento</b>	<b>5.8%</b>	<b>-5.5%</b>	<b>-11.3%</b>
<b>Los Angeles</b>	<b>14.4%</b>	<b>-0.5%</b>	<b>-14.9%</b>

# Year-Over-Year Street Rate Summary for 10x10 Non-Climate Controlled Units

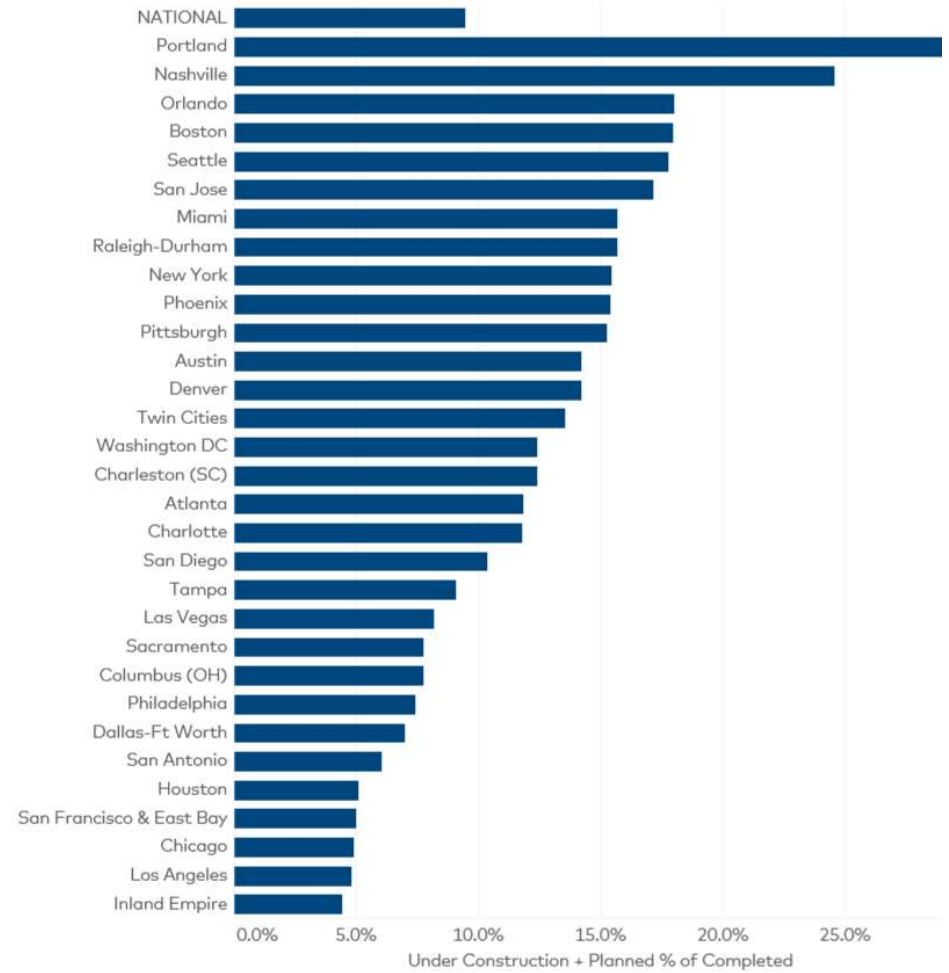
Metro	9/16-9/17 Rent Growth	9/17-9/18 Rent Growth	Change
Houston	-11.2%	0%	11.2%
Boston	-8.8%	1.4%	10.2%
Philadelphia	-3.1%	-2.4%	0.7%
Charlotte	-6.8%	-7.3%	-0.5%
San Francisco East Bay	-0.5%	-1.5%	-1.0%
San Diego	1.9%	0%	-1.9%
Atlanta	1.0%	-1.0%	-2.0%
New York	4.3%	1.8%	-2.5%
Miami	0.7%	-2.1%	-2.8%
Bay Area - South Bay	-1.0%	-4.1%	-3.1%
Seattle	5.1%	1.8%	-3.3%
DFW	-2.7%	-6.6%	-3.9%
Denver	-4.1%	-8.6%	-4.5%
<b>Las Vegas</b>	<b>11.8%</b>	<b>6.3%</b>	<b>-5.4%</b>
Portland	-1.2%	-6.8%	-5.6%

Metro	9/16-9/17 Rent Growth	9/17-9/18 Rent Growth	Change
Inland Empire	8.0%	1.9%	-6.1%
Austin	0%	-6.5%	-6.5%
Washington DC	2.7%	-4.5%	-7.2%
Tampa	4.4%	-3.4%	-7.7%
Los Angeles	6.8%	-1.6%	-8.4%
San Antonio	2.9%	-5.7%	-8.6%
Orlando	5.9%	-2.8%	-8.7%
Columbus	7.2%	-2.2%	-9.5%
Minneapolis	4.1%	-5.5%	-9.6%
Chicago	5.9%	-4.6%	-10.5%
Nashville	1.7%	-9.0%	-10.7%
Raleigh - Durham	1.0%	-10.5%	-11.4%
Sacramento	5.9%	-5.6%	-11.5%
Charleston	3.4%	-10.8%	-14.3%
Phoenix	14.6%	-5.5%	-20.0%
Pittsburgh	11.8%	-10.5%	-22.3%

New Supply is Heaviest in Domestic Migration Favorites and Underpenetrated Primary Metros

NATIONAL	9.5%
Portland	29.0%
Nashville	24.6%
Orlando	18.0%
Boston	18.0%
Seattle	17.8%
San Jose	17.2%
Miami	15.7%
Raleigh-Durham	15.7%
New York	15.5%
Phoenix	15.4%
Pittsburgh	15.3%
Austin	14.2%
Denver	14.2%
Twin Cities	13.5%
Washington DC	12.4%
Charleston (SC)	12.4%
Atlanta	11.8%
Charlotte	11.8%
San Diego	10.4%
Tampa	9.1%
Las Vegas	8.2%
Sacramento	7.8%
Columbus (OH)	7.8%
Philadelphia	7.4%
Dallas-Ft Worth	7.0%
San Antonio	6.0%
Houston	5.1%
San Francisco & East Bay	5.0%
Chicago	4.9%
Los Angeles	4.9%
Inland Empire	4.4%

Under Construction & Planned Percent of Existing Inventory



\*Drawn from our national database of 26,300 stores, including 1,900 projects in the New Supply Pipeline as well as 24,400 Completed stores  
Source: Yardi Matrix. Data as of Oct. 10, 2018

# Today's Most Attractive Metros & Current Self Storage Drivers

- The most attractive self storage metros currently are:
  - Las Vegas (2017 tax changes are moving Californians to Nevada in accelerating numbers)

2. Tampa

3. Phoenix

4. Orlando

5. Columbus

Metro	YOY Change in Rent (10x10 Non Climate)	Current UC and Planned Pipeline	6 Month Increase in Pipeline	2017 Population Growth
Las Vegas	6.3%	8.2%	380 bps	1.5%
Tampa	-3.4%	9.1%	80 bps	1.8%
Phoenix	-5.5%	15.4%	110 bps	1.9%
Orlando	-2.8%	18.0%	510 bps	2.3%
Columbus	-2.2%	7.8%	-520 bps	1.6%

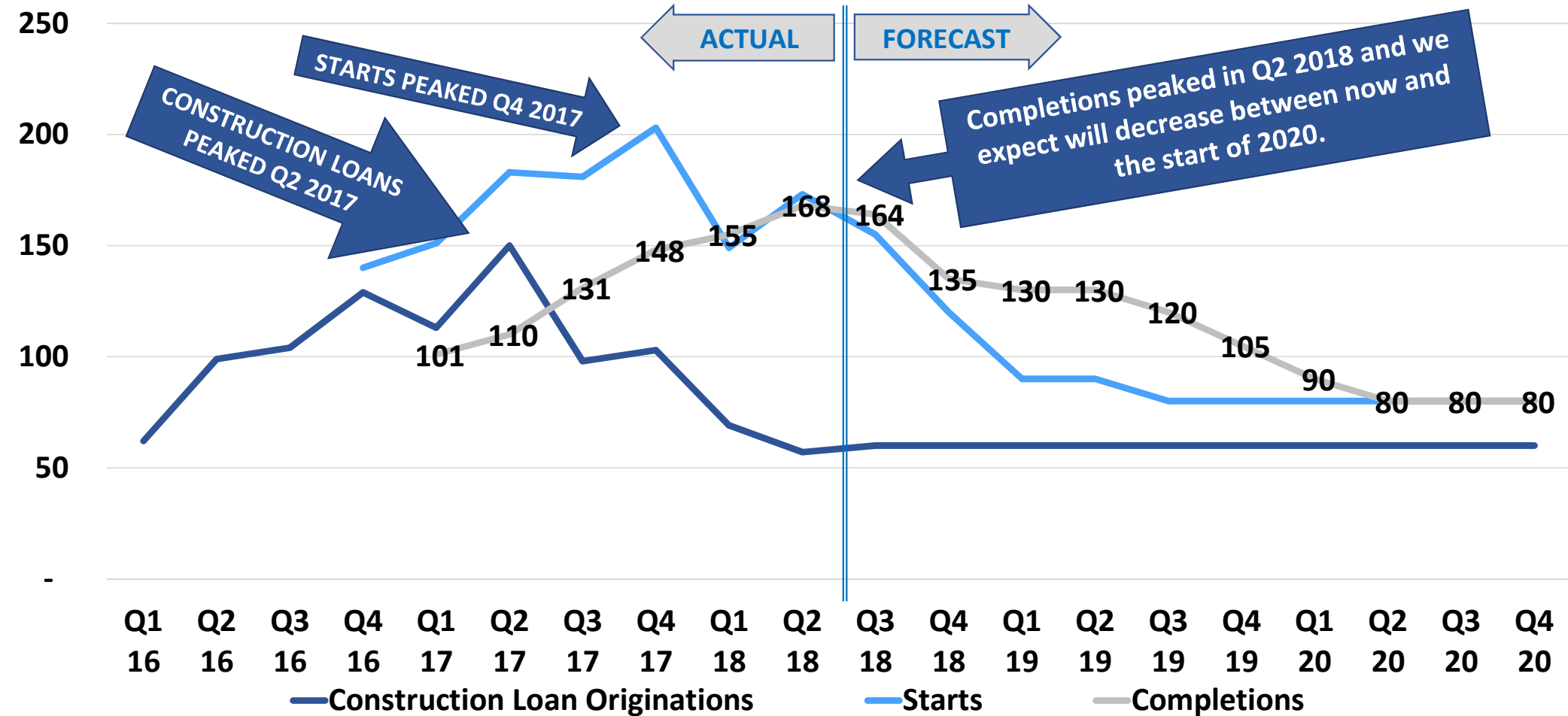
- Domestic migration is accelerating out of New York, California, and Chicago toward secondary cities in the West and South (2017 tax law changes are driving domestic migration)



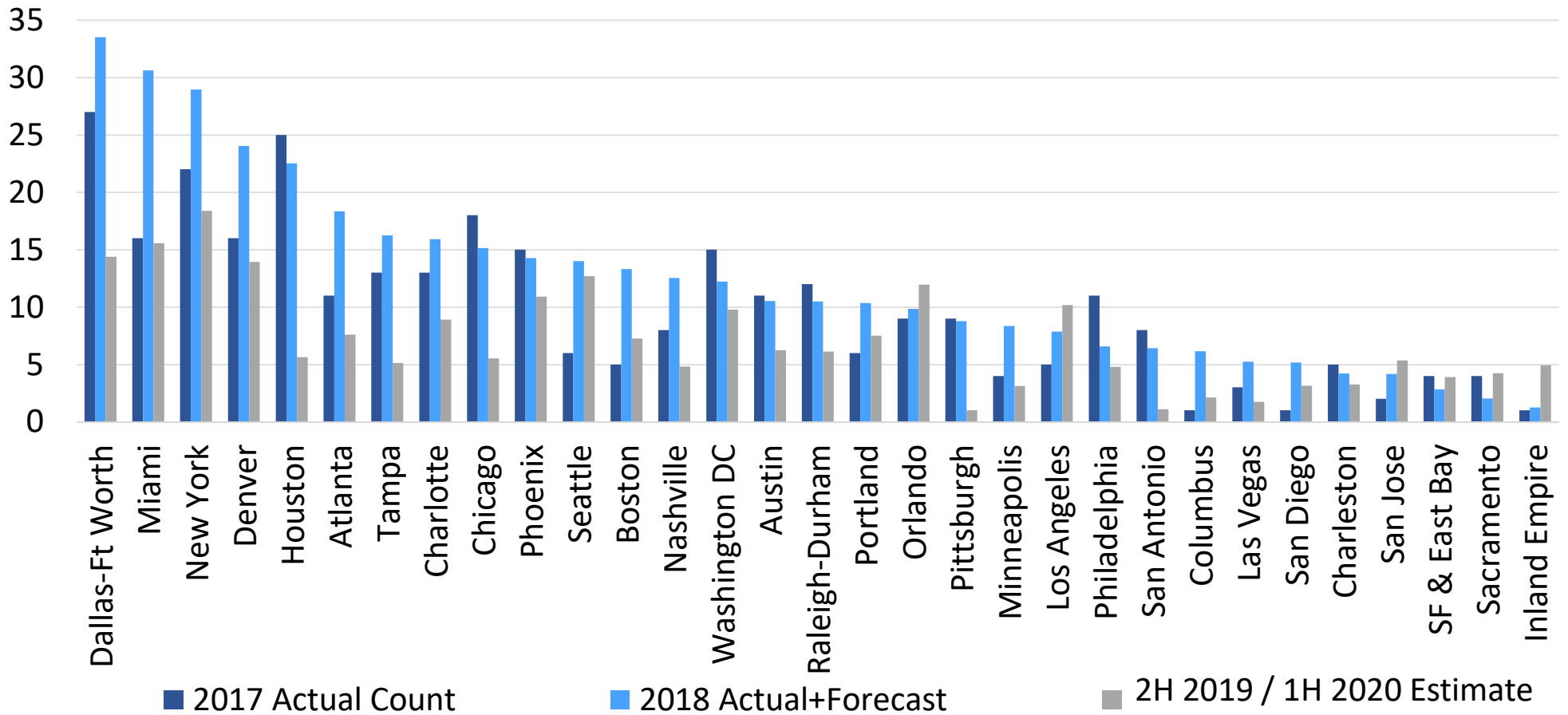


# How Will New Supply Levels Impact U.S. Cities?

# Storage Investment Cycle: Loans, Starts & Completions



# Store Completions Forecasted to Decrease Notably in Texas Metros



\*Sorted by 2018 Actual + Forecast Completions

Source: Yardi® Matrix



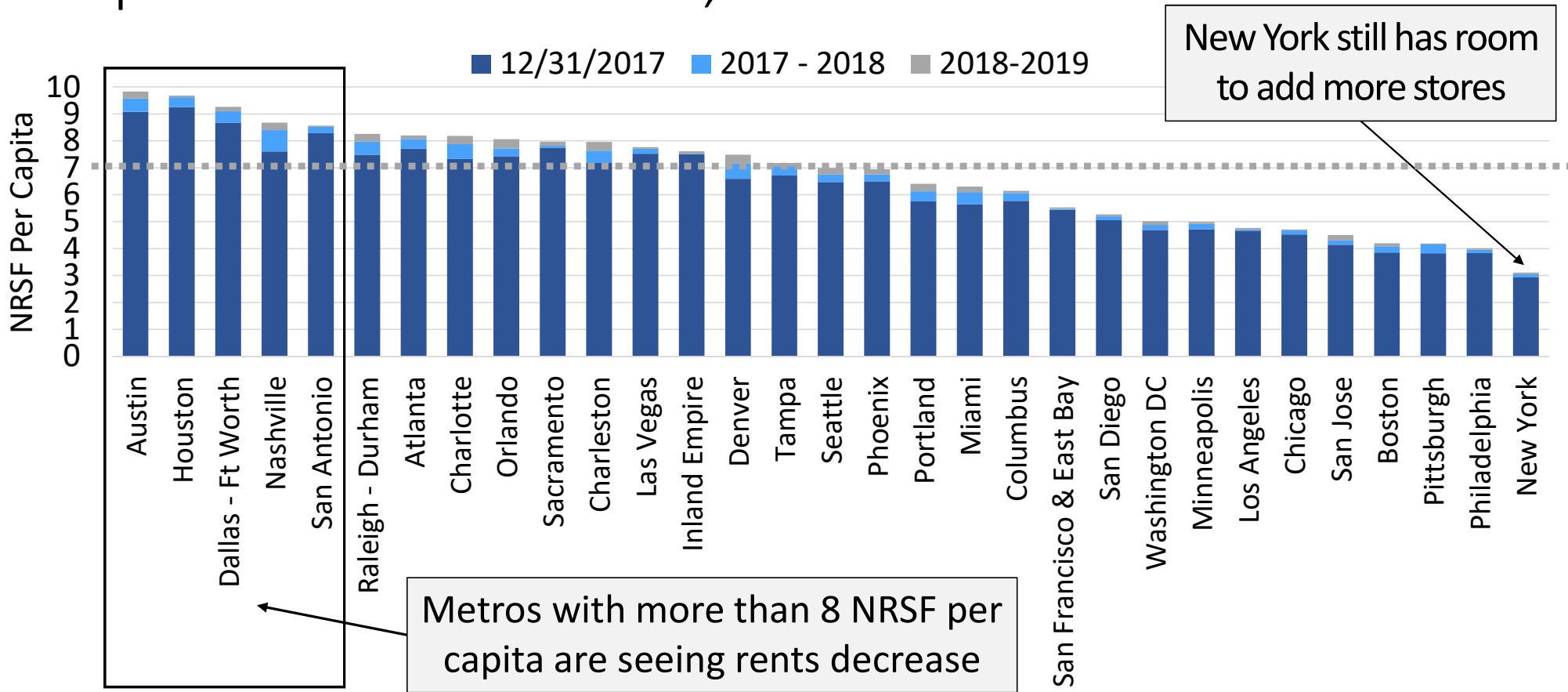
# New Store Deliveries Peaked During Summer 2018 and We Expect Will Decrease by Late 2019

- Construction Loans and Starts Are Past Peak:
  - The number of construction loan originations in self storage peaked during Summer 2017 (for reference, multifamily construction loan originations peaked in Fall 2016)
  - Storage construction starts peaked in Fall 2017
  - Storage completions peaked between May and July 2018 and we expect will decrease between now and the end of 2019
- Metros have already started reducing the number of new future stores:
  - Miami and Pittsburgh are canceling new projects because domestic out-migration is accelerating
  - Texas, Nashville, and Denver are reducing future projects because of heavy current deliveries and fully-penetrated storage statistics



# What Happens After the Current Development Cycle?

# Where Do We Go From Here? Forecast of NRSF per Capita at Year-End 2017, 2018 & 2019

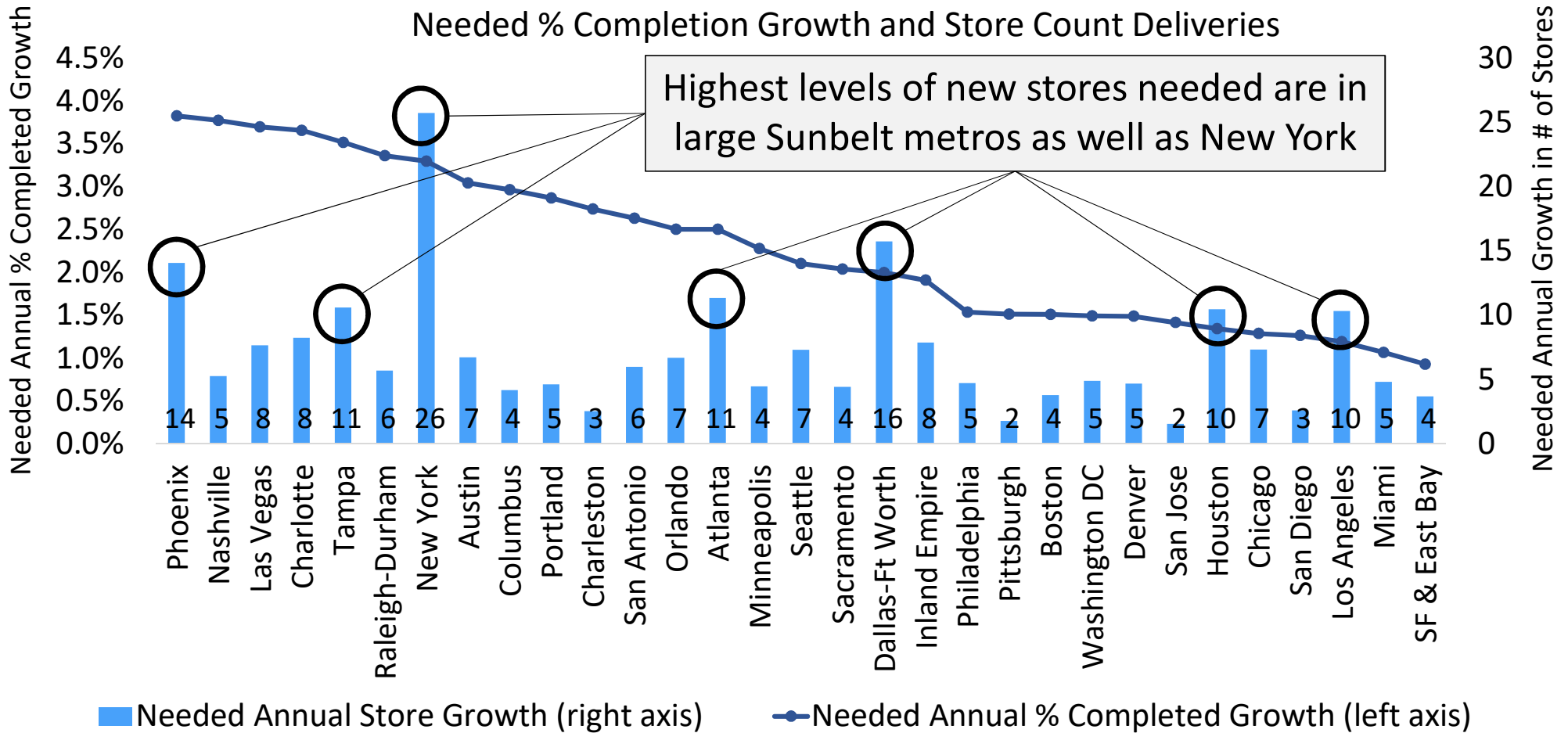


# Estimating Average Demand based on Metro Population and Domestic Migration

- Approximately half of storage customers are in the process of moving while the other half are longer-term users
  - Approximately 5,000 new movers to an area will necessitate the building of one new storage facility per year to meet demand from domestic migration
  - Total metro population of 1.0 to 1.5 million will necessitate the building of one new store per year to meet needs for replacement and upgrade of older existing inventory
- Austin is a simple example needing around 7 new stores per year
  - 2 million in metro population need about 2 new replacement stores per year
  - Austin is averaging about 25,000 domestic migrants per year, which will require 5 additional new stores annually to meet demand from movers

# Long-Run Annual New Store Demand – First Cut

Needed % Completion Growth and Store Count Deliveries

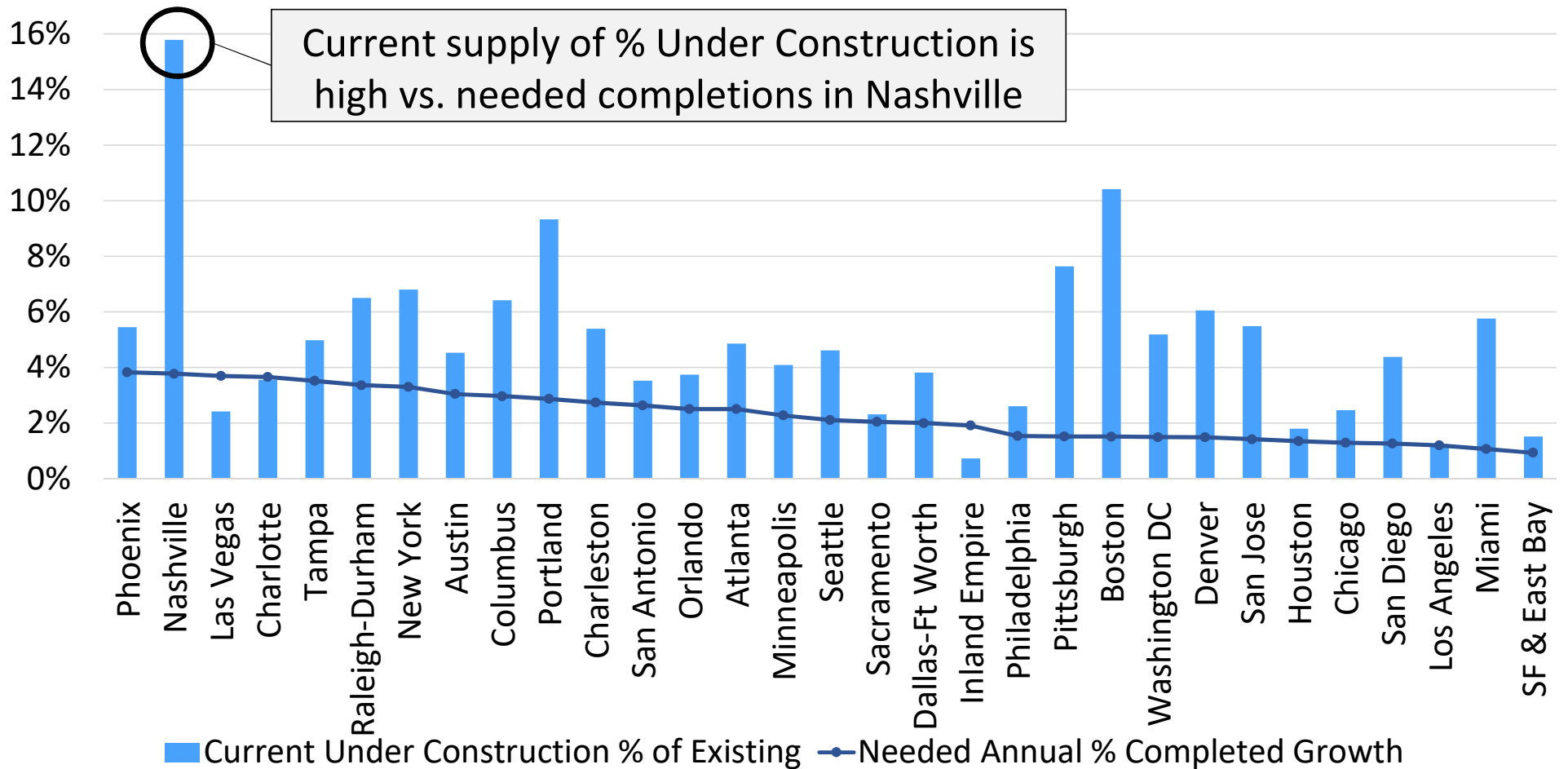


Highest levels of new stores needed are in large Sunbelt metros as well as New York

Source: Yardi® Matrix; U.S. Census Bureau (BOC)



# Long-Run Annual % Demand vs. % Under Construction



Source: Yardi® Matrix; U.S. Census Bureau (BOC)

## Self Storage Investment Outlook in One Slide:

- New supply levels are currently at peak completions for this cycle. New store deliveries peaked during Summer 2018 or we expect will decrease by late 2019
- Heavy new supply pressure is causing owners to discount street rates in order to meet occupancy targets
- Metros in Texas and North Carolina are reducing the number of future stores for delivery due to rent discounting and slow lease-up—but after the current development wave ends these metros could see rents improve due to demand from strong domestic in-migration
- The most attractive metros currently tend to be retirement destinations in the Desert Southwest (e.g., Las Vegas), coastal areas of Florida and the Southeast (e.g. Tampa to Daytona), and smaller mountain metros in the Appalachians and Rockies (e.g., Boise)

# Next Steps with Yardi® Matrix

Want to explore deeper? Call us:

**Jeff Adler**, Vice President and General Manager of Yardi® Matrix

Jeff.Adler@Yardi.com

1-800-866-1124 x2022

**Jack Kern**, Director of Research and Publications

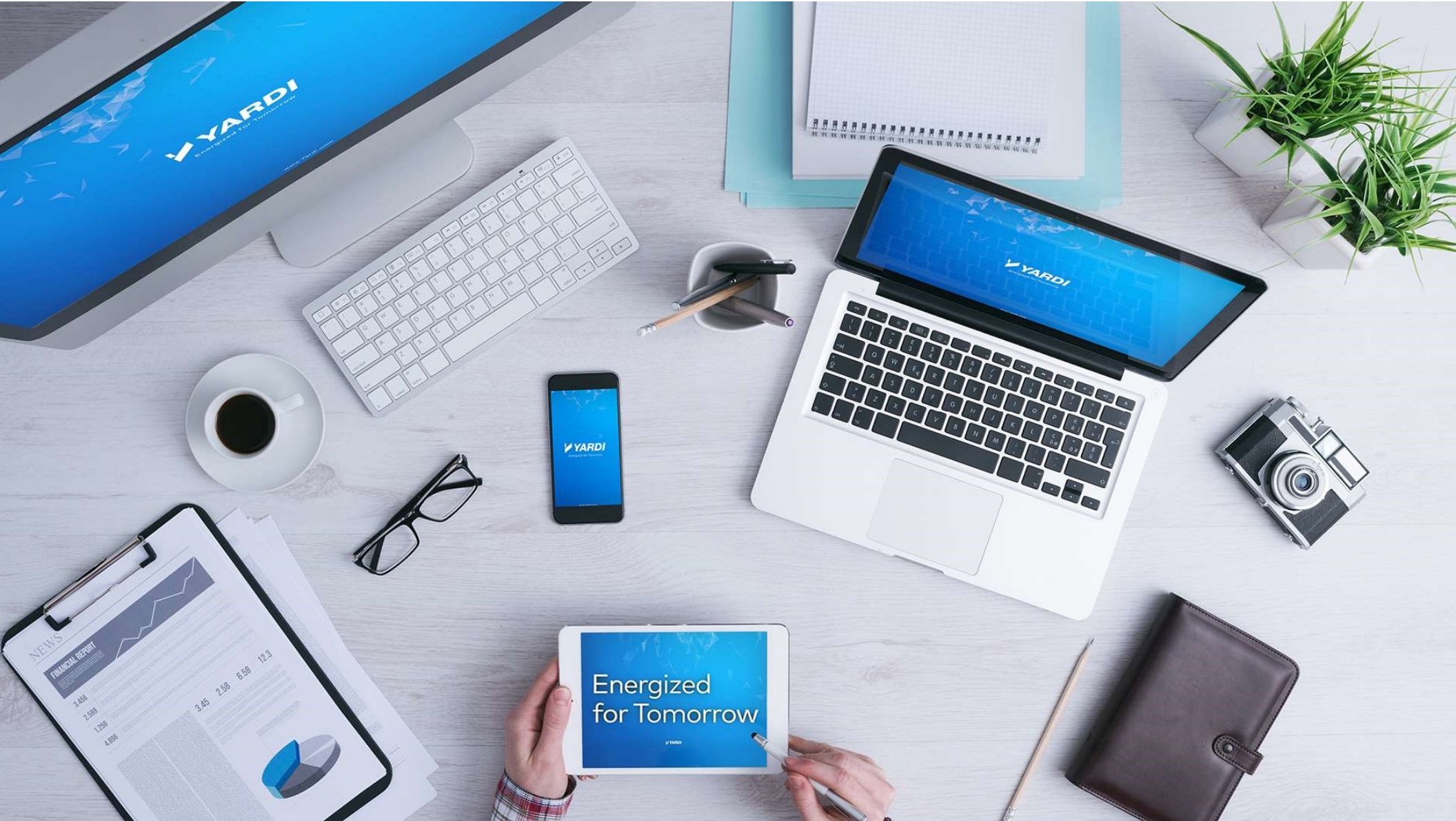
Jack.Kern@Yardi.com

1-800-866-1124 x2444

**David Dent**, Senior Real Estate Market Analyst

David.Dent@Yardi.com

1-800-866-1124 x2084



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# APPENDIX



# Storage Research Snapshot

# Yardi® Matrix Self Storage Coverage Statistics



133 US Markets  
Covered (top ~100 US  
metros)

> 85% of US pop.

> 26k stores



26,600 properties total

24,500 completed  
stores

2,100 facilities tracked  
through development  
process



1.5 billion net square  
feet

Completed inventory of  
1.3 billion net square  
feet and 160 million  
square feet under  
construction, planned  
and prospective

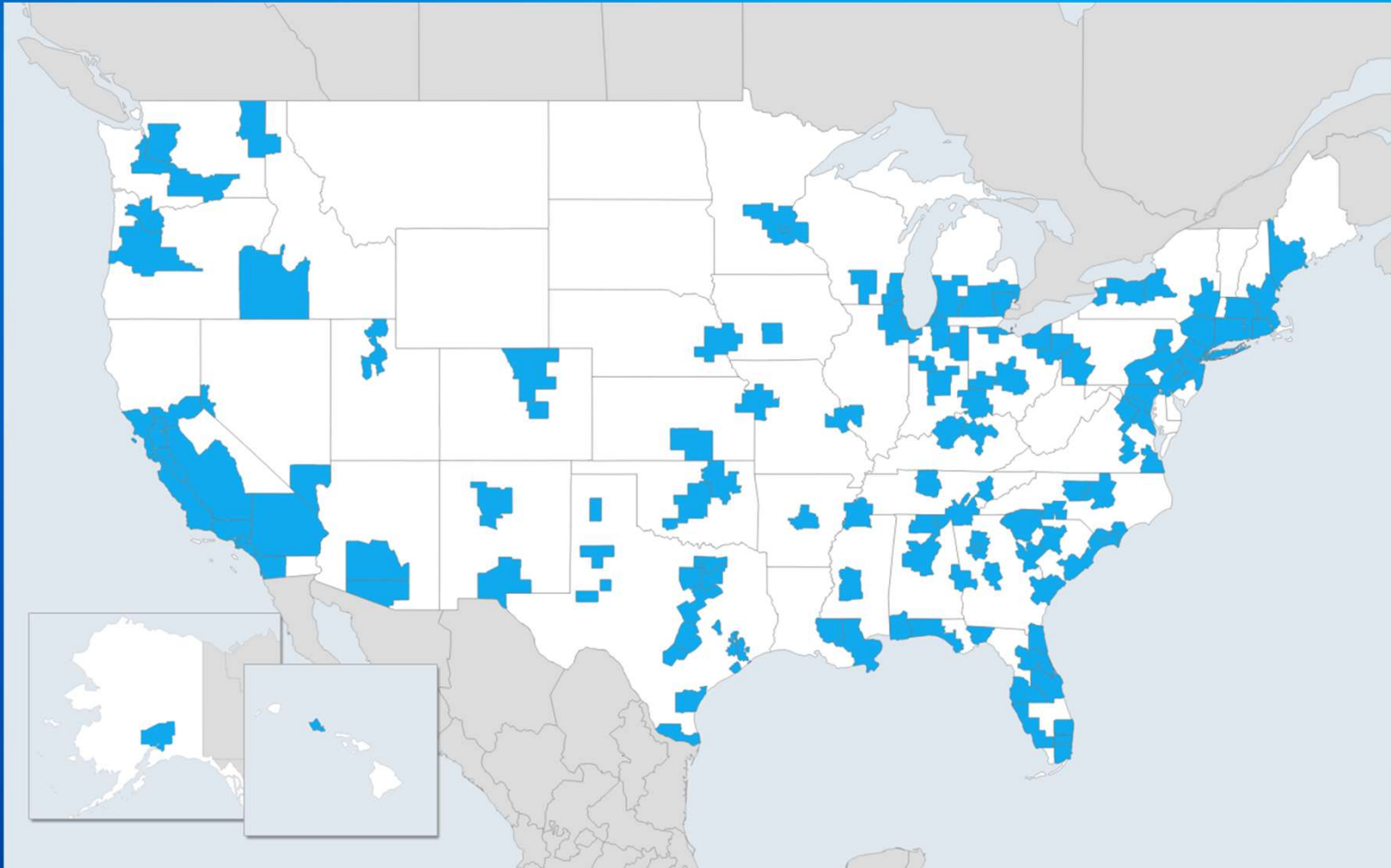


Institutional Research

~45 full-time staff  
dedicated to surveying,  
analyzing and  
publishing on self  
storage



# Yardi® Matrix Self Storage Covers 133 Urban Markets

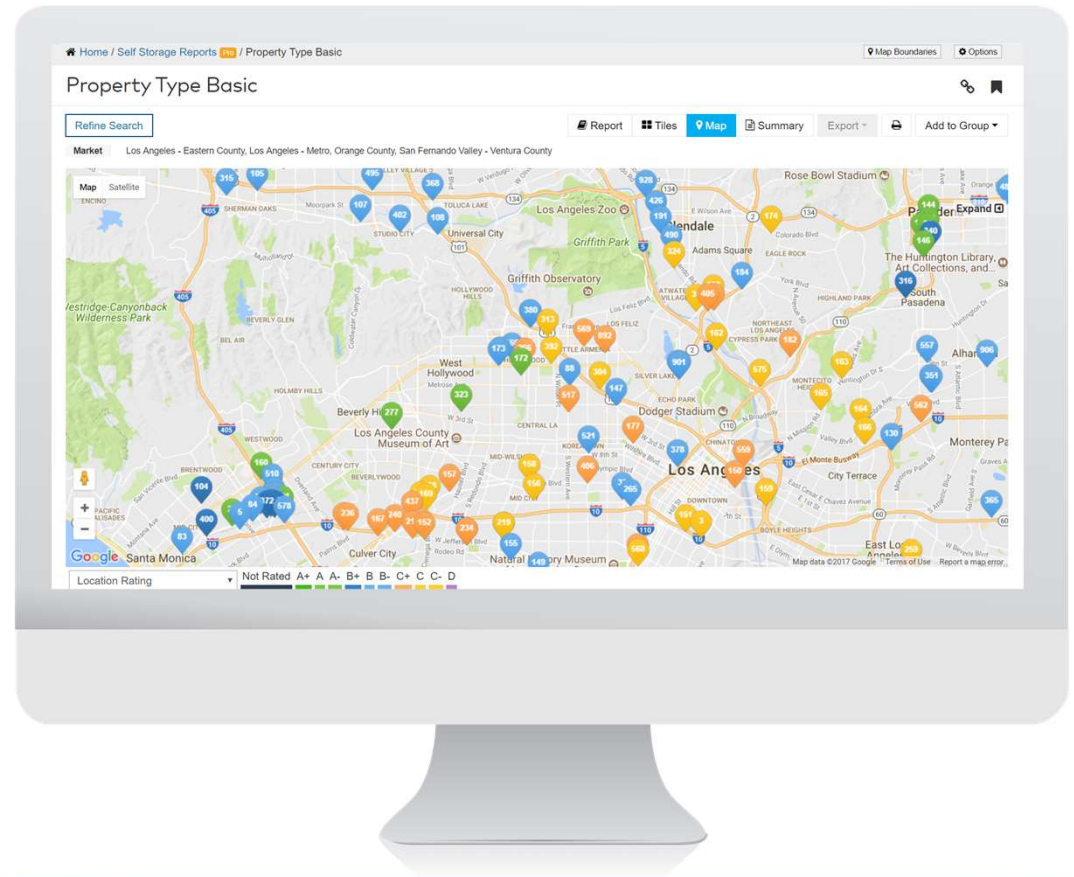


# Yardi® Matrix Self Storage: Bringing Big Data to You

Visit us at: [www.YardiMatrix.com/Property-Types/Self-Storage](http://www.YardiMatrix.com/Property-Types/Self-Storage)

## Complete survey of US self storage

- True ownership and contact information
- New supply tracking of under construction, planned and prospective stores
- Rent comps and sales transaction data
- In-place loans, maturity dates, lender and originator
- Total finished inventory >25,000 sq. ft.
- Demographic data in 1, 3 & 5 mile radii
- Fully interactive search functionality and reporting capabilities



# Typical Property Record (Partial)

## Compass Self Storage


Property Details Parcel Data **beta** Notes Related Reports Competitive Environment Download Brochure

Add to Property Group

[Storage Unit Breakdown](#) [Property Characteristics](#) [Property Sales](#) [Area Information](#) [Area Map](#)



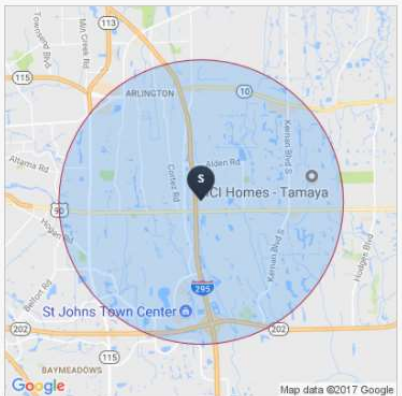
 CMBS Loan

Total SqFt	67,160
Estimated Rentable SqFt <sup>[1]</sup>	57,086
Address	2825 Saint Johns Bluff Road South Jacksonville, FL 32246 
Phone	(904) 515-4855
Improvements Rating	B
Location Rating	C+
Completion Date	January, 2002
Use Type	Self Storage
<b>Owner</b> <a href="#">Groups</a>	<b>Manager</b> <a href="#">Groups</a>
Amsdell Companies	Amsdell Companies
Steve Hryszko	Steve Hryszko
(216) 458-0670	(216) 458-0670
1 International Place #220	1 International Place #220
Cleveland, OH 44135	Cleveland, OH 44135

# Submarket Demographics: Complete and Interactive

### Area Information

1 Mile 3 Miles 5 Miles



#### Area Characteristics

- 14 Storage Facilities in Area
- 946,543 Net Rentable SqFt in Area
- 14.17 Net Rentable SqFt per Capita

#### Asset Benchmark Rates

- \$1.28 Self Storage Average Rent/SqFt (10x10 Climate Controlled)
- \$962 Apartment Average Rent (One Bedroom)
- \$1.32 Apartment Average Rent/SqFt (One Bedroom)

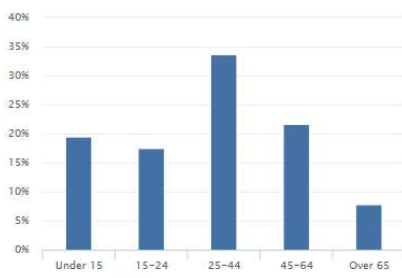
Average Improvements Rating: **B+**

Average Location Rating: **B-**

#### Demographics

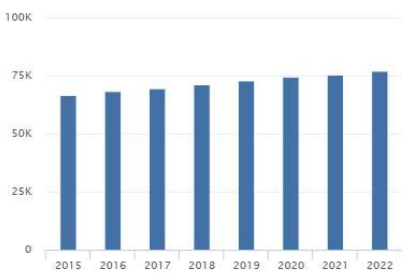
- 66,784** Total Population
- 76,951** Population Projection in 5 years
- 28,094** Total Housing
- \$45,233** Median Household Income
- 2,683** Population Density (People per Sq Mile)
- 32** Population Median Age in Years
- 2.77** Average People per Household
- 32,692** Employed Population

#### Demographic Cohorts



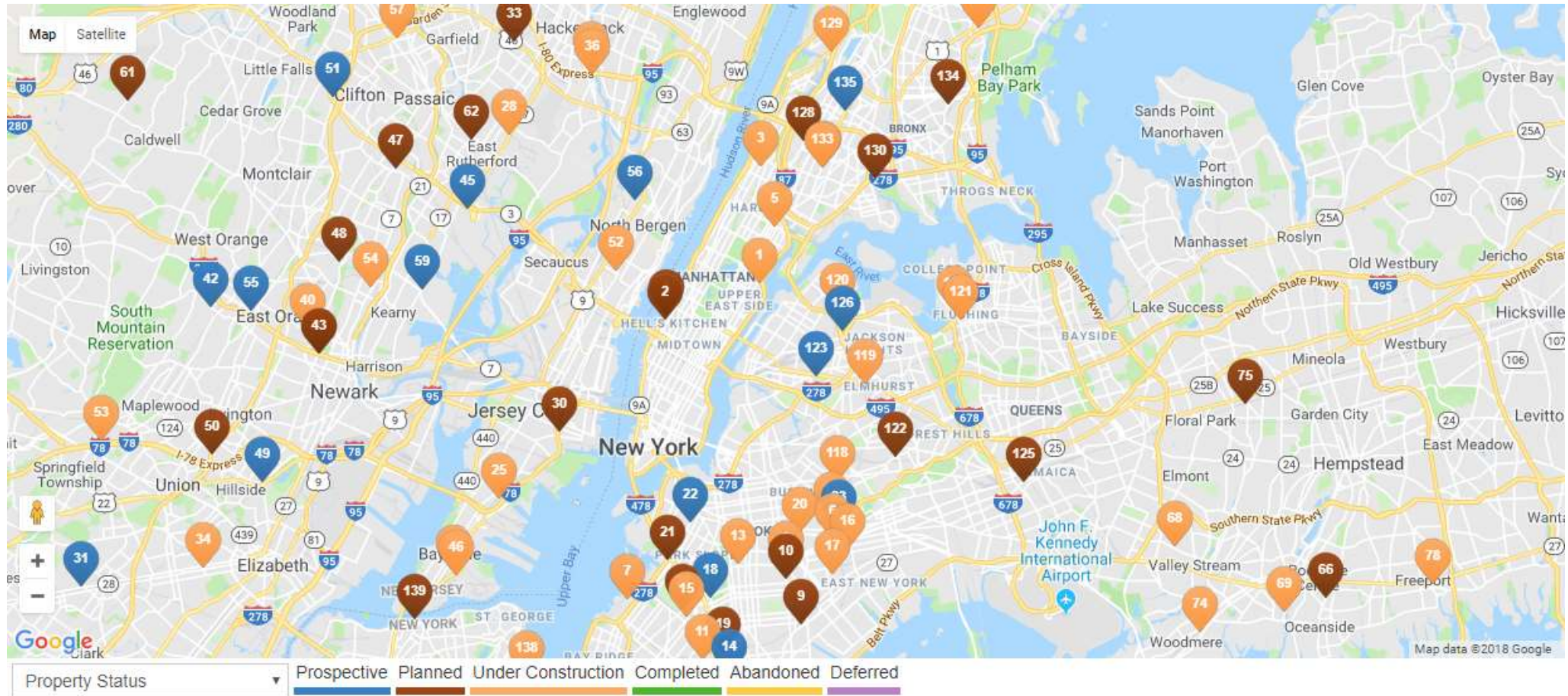
Age	Population	Percentage
Under 15	12,986	19.4%
15 to 24	11,702	17.5%
25 to 44	22,473	33.7%
45 to 64	14,432	21.6%
Over 65	5,191	7.8%

#### Population Projections

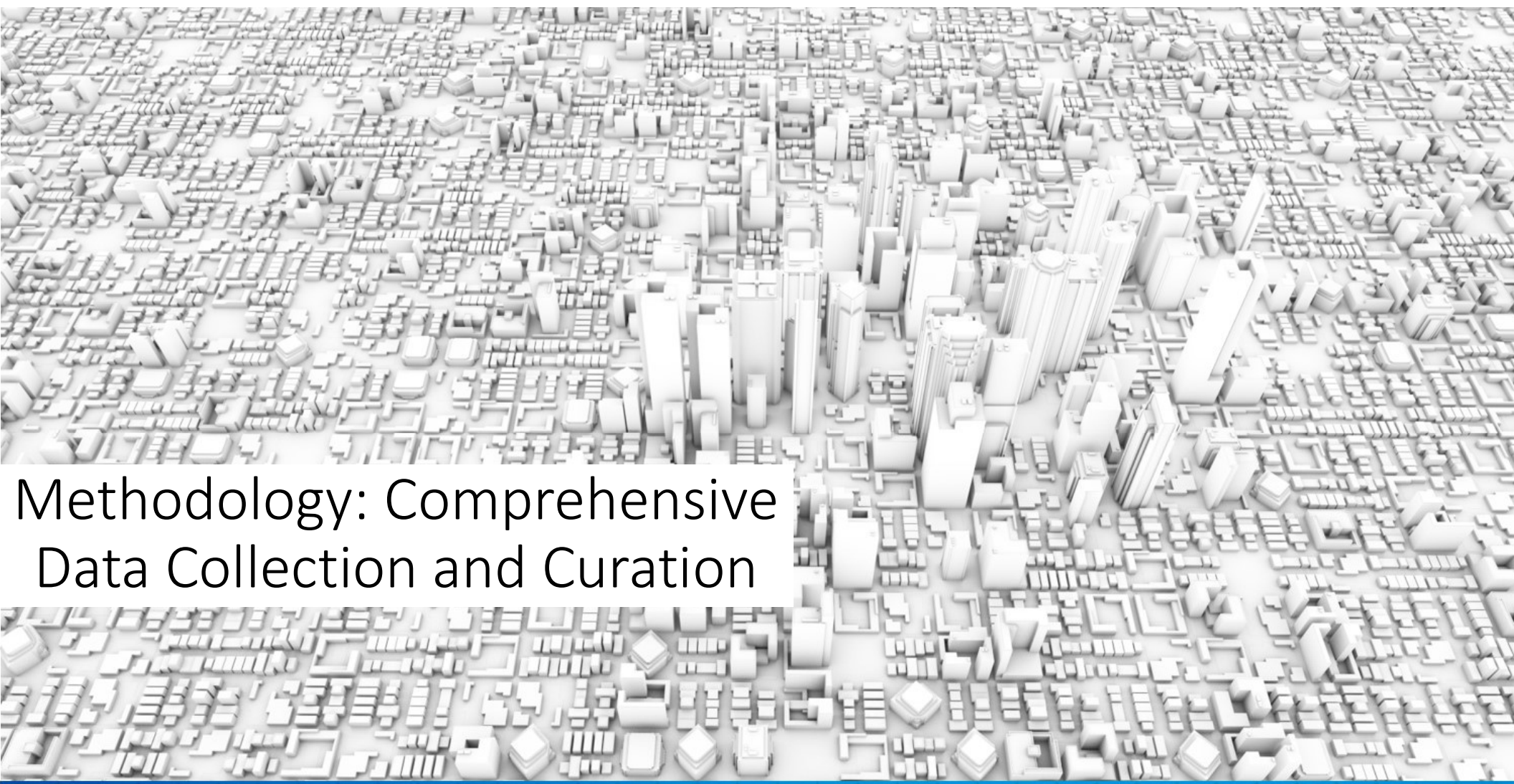


Year	Population	Change (%)
2015	66,784	-
2016	68,253	2.2%
2017	69,763	4.5%
2018	71,247	6.7%
2019	72,847	9.1%
2020	74,537	11.6%
2021	75,412	12.9%
2022	76,951	15.2%

# New York Metro: Current New Supply Pipeline

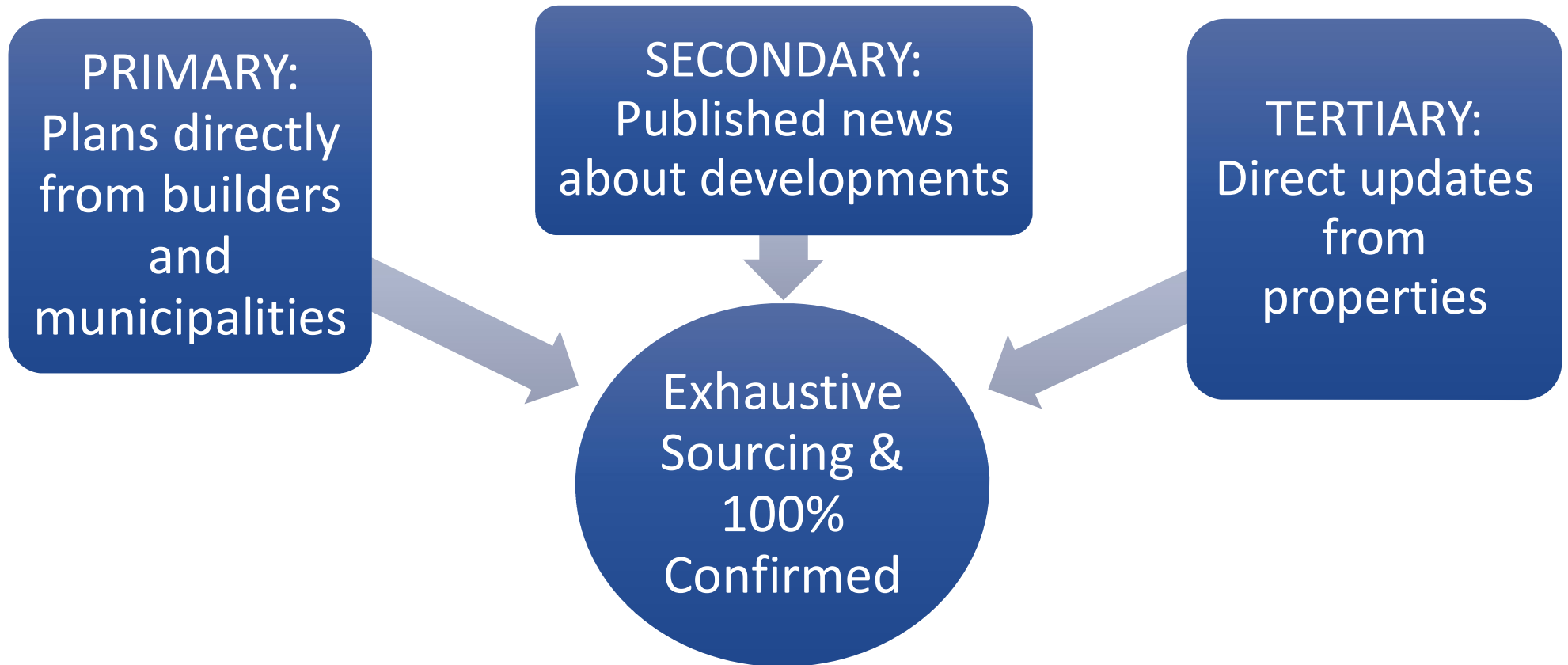


Source: Yardi® Matrix



# Methodology: Comprehensive Data Collection and Curation

# Where Do We Get Our Data? Original Research Sources and Methods: 100% of Stores Confirmed



# Generating Leads - Primary Sources



Dashboard > Project Search Results > Project Details

Export to PDF Actions

## ☆ 603 Storage Self Storage / Salem

Project ID # 1004551562

Apartment, Rental Warehouses

Street Address: 10 Hampshire Rd., Salem, NH 03079  
 County: Rockingham  
 Architect: Dennis Miras, P.A. The Architects  
 Documents Available: Not Available

Last Updated: 11/08/2017  
 11/08/2017 Project Details or Scope was Added/Updated  
 View All Updates

Notes

**Scope**  
 Demolition, site work and new construction of a mixed-use development in Salem, New Hampshire. Construction and out building and new construction of a climate control self-storage facility. As of November 8, 2017 should be completed by the spring of 2018.

**Notes**  
 Development include(s): Demolition, New Construction, Site Work Municipal Meeting: 10/24/2017 07:00

**Project Events**

Event	Date
End Date	04/30/2018
Municipal Meeting	09/26/2017
Municipal Meeting	10/24/2017
Start Date	12/31/2017

**Additional Details**

Listed On: 11/8/2017

Stage Comments 1:  
 Stage Comments 2:

Single Trade Project: None  
 Parent Project ID: None  
 Work Type: New  
 Owner Type: Private  
 Commence Date: 12/31/2017  
 Site Area:  
 Units:

**Project Participants**

Company Role	Company Name	Contact Name
General Contractor	Fulcrum Associates	

Filters

More Filters >>

Updated Within: Last 12 Months

Listed Within: Bidding Within: Project Value: Stage: Category: Filter by status: Project Location: Postal Code Radius: # of Floors: Floor Area: Work Type: Bid Type: Owner Type: Documents: Document OSI Division: Company Type: Company Location:

Search Project details with keywords OR by project ID

Show Matching Companies Show Matching Projects

Export All Actions Save Search

Select a search to load

43,110 Projects

0 projects selected Expand All

Project Title	Project Address					Personal Notes			Role	Company Name	Co
	Street Address	City	County	State/Prov...	Postal C...	User Name	Create Date	Note			
One Beale Street North Tower	1 Beale St.	Memphis	Shelby	Tennessee	38103				Architect	HBG Design	Rc
The Commons At Savannah Qua...	100 Blue Moon Crossi...	Pooler	Chatham	Georgia	31322				Architect	Core Design and Arch...	Ti
Burnham Place at Union Station	100 Columbus Cir.	Washington	District of...	Washingto...	20001				Architect	HOK - Washington, D.C.	Mi
One Bayfront Plaza	100 S. Biscayne Blvd.	Miami	Miami Dade	Florida	33131				Architect	Kohn Pedersen Fox A...	Ri
Bear Creek Cottages / Redmond	10007 Avondale Rd NE	Redmond	King	Washington	98073				Architect	Living Shelter Design	To
1066 Market Street Multi-Reside...	1066 Market St.	San Fran...	San Fran...	California	94102				Architect	Arquitectonica	Be
Ashton Meeting Place Office Dev...	108 New Hampshire A...	Ashton	Montgom...	Maryland	20861				Architect	Smolen Emr Ilikovitch ...	Ja
Hudson Yards Development - Ma...	10th Ave. and 30th St.	New York	New York	New York	10001				Civil Engin...	Tutor-Perini Corporat...	Br
Broadway Office & Retail Building	1100 Broadway	Oakland	Alameda	California	94607				Architect	KMD Architects - Hea...	De
Casden West Mixed-Use Project	11122 W. Pico Blvd.	Los Ange...	Los Ange...	California	90012				Architect	VTBS Architecture, In...	Rc
65th Street Mixed Use Building	1122 65th St	Oakland	Alameda	California	94601				General C...	Eslami, Ali	At
Sara Park / Oklahoma City	11448 SW 44th St	Oklahom...	Oklahoma	Oklahoma	73101				Architect	Crafton Tull & Associ...	Ke
Shapery Park Towers	11th Ave. and A St.	San Diego	San Diego	California	92101				Architect	C.W. Kim Architects & ...	C.
North Butler Street Apartments	121 N Butler Street	Madison	Dane	Wisconsin	53703				Architect	McFadden & Co.	Ja
Cincinnati Music Hall Renovatio...	1241 Elm St.	Cincinnati	Hamilton	Ohio	45202				Architect	Perfido Weiskopf Wag...	Ja
Avalon at Twinbrook Station	12720 Twinbrook Pkwy	Rockville	Montgom...	Maryland	20851				Architect	SK & I Architectural D...	Je
Coast Village Mixed-Use Building	1298 Coast Village Rd	Santa Bar...	Santa Bar...	California	93101				Architect	Lenvik & Minor Archit...	Je

Source: Yardi® Matrix





# Generating Leads - Primary Sources

The screenshot displays the DODGE Global Network interface. At the top, there are navigation tabs for HOME, PROJECTS, and COMPANIES. A search bar is present with the text 'Enter Keyword(s)'. Below the search bar, there are filter options, including 'USA' and 'Clear All'. The main content area shows a list of projects, with the first one being 'Franklin Self Storage Facility' (201700834901 v5). The project details include the address '4412 Franklin South Court, FRANKLIN, TN 37064 USA, TN(WILLIAMSON)'. The project overview section provides details such as 'Project type: Warehouse', 'Report type: Project', 'Sub project count: 0', 'First publish date: 11/19/2017', 'Prior publish date: 11/21/2017', 'Publisher: Dodge Data & Analytics', 'Type of Work: New Project', 'Status: Reporting GC - Possible', 'Status project delivery system: Design-Bid-Build', and 'Publish date: 11/27/2017'. The 'Key Contacts and Bid Documents' section lists the 'Submit bids to:' as 'Owner (Private) b3 STUDIO, PAUL B. BASI, 1104 West 38th TN, 37064 (USA), Phone:615-4 E-mail: paulb@b3studio.com'. The 'Architect:' is listed as 'N2 Group, Matt Bryant, (Project Eng. 256 SEABOARD TN, 37057-2893 (USA), Phone:615-4 E-mail: matt@n2group.com, Email ID: m'. The 'Civil Engineer:' is listed as 'Design Ser Matthew Doz (Elec Engr 703 BERRY A. TN, 37024-2603 (USA), Phone:615-2 E-mail: matdo@southlandc.com, Southland C Russell Graham (Estimator 1587 MALLORY LN, 37027-2895 (USA)'. The 'General Contractor:' is listed as 'Southland Constructors LLC Russell Graham, 1587 MALLORY LN STE 100 , BRENTWOOD, TN 37027 (WILLIAMSON) Website: http://www.southlandconstructors.com'. The 'Planholders' section lists 'General Contractor' and 'WellSpring Builders, Inc., 3803 Central Pike , HERMITAGE, TN 37076 (DAVIDSON)'. The 'Action stage:' is 'Start', 'Bid date:' is '11/21/2017 @ 02:00 PM CST', 'Valuation:' is 'I (3M to <5M)', 'Project delivery system:' is 'Design-Bid-Build', and 'Target start date:' is '12/01/2017'. The 'Owner type:' is 'Private'. The 'Phone:' is '615-309-0365', 'Fax:' is '615-309-0475', and 'Email:' is 'rgraham@southlandconstructors.com'. The 'Types of Dodge Report:' section includes 'Project', 'Project/ITEM (combo)', 'ITEM', and 'Permit'. The 'Special Filters' section includes 'All Reports', 'Version 1 Reports', and 'Reports with Plans and Specs'.

Source: Yardi® Matrix



# Generating Leads - Primary Sources

## City & County Planning Departments

The image displays two website screenshots. The top left shows the City of Los Angeles Department of City Planning website, featuring the city seal and navigation links for Zoning/Property Info (ZIMAS), Case Reports, Publications, and Map Gallery. The top right shows the Montgomery, Texas website with a search bar and navigation links for Home, Sitemap, and Contact Us. The bottom left shows the Cambridge Community Development Department (CDD) website, which includes a navigation menu with categories like General Info, Policy Planning, and Development Services. The main content area of the Cambridge website features a map of the city with various zoning districts highlighted in different colors (yellow, orange, green, blue, pink, purple). Below the map, there is a section titled "The Community Development Department is the planning agency for the City of Cambridge." followed by a description of the department's mission and a "Features" section. To the right of the map, there are sections for "News and Announcements" and "Quick Links". The bottom right of the Cambridge website shows a "Planning and Zoning" section with a list of agendas and meeting dates.

### MINUTES OF PUBLIC HEARING AND REGULAR MEETING September 25, 2017 MONTGOMERY PLANNING AND ZONING COMMISSION

#### CALL TO ORDER

Chairman Nelson Cox declared a quorum was present, and called the meeting to order at 6:00 p.m.

Present: Nelson Cox, William Simpson, Jeffrey Waddell and Carol Langley

Absent: Arnette Easley

Also Present: Susan Hensley, City Secretary  
Ed Shackelford, City Engineer

#### VISITOR/CITIZENS FORUM

Any citizen with business not scheduled on the agenda may speak to the Commission. Prior to speaking, each speaker must be recognized by the Chairman. Commission may not discuss or take any action on any item, but may place the issue on a future agenda. The number of speakers, along with the time allowed per speaker may be limited.

There were no citizen's comments made.

#### 1. Consideration/take action regarding August 28, 2017 minutes

Jeff Waddell moved to approve the minutes as presented. William Simpson seconded the motion, the motion carried unanimously. (4-0)

#### 2. Public Hearing on Rezoning a 0.28 acre tract of land situated in the John Corner Survey, Abstract No. 8, Montgomery County, Texas otherwise described as approximately 150 feet south of Flagship Boulevard - Andrew Bay

# Commitment to Constant Curation: Cycling the Updates



# Cycling Timelines:

Under Construction	30 Days
Planned	60 Days
Prospective	90 Days
Deferred	As Needed
Pending	As Needed

## Quality Assurance Cross-Checks:

- 1) Validate status with Stakeholder
- 2) Validate supporting documents
- 3) Visual validation (e.g., maps)