Yardi® Matrix

NATIONAL SELF STORAGE REPORT

DECEMBER 2018

MONTHLY SUPPLY AND RENT RECAP

Development activity still highest in emerging secondary markets

- Growing secondary markets continue to have a strong appetite for self storage space, supported by robust employment growth and high population gains. Demand is still elevated in historically underpenetrated markets with large urban clusters, such as Boston and New York City.
- On a national level, rent rates declined slightly in November as new product was absorbed. However, rent growth remained positive in the Southwest and Northeast.
- Nationwide, Yardi Matrix tracks more than 2,000 self storage properties in the pipeline—753 under construction, 977 planned and 316 prospective projects—along with 410 abandoned stores. The new development pipeline has been shrinking over the past few months as prospective properties have advanced to planned and under construction. The number of abandoned projects has increased since October.
- Yardi Matrix maintains operational profiles for an additional 24,600 completed properties in the U.S. This brings the total data set to 26,646 stores.

Rents still down year-over-year in most markets

- On a national level, street-rate rents declined by 4.1% year-over-year in November 2018 for 10x10 non-climate-controlled (NON CC) units and by 2.2% for 10x10 climate-controlled (CC) units.
- Rent growth is highest in Las Vegas, increasing by 3.1% year-over-year in November 2018 for 10x10 NON CC units. Baby Boomers continue to stream out of California for retirement in the desert, as Nevada benefits from cheaper housing and not having a state-level income tax.
- In San Diego, rents gained 1.3% year-over-year in November due to limited new supply and an influx of professionals drawn by health science and STEM jobs.

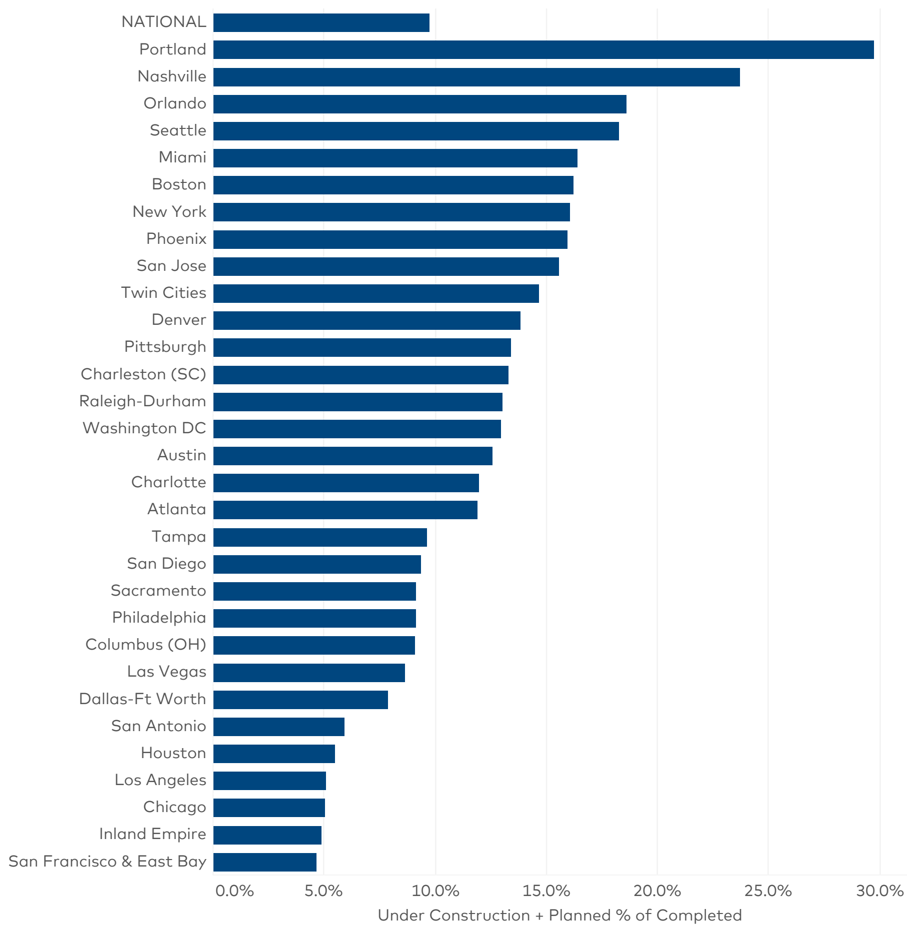
MONTHLY NEW SUPPLY UPDATE

Development activity remains elevated in markets with strong employment growth

- Nationwide, units under construction and in the planning stages account for 9.7% of the existing inventory—a 10-basis-point increase over November, as developers started construction on the last projects of the season in high-demand markets.
- Development activity is highest in Portland (29.7%), which remains a magnet for new residents drawn by expanding tech companies and startups as well as the metro's relatively low cost of living. Nashville's new-supply pipeline (23.7%) is fueled by the market's robust employment growth, especially in the professional and business services sector. Corporate expansions are attracting a steady inflow of higher-wage workers from outside the metro, boosting demand for self storage space.
- The share of stores under construction or in the planning stages is on the rise in Charlotte, at 12% in December—up 210 basis points since November. Job growth in Charlotte remains strong as more New Yorkers relocate to Wall Street support offices in the metro.

Under Construction & Planned Percent of Existing Inventory

Metro	Nov-18	Dec-18	Change
NATIONAL	9.6%	9.7%	↑
Portland	30.5%	29.7%	↓
Nashville	24.4%	23.7%	↓
Orlando	17.6%	18.6%	↑
Seattle	18.6%	18.3%	↓
Miami	15.3%	16.4%	↑
Boston	17.6%	16.2%	↓
New York	15.9%	16.1%	↑
Phoenix	15.7%	16.0%	↑
San Jose	16.6%	15.6%	↓
Minneapolis	14.8%	14.7%	↓
Denver	13.9%	13.8%	↓
Pittsburgh	13.4%	13.4%	–
Charleston (SC)	13.4%	13.3%	↓
Raleigh-Durham	13.7%	13.0%	↓
Washington DC	12.4%	12.9%	↑
Austin	12.6%	12.6%	–
Charlotte	9.9%	12.0%	↑
Atlanta	12.0%	11.9%	↓
Tampa	10.0%	9.6%	↓
San Diego	9.8%	9.3%	↓
Philadelphia	7.7%	9.1%	↑
Sacramento	8.7%	9.1%	↑
Columbus (OH)	8.5%	9.1%	↑
Las Vegas	8.7%	8.6%	↓
Dallas-Ft Worth	8.0%	7.9%	↓
San Antonio	5.5%	5.9%	↑
Houston	5.1%	5.5%	↑
Los Angeles	4.9%	5.1%	↑
Chicago	5.1%	5.0%	↓
Inland Empire	4.7%	4.9%	↑
San Francisco Penin. & East Bay	4.7%	4.7%	–



* Drawn from our national database of 26,600 stores, including 2,000 projects in the new-supply pipeline as well as 24,600 completed stores. New supply percentages are based on the number of properties currently under construction and in planning, and an average new property size of 75,000 net rentable square feet.

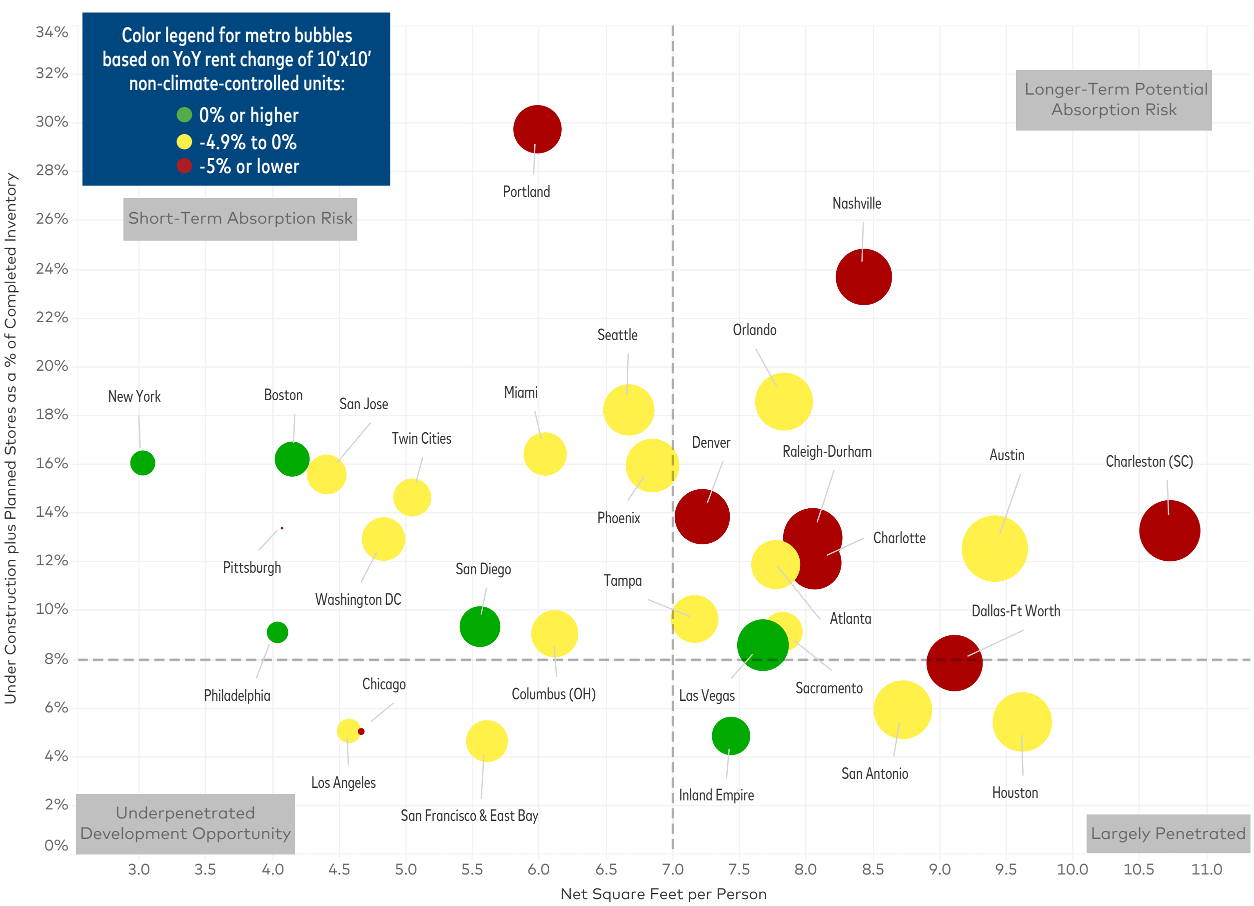
Source: Yardi Matrix. Supply data as of Dec. 12, 2018.

Limited inventory in New York drives development

- Development activity is up slightly in New York City, where projects under construction and in the planning stages account for 16.1% of existing inventory, up 20 basis points since November. The market's inventory per person of around 3 net square feet is still only half the national average of 6 net square feet per person.
- While Nashville and the Pacific Northwest currently have the heaviest development pipelines, Florida is also growing, with Orlando (18.6%) and Miami (16.4%) seeing active development. In 2017, 84,000 retirees moved to Florida; migration to Florida is likely to be strong due to recent tax law changes encouraging movement from states like New York and California that have state-level income taxes to those that do not, including Florida.

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)



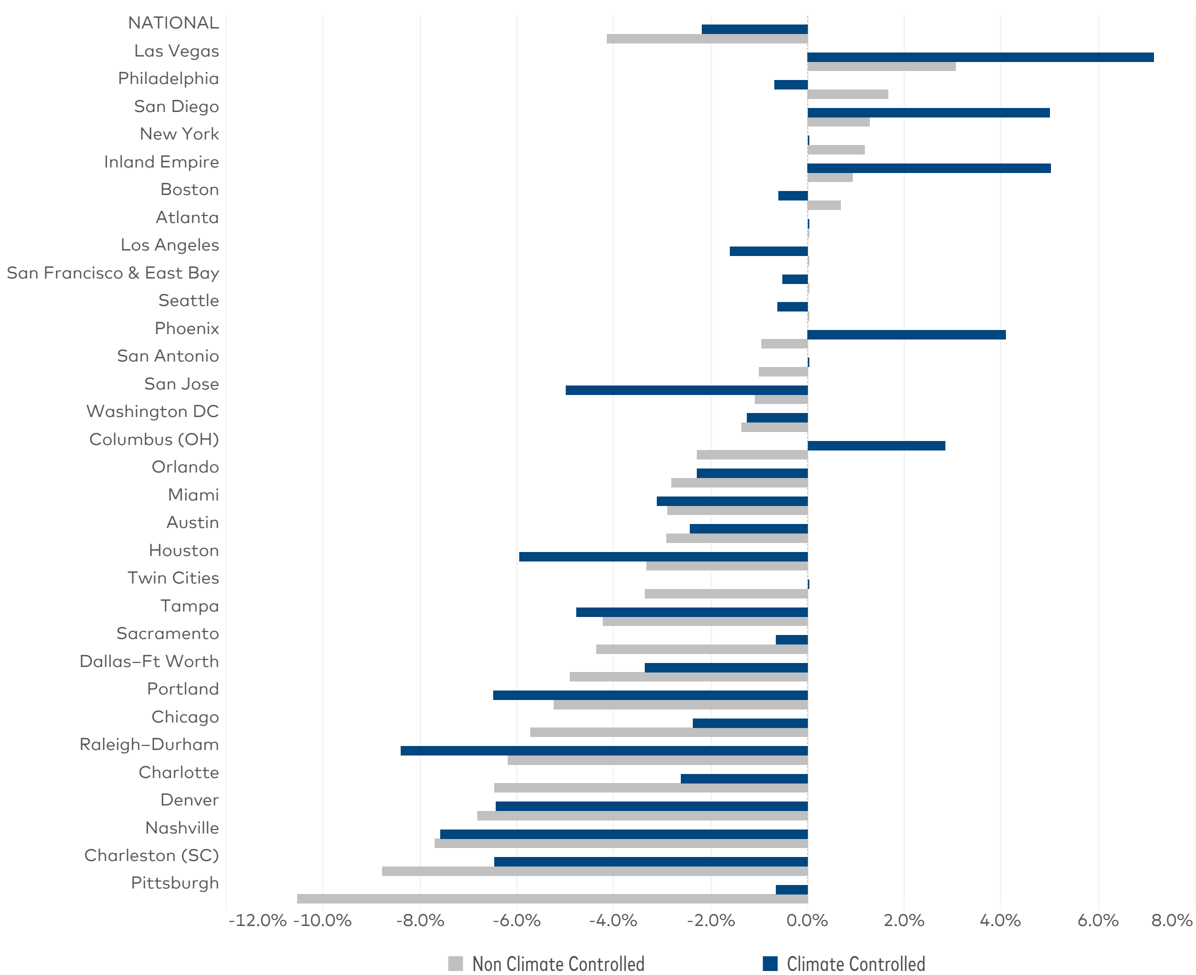
Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of Dec. 12, 2018.

MONTHLY RENT GROWTH UPDATE

Rents tick down seasonally, but year-over-year deceleration improves on easier comps

- Nationwide, new self storage completions continued to put pressure on rent growth. However, year-over-year rent growth performance as of November improved slightly for the average NON CC unit—increasing from -4.9% in October to -4.1% in November. Asking rates for the average 10x10s dipped by $1 in November (from $117 to $116), in line with seasonal deceleration. Demand for CC units of similar size is still elevated, with rent rates decelerating by 2.2% year-over-year in November.
- Asking rents were highest in San Francisco ($192 as of November) for 10x10 NON CC units, followed by San Jose ($181) and Los Angeles ($180). Despite limited new supply, street rates were flat or slightly negative in most major California markets. In San Diego—a moderatly undersupplied market, where the inventory per person (5.6 net square feet) is below the national average of 6 net square feet—rents stabilized at $156 in November.

November 2018 Year-over-Year Rent Change for 10'x10' Units



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

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	November 2018 YoY Rent Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
NATIONAL	116	-2%	-3%	**-4%**	**-2%**	-5%
Las Vegas	101	14%	11%	**3%**	**7%**	4%
Inland Empire	109	2%	2%	**1%**	**5%**	1%
San Diego	156	-1%	0%	**1%**	**5%**	-1%
Phoenix	103	3%	0%	**-1%**	**4%**	-2%
Columbus (OH)	85	-3%	-4%	**-2%**	**3%**	-1%
Atlanta	101	-2%	-2%	**0%**	**0%**	-1%
Minneapolis	115	0%	-3%	**-3%**	**0%**	-7%
New York	173	1%	1%	**1%**	**0%**	1%
San Antonio	99	0%	0%	**-1%**	**0%**	-2%
San Francisco Penin. & East Bay	192	0%	-1%	**0%**	**-1%**	-2%
Boston	144	4%	2%	**1%**	**-1%**	-2%
Seattle	154	0%	1%	**0%**	**-1%**	-2%
Sacramento	132	2%	-1%	**-4%**	**-1%**	-4%
Pittsburgh	119	-6%	-8%	**-11%**	**-1%**	-14%
Philadelphia	121	4%	3%	**2%**	**-1%**	-1%
Washington DC	145	-2%	-1%	**-1%**	**-1%**	-4%
Los Angeles	180	-3%	-3%	**0%**	**-2%**	-1%
Orlando	104	0%	-3%	**-3%**	**-2%**	-4%
Chicago	99	-5%	-3%	**-6%**	**-2%**	-7%
Austin	100	-2%	0%	**-3%**	**-2%**	-2%
Charlotte	87	-7%	-5%	**-6%**	**-3%**	-5%
Miami	135	2%	0%	**-3%**	**-3%**	-3%
Dallas–Ft Worth	97	-2%	-5%	**-5%**	**-3%**	-5%
Tampa	113	-4%	-3%	**-4%**	**-5%**	-3%
San Jose	181	-3%	-1%	**-1%**	**-5%**	-3%
Houston	87	-3%	-4%	**-3%**	**-6%**	-4%
Denver	123	-5%	-6%	**-7%**	**-6%**	-7%
Charleston (SC)	104	-2%	-9%	**-9%**	**-6%**	-7%
Portland	145	-5%	-4%	**-5%**	**-6%**	-5%
Nashville	108	-5%	-6%	**-8%**	**-8%**	-9%
Raleigh–Durham	91	-4%	-7%	**-6%**	**-8%**	-4%

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

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