Yardi® Matrix

NATIONAL SELF STORAGE REPORT

JANUARY 2019

MONTHLY SUPPLY AND RENT RECAP

New supply pipeline remains elevated in fast-growing markets

- Demand for self storage space is highest in top metros for relocations—such as Portland, Nashville and Seattle, where solid population gains and robust employment growth pave the way for new development. Development activity continues to be strong in Boston and New York City—two historically low-supplied markets with large population concentrations.
- On a national level, street rates declined slightly in December, reflecting seasonality, but rate growth remained positive in the Southwest and Northeast.
- Nationwide, Yardi Matrix tracks nearly 2,000 self storage properties in the pipeline—741 under construction, 928 planned and 317 prospective projects—along with 430 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 November.
- Yardi Matrix maintains operational profiles for an additional 24,659 completed properties in the U.S., bringing the total data set to 26,645 stores.

Las Vegas, New York City lead the way in rent growth

- Nationwide, street-rate rents declined by 1.7% year-over-year in December 2018 for 10x10 non-climate-controlled (NON CC) units and by 1.5% for 10x10 climate-controlled (CC) units.
- Rents continue to soar in Las Vegas, increasing by 5.2% year-over-year in December 2018 for 10x10 NON CC units. The metro's relatively affordable cost of living compared to major California markets—combined with Nevada's lack of income tax—continues to attract residents.
- Demand is on the rise in New York City, where rents increased by 3.6% year-over-year in December—three times the previous month's growth rate of 1.2%.

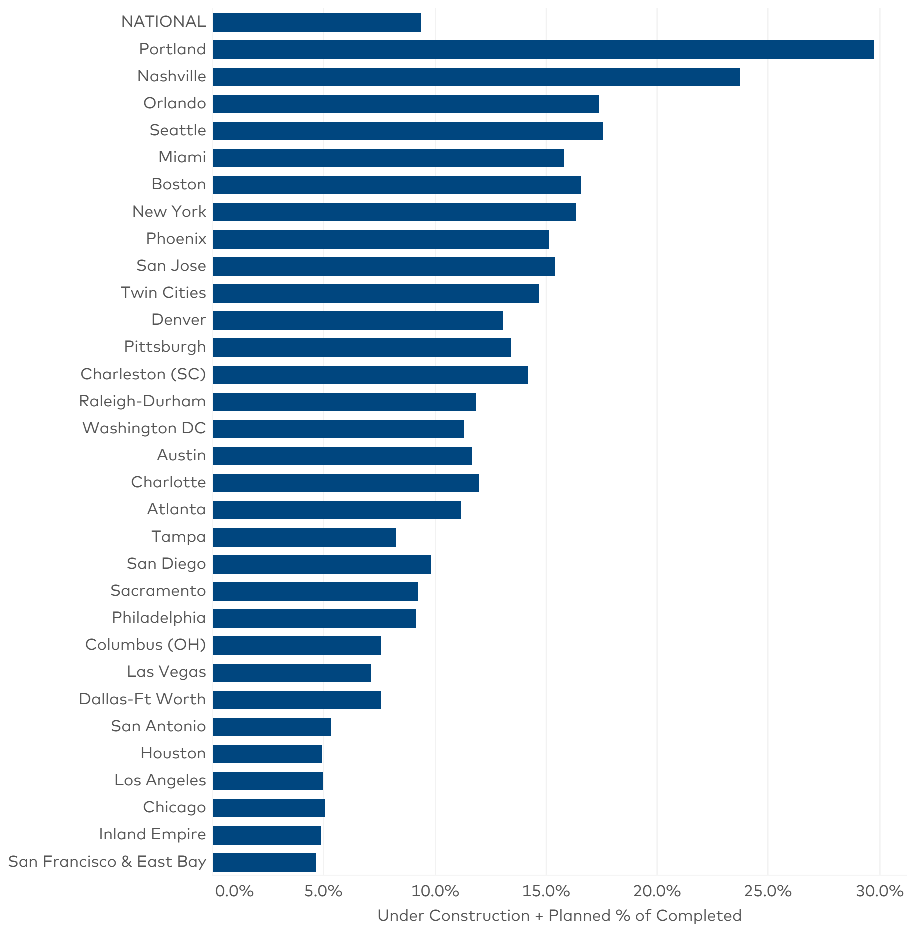
MONTHLY NEW SUPPLY UPDATE

Emerging secondary markets, large gateway cities drive new development

- Nationwide, units under construction and in the planning stages account for 9.4% of the existing inventory in January, marking a 30-basis-point decrease from December.
- Strong economic fundamentals and employment growth support increased new-supply pipelines in Portland (29.7%) and Seattle (17.6%), which continue to attract Millennials looking for high-paying jobs and students enrolled in local colleges and universities. In Nashville (23.7%), recent corporate expansions and relocations—coupled with solid multifamily development activity in the metro—continue to support demand for new storage space.
- Markets with growing new-supply pipelines include large gateway cities in the Northeast, where existing inventory remains lower on a per-capita basis than most major markets across the country.

Under Construction & Planned Percent of Existing Inventory

Metro	Dec-18	Jan-19	Change
NATIONAL	9.7%	9.4%	↓
Portland	29.7%	29.7%	—
Nashville	23.7%	23.7%	—
Seattle	18.3%	17.6%	↓
Orlando	18.6%	17.4%	↓
Boston	16.2%	16.6%	↑
New York	16.1%	16.3%	↑
Miami	16.4%	15.8%	↓
San Jose	15.6%	15.4%	↓
Phoenix	16.0%	15.1%	↓
Minneapolis	14.7%	14.7%	—
Charleston (SC)	13.3%	14.2%	↑
Pittsburgh	13.4%	13.4%	—
Denver	13.8%	13.1%	↓
Charlotte	12.0%	12.0%	—
Raleigh-Durham	13.0%	11.9%	↓
Austin	12.6%	11.7%	↓
Washington DC	12.9%	11.3%	↓
Atlanta	11.9%	11.2%	↓
San Diego	9.3%	9.8%	↑
Sacramento	9.1%	9.3%	↑
Philadelphia	9.1%	9.1%	—
Tampa	9.6%	8.2%	↓
Columbus (OH)	9.1%	7.6%	↓
Dallas-Ft Worth	7.9%	7.6%	↓
Las Vegas	8.6%	7.2%	↓
San Antonio	5.9%	5.3%	↓
Chicago	5.0%	5.0%	—
Los Angeles	5.1%	5.0%	↓
Houston	5.5%	4.9%	↓
Inland Empire	4.9%	4.9%	—
San Francisco Penin. & East Bay	4.7%	4.7%	—



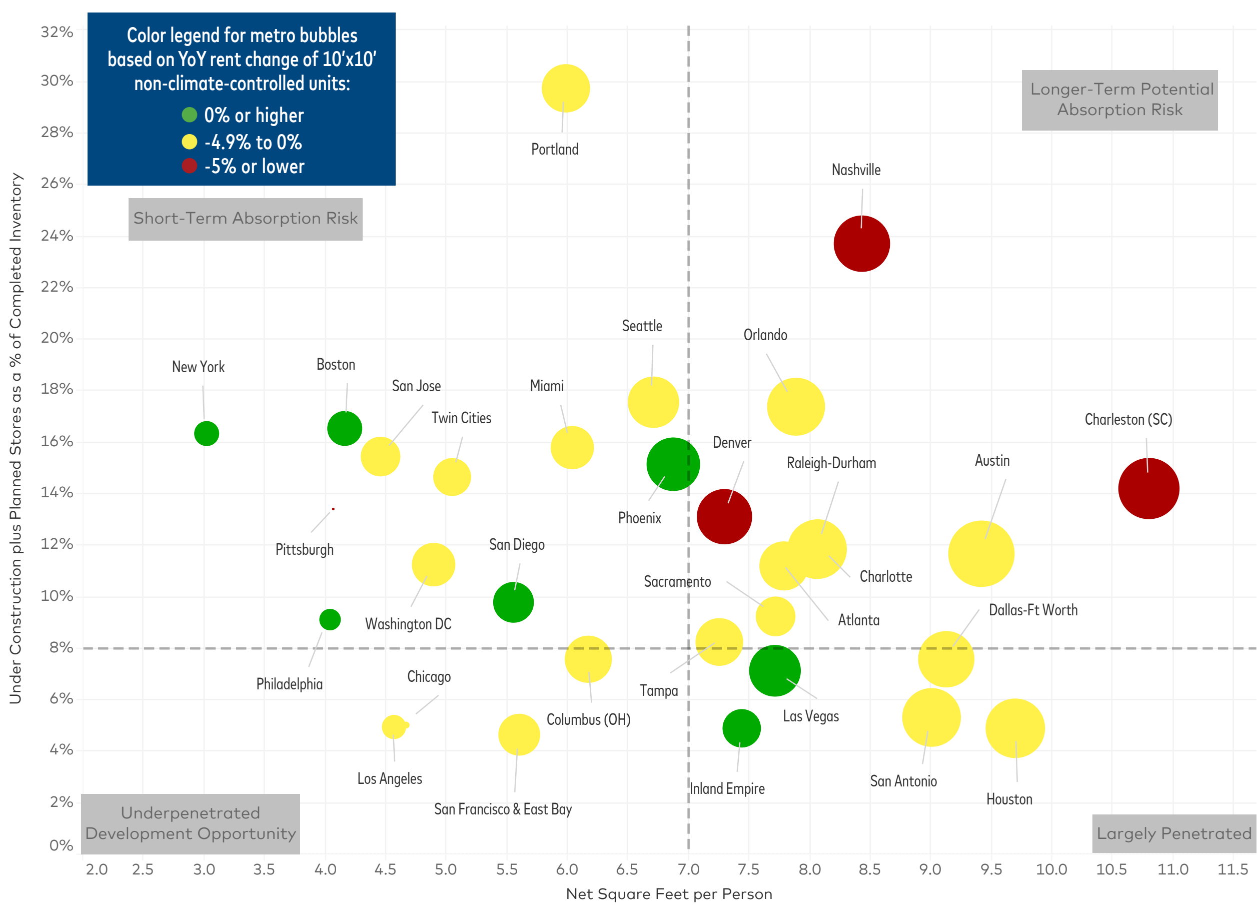
* Drawn from our national database of 26,600 stores, including roughly 2,000 projects in the New Supply Pipeline as well as 24,400 completed stores.

Source: Yardi Matrix. Supply data as of January 14, 2019.

Development slightly loses steam in Florida markets

- New York City remains the least-supplied market in the nation on a per-capita basis, with an inventory per person of around 3 net square feet, half the national average. The share of stores under construction and in the planning stages accounts for 16.3% of existing inventory, up 20 basis points since December. In Boston, another market with historically low penetration, the new-supply pipeline is equal to 16.6% of existing stock.
- Compared to the previous month, development activity slightly decelerated in Florida markets—possibly due to delayed construction starts caused by the holiday season and workforce pressure. In January, the new-supply pipeline was 17.4% in Orlando and 15.8% in Miami.

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)



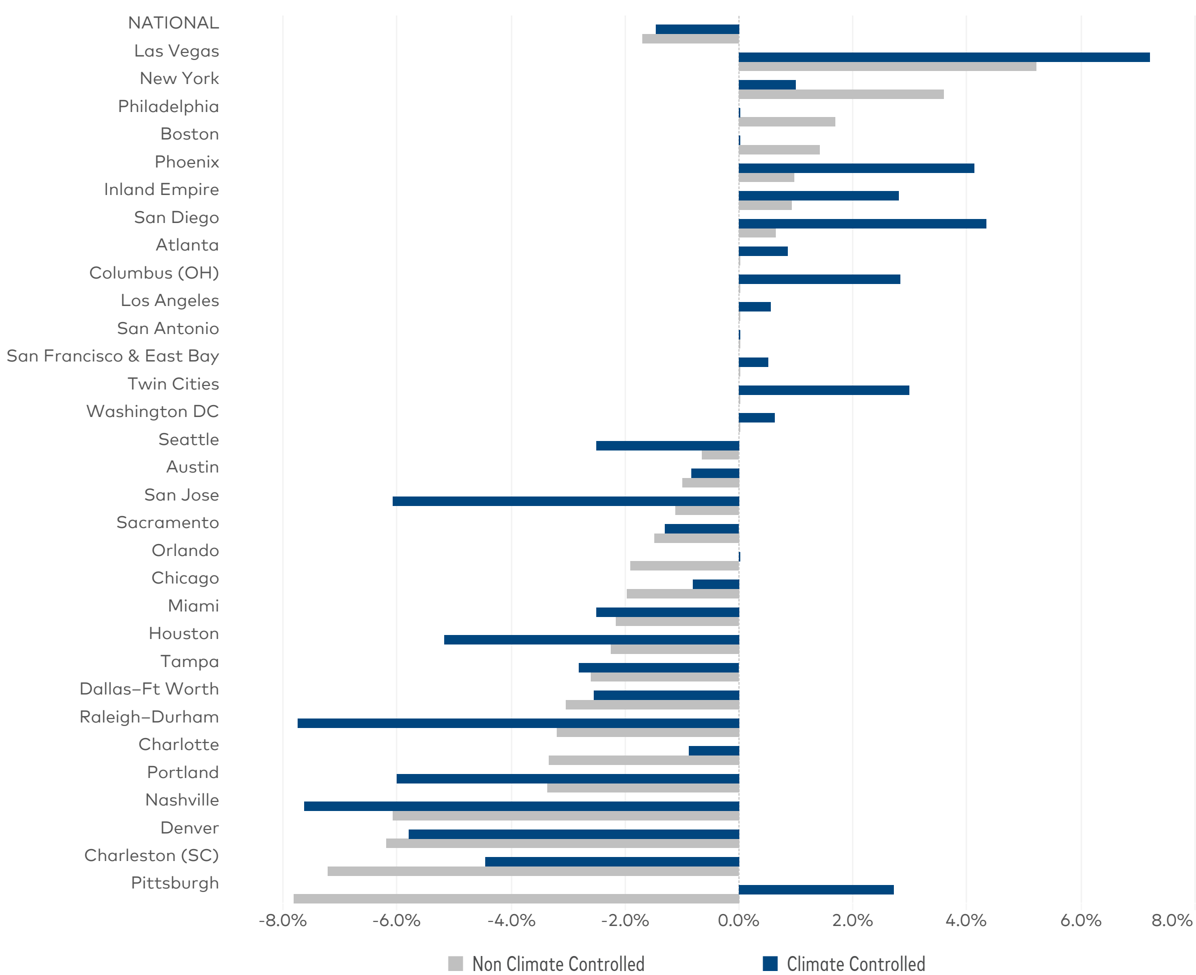
Sources: Yardi Matrix; U.S. Census Bureau. Data as of January 14, 2019.

MONTHLY RENT GROWTH UPDATE

While still negative, rent growth performance improved across all markets

- New projects coming online over the past few months continued to weigh on rent growth at the national level, albeit at a much slower pace compared to the previous month. Year-over-year as of December, rent rates declined by 1.7% for the average 10x10 NON CC unit and by 1.5% for CC units of similar size. Compared to November, asking rents dropped between $1 and $2 in most markets.
- Asking rents continue to be elevated in major California markets, where new development remains low. As of December, street rates were highest in San Francisco ($190) for 10x10 NON CC units, followed by Los Angeles ($180) and San Jose ($179). Rents were flat or slightly negative in Boston ($143) and New York City ($173), while Seattle saw the largest drop in asking prices, from $154 in November to $151 in December.

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



Source: Yardi Matrix. Data as of January 14, 2019

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	December 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	0%	-1%	**-2%**	**-1%**	-3%
Las Vegas	101	17%	15%	**5%**	**7%**	6%
San Diego	155	0%	0%	**1%**	**4%**	0%
Phoenix	103	0%	2%	**1%**	**4%**	-1%
Minneapolis	114	-6%	-3%	**0%**	**3%**	-4%
Columbus (OH)	85	0%	0%	**0%**	**3%**	2%
Inland Empire	109	2%	2%	**1%**	**3%**	1%
Pittsburgh	118	-6%	-6%	**-8%**	**3%**	-11%
New York	173	5%	4%	**4%**	**1%**	4%
Atlanta	100	0%	0%	**0%**	**1%**	-1%
Washington DC	145	-2%	1%	**0%**	**1%**	-3%
Los Angeles	180	-1%	-1%	**0%**	**1%**	-1%
San Francisco Penin. & East Bay	190	1%	0%	**0%**	**1%**	-3%
Boston	143	6%	2%	**1%**	**0%**	1%
Orlando	103	2%	0%	**-2%**	**0%**	-4%
Philadelphia	120	4%	1%	**2%**	**0%**	-1%
San Antonio	100	2%	0%	**0%**	**0%**	-2%
Chicago	100	-3%	-2%	**-2%**	**-1%**	-4%
Austin	100	-2%	-2%	**-1%**	**-1%**	-2%
Charlotte	87	-5%	-3%	**-3%**	**-1%**	-3%
Sacramento	132	4%	0%	**-1%**	**-1%**	-2%
Seattle	151	2%	2%	**-1%**	**-3%**	-1%
Miami	136	-4%	0%	**-2%**	**-3%**	-2%
Dallas–Ft Worth	96	-2%	-3%	**-3%**	**-3%**	-4%
Tampa	112	-2%	-1%	**-3%**	**-3%**	-2%
Charleston (SC)	103	0%	-7%	**-7%**	**-4%**	-6%
Houston	87	-3%	-4%	**-2%**	**-5%**	-3%
Denver	121	-5%	-5%	**-6%**	**-6%**	-5%
Portland	144	-6%	-4%	**-3%**	**-6%**	-4%
San Jose	179	-3%	0%	**-1%**	**-6%**	-3%
Nashville	108	-5%	-7%	**-6%**	**-8%**	-7%
Raleigh–Durham	91	-5%	-3%	**-3%**	**-8%**	-3%

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

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