

NATIONAL SELF STORAGE REPORT

FEBRUARY 2019

MONTHLY SUPPLY AND RENT RECAP

Demand remains elevated in top markets for relocations

- Development activity is highest in metros with strong population growth—such as Portland, Nashville and Orlando—where demand remains steady, but new supply is weighing on street rates. Self storage space is in high demand in historically underdeveloped markets with large populations in the Northeast.
- On a national level, street rates remained relatively flat in January. Rent growth continues to be positive in major markets in the Southwest and Northeast.
- Nationwide, Yardi Matrix tracks a total of 1,951 self storage properties in the pipeline—720 under construction, 958 planned and 273 prospective projects—along with 467 abandoned stores and 106 deferred projects. 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 doubled since mid-2018.
- Yardi Matrix maintains operational profiles for an additional 24,819 completed properties in the U.S., bringing the total data set to 27,343 stores. The new supply pipeline accounts for 9.3% of the completed inventory tracked by Yardi Matrix.

Rent growth still highest in Las Vegas

- Nationwide, street-rate rents declined by 1.7% year-over-year in January 2019 for 10x10 non-climate-controlled (NON CC) units and by 1.5% for 10x10 climate-controlled (CC) units.
- Las Vegas leads the way in rent growth—with a 6.1% increase year-over-year in January 2019 for 10x10 CC units—bolstered by a strong influx of residents drawn in by the metro's affordable cost of living and Nevada's lack of income tax. On the other side of the spectrum, street rates in Nashville have declined by 8.3% year-over-year, due to the significant new supply delivered.

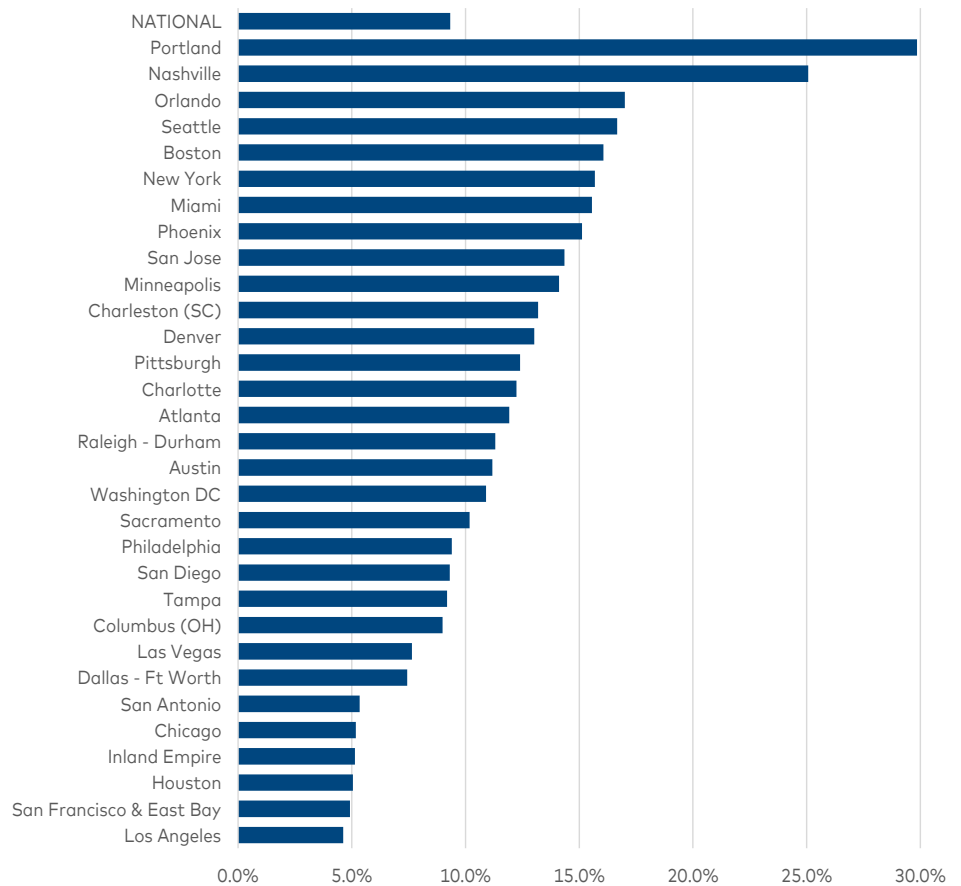
MONTHLY NEW SUPPLY UPDATE

Strong population gains fuel new development

- Nationwide, units under construction and in the planning stages account for 9.3% of the existing inventory in February, marking a 10-basis-point decline from the previous month.
- As of February, development activity was highest in Portland (29.9%) and Nashville (25.1%), spurred by strong population growth and low cost of living compared to comparable markets. Development in Orlando is supported by a solid influx of new residents as the once hospitality-focused metro rapidly diversifies its economy. Millennials, domestic migrants from Puerto Rico and retiring Baby Boomers are relocating to major markets across Florida, especially Orlando.
- Boston (16.1%) and New York (15.7%), two historically undersupplied gateway cities, have some of the strongest new-supply pipelines across the Northeast. These metros' elevated demand for self storage product is driven by diverse job relocations, especially in the TAMU sector, and a large number of local colleges and universities drawing in out-of-town students.

Under Construction & Planned Percent of Existing Inventory

Metro	Jan-19	Feb-19	Change
NATIONAL	9.4%	9.3%	↓
Portland	29.7%	29.9%	↑
Nashville	23.7%	25.1%	↑
Orlando	17.4%	17.0%	↓
Seattle	17.6%	16.7%	↓
Boston	16.6%	16.1%	↓
New York	16.3%	15.7%	↓
Miami	15.8%	15.6%	↓
Phoenix	15.1%	15.1%	—
San Jose	15.4%	14.4%	↓
Minneapolis	14.7%	14.1%	↓
Charleston (SC)	14.2%	13.2%	↓
Denver	13.1%	13.0%	↓
Pittsburgh	13.4%	12.4%	↓
Charlotte	12.0%	12.2%	↑
Atlanta	11.2%	11.9%	↑
Raleigh-Durham	11.9%	11.3%	↓
Austin	11.7%	11.2%	↓
Washington DC	11.3%	10.9%	↓
Sacramento	9.3%	10.2%	↑
Philadelphia	9.1%	9.4%	↑
San Diego	9.8%	9.3%	↓
Tampa	8.2%	9.2%	↑
Columbus (OH)	7.6%	9.0%	↑
Las Vegas	7.2%	7.6%	↑
Dallas-Ft Worth	7.6%	7.4%	↓
San Antonio	5.3%	5.4%	↑
Chicago	5.0%	5.2%	↑
Inland Empire	4.9%	5.1%	↑
Houston	4.9%	5.1%	↑
San Francisco Penin. & East Bay	4.7%	4.9%	↑
Los Angeles	5.0%	4.6%	↓



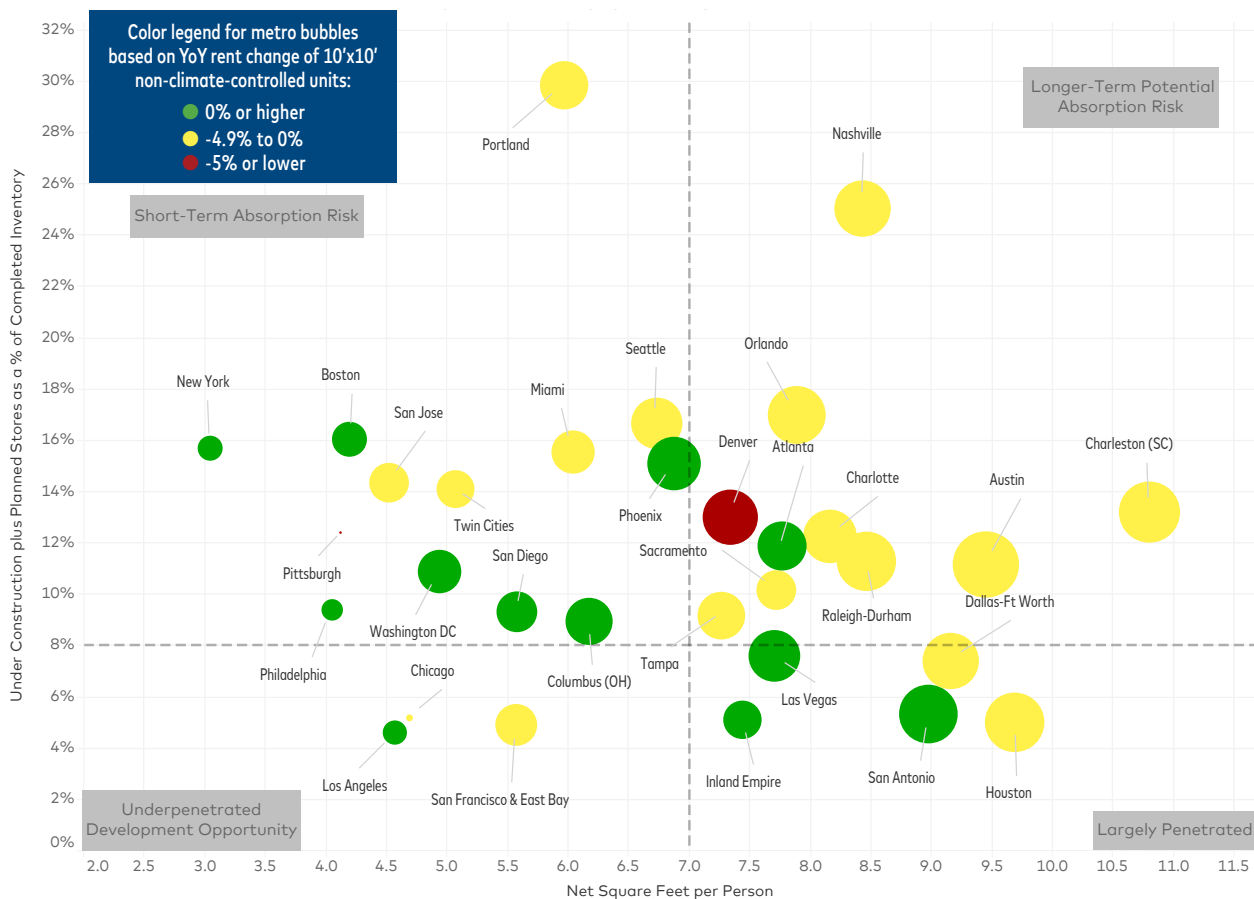
* Drawn from our national database of roughly 27,350 stores, including roughly 1,950 projects in the New Supply Pipeline as well as 24,800 completed stores. Source: Yardi Matrix. Supply data as of February 7, 2019.

MONTHLY NEW SUPPLY UPDATE

New supply pipeline slightly decelerates in Seattle

- Atlanta’s solid economy and steady job growth continue to support population increases—despite sustained apartment rent appreciation—fueling demand for self storage space. The share of under construction and planned stores in the metro totaled 11.9% as of February, a 70-basis-point uptick over the previous month.
- Development activity slightly declined in Seattle, from 17.6% in January to 16.7% in February, caused by a wave of recent completions. However, the metro has one of the strongest and most stable economies in the U.S.—supported by tech giants such as Amazon, Google and Facebook—and young professionals continue to relocate there.

Self Storage Major Metro Summary
 New Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)
 (bubble size represents 2017 population growth rate, three-mile radius)



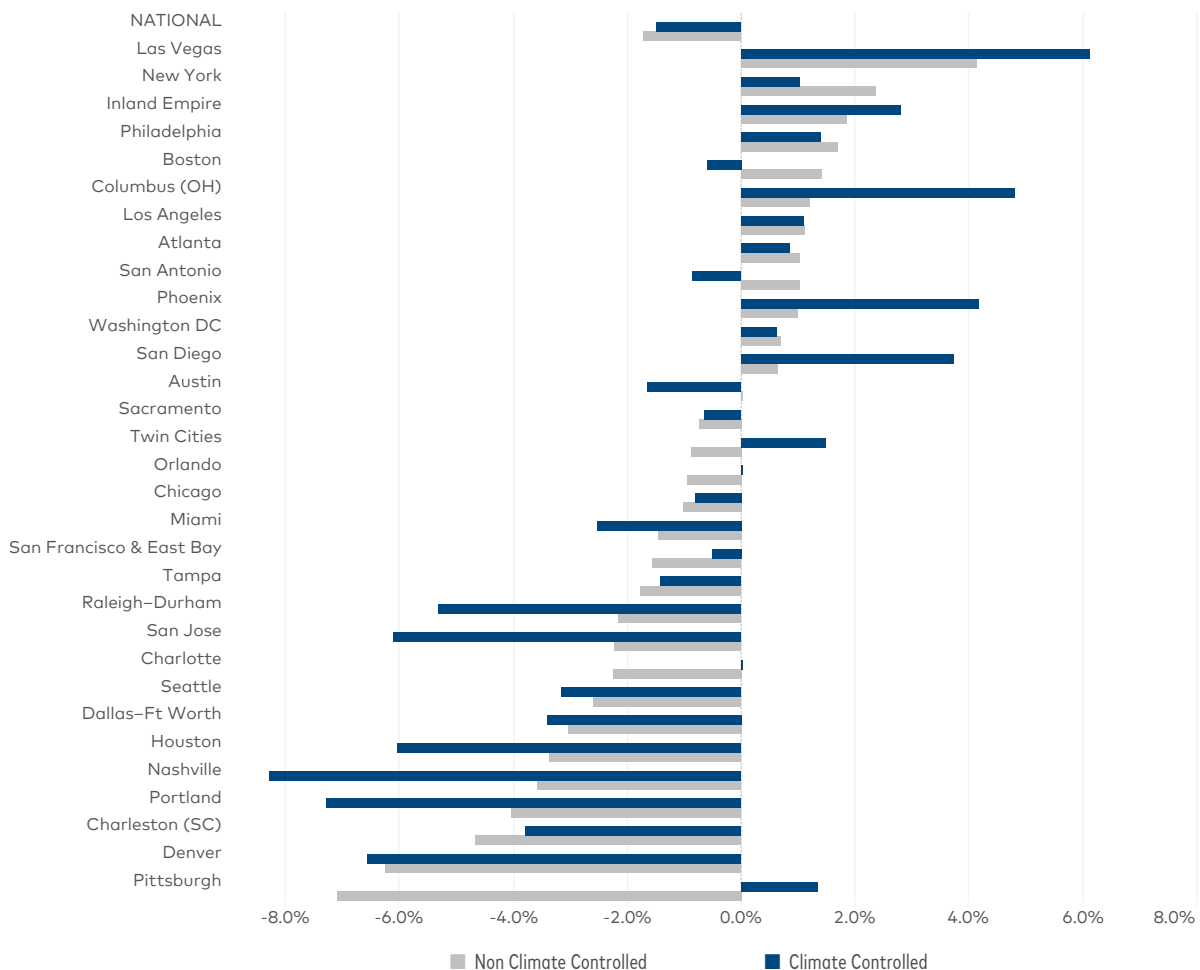
Sources: Yardi Matrix; U.S. Census Bureau. Data as of February 7, 2019.

MONTHLY RENT GROWTH UPDATE

San Jose still one of the most expensive markets despite large drop in asking rates

- Still hindered by new self storage completions on a national level, street rates declined by 1.7% year-over-year in January for the average 10x10 NON CC unit and by 1.5% for CC units of similar size. January NON CC rents declined more than 5% in only one market (Denver), a sharp contrast to late 2018, when a number of markets saw high single-digit declines.
- Compared to the previous month, asking rents dropped between \$1 and \$2 in most markets—with the exception of San Jose, the third most expensive metro, where rents dropped \$3, from \$179 to \$176.
- As of February, street rates remained highest in major California markets such as San Francisco (\$189) and Los Angeles (\$180), where development limitations continue to impede new construction activity. Rents were flat or slightly negative in most Florida markets, such as Orlando (\$103), Tampa (\$112) and Miami (\$135, down \$1 from the previous month).

January 2019 Year-over-Year Rent Change for 10'x10' Units



Source: Yardi Matrix. Street rate data as of January, 2019

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	January 2019 YoY Rent Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
NATIONAL	115	0%	0%	-2%	-1%	-3%
Las Vegas	101	14%	13%	4%	6%	5%
Columbus (OH)	84	0%	2%	1%	5%	3%
Phoenix	102	3%	2%	1%	4%	-2%
San Diego	155	0%	0%	1%	4%	1%
Inland Empire	110	2%	3%	2%	3%	-1%
Minneapolis	112	-4%	-1%	-1%	1%	-3%
Philadelphia	120	4%	3%	2%	1%	0%
Pittsburgh	118	-5%	-5%	-7%	1%	-9%
Los Angeles	180	0%	0%	1%	1%	-1%
New York	173	3%	3%	2%	1%	4%
Atlanta	100	0%	2%	1%	1%	1%
Washington DC	144	-2%	0%	1%	1%	-2%
Charlotte	87	-5%	-4%	-2%	0%	-1%
Orlando	103	2%	0%	-1%	0%	-1%
San Francisco Penin. & East Bay	189	0%	-1%	-2%	-1%	-3%
Boston	143	8%	1%	1%	-1%	-1%
Sacramento	132	4%	1%	-1%	-1%	-15%
Chicago	98	0%	-2%	-1%	-1%	-2%
San Antonio	100	2%	2%	1%	-1%	-1%
Tampa	112	0%	-1%	-2%	-1%	-1%
Austin	99	-2%	-2%	0%	-2%	-2%
Miami	135	-4%	-1%	-1%	-3%	-1%
Seattle	150	-2%	-1%	-3%	-3%	-1%
Dallas-Ft Worth	96	-2%	-3%	-3%	-3%	-3%
Charleston (SC)	102	-4%	-5%	-5%	-4%	-3%
Raleigh-Durham	91	-5%	-5%	-2%	-5%	-2%
Houston	86	-3%	-4%	-3%	-6%	-3%
San Jose	176	-3%	1%	-2%	-6%	-2%
Denver	120	-7%	-5%	-6%	-7%	-4%
Portland	143	-6%	-5%	-4%	-7%	-5%
Nashville	108	-5%	-8%	-4%	-8%	-7%

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

Contacts

Jeff Adler

Vice President & General Manager,
Yardi Matrix
Jeff.Adler@Yardi.com
(800) 866-1124 x2022

David Dent

Senior Real Estate Market Analyst
David.Dent@Yardi.com
(800) 866-1124 x2084

Veronica Grecu

Senior Real Estate Market Analyst
Veronica.Grecu@Yardi.com
(306) 955-1855 x7583

Chris Nebenzahl

Institutional Research Manager
Chris.Nebenzahl@Yardi.com
(800) 866-1124 x2200

Disclaimer

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

Copyright Notice

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2019 Yardi Systems, Inc. All Rights Reserved.