SELF STORAGE NATIONAL OUTLOOK

FALL 2024

PRESENTERS

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AGENDA

- U.S. Economy, Inflation & Interest Rates
- Factors Influencing Storage Demand
- Self Storage Q2 REIT Results
- Deep Dive Into Storage Street Rates
- Historical & Forecasted Supply Trends
- Self Storage Transactions

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Yardi Matrix Self Storage House View – August 2024

MACROECONOMIC UPDATE

- U.S. GDP growth has been good, but downshifting; 3.4% (4Q23), 1.4% (1Q24) and 2.8% (2Q24)
- The Fed has kept interest rates steady over eight consecutive meetings, with cuts anticipated between Sep and EOY 2024
- Inflationary pressures are cooling; CPI rose 2.9% YoY in July, the lowest reading since 2021, and unit labor costs have moderated
- The labor market continues to loosen – slowdown in hiring + increased labor supply caused the unemployment rate to rise to 4.3%
- U.S. economy is expected to continue to slow; the yield curve (10YR - 3MTH) is inverted with a mild recession/ "slowcession" likely early-mid 2025

SELF STORAGE FUNDAMENTALS & OUTLOOK

- Self storage performance continued its cyclical decline driven by weak demand from home sales, one of the main sources for demand, which remain near a two-decade low and showed little signs of improvement over the summer
- Q2 REIT results show occupancy returning to pre-pandemic levels, revenue growth turning negative and NOI growth negative for the last three quarters; occupancy may be bottoming as quarter end occupancy was up YoY
- Advertised rental rates were down 4.1% in July, the 22nd month in a row of year-over-year declines, however rent growth has improved recently from -4.8% in June and September-November 2023
- Supply is moving forward, but a slower pace given the interest rate and rental rate environment; 2024 forecast calls for a 9.4% decline in supply from 2023, equal to 3.2% of existing supply well-below the long-term average of 4%
- Transaction volume year-to-date down 33% versus 2023, but a few major portfolio transactions recently show signs of life

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Source: Yardi Matrix

Where Are We Now, and Where Are We Going?

- Although 4-quarter moving average REIT occupancy is down to 91% at the end of Q2 2024, from close to 95% in early 2022, recently occupancy has shown signs of stabilization
  - In late 2023/early 2024 occupancy trends improved in more urban Midwest, Northeast and Western markets but more recently in some key Sunbelt markets hampered by new supply

- Advertised rate declines are led by REIT-managed stores which dropped rates twice as fast as non-REITs in the same markets; comparative months get easier H2 2024
  - REITs dropped rates 5.3% YoY in July versus non-REIT competitors -3.7%; REIT rent growth improved in July from -7.2% in June due to a sharp 1.7% reduction in rates MoM last July, which started an eight-month period of notable MoM declines
  - Performance seems to be stronger in smaller markets with little to no REIT presence

- Despite aggressive ECRI programs, in-place rates have flattened and are declining for most REITs, following advertised rates, which is impacting revenue and NOI growth
  - REIT same store revenues are still 37% higher than Q1 2020 and NOIs are up 45%
  - Revenue and NOI growth will likely continue to be negative moving into the slower Winter season, a turnaround will hinge on a continued improvement in occupancy and increasing advertised rates

- Supply will have less of an impact in 2024 and moving forward, but data shows lease-up properties are again, a drag on growth, leasing at a rate much lower than stabilized properties

Source: Yardi Matrix

Where Are the Opportunities?

- Sunbelt markets with high existing supply levels (i.e. saturation) and persistent new supply have shown the strongest declines in rents following record performance during the pandemic
  - Examples include Las Vegas, Orlando, Phoenix and Southwest Florida
  - Improvement will hinge on a drop in new supply and improvement in home sales and migration trends; isn't likely until 2025

- Markets that just a few years ago had the weakest growth patterns and issues with new supply have emerged as top performers recently, although advertised rent growth here is still negative
  - Denver, New York, Portland, Seattle and Washington DC fit into this camp
  - Demonstrates that markets can outperform coming out of a high-supply cycle

- **All data highlights the advantages of having a geographically-diversified portfolio that balances high growth/high supply with slow growth/moderate supply markets and submarkets**

- **Interesting opportunities in markets where rents are down most from peak and where new supply could be struggling and create distress**
  - **Over 1,600 properties delivered in the last two years, 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 when rates were at their peak**

Source: Yardi Matrix

U.S. ECONOMY, INFLATION & INTEREST RATES

Forecasts for Real GDP Project a Mild Recession in Early-Mid 2025

Evercore ISI / Yardi Matrix Economic Forecasts

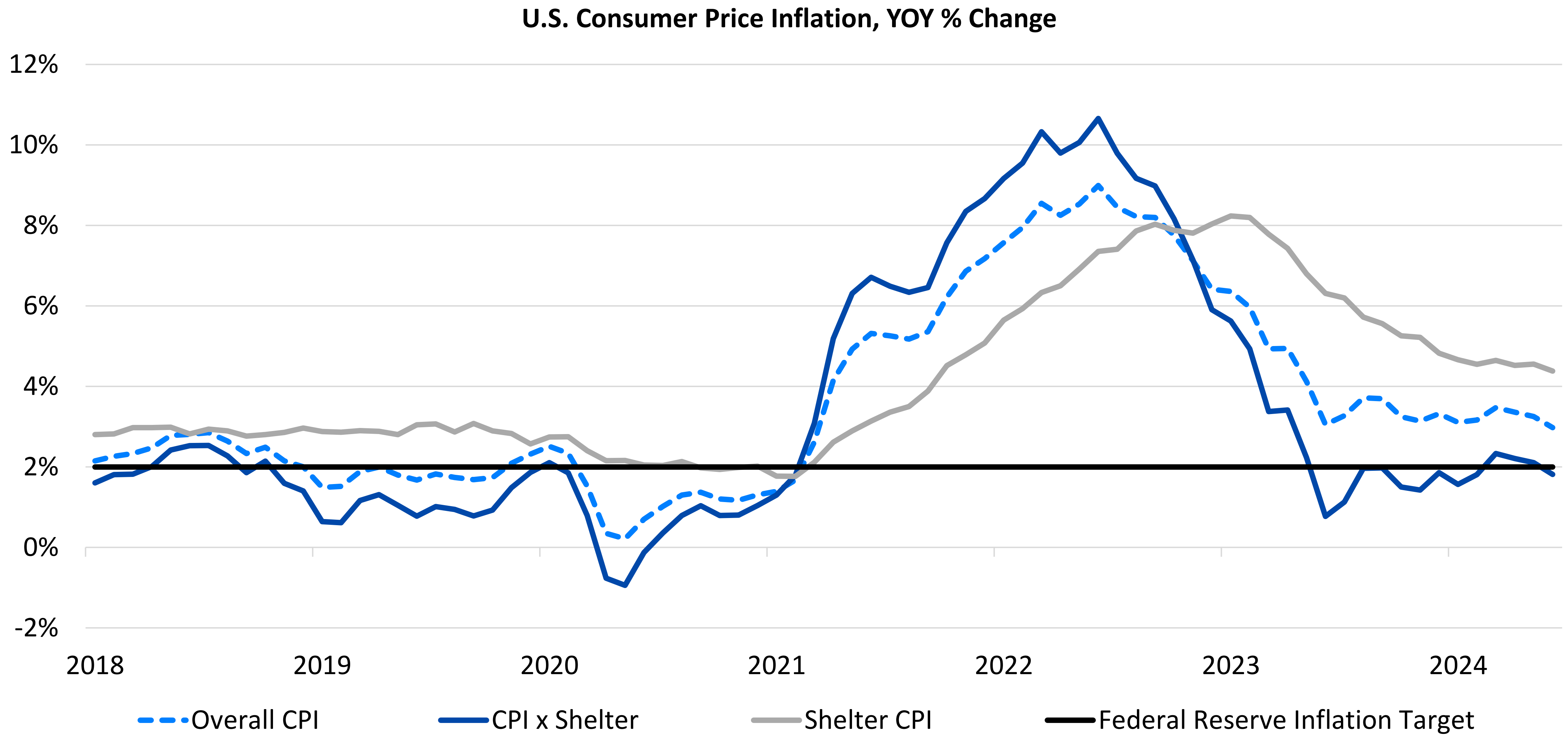
	2022	2023	2024 Forecast Annualized	2025 Forecast Annualized
Real GDP	2.9%	Q1: 2.2% Q2: 2.1% Q3: 4.9% Q4: 3.4%	Q1: 1.4%A Q2: 2.8%A Q3: 1.5% Q4: 1.0%	Q1:-2.0% Q2:-1.0% Q3: 3.0% Q4: 3.0%
Nominal GDP	9.2%	Q1: 7.1% Q2: 5.9% Q3: 6.2% Q4: 5.9%	Q1: 5.4%A Q2: 5.8%A Q3: 4.0% Q4: 3.0%	Q1: -0.5% Q2: 1.0% Q3: 5.0% Q4: 5.0%
Inflation (GDP Deflator)	6.3%	Q1: 3.9% Q2: 1.7% Q3: 3.6% Q4: 1.9%	Q1: 2.6%A Q2: 2.6%A Q3: 2.5% Q4: 2.0%	Q1: 1.5% Q2: 2.0% Q3: 2.0% Q4: 2.0%

Evercore ISI / Yardi Matrix Economic Forecasts

	2022	2023	2024 Forecast Annualized	2025 Forecast Annualized
Unemployment Rate	3.5%	Q1: 3.5% Q2: 3.6% Q3: 3.8% Q4: 3.8%	Q1: 3.8% Q2: 4.1% Q3: 4.3% Q4: 4.5%	Q1: 4.8% Q2: 5.0% Q3: 5.2% Q4: 4.8%
Bond Yield*	3.6%	Q1: 3.9% Q2: 3.7% Q3: 4.4% Q4: 4.0%	Q1: 4.2% Q2: 4.3% Q3: 3.8% Q4: 3.5%	Q1: 3.0% Q2: 3.25% Q3: 3.5% Q4: 3.5%
Fed Funds*	4.1%	Q1: 4.7% Q2: 5.1% Q3: 5.3% Q4: 5.3%	Q1: 5.3% Q2: 5.3% Q3: 5.0% Q4: 4.5%	Q1: 3.75% Q2: 3.0% Q3: 2.75% Q4: 2.75%

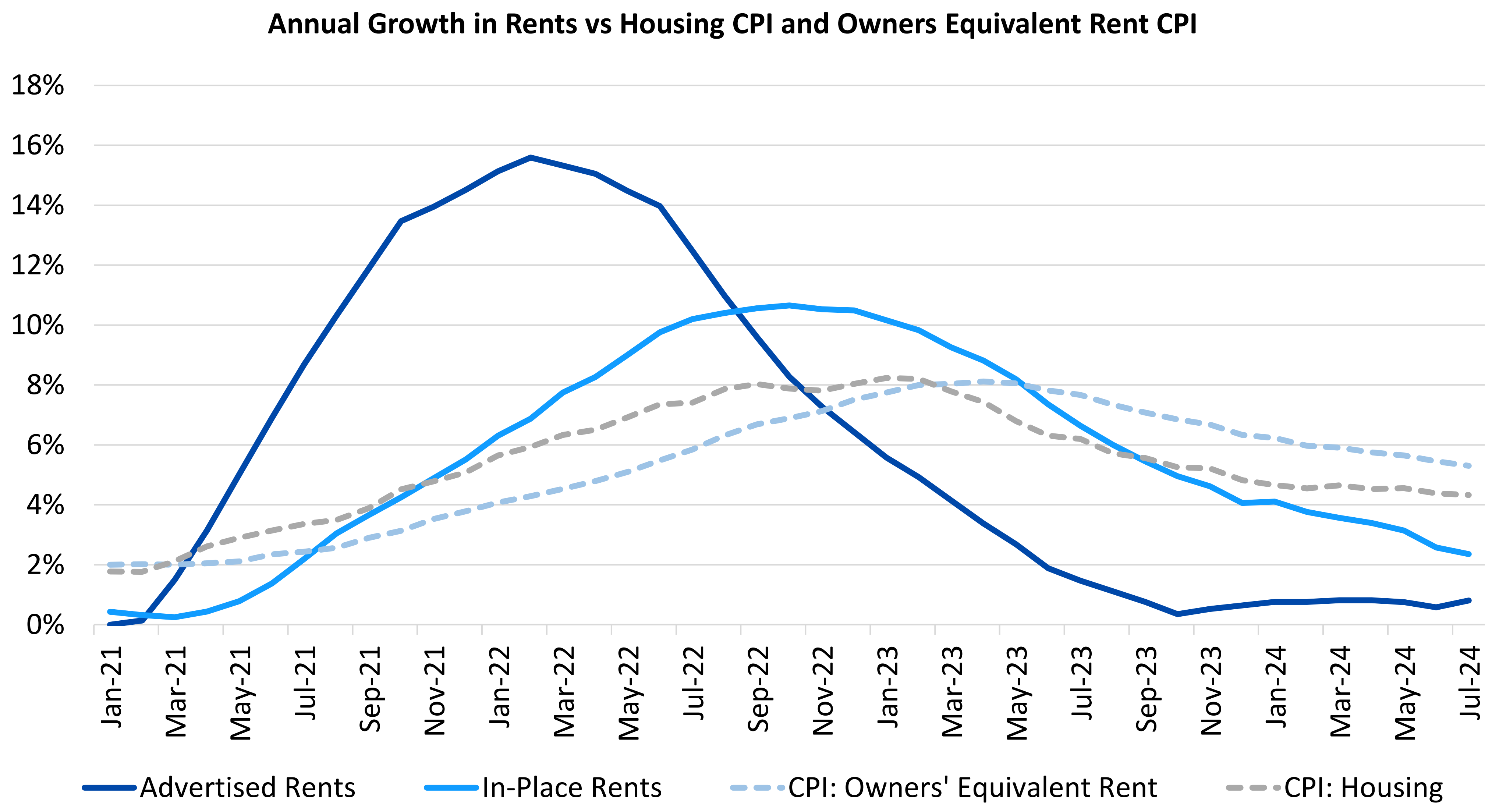
*End of quarter. Historical Bond Yield data shown as long-term government bond yields: 10-year: main (including benchmark) for United States, not seasonally adjusted
Source: Yardi Matrix; Evercore ISI, Morning Economic Report; Federal Reserve Bank of St. Louis; Moody's Analytics

Inflation is Coming Closer to Meeting the Federal Reserve's Target



Data through June 2024 | Source: Yardi Matrix; Moody's Analytics; Bureau of Labor Statistics

Housing CPI Tracks Closely to U.S. Multifamily In-Place Rents



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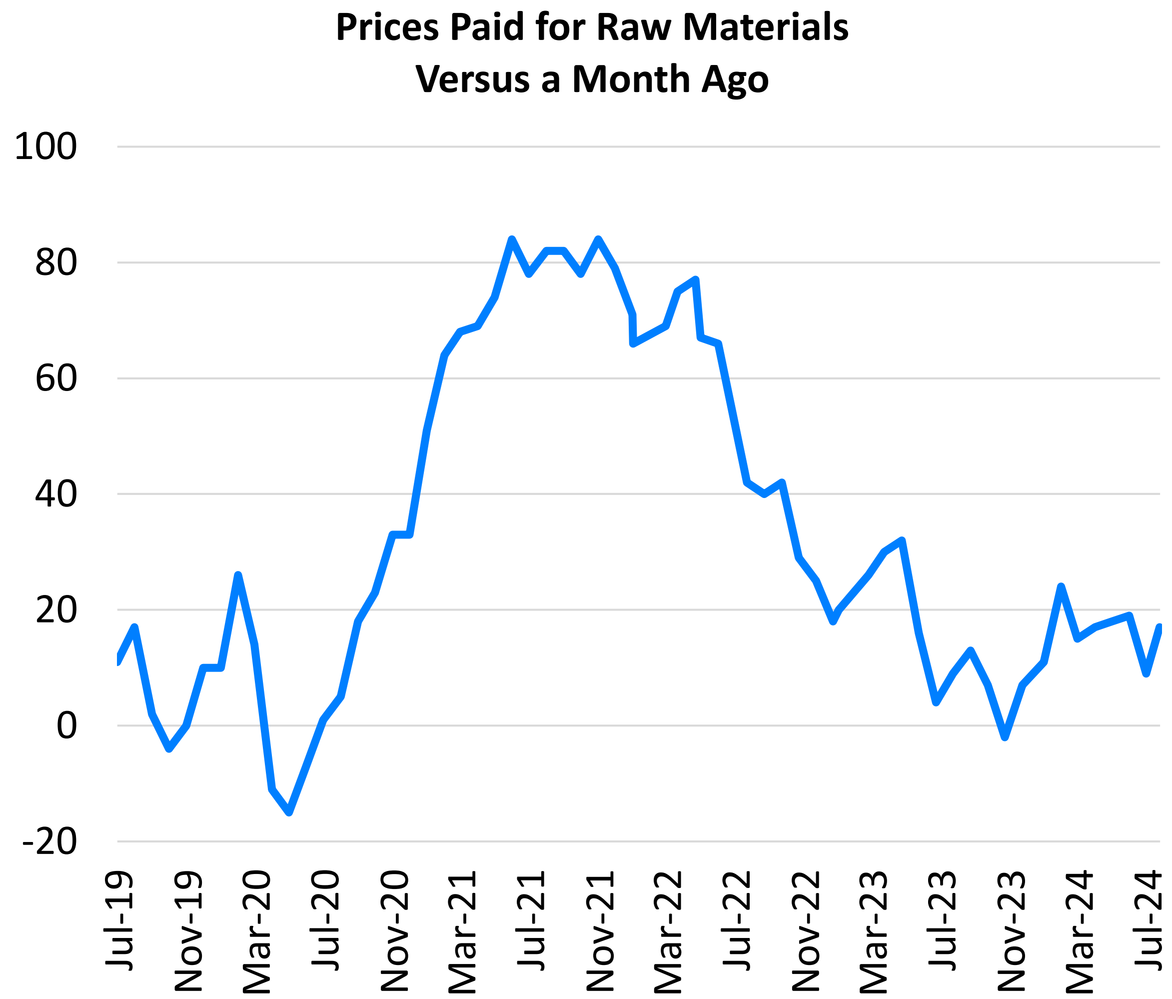
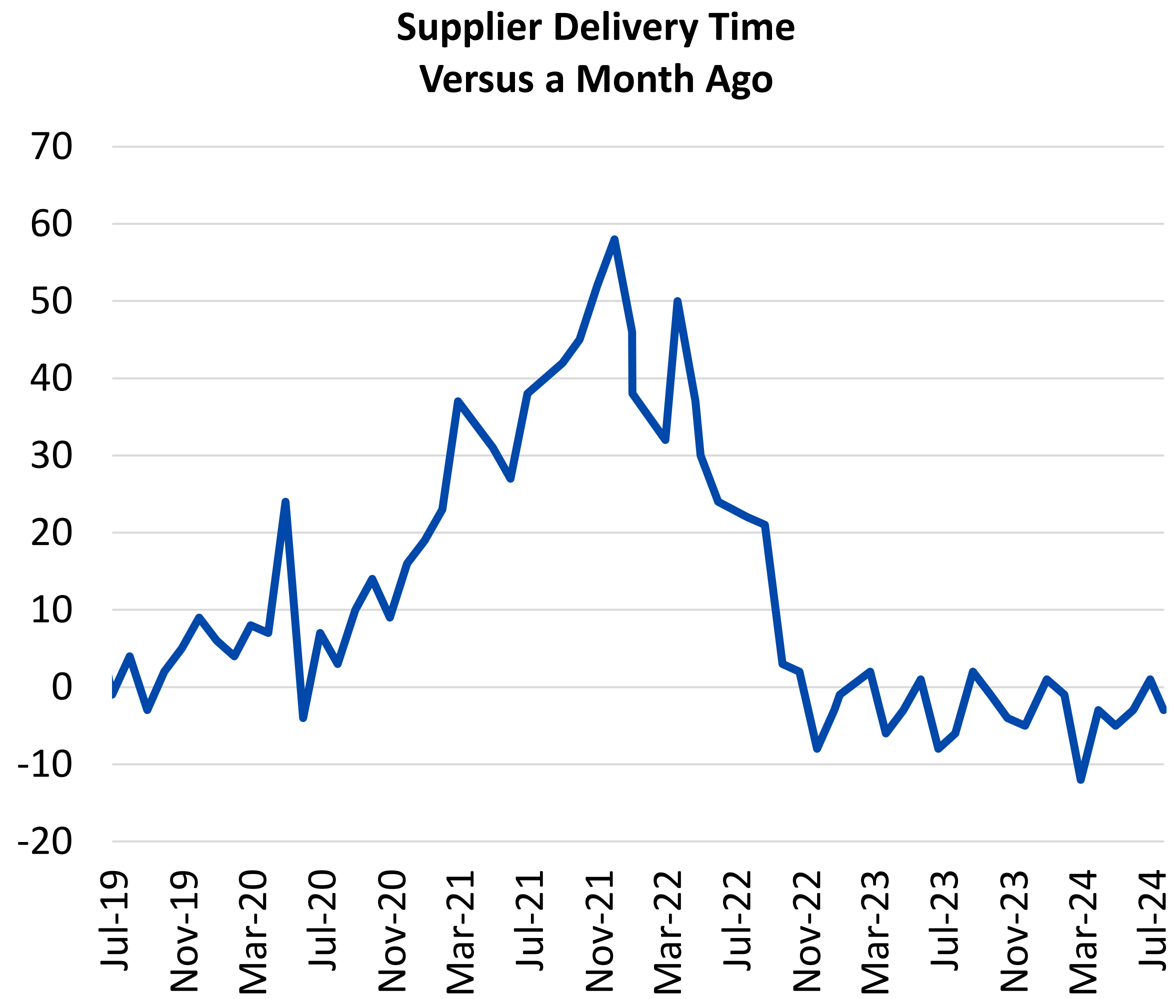
Source: Yardi Matrix, Yardi Matrix Expert; Bureau of Labor Statistics

Supply Chain Disruption Easing, as Are Raw Materials Prices





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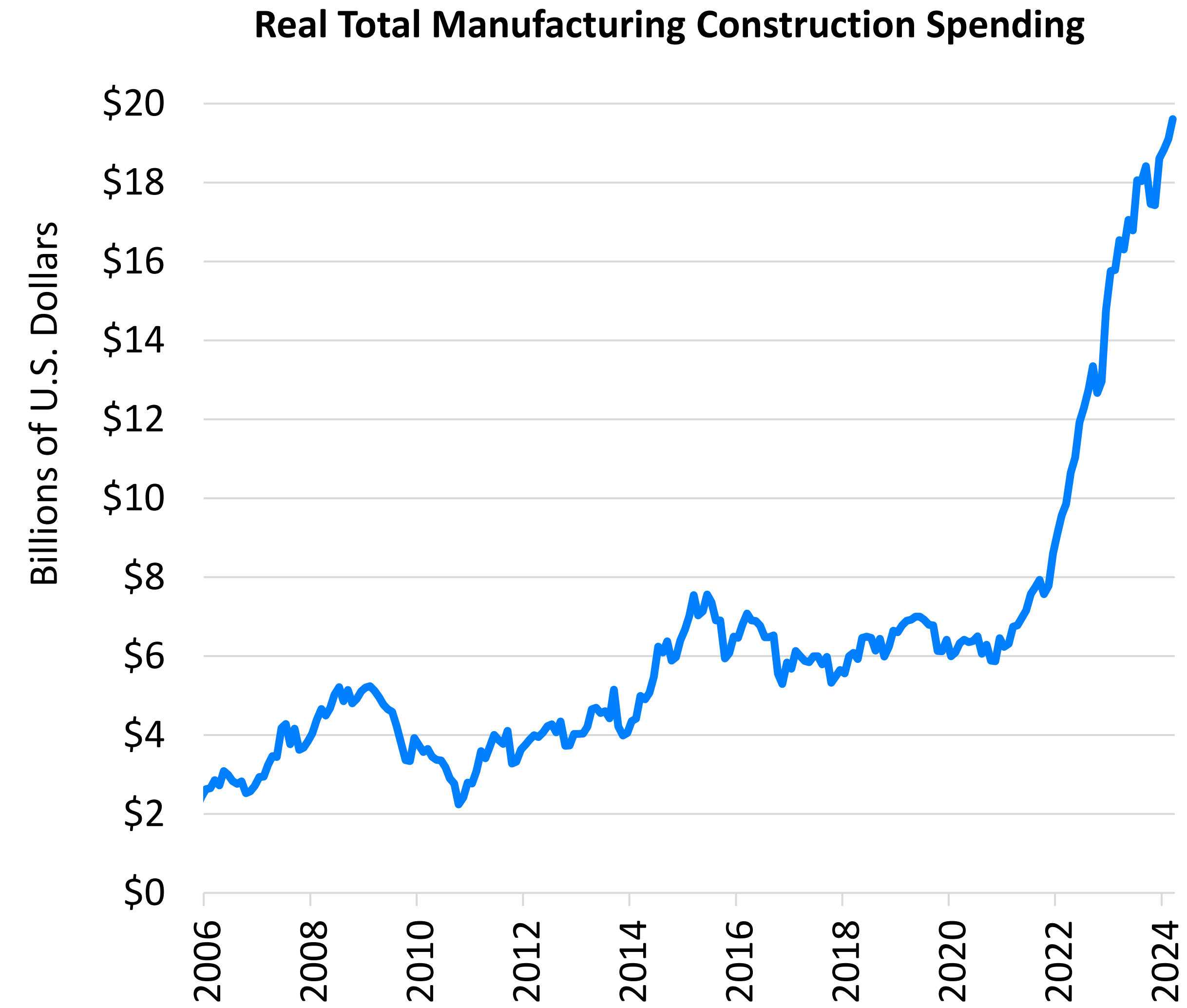
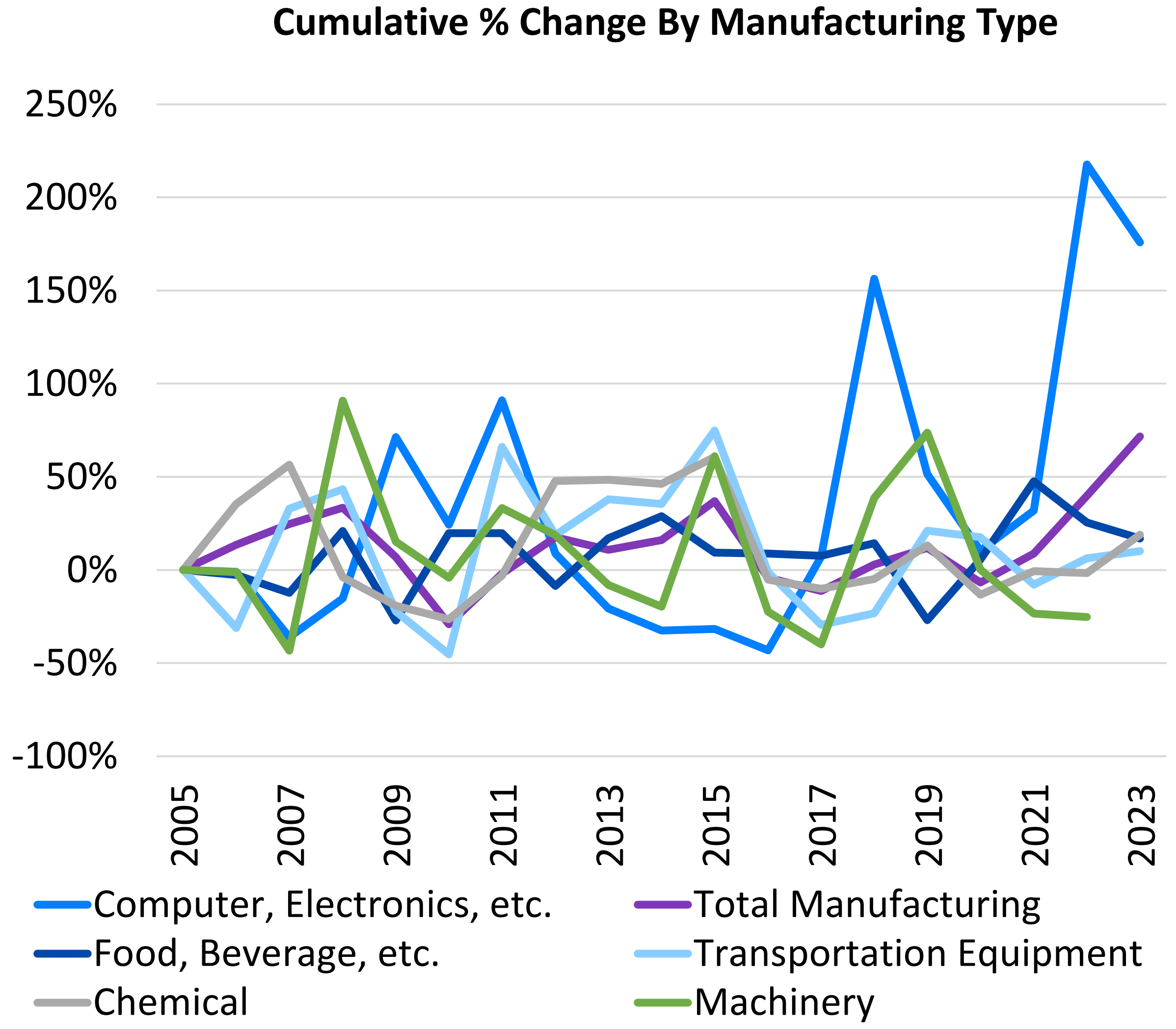
Source: Yardi Matrix; Kansas City Fed Manufacturing Survey

The U.S. Has Significantly Increased its Domestic Manufacturing Spending, Especially Within the Computer and Electronics Segment



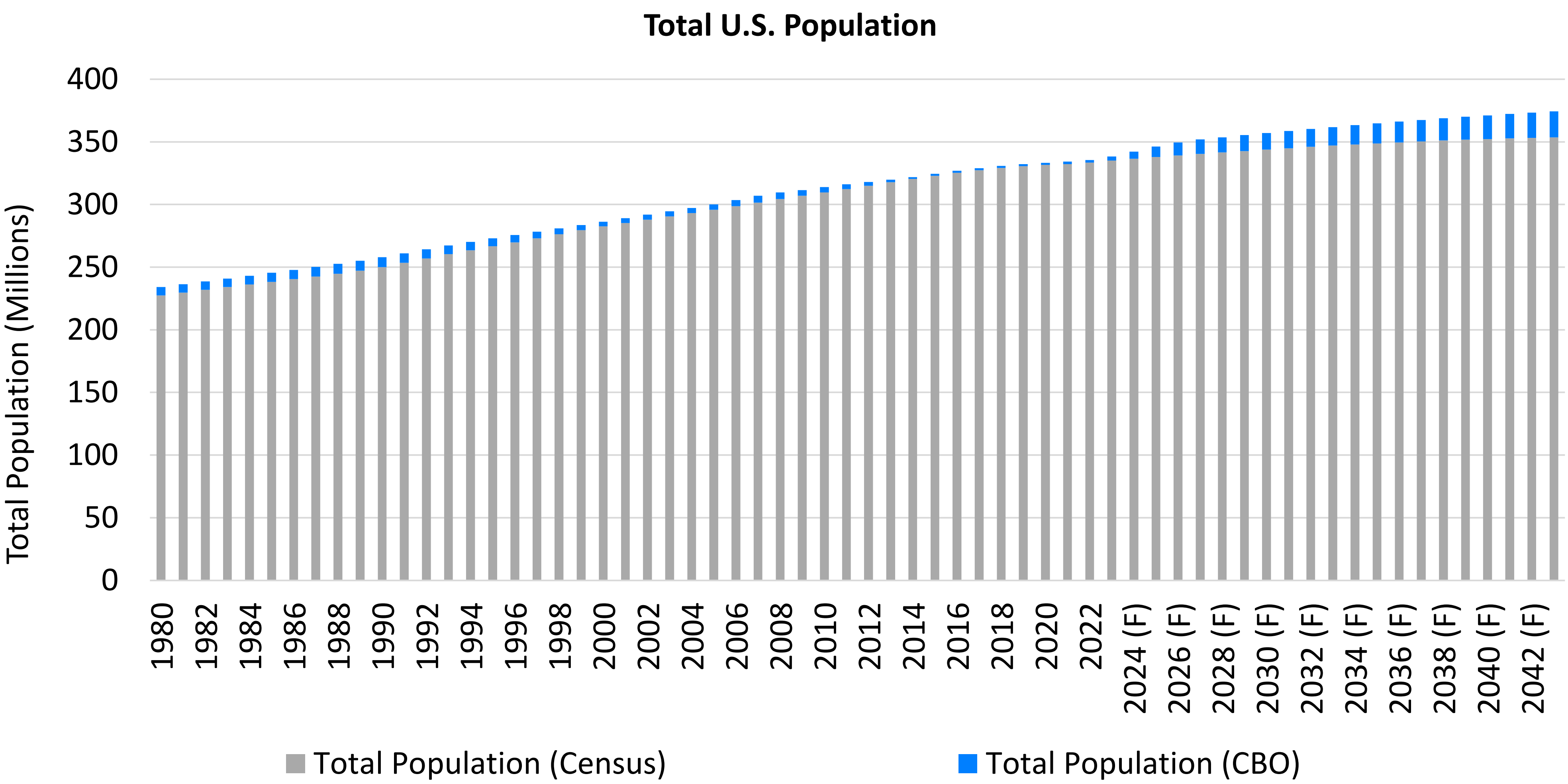


YARDI

Left chart: Data through June | Source: Yardi Matrix; Moody's Analytics; U.S. Census Bureau

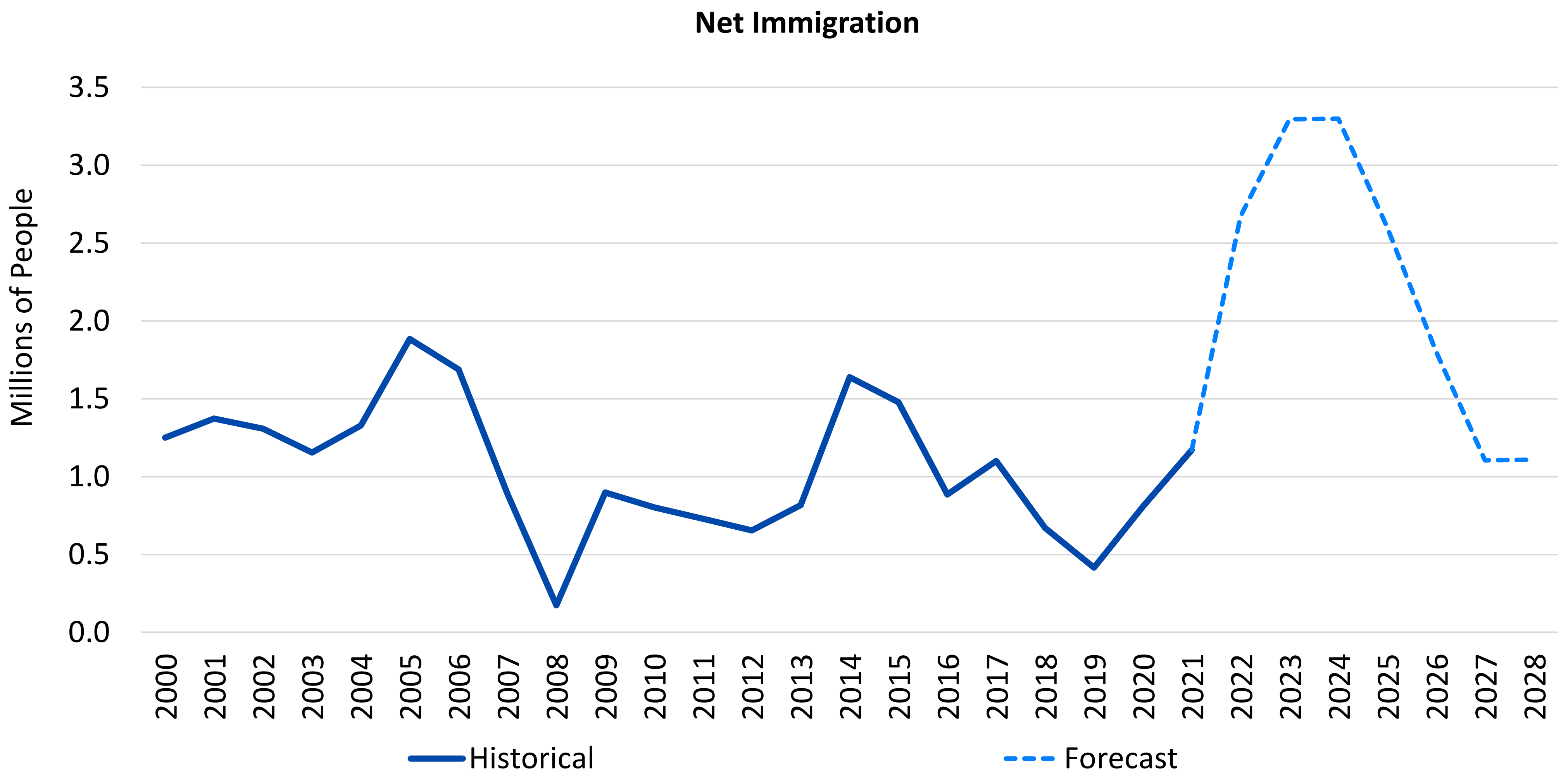
FACTORS INFLUENCING STORAGE DEMAND

Total Population is Increasing Only Modestly, With Immigration Giving a Short-Term Boost in Recent Years (Which CBO Numbers Better Estimate Than the Census)



Source: Yardi Matrix; Moody's Analytics; U.S. Census Bureau; Congressional Budget Office; "Noncitizen Coverage and Its Effects On U.S. Population Statistics," J. David Brown, Misty L. Heggeness and Marta Murray-Close (2023)

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



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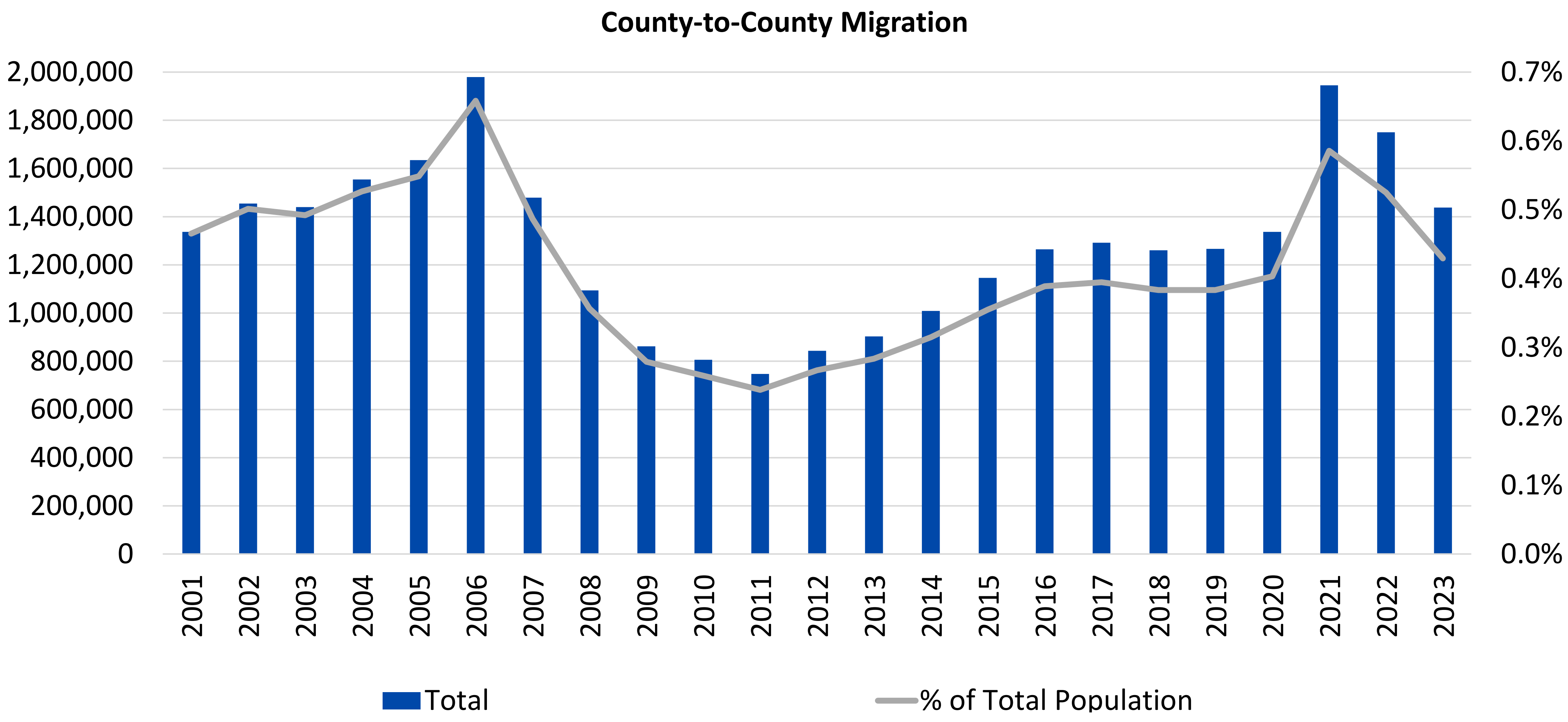
Source: Yardi Matrix; Congressional Budget Office

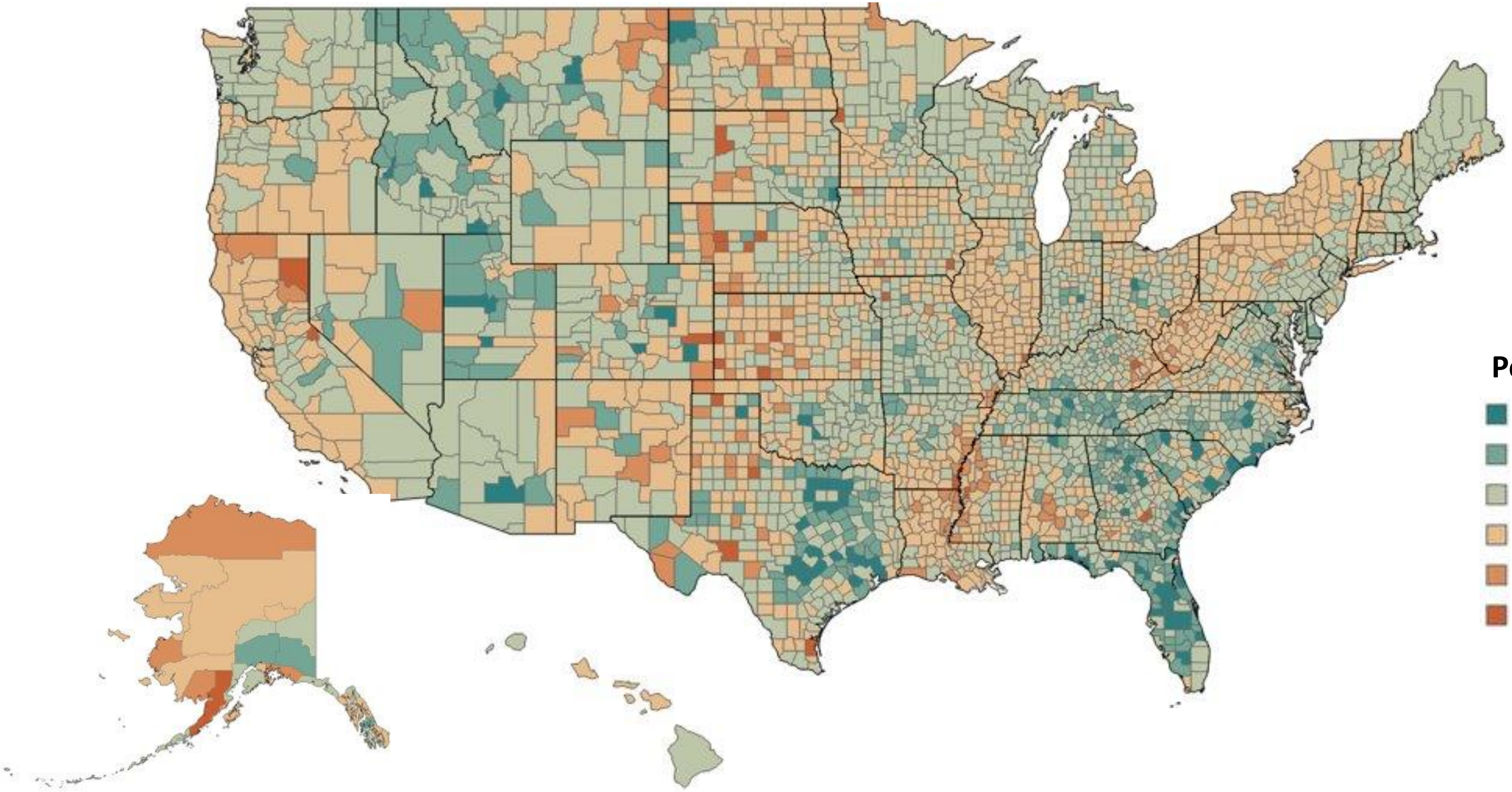
County-to-County Migration is Decelerating, But 2023 Was Still Well Above Average



Migration data is for July – July of each year | Source: Yardi Matrix; U.S. Census Bureau

Western and Southern States Have Experienced Significant Population Growth

Percent Change in County Population: July 2022 to July 2023



Percent Change

- 3.00 or more
- 1.50 to 2.99
- 0.00 to 1.49
- -1.49 to -0.01
- -2.99 to -1.50
- -3.00 or more

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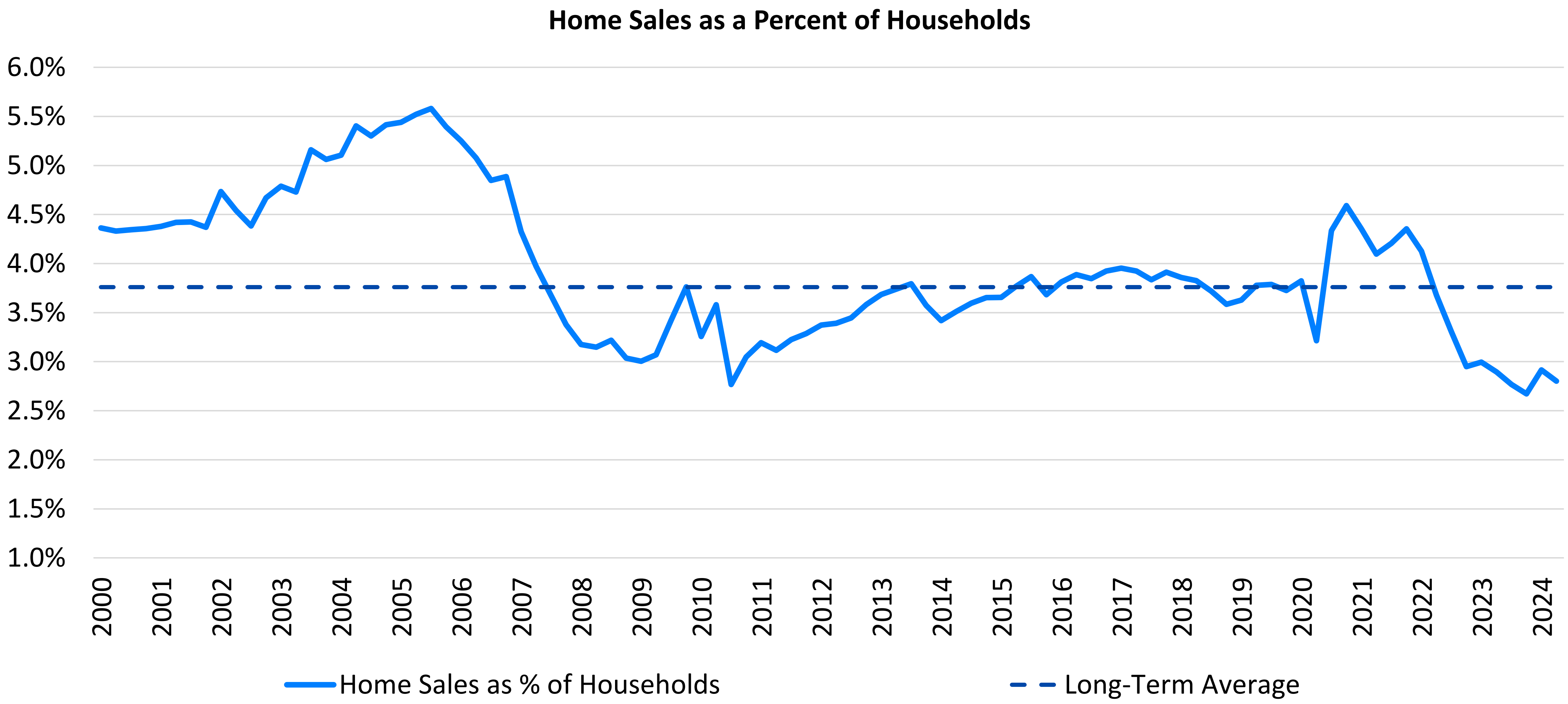
Source: Yardi Matrix; U.S. Census Bureau, Vintage 2023 Population Estimates

Home Sales as a Percent of Households is Down to GFC Levels, 96 Basis Points Below Long-Term Average



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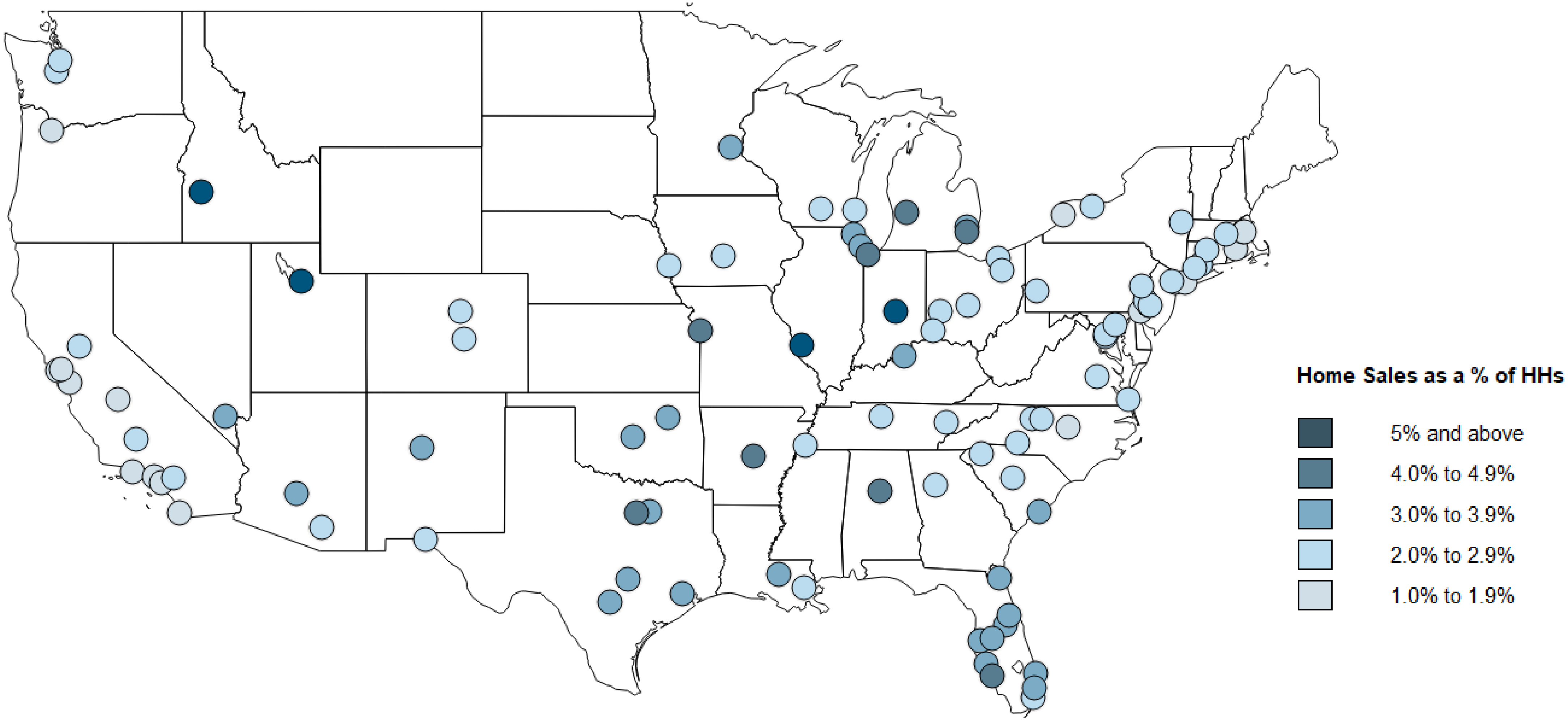
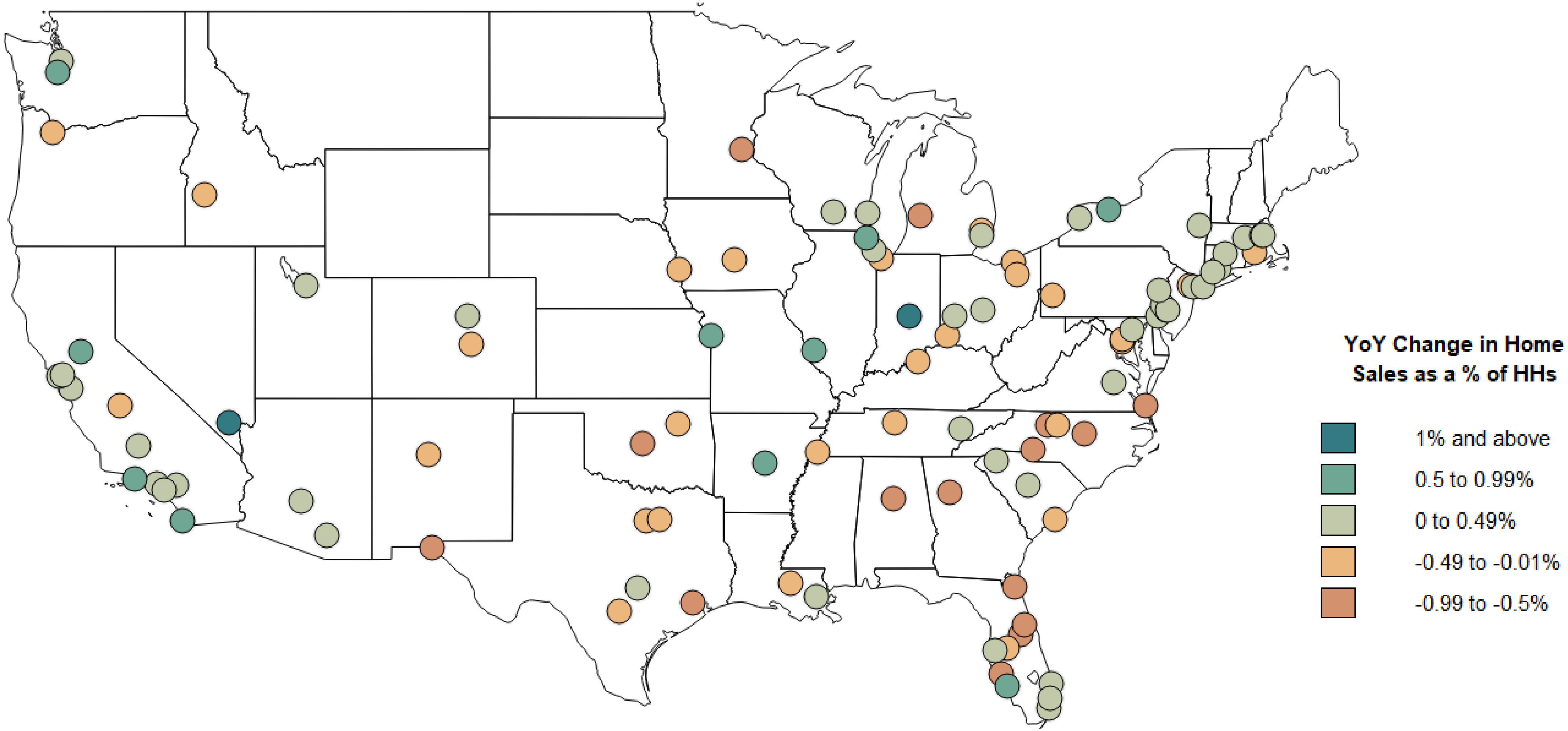
Data through Q2 2024 | Source: Yardi Matrix; Moody's Analytics

Home Sales as a Percent of Households Were Highest in Smaller Markets in the Mountain West and Midwest in Q2



Filtered by largest 100 U.S. metros in terms of total number of households; Data through Q2 2024 | Source: Yardi Matrix; Moody's Data Analytics

Meanwhile, Coastal Markets in the West and Northeast Experienced the Largest YoY Increase In Home Sales as Percent of Households



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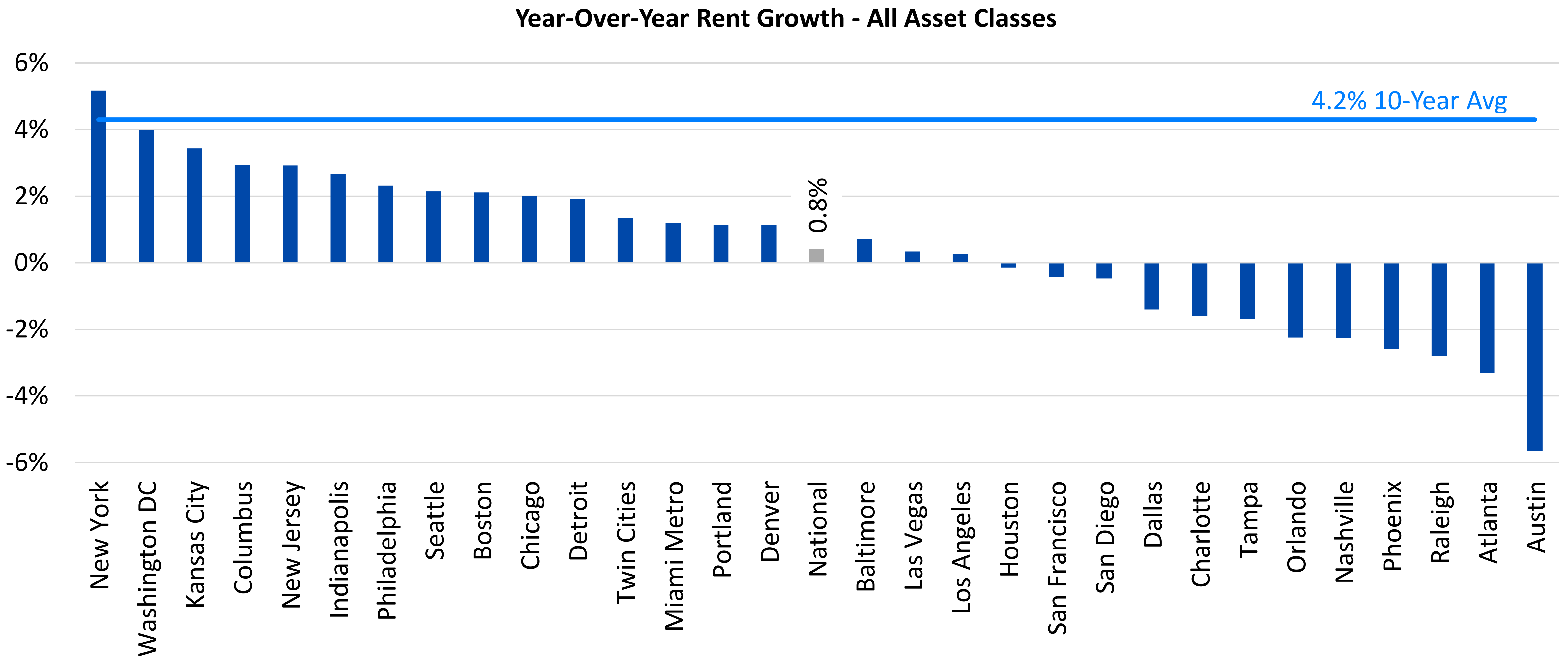
Filtered by largest 100 U.S. metros in terms of total number of households; Data through Q2 2024 | Source: Yardi Matrix; Moody's Data Analytics

Multifamily Rent Growth Has Been Mixed with the Northeast, Midwest Outperforming and the Sunbelt Underperforming



Data as of July 2024 | Source: Yardi Matrix

Sunbelt Markets Are Leading Multifamily Absorption as a % of Current Stock Leasing Up Units in New Properties

Market	2024 YTD Completions	Completions as % Stock	Absorption % Current Stock
Raleigh-Durham	6,632	3.5%	2.9%
Charlotte	7,001	3.2%	2.9%
Phoenix	7,730	2.2%	2.8%
Orlando	8,279	3.1%	2.7%
Las Vegas	3,046	1.6%	2.4%
Indianapolis	2,823	1.5%	2.2%
Austin	8,689	2.9%	2.1%
Denver	6,871	2.1%	2.0%
Miami	7,223	2.0%	2.0%
Nashville	4,114	2.2%	2.0%
San Jose	1,516	1.1%	1.9%
N. New Jersey	3,059	1.1%	1.9%
Seattle	6,319	2.0%	1.7%
Boston	3,539	1.3%	1.7%
Columbus	2,097	1.1%	1.7%

Market	2024 YTD Completions	Completions as % Stock	Absorption % Current Stock
Atlanta	8,069	1.5%	1.5%
Washington DC	5,701	1.0%	1.5%
Dallas	11,488	1.3%	1.5%
Portland	3,799	2.1%	1.4%
Kansas City	1,701	1.0%	1.4%
Chicago	2,957	0.7%	1.2%
Tampa	3,350	1.3%	1.2%
Houston	8,148	1.1%	1.2%
Twin Cities	4,231	1.7%	1.2%
Philadelphia	4,314	1.2%	1.1%
San Francisco	3,810	1.3%	1.1%
San Diego	1,368	0.7%	0.8%
New York	3,432	0.6%	0.6%
Baltimore	937	0.4%	0.6%
Los Angeles	3,423	0.7%	0.3%

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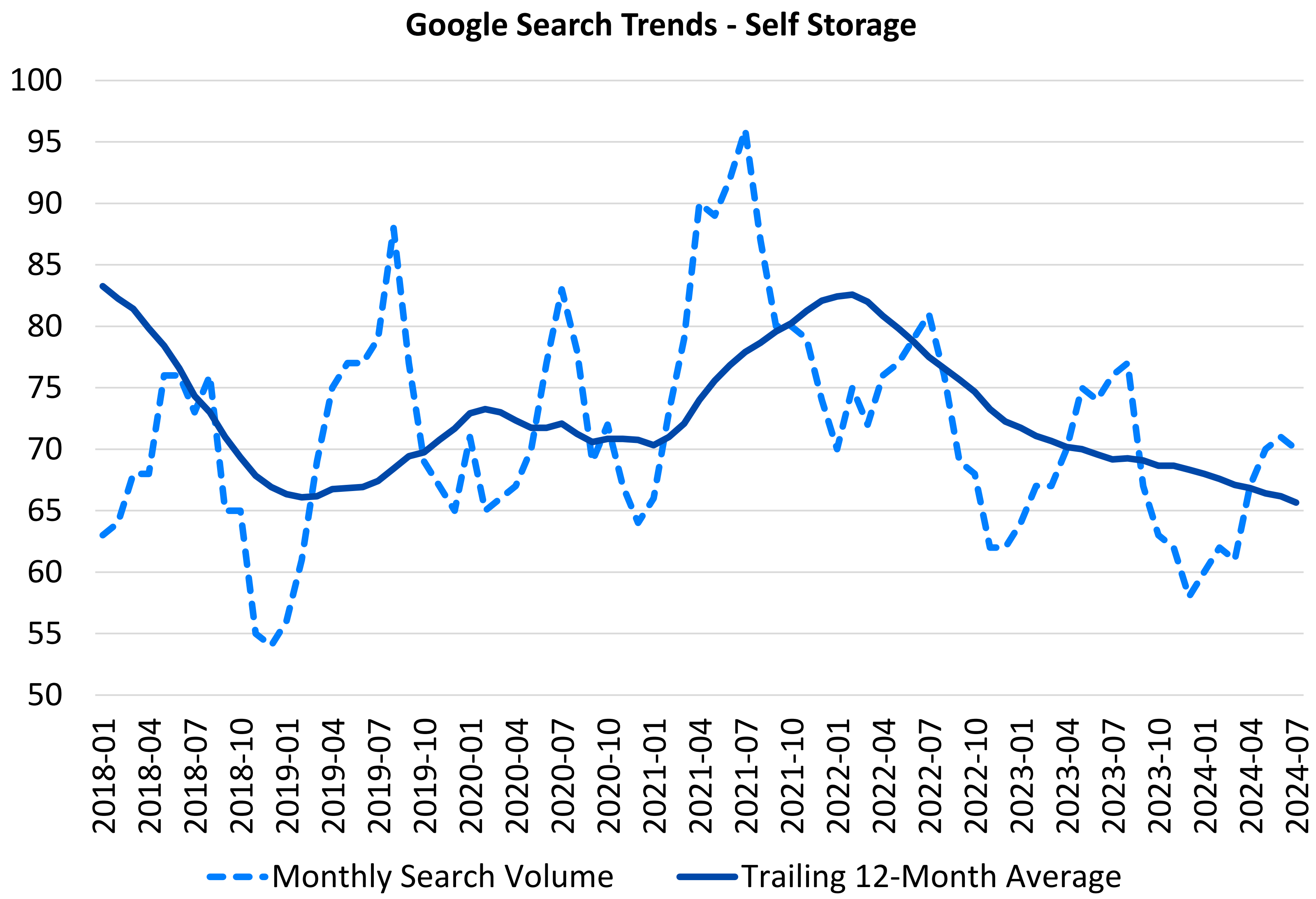
YTD as of July 2024 | Data for Matrix Top 30 markets | Source: Yardi Matrix

Google Trends Shows National Search Interest for Self Storage at an 8-Year Low



Search Interest - T12 Average		
Market	Vs. Peak	Jul-24 Rent Growth
Portland	-0.2%	-2.1%
Seattle	-9.5%	-1.7%
Columbus (OH)	-10.7%	-5.2%
Miami	-12.1%	-6.2%
Las Vegas	-13.0%	-3.5%
National	**-21.2%**	**-4.1%**
Boston	-28.5%	-4.6%
Charleston (SC)	-30.2%	-7.0%
Nashville	-31.4%	-2.8%
Austin	-32.7%	-3.6%
San Antonio	-33.0%	-5.9%

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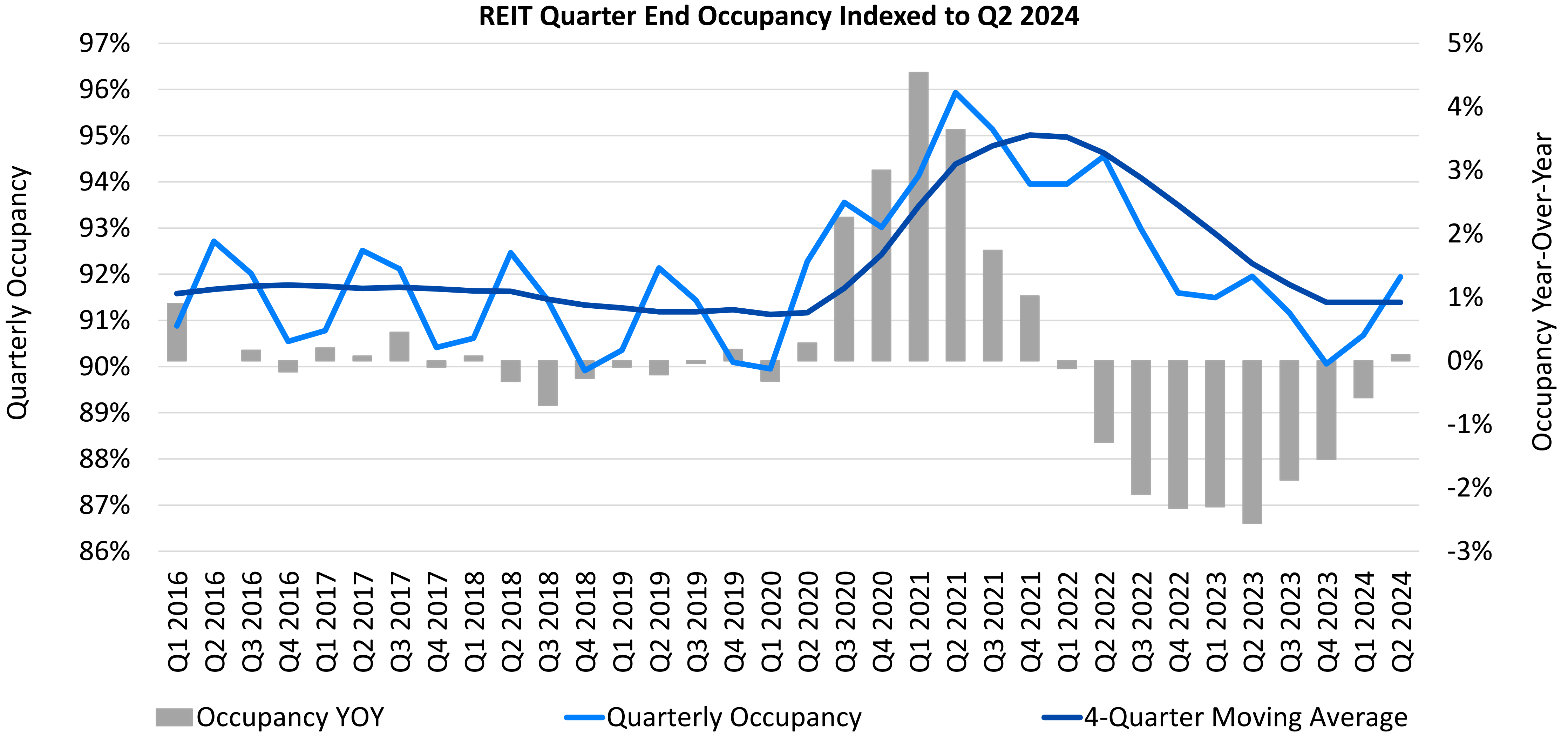
Source: Google Trends; Yardi Matrix

SELF STORAGE Q2 REIT RESULTS

REIT Occupancy is Showing Signs of Bottoming an Important Precursor for Rent Growth



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

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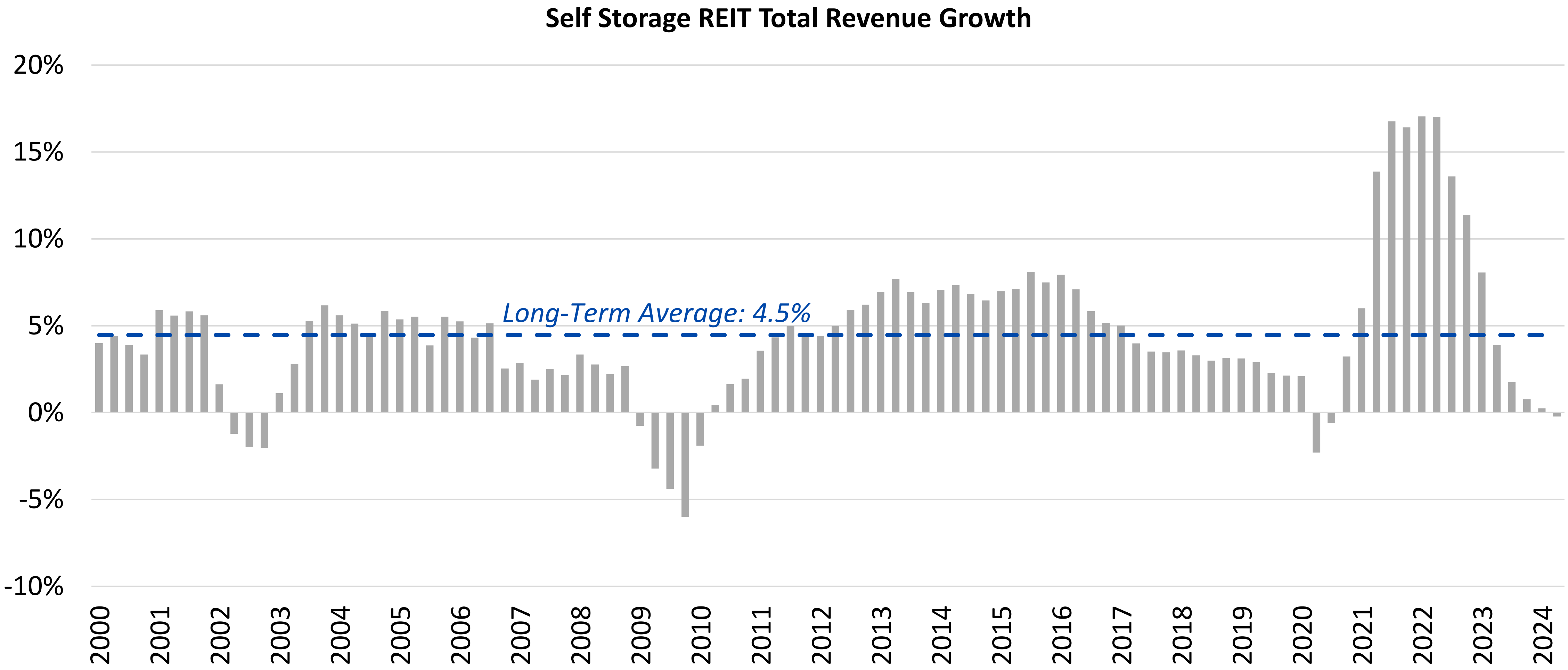
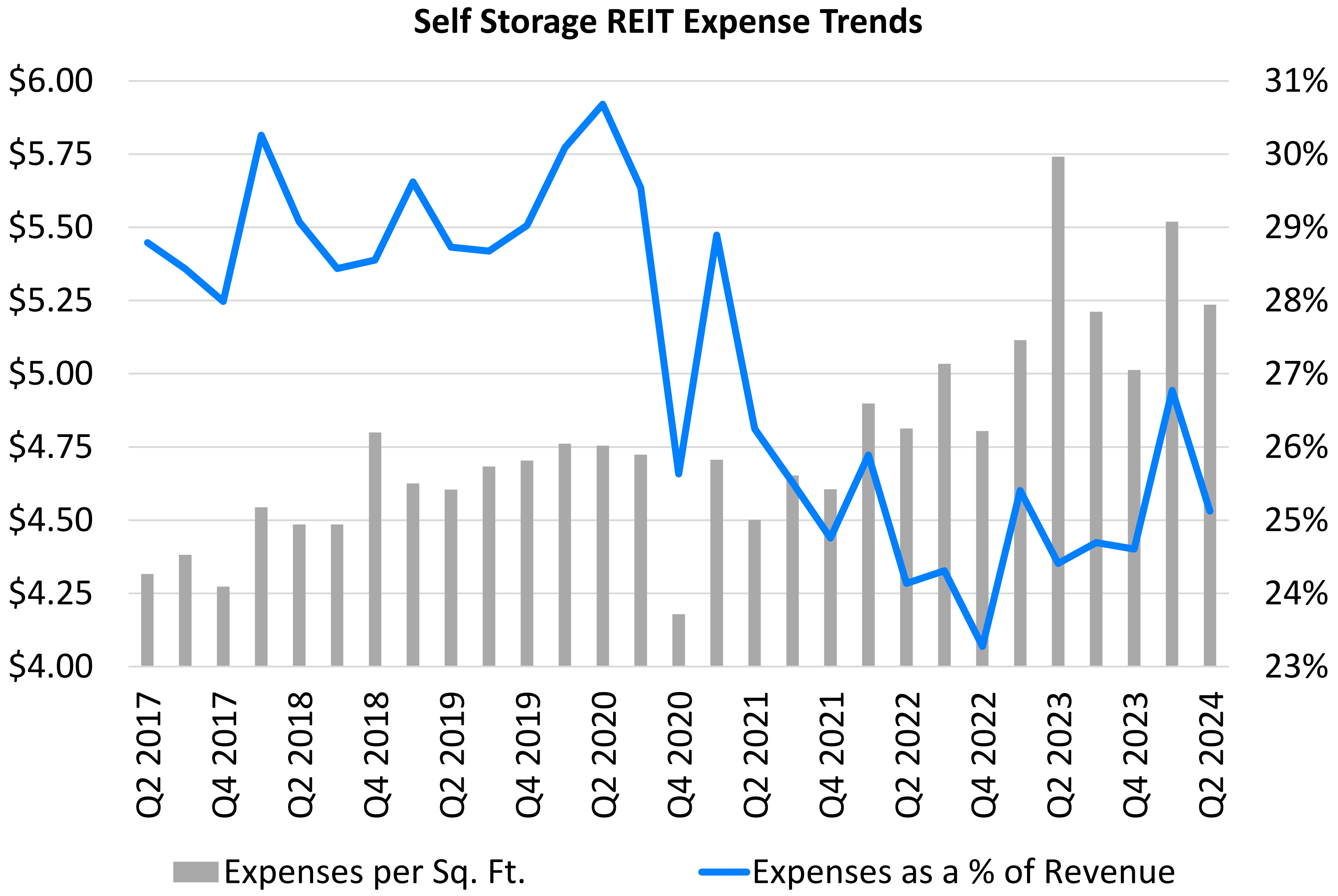
REIT Revenue Growth Turned Negative in Q2 2024 for the First Time Since Q3 2020



Data through Q2 2024 | 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 Expenses Decreased in Q2 2024, but Remain High per Square Foot



- Expense growth has outpaced revenue growth for four straight quarters
- Upward pressure on property taxes, insurance and marketing have caused expenses to increase, impacting operational expense ratios
- Operators relying on technology even more to reduce costs and maximize income

Expenses and revenue data annualized based on same-store portfolio quarterly performance | 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; insideselfstorage.com

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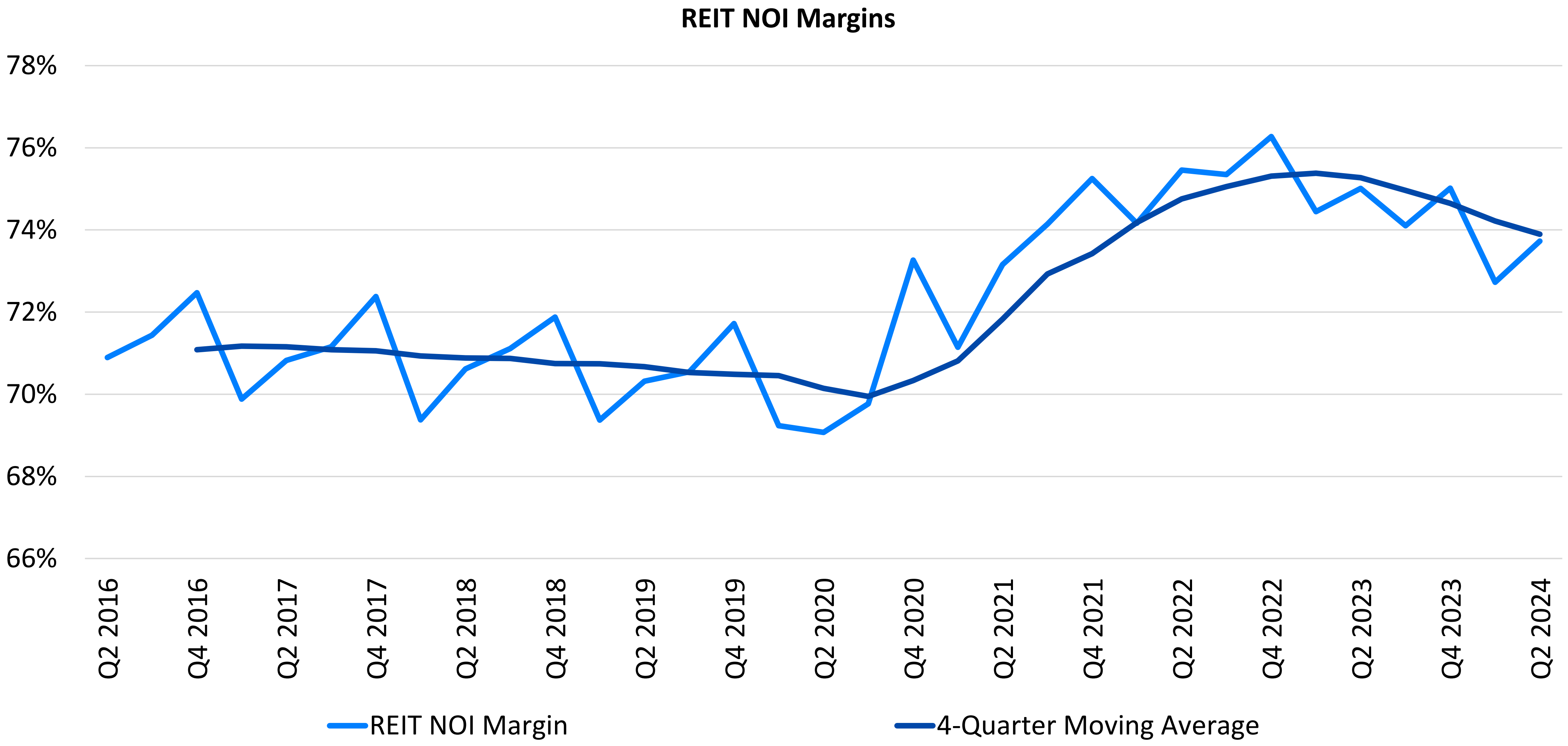
Three Straight Quarters of Negative NOI Growth Have Brought Margins Down



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

Q2 REIT Occupancy Highest on the West Coast and Northeast
Growth Strongest in West Coast and Southwest Metros

MSA	Q2 2023	Q2 2024	YoY Change in Occupancy
Las Vegas, NV	90.4%	92.1%	1.7%
Seattle-Tacoma, WA	92.5%	93.5%	1.0%
Phoenix, AZ	89.6%	90.2%	0.6%
Portland, OR	91.1%	91.5%	0.4%
San Francisco, CA	94.5%	94.8%	0.3%
Sacramento, CA	93.7%	94.0%	0.2%
Philadelphia, PA	93.0%	93.1%	0.1%
Washington DC	93.9%	93.9%	0.1%
New York/New Jersey	93.4%	93.2%	-0.2%
Boston, MA	94.1%	93.9%	-0.2%
Miami, FL	93.8%	93.5%	-0.3%
Denver, CO	94.1%	93.8%	-0.3%
Los Angeles, CA	94.7%	94.4%	-0.3%

MSA	Q2 2023	Q2 2024	YoY Change in Occupancy
Charleston, SC	94.4%	94.0%	-0.4%
Tampa, FL	92.1%	91.6%	-0.5%
Austin, TX	92.0%	91.5%	-0.5%
Houston, TX	92.8%	92.1%	-0.6%
Chicago, IL	94.2%	93.3%	-0.9%
Charlotte, NC	93.5%	92.6%	-0.9%
San Antonio , TX	90.2%	89.2%	-0.9%
San Diego, CA	93.2%	92.2%	-1.0%
Nashville, TN	93.2%	92.1%	-1.1%
Columbus, OH	94.0%	92.5%	-1.5%
Orlando, FL	93.8%	92.0%	-1.8%
Dallas-Ft. Worth, TX	93.5%	91.6%	-1.9%
Atlanta, GA	92.2%	89.6%	-2.6%

Weighted average occupancy | 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

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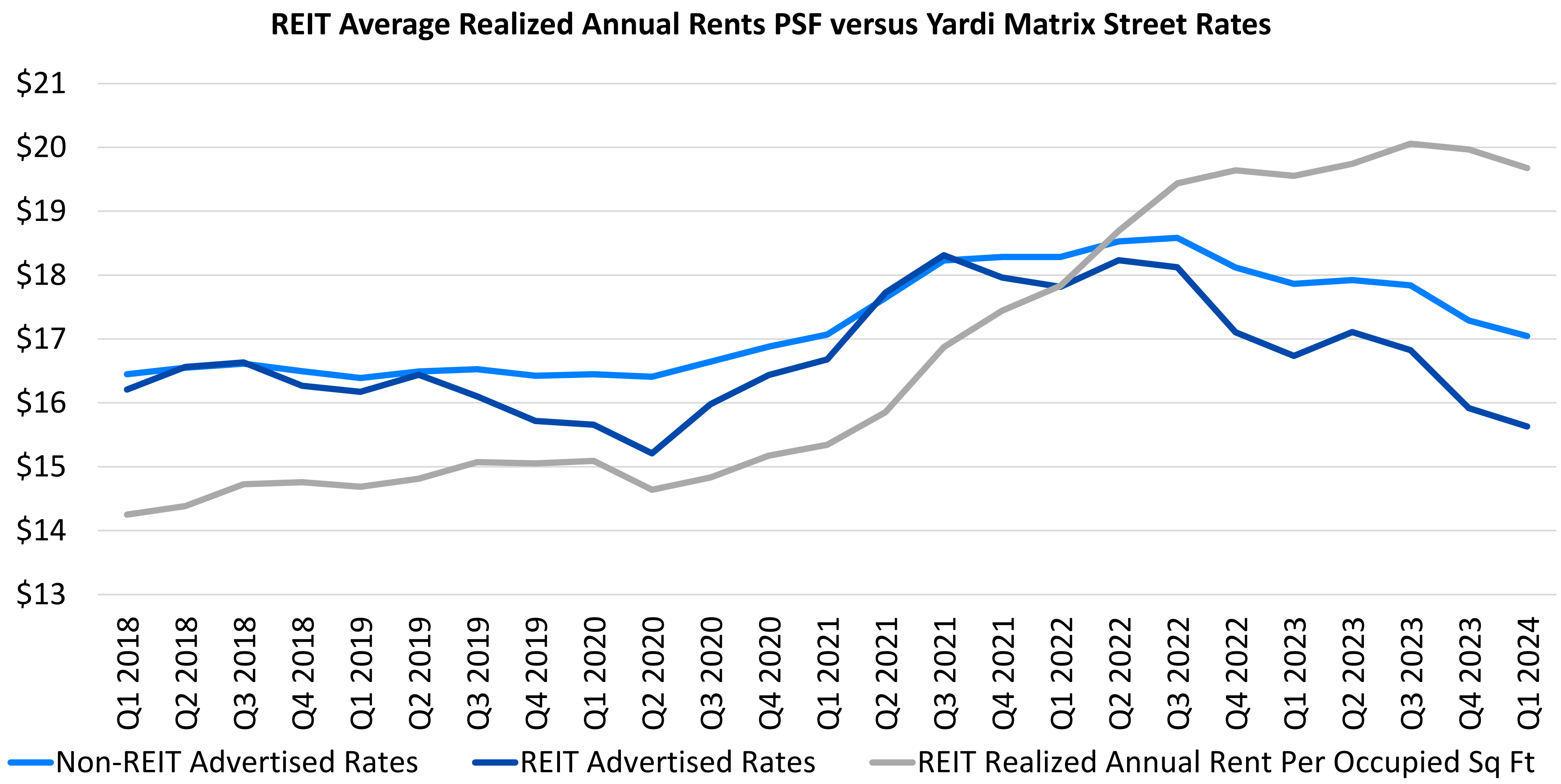
REITs Have Been Pushing Street Rates Down Since Mid-2022
Recently Having an Impact on Realized Rates



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

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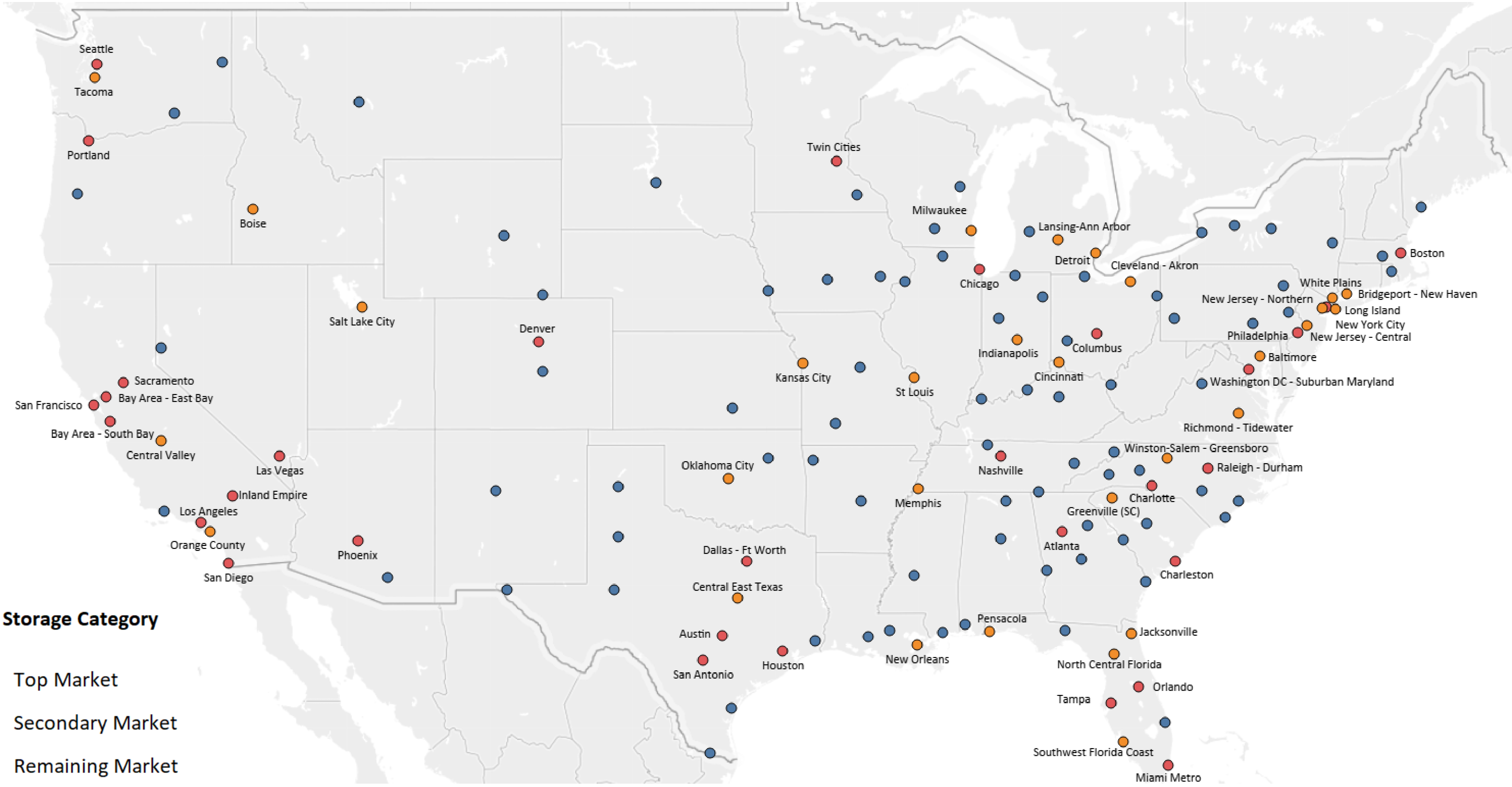
DEEP DIVE INTO STORAGE STREET RATES

Yardi Matrix Storage Market Classifications



Self Storage Category

- Top Market
- Secondary Market
- Remaining Market

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Alaska and Hawaii markets not included on map | Source: Yardi Matrix

New Yardi Matrix Storage Markets Added Since Last Webinar

Market	Type	Date Added	Existing Properties	Under Construction	Planned	Prospective
Tampa - St. Pete – Clearwater (Citrus & Hardee Counties)	Expansion	May-24	30	0	2	2
Port St. Lucie (Highlands County)	Expansion	May-24	10	1	0	5
Charlotte (Anson County & Montgomery County)	Expansion	May-24	(no PIDs, only coverage)			
Houston – West (6 Counties)	Expansion	May-24	43	2	3	0
Cleveland – Akron (8 Counties)	Expansion	May-24	53	0	1	0
Knoxville (8 Counties)	Expansion	May-24	37	1	1	0
Jackson (4 Counties)	Expansion	Jun-24	7	0	0	0
Reno (5 Counties)	Expansion	Jun-24	39	1	2	0
Portland (4 Counties)	Expansion	Jun-24	50	1	0	1
Albany (5 Counties)	Expansion	Jun-24	27	0	2	0
Tulsa (Washington and Muskogee Counties)	Expansion	Jun-24	21	0	0	0
Charleston-Huntington, WV-KY	New Market	Jun-24	50	0	0	0
Northern Virginia (Hagerstown-Chambersburg, MD-WV)	Expansion	Jul-24	346	5	30	5
Appleton-Oshkosh, WI	New Market	Jul-24	77	2	2	1
Indianapolis (12 Counties)	Expansion	Jul-24	59	0	1	0
Davenport, IA-IL	New Market	Jul-24	73	1	0	0
Evansville, IN-IL-KY	New Market	Aug-24	45	3	3	1
Iowa City, IA	New Market	Aug-24	55	1	1	3

Source: Yardi Matrix

New Markets on the Roadmap

Market	Type	Target Date Added
Boston (Cape Cod + 2 Counties in NH)	Expansion	Aug-24
Longview, TX	New Market	Sept-24
Peoria, IL	New Market	Sept-24
Shreveport, LA	New Market	Sept-24
Montgomery, AL	New Market	TBD
Duluth, MN	New Market	TBD
Chicago – Suburban (7 Counties)	Expansion	TBD
Columbia SC (5 Counties)	Expansion	TBD
Florence, SC	New Market	TBD
Birmingham (14 Counties)	Expansion	TBD
Pittsburgh (4 Counties)	Expansion	TBD
Columbus (7 Counties)	Expansion	TBD

Source: Yardi Matrix

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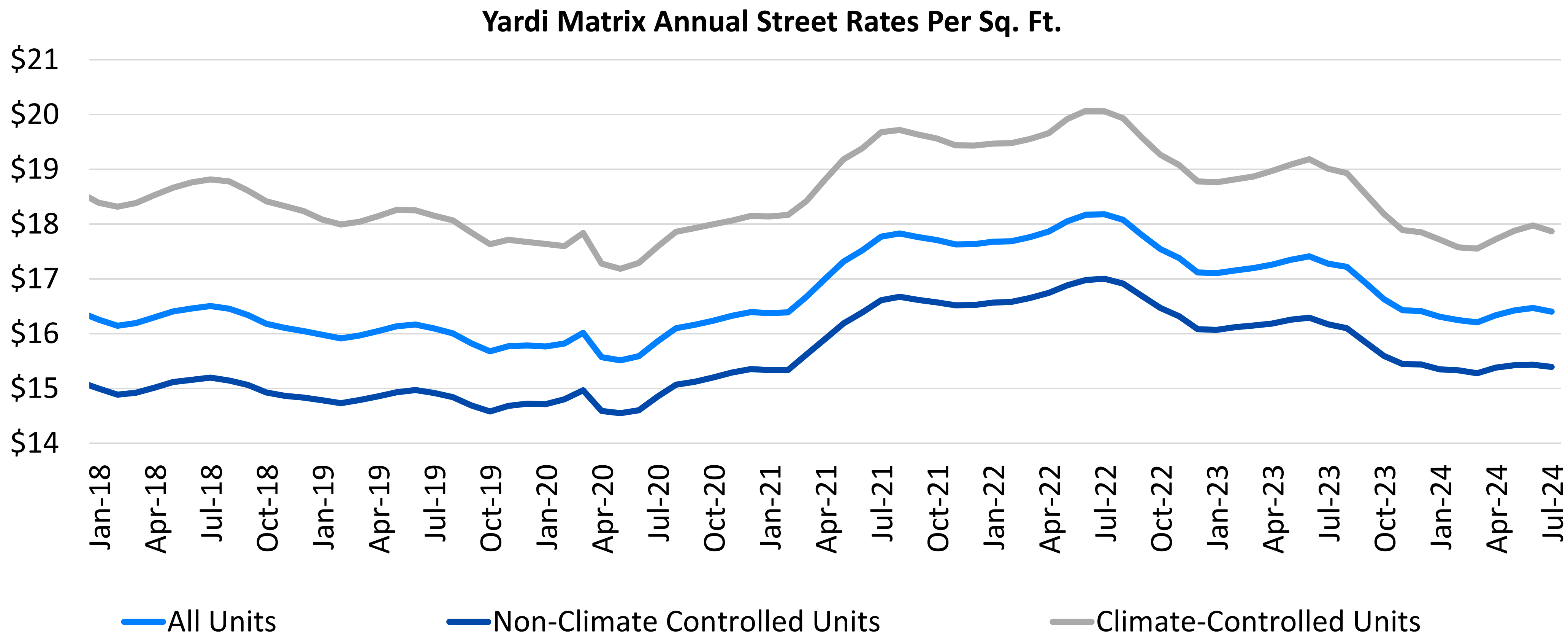
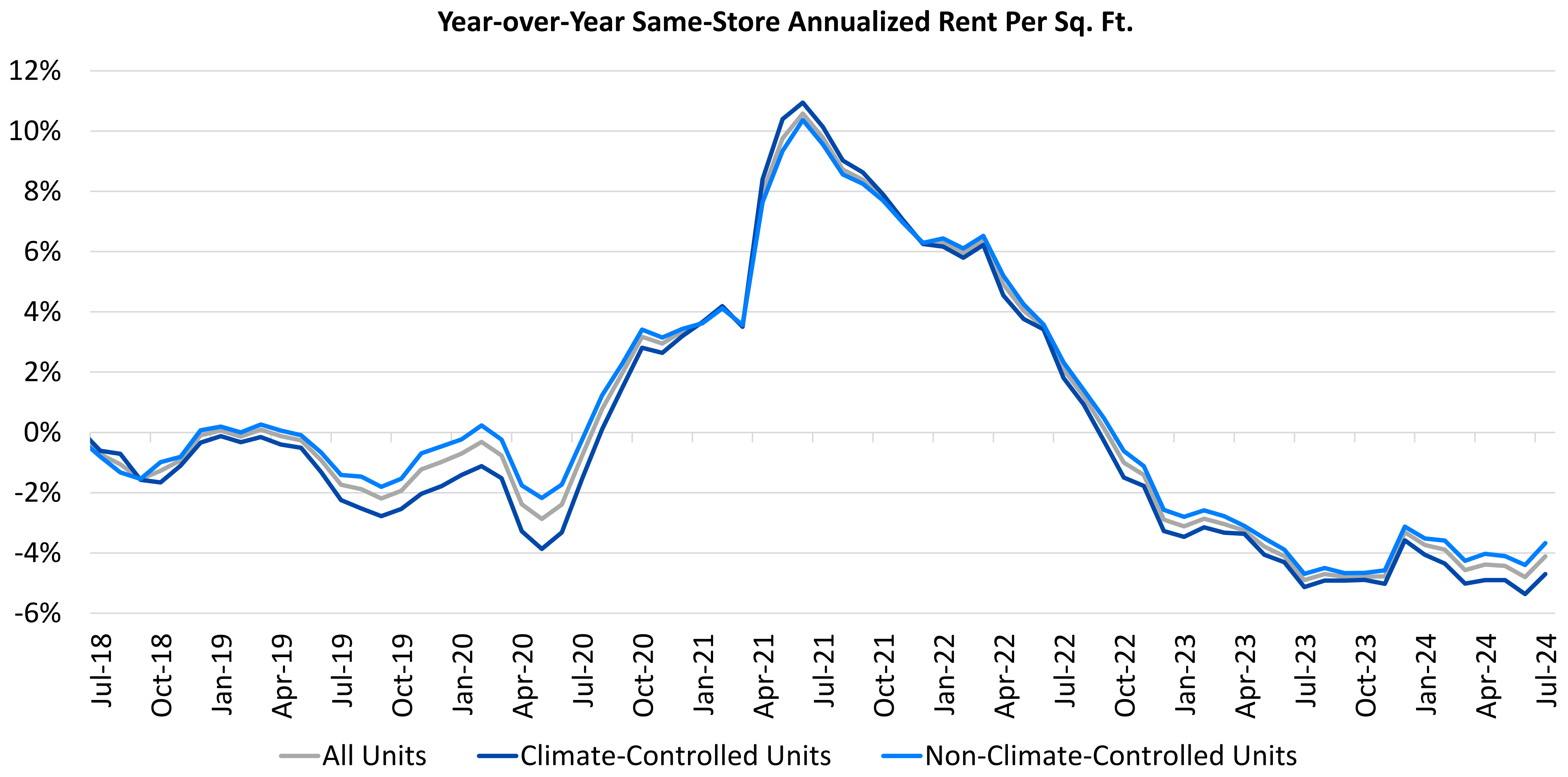
Annualized Street Rates Peaked in 2022, but Have Continued to Moderate



	All Units	Non-Climate Controlled	Climate-Controlled
Annualized Street Rates Per Sq Ft: Jul'24	$16.40	$15.39	$17.87
Same-Store Year-Over-Year: Jul '23 – Jul '24	-4.1%	-3.7%	-4.7%
Same-Store Pre-Pandemic to Current: Feb '20 – Jul '24	6.1%	6.5%	5.6%

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

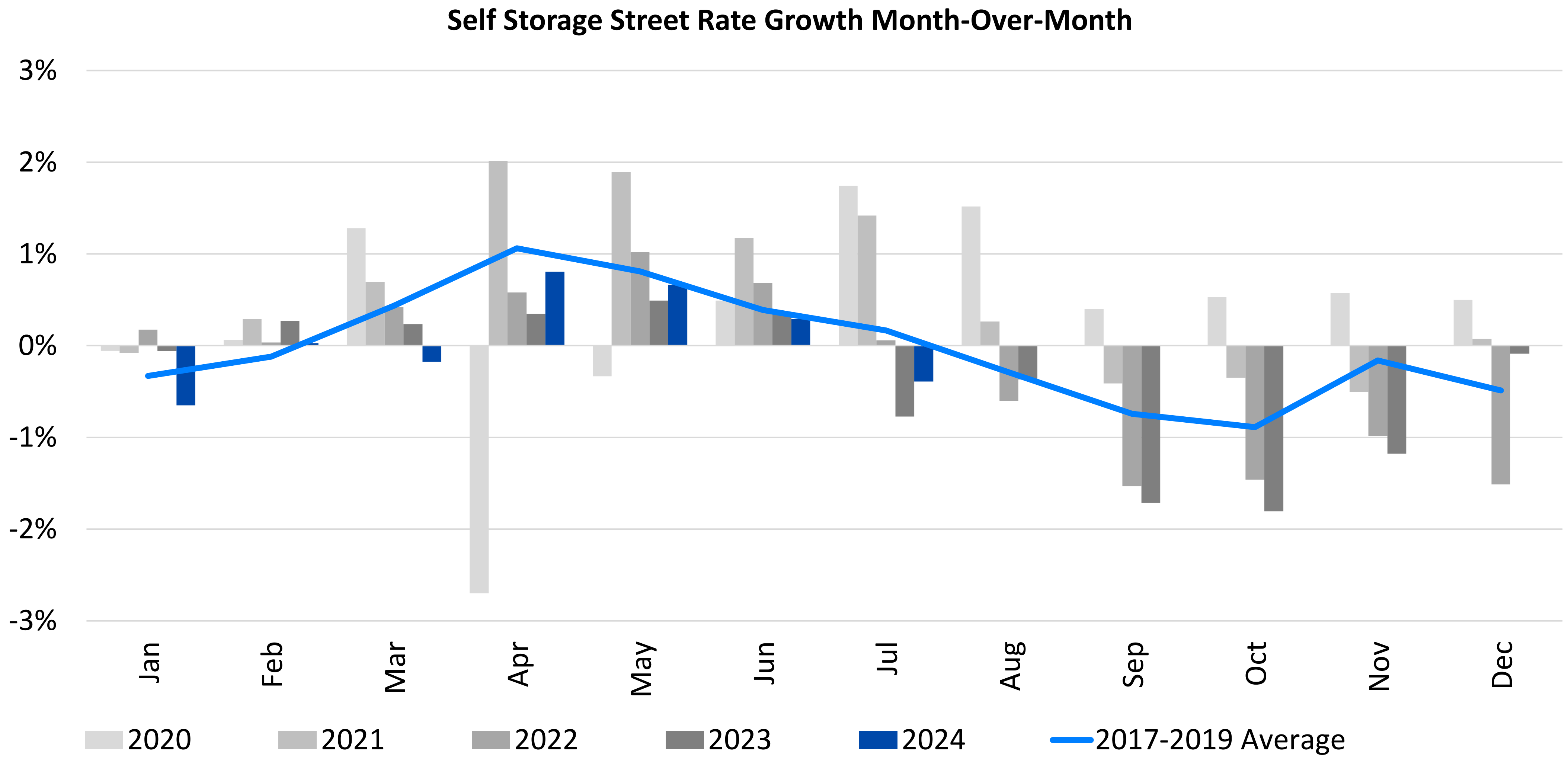
Rate Growth Improved in July for All Unit Types, but Climate-Controlled Units Still Lagging Non-Climate-Controlled



YARDI

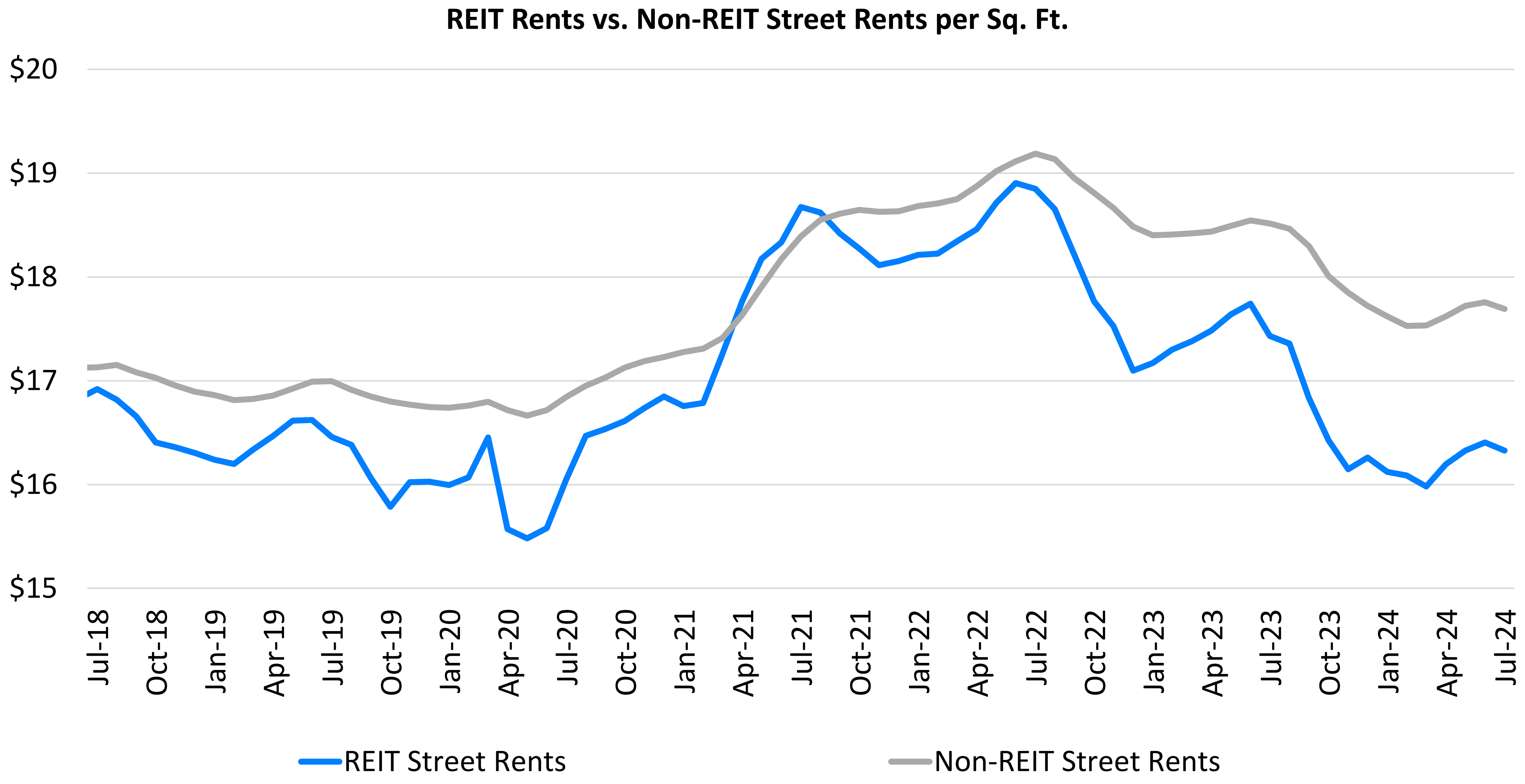
Source: Yardi Matrix

Month-Over-Month Street Rate Growth was Negative in July After Three Months of Positive Growth



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

REIT Annual Rents Per Square Foot Are 8% Lower in the Same Markets



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

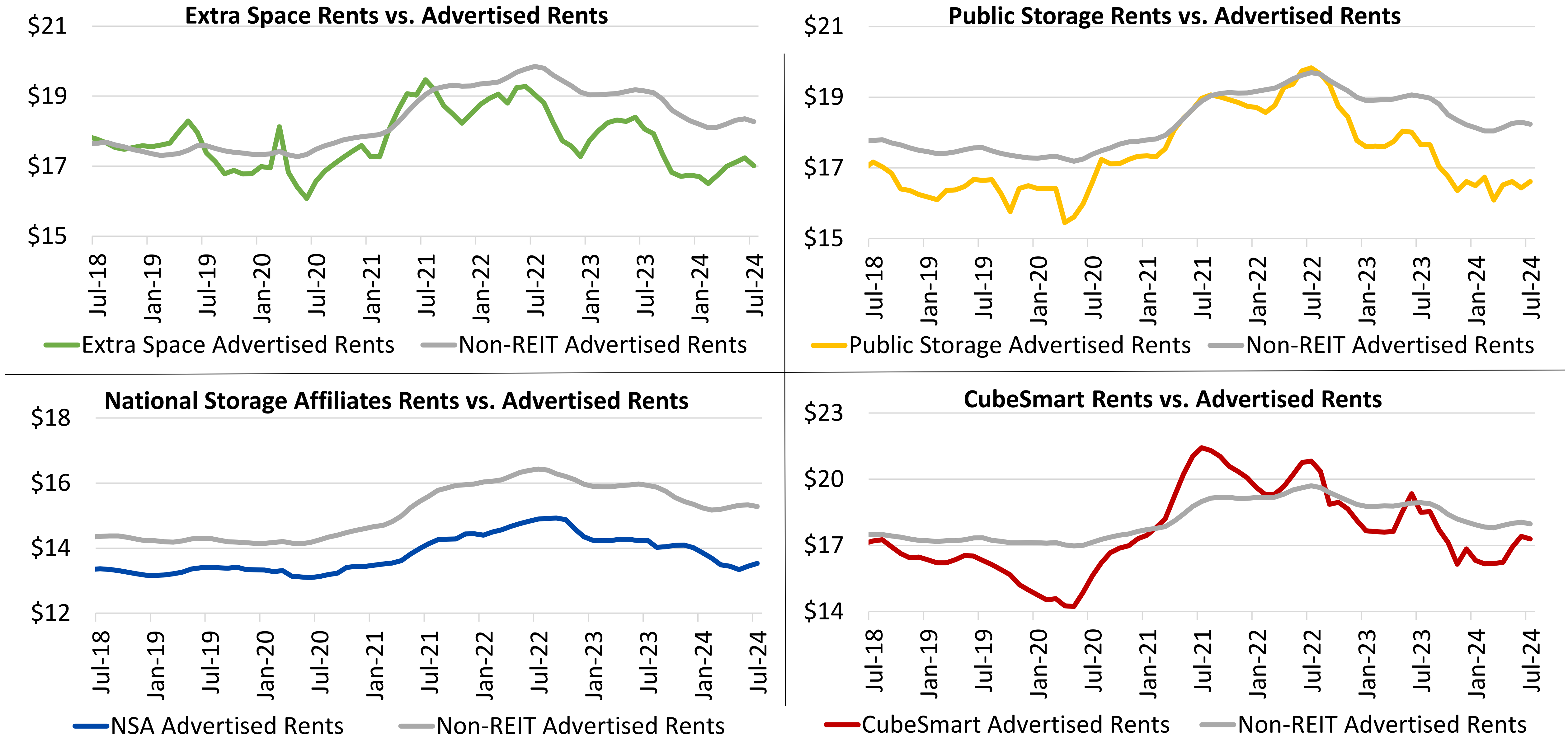
YARDI

Since October 2021, Declines in Same-Store Rents Year-over-Year Have Been Larger for the REITs Than Those of Their Competitors

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

YARDI

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

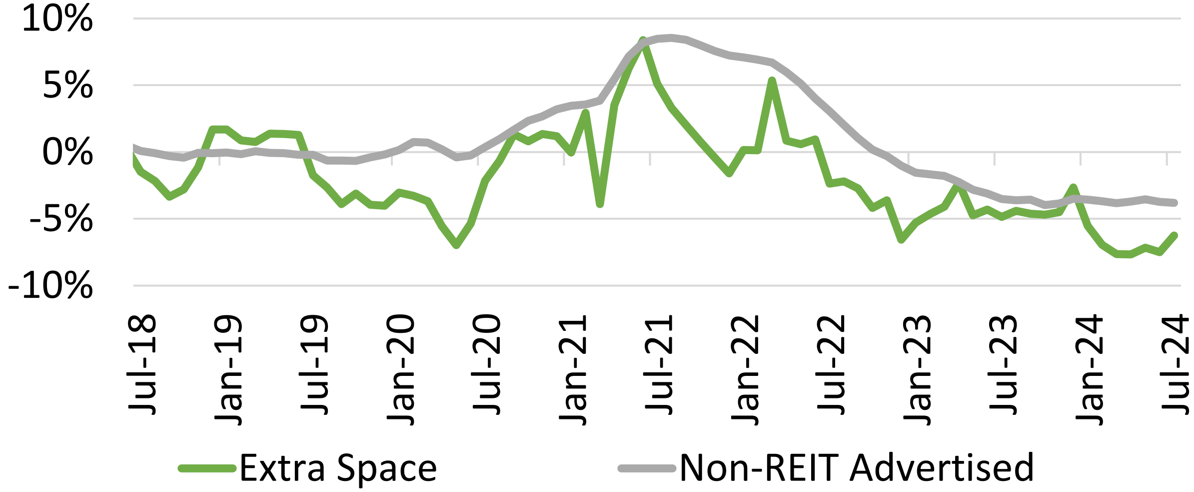


Market rents include all properties in those markets not operated by REITs. Rent growth = annualized average street rate per sq. ft. for properties stabilized at 36 months after completion, for the following unit sizes: 5x5, 5x10, 10x5, 5x15, 15x5, 10x10, 10x20, 20x10, 10x30 & 30x10 CC and NCC units.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

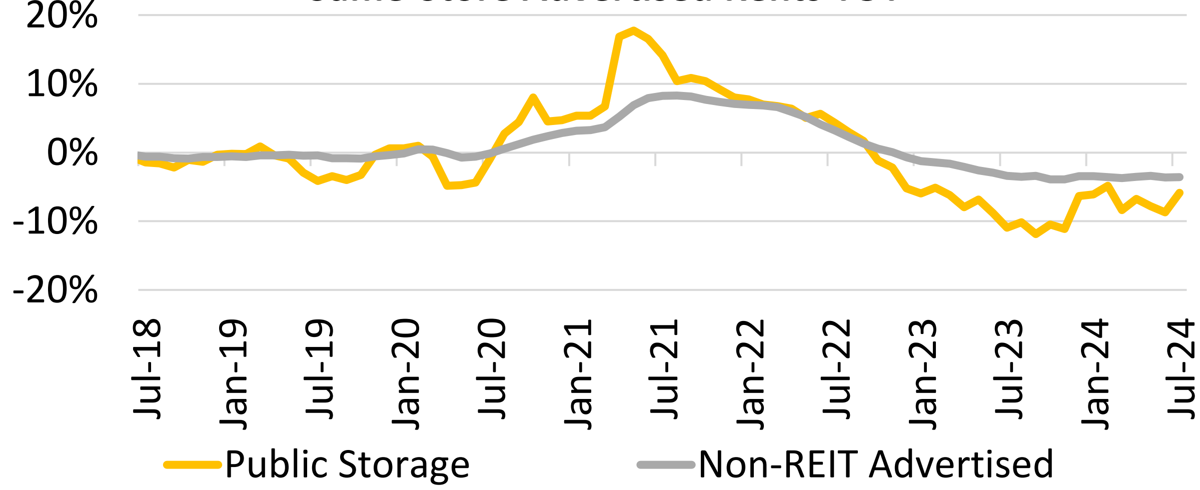
YARDI

Individual REIT Same-Store Rents Growth is Below Market

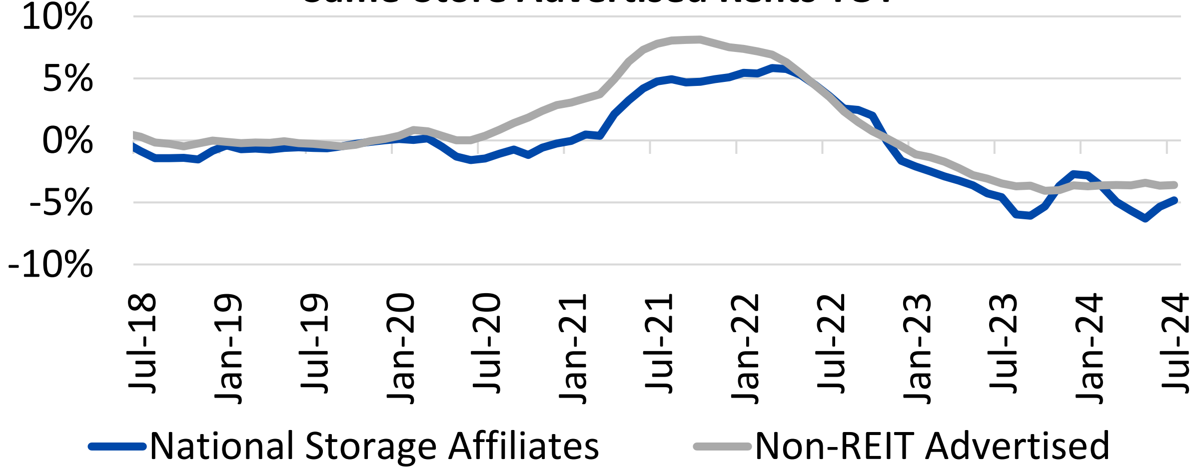
Extra Space Same-Store Rents YOY vs. Same-Store Advertised Rents YOY



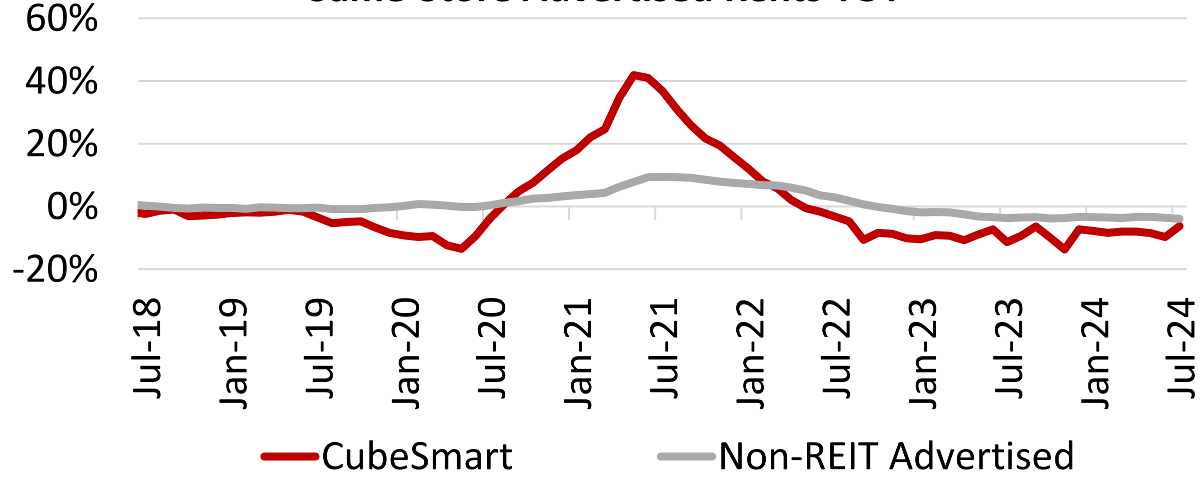
Public Storage Same-Store Rents YOY vs. Same-Store Advertised Rents YOY



National Storage Affiliates Same-Store Rents YOY vs. Same-Store Advertised Rents YOY



CubeSmart Same-Store Rents YOY vs. Same-Store Advertised Rents YOY



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

YARDI

REIT Advertised Rent Growth Trails Non-REITs in Most Markets

Highest Rent Growth – REIT Advertised Rates

Metro	REIT Rent Growth YOY Jul-24	Non-REIT Rent Growth YOY Jul-24
Amarillo	0.2%	-2.9%
Midland - Odessa	0.1%	0.1%
Baton Rouge	0.0%	-2.1%
Portland ME	0.0%	-2.6%
Youngstown	0.0%	-1.4%
Syracuse	-0.1%	-1.2%
Central East Texas	-0.1%	-4.4%
Eugene	-0.1%	0.1%
Rochester	-0.3%	-1.0%
New Orleans	-1.0%	-3.3%
Portland	-1.3%	-2.7%
Boise	-1.3%	-1.0%
Honolulu	-1.3%	-0.2%
Athens	-1.8%	-17.7%
Dayton	-1.9%	-0.1%

Lowest Rent Growth – REIT Advertised Rates

Market	REIT Rent Growth YOY Jul-24	Non-REIT Rent Growth YOY Jul-24
Fayetteville NC	-26.9%	-5.7%
Scranton-Wilkes-Barre	-22.4%	-0.2%
Fayetteville	-20.6%	-14.3%
South Bend	-13.9%	-2.5%
Macon	-13.2%	-1.6%
Wilmington	-13.0%	-2.4%
Atlanta	-11.4%	-6.8%
Omaha	-10.8%	-1.9%
Sarasota-Cape Coral	-10.7%	-8.2%
Port St. Lucie	-9.2%	-22.0%
Memphis	-8.8%	-5.8%
Indianapolis	-8.3%	-3.6%
Inland Empire	-7.8%	-4.2%
Columbus (OH)	-7.6%	-3.8%
Albuquerque	-7.6%	-1.5%

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

YARDI

Markets with the Highest REIT Concentration & Above-Average Supply Have Underperformed

Top REIT-Managed Markets				
Market	% of NRSF Managed by REITs	3Y Supply as % of Inventory	Jun-24 T12 Rents	Jun-24 T12 Rent Growth
Washington DC	64.4%	7.3%	$19.93	-4.2%
Baltimore	62.0%	13.8%	$16.70	-5.6%
Miami	59.7%	7.0%	$21.35	-6.3%
Austin	56.6%	5.6%	$14.51	-7.4%
Atlanta	55.1%	12.0%	$13.60	-8.5%
Sarasota-Cape Coral	54.6%	16.8%	$15.42	-10.2%
New York	53.6%	12.9%	$34.49	-2.0%
Chicago	52.9%	7.4%	$14.79	-5.7%
Boston	50.5%	10.7%	$20.01	-4.6%
Honolulu	49.8%	15.6%	$37.54	-0.9%
Dallas - Ft Worth	47.9%	6.0%	$13.56	-5.6%
Phoenix	46.9%	10.7%	$15.69	-6.9%
Lafayette (IN)	46.6%	10.1%	$12.29	0.6%
Orlando	46.4%	12.8%	$15.41	-6.5%
Columbia (SC)	46.4%	8.7%	$12.94	-2.1%

Data as of June 2024 | Source: Yardi Matrix

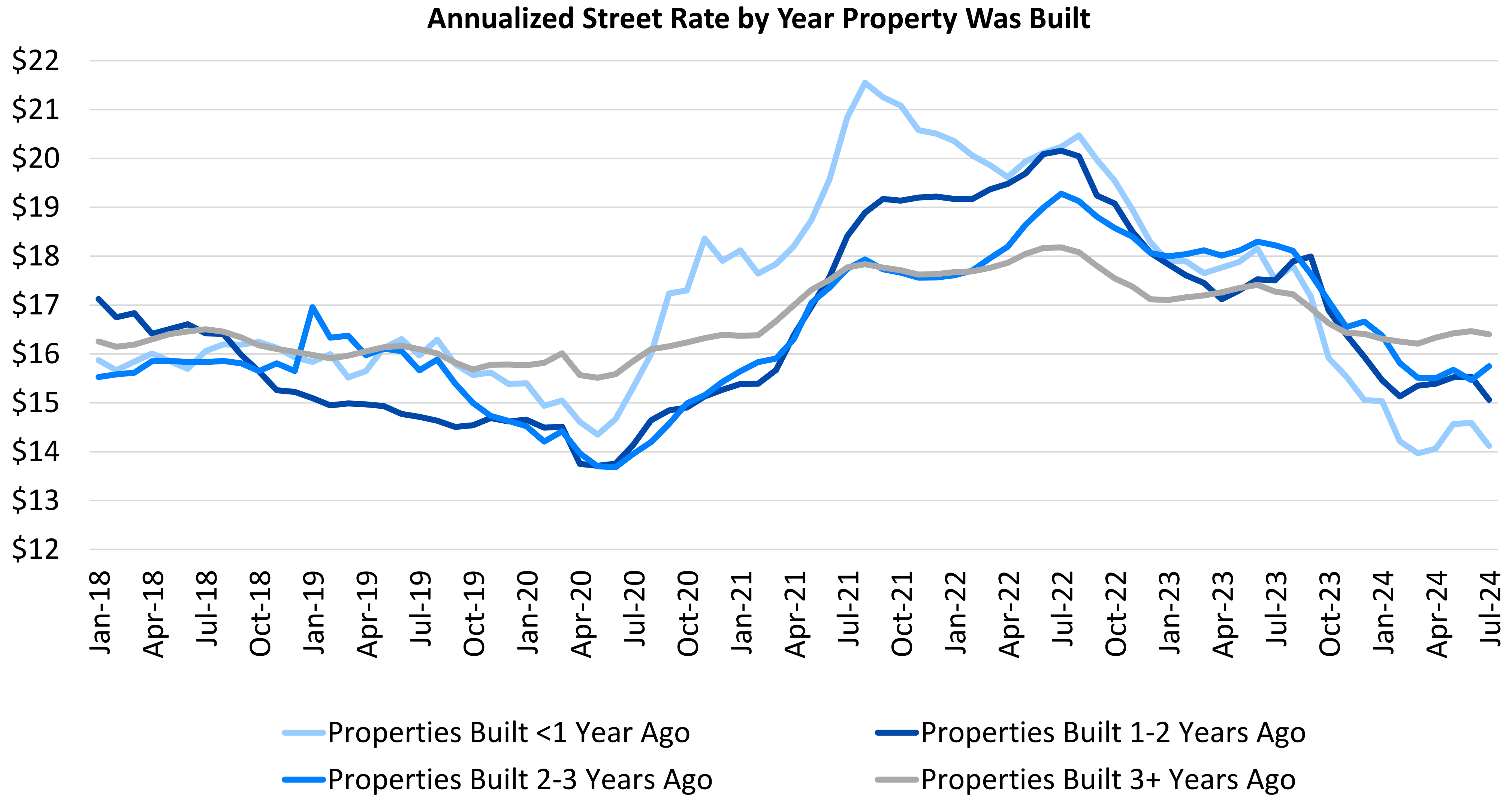
YARDI

Many Markets with the Lowest REIT Concentration Have Outperformed on Rent Growth

Least REIT-Managed Markets				
Market	% of NRSF Managed by REITs	3Y Supply as % of Inventory	Jun-24 T12 Rents	Jun-24 T12 Rent Growth
Anchorage	0.0%	2.8%	$25.74	3.2%
Richland - Kennewick - Pasco	0.0%	7.1%	$14.99	-1.4%
Lubbock	0.0%	12.6%	$12.81	-8.9%
Little Rock	1.1%	11.8%	$11.24	-2.4%
Toledo	1.8%	7.5%	$12.63	1.2%
Lexington	5.8%	11.6%	$13.33	2.2%
Spokane	7.2%	11.1%	$14.43	-1.5%
South Bend	7.8%	17.9%	$11.42	-3.2%
Madison	8.2%	19.5%	$13.81	-4.1%
Grand Rapids	8.8%	6.2%	$12.56	-1.3%
Boise	9.5%	7.8%	$12.93	-2.7%
Des Moines	9.6%	11.9%	$11.54	0.2%
Baton Rouge	9.6%	6.4%	$13.11	-4.1%
Allentown-Bethlehem	10.3%	15.3%	$18.25	-0.9%
Pittsburgh	10.9%	4.3%	$17.05	-0.9%

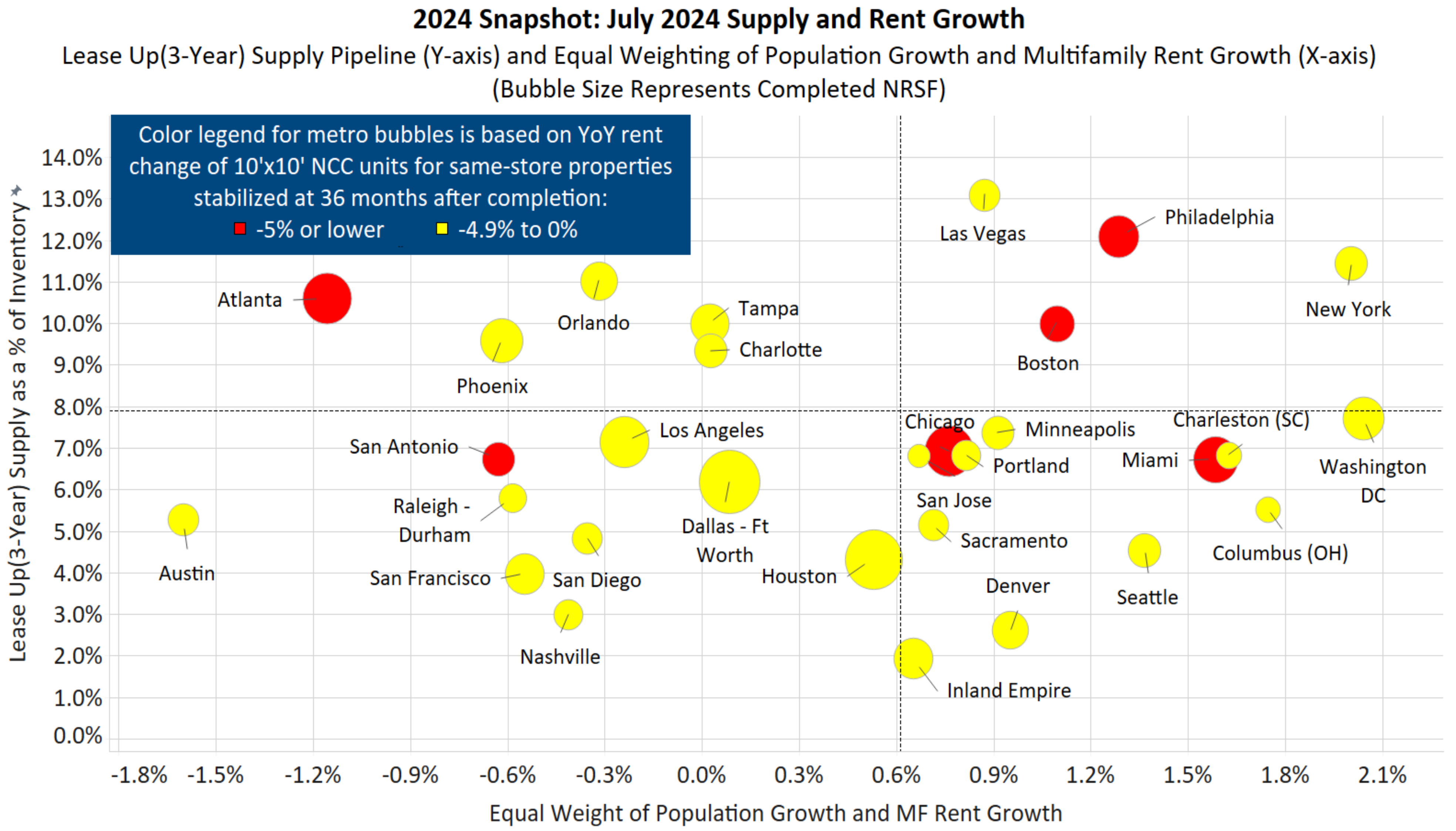
Data as of June 2024 | Source: Yardi Matrix

Operators Are Using Much Lower Street Rates to Lease-up Properties



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

Markets with Below-Average Recently Delivered Supply and Strong Multifamily Performance Have Outperformed



July 2024 supply and rent data | Source: Yardi Matrix

Markets with Lowest Supply Levels Have Outperformed
Most Top Metros Also Experienced a Decrease in Rents Month-Over-Month

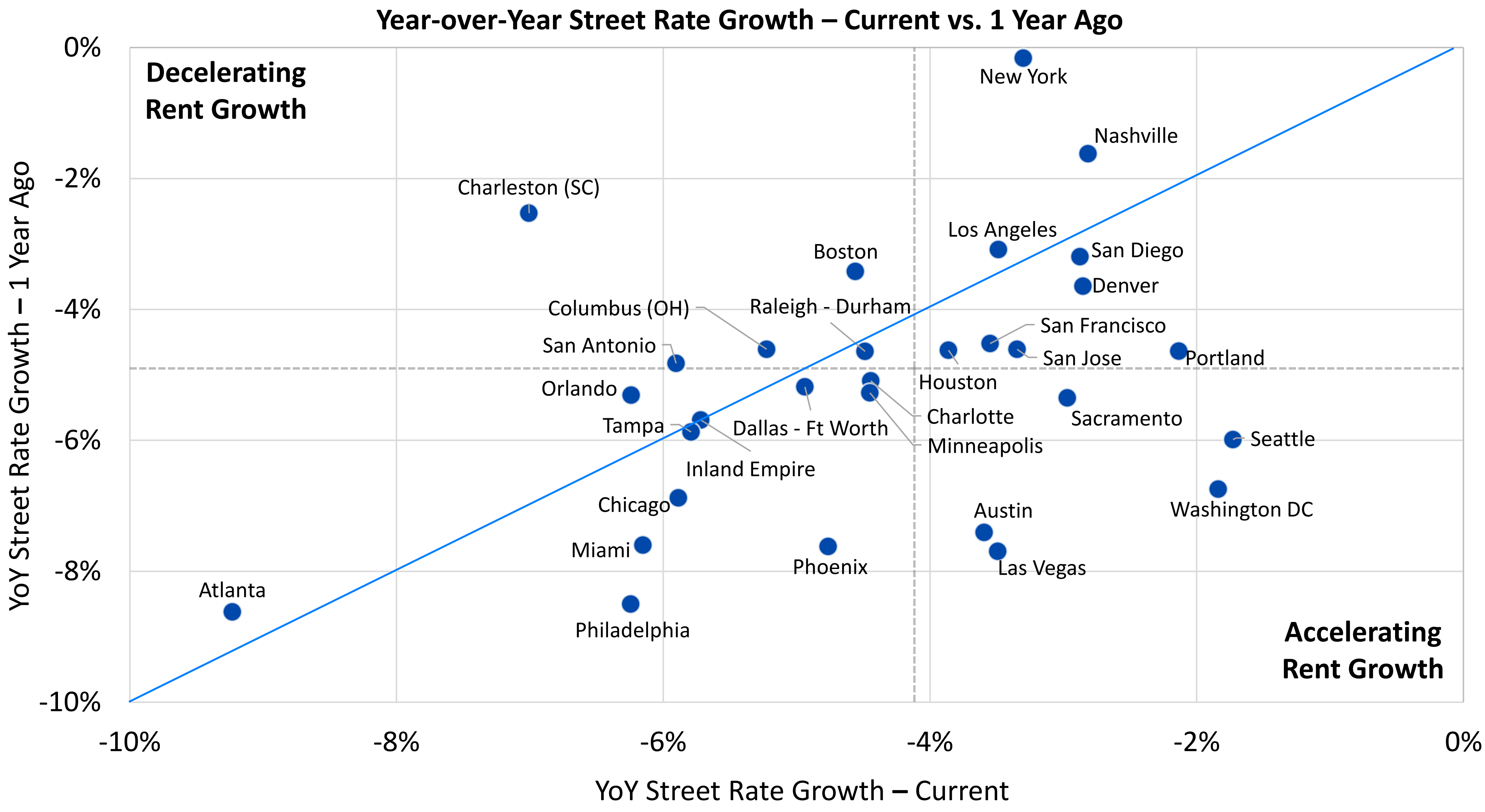
Metro	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Seattle	0.8%	-1.7%
Washington DC	0.2%	-1.8%
Portland	0.7%	-2.1%
Nashville	-0.1%	-2.8%
Denver	0.1%	-2.9%
San Diego	-0.1%	-2.9%
Sacramento	-0.1%	-3.0%
New York	-1.1%	-3.3%
San Jose	0.2%	-3.3%
Los Angeles	-0.1%	-3.5%
Las Vegas	0.0%	-3.5%
San Francisco	-0.3%	-3.5%
Austin	-0.6%	-3.6%
Houston	0.0%	-3.9%
Charlotte	-0.2%	-4.4%

Metro	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Minneapolis	-0.2%	-4.4%
Raleigh - Durham	0.6%	-4.5%
Boston	-0.5%	-4.6%
Phoenix	-0.7%	-4.8%
Dallas - Ft Worth	-0.5%	-4.9%
Columbus (OH)	-0.1%	-5.2%
Inland Empire	-0.3%	-5.7%
Tampa	-1.2%	-5.8%
Chicago	-0.3%	-5.9%
San Antonio	-0.1%	-5.9%
Miami	-0.5%	-6.2%
Orlando	-0.2%	-6.2%
Philadelphia	-1.3%	-6.2%
Charleston (SC)	-0.8%	-7.0%
Atlanta	-0.2%	-9.2%

Data as of July 2024. 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

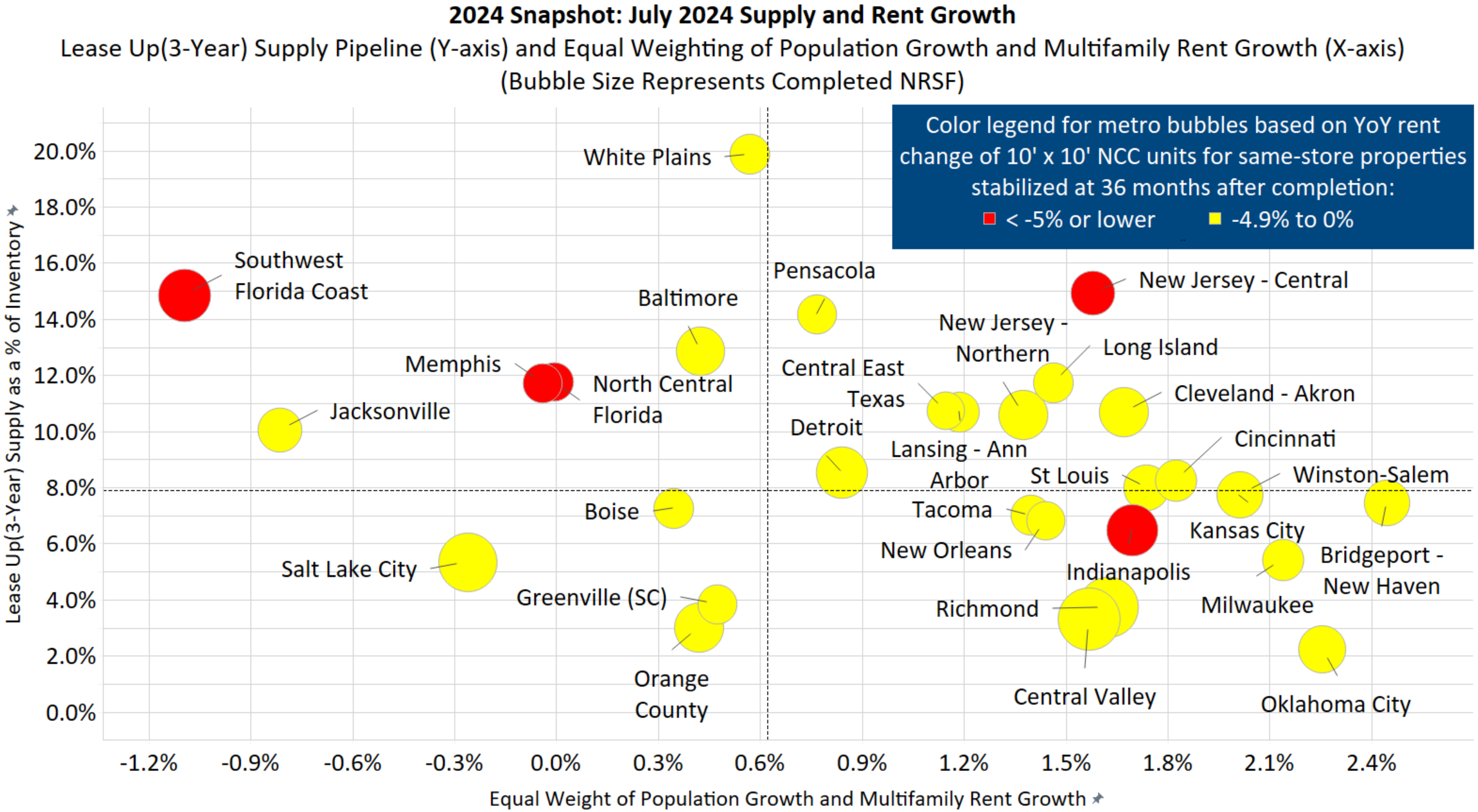
YARDI

YoY Rate Declines Have Improved in Most Top Metros Compared to Last Year



Gray dashed lines denote national. Data as of July 2024. 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

Supply Remains a Concern in Many Secondary Markets
Demand not Tied to Strong Multifamily Performance



Secondary markets. July 2024 supply and rent data | Source: Yardi Matrix

Secondary Markets Are Seeing Similar Downward Trends in Street Rates as Major Markets

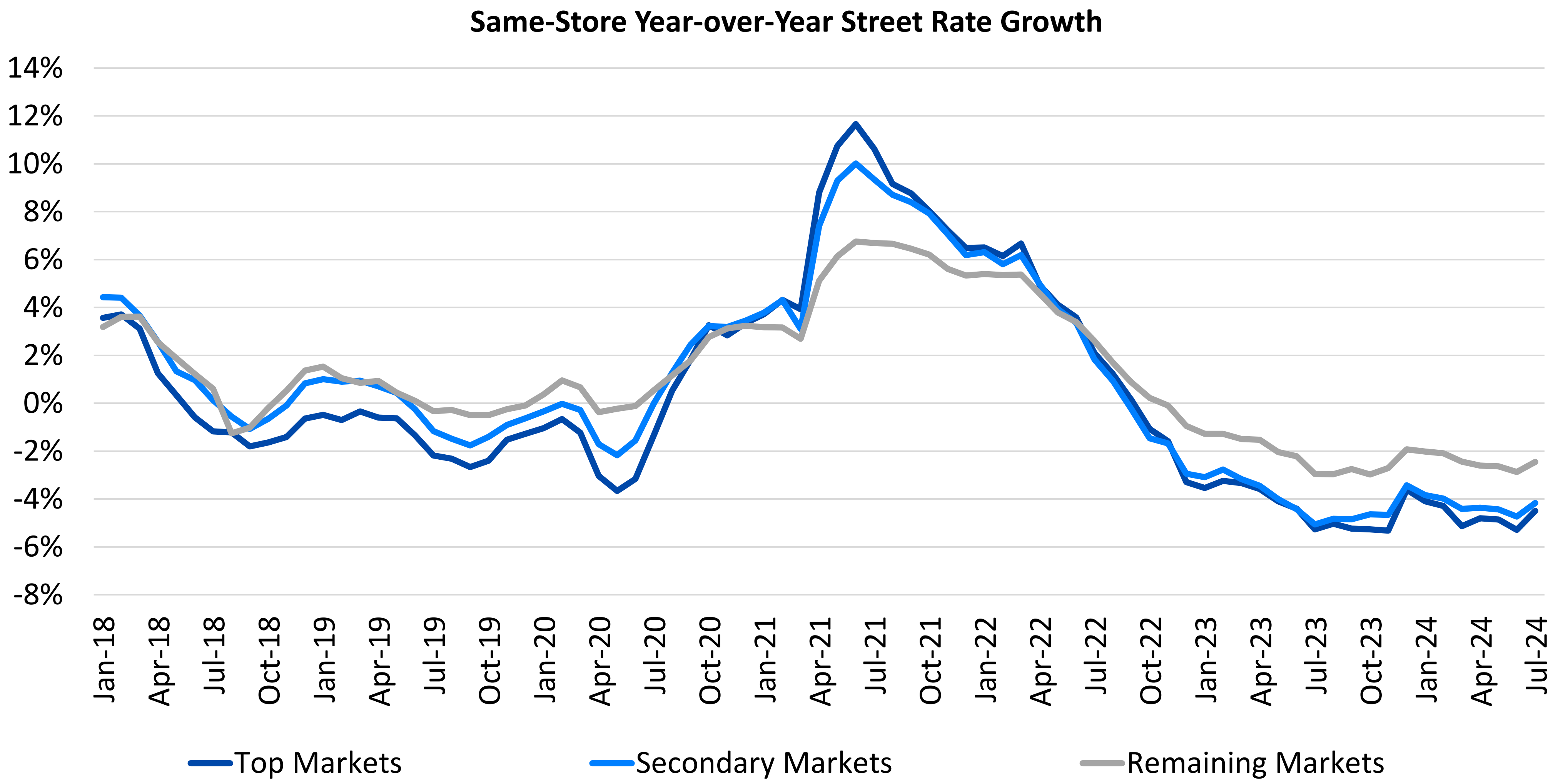
Market	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Lansing	-0.3%	0.1%
Boise	0.9%	-1.0%
Greenville (SC)	-0.5%	-1.2%
Orange County	0.2%	-2.5%
Long Island	-0.8%	-2.6%
Jacksonville	-0.5%	-2.8%
New Orleans	-0.4%	-2.8%
Pensacola	-0.4%	-2.9%
Salt Lake City	-0.8%	-3.0%
Bridgeport	-0.6%	-3.2%
Cincinnati	-0.5%	-3.2%
Cleveland - Akron	-0.1%	-3.5%
White Plains	-1.1%	-3.6%
Central East Texas	0.2%	-3.7%
Central Valley	-0.6%	-3.9%

Market	Same-Store MoM Rent Growth	Same-Store YoY Rent Growth
Tacoma	0.6%	-3.9%
Richmond	-0.8%	-4.0%
N. Central Florida	-0.1%	-4.1%
Oklahoma City	-0.2%	-4.2%
Detroit	0.1%	-4.3%
Milwaukee	-0.1%	-4.4%
St Louis	-1.3%	-4.5%
Winston-Salem	-1.1%	-4.8%
N. New Jersey	-0.7%	-4.9%
Kansas City	0.0%	-5.0%
Baltimore	-1.0%	-5.1%
Indianapolis	-0.3%	-5.7%
New Jersey - Central	-1.4%	-6.2%
Memphis	-1.2%	-6.9%
SW Florida Coast	-1.1%	-9.2%

July 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

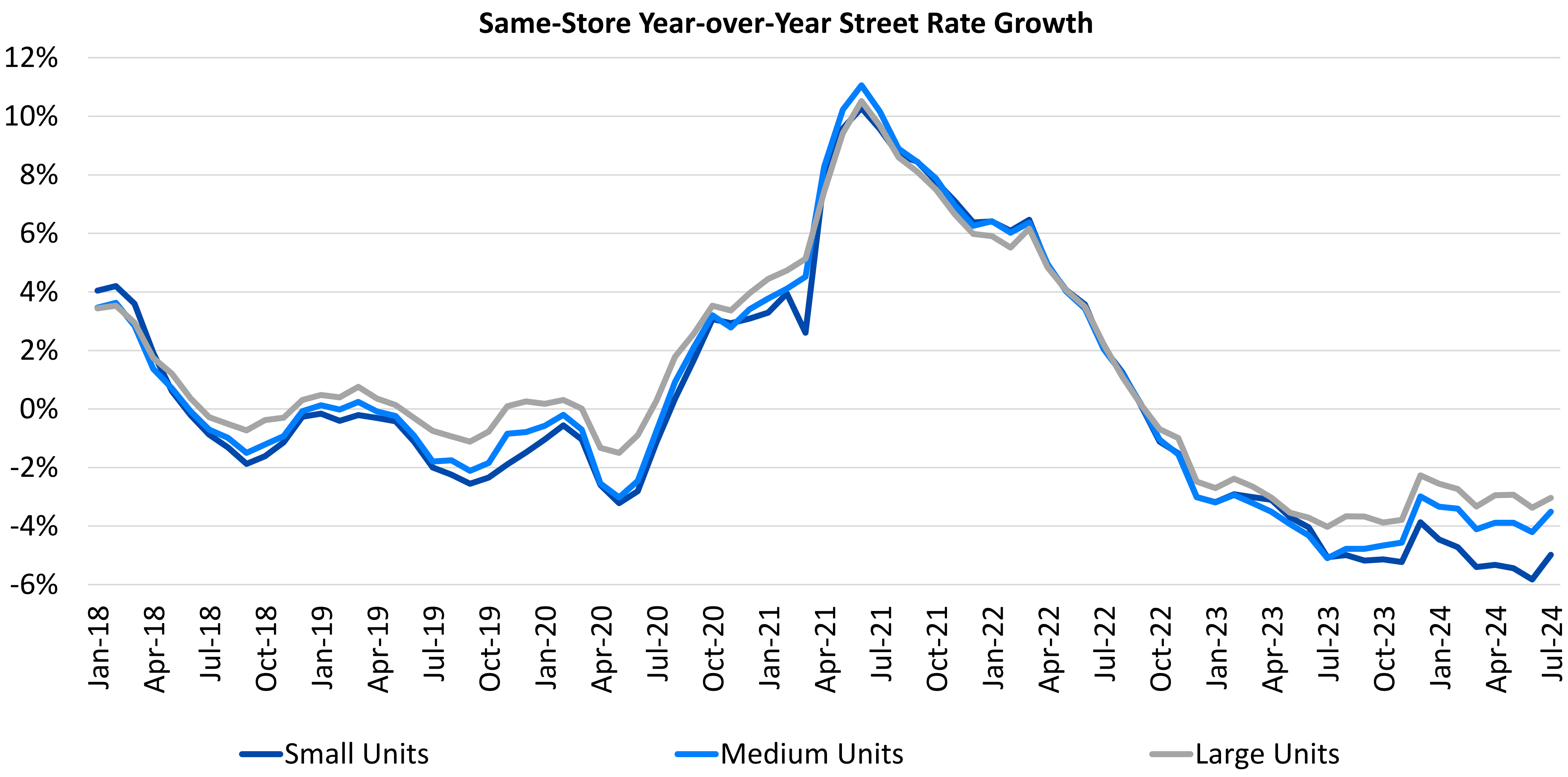
YARDI

Same-Store Street Rate Growth Has Declined Since Peaking in Summer 2021, with Top and Secondary Markets Trailing the Rest of the Market



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

Larger Units Performing Better as Development Activity Has Focused on Smaller Units



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

Street Rate Summary & Outlook

- Following weakened demand and declining occupancy, advertised rate growth has been negative since mid-2022 and recently become a drag on in-place rents
- REITs lead the way on advertised rate declines, and markets with the most new supply and REIT management have experienced the biggest declines from peak
- Despite the downward trend in advertised rates, REITs have maintained in-place rents through ECRIs, but recently in-place rent growth and revenue growth have turned negative
- Flattening occupancy and easier comparative months in the second half of 2023 could signal a turnaround in advertised rate growth moving forward
- 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

Source: Yardi Matrix

HISTORICAL & FORECASTED SUPPLY TRENDS

NEW STORAGE SUPPLY PIPELINE

PROSPECTIVE

517 Properties

33MM Total Sq. Ft.

28MM Rentable Sq. Ft.

PLANNED

2,033 Properties

162MM Total Sq. Ft.

151MM Rentable Sq. Ft.

UNDER CONSTRUCTION

854 Properties

76MM Total Sq. Ft.

65MM Rentable Sq. Ft.

LEASE-UP SUPPLY

1,972 Properties

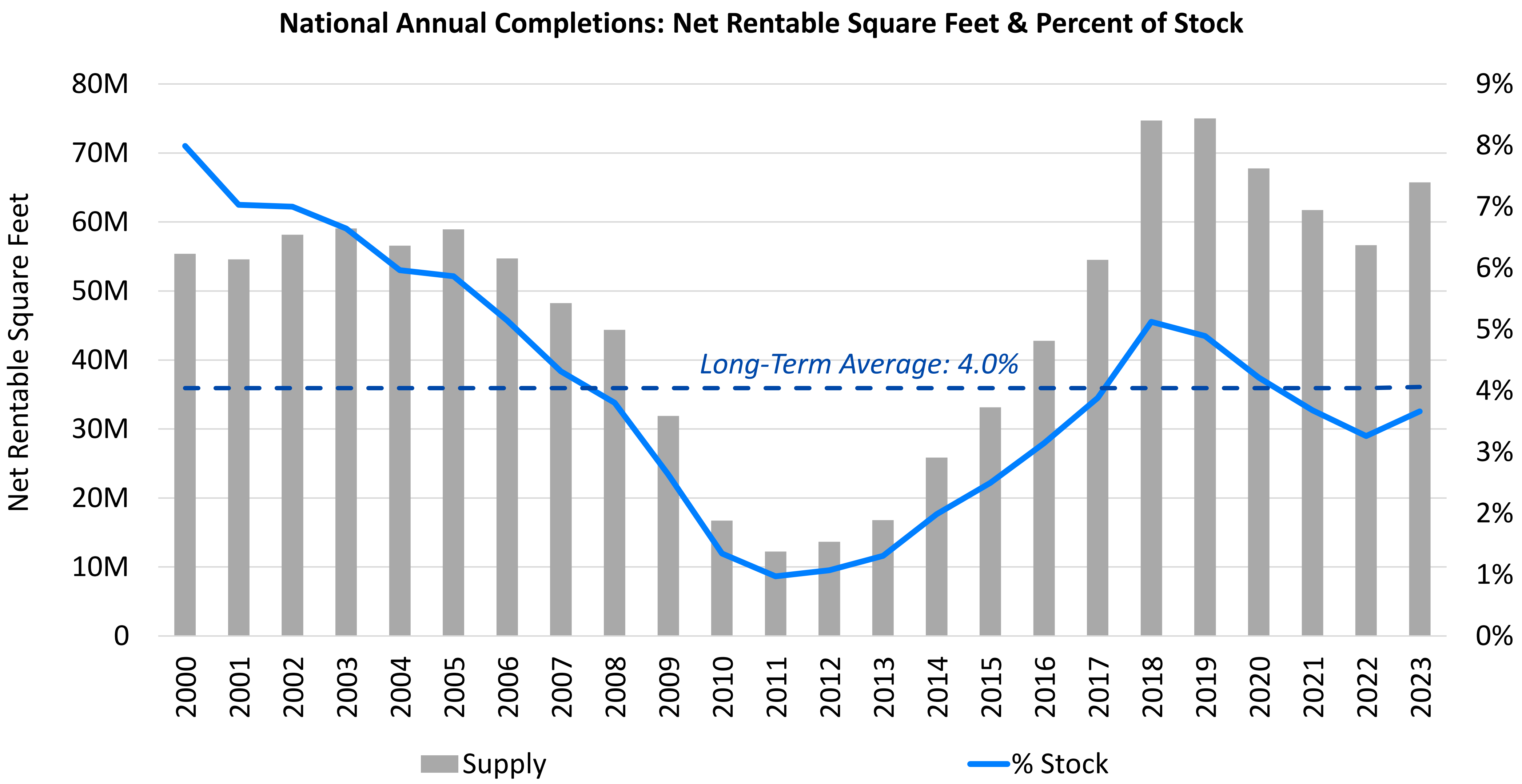
177MM Total Sq. Ft.

146MM Rentable Sq. Ft.

YARDI

Lease-up supply delivered in the trailing 36 months. Data as of July 2024 | Source: Yardi Matrix

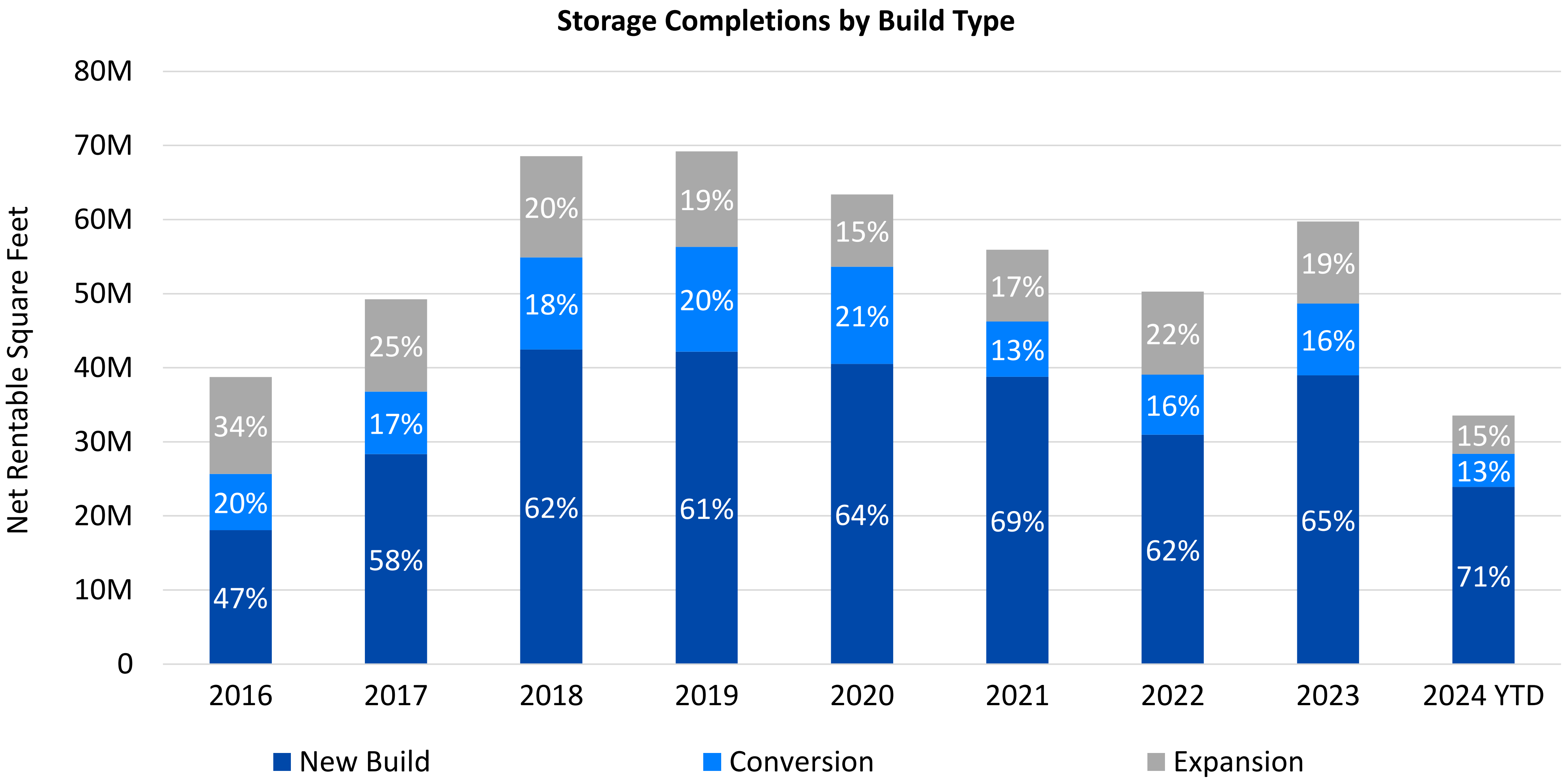
After Slowing for Several Years, Completions Slightly Increased in 2023 Following Record Performance in 2021 and 2022



YARDI

Source: Yardi Matrix

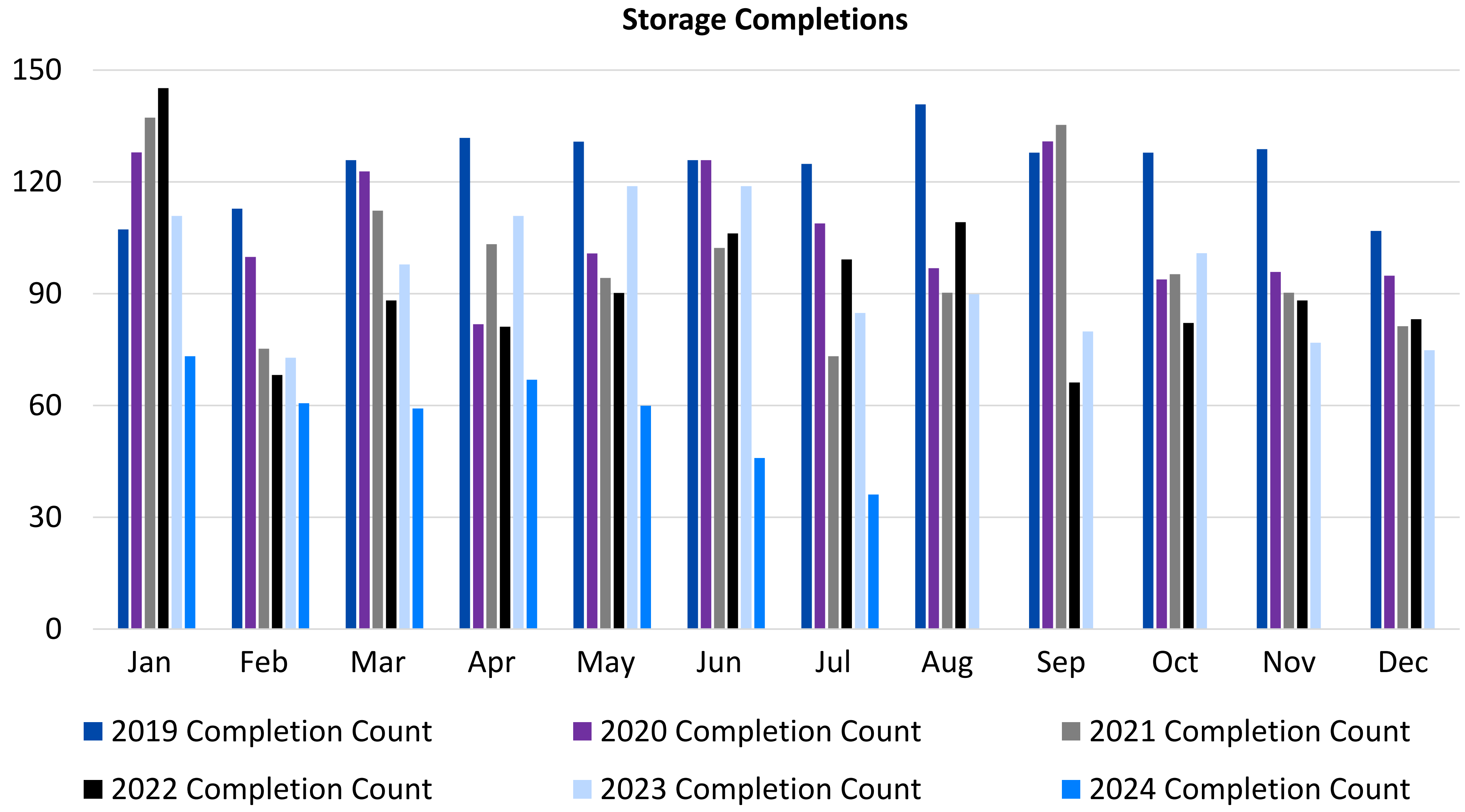
Conversions and Expansions Have Been a Smaller Part of the Development Picture



YARDI

Data as of August 2024 | Source: Yardi Matrix

2024 Storage Completions Are Trailing Last Year's Pace

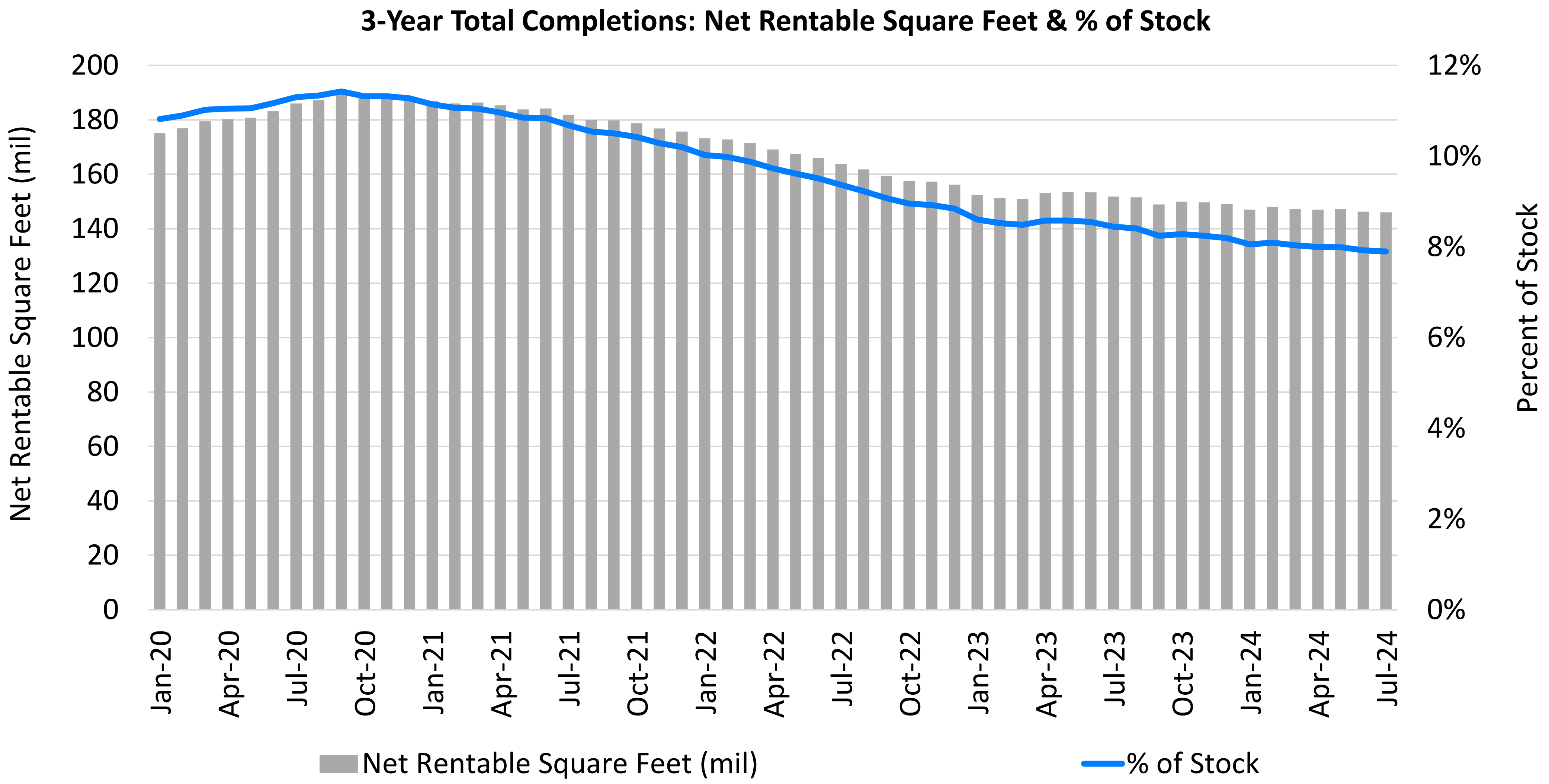


YEAR	COMPLETIONS
2019	1,491
2020	1,280
2021	1,190
2022	1,107
2023	1,205
2024 YTD	402

YARDI

Data as of August 2024. Includes conversions and expansions. The default for unknown completion month is distributed evenly throughout the year | Source: Yardi Matrix

Supply in Lease Up Has Been Declining Since 2020, but Flattened in the Last Year

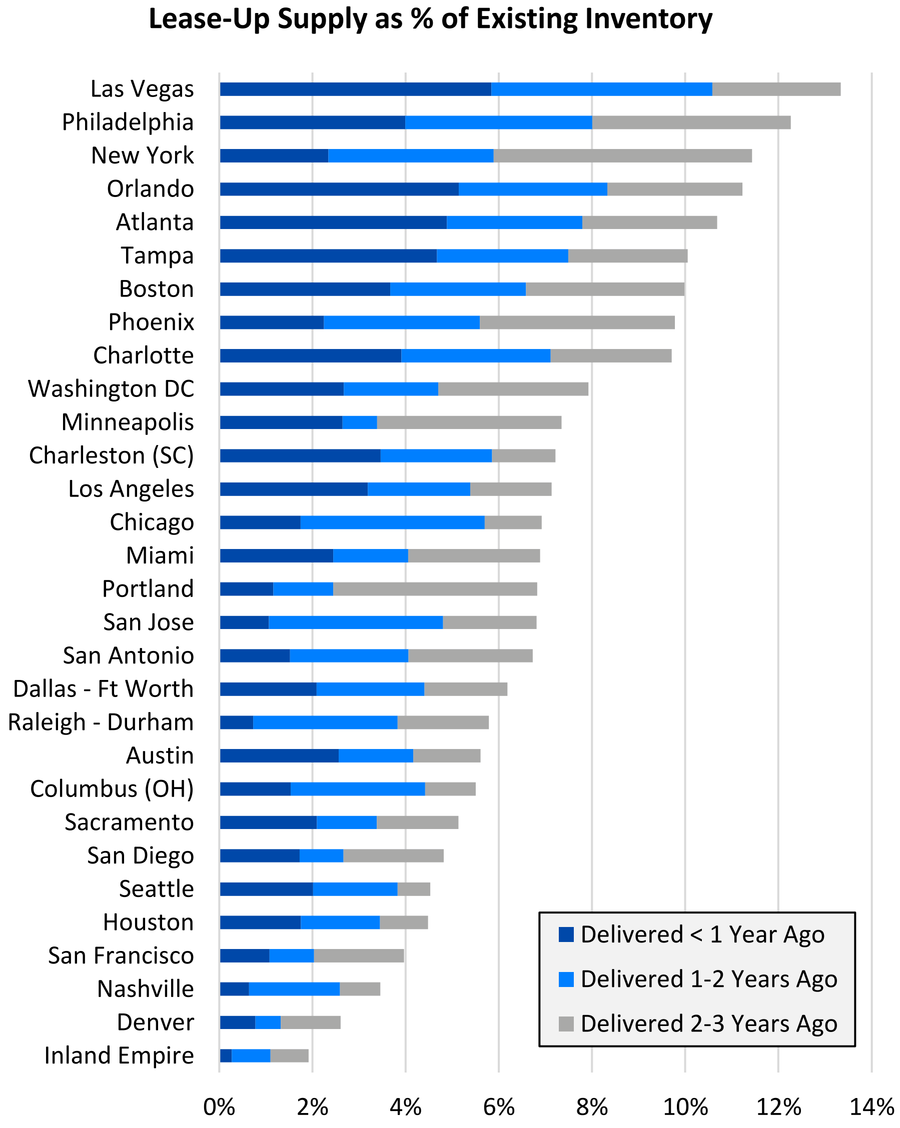


Lease-up supply delivered in the trailing 36 months | Source: Yardi Matrix

Majority of Lease-up Supply in Major Markets Was Delivered <1 Year Ago

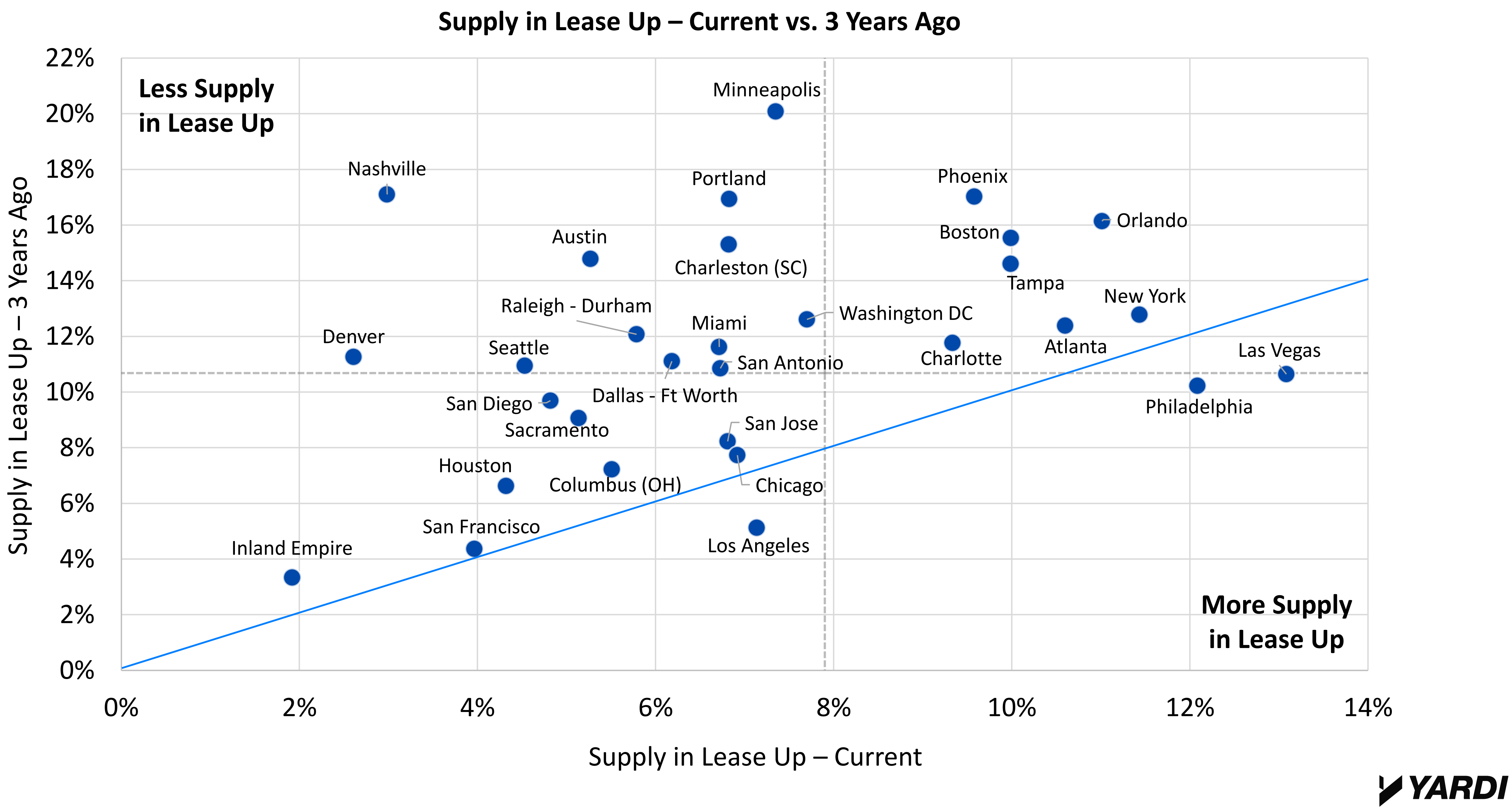
Market	Lease Up % of Existing Inventory
Las Vegas	13.3%
Philadelphia	12.3%
New York	11.4%
Orlando	11.2%
Atlanta	10.7%
Tampa	10.1%
Boston	10.0%
Phoenix	9.8%
Charlotte	9.7%
Washington DC	7.9%
Minneapolis	7.3%
Charleston (SC)	7.2%
Los Angeles	7.1%
Chicago	6.9%
Miami	6.9%

Market	Lease Up % of Existing Inventory
Portland	6.8%
San Jose	6.8%
San Antonio	6.7%
Dallas - Ft Worth	6.2%
Raleigh - Durham	5.8%
Austin	5.6%
Columbus (OH)	5.5%
Sacramento	5.1%
San Diego	4.8%
Seattle	4.5%
Houston	4.5%
San Francisco	4.0%
Nashville	3.5%
Denver	2.6%
Inland Empire	1.9%



Lease-up supply delivered in the trailing 36 months. Data as of July 2024 | Source: Yardi Matrix

Nearly All of the Top 30 Metros Have Seen a Drop in Lease-up Supply Since 2021



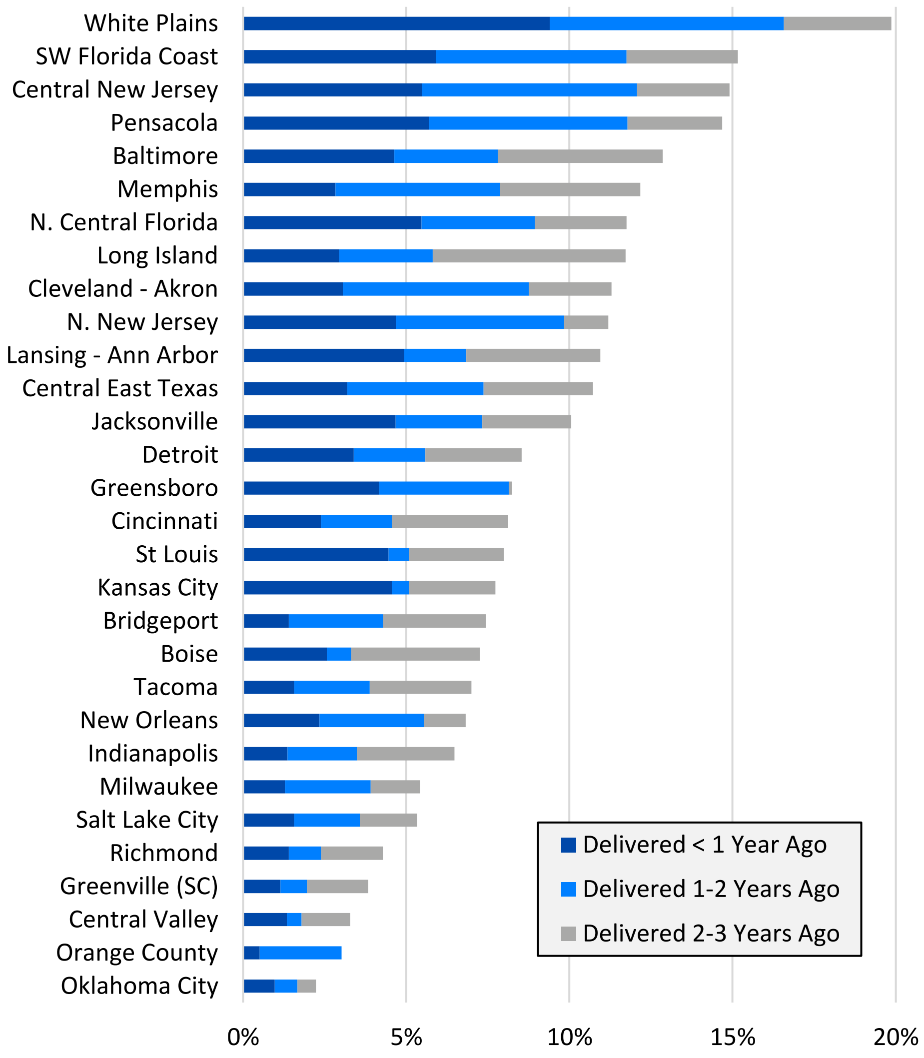
Gray dashed lines denote national. Lease-up supply delivered in the trailing 36 months as a % of existing inventory. Data as of July 2024 | Source: Yardi Matrix

Secondary Markets on the East Coast Have the Most Lease-up Supply

Market	Lease Up % of Existing Inventory
White Plains	19.9%
SW Florida Coast	15.2%
New Jersey Centr.	14.9%
Pensacola	14.7%
Baltimore	12.9%
Memphis	12.2%
N. Central Florida	11.8%
Long Island	11.7%
Cleveland - Akron	11.3%
N. New Jersey	11.2%
Lansing-Ann Arbor	10.9%
Central East Texas	10.7%
Jacksonville	10.1%
Detroit	8.5%
Greensboro	8.2%

Market	Lease Up % of Existing Inventory
Cincinnati	8.1%
St Louis	8.0%
Kansas City	7.7%
Bridgeport	7.4%
Boise	7.3%
Tacoma	7.0%
New Orleans	6.8%
Indianapolis	6.5%
Milwaukee	5.4%
Salt Lake City	5.3%
Richmond	4.3%
Greenville (SC)	3.8%
Central Valley	3.3%
Orange County	3.0%
Oklahoma City	2.2%

Lease-Up Supply as % of Existing Inventory



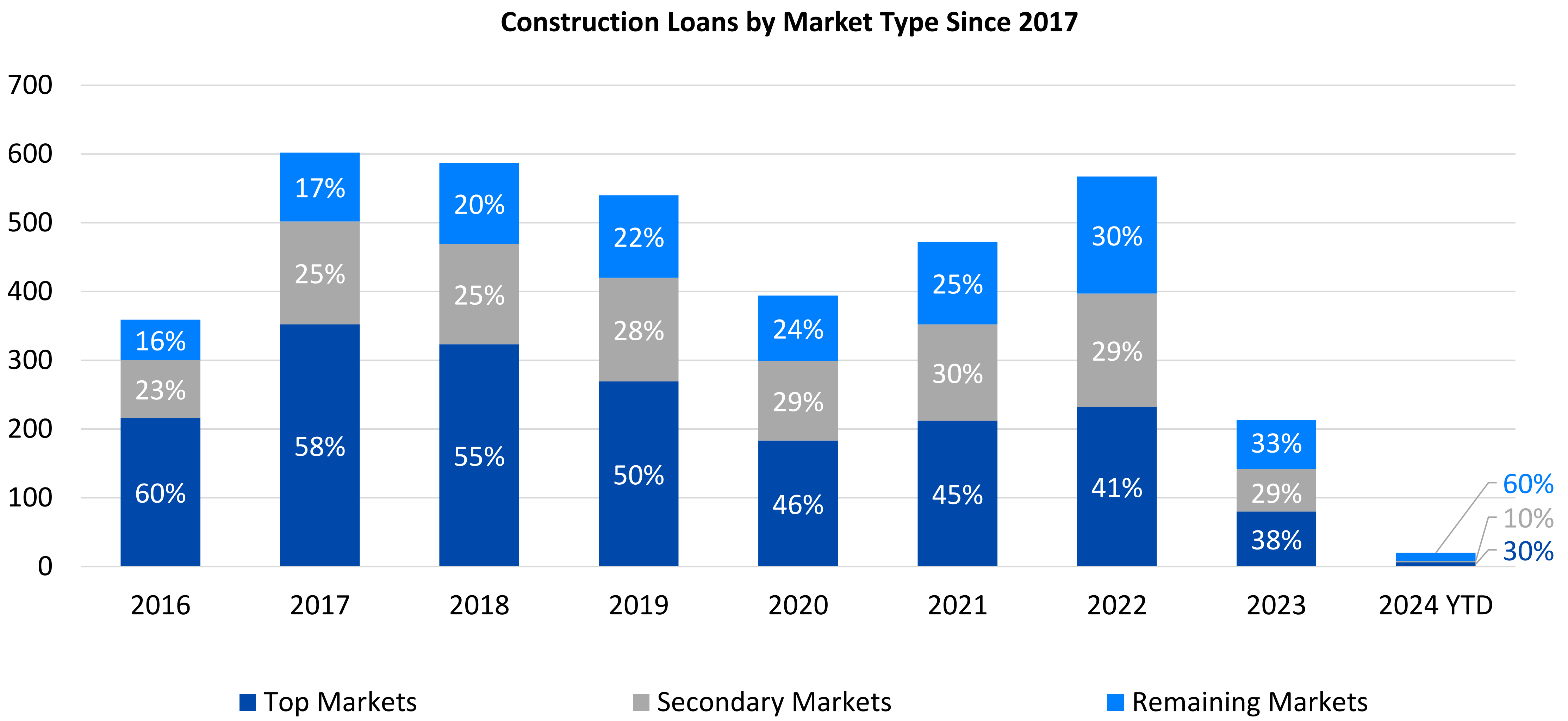
Top 30 Secondary markets based on total NRSF. Lease-up supply delivered in the trailing 36 months. Data as of July 2024 | Source: Yardi Matrix

Most Loans Have Gone to Less Experienced Developers in Recent Years

YARDI

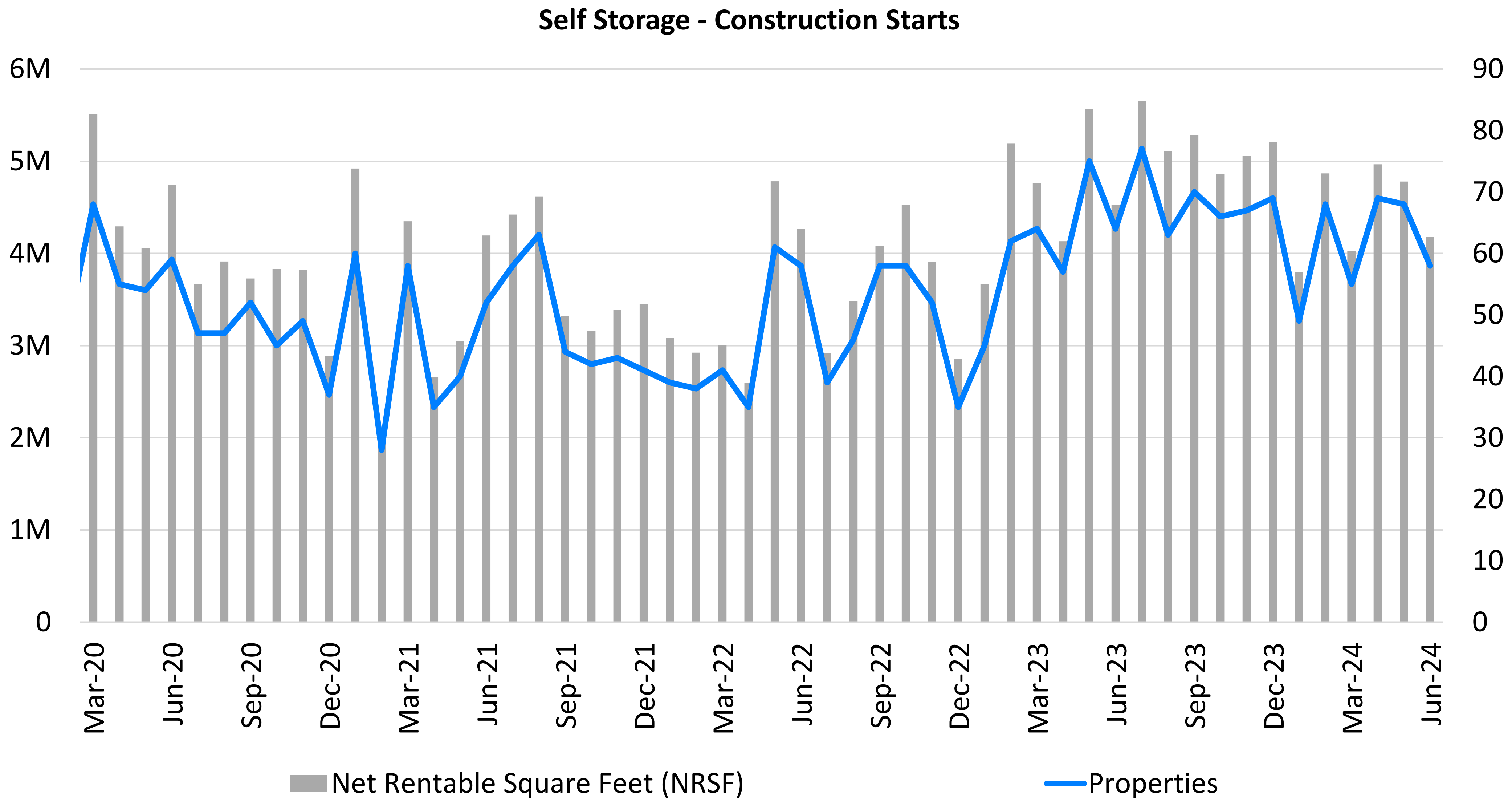
Data as of August 2024 | Source: Yardi Matrix

Construction Lending in Recent Years Has Shifted to Smaller Markets



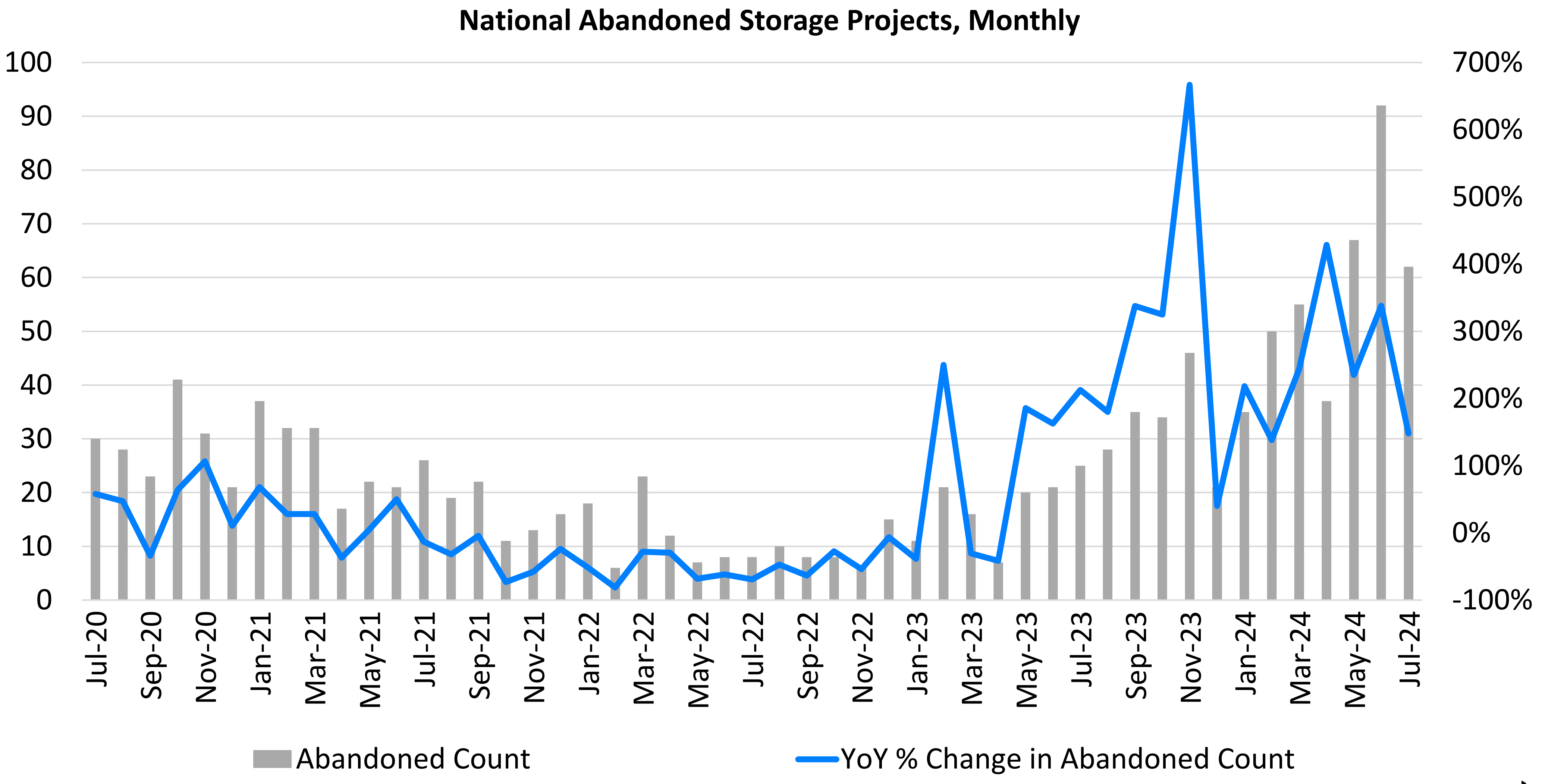
Data as of August 2024 | Source: Yardi Matrix

Construction Starts Have Been Relatively Flat in Recent Months



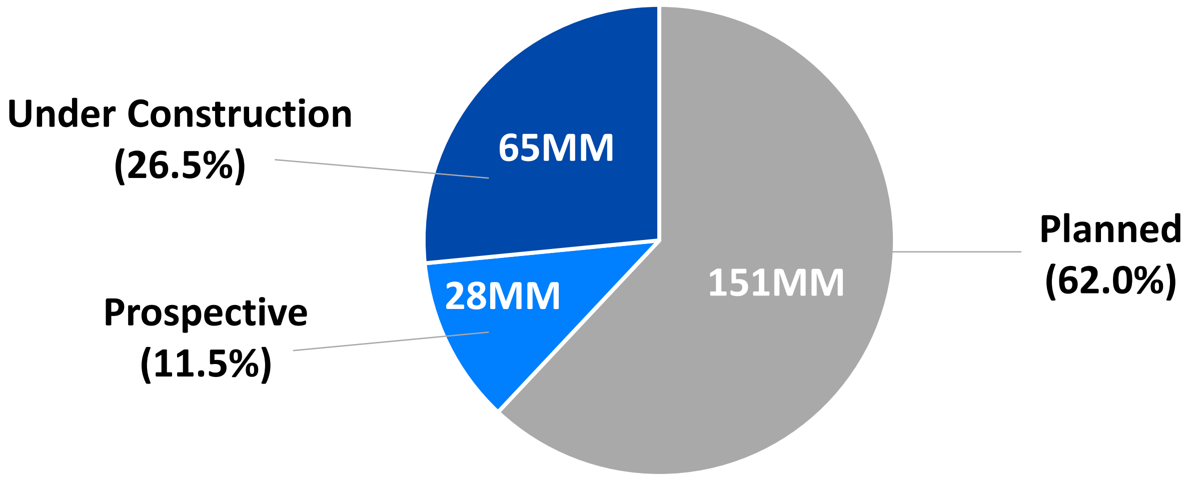
Data as of August 2024 | Source: Yardi Matrix

There Has Been a Substantial Uptick in the Number of Abandoned Storage Projects Over the Past Several Months



Source: Yardi Matrix

New Supply Pipeline: Where is New Supply Concentrated?



Top 10 Markets	NRSF	UC as a % of Existing Stock
Athens	627,334	14.0%
Columbia MO	181,557	13.1%
Port St. Lucie	716,323	11.9%
Harrisburg	891,528	11.1%
Savannah	551,206	9.3%
N. Central Florida	1,018,726	9.6%
Hickory	181,139	8.3%
Providence	639,102	8.2%
SW Florida Coast	1,730,501	8.5%
Albany	535,540	7.7%

Top 10 Markets	NRSF	Planned as a % of Existing Stock
SW Florida Coast	7,097,344	33.6%
Athens	1,390,962	31.0%
Port St. Lucie	1,552,575	25.8%
New Jersey - Central	3,529,398	24.4%
Tallahassee	697,214	21.7%
North Central Florida	2,160,179	19.2%
White Plains	2,279,776	18.9%
Albany	1,218,558	17.5%
Toledo	599,202	16.8%
Fort Wayne	621,792	16.4%

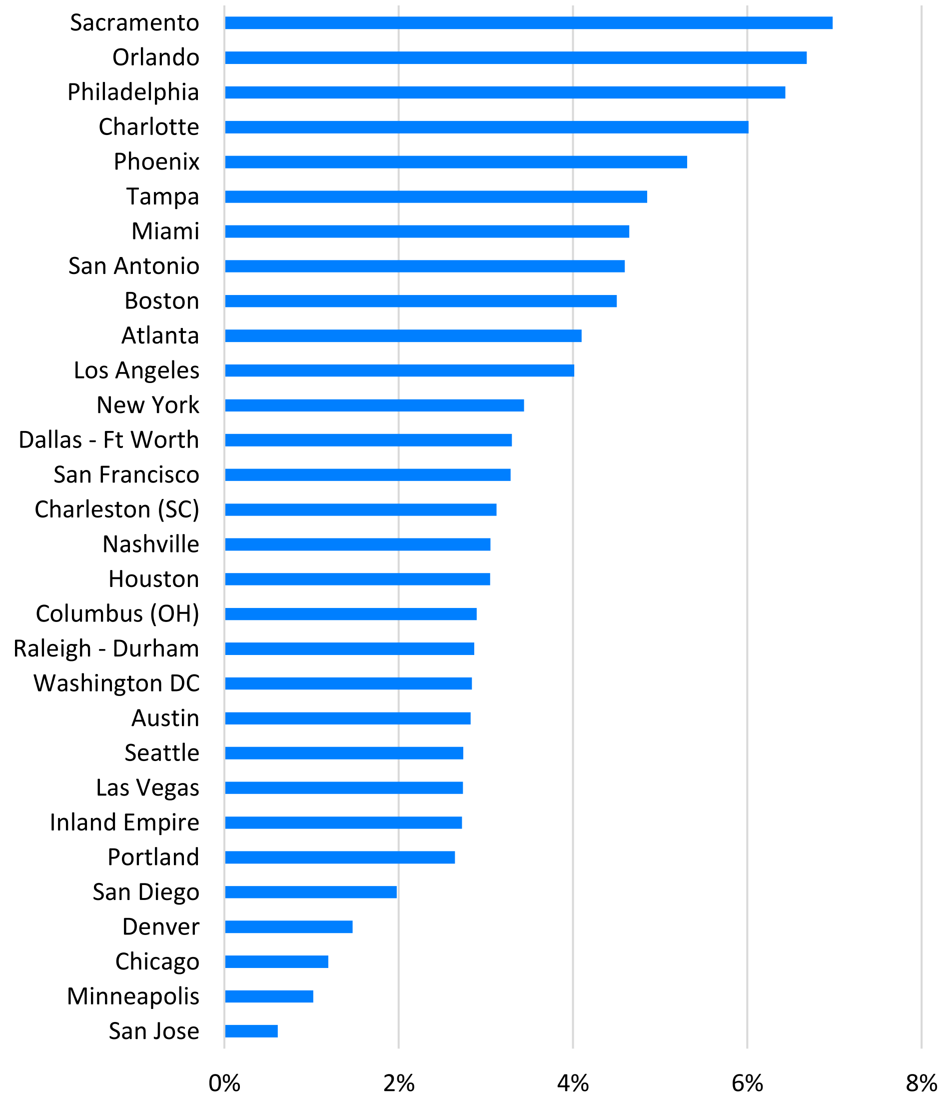
Top 10 Markets	NRSF	Prospective as a % of Existing Stock
Port St. Lucie	5,070,312	16.0%
SW Florida Coast	20,354,653	9.3%
Albany	5,903,320	8.5%
New Jersey - Central	13,981,337	8.4%
White Plains	11,300,370	7.8%
Tallahassee	3,198,505	5.6%
Tucson	7,341,428	5.2%
Savannah-Hilton Head	5,824,676	5.1%
Phoenix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

Data as of July 2024 | Source: Yardi Matrix

Heavy Under Construction Pipelines in Major Markets in the Sunbelt

Market	UC % of Existing Inventory
Sacramento	7.0%
Orlando	6.7%
Philadelphia	6.4%
Charlotte	6.0%
Phoenix	5.3%
Tampa	4.9%
Miami	4.6%
San Antonio	4.6%
Boston	4.5%
Atlanta	4.1%
Los Angeles	4.0%
New York	3.4%
Dallas - Ft Worth	3.3%
San Francisco	3.3%
Charleston (SC)	3.1%
Nashville	3.1%
Houston	3.0%
Columbus (OH)	2.9%
Raleigh - Durham	2.9%
Washington DC	2.8%
Austin	2.8%
Seattle	2.7%
Las Vegas	2.7%
Inland Empire	2.7%
Portland	2.6%
San Diego	2.0%
Denver	1.5%
Chicago	1.2%
Minneapolis	1.0%
San Jose	0.6%

Under Construction as a % of Existing Inventory



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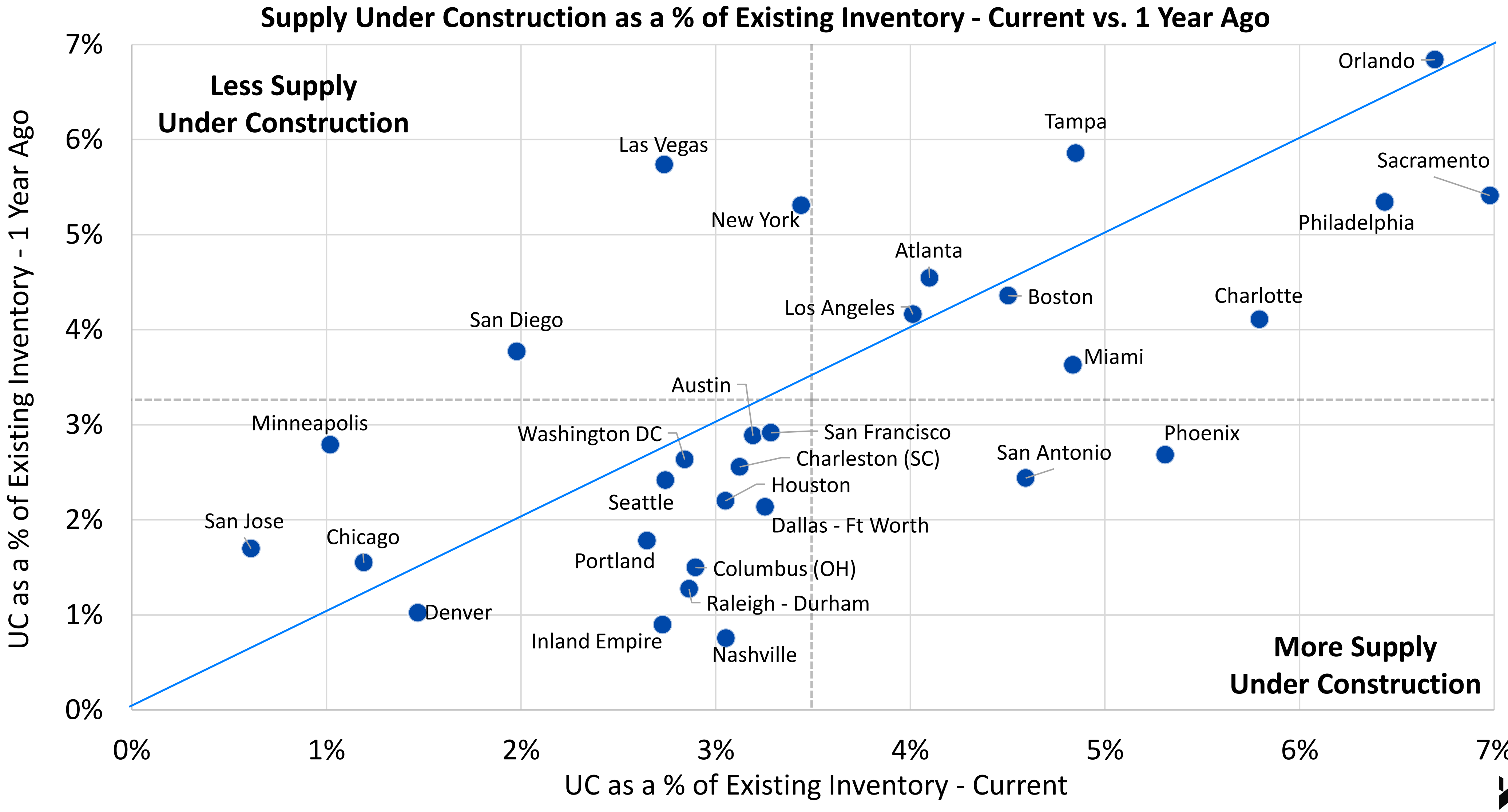
Yardi Matrix top 30 storage markets. Data as of July 2024 | Source: Yardi Matrix

Only Ten of the Top Markets Have Seen a Decrease in Their Construction Pipelines From a Year Ago



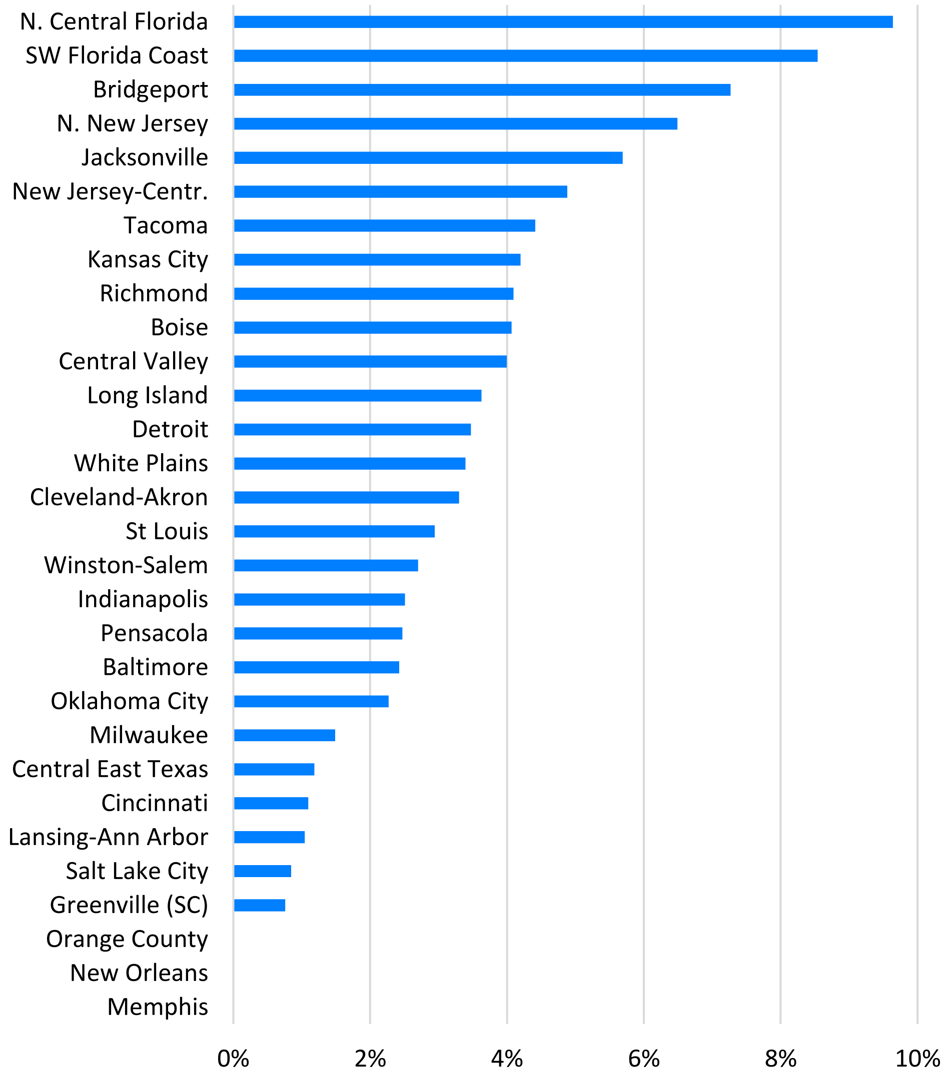
Gray dashed lines denote national. Data as of July 2024 | Source: Yardi Matrix

Development Activity Continues in Secondary Markets in Sunbelt and Northeast

Market	UC % of Existing Inventory
N. Central Florida	9.6%
SW Florida Coast	8.5%
Bridgeport	7.3%
N. New Jersey	6.5%
Jacksonville	5.7%
New Jersey-Centr.	4.9%
Tacoma	4.4%
Kansas City	4.2%
Richmond	4.1%
Boise	4.1%
Central Valley	4.0%
Long Island	3.6%
Detroit	3.5%
White Plains	3.4%
Cleveland-Akron	3.3%

Market	UC % of Existing Inventory
St Louis	2.9%
Winston-Salem	2.7%
Indianapolis	2.5%
Pensacola	2.5%
Baltimore	2.4%
Oklahoma City	2.3%
Milwaukee	1.5%
Central East Texas	1.2%
Cincinnati	1.1%
Lansing-Ann Arbor	1.0%
Salt Lake City	0.8%
Greenville (SC)	0.8%
Orange County	0.0%
New Orleans	0.0%
Memphis	0.0%

Under Construction as a % of Existing Inventory

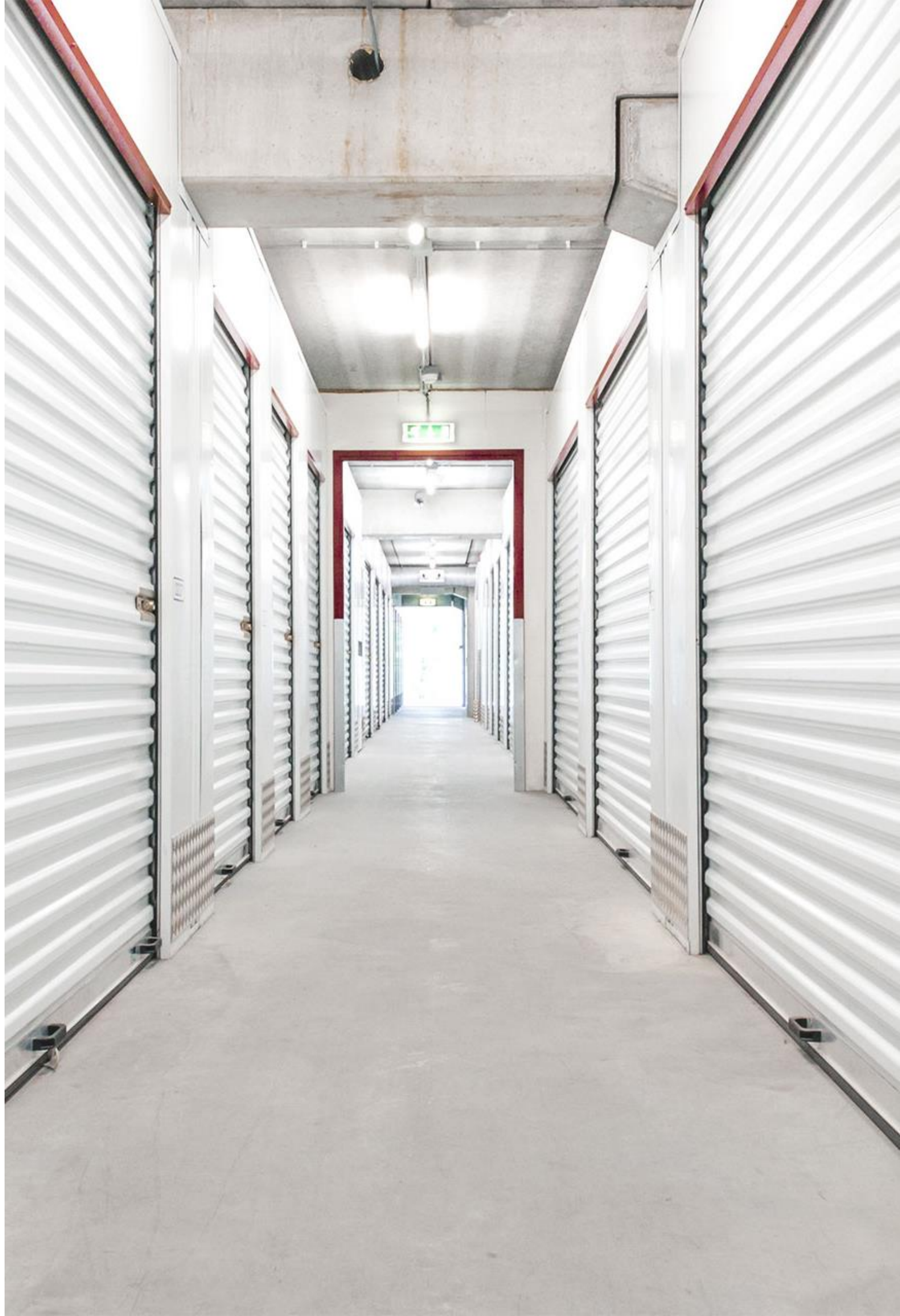


YARDI

Top 30 Secondary markets based on total NRSF. Data as of July 2024| Source: Yardi Matrix

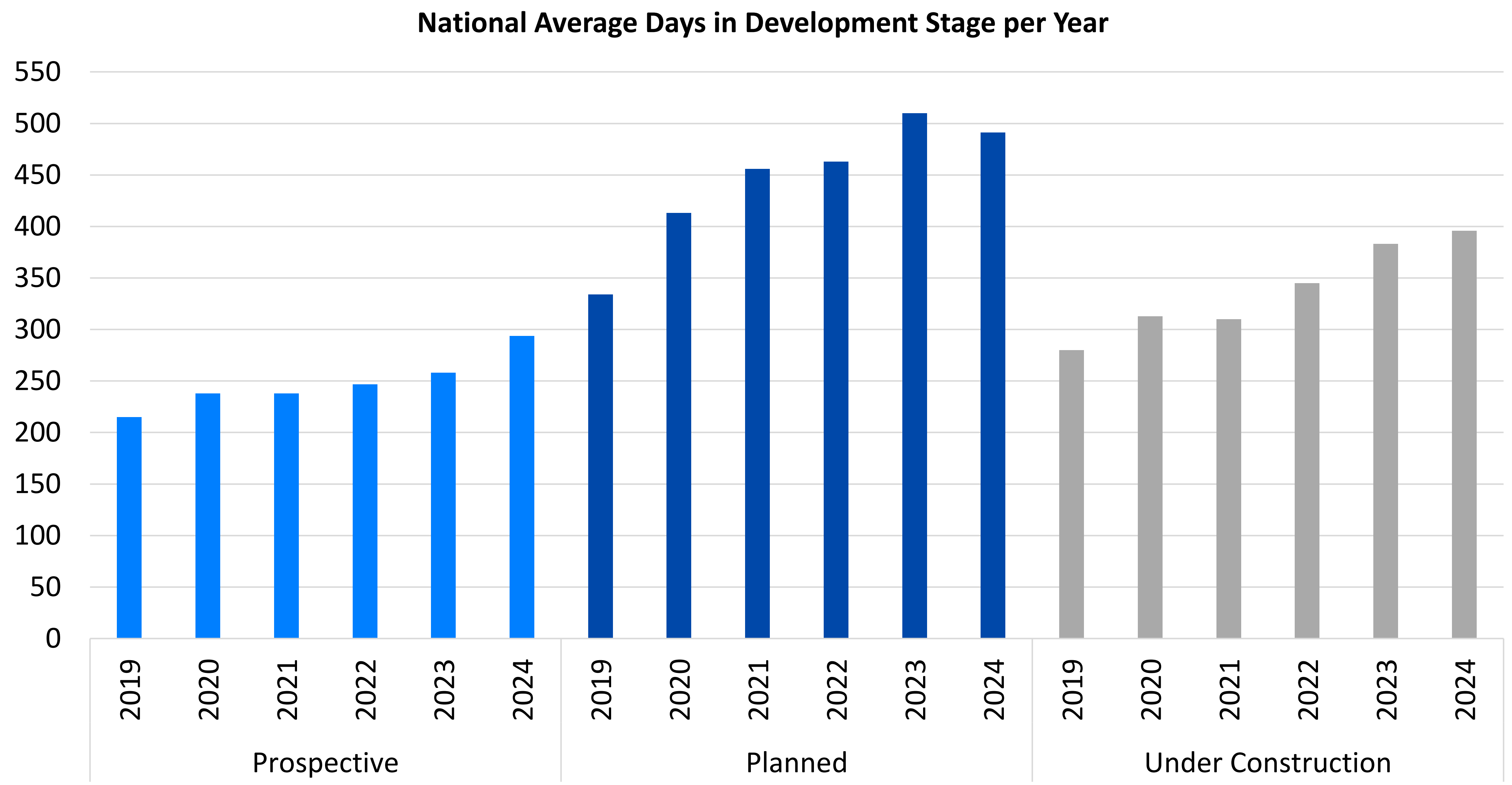
Takeaways From Our Q3 2024 Self Storage Supply Forecast

- The Q3 2024 Yardi Matrix Self Storage supply forecast has increased for all years to accommodate our expanded market coverage
  - However, our overall view of future development activity remains unchanged
- Construction starts declined again in Q1 2024 to 11.8 mm NRSF. This is the second straight quarter-over-quarter decline after peaking in Q3 2023
- We continue to expect development activity to decline in 2024:
  - The under-construction pipeline was nearly flat in Q2 2024, growing just 1.01% quarter-over-quarter
  - Both the planned and prospective pipelines declined quarter-over-quarter as more projects move to an abandoned status
  - The three-month moving average of monthly abandoned projects increased to 60. This series bottomed in late 2022 at seven projects per month



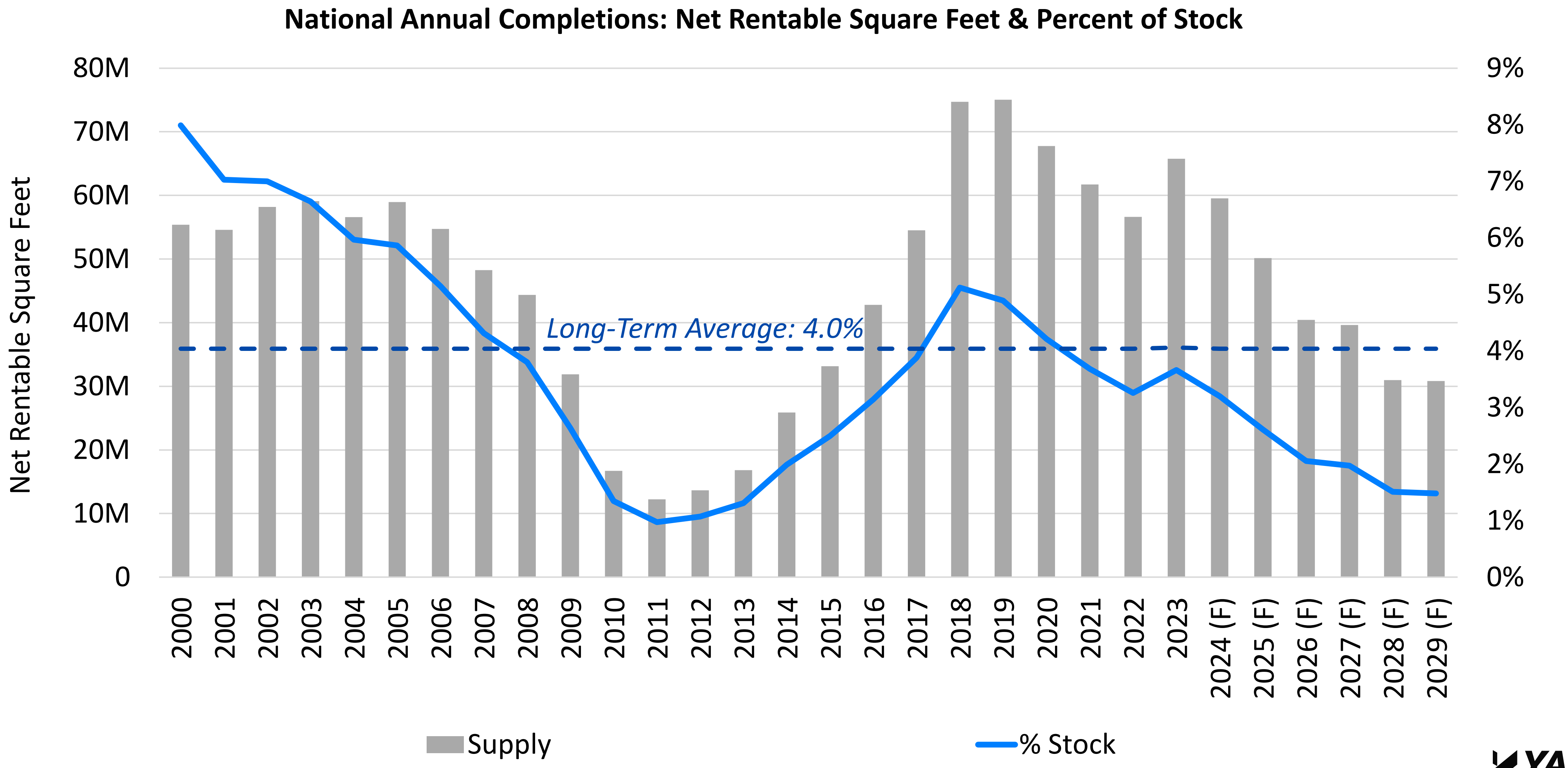
Source: Yardi Matrix

The Average Number of Days Spent in the Under Construction Phase of Development Has Increased Over the Last Four Years



Source: Yardi Matrix

Completions Are Forecasted to Decrease Slightly in 2024, and the Percent of Stock Will Remain Below the Long-Term Average



Source: Yardi Matrix

Forecast of New Storage Supply Summary
National Q3 2024 Update

Property Forecasts	Actual 2023 Completions	2024	2025	2026	2027	2028	2029
New Build	646	609	514	422	414	330	322
Conversion	132	83	47	25	26	13	15
Expansion	427	215	107	137	121	108	118
Total	1,205	907	668	584	561	451	455

NRSF Forecasts (MM)	Actual 2023 Completions	2024	2025	2026	2027	2028	2029
New Build	44.43	45.86	41.60	32.79	32.49	25.62	24.71
Conversion	9.69	6.12	3.57	1.79	2.09	0.89	1.09
Expansion	11.64	7.57	4.96	5.87	5.07	4.45	5.04
Total	65.75	59.55	50.13	40.45	39.65	30.96	30.84
NRSF as a % of Stock	**3.7%**	**3.2%**	**2.6%**	**2.1%**	**2.0%**	**1.5%**	**1.5%**

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*NRSF as a % of stock based on previous year's inventory. Forecast totals include all NSA markets | Source: Yardi Matrix

New Supply Summary & Outlook

- Supply in lease up (delivered in the last three years) has been declining nationwide over the few years but flattened recently, led by secondary and remaining markets
- The under construction pipeline has remained relatively flat in 2024 although abandoned projects have increased
- We continue to expect development activity to decline in 2024 from 2023 due to lower advertised rates, slower lease up and a more difficult financing environment
- Supply as a percent of stock is forecasted to remain below the long-term average and continue to drop over the forecast period, which should help fundamentals stabilize once demand picks up

Source: Yardi Matrix

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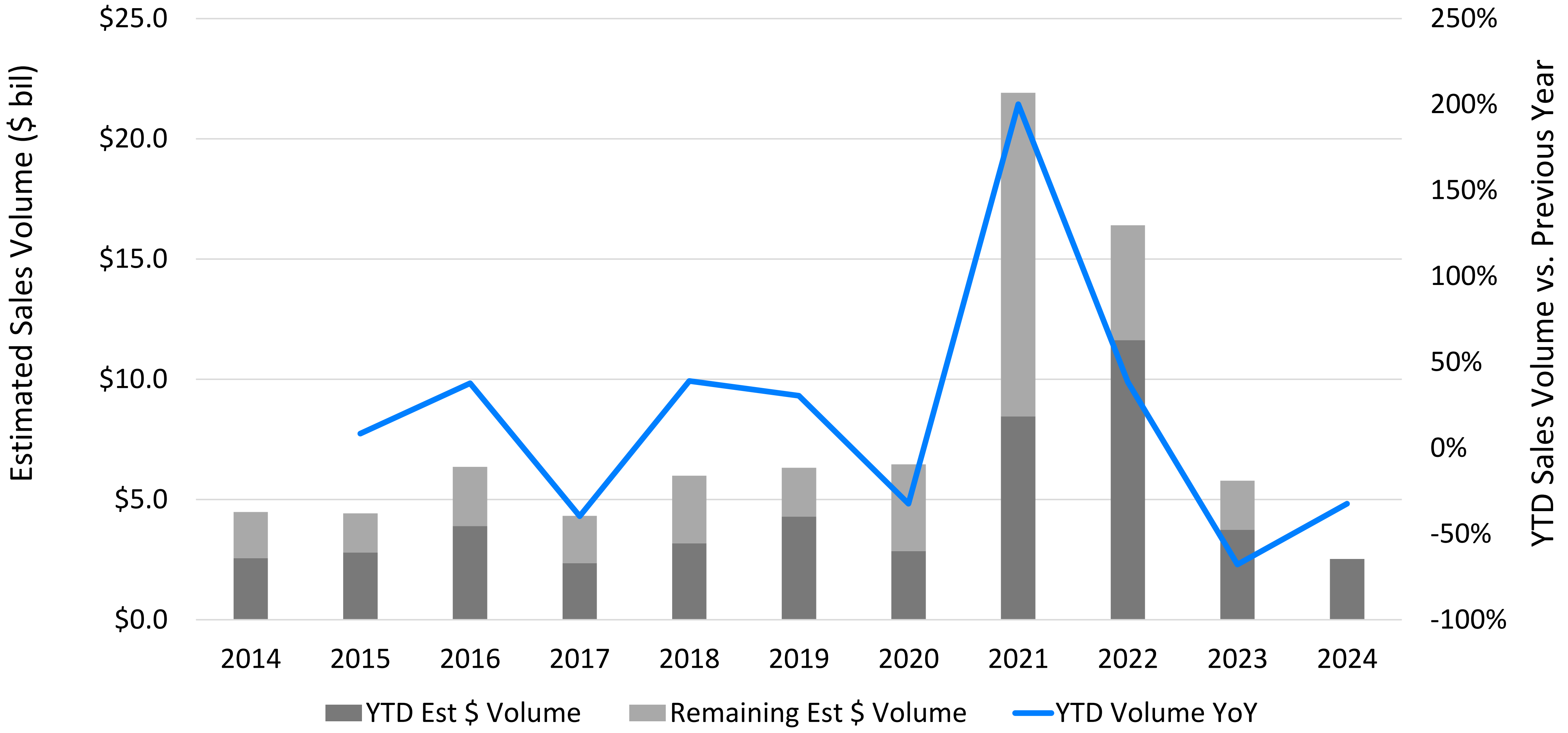
SELF STORAGE TRANSACTIONS

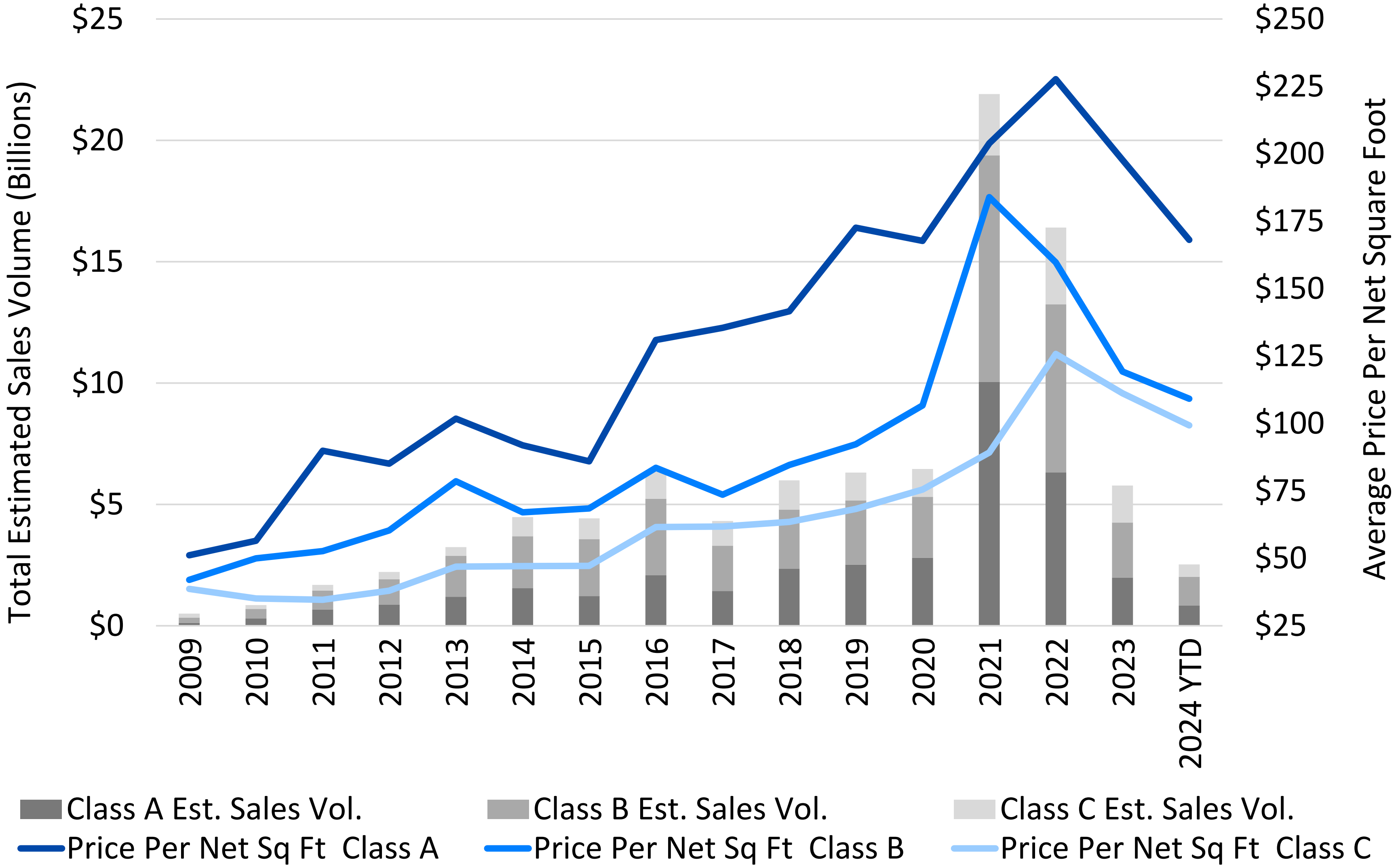
Sales Activity Has Picked up Recently but 33% Behind Last Year at This Time



Sales volume estimated based on average price per net rentable square foot by class

Data as of 8/20/24. Sales before property completion and entity sales are excluded | Source: Yardi Matrix

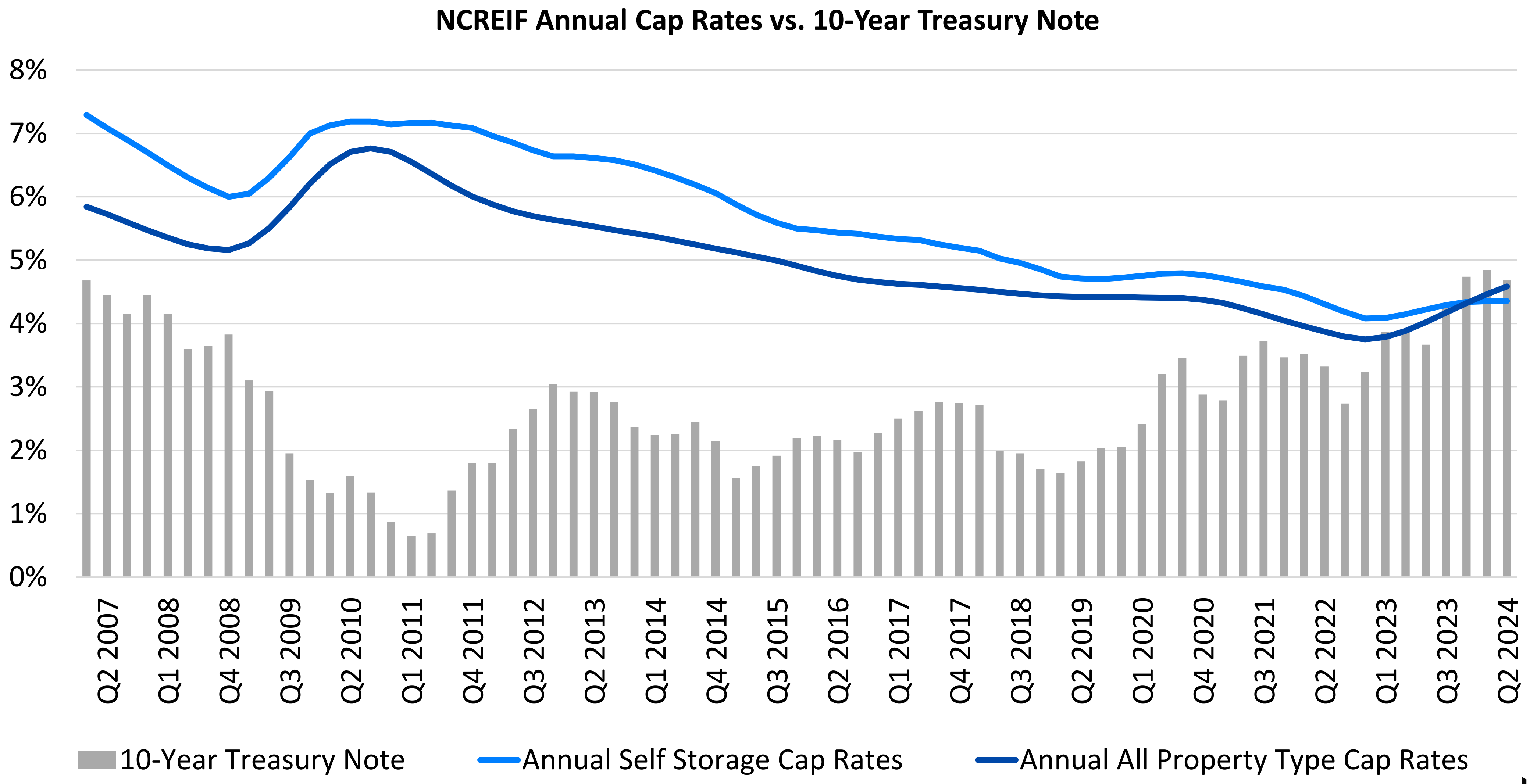
Pricing Has Dropped in Recent Years Due to Lower Rents and Fewer Class A Property Sales in Major Markets



YEAR	STORES SOLD PER YEAR
2020	1,034
2021	2,116
2022	1,801
2023	817
2024 YTD	399

Sales volume estimated based on average price per net rentable square foot by class
Data as of August 2024. Sales before property completion and entity sales are excluded | Source: Yardi Matrix

NCREIF Cap Rates Have Been Slow to Increase, However, Sources Indicate Actual Cap Rates Are Closer to 5.5-6%+



Source: Yardi Matrix; National Council of Real Estate Investment Fiduciaries (NCREIF); Federal Reserve Bank of St. Louis (FRED)

Both Small and Large Markets Remain Liquid
Most Active Markets for Investment Sales Have Been Part of Portfolios

% of Total Inventory Sold 2024 YTD

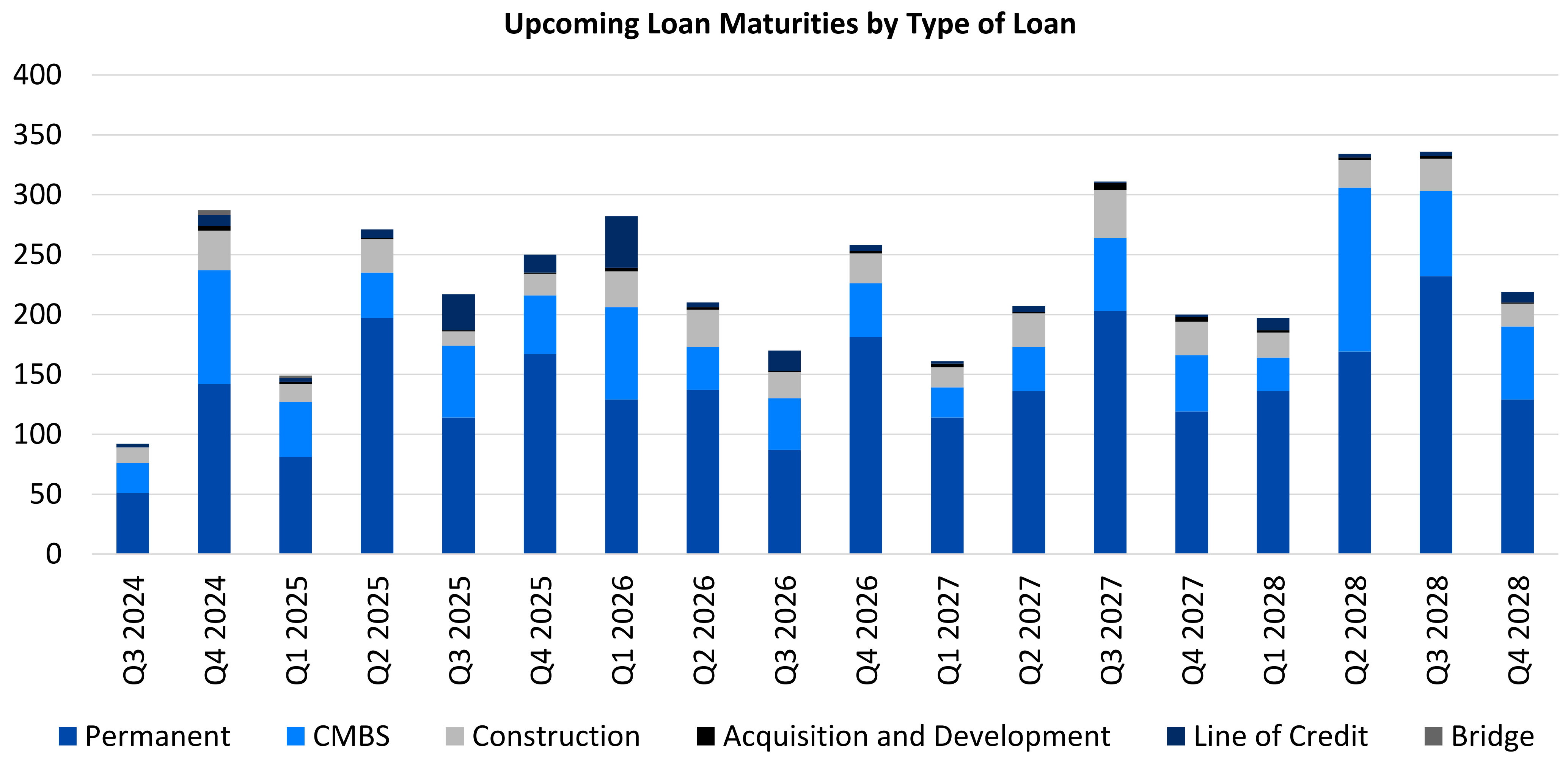
Market	Net Rentable SF Sold	% of Total Inventory
Midland - Odessa	274,093	7.5%
White Plains	745,295	6.2%
McAllen	412,749	5.7%
Athens	257,467	5.2%
Lafayette	69,796	5.0%
St Louis	811,219	5.0%
Beaumont - Port Arthur	160,171	4.9%
Greenville	552,307	4.5%
Huntsville	290,175	4.0%
Clarksville	115,776	3.9%
Southwest Florida Coast	820,754	3.7%
Providence	279,305	3.5%
Appalachian	247,018	3.5%
Lubbock	169,280	3.4%
South Bend	146,714	3.3%

% Increase in Inventory Sold Year-Over-Year

Market	NRSF Sold 2023 YTD	NRSF Sold 2024 YTD	Growth
St Louis	22,800	811,219	3458.0%
New Jersey - Northern	52,298	410,807	685.5%
Allentown-Bethlehem	10,502	67,630	544.0%
San Francisco - Peninsula	18,600	94,347	407.2%
Huntsville	59,150	290,175	390.6%
El Paso	25,270	114,988	355.0%
Brooklyn	48,815	218,570	347.8%
West Palm Beach - Boca Raton	57,989	223,119	284.8%
South Bend	39,324	146,714	273.1%
Memphis	38,418	136,103	254.3%
Chattanooga	21,970	74,480	239.0%
Midland - Odessa	98,524	274,093	178.2%
Portland	107,766	278,905	158.8%
Columbus GA	28,965	70,186	142.3%
New Orleans	72,200	171,339	137.3%

YTD as of August 20, 2024. Sales before property completion are excluded | Source: Yardi Matrix

Of 800 Loans Maturing in the Next Year, Over 25% of Them Are CMBS



Source: Yardi Matrix

Storage Rentals of America and Prime Group Have Become Two of the Largest Self Storage Owners in the Last Year

- **Ares** acquired 6 properties from **Metro Storage** in August 2024, located in Philadelphia and Southwest Florida, now being managed by **Storage King USA**
- **Harrison Street** closed on a $200 million acquisition of 19 properties from **Reliant Real Estate Management (dba Midgard Self Storage)** in August 2024 located throughout the Southeast
- **National Storage Affiliates (NSA)** with a JV partner acquired 5 newly developed properties in the Rio Grande Valley in July for $72 million from **Verturo Interests (dba Just A Closet Self Storage),** has another portfolio pending in Oklahoma
- **SROA Capital (dba Storage Rentals of America)** purchased 44 properties in the Midwest and Southeast in May 2024 from **Flatirons Asset Management**, remote managed stores branded **Red Dot Storage**, pushing their store count to over 500
- **Prime Group** acquired 10 third-party managed lease-up stores from developer **True Storage** in 8 different markets, bringing their total property count to over 350 properties
- **Prime Group** bought 14 properties in White Plains, NY from **Redl Properties (dba Guardian Storage)** in February 2024 making them the second largest owner in the market after Extra Space
- **Inland** acquired a majority stake in **Devon Self Storage** in January 2024, bringing management of most of Inland's portfolio in-house, including 59 third-party managed Life Storage-branded stores owned by Extra Space in Q2 2024

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Source: Yardi Matrix; modernstoragemedia.com; prnewswire.com; ksl.com; bloomberg.com; therealdeal.com; lawstreetmedia.com; reuters.com; multihousingnews.com

Large Storage Owner/Operators and Investment Groups Still Active

2024 YTD Top Buyers				
Buyer	**Net Rentable SF Bought**	**Number of Properties**	**% Increase in Portfolio (NRSF)**	**Top Market Bought (NRSF)**
SROA Capital	3,590,563	69	18%	St Louis
Prime Group Holdings	2,357,464	37	13%	White Plains
Merit Hill Capital	1,496,479	32	9%	Houston — East
Harrison Street Real Estate Capital	1,400,000	19	45%	Greenville
National Storage Affiliates	716,915	10	1%	McAllen
Extra Space Storage	702,351	12	0%	Tampa
U-Haul Holding Company	530,518	11	1%	South Bend
Ares	461,397	6	N/A	Philadelphia — Suburban
Public Storage	448,297	6	0%	Pensacola
StorageMart	312,544	6	2%	Davenport
Spartan Investment Group	272,991	4	11%	Portland
Related Companies	261,079	2	18%	Cleveland — Akron
Carlyle Group	246,906	4	37%	Brooklyn
Madison Capital Group	236,955	4	3%	Central East Texas
LocalStorage Group	235,284	4	26%	Appalachian

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Source: Yardi Matrix, Entity Sales Excluded

Yardi Matrix Self Storage House View – August 2024

MACROECONOMIC UPDATE

- U.S. GDP growth has been good, but downshifting; 3.4% (4Q23), 1.4% (1Q24) and 2.8% (2Q24)
- The Fed has kept interest rates steady over eight consecutive meetings, with cuts anticipated between Sep and EOY 2024
- Inflationary pressures are cooling; CPI rose 2.9% YoY in July, the lowest reading since 2021, and unit labor costs have moderated
- The labor market continues to loosen – slowdown in hiring + increased labor supply caused the unemployment rate to rise to 4.3%
- U.S. economy is expected to continue to slow; the yield curve (10YR - 3MTH) is inverted with a mild recession/ "slowcession" likely early-mid 2025

SELF STORAGE FUNDAMENTALS & OUTLOOK

- Self storage performance continued its cyclical decline driven by weak demand from home sales, one of the main sources for demand, which remain near a two-decade low and showed little signs of improvement over the summer
- Q2 REIT results show occupancy returning to pre-pandemic levels, revenue growth turning negative and NOI growth negative for the last three quarters; occupancy may be bottoming as quarter end occupancy was up YoY
- Advertised rental rates were down 4.1% in July, the 22nd month in a row of year-over-year declines, however rent growth has improved recently from -4.8% in June and September-November 2023
- Supply is moving forward, but a slower pace given the interest rate and rental rate environment; 2024 forecast calls for a 9.4% decline in supply from 2023, equal to 3.2% of existing supply well-below the long-term average of 4%
- Transaction volume year-to-date down 33% versus 2023, but a few major portfolio transactions recently show signs of life

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Source: Yardi Matrix

Where Are We Now, and Where Are We Going?

- Although 4-quarter moving average REIT occupancy is down to 91% at the end of Q2 2024, from close to 95% in early 2022, recently occupancy has shown signs of stabilization
    - In late 2023/early 2024 occupancy trends improved in more urban Midwest, Northeast and Western markets but more recently in some key Sunbelt markets hampered by new supply

- Advertised rate declines are led by REIT-managed stores which dropped rates twice as fast as non-REITs in the same markets; comparative months get easier H2 2024
    - REITs dropped rates 5.3% YoY in July versus non-REIT competitors -3.7%; REIT rent growth improved in July from -7.2% in June due to a sharp 1.7% reduction in rates MoM last July, which started an eight-month period of notable MoM declines
    - Performance seems to be stronger in smaller markets with little to no REIT presence

- Despite aggressive ECRI programs, in-place rates have flattened and are declining for most REITs, following advertised rates, which is impacting revenue and NOI growth
    - REIT same store revenues are still 37% higher than Q1 2020 and NOIs are up 45%
    - Revenue and NOI growth will likely continue to be negative moving into the slower Winter season, a turnaround will hinge on a continued improvement in occupancy and increasing advertised rates

- Supply will have less of an impact in 2024 and moving forward, but data shows lease-up properties are again, a drag on growth, leasing at a rate much lower than stabilized properties

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Source: Yardi Matrix

Where Are the Opportunities?

- Sunbelt markets with high existing supply levels (i.e. saturation) and persistent new supply have shown the strongest declines in rents following record performance during the pandemic
  - Examples include Las Vegas, Orlando, Phoenix and Southwest Florida
  - Improvement will hinge on a drop in new supply and improvement in home sales and migration trends; isn't likely until 2025

- Markets that just a few years ago had the weakest growth patterns and issues with new supply have emerged as top performers recently, although advertised rent growth here is still negative
  - Denver, New York, Portland, Seattle and Washington DC fit into this camp
  - Demonstrates that markets can outperform coming out of a high-supply cycle

- **All data highlights the advantages of having a geographically-diversified portfolio that balances high growth/high supply with slow growth/moderate supply markets and submarkets**

- **Interesting opportunities in markets where rents are down most from peak and where new supply could be struggling and create distress**
  - **Over 1,600 properties delivered in the last two years, 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 when rates were at their peak**

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Source: Yardi Matrix

Upcoming Events

SSA Fall Conference & Trade Show

Las Vegas, NV

SEPTEMBER 3RD – 6TH

Fall Webinar Series

Multifamily National Outlook

OCTOBER 23RD

Student Housing National Outlook

NOVEMBER 21ST

THANK YOU

Feel free to contact us with any questions

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