YARDI

2019 U.S. Self Storage Market Update

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Today’s Agenda

1. Tell Me Something I Don’t Know
2. Macroeconomic Outlook and Impacts for Storage
3. Storage Demand Drivers
4. Trends in Storage Fundamentals
5. What Happens After the Current Development Cycle?
6. Conclusion: Positioning Today for Future Profit

The Yardi Matrix View- New Supply Will Impact Performance Short Term – Long Term Growth Returns

As we move past peak delivery, short term pressures will impact performance, but long term growth remains in many markets

- **<u>U.S. economy is in strong shape</u>**
  - GDP and employment growth are good but downshifting from~3% to >2%
  - 4Q 2018 was a rough ride, but the capital markets have disciplined the Fed-
    - Slow growth in China (trade pressures), and Europe, along with a drop in Oil Prices, have brought inflation back to 2% and the 10 Yr back to ~2.7%
    - Yield Curve almost inverted, but Fed easing has pulled us back from the brink
  - Trade and immigration policies are driving up labor and material costs- but not enough to drive up inflation past 2.5%
  - Wages are rising and the labor market is tight – people are being pulled off the sidelines
  - Inflation is rising, but not too much; short-term interest rates up but range bound due to the US 10 Yr within 2.5% to 3.0%; ***Watch Yield Curve!***
- **<u>Storage market faces short term head winds, but long term strength based off demographics:</u>**
  - Significant new supply has driven down street rates in popular millennial markets like Nashville, Denver, Portland
  - Demand (Job growth/Population) is strong, but shifting to lower cost cities as population and migration growth increase in secondary markets
  - Continued opportunities remain in historically low penetration markets including Boston, New York, Philadelphia, Chicago
  - Industry is broadening its service suite with automation and technology at the consumer and the enterprise level
  - Level of new supply is flattening, but not drastically declining, lease up pressures will remain for the next 2-3 years in high supply markets

The Yardi Matrix View- A Sharpshooter's Game Short-Term as New Supply is Absorbed

- **<u>Industry is healthy, growing, and broadening its services</u>**
  - Long term, in place renters are accepting strong rent increases (1-3%), according to recent REIT earnings guidance
  - Owners benefit from overflows in tight industrial market; small commercial operations use storage for inventory purposes
  - Growing household formation and continued demand for multifamily, and steadily declining multifamily unit sizes, support storage demand, particularly for smaller storage units in densely populated urban core
  - Storage industry is innovating with new quality and technological enhancements to respond to consumer demands
  - Continued evolution is apparent in location, design and technological capabilities of new storage facilities
- **<u>Opportunities exist:</u>**
  - Increasing number of retail bankruptcies lead to potential storage facilities
  - As lease up pressures continue, distressed sales may provide some investors buying opportunities
  - Localized supply, demand, and penetration will drive investment and development decisions in the next cycle
  - Continued penetration in gateway markets and sharp shooting underserved pockets of high in-migration secondary markets

The Yardi Matrix View- A Sharpshooter's Game Short-Term as New Supply is Absorbed

- **Outlook on 2019 - Markets to focus on: the confluence of supply and demand**
  - Las Vegas, Phoenix, Florida markets continue to benefit from strong domestic migration of both baby boomers and millennials
  - New York, Boston, Philadelphia have historically low penetration, and development opportunity remains, despite slower population growth
  - 2017 tax law is amplifying the southern and south western migration trend leading strength in sunbelt markets, uncertainty in CA, IL, NJ, NY, CT
  - Capital markets remain well balanced and abundant capital exists for storage investment. Major CRE firms are diversifying their portfolios and growing their storage allocation
  - Opportunity Zones present ability for investors and developers to take advantage of deferred capital gains. Must find an opportunity zone with strong demographic, investment landscape
  - Innovations including co-warehousing indicate opportunities to soak up excess storage supply and meet growing needs of e-commerce and last mile delivery platforms

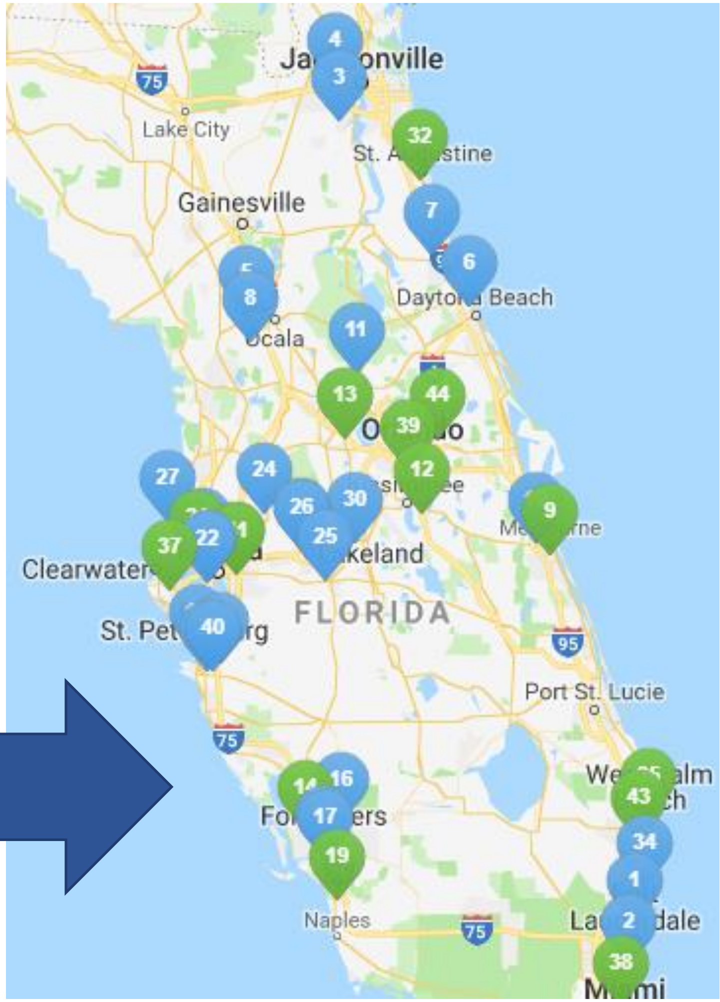
Tell Me Something I Don't Know

Emerging Trends to Consider

- Transaction Volume Shifts in Florida Following Hurricanes
- Conversions growing as a percentage of all development
  - Bankrupt Retailers and the space they leave behind offer a new opportunity for storage
  - The key is finding the right mix of under-penetration, strong visibility/traffic, and an opportunity zone if you can find one
- Co-warehousing may help solve supply issue in storage, and last mile delivery issue in e-commerce/industrial
  - LifeStorage® developing new product to blend the two sectors

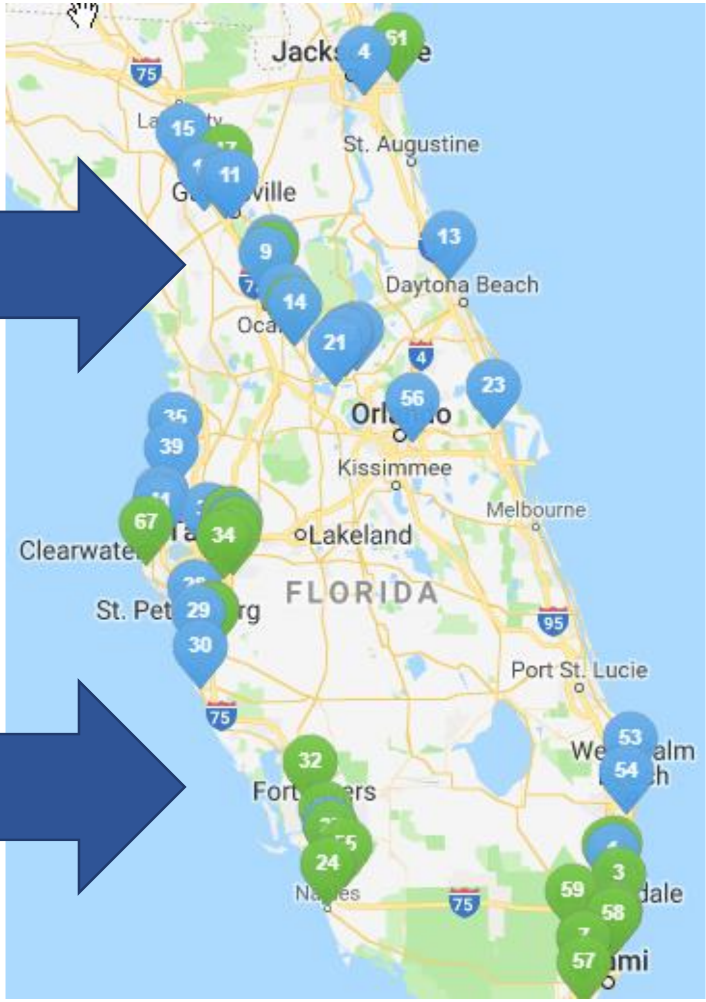
2017 Hurricanes Pushed Florida Acquisitions to the Center, but Since Returned to Southern Florida

2017 transaction volume lighter in southern half due to hurricanes.



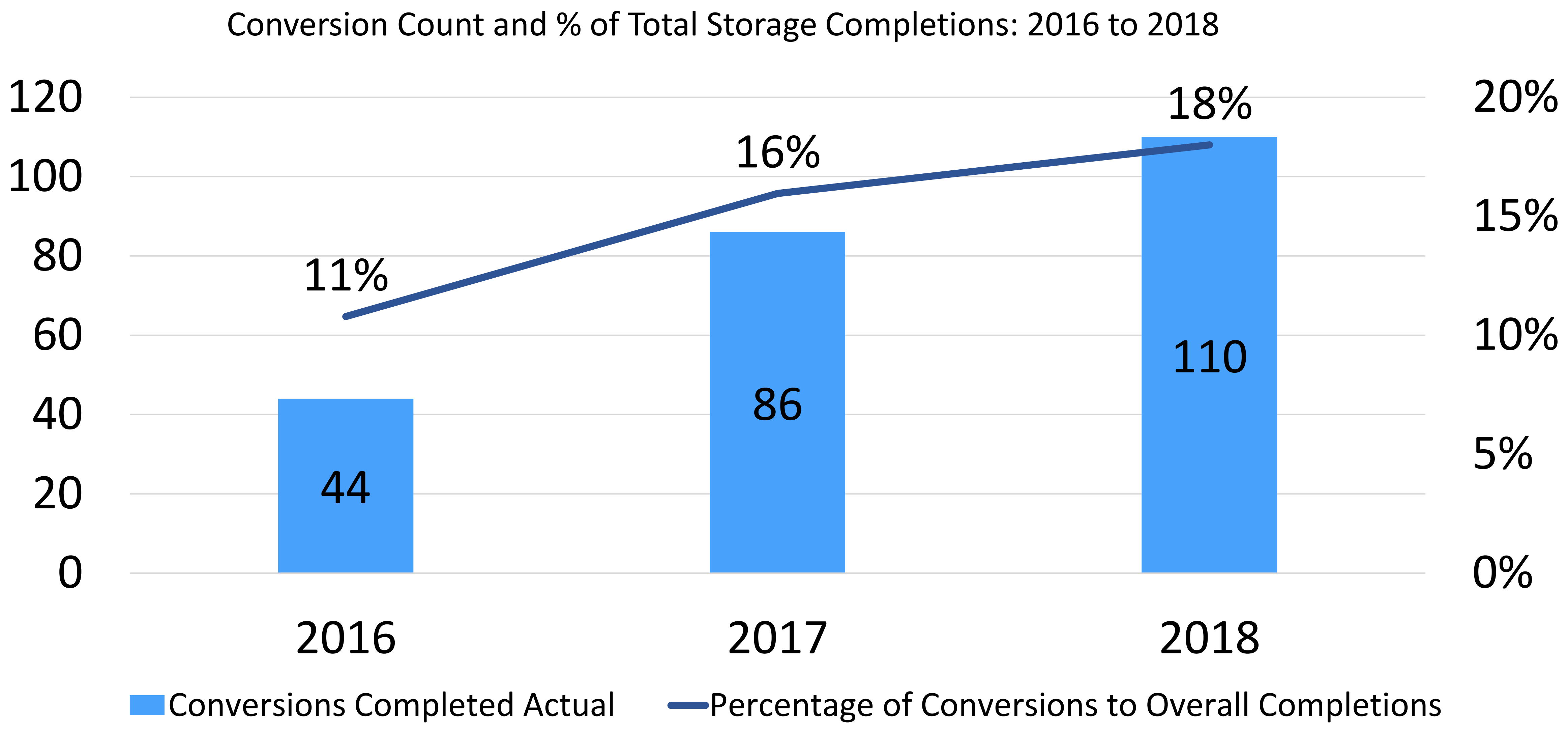
2018 transaction volume shifts to center...

...but Class A sales also return to southern half.



Source: Yardi® Matrix

Self Storage Conversions from Retail are Increasing



Source: Yardi® Matrix

Retail to Storage Opportunities Growing & Selective

Retailer Closing: Store Address	Nearest Metro	Distance to Metro (Miles)	Is store in Opportunity Zone? (Y/N)	# of Facilities Within 5 Miles	5-Mile NRSF Per Capita if Property is Converted
Sears: 75 W Route 59 Ste 100 - Nanuet, NY	New York	21	N	7	2.2
Kmart: 1502 South Fourth St - Allentown, PA	Philadelphia	54	Y	16	2.8
Kmart: 7101 Roosevelt Blvd - Philadelphia, PA	Philadelphia	-	N	29	3.3
Kmart: 12350 SW 8th Street - Miami, FL	Miami	-	N	18	3.5
Kmart: 6364 Springfield Plaza - Springfield, VA	Washington DC	14	N	19	3.6
Kmart: 6163 Oxon Hill Road - Oxon Hill, MD	Washington DC	12	N	16	3.6
Kmart: 805 New York Ave - Huntington, NY	New York	39	Y	8	3.7
Kmart: 3955 SW Murray Blvd - Beaverton, OR	Portland	10	Y	25	4.5
Sears: 425 Rice Street - St. Paul, MN	Minneapolis	9	Y	17	4.6
Kmart: 1025 M-24 - Lake Orion, MI	Detroit	38	N	8	4.6

Source: Yardi® Matrix; Community Development Financial Institutions Fund - United States Department of the Treasury

Co-Warehousing is Growing as Industrial Tightens

WarehouseAnywhere
AN INTELLIGENT WAREHOUSING SOLUTION
A LifeStorage Company

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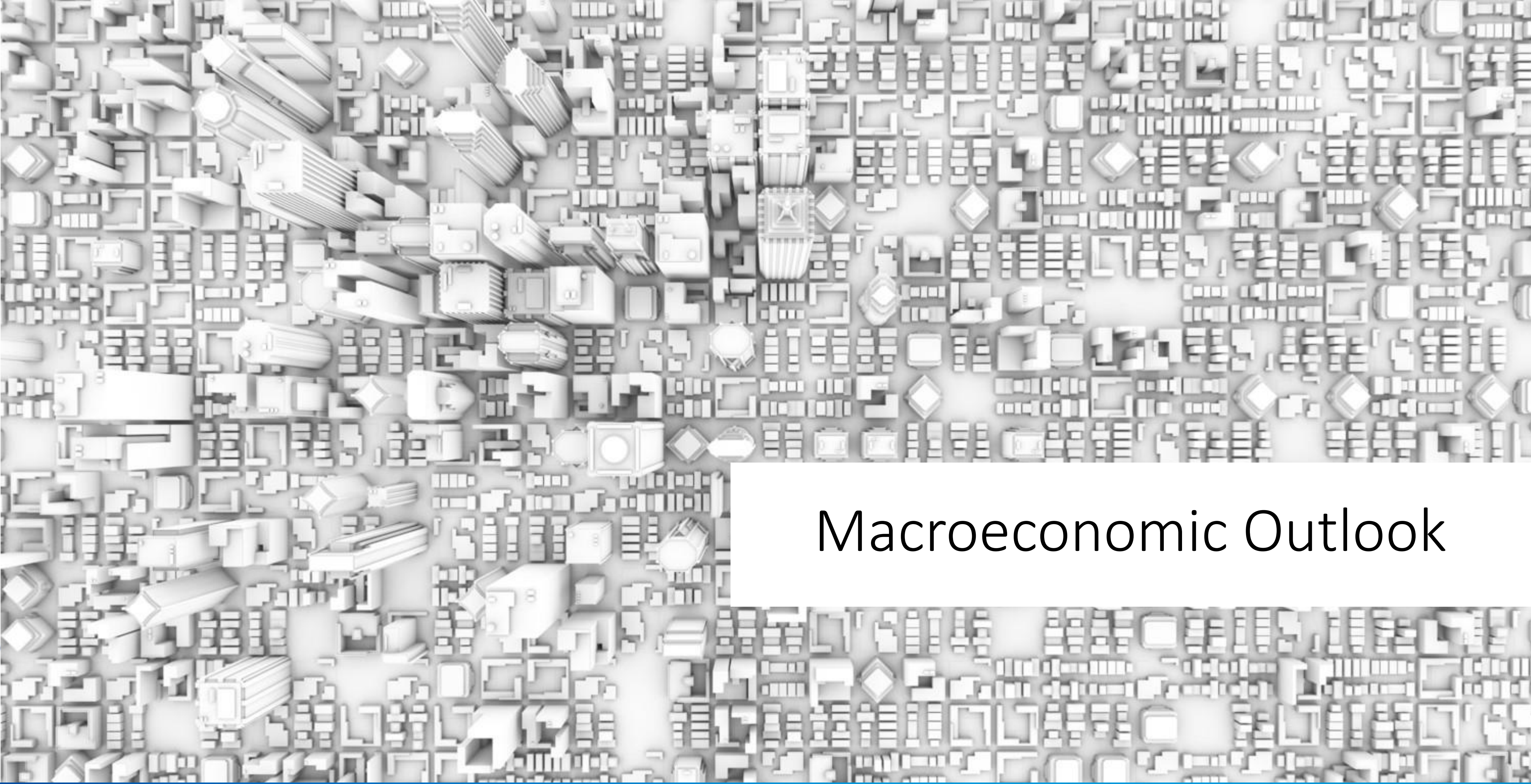
Core	Core+	Pro (MOST POPULAR)	Enterprise	Lightspeed
One lease, a consolidated invoice, and a web app for businesses that need 24 storage locations or less.	For businesses that need 25+ locations and access to an extended network of 10K+ locations nationwide.	Storage and inventory asset tracking with web & mobile apps, intelligent locks, and last mile delivery.	For businesses that need a complete solution, including real-time visibility and NFO delivery to meet their SLAs.	A 3PL solution tailored for ecommerce businesses with on-demand orders, pick, pack & ship, and more.
1-24 Locations	**25+ Locations**	**1+ Locations**	**1+ Locations**	**Any Major Markets**
CORE FEATURES:	**ALL CORE FEATURES, PLUS:**	**ALL CORE+ FEATURES, PLUS:**	**ALL PRO FEATURES, PLUS:**	**LIGHTSPEED FEATURES:**
+ 700+ Life Storage Locations + Storage Web Application + One Single Lease + Consolidated Invoicing + Customer Support	+ 10,000+ Storage Locations + Dedicated Account Manager + Intelligent Lock (Optional)	+ Inventory Web Application + Mobile App + Intelligent Lock + Last Mile Delivery	+ Real Time Inventory Tracking + Next Flight Out Delivery	✔ Inbounding ✔ Picking / Kitting & Packing ✔ Labeling ✔ Last Mile Same-Day Delivery
STARTING AT **$50** PER LOCATION, PER MONTH	STARTING AT **$100** PER LOCATION, PER MONTH	STARTING AT **$150** PER LOCATION, PER MONTH	STARTING AT **$350** PER LOCATION, PER MONTH	STARTING AT **$3** PER PACKAGE
GET STARTED	GET STARTED	CONTACT US	CONTACT US	CONTACT US
STORAGE ASSET MANAGEMENT		INVENTORY & STORAGE ASSET MANAGEMENT		ECOMMERCE

Co-Warehousing Fulfillment Services are Expanding

Features	Core	Core+	Pro	Enterprise	Lightspeed
Storage Network	700+ Life Storage Locations	10,000+ Network Locations	10,000+ Network Locations	10,000+ Network Locations	Any Major Markets
Storage Type	Dedicated	Dedicated	Dedicated	Dedicated	Shared
Number of Spaces	1-24 Locations	25+ Locations	1+ Locations	1+ Locations	1+ Locations
Storage Web Application	✖	✖	✖	N/A	N/A
One Single Lease	✖	✖	✖	✖	✖
Consolidated Invoicing	✖	✖	✖	✖	✖
Customer Support	✖	✖	✖	✖	✖
Dedicated Account Manager		✖	✖	✖	✖
Intelligent Lock		O	✖	✖	✖
Inventory Web Application			✖	✖	✖
Mobile App			✖	✖	N/A
Last Mile Delivery			O	✖	✖
Last Mile Same-Day Delivery			O	✖	✖
Real-Time Inventory Tracking				✖	✖
Next Flight Out (NFO) Delivery				✖	✖
Inbounding				O	✖
Picking / Kitting & Packing					✖
Labeling					✖

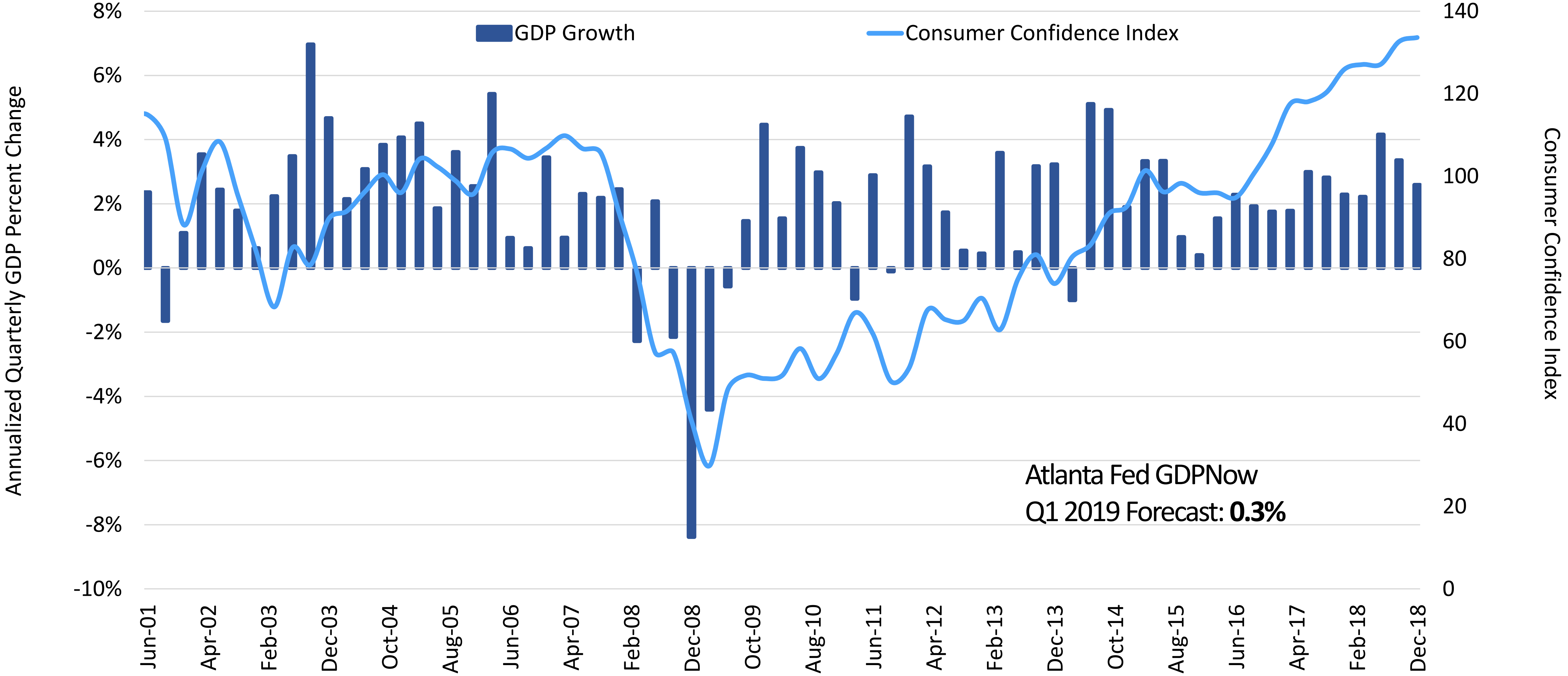
✖ = included O = optional

Source: Life Storage® - WarehouseAnywhere.com



Macroeconomic Outlook

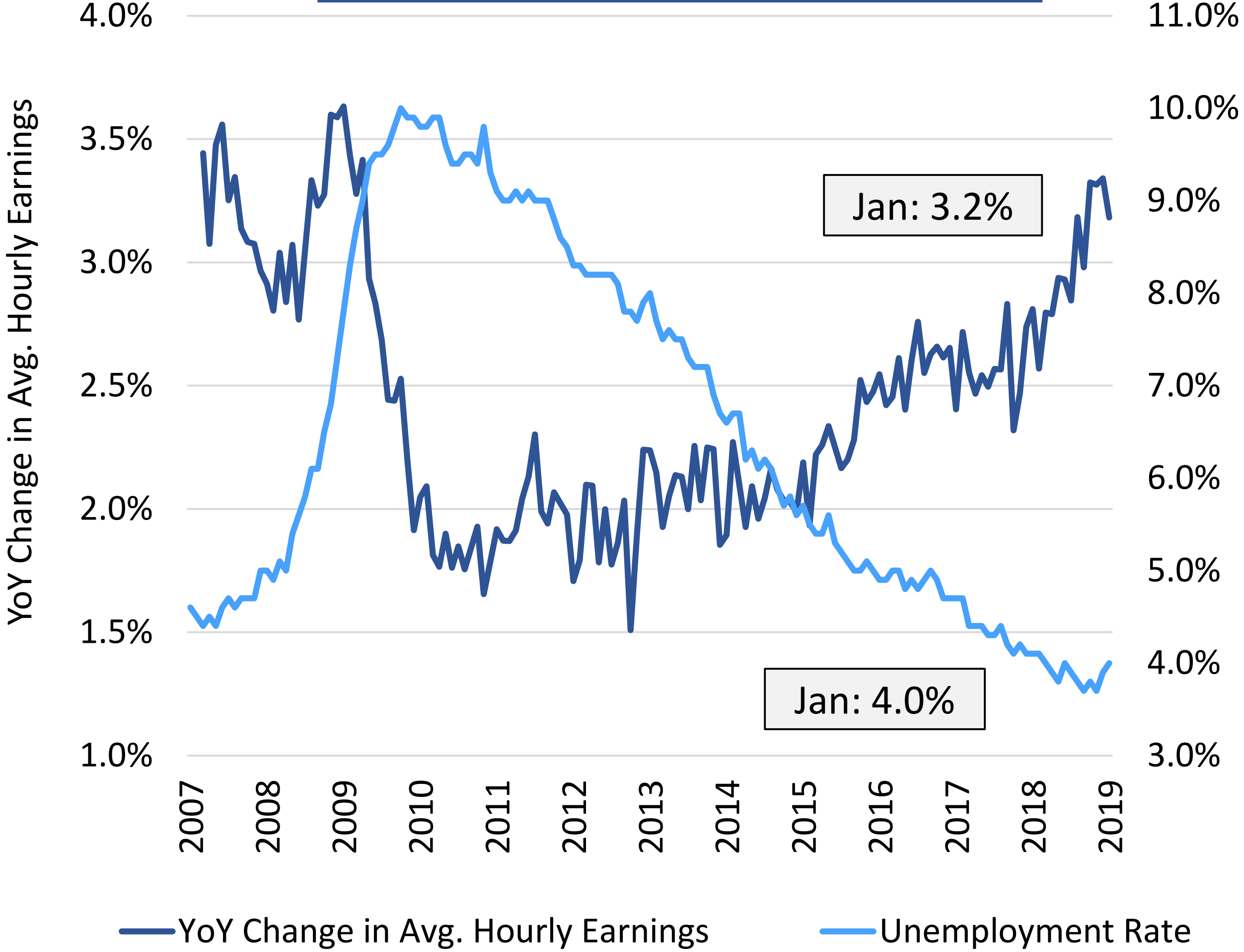
U.S. Economic Growth is Good but Moderating



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

Wage Growth Finally Emerging

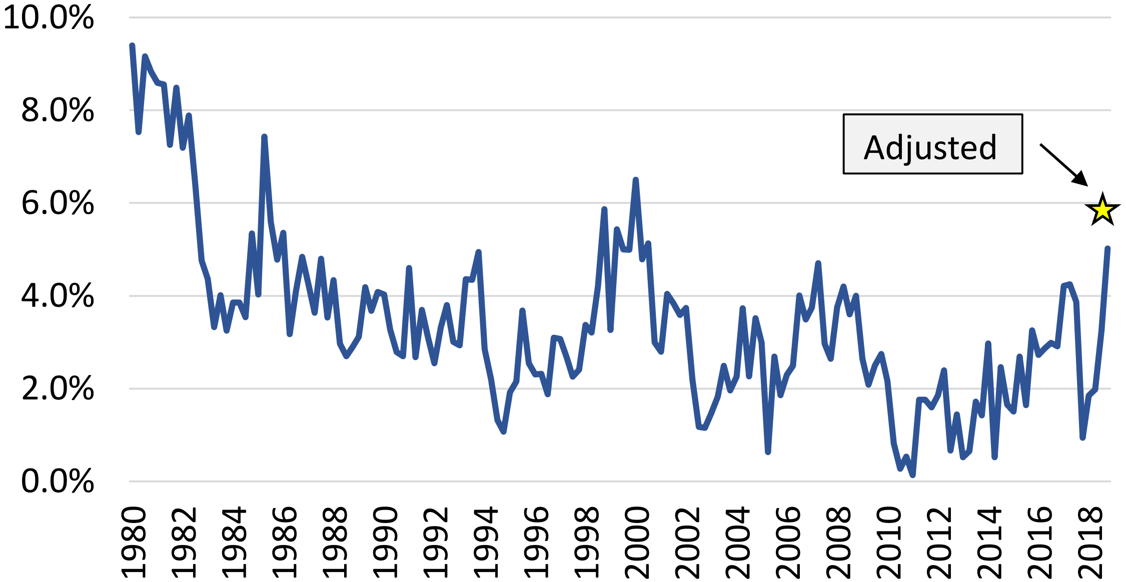
U.S. Wage Pressure Increasing



Wage Growth Reports Hide Demographic Shift

- 2018 Q4 median weekly earnings of full time workers rose 5.0%
- 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 Q4 wage growth was actually greater than 5.5%

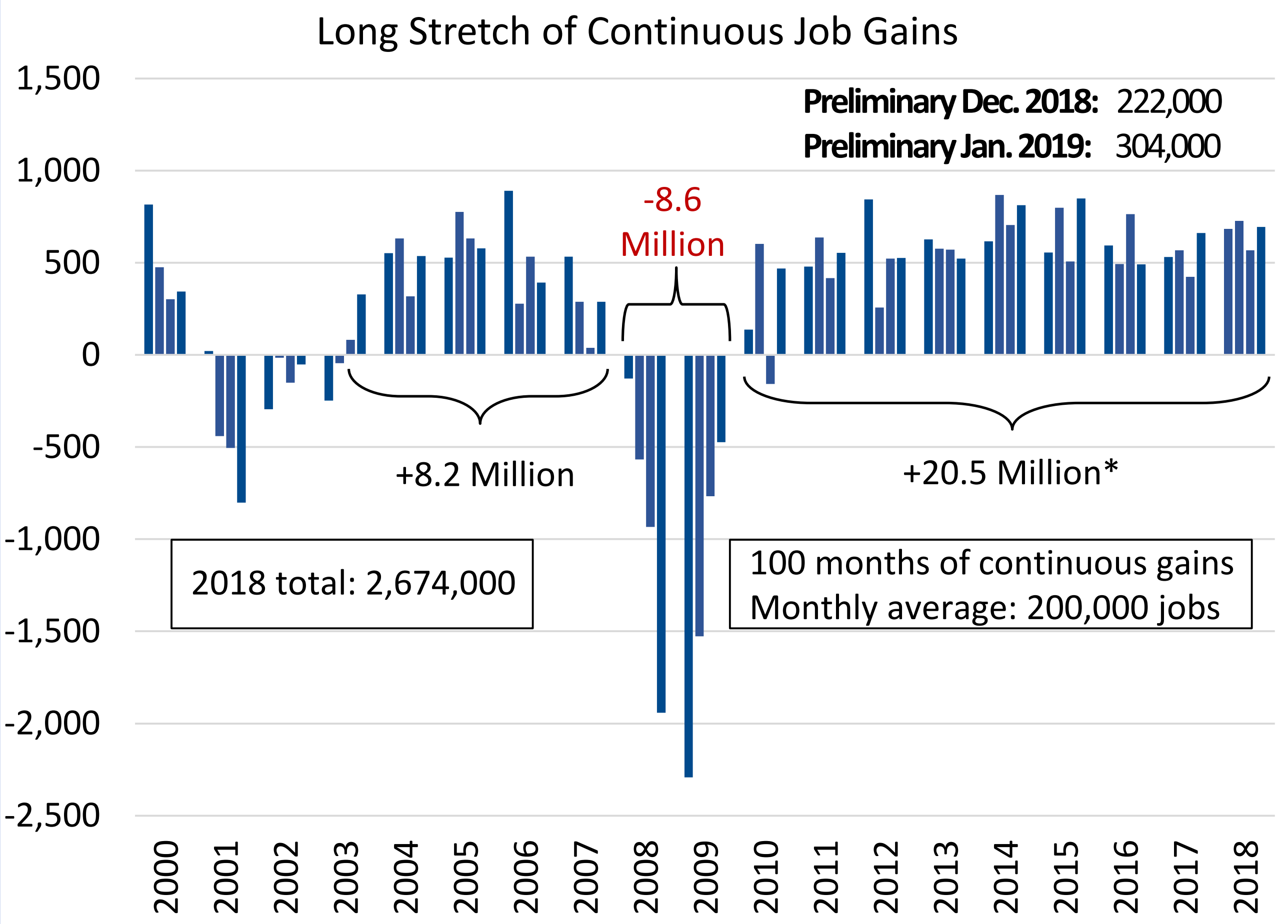
U.S. Median Weekly Earnings
YoY Growth



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

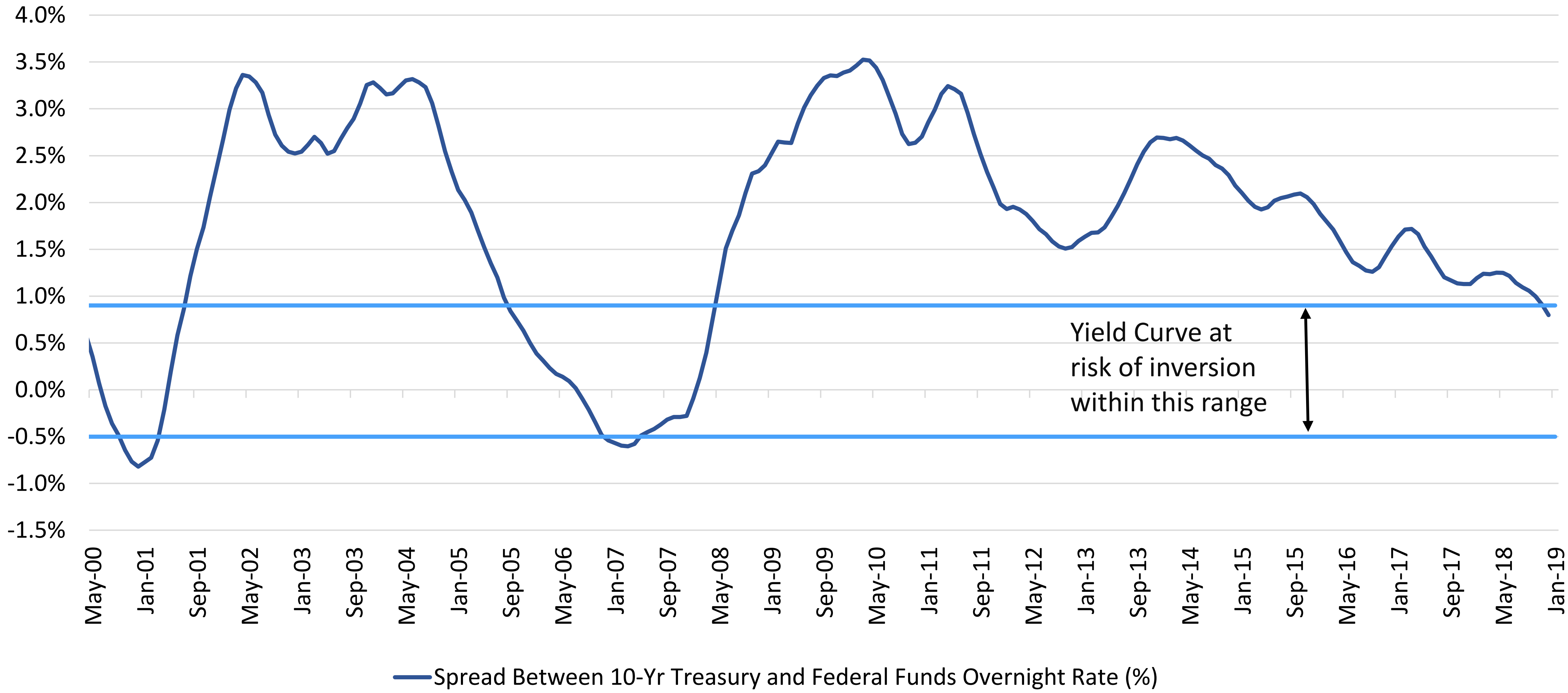
It is difficult to find labor at the right ***price***, with the right ***skills***, in the right ***city***



*Through December 2018

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

What Could Slow Us Down – The Yield Curve



*Data is based on 6-month rolling averages
Source: Moody's Analytics; U.S. Board of Governors of the Federal Reserve System (FRB)

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

Source: Ed Hyman, Evercore ISI

U.S. Federal Policy Mix is Mildly Pro-Growth – Shifting Away From Consumers Towards Producers

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 rising but not a lot, so the 10 yr rate is the binding constraint on the yield curve
- Fiscal policy is mildly pro-growth
    - Capital still needs to be deployed

Self Storage Demand Drivers

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

Market	Emp. Growth 2018	Trend From Prior Year	Market	Emp. Growth 2018	Trend From Prior Year
Reno	4.8%	Accelerating	Indianapolis	1.9%	Accelerating
Phoenix	3.5%	Accelerating	Philadelphia	1.8%	Accelerating
Orlando	3.5%	Accelerating	San Francisco	1.8%	Accelerating
Houston	3.3%	Accelerating	Inland Empire	1.8%	Decelerating
Las Vegas	3.2%	Accelerating	Columbus	1.8%	Accelerating
Dallas	3.2%	Accelerating	Fort Lauderdale	1.7%	Accelerating
Seattle	3.1%	Accelerating	East Bay Area	1.6%	Decelerating
San Jose	2.9%	Accelerating	Nashville	1.5%	Decelerating
Austin	2.9%	Stable	Minneapolis	1.5%	Accelerating
West Palm Beach	2.6%	Accelerating	Washington DC	1.4%	Accelerating
Atlanta	2.5%	Accelerating	Kansas City	1.4%	Decelerating
Raleigh	2.4%	Accelerating	Chicago	1.2%	Accelerating
Salt Lake City	2.2%	Accelerating	St. Louis	1.2%	Accelerating
Miami	2.2%	Accelerating	Sacramento	1.2%	Decelerating
Portland	2.1%	Decelerating	Los Angeles	1.2%	Decelerating
Boise	2.1%	Decelerating	Tampa	1.1%	Decelerating
Boston	2.0%	Accelerating	New York	1.1%	Decelerating
Charlotte	2.0%	Decelerating	Detroit	0.7%	Decelerating
Denver	1.9%	Decelerating	North Central Florida	0.2%	Decelerating
Jacksonville	1.9%	Decelerating	Milwaukee	0.2%	Decelerating
San Diego	1.9%	Accelerating	Orange County	-0.3%	Decelerating

Population Growth is in Secondary Markets

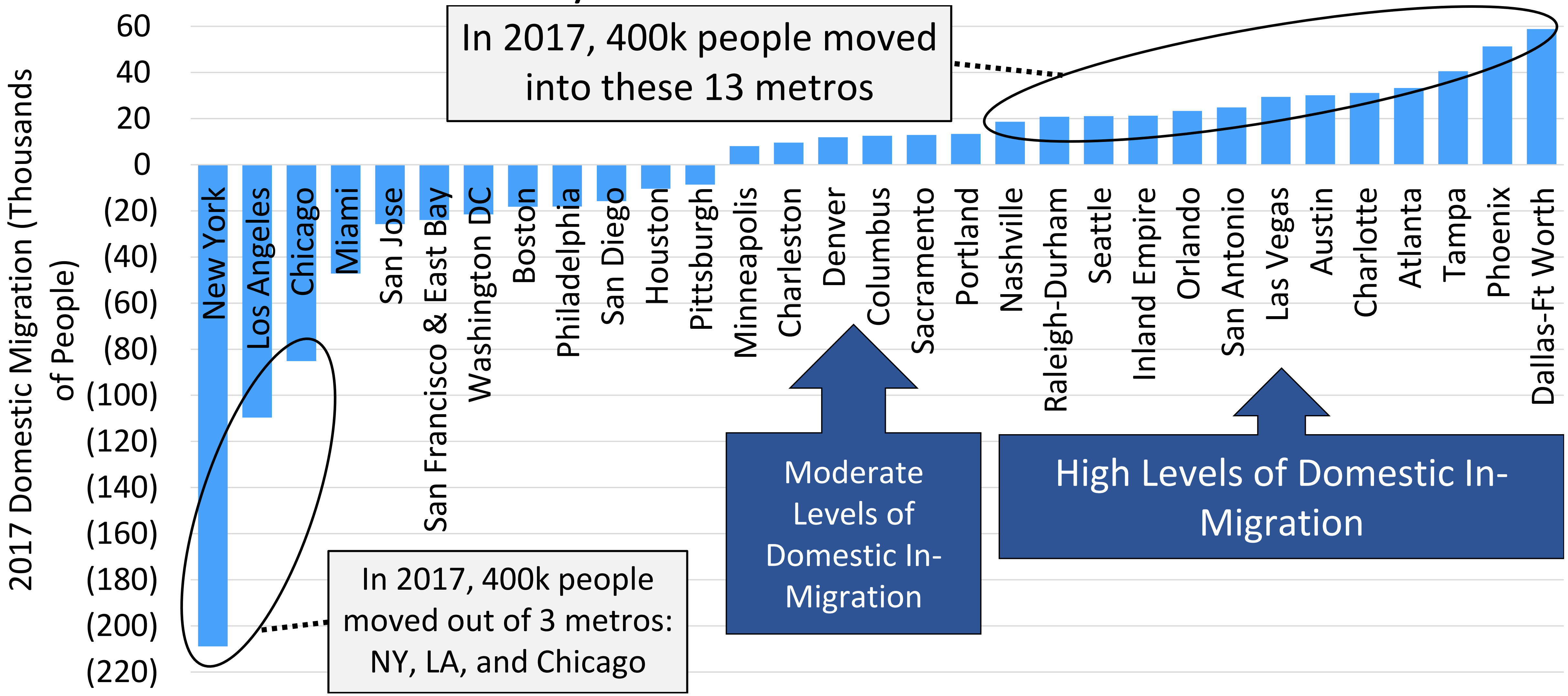
Primarily tech hub and tertiary markets seeing stable or rising population growth since 2015

Market	2015 Pop. Growth	2016 Pop. Growth	2017 Pop. Growth	Overall Trend
Austin	3.0%	2.9%	2.4%	Decelerating
Las Vegas	2.2%	2.2%	2.2%	Stable
Raleigh	2.5%	2.5%	2.1%	Decelerating
Orlando	2.7%	2.5%	2.1%	Decelerating
Dallas	2.2%	2.2%	2.0%	Decelerating
Charlotte	2.1%	2.1%	1.9%	Decelerating
Columbus	1.2%	1.3%	1.9%	Accelerating
Phoenix	2.0%	2.0%	1.8%	Decelerating
Tampa	2.1%	2.1%	1.5%	Decelerating
Nashville	2.1%	2.1%	1.5%	Decelerating
Atlanta	1.7%	1.6%	1.5%	Decelerating
Sacramento	1.2%	1.3%	1.3%	Stable
Denver	1.9%	1.4%	1.3%	Decelerating
Indianapolis	0.9%	1.0%	1.3%	Accelerating
Seattle	1.8%	1.9%	1.2%	Decelerating

Market	2015 Pop. Growth	2016 Pop. Growth	2017 Pop. Growth	Overall Trend
Minneapolis	0.8%	1.2%	1.2%	Stable
Washington DC	1.0%	1.0%	1.2%	Accelerating
Salt Lake City	1.5%	1.7%	1.2%	Decelerating
Houston	2.4%	1.7%	1.1%	Decelerating
Portland	1.8%	1.6%	0.8%	Decelerating
San Francisco	1.1%	0.6%	0.7%	Accelerating
Boston	0.7%	0.7%	0.6%	Decelerating
San Diego	0.9%	0.8%	0.5%	Decelerating
Philadelphia	0.2%	0.2%	0.4%	Accelerating
San Jose	1.0%	0.5%	0.4%	Decelerating
New York	0.5%	0.3%	0.2%	Decelerating
Detroit	0.0%	0.2%	0.1%	Decelerating
Los Angeles	0.4%	0.2%	0.1%	Decelerating
Miami	1.2%	1.0%	0.1%	Decelerating
Chicago	-0.1%	-0.1%	-0.1%	Steady/Negative

Source: Moody's Analytics; U.S. Census Bureau (BOC)

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

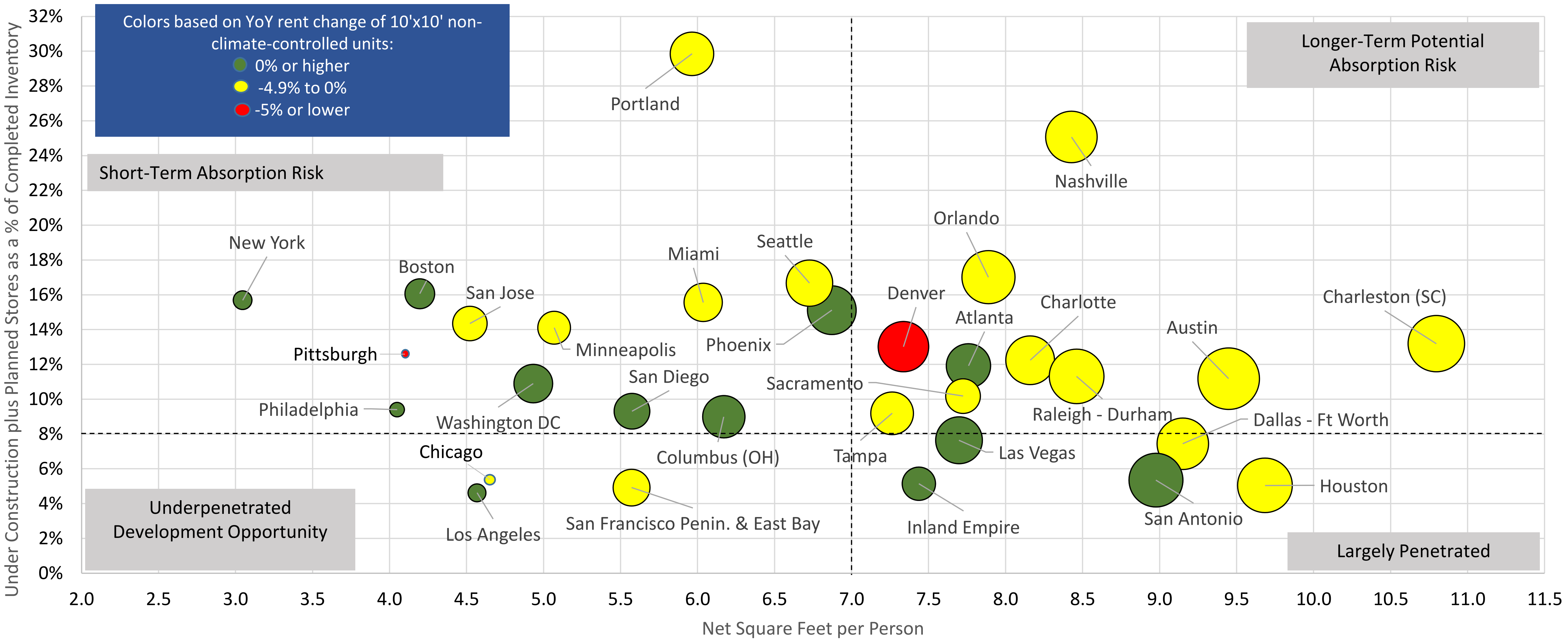


Source: U.S. Census Bureau (BOC)

Trends in Storage Fundamentals

Severe Discounting Eases, While Southwest, Northeast Rates Jump

(Bubble size represents 2017 population growth rate, three mile radius)



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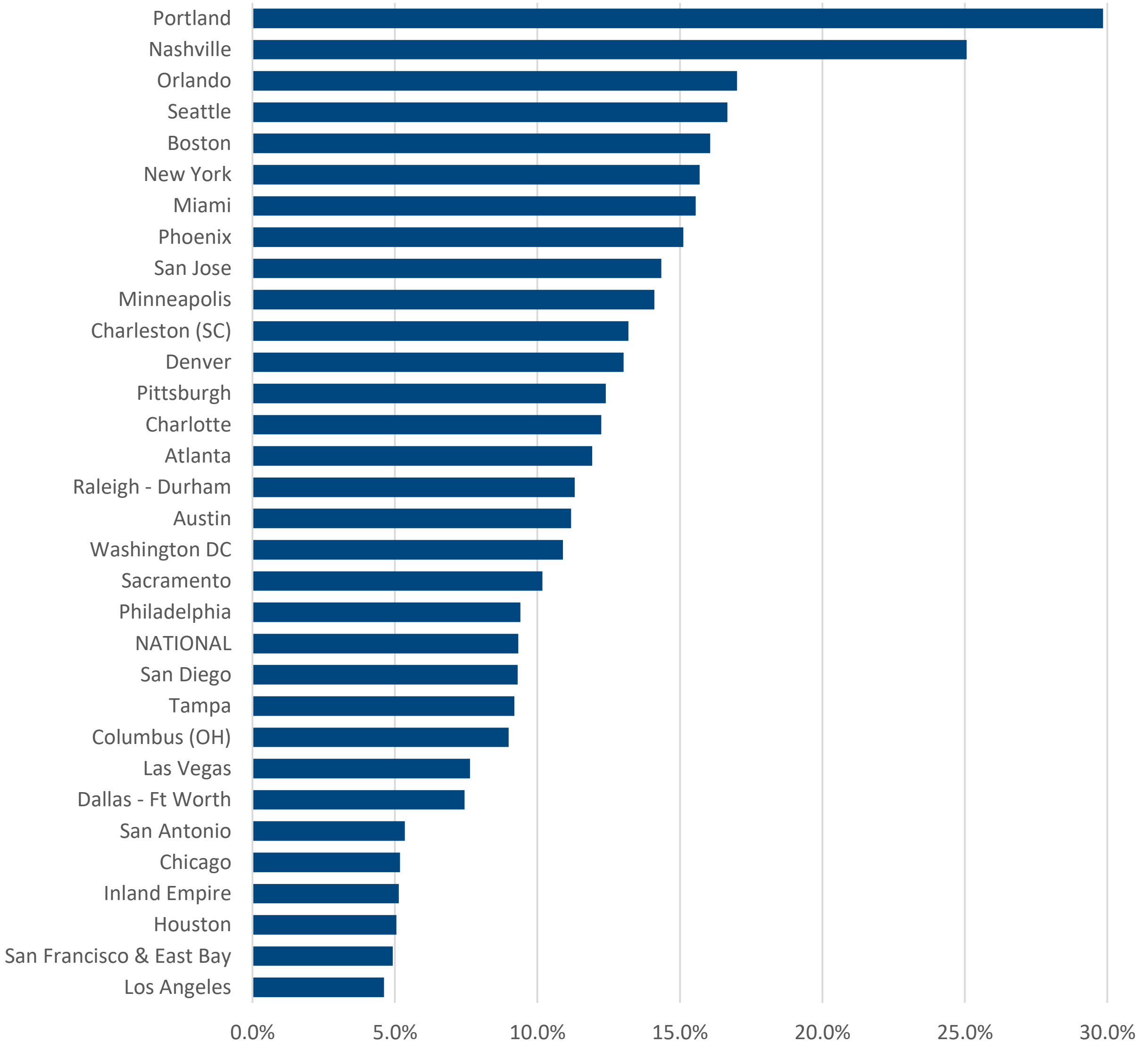
New Supply is Heaviest in Domestic Migration Favorites and Underpenetrated Primary Metros

Metro	UC + Planned % of Completed Feb 2019	Metro	UC + Planned % of Completed Feb 2019
Portland	29.9%	Austin	11.2%
Nashville	25.1%	Washington DC	10.9%
Orlando	17.0%	Sacramento	10.2%
Seattle	16.7%	Philadelphia	9.4%
Boston	16.1%	**NATIONAL**	**9.3%**
New York	15.7%	San Diego	9.3%
Miami	15.6%	Tampa	9.2%
Phoenix	15.1%	Columbus (OH)	9.0%
San Jose	14.4%	Las Vegas	7.6%
Minneapolis	14.1%	Dallas-Ft Worth	7.4%
Charleston (SC)	13.2%	San Antonio	5.4%
Denver	13.0%	Chicago	5.2%
Pittsburgh	12.4%	Inland Empire	5.1%
Charlotte	12.2%	Houston	5.1%
Atlanta	11.9%	SF & East Bay	4.9%
Raleigh-Durham	11.3%	Los Angeles	4.6%

Under Construction and Planned as a % 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 Feb 2019

Non-climate Rent Declines Slowing in High Supply Markets

Metro	1/17-1/18 Rent Growth	1/18-1/19 Rent Growth	Change
Charlotte	-7.4%	-2.3%	5.1%
San Antonio	-3.9%	1.0%	4.9%
Raleigh - Durham	-6.1%	-2.2%	3.9%
Chicago	-4.8%	-1.0%	3.8%
Boston	-2.0%	1.4%	3.4%
Austin	-2.9%	0.0%	2.9%
Washington DC	-1.4%	0.7%	2.1%
DFW	-4.9%	-3.0%	1.9%
Houston	-5.3%	-3.4%	1.9%
Philadelphia	0.0%	1.7%	1.7%
Atlanta	0.0%	1.0%	1.0%
New York	1.7%	2.4%	0.7%
Portland	-4.5%	-4.0%	0.5%
Miami	-1.4%	-1.5%	-0.1%
Charleston	-3.6%	-4.7%	-1.1%

Metro	1/17-1/18 Rent Growth	1/18-1/19 Rent Growth	Change
Sacramento	0.7%	-0.8%	-1.5%
Bay Area - South Bay	-0.5%	-2.2%	-1.7%
Nashville	-1.8%	-3.6%	-1.8%
Columbus	3.8%	1.2%	-2.6%
San Diego	3.4%	0.7%	-2.7%
Denver	-3.1%	-6.3%	-3.2%
Tampa	1.8%	-1.8%	-3.6%
Los Angeles	5.2%	1.1%	-4.1%
Phoenix	5.2%	1.0%	-4.2%
Minneapolis	3.7%	-0.9%	-4.6%
San Francisco East Bay	3.2%	-1.6%	-4.8%
Orlando	4.0%	-1.0%	-5.0%
Inland Empire	6.9%	1.9%	-5.0%
Seattle	4.6%	-2.6%	-7.2%
Pittsburgh	1.7%	-7.1%	-8.8%
Las Vegas	13.9%	4.1%	-9.8%

Climate Controlled Rents Accelerating in Southeast, Midwest

Metro	1/17-1/18 Rent Growth	1/18-1/19 Rent Growth	Change
Pittsburgh	-5.7%	1.4%	7.0%
Charleston (SC)	-9.5%	-3.8%	5.7%
Raleigh - Durham	-10.4%	-5.3%	5.1%
Charlotte	-3.5%	0.0%	3.5%
Atlanta	-1.7%	0.9%	2.6%
Phoenix	2.6%	4.2%	1.6%
Chicago	-2.4%	-0.8%	1.6%
Dallas - Ft Worth	-4.9%	-3.4%	1.5%
Washington DC	0.0%	0.6%	0.6%
New York	1.0%	1.0%	0.0%
Austin	-1.6%	-1.6%	0.0%
Orlando	0.0%	0.0%	0.0%
San Antonio	-0.8%	-0.9%	0.0%
San Diego	3.9%	3.7%	-0.2%
Columbus (OH)	5.0%	4.8%	-0.2%

Metro	1/17-1/18 Rent Growth	1/18-1/19 Rent Growth	Change
Miami	-1.3%	-2.5%	-1.3%
Portland	-5.7%	-7.3%	-1.6%
Tampa	0.7%	-1.4%	-2.1%
Philadelphia	4.4%	1.4%	-3.0%
Los Angeles	4.6%	1.1%	-3.5%
Houston	-2.5%	-6.0%	-3.5%
San Francisco East Bay	3.1%	-0.5%	-3.6%
Seattle	0.6%	-3.1%	-3.8%
Denver	-2.2%	-6.6%	-4.4%
Minneapolis	6.4%	1.5%	-4.9%
Sacramento	6.3%	-0.7%	-6.9%
Boston	6.4%	-0.6%	-7.0%
Las Vegas	14.9%	6.1%	-8.8%
Bay Area - South Bay	3.5%	-6.1%	-9.6%
Nashville	2.1%	-8.3%	-10.4%
Inland Empire	14.4%	2.8%	-11.6%

Source: Yardi® Matrix

YARDI

Smaller Unit Sizes Outperform Larger Unit Sizes Where Rents Are Comparatively Cheaper

- 5x5’s outperform in NY and PHX, while 10x10’s are outperforming in ATL, DAL and NASH
- NY and PHX have the lowest cost ratio of 5x5’s to 10x10’s meaning that 5x5’s are comparatively cheaper in those markets

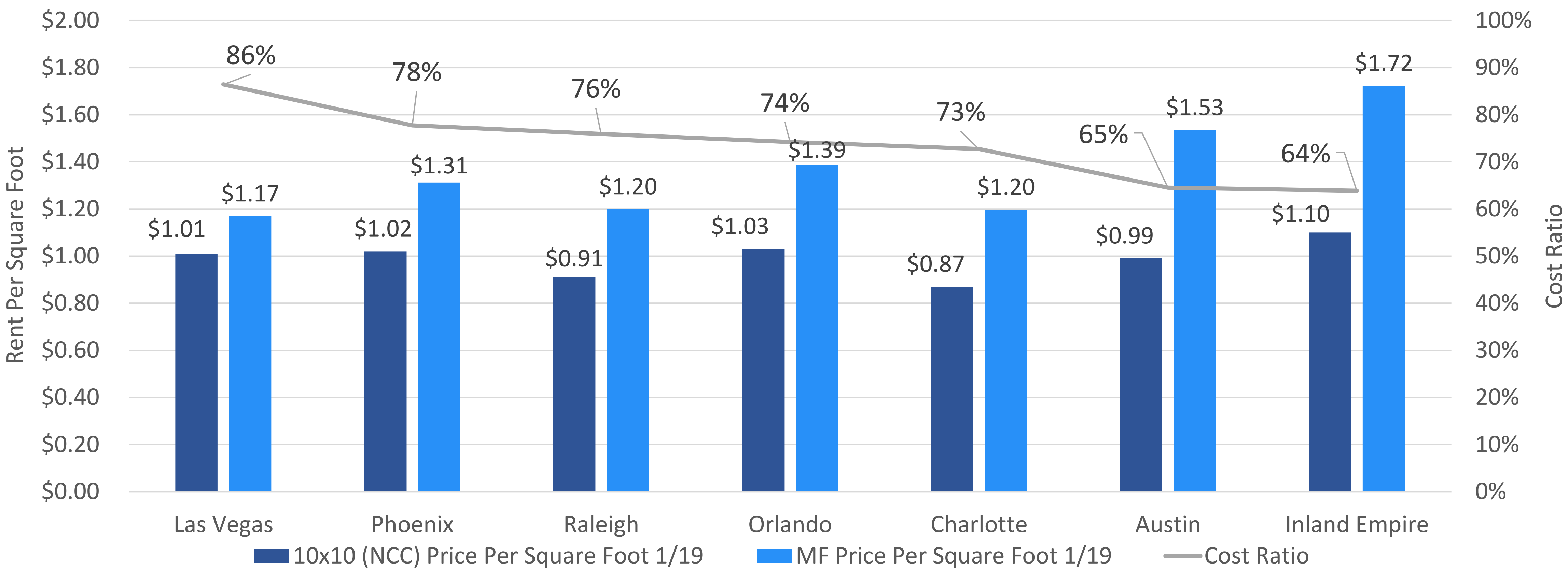
Market	5x5 (NCC) YoY% Change 1/18-1/19	10x10 (NCC) YoY% Change 1/18-1/19	5x5 (NCC) Average Price 1/19	10x10 (NCC) Average Price 1/19	Cost Ratio
Phoenix	2.6%	0.9%	$40	$102	39%
New York	2.9%	-1.0%	$72	$173	42%
Atlanta	0.0%	1.0%	$44	$100	44%
Dallas	-2.3%	-3.0%	$43	$96	45%
Nashville	-5.3%	-3.5%	$54	$108	50%

Source: Yardi® Matrix

YARDI

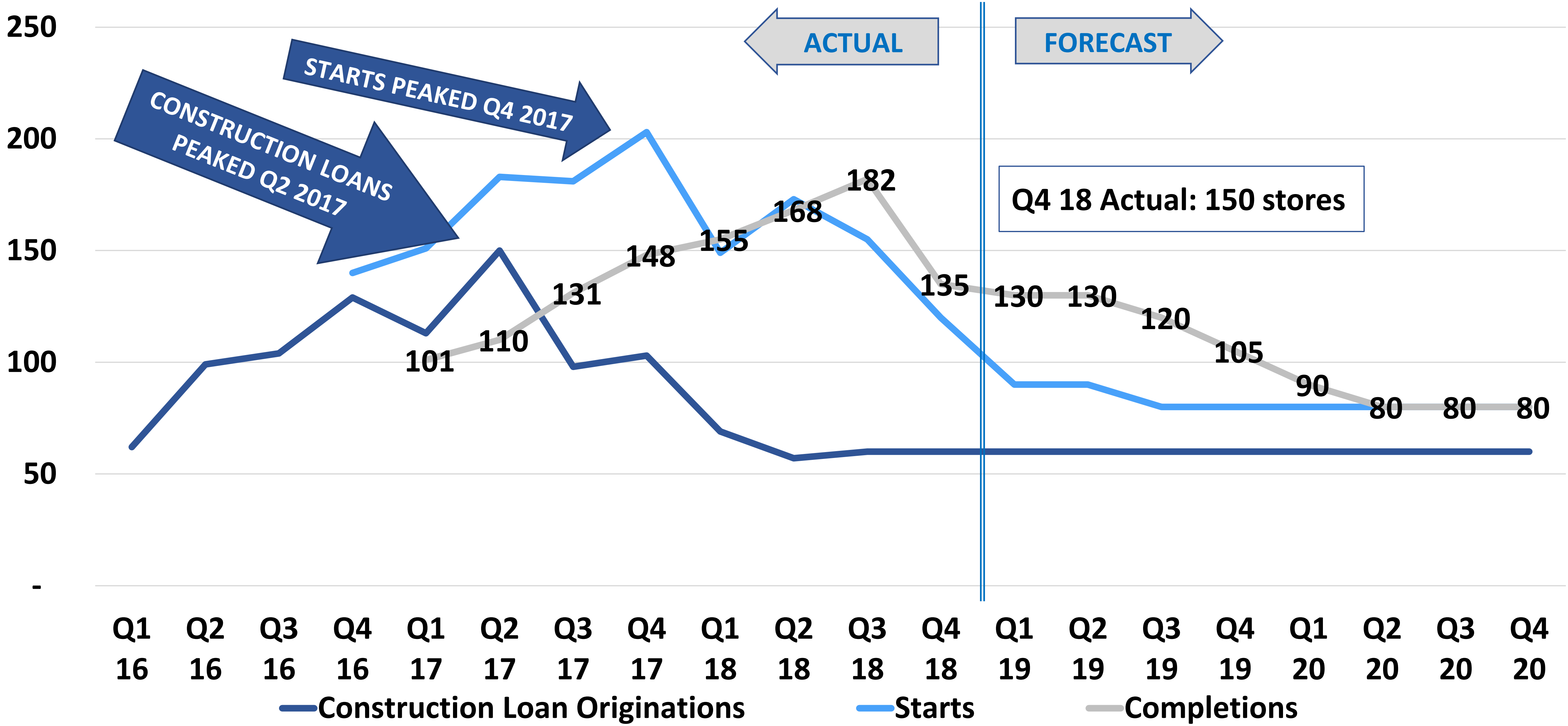
Cost Ratios Across Asset Classes Provide Insight

- Markets including Austin and the Inland Empire have low storage to apartment cost ratios, allowing an opportunity for storage owners to increase rents
- While Las Vegas and Phoenix have had strong rent growth, the high cost of storage compared to multifamily may have a drag on rent growth



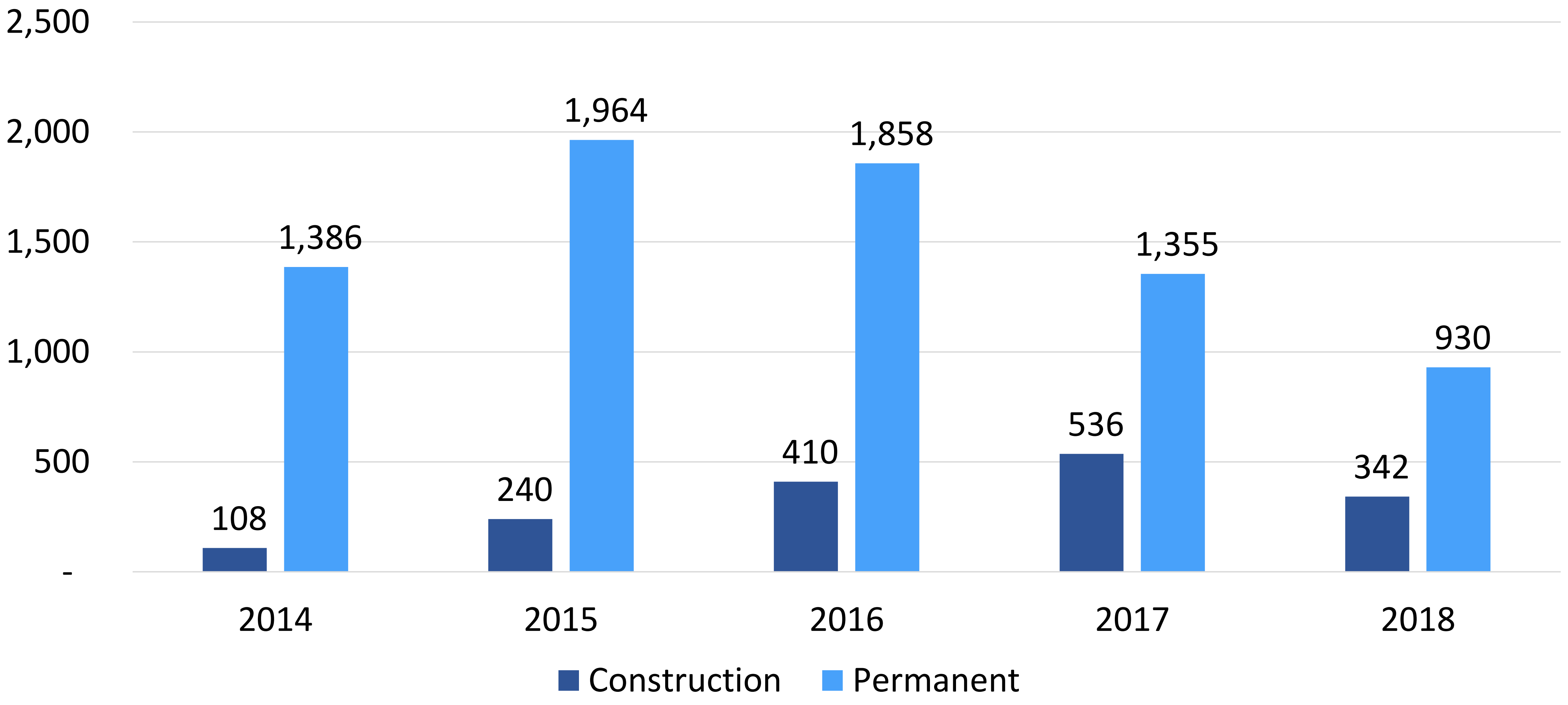
Source: Yardi® Matrix

Storage Investment Cycle: Loans, Starts & Completions



Source: Yardi® Matrix

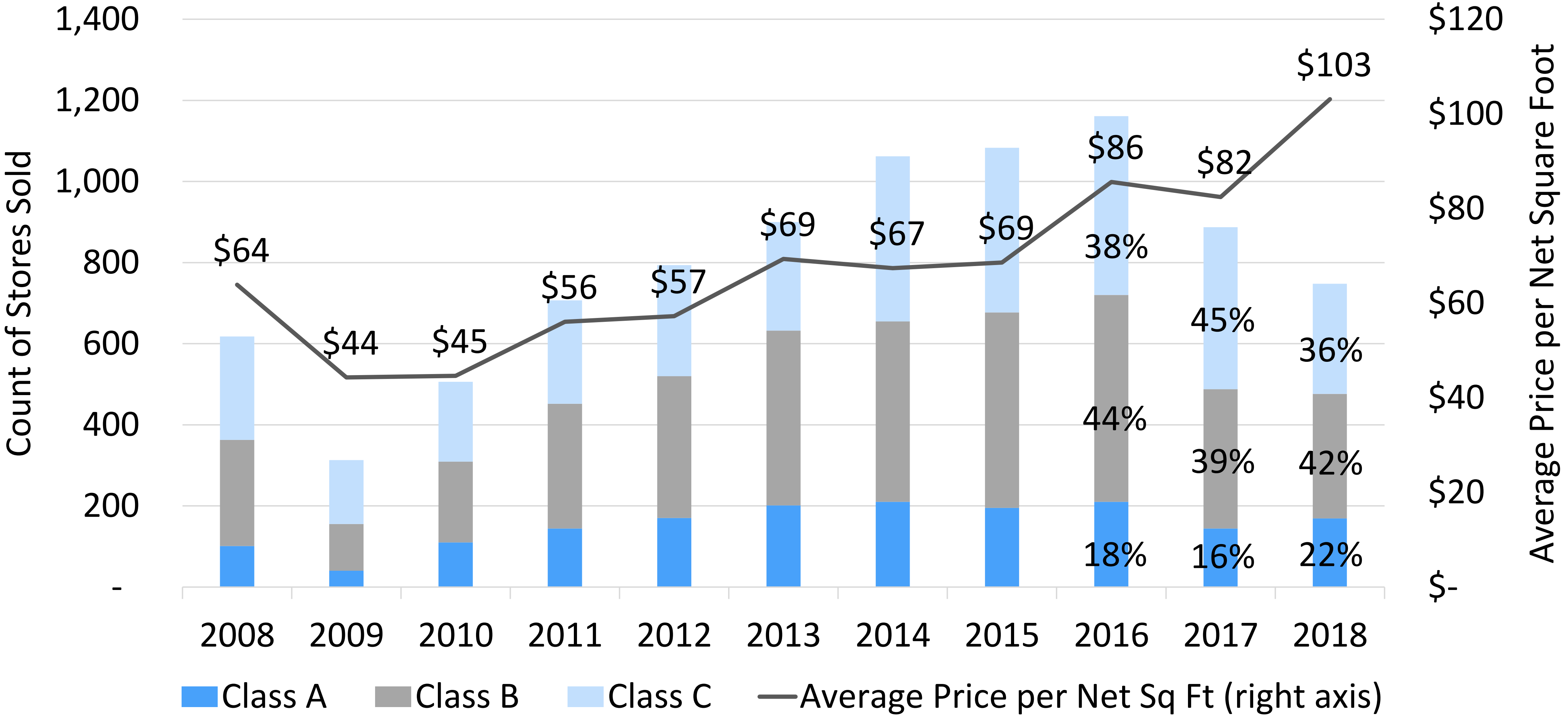
Count of Permanent & Construction Storage Loan Originations



Source: Yardi® Matrix

YARDI

Sales Transaction Volume & Pricing: Higher Prices Reflect More Class A Trades

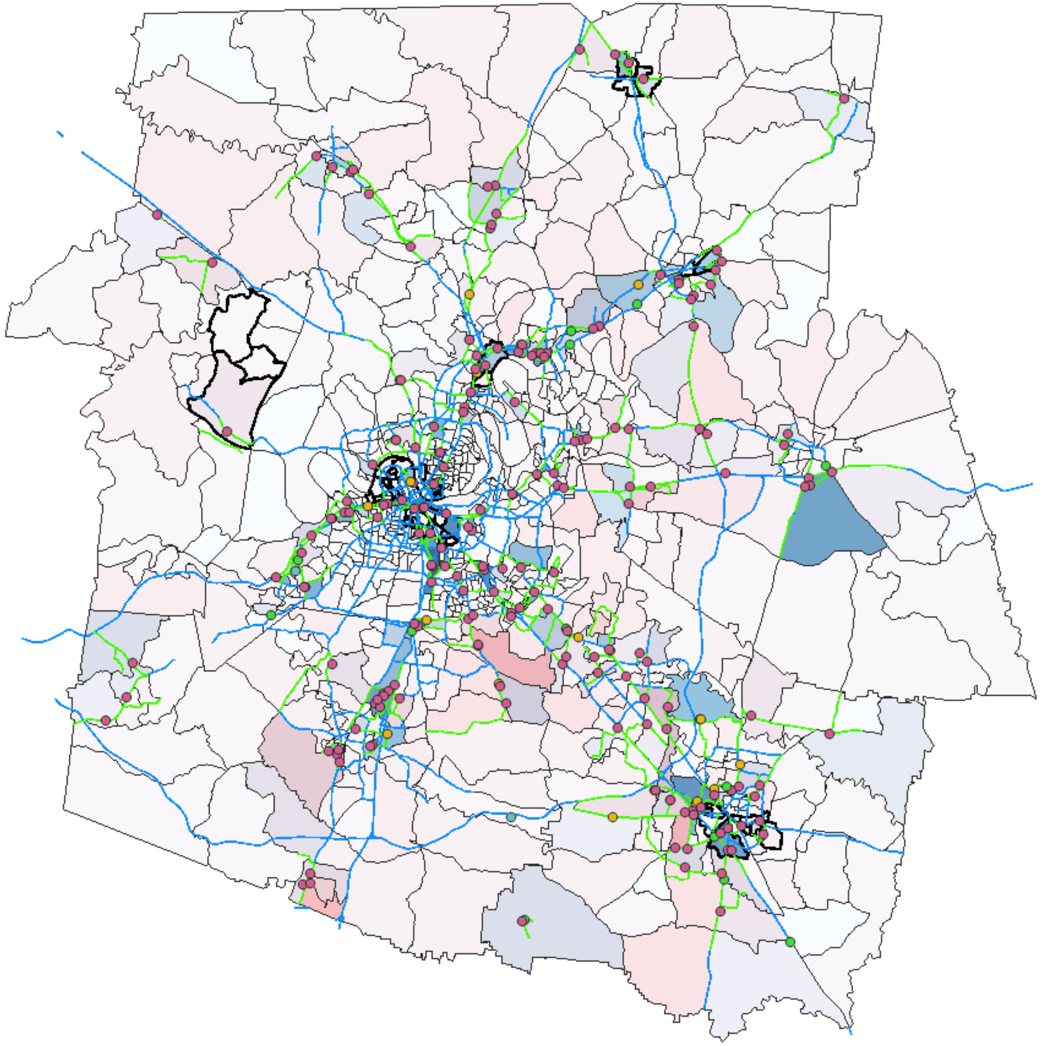


Source: Yardi® Matrix

YARDI

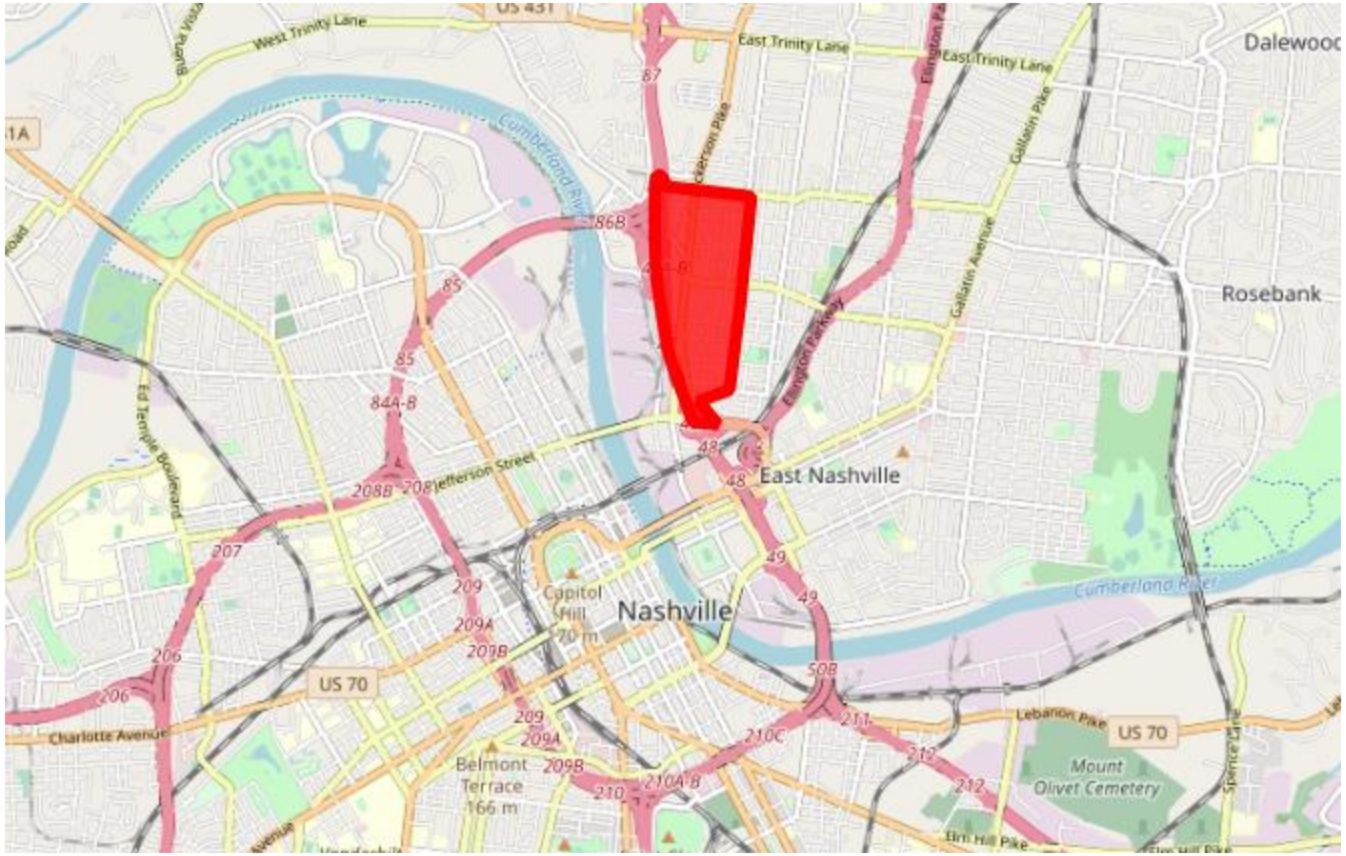
Even in Nashville, Development Opportunity Exists

- Blue Shading: Storage Penetration (Sq. Ft. per Capita)
- Red Shading: Population Density
- Blue Lines: Roadways with average daily traffic count higher than 10,000 and no current storage exposure
- Green Lines: Roadways with average daily traffic count higher than 10,000 and some institutional grade storage exposure
- ● Institutional grade storage properties



Even in Nashville, Development Opportunity Exists

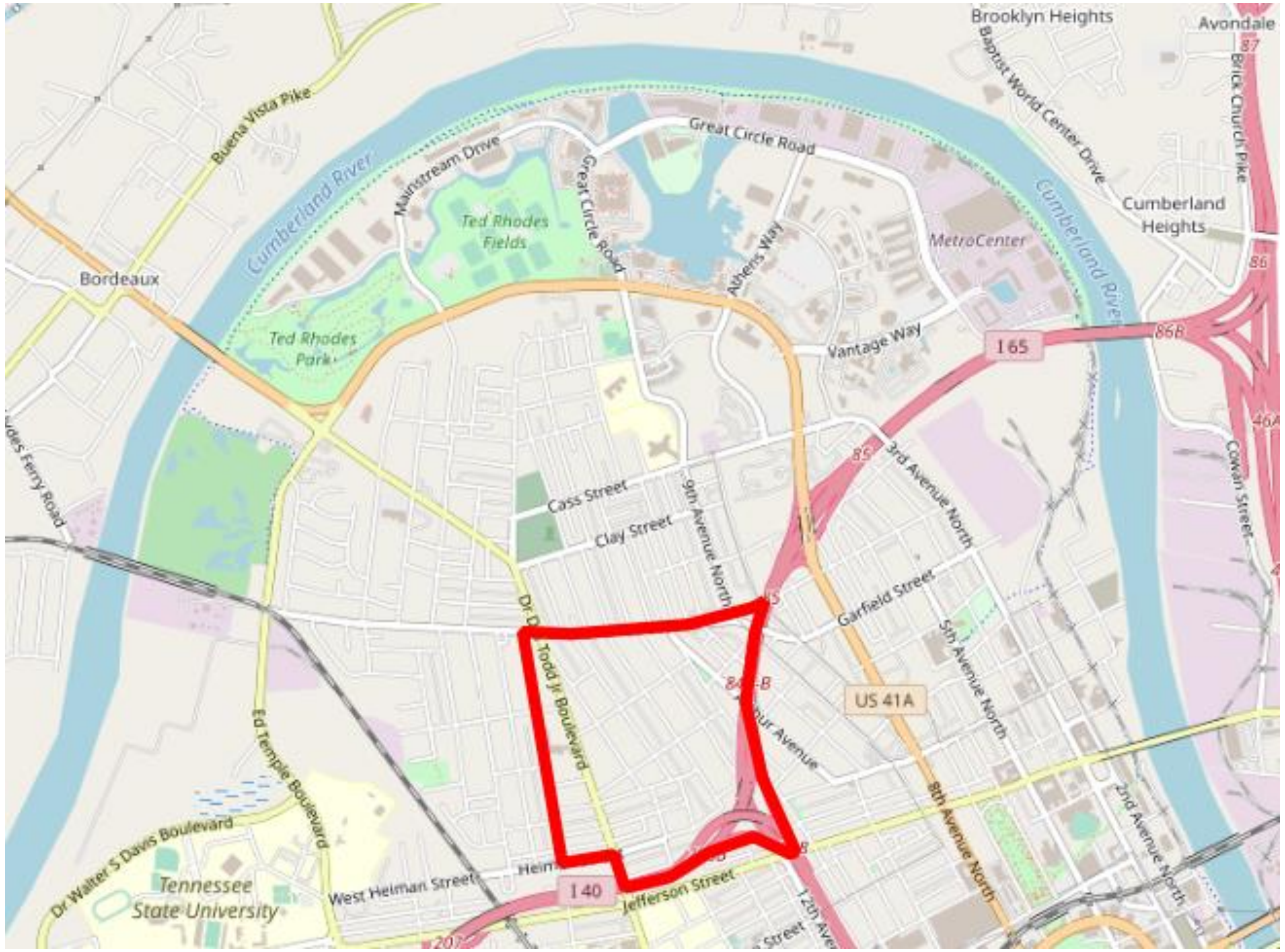
- Population: 2,502 (2019)
- Located in low-income opportunity zone
- 0 NRSF institutional-grade storage in census block group
- Exposure to two route stretches with 10k+ cars per day:
    - Interstate 24: 111,470 daily vehicles
    - Dickerson Pike: 23,040 daily vehicles



YARDI

Even in Nashville, Development Opportunity Exists

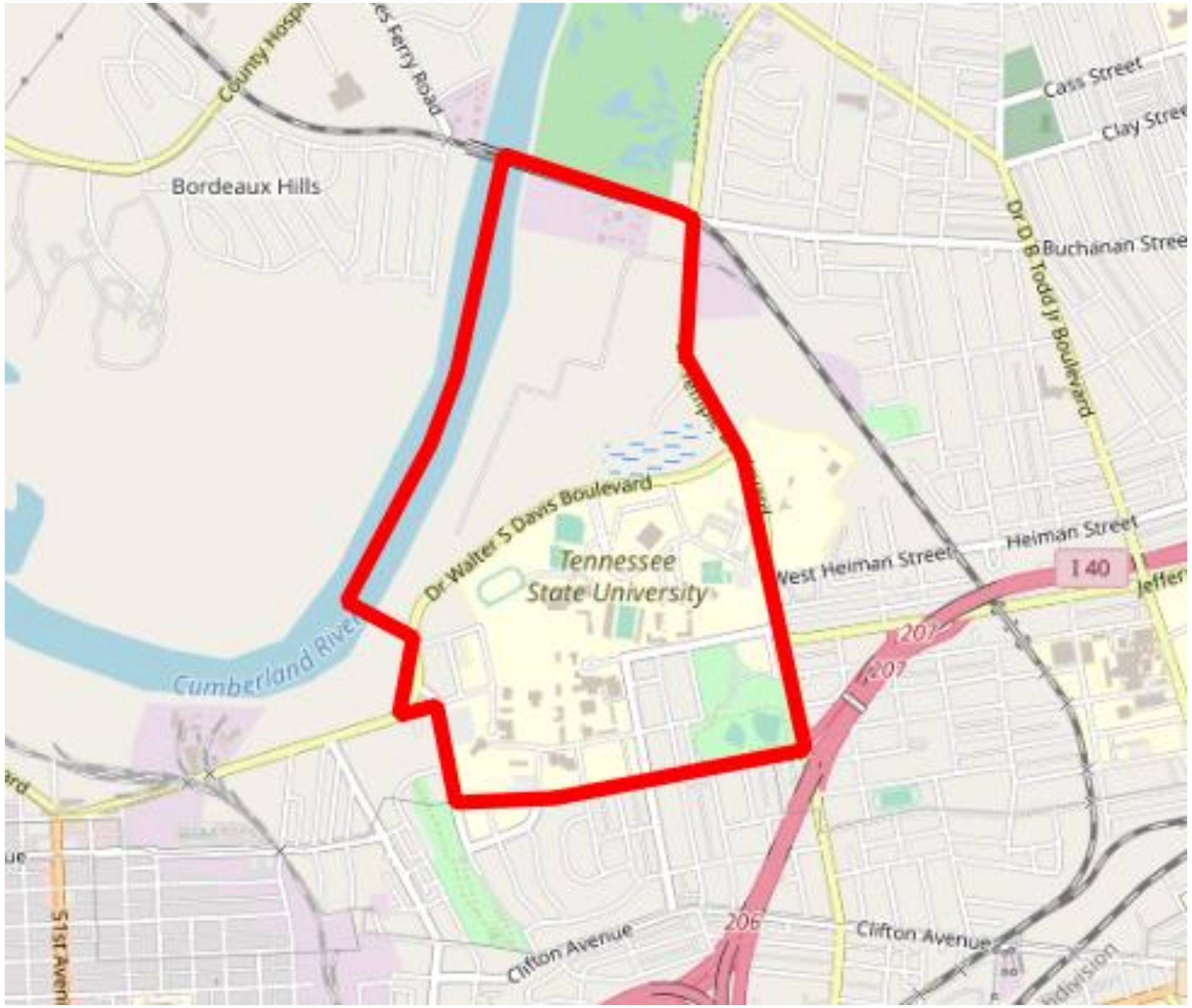
- Population: 1,692 (2019)
- Located in low-income opportunity zone
- 0 NRSF institutional-grade storage
- Exposed to three stretches of interstate for total daily car exposure of over 200k



Source: Yardi® Matrix

Even in Nashville, Development Opportunity Exists

- Population: 1,733 (2019)
- Located in low-income opportunity zone
- 0 NRSF institutional-grade storage
- Daily traffic exposure 13,830 vehicles
- Located in university district; students frequently need storage

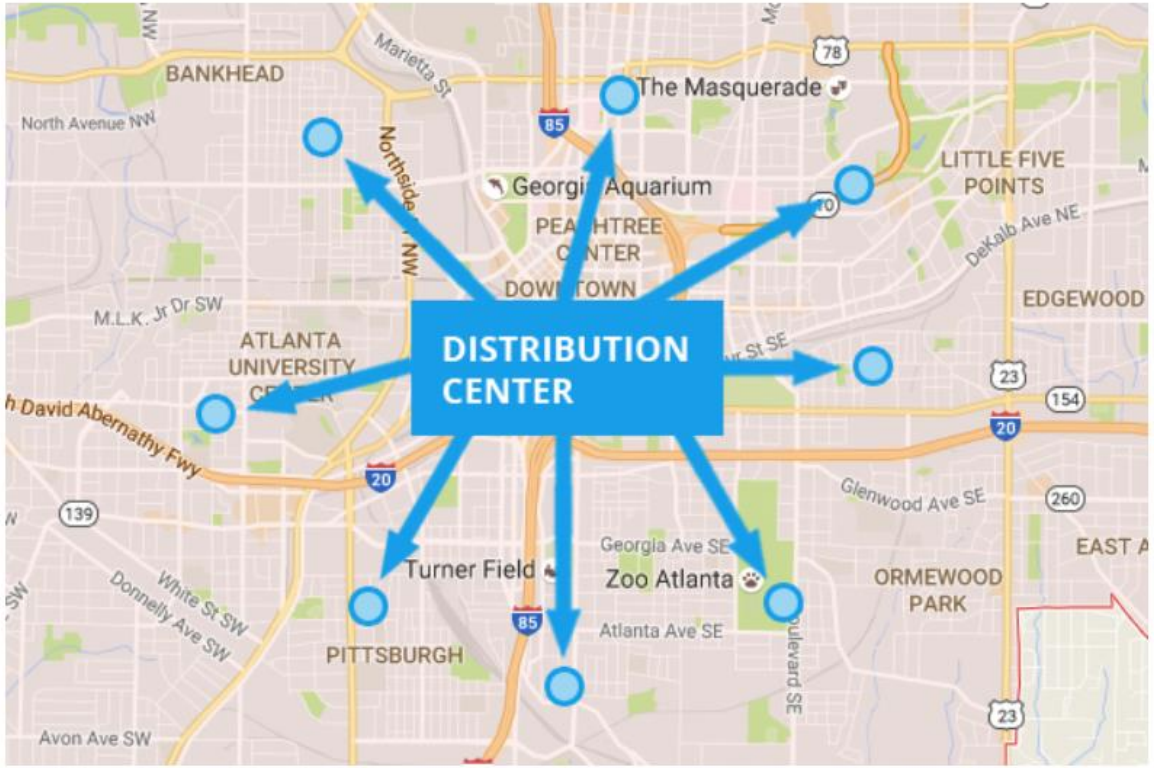


YARDI

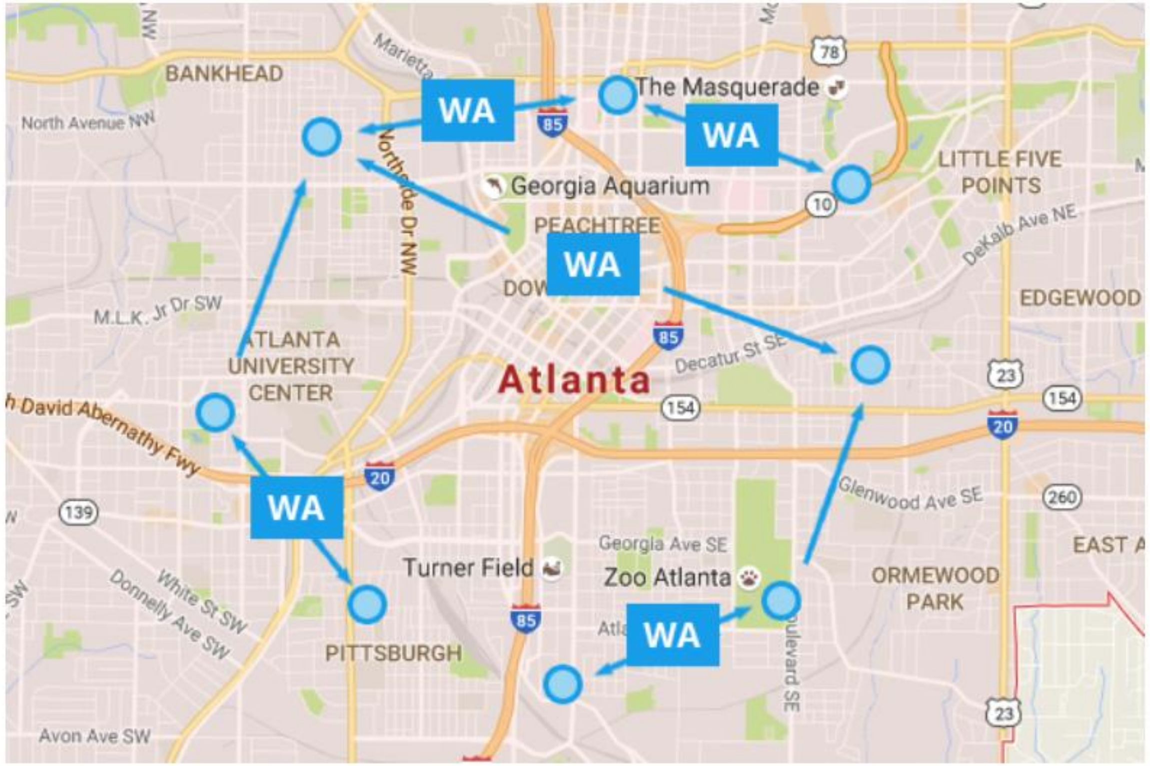
The Yardi Matrix View- A Sharpshooter's Game Short-Term as New Supply is Absorbed

- **Outlook on 2019 - Markets to focus on: the confluence of supply and demand**
  - Las Vegas, Phoenix, Florida markets continue to benefit from strong domestic migration of both baby boomers and millennials
  - New York, Boston, Philadelphia have historically low penetration, and development opportunity remains, despite slower population growth
  - 2017 tax law is amplifying the southern and south western migration trend leading strength in sunbelt markets, uncertainty in CA, IL, NJ, NY, CT
  - Capital markets remain well balanced and abundant capital exists for storage investment. Major CRE firms are diversifying their portfolios and growing their storage allocation
  - Opportunity Zones present ability for investors and developers to take advantage of deferred capital gains. Must find an opportunity zone with strong demographic, investment landscape
  - Innovations including co-warehousing, recently disclosed by LifeStorage® indicate opportunities to soak up excess storage supply and meet growing needs of e-commerce and last mile delivery platforms

LifeStorage® Innovates Co-Warehousing & Co-Industrial with Technology-Enabled Networks



In a traditional distribution center model, your goods and materials travel from a centralized location to your points of demand.



Warehouse Anywhere enables you to move your goods and materials much closer to points of demand, drastically reducing time needed for delivery or retrieval.

Next Steps with Yardi® Matrix: Solutions in Storage Data

We love to talk storage trends any time. Please contact us at:

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