

NATIONAL SELF STORAGE REPORT

APRIL 2019

MONTHLY SUPPLY AND RENT RECAP

Demand driven by positive demographics, healthy economic fundamentals

- Development activity remains elevated in fast-growing secondary markets that are seeing a boost in multifamily construction supported by persisting employment growth and population gains, among them Portland, Seattle and Nashville. Large, undersupplied metros in the Northeast, where available land for construction is limited and expensive, also maintain a strong appetite for self storage product. Developers are building new facilities on smaller and more constrained land parcels that would be unusable for other commercial real estate asset classes.
- On a national level, Yardi Matrix tracks a total of 2,129 self storage properties in the pipeline—comprising 717 under construction, 1,077 planned and 335 prospective projects. Compared to the previous month, the new-supply pipeline has increased by 0.2%, mainly due to an uptick in planned projects.
- Yardi Matrix also maintains operational profiles for 24,932 completed properties in the U.S., bringing the total data set to 27,622 stores. The new-supply pipeline accounts for 9.9% of the completed inventory tracked by Yardi Matrix.

San Diego leads major markets in 10x10 climate-controlled rate growth

- Street rates declined by 0.9% nationwide year-over-year in March 2019 for 10x10 non-climate-controlled (NON CC) units, but remained flat compared to the previous month. Rent performance for climate-controlled (CC) units decreased by 1.5% on a year-over-year basis, but improved by 70 basis points over February's decrease of 2.2%.
- San Diego has emerged as one of the strongest markets for storage rates, especially for high-end climate-controlled units. Relatively modest new supply and strong demand for new product have pushed rates higher. However, developers are eyeing the growth. Despite significant barriers to development in California, projects are being put forth and approved, as San Diego's percentage of stock planned or under construction increased 90 basis points from March to April.

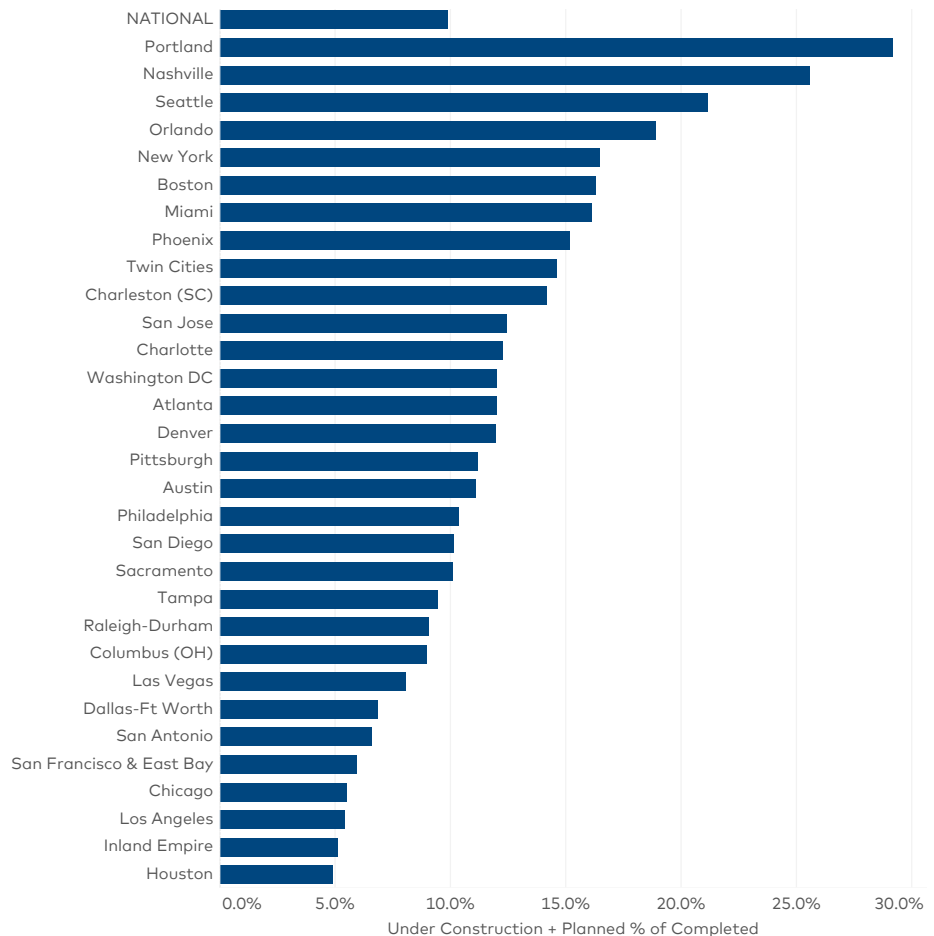
MONTHLY NEW SUPPLY UPDATE

Booming Seattle further expands new-supply pipeline

- On a national level, the share of projects under construction or in the planning stages accounts for 9.9% of the total existing inventory, reflecting a 20-basis-point increase over March. While the pipeline is expanding, most new projects are in the planning phase, and construction levels have remained steady in recent months.
- Portland leads the way in development activity (29.2% of existing stock). Nashville is still seeing heightened construction levels (25.6%), although its pipeline is declining modestly.
- Still reaping the rewards of its best year for employment growth in a decade, Seattle saw the largest increase in construction activity on a month-over-month basis (up 260 basis points). The share of units under construction or in the planning stages accounts for 21.2% of the metro's existing stock. The new-supply pipeline will likely grow in the coming months, due to a tightening employment market that continues to draw in skilled professionals from outside the metro, leading to domestic migrant demand for storage.

Under Construction & Planned Percent of Existing Inventory

Metro	Mar-19	Apr-19	Change
NATIONAL	9.7%	9.9%	↑
Portland	29.2%	29.2%	▬
Nashville	26.9%	25.6%	↓
Seattle	18.6%	21.2%	↑
Orlando	18.2%	18.9%	↑
New York	16.3%	16.5%	↑
Boston	15.3%	16.3%	↑
Miami	16.1%	16.1%	▬
Phoenix	15.4%	15.1%	↓
Minneapolis	16.0%	14.6%	↓
Charleston (SC)	13.2%	14.2%	↑
San Jose	13.4%	12.4%	↓
Charlotte	13.1%	12.3%	↓
Washington DC	12.4%	12.0%	↓
Atlanta	12.1%	12.0%	↓
Denver	12.6%	12.0%	↓
Pittsburgh	12.0%	11.2%	↓
Austin	11.1%	11.1%	▬
Philadelphia	9.7%	10.4%	↑
San Diego	9.3%	10.2%	↑
Sacramento	10.2%	10.1%	↓
Tampa	8.8%	9.5%	↑
Raleigh-Durham	9.6%	9.1%	↓
Columbus (OH)	8.3%	9.0%	↑
Las Vegas	8.6%	8.1%	↓
Dallas-Ft Worth	7.0%	6.9%	↓
San Antonio	5.7%	6.6%	↑
San Francisco Penin. & East Bay	5.4%	5.9%	↑
Chicago	5.9%	5.5%	↓
Los Angeles	5.3%	5.4%	↑
Inland Empire	5.1%	5.1%	▬
Houston	5.4%	4.9%	↓



* Drawn from our national database of 27,622 stores, including some 2,129 projects in the new supply pipeline as well as 24,932 completed stores.

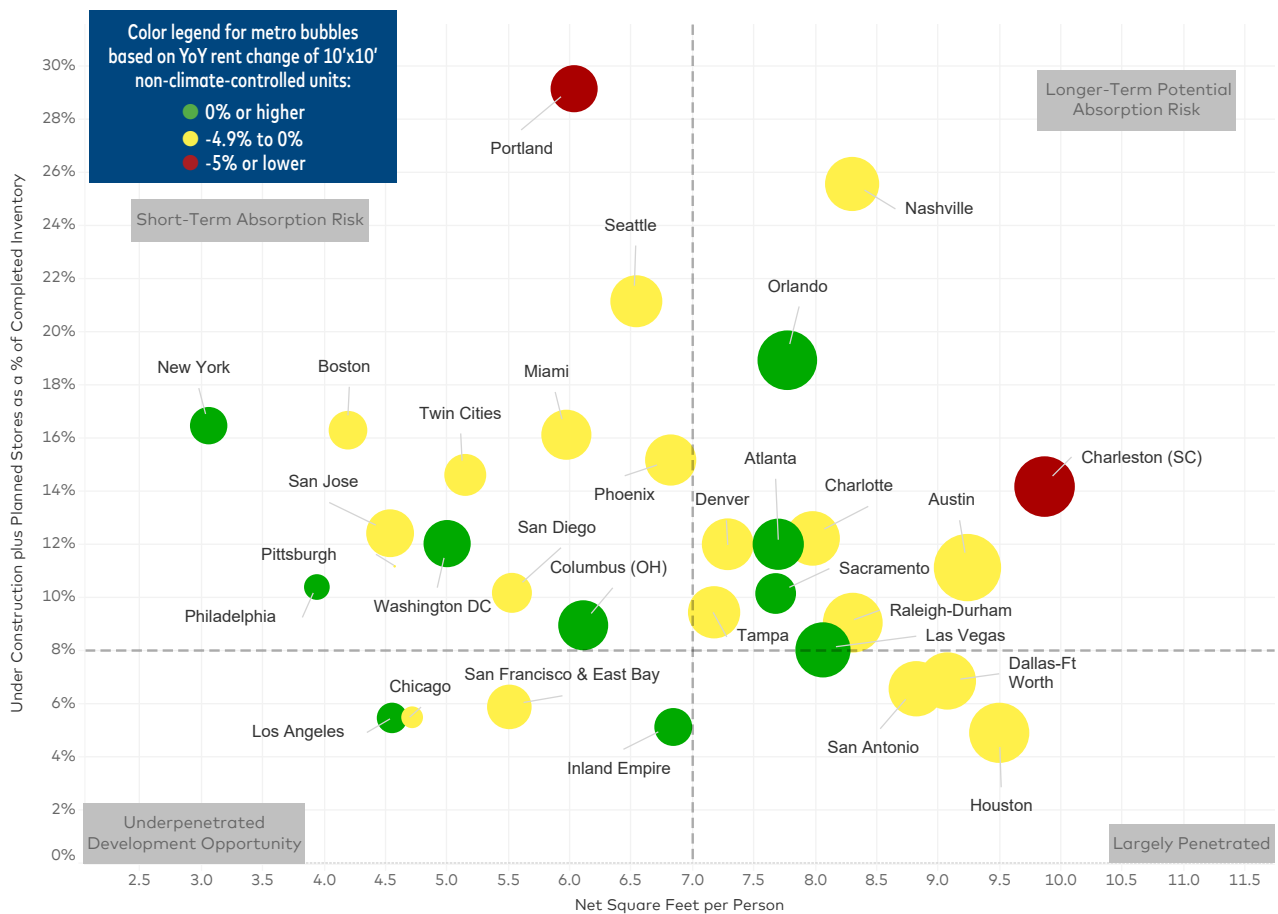
Source: Yardi Matrix. Supply data as of April 9, 2019.

MONTHLY NEW SUPPLY UPDATE

Las Vegas' growing workforce provides opportunity for new construction

- In the Twin Cities, the self storage pipeline has shrunk by 140 basis points since March, accounting for 14.6% of existing stock, partly due to brutal winter conditions that affected Minnesota's construction sector and the state's dwindling labor force growth.
- Despite strong employment, population and street-rate growth, development in Las Vegas still lags, with units under construction or in the planning stages accounting for 8.1% of the metro's existing inventory, down 50 basis points from March. Opportunity remains, as the market's diversifying economy and affordable cost of living compared to West Coast metros will support employment and population growth throughout 2019, and likely beyond.

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)



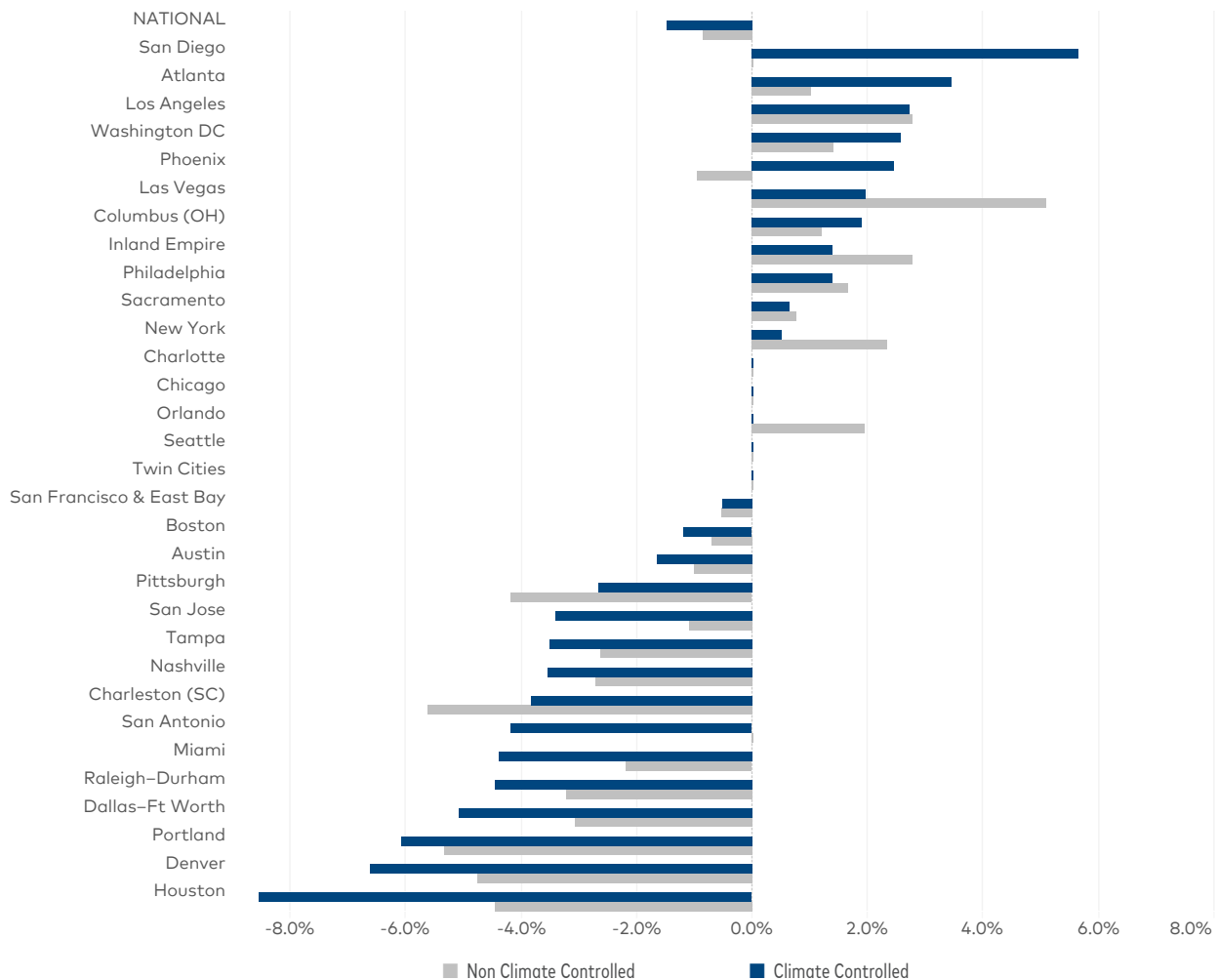
Sources: Yardi Matrix; U.S. Census Bureau. Data as of April 9, 2019.

MONTHLY RENT GROWTH UPDATE

Los Angeles' street rates inflate the most month-over-month

- Nationwide, street rates declined by 0.9% year-over-year in March for the standard 10x10 NON CC unit. However, rates are finally showing signs of growth after more than a year of declines, as average asking rates increased \$1 to \$116 per unit month-over-month. Street rates for climate-controlled units of similar size decreased by 1.5% year-over-year.
- Street rates remain elevated in major West Coast markets, where existing inventory still lags demand. Asking rents were highest in San Francisco (\$190 per unit), which has one of the lowest new-supply pipelines in the nation (5.9% of existing stock). In supply-constrained Los Angeles, asking rents climbed to \$184 per unit, up \$4 since March.
- Rates were flat or slightly negative in the oversupplied Texas markets of San Antonio (\$99), Dallas (\$99) and Houston (\$86). Despite some of the lowest percentages of new supply in the country, penetration levels above 8.5 square feet per capita continue to depress rates.

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



Source: Yardi Matrix. Street rate data as of March 2019

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	March 2019 YoY Rent Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
NATIONAL	116	0%	0%	-1%	-1%	-1%
San Diego	154	-2%	0%	0%	6%	1%
Atlanta	100	2%	2%	1%	3%	1%
Los Angeles	184	0%	1%	3%	3%	0%
Washington DC	144	-2%	1%	1%	3%	1%
Phoenix	103	0%	-2%	-1%	2%	-1%
Las Vegas	103	8%	10%	5%	2%	6%
Columbus (OH)	84	0%	0%	1%	2%	1%
Inland Empire	111	0%	1%	3%	1%	2%
Philadelphia	121	2%	3%	2%	1%	1%
Sacramento	133	2%	1%	1%	1%	0%
New York	174	0%	2%	2%	1%	4%
Charlotte	88	-2%	0%	0%	0%	1%
Chicago	99	0%	-2%	0%	0%	0%
Minneapolis	114	-4%	-1%	0%	0%	-1%
Orlando	105	2%	2%	2%	0%	1%
Seattle	154	0%	1%	0%	0%	3%
San Francisco Penin. & East Bay	190	0%	0%	-1%	-1%	-2%
Boston	144	6%	0%	-1%	-1%	-1%
Austin	99	-2%	-2%	-1%	-2%	-1%
Pittsburgh	115	-3%	-4%	-4%	-3%	-5%
San Jose	180	1%	-1%	-1%	-3%	-3%
Tampa	111	-2%	-3%	-3%	-3%	-1%
Nashville	108	-4%	-7%	-3%	-4%	-3%
Charleston (SC)	101	-5%	-7%	-6%	-4%	-5%
San Antonio	99	0%	0%	0%	-4%	-2%
Miami	134	-4%	-3%	-2%	-4%	0%
Raleigh-Durham	90	-7%	-5%	-3%	-4%	-1%
Dallas-Ft Worth	95	-2%	-2%	-3%	-5%	-3%
Portland	142	-6%	-5%	-5%	-6%	-3%
Denver	120	-9%	-5%	-5%	-7%	-3%
Houston	86	-5%	-4%	-4%	-9%	-4%

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

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