

NATIONAL SELF STORAGE REPORT

MAY 2019

MONTHLY SUPPLY AND RENT RECAP

Diversified economy, growing population drive demand for self storage in secondary markets

- Substantial job growth and population gains continue to boost demand for self storage in secondary markets such as Portland, Nashville and Seattle, where construction activity is greatest. Self storage remains in high demand in historically undersupplied metros in the Northeast. Despite the scarcity of available space for development and high land prices, development projects in large metros such as Boston and New York City are still getting approved. These projects mostly comprise multi-story facilities designed to maximize site utility.
- On a national level, Yardi Matrix tracks a total of 2,072 self storage properties in various stages of development—comprising 664 under construction, 1,084 planned and 324 prospective projects. Compared to April, the national new-supply pipeline as a percent of existing inventory has decreased by 0.3% due to strong completions in the first four months of 2019.
- Yardi Matrix also maintains operational profiles for 25,018 completed U.S. self storage properties, bringing the total data set to 27,090 stores. The new-supply pipeline accounts for 9.6% of the completed inventory.

Rates continue slow declines; Charleston takes the deepest dive

- Street rates declined by 1.7% nationwide year-over-year in April 2019 for the standard 10x10 non-climate-controlled (NON CC) units, but remained flat compared to March. For 10x10 climate-controlled (CC) units, rates decreased by 2.2% on a year-over-year basis.
- Listed rates decreased in more than half of the top markets tracked by Yardi Matrix. Charleston saw the steepest decline year-over-year, dipping by 7.6% for 10x10 NON CC units and 6% for CC units of similar size. The metro's construction boom is supported by healthy economic fundamentals and solid population gains; however, the self storage sector is saturated, and penetration in the metro exceeds 10 square feet per capita, the highest of our top metros.

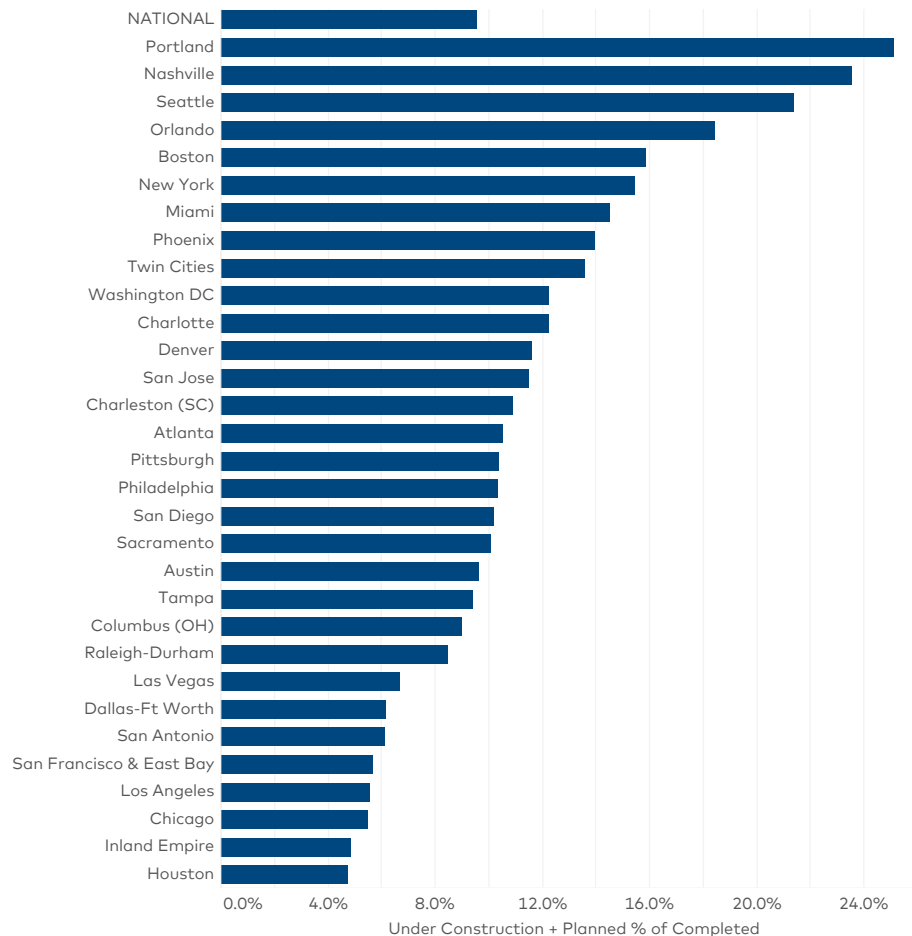
MONTHLY NEW SUPPLY UPDATE

Washington, D.C.'s expanding workforce paves the way for new construction

- Nationwide, the new-supply pipeline—comprising projects under construction or in the planning stages—accounts for 9.6% of total inventory. The 30-basis-point decline from the previous month is mainly due to a significant number of newly completed projects.
- Only three of the markets tracked by Yardi Matrix saw increased development activity on a month-over-month basis: Seattle, Los Angeles and Washington, D.C.—an emerging self storage market with a decade-low unemployment rate of 3.3% as of March, rising wages and solid population gains, which drive demand for new self storage product.
- Though Portland still leads the nation in development activity (25.1% of existing inventory), the market's new-supply pipeline is losing steam (down 4.1% over the previous month) after several consecutive years of heightened development volume. However, with population gains projected at around 24,000 through 2019, Portland maintains the demographic underpinnings to absorb new storage supply.

Under Construction & Planned Percent of Existing Inventory

Metro	Apr-19	May-19	Change
NATIONAL	9.9%	9.6%	↓
Portland	29.2%	25.1%	↓
Nashville	25.6%	23.5%	↓
Seattle	21.2%	21.4%	↑
Orlando	18.9%	18.5%	↓
Boston	16.3%	15.9%	↓
New York	16.5%	15.5%	↓
Miami	16.1%	14.5%	↓
Phoenix	15.1%	14.0%	↓
Twin Cities	14.6%	13.5%	↓
Washington DC	12.0%	12.3%	↑
Charlotte	12.3%	12.3%	▬
Denver	12.0%	11.6%	↓
San Jose	12.4%	11.5%	↓
Charleston (SC)	14.2%	10.9%	↓
Atlanta	12.0%	10.5%	↓
Pittsburgh	11.2%	10.4%	↓
Philadelphia	10.4%	10.4%	▬
San Diego	10.2%	10.2%	▬
Sacramento	10.1%	10.1%	▬
Austin	11.1%	9.7%	↓
Tampa	9.5%	9.4%	↓
Columbus (OH)	9.0%	9.0%	▬
Raleigh-Durham	9.1%	8.5%	↓
Las Vegas	8.1%	6.7%	↓
Dallas-Ft Worth	6.9%	6.2%	↓
San Antonio	6.6%	6.1%	↓
San Francisco Penin. & East Bay	5.9%	5.7%	↓
Los Angeles	5.4%	5.6%	↑
Chicago	5.5%	5.5%	▬
Inland Empire	5.1%	4.9%	↓
Houston	4.9%	4.7%	↓



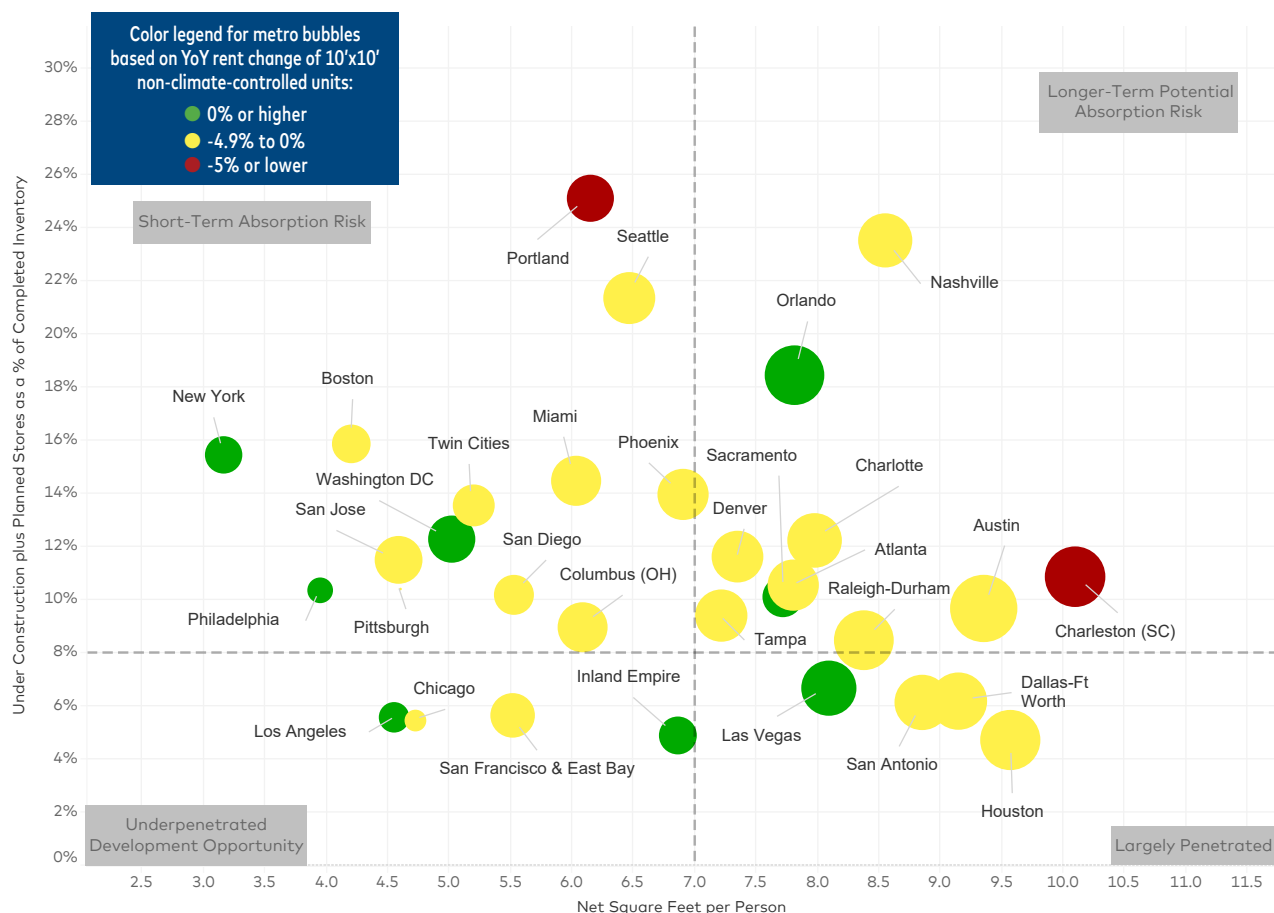
* Drawn from our national database of 27,090 stores, including some 2,072 projects in the new supply pipeline as well as 25,018 completed stores.
Source: Yardi Matrix. Supply data as of May 13, 2019.

MONTHLY NEW SUPPLY UPDATE

New York City welcomes a new wave of completions

- The historically undersupplied New York City metro (roughly 3 square feet per capita) has 46 stores under construction and a whopping 84 in the planning stages. Outpriced by Manhattan’s prohibitive construction costs and building barriers, developers are focusing on projects located in outer boroughs with strong population gains. The upcoming wave of new completions is unlikely to slow down rent growth, as demand remains prevalent.
- Phoenix is one of the nation’s top markets for employment growth and its population continues to expand at a fast pace, fueling demand for self storage product. The metro’s solid new-supply pipeline of 14% of the total inventory—a slight decline from April—includes 23 stores under construction and another 32 planned projects.

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)



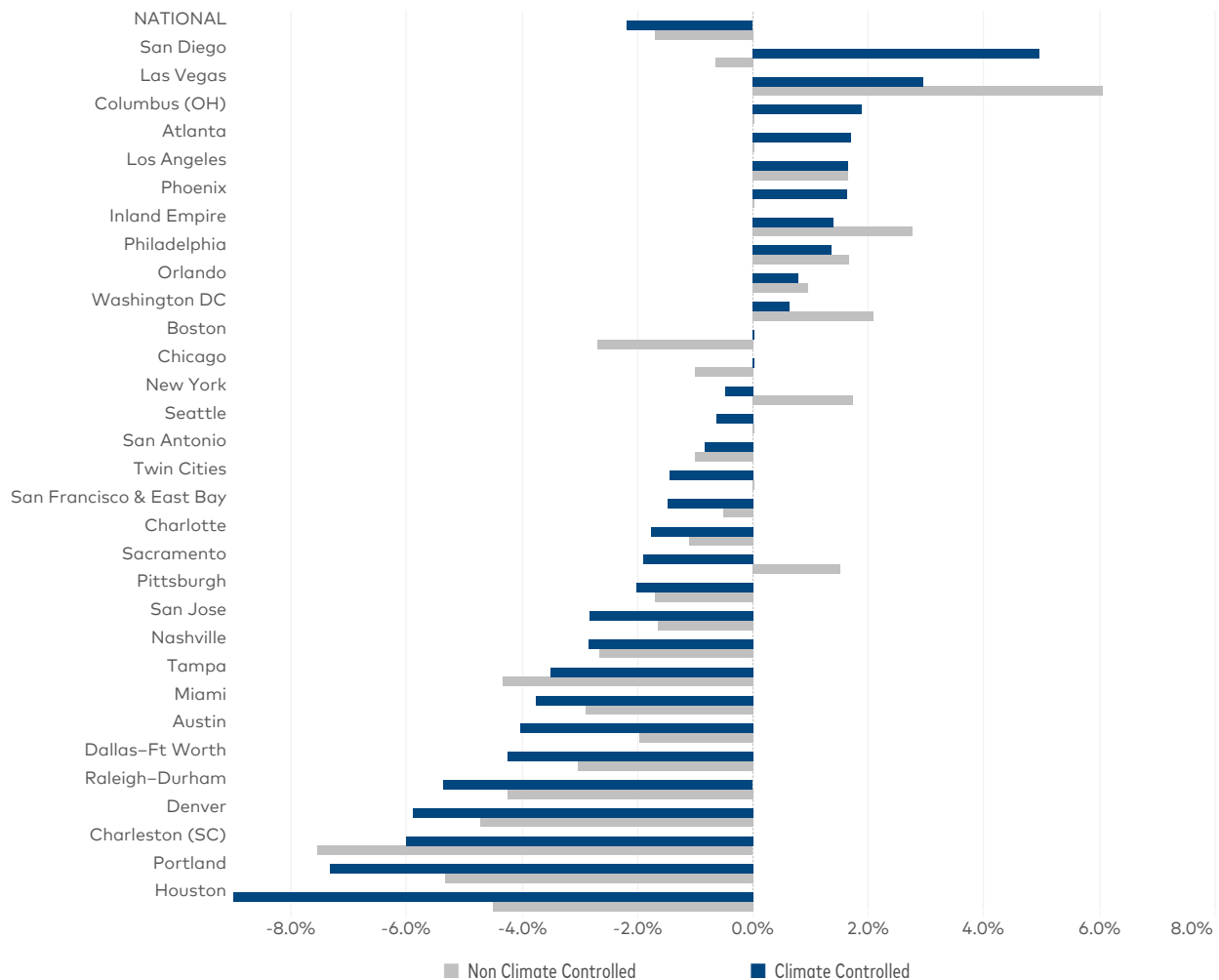
Sources: Yardi Matrix; U.S. Census Bureau. Data as of May 13, 2019.

MONTHLY RENT GROWTH UPDATE

High-income secondary markets lead the way in rate growth

- Nationwide, street rates decreased by 1.7% year-over-year in April for standard 10x10 NON CC units, but remained flat at \$116 per unit on a month-over-month basis. Street rates for climate-controlled units of similar size decreased by 2.2% year-over-year.
- The strongest rate gains for new, climate-controlled stock were in Southwestern markets including San Diego (5%), Las Vegas (3%) Los Angeles and Phoenix (both 2%). Rates also rose in Washington, D.C., and Sacramento, which both saw a \$2 increase to \$146 and \$135 per unit, respectively.
- Charleston is starting to see the effects of high penetration and continuing new supply, as street rates declined \$3 to \$98 per unit compared to the previous month. The market's penetration level of more than 10 net rentable square feet (NRSF) per capita is about 45% higher than the national average.

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



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

MONTHLY RENT RECAP

Market	Avg Metro Rent 10'x10' (non cc)	April 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	-2%	-1%	-2%	-2%	-2%
San Diego	\$155	-1%	0%	-1%	5%	1%
Las Vegas	\$105	8%	8%	6%	3%	6%
Columbus (OH)	\$85	0%	0%	0%	2%	1%
Atlanta	\$100	2%	0%	0%	2%	1%
Los Angeles	\$185	1%	1%	2%	2%	0%
Phoenix	\$104	0%	-2%	0%	2%	-1%
Inland Empire	\$112	0%	3%	3%	1%	2%
Philadelphia	\$122	2%	1%	2%	1%	0%
Orlando	\$105	5%	2%	1%	1%	1%
Washington DC	\$146	-2%	1%	2%	1%	-1%
Boston	\$145	0%	-1%	-3%	0%	0%
Chicago	\$99	-3%	-2%	-1%	0%	-2%
New York	\$175	0%	2%	2%	0%	3%
Seattle	\$155	0%	2%	0%	-1%	1%
San Antonio	\$99	0%	2%	-1%	-1%	-2%
Twin Cities	\$115	-2%	0%	0%	-1%	-1%
San Francisco Penin. & East Bay	\$191	0%	-1%	-1%	-1%	-3%
Charlotte	\$88	0%	0%	-1%	-2%	0%
Sacramento	\$135	2%	0%	2%	-2%	1%
Pittsburgh	\$116	-5%	1%	-2%	-2%	-5%
San Jose	\$180	0%	-3%	-2%	-3%	-4%
Nashville	\$109	-4%	-7%	-3%	-3%	-3%
Tampa	\$110	0%	-3%	-4%	-3%	-2%
Miami	\$134	-2%	-1%	-3%	-4%	-2%
Austin	\$99	-7%	-3%	-2%	-4%	-1%
Dallas-Ft Worth	\$96	-2%	-3%	-3%	-4%	-3%
Raleigh-Durham	\$90	-9%	-5%	-4%	-5%	-2%
Denver	\$121	-9%	-4%	-5%	-6%	-3%
Charleston (SC)	\$98	-7%	-6%	-8%	-6%	-5%
Portland	\$142	-6%	-7%	-5%	-7%	-6%
Houston	\$85	-5%	-5%	-4%	-9%	-4%

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

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