

# NATIONAL SELF STORAGE REPORT

OCTOBER 2019

## MONTHLY SUPPLY AND RATE RECAP

### Self storage struggling amid high supply levels

- New deliveries continue to weigh on street rates in almost all markets of the self storage sector. While new ground-up projects are impacting many secondary markets, older and highly regulated markets' storage inventories are growing through conversions and expansions. Looking ahead, the self storage industry is in for a rough slog: Deliveries are expected to remain elevated, pushing down pricing for many operators and increasing the need for improved performance through tightened operating costs and better efficiency.
- Nationwide, Yardi Matrix tracks a total of 2,140 self storage properties in various stages of development—comprising 592 under construction, 1,172 planned and 376 prospective projects. Compared to the previous month, the new-supply pipeline as a percent of existing inventory increased by a slight 0.1%. The share of projects in various stages of development accounts for 9.4% of total stock.
- Yardi Matrix also maintains operational profiles for 25,412 completed self storage facilities across the U.S. This brings the total data set to 27,552 properties.

### New supply pressure persists

- Heavy incoming supply continued to hinder rent growth, paving the way for concessions and cutbacks. On a year-over-year basis, street rates dipped by 2.5% for standard 10x10 non-climate-controlled (NON CC) units, contracting even more for climate-controlled (CC) of similar size (down 3.7%).
- Compared to September 2018, street rates decreased in about 85% of the top markets tracked by Yardi Matrix. Rent rates for standard NON CC units took the hardest hit in the oversupplied Charleston market, falling by 9.6% on an annual basis. As of September, Charleston had a completed inventory per capita of 11 net rentable square feet (NRSF).

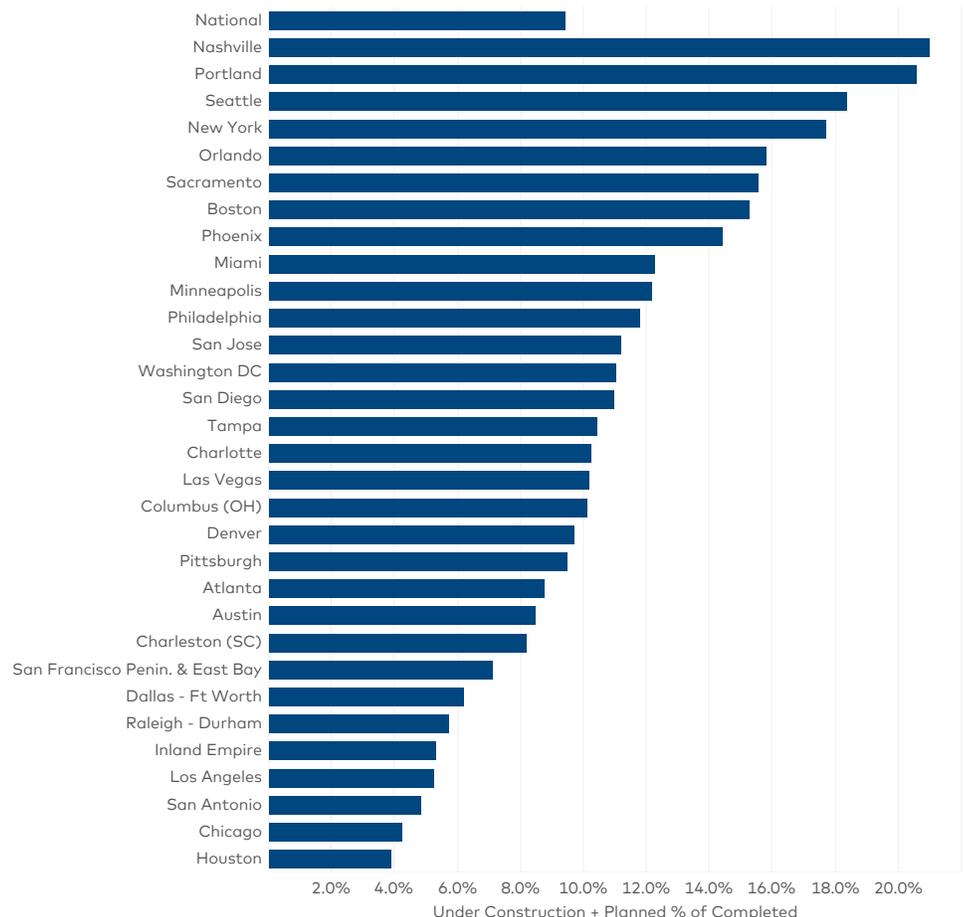
# MONTHLY NEW SUPPLY UPDATE

## National development pipeline remains robust

- Self storage properties under construction or in the planning stages across the U.S. account for 9.4% of total stock, a modest increase of 10 basis points compared to the previous month. In Nashville (21% of stock), a growing and diversifying economy continues to support strong population gains and household formations, boosting demand for storage space. The metro added more than 23,000 jobs in the 12 months ending in May, with leisure and hospitality leading the way in job gains (6,900 new positions). As of September, there were 17 projects under construction in Nashville, with an additional 16 in the planning stages. While demand drivers are present in the market, significant new supply and high penetration of roughly 8.5 NRSF per capita leave Nashville operators with an uphill battle for street rate growth.
- The expanding West Coast markets of Portland (20.6% of stock) and Seattle (18.4%) are still seeing elevated construction levels. However, Portland's pipeline has slightly declined compared to the previous month. Expect the metro's development pipeline to continue to shrink in the coming quarters as existing projects struggle to lease up and more deliveries hit.

## Under Construction & Planned Percent of Existing Inventory

Metro	Aug-19	Sept-19	Change
NATIONAL	9.3%	9.4%	↑
Nashville	20.4%	21.0%	↑
Portland	20.7%	20.6%	↓
Seattle	17.6%	18.4%	↑
New York	17.6%	17.7%	↑
Orlando	15.5%	15.8%	↑
Sacramento	15.1%	15.6%	↑
Boston	14.6%	15.3%	↑
Phoenix	14.6%	14.4%	↓
Miami	12.3%	12.3%	↓
Minneapolis	12.3%	12.2%	↓
Philadelphia	11.5%	11.8%	↑
San Jose	11.2%	11.2%	—
Washington DC	11.1%	11.0%	↓
San Diego	10.5%	11.0%	↑
Tampa	10.5%	10.5%	—
Charlotte	9.8%	10.2%	↑
Las Vegas	10.2%	10.2%	—
Columbus (OH)	10.1%	10.1%	—
Denver	9.8%	9.7%	↓
Pittsburgh	9.6%	9.5%	↓
Atlanta	8.6%	8.8%	↑
Austin	8.6%	8.5%	↓
Charleston (SC)	8.3%	8.2%	↓
San Francisco Penin. & East Bay	7.1%	7.1%	—
Dallas - Ft Worth	6.0%	6.2%	↑
Raleigh - Durham	5.7%	5.7%	—
Inland Empire	4.8%	5.3%	↑
Los Angeles	5.3%	5.3%	—
San Antonio	4.8%	4.8%	—
Chicago	4.1%	4.3%	↑
Houston	3.9%	3.9%	—



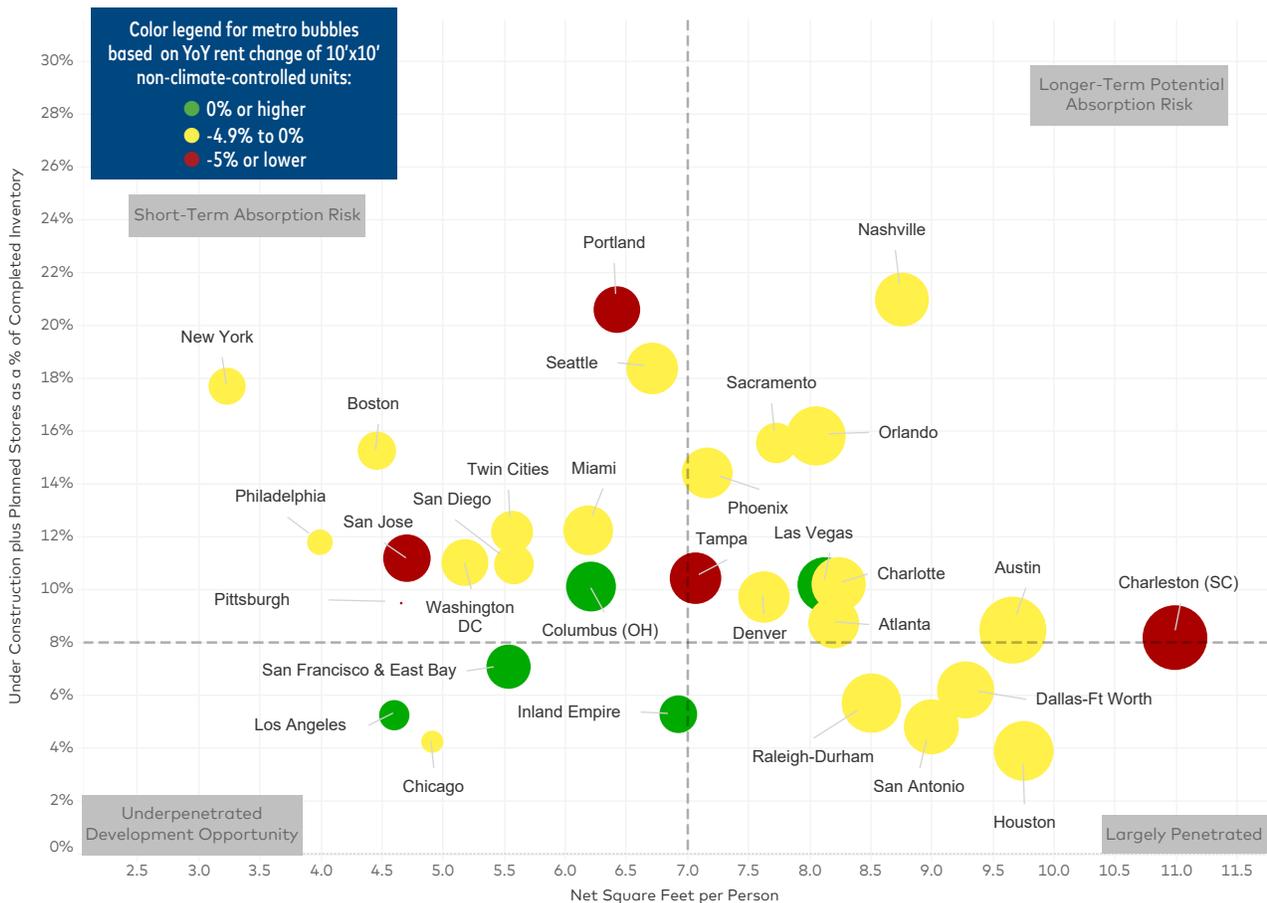
\* Drawn from our national database of more than 27,400 stores, including some 2,100 projects in the new-supply pipeline as well as more than 25,300 completed stores. Source: Yardi Matrix. Supply data as of September 2019.

# MONTHLY NEW SUPPLY UPDATE

## Job growth supports demand in expanding secondary markets

- In Phoenix, another rapidly growing secondary market, the share of stores under construction or in the planning stages accounts for 14.4% of the total inventory, a slight decline on a month-over-month basis. The metro's new-supply pipeline comprises 19 projects under construction and another 40 in the planning stages. Phoenix's employment base is projected to expand by more than 60,000 new jobs by year's end, as Arizona is among the leaders in corporate relocations and expansions.
- Development is booming in undersupplied New York City, where self storage per capita is less than half the national average. Despite major drawbacks, including limited land for construction and strict zoning regulations, developers continue to break ground on new product. As of September, the metro's development pipeline of 17.7%—one of the highest in the nation—comprises 52 facilities under construction and another 100 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)



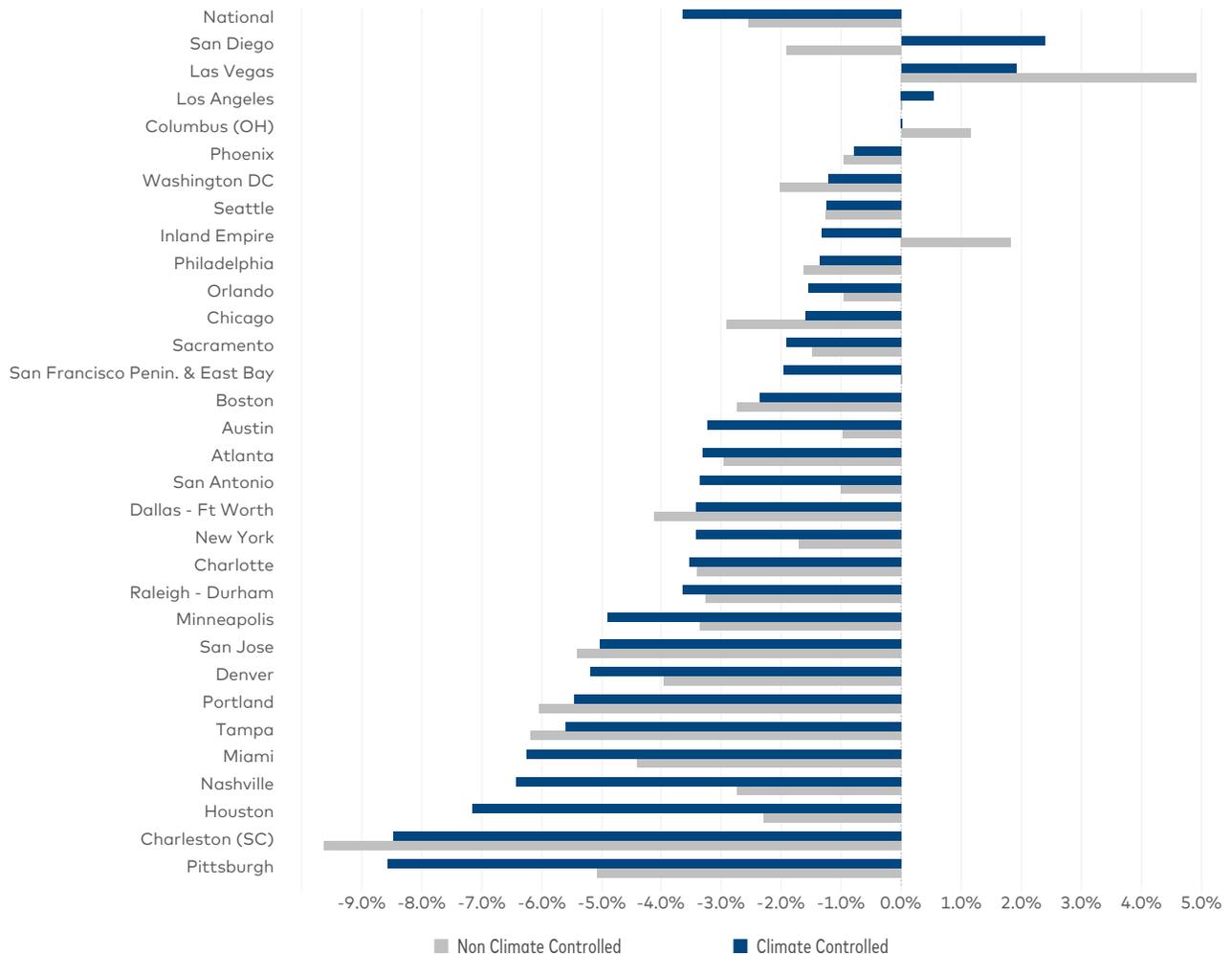
Sources: Yardi Matrix; U.S. Census Bureau. Data as of September 2019.

# MONTHLY RATE GROWTH UPDATE

Asking rates are lowest in Houston as heavy supply continues to weigh on the market

- On a month-over-month basis, the national average street rate dropped one dollar to \$115 per unit in September, as elevated completion levels continue to put downward pressure on rents in most markets tracked by Yardi Matrix.
- Annual street rate performance was positive in just three markets—the undersupplied markets of Las Vegas (up 4.3% year-over-year in September) and the Inland Empire (up 1.8%), as well as Columbus (up 1.1%), which continues to diversify its economy and attract young professionals looking to settle in a major U.S. metro that is still affordable.
- San Francisco had the highest asking rates as of September (\$193) for the standard NON CC unit, followed by Los Angeles (\$183) and San Jose (\$175). On the other end of the spectrum, asking rates were lowest in Houston (\$85). Houston is still struggling with oversupply despite a modest development pipeline of only 3.9%, the lowest in the nation.

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



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

# MONTHLY RATE RECAP

Market	Avg Metro Rate 10'x10' (non cc)	September 2019 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	115	-2%	-1%	-3%	-4%	-2%
San Diego	154	-1%	0%	-2%	2%	-1%
Las Vegas	107	5%	6%	5%	2%	2%
Los Angeles	183	1%	1%	0%	1%	-1%
Columbus (OH)	89	0%	2%	1%	0%	-1%
Phoenix	103	0%	0%	-1%	-1%	-2%
Washington DC	145	-3%	-3%	-2%	-1%	-1%
Seattle	155	0%	-1%	-1%	-1%	0%
Inland Empire	112	0%	1%	2%	-1%	2%
Philadelphia	120	0%	0%	-2%	-1%	-2%
Orlando	103	0%	-3%	-1%	-2%	-1%
Chicago	100	-3%	-2%	-3%	-2%	-2%
Sacramento	132	-3%	-1%	-1%	-2%	-1%
San Francisco Penin. & East Bay	193	1%	0%	0%	-2%	-2%
Boston	142	-2%	-2%	-3%	-2%	0%
Austin	100	-7%	-2%	-1%	-3%	-1%
Atlanta	98	0%	-3%	-3%	-3%	-2%
San Antonio	98	0%	0%	-1%	-3%	-1%
Dallas-Ft Worth	93	-7%	-5%	-4%	-3%	-3%
New York	172	-4%	-2%	-2%	-3%	-2%
Charlotte	85	0%	-2%	-3%	-4%	-2%
Raleigh-Durham	89	-7%	-3%	-3%	-4%	-3%
Minneapolis	115	-8%	-3%	-3%	-5%	-2%
San Jose	175	-5%	-6%	-5%	-5%	-8%
Denver	121	-7%	-5%	-4%	-5%	-2%
Portland	140	-6%	-8%	-6%	-5%	-5%
Tampa	106	-2%	-3%	-6%	-6%	-4%
Miami	130	-4%	-4%	-4%	-6%	-3%
Nashville	106	-5%	-5%	-3%	-6%	-4%
Houston	85	-6%	-4%	-2%	-7%	-1%
Charleston (SC)	94	-12%	-10%	-10%	-8%	-9%
Pittsburgh	112	-9%	-6%	-5%	-9%	-6%

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

## Contacts

### **Jeff Adler**

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

### **Isaac Hiatt**

Product Specialist  
Isaac.Hiatt@Yardi.com  
(800) 866-1124 x3912

### **Veronica Grecu**

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

### **Chris Nebenzahl**

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

### Disclaimer

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

### Copyright Notice

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

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

© 2019 Yardi Systems, Inc. All Rights Reserved.