

# NATIONAL SELF STORAGE REPORT

NOVEMBER 2019

## MONTHLY SUPPLY AND RATE RECAP

### Expanding secondary markets fuel new construction

- Most markets tracked by Yardi Matrix are still dealing with the impact of high completion levels from the past few years. The significant incoming self storage supply continues to hinder rent growth nationwide, pressuring store operators to revert to cutbacks and concessions to maintain competitiveness. Despite rising construction, land and labor costs, development activity is robust.
- On a national level, Yardi Matrix tracks 2,164 self storage properties in various stages of development: 598 under construction, 1,167 planned and 399 prospective projects. The new-supply pipeline as a percent of existing inventory increased by a slight 0.2% compared to the previous month. The share of self storage projects in various stages of development accounts for 9.4% of total stock.
- Yardi Matrix also maintains operational profiles for 25,495 completed self storage facilities across the U.S., bringing the total data set to 27,659 properties.

### Street rates keep falling after years of strong deliveries

- On a year-over-year basis, street rates decreased 3.4% for standard 10x10 non-climate-controlled (NON CC) units as operators continue to cut rents and offer concessions to maintain strong occupancy levels, while street rates for climate-controlled (CC) units of similar size decreased by 3.7%. A substantial amount of new deliveries over the past few years and the strong new-supply pipeline continue to put downward pressure on asking rates.
- Compared to October 2018, asking rates tightened in 90% of the 31 top markets tracked by Yardi Matrix. With a completed inventory per capita of 11.1 net rentable square feet (NRSF) as of October, which is roughly 70% higher than the national average, Charleston continues to lead the way in rental rate reductions. Street rates fell in the metro by 10.7% for standard NON CC units and by 10.9% for CC units, on an annual basis.

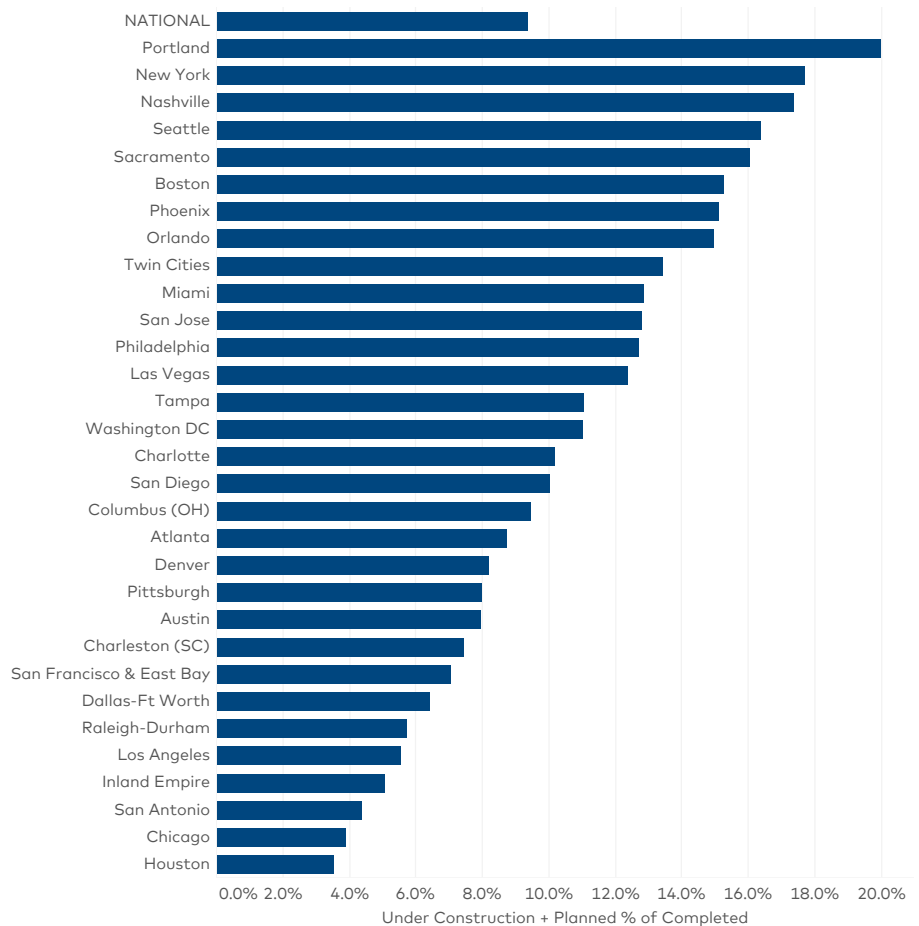
# MONTHLY NEW SUPPLY UPDATE

## Construction activity intensifies in top markets for relocation

- As of October, the share of self storage properties under construction or in the planning stages accounts for 9.4% of the total national inventory, a slight 20-basis-point increase on a month-over-month basis. While Portland (20% as of October), New York City (17.6%) and Nashville (17.4%) continue to occupy the top three spots for new development, construction activity picked up substantially in Phoenix, rising to 15.1%, which is a 70-basis-point increase over the previous month. According to the Kaufmann Foundation, Phoenix ranked among the nation's top metros for startups and entrepreneurship over the past four years. Moreover, Arizona is directly competing with Texas in landing corporate relocations and expansions, facilitating growth of the metro and boosting demand for storage space. Phoenix gained more than 28,000 jobs in the 12 months ending in September, up 2.4% year-over-year and nearly 80 basis points above the national average.
- Las Vegas' steady population and job growth over the past few years continue to feed the new-supply pipeline. The metro's new-supply pipeline accounted for 12.4% as of October (up 40 basis points over the previous month).

Under Construction & Planned Percent of Existing Inventory

Metro	Sept-19	Oct-19	Change
NATIONAL	9.2%	9.4%	↑
Portland	20.0%	20.0%	—
New York	17.4%	17.6%	↑
Nashville	17.6%	17.4%	↓
Seattle	16.1%	16.4%	↑
Sacramento	15.6%	16.0%	↑
Boston	14.9%	15.2%	↑
Phoenix	14.4%	15.1%	↑
Orlando	14.8%	14.9%	↑
Minneapolis	13.0%	13.4%	↑
Miami	12.7%	12.9%	↑
San Jose	12.8%	12.8%	—
Philadelphia	11.5%	12.7%	↑
Las Vegas	12.0%	12.4%	↑
Tampa	11.0%	11.0%	—
Washington DC	10.5%	11.0%	↑
Charlotte	9.8%	10.2%	↑
San Diego	10.0%	10.0%	—
Columbus (OH)	9.5%	9.4%	↓
Atlanta	8.5%	8.8%	↑
Denver	8.2%	8.2%	—
Pittsburgh	8.0%	8.0%	—
Austin	7.6%	8.0%	↑
Charleston (SC)	7.5%	7.5%	—
San Francisco Penin. & East Bay	7.1%	7.1%	—
Dallas-Ft Worth	6.3%	6.5%	↑
Raleigh-Durham	5.7%	5.7%	—
Los Angeles	5.4%	5.5%	↑
Inland Empire	5.1%	5.1%	—
San Antonio	4.4%	4.4%	—
Chicago	3.8%	3.9%	↑
Houston	3.5%	3.5%	—



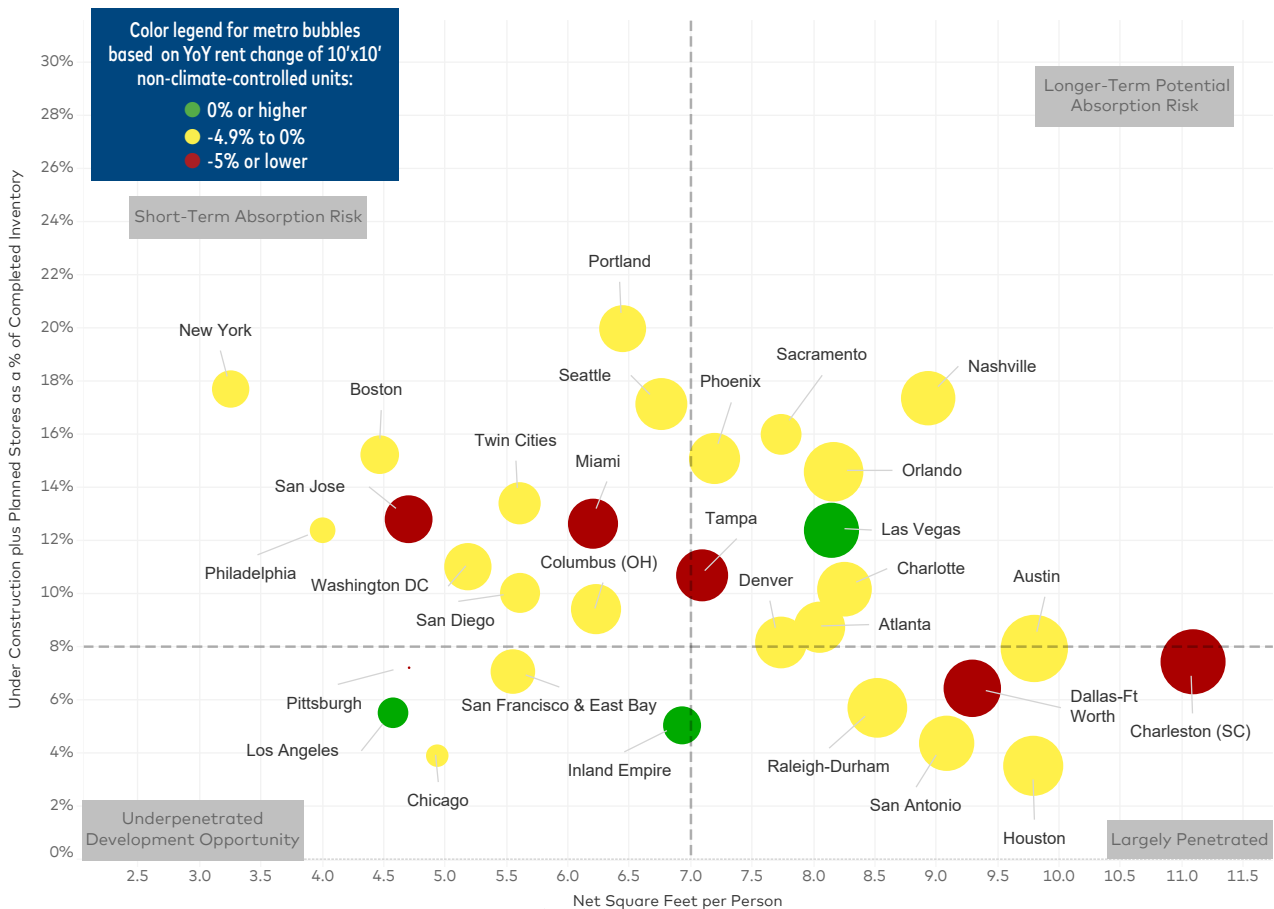
\* Drawn from our national database of more than 27,400 stores, including some 2,100 projects in the new-supply pipeline as well as more than 25,300 completed stores. Source: Yardi Matrix. Supply data as of October 2019.

# MONTHLY NEW SUPPLY UPDATE

## Sacramento's self storage market gets a boost from Bay Area migration

- Sacramento (16% of stock) gained 27,000 residents in 2018, and its population is projected to expand by another 22,000 by year-end. Faced with an inflow of new residents—most of which are tech workers fleeing the soaring rents and housing prices in the Bay Area—Sacramento developers are breaking ground on new projects, despite the market's high construction costs and building restrictions. Compared to the previous month, Sacramento's new-supply pipeline increased by 50 basis points.
- As of October, New York City, which is the most undersupplied of the top 31 markets, had 54 self storage properties under construction and another 98 in the planning stages, with a new-supply pipeline accounting for a solid 17.6% of total stock. In Washington, D.C., the inventory per capita is 5.2 NRSF. The metro's new-supply pipeline expanded by 60 basis points over the previous month, reaching 11% in October.

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)



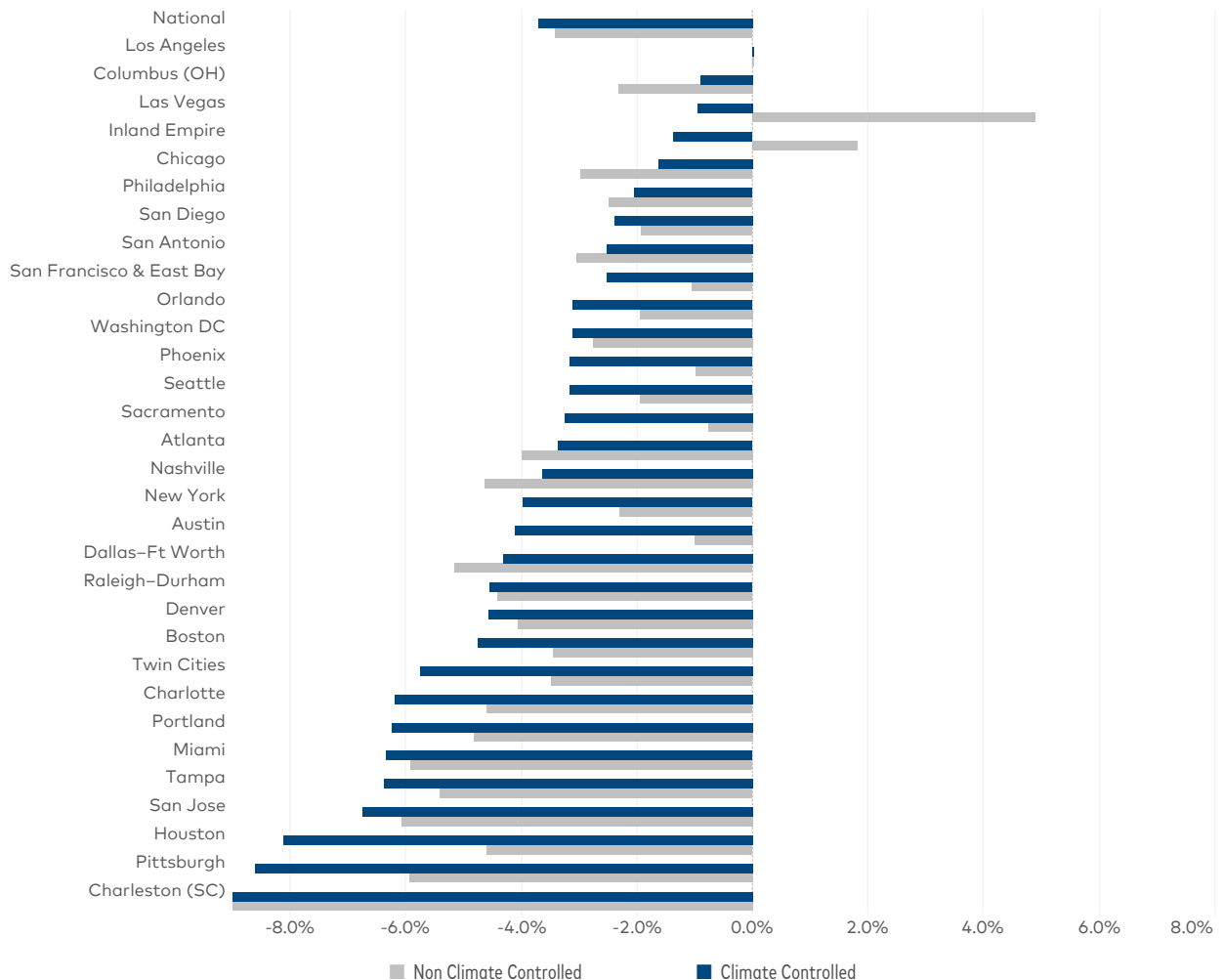
Sources: Yardi Matrix; U.S. Census Bureau. Data as of October 2019.

# MONTHLY RATE GROWTH UPDATE

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

- Compared to September, the national average asking rent dropped two dollars to \$113 per unit in October, as most markets continue to face new-supply pressure.
- Only two markets saw increased street rates in October compared to the same month in 2018. In Las Vegas, asking rates for standard NON CC units expanded by 4.9% year-over-year, reaching \$107 per unit. However, rent rates for CC units of similar size fell by almost 1%, on par with the national trend. Asking rents stabilized at \$112 per unit in the Inland Empire (up 1.8% year-over-year), which has one of the lowest development pipelines in the nation (3.5%).
- Street rates remained highest in San Francisco (\$189 per unit), where the inventory per capita is roughly 15% below the national average, followed by Los Angeles (\$181) and the supply-constrained New York City (\$171).

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



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

# MONTHLY RATE RECAP

Market	Avg Metro Rate 10'x10' (non cc)	October 2019 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	113	-2%	-3%	-3%	-4%	-3%
Los Angeles	181	0%	0%	0%	0%	-1%
Columbus (OH)	84	3%	2%	-2%	-1%	-2%
Las Vegas	107	8%	5%	5%	-1%	1%
Inland Empire	112	2%	1%	2%	-1%	2%
Chicago	98	-3%	-2%	-3%	-2%	-2%
Philadelphia	118	-2%	-4%	-2%	-2%	-2%
San Diego	153	-2%	0%	-2%	-2%	-2%
San Antonio	96	0%	-2%	-3%	-3%	-3%
San Francisco Penin. & East Bay	189	-1%	-2%	-1%	-3%	-2%
Orlando	101	-5%	-5%	-2%	-3%	-2%
Washington DC	141	-5%	-5%	-3%	-3%	-2%
Phoenix	102	0%	0%	-1%	-3%	-2%
Seattle	151	-2%	-2%	-2%	-3%	0%
Sacramento	131	-5%	0%	-1%	-3%	-2%
Atlanta	96	-2%	-5%	-4%	-3%	-4%
Nashville	103	-5%	-6%	-5%	-4%	-5%
New York	171	-4%	-4%	-2%	-4%	-2%
Austin	99	-7%	-2%	-1%	-4%	-2%
Dallas-Ft Worth	92	-7%	-5%	-5%	-4%	-3%
Raleigh-Durham	87	-5%	-5%	-4%	-5%	-3%
Denver	118	-8%	-5%	-4%	-5%	-3%
Boston	140	-2%	-3%	-3%	-5%	-1%
Minneapolis	111	-12%	-7%	-3%	-6%	-2%
Charlotte	83	-5%	-4%	-5%	-6%	-3%
Portland	138	-8%	-8%	-5%	-6%	-4%
Miami	127	-4%	-5%	-6%	-6%	-4%
Tampa	105	-5%	-5%	-5%	-6%	-4%
San Jose	170	-5%	-7%	-6%	-7%	-7%
Houston	83	-6%	-6%	-5%	-8%	-2%
Pittsburgh	111	-10%	-8%	-6%	-9%	-5%
Charleston (SC)	92	-12%	-13%	-11%	-11%	-8%

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

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