

NATIONAL SELF STORAGE REPORT

DECEMBER 2019

MONTHLY SUPPLY AND RATE RECAP

Development pipeline increased slightly from October

- On a national level, Yardi Matrix tracks 2,177 self storage properties in various stages of development: 595 under construction, 1,158 planned and 424 prospective projects. The new-supply pipeline as a percent of existing inventory increased by a marginal 0.2% compared to the previous month. The share of self storage projects in various stages of development accounts for 9.0% of total stock.
- Yardi Matrix is continually working to provide the highest possible standard of data quality and reporting for the self storage sector. As a result, we have updated our methodology for calculating the under construction and planned projects as a percent of total existing inventory. Enhanced research procedures allow us to improve our understanding of each project, resulting in our new methodology, which uses the exact square footage of each development project and replaces the size approximations used in our old calculation method. Compared to our old method, the new methodology provides a more complete picture of the development pipeline and results in a minor increase or decrease of the development pipeline of many markets.
- Using the new methodology, markets with storage projects that average greater than 75,000 square feet, such as San Francisco and Minneapolis, show a new-supply pipeline slightly larger than we previously predicted, while markets with a lower average project size, including Nashville and Pittsburgh, illustrate a new-supply pipeline slightly smaller than previously predicted. Despite the minor variation, the development pipeline continues to paint a similar picture of the self storage sector: Ongoing heightened completion levels continue to weigh on street rates and the storage industry is in for a continued tough slog.

New-supply levels continue to hinder growth of street rates

- Continued elevated levels of new supply have encumbered the growth of street rates. On a year-over-year basis, street rates nationally fell 1.7% for standard 10'x10' non-climate-controlled (NON CC) units, and fell even further for climate-controlled (CC) units of the same size (down 3.0%). Street rates decreased in about 75% of the top markets tracked by Yardi Matrix.

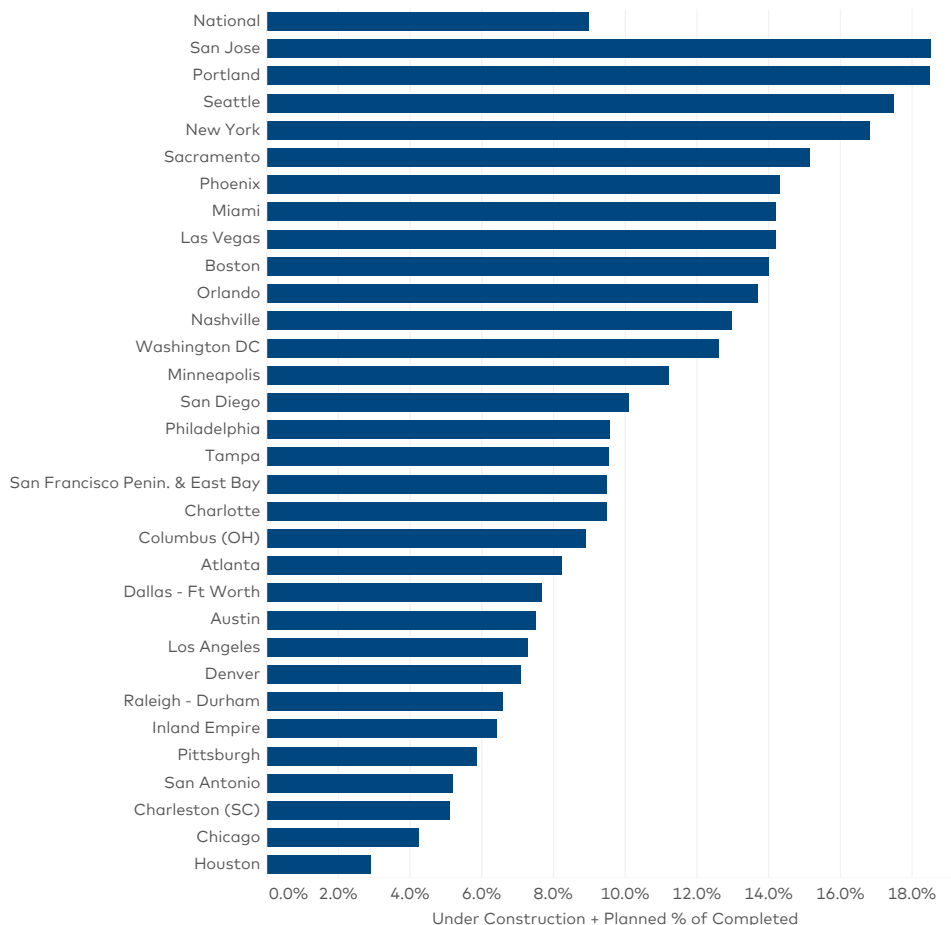
MONTHLY NEW SUPPLY UPDATE

Development shifting away from markets showing signs of saturation

- Nationwide, self storage projects under construction or in the planning stages account for 9.0% of the total existing inventory, a 20-basis-point increase month-over-month. Of the top markets tracked by Yardi Matrix, New York City saw the biggest increase in development activity month-over-month, up a considerable 60 basis points. Due to strict local regulations and limited available land, New York City is the most undersupplied metro, with a market penetration of only 3.3 net rentable square feet (NRSF) per capita, despite having the largest population out of all of the top markets. As of November, the metro had 55 self storage projects under construction and another 97 in the planning stages, with a new-supply pipeline accounting for 16.8% of existing inventory.
- In Portland, development activity slowed a modest 30 basis points to 18.5% of existing stock in November. While an annual population growth of 1.4% in Portland elevates storage demand slightly, developers are becoming cautious of the potentially oversupplied market and slowing down development.

Under Construction & Planned Percent of Existing Inventory

Metro	Oct-19	Nov-19	Change
NATIONAL	8.8%	9.0%	↑
San Jose	18.5%	18.5%	—
Portland	18.8%	18.5%	↓
Seattle	17.5%	17.5%	—
New York	16.3%	16.8%	↑
Sacramento	15.2%	15.2%	—
Phoenix	14.4%	14.3%	↓
Miami	13.8%	14.2%	↑
Las Vegas	14.3%	14.2%	↑
Boston	14.0%	14.0%	—
Orlando	13.2%	13.7%	↑
Nashville	13.0%	13.0%	—
Washington DC	12.6%	12.6%	—
Minneapolis	11.4%	11.2%	↓
San Diego	9.8%	10.1%	↑
Philadelphia	9.6%	9.6%	—
Tampa	9.4%	9.6%	↑
San Francisco Penin. & East Bay	9.5%	9.5%	—
Charlotte	9.1%	9.5%	↑
Columbus (OH)	8.9%	8.9%	—
Atlanta	8.2%	8.3%	↑
Dallas-Ft Worth	7.4%	7.7%	↑
Austin	7.5%	7.5%	—
Los Angeles	7.1%	7.3%	↑
Denver	6.9%	7.1%	↑
Raleigh-Durham	6.6%	6.6%	—
Inland Empire	6.4%	6.4%	—
Pittsburgh	5.9%	5.9%	—
San Antonio	4.8%	5.2%	↑
Charleston (SC)	5.1%	5.1%	—
Chicago	4.3%	4.3%	—
Houston	2.9%	2.9%	—



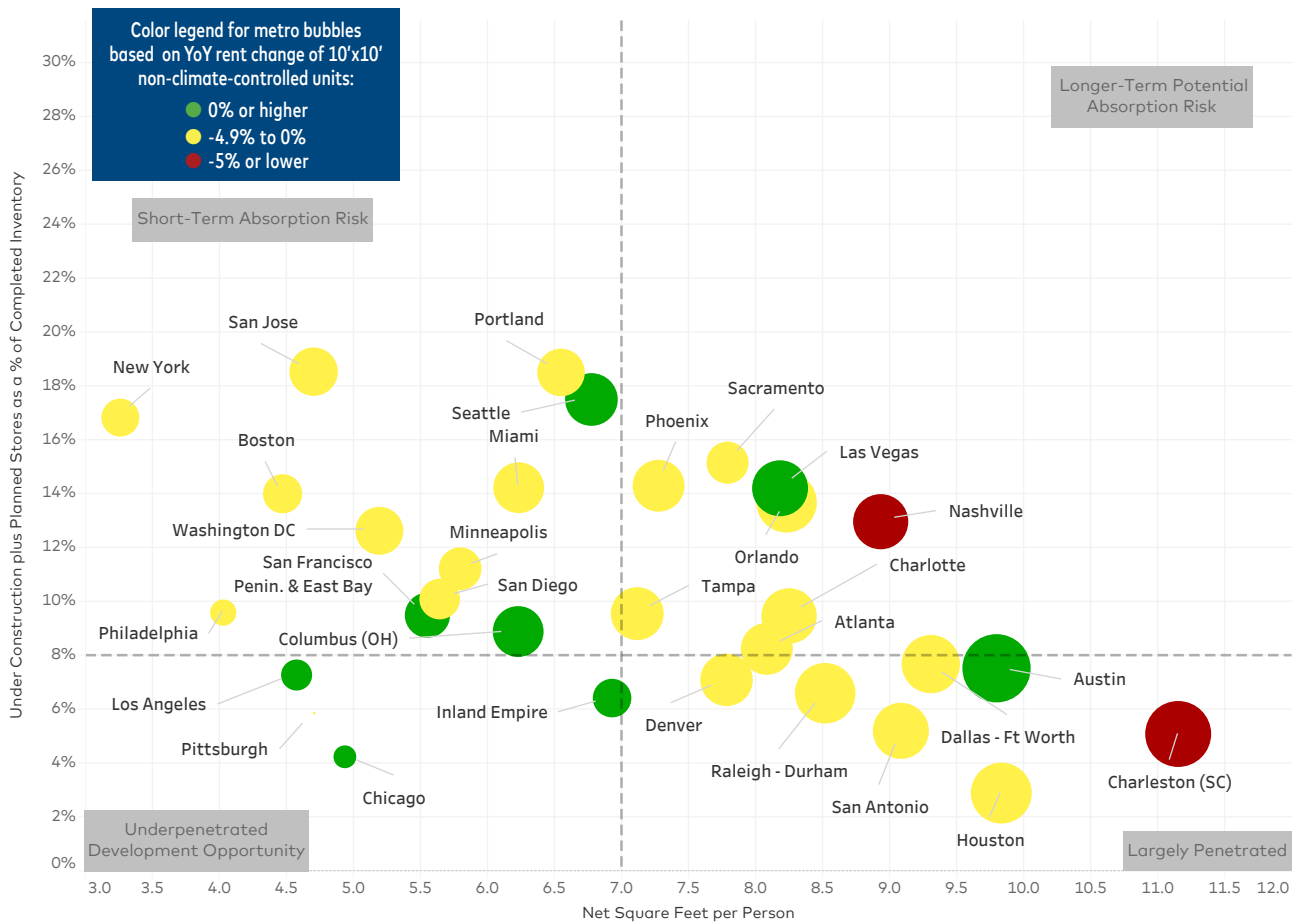
* Drawn from our national database of more than 27,400 stores, including some 2,100 projects in the new-supply pipeline as well as more than 25,300 completed stores.
Source: Yardi Matrix. Supply data as of November 2019.

MONTHLY NEW SUPPLY UPDATE

Orlando's job growth supports new self storage development

- The expanding Orlando metro added more than 54,000 jobs in the 12 months ending in September—with about 41.2% of those in the professional and business services sector—underpinning strong demand for storage space. Developers are responding to Orlando's growing population, and the percent of projects in the under-construction or planning stages compared to total stock increased a solid 50 basis points from October (13.7% of stock).
- Despite positive annual population growth in the four major Texas markets, the completion levels of new supply over the last few years have suppressed growth of street rates. In response, Houston (2.9% of stock) and Austin (7.5% of stock) have seen the amount of new supply in their development pipelines level off, and San Antonio has only five projects under construction, accounting for 4.8% of total inventory.

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)



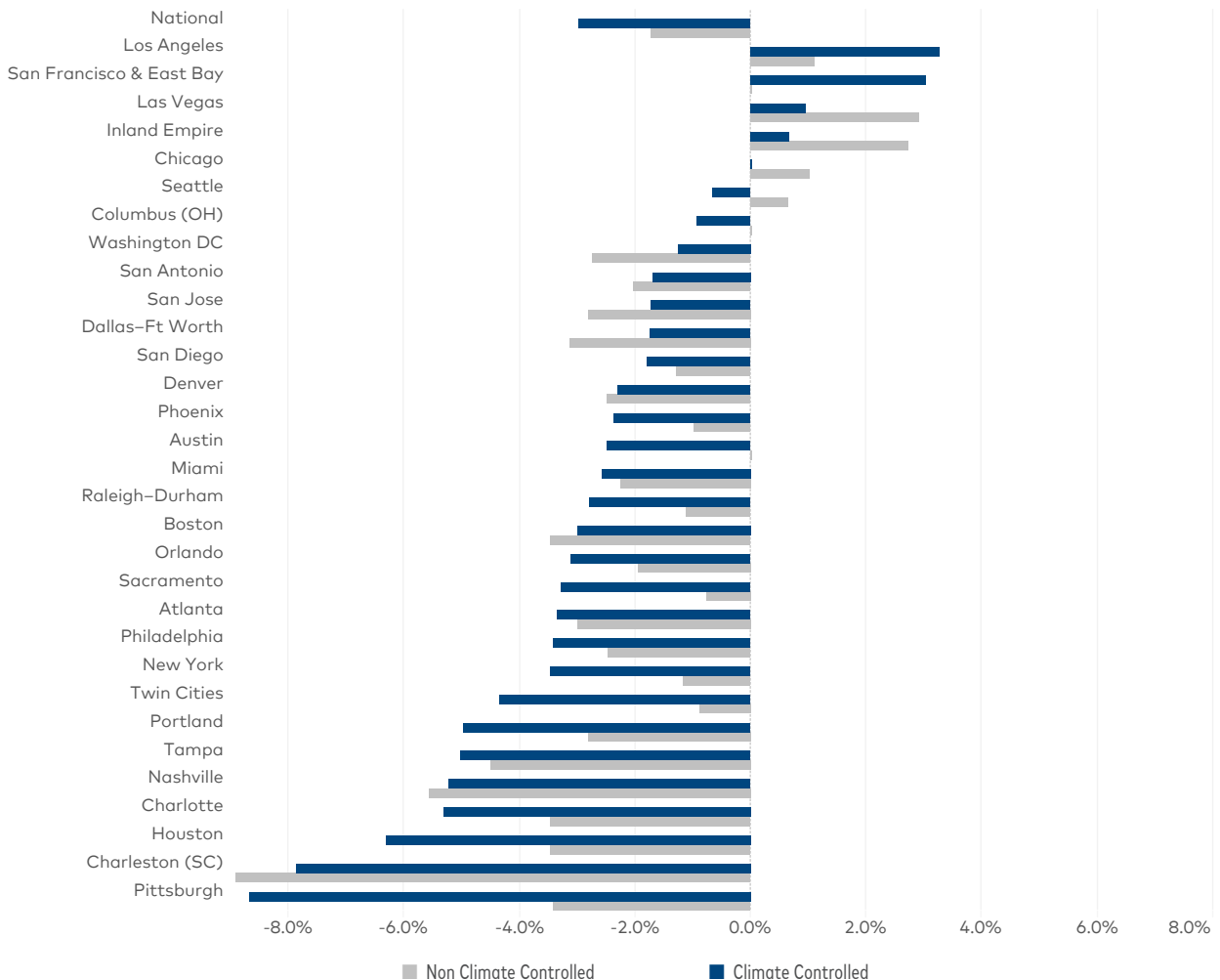
Sources: Yardi Matrix; U.S. Census Bureau. Data as of November 2019.

MONTHLY RATE GROWTH UPDATE

Most markets see negative street rate performance

- On a month-over-month basis, the national average street rate rose one dollar to \$114 per unit in November, as new-supply pressures start to slowly alleviate in select markets.
- Annual street-rate performance of 10'x10' NON CC units remained flat in three markets (0% change year-over-year in November): Columbus (\$85 per unit), Austin (\$99 per unit) and San Francisco (\$192 per unit), which continues to have the highest rate of all of the metros.
- Houston and Charlotte tied for the lowest street rates as of November (\$84 per unit) for standard NON CC units, and both metros experienced a 3.4% decline in rates year-over-year. Street rates for standard NON CC units fell the furthest in the saturated Charleston metro, decreasing 8.9% year-over-year to \$92 per unit.

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



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

MONTHLY RATE RECAP

Market	Avg Metro Rate 10'x10' (non cc)	November 2019 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	114	-2%	-3%	-2%	-3%	-1%
Los Angeles	183	0%	1%	1%	3%	0%
San Francisco Penin. & East Bay	192	-1%	-1%	0%	3%	1%
Las Vegas	106	2%	3%	3%	1%	1%
Inland Empire	113	2%	1%	3%	1%	3%
Chicago	100	0%	-2%	1%	0%	1%
Seattle	153	0%	-1%	1%	-1%	2%
Columbus (OH)	85	6%	2%	0%	-1%	0%
Washington DC	142	-5%	-6%	-3%	-1%	1%
San Antonio	97	-2%	-2%	-2%	-2%	-2%
San Jose	173	-4%	-5%	-3%	-2%	-2%
Dallas-Ft Worth	93	-7%	-5%	-3%	-2%	-1%
San Diego	154	-2%	-1%	-1%	-2%	-1%
Denver	118	-6%	-4%	-2%	-2%	-1%
Phoenix	102	-3%	-2%	-1%	-2%	-2%
Austin	99	-7%	-3%	0%	-2%	-1%
Miami	131	-2%	-4%	-2%	-3%	0%
Raleigh-Durham	89	-2%	-5%	-1%	-3%	-1%
Boston	140	-5%	-5%	-3%	-3%	0%
Orlando	101	-5%	-3%	-2%	-3%	0%
Sacramento	131	-5%	0%	-1%	-3%	-1%
Atlanta	97	-2%	-3%	-3%	-3%	-2%
Philadelphia	119	-2%	-3%	-2%	-3%	0%
New York	172	-4%	-3%	-1%	-3%	-1%
Minneapolis	113	-8%	-4%	-1%	-4%	1%
Portland	138	-8%	-6%	-3%	-5%	-3%
Tampa	106	-2%	-5%	-5%	-5%	-2%
Nashville	102	-4%	-3%	-6%	-5%	-1%
Charlotte	84	-5%	-4%	-3%	-5%	-1%
Houston	84	-6%	-6%	-3%	-6%	-1%
Charleston (SC)	92	-12%	-12%	-9%	-8%	-8%
Pittsburgh	113	-7%	-6%	-3%	-9%	-3%

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

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