

NATIONAL SELF STORAGE REPORT

JANUARY 2020

MONTHLY SUPPLY AND RATE RECAP

Self storage struggling to maintain a balanced supply-demand dynamic

- The self storage sector is still feeling the effects of new supply across the nation, which will likely continue over the next few years. Operators have had to continually reduce street rates to try to withstand the imbalance of supply and demand, hindering rent growth nationwide. As supply and development overwhelm many top markets, especially those with stagnant or inconsistent levels of demand, developers will likely start seeking opportunities in smaller, tertiary markets.
- Nationwide, Yardi Matrix tracks a total of 2,101 self storage properties in various stages of development, comprising 575 under construction, 1,112 planned and 414 prospective projects. The national new-supply pipeline as a percent of existing inventory increased by 0.1% month-over-month in December, and the share of projects in various stages of development account for 8.6% of existing inventory.
- Yardi Matrix also maintains operational profiles for 25,637 completed self storage facilities across the United States, bringing the total data set to 27,738 stores.

New-supply pressure persists

- New inventory continued to put downward pressure on national street rates, which fell 1.7% year-over-year in December for standard 10x10 non-climate-controlled (NON CC) units. Street rates for 10x10 climate-controlled (CC) units declined even further (down 3.0%).
- Compared to December 2018, street rates decreased in 24 of the top 31 markets tracked by Yardi Matrix (10x10 NON CC). With a completed inventory per capita of 11.2 net rentable square feet (NRSF) as of December—which is roughly 72% higher than the national average of 6.5 NRSF per capita—rates continue to be hit the hardest in oversupplied Charleston. On an annual basis, street rates in the South Carolina market fell 9.0% for 10x10 NON CC units and by 8.7% for CC units of a similar size.

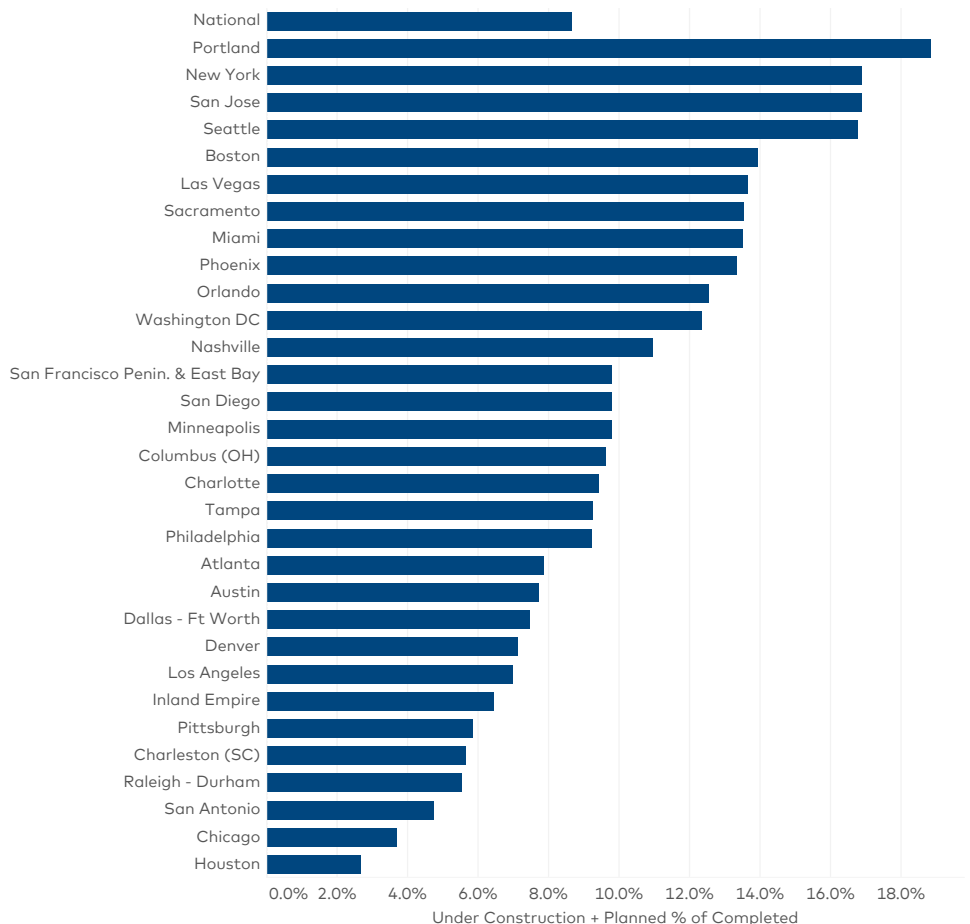
MONTHLY NEW SUPPLY UPDATE

Slow decline of development in top markets

- Nationwide, the share of self storage properties under construction or in the planning stages account for 8.6% of the total national inventory, a minor uptick of 10 basis points month-over-month. Despite the slight increase in the new-supply pipeline nationwide, development activity across the top markets tracked by Yardi Matrix is beginning to slowly decline, with approximately 68% of the top markets seeing negative or flat growth of their development pipelines. This trend may be a signal of developers shifting their focus away from the top 31 markets to smaller secondary and tertiary markets for viable self storage opportunities. For instance, the Sarasota-Cape Coral market saw the amount of storage under construction in the area increase by nearly 250,000 NRSF month-over-month.
- Development picked up the most in Portland (up 160 basis points since November), which remains the nation's top market for development, with a new-supply pipeline of 18.8% of total inventory. Portland is followed by the historically underpenetrated markets of New York (16.7% of existing inventory) and San Jose (16.9% of existing stock).

Under Construction & Planned Percent of Existing Inventory

Metro	Nov-19	Dec-19	Change
NATIONAL	8.5%	8.7%	↑
Portland	17.2%	18.8%	↑
New York	16.7%	16.9%	↑
San Jose	17.0%	16.9%	↓
Seattle	15.9%	16.8%	↑
Boston	13.9%	13.9%	—
Las Vegas	13.6%	13.6%	—
Sacramento	13.1%	13.6%	↑
Miami	13.4%	13.5%	↑
Phoenix	12.8%	13.3%	↑
Orlando	12.7%	12.6%	↓
Washington DC	12.0%	12.4%	↑
Nashville	11.0%	10.9%	↓
San Diego	9.8%	9.8%	—
San Francisco Penin. & East Bay	9.8%	9.8%	—
Minneapolis	9.9%	9.8%	↓
Columbus (OH)	9.6%	9.6%	—
Charlotte	9.5%	9.5%	—
Tampa	9.3%	9.3%	—
Philadelphia	9.2%	9.2%	—
Atlanta	7.6%	7.8%	↑
Austin	7.7%	7.7%	—
Dallas-Ft Worth	7.5%	7.5%	—
Denver	7.1%	7.1%	—
Los Angeles	7.0%	7.0%	—
Inland Empire	6.5%	6.5%	—
Pittsburgh	5.9%	5.9%	—
Charleston (SC)	5.7%	5.6%	↓
Raleigh-Durham	4.5%	5.6%	↑
San Antonio	4.7%	4.7%	—
Chicago	3.7%	3.7%	—
Houston	2.7%	2.7%	—



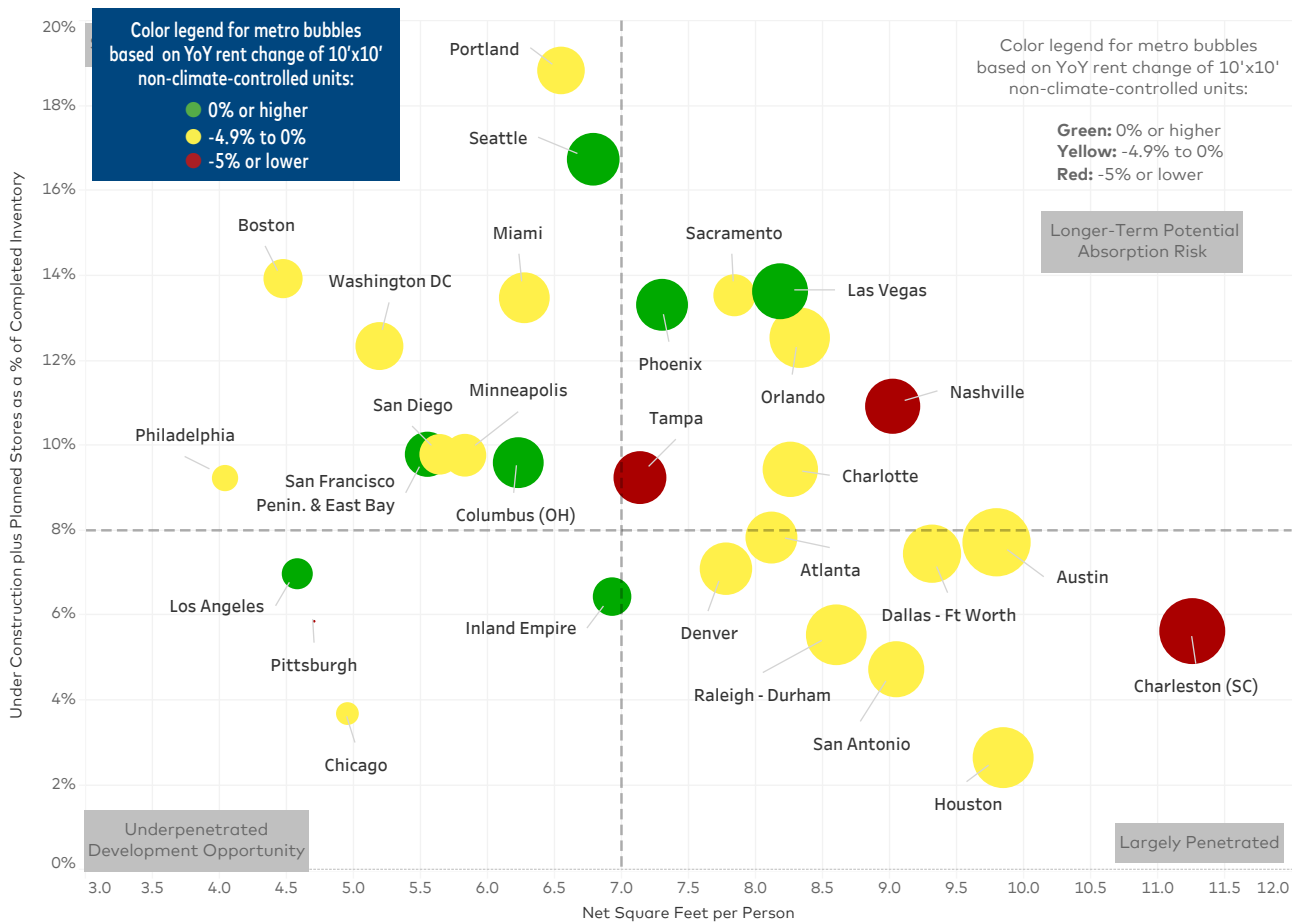
* Drawn from our national database of more than 27,700 stores, including some 2,100 projects in the new-supply pipeline as well as more than 25,600 completed stores. Source: Yardi Matrix. Supply data as of December 2019.

MONTHLY NEW SUPPLY UPDATE

Demand keeps pace with new supply in Seattle

- In Raleigh-Durham, development activity rose to 5.6% of existing stock in December, up 100 basis points. Part of the Research Triangle and an emerging tech hub, the metro experienced strong employment growth in the 12 months ending in November, adding more than 28,000 jobs. There has also been an inflow of millennials attracted to Raleigh-Durham's relatively affordable cost of living compared to other tech hubs, such as Seattle. Despite strong economic and demographic fundamentals, the rise in Raleigh-Durham's new-supply pipeline could be a concern, as the market has seen continued rate declines and averages 8.6 NRSF per capita.
- Elevated development activity in Seattle continues, with a pipeline that is 16.7% of total stock, up 80 basis points. Seattle's robust employment gains have helped create enough demand to keep pace with continued new supply, and the metro saw positive rate performance year-over-year.

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)



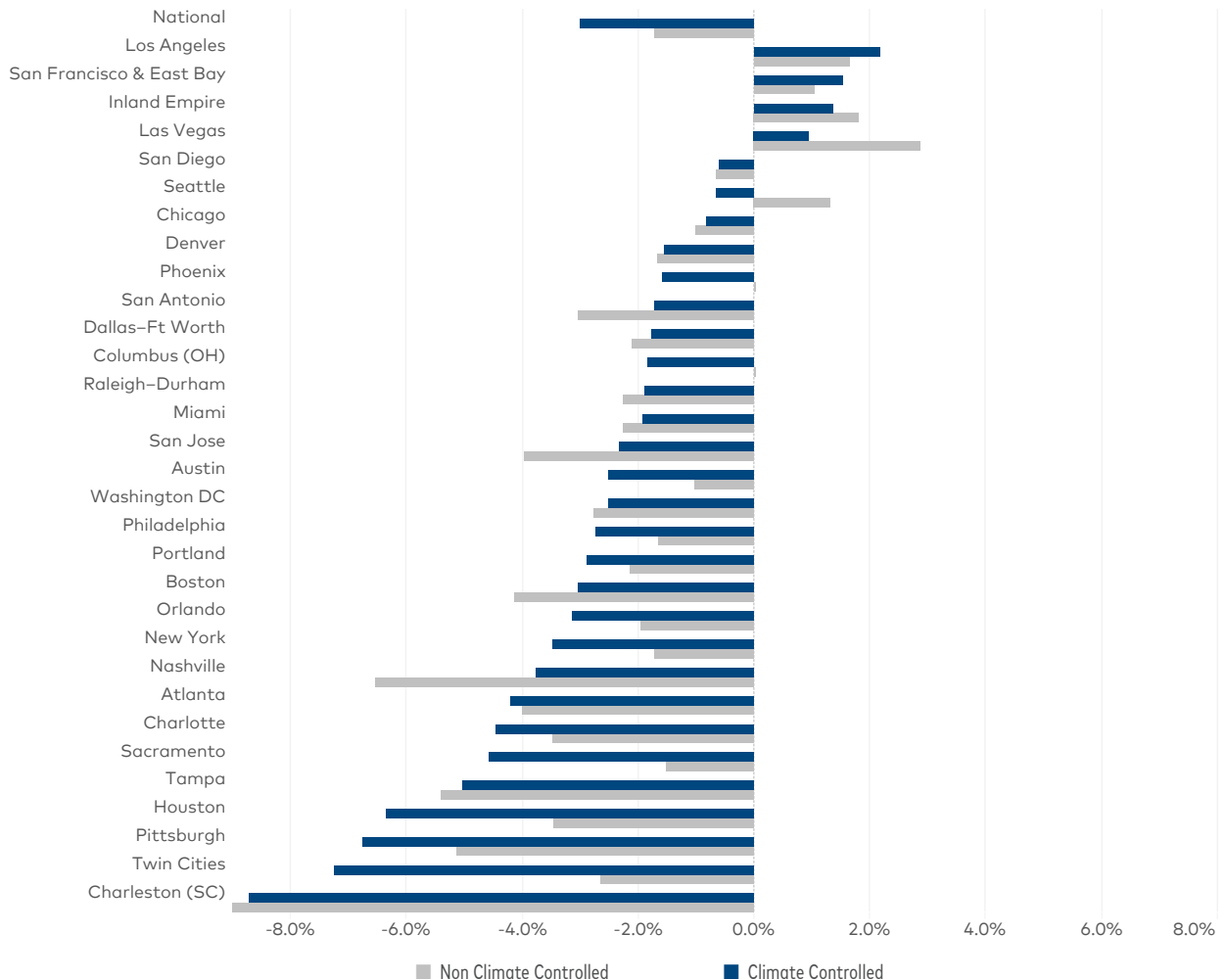
Sources: Yardi Matrix; U.S. Census Bureau. Data as of December 2019.

MONTHLY RATE GROWTH UPDATE

Positive street rate performance in Las Vegas decelerates

- As heightened supply continues to hinder rent growth nationwide, street rates dropped 1.7% year-over-year for the average 10x10 NON CC unit but remained level at \$114 on a month-over-month basis. Rates for standard 10x10 CC units fared slightly worse, declining 3.0% year-over-year in December.
- Five markets saw positive annual street rate growth in December. Las Vegas saw the most growth for 10x10 NON CC units (up 2.9% year-over-year). However, this rate of growth is 5.4% lower than the rate of increase Las Vegas experienced year-over-year in December 2018, as the metro has begun to see its rate growth decelerate due to an increasing development pipeline.
- Asking rates for standard 10x10 NON CC units were the highest in the underpenetrated West Coast markets of San Francisco (\$192) and Los Angeles (\$184).

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



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

MONTHLY RATE RECAP

Market	Avg Metro Rate 10'x10' (non cc)	December 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	184	1%	2%	2%	2%	1%
San Francisco Penin. & East Bay	192	0%	-1%	1%	2%	1%
Inland Empire	113	2%	1%	2%	1%	2%
Las Vegas	107	5%	3%	3%	1%	1%
San Diego	154	-2%	-1%	-1%	-1%	-1%
Seattle	152	0%	-1%	1%	-1%	1%
Chicago	99	0%	0%	-1%	-1%	2%
Denver	117	-6%	-4%	-2%	-2%	-1%
Phoenix	103	-3%	0%	0%	-2%	1%
San Antonio	96	0%	-2%	-3%	-2%	-2%
Dallas-Ft Worth	93	-5%	-5%	-2%	-2%	-1%
Columbus (OH)	85	3%	2%	0%	-2%	1%
Raleigh-Durham	87	-2%	-3%	-2%	-2%	-1%
Miami	131	-2%	-3%	-2%	-2%	0%
San Jose	170	-4%	-5%	-4%	-2%	-2%
Washington DC	141	-3%	-5%	-3%	-3%	0%
Austin	98	-7%	-2%	-1%	-3%	-1%
Philadelphia	119	-2%	-3%	-2%	-3%	-1%
Portland	138	-7%	-5%	-2%	-3%	-1%
Boston	139	-5%	-5%	-4%	-3%	0%
Orlando	101	-2%	-5%	-2%	-3%	-1%
New York	171	-3%	-3%	-2%	-3%	-2%
Nashville	100	-6%	-3%	-7%	-4%	-1%
Atlanta	96	-2%	-5%	-4%	-4%	-2%
Charlotte	83	-3%	-4%	-3%	-4%	-1%
Sacramento	131	-2%	0%	-2%	-5%	-1%
Tampa	105	-5%	-5%	-5%	-5%	-3%
Houston	84	-6%	-4%	-3%	-6%	-1%
Pittsburgh	111	-7%	-5%	-5%	-7%	-5%
Minneapolis	110	-4%	-3%	-3%	-7%	-1%
Charleston (SC)	91	-10%	-10%	-9%	-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

Claire Anhalt

Senior Research Analyst
Claire.Anhalt@Yardi.com
(800) 866-1124 x2151

Chris Nebenzahl

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

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