

Yardi® Matrix

National Self Storage Report

March 2020



Monthly Supply and Rent Recap

The search begins for the next set of top markets

- Elevated development, and the subsequent decline in street rates, continues to be the primary narrative in the self storage industry. The amount of inventory in the new-supply pipeline is slowly shrinking in most major markets, as they are affected by oversupply and escalating competition. Many developers are now focused on answering the question, “What are the next market opportunities?” Given that most top markets are oversupplied, smaller secondary and tertiary markets may have potential that was previously overlooked by developers.
- Nationwide, Yardi Matrix tracks a total of 2,220 self storage properties in various stages of development—comprising 589 under construction, 1,194 planned and 437 prospective properties. The national new-supply pipeline as a percent of existing inventory increased by a slight 0.1% month-over-month in February, and the share of existing projects in various stages of development accounts for 9.1% of existing inventory.
- Yardi Matrix also maintains operational profiles for 25,795 completed self storage facilities across the United States, bringing the total data set to 28,015 stores.

National rate growth remains hindered by abundant new supply

- On a year-over-year basis, street rates contracted by 0.9% for standard 10x10 non-climate-controlled (NON CC) units, as ongoing heightened completion levels prompt operators to cut rates to remain competitive. Street rates for climate-controlled (CC) units of the same size fell by 2.3%.
- Compared to February 2019, street rates decreased in roughly 60% of the top markets tracked by Yardi Matrix (for 10x10 NON CC units). Rates for 10x10 NON CC units were hit the hardest in Charleston (down 8.1% annually), followed by Nashville (down 7.5% annually). Charleston and Nashville have historically been top markets for heavy storage development, resulting in near-term oversaturation.

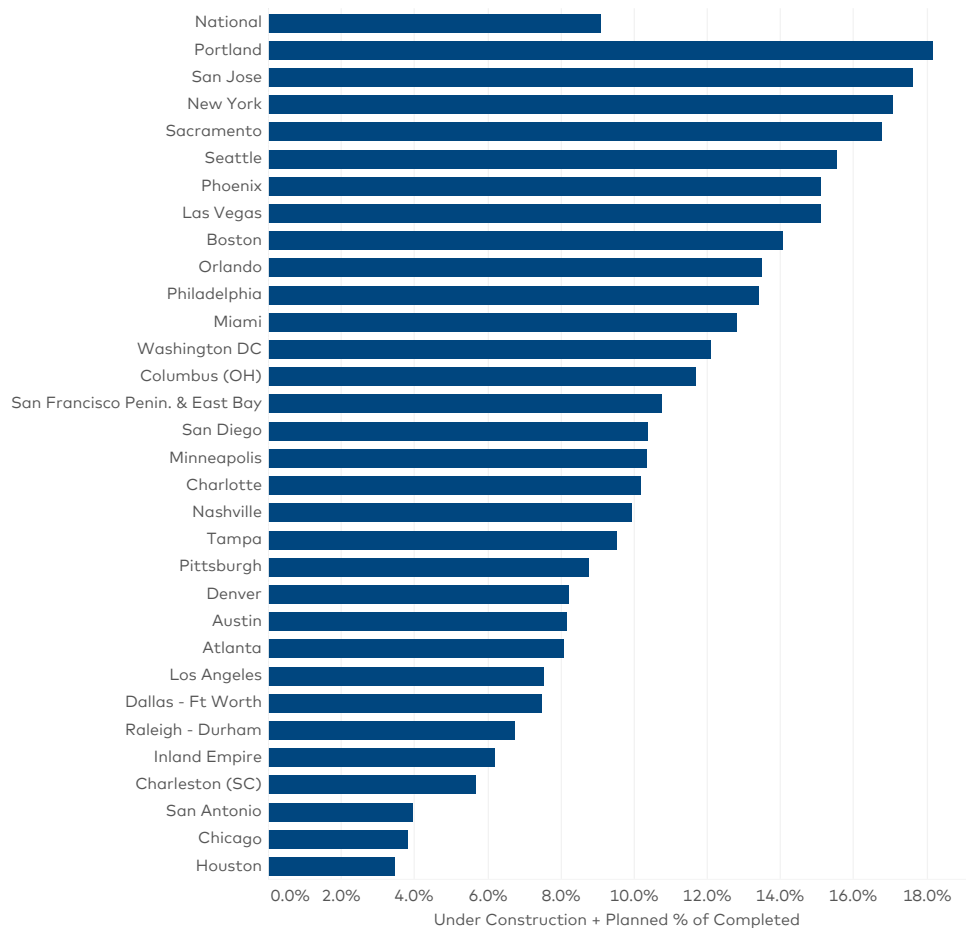
Monthly New Supply Update

Development activity intensifies in booming Las Vegas

- Self storage properties under construction or in the planning stages across the United States account for 9.1% of total stock, a minor increase of 10 basis points month-over-month. Conversion projects planned or under construction account for a notable 12% of the national pipeline of planned and under construction properties. The trend of converting vacant retail buildings into self storage facilities offers developers a lower-cost option versus construction from the ground up.
- Development activity picked up the most in Las Vegas, increasing 1.0% month-over-month. Las Vegas' new-supply pipeline accounted for 15.1% of total stock in February, marking the highest level of development activity seen in the metro over the last three years. Las Vegas prospers from strong demographic growth fueled by domestic migration, with most people moving from expensive California markets to the more affordable metro. Las Vegas' population increased 1.3% in 2018—almost double the national rate.

Under Construction & Planned Percent of Existing Inventory

Metro	Jan-20	Feb-20	Change
NATIONAL	9.0%	9.1%	↑
Portland	18.2%	18.2%	▬
San Jose	17.6%	17.6%	▬
New York	17.0%	17.1%	↓
Sacramento	16.0%	16.8%	↑
Seattle	15.6%	15.6%	▬
Phoenix	15.1%	15.1%	▬
Las Vegas	14.1%	15.1%	↑
Boston	13.7%	14.1%	↑
Orlando	13.6%	13.5%	↓
Philadelphia	13.0%	13.4%	↑
Miami	12.7%	12.8%	↑
Washington DC	12.1%	12.1%	▬
Columbus (OH)	11.7%	11.7%	▬
San Francisco Penin. & East Bay	10.8%	10.8%	▬
San Diego	10.4%	10.4%	▬
Minneapolis	10.4%	10.3%	↓
Charlotte	10.2%	10.2%	▬
Nashville	10.0%	9.9%	↓
Tampa	9.3%	9.5%	↑
Pittsburgh	8.0%	8.7%	↑
Denver	8.2%	8.2%	▬
Austin	8.2%	8.1%	↓
Atlanta	7.9%	8.1%	↑
Los Angeles	7.4%	7.5%	↑
Dallas - Ft Worth	7.1%	7.5%	↑
Raleigh - Durham	6.7%	6.7%	▬
Inland Empire	6.2%	6.2%	▬
Charleston (SC)	5.7%	5.7%	▬
San Antonio	4.0%	4.0%	▬
Chicago	3.8%	3.8%	▬
Houston	3.4%	3.4%	▬



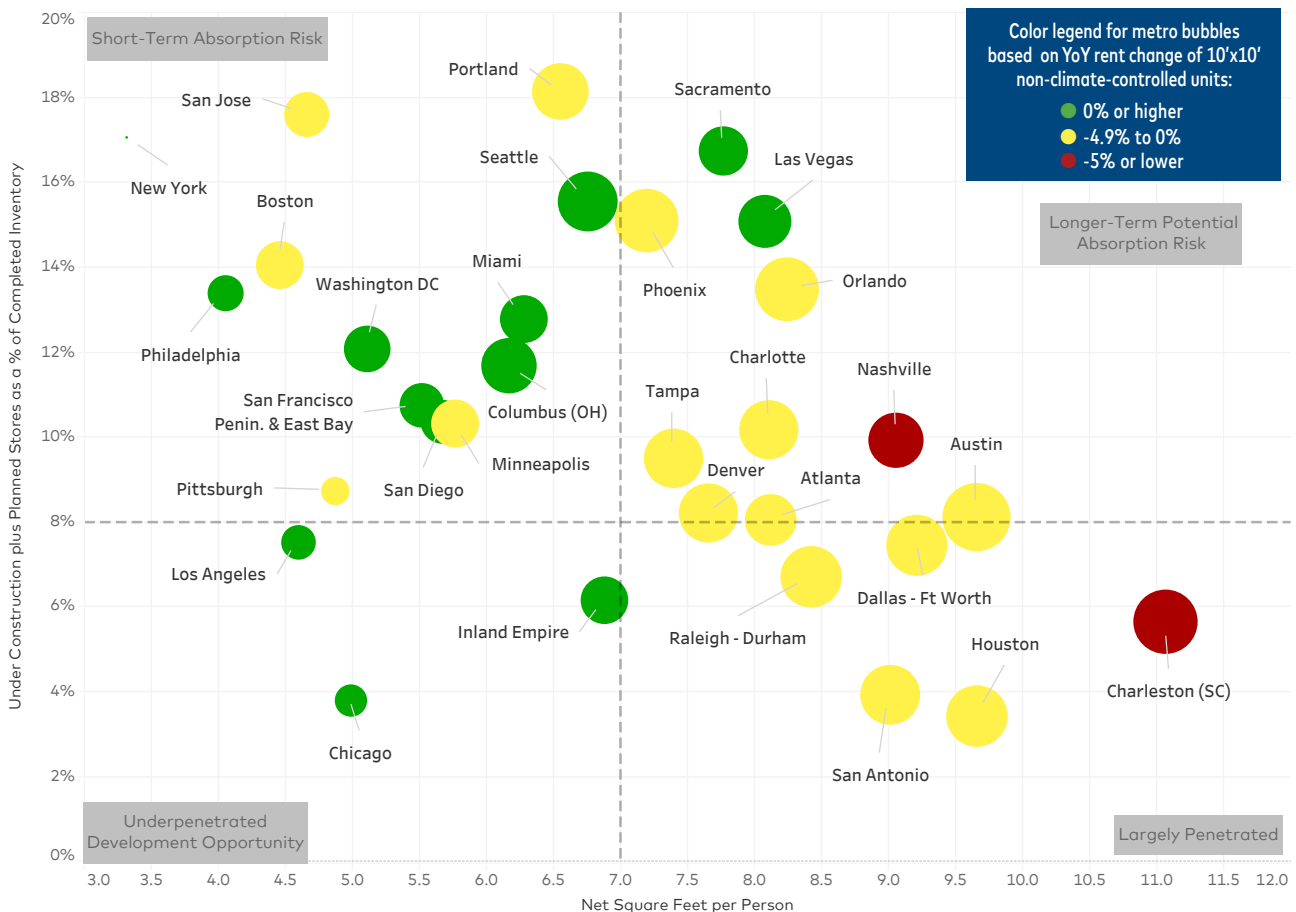
* Drawn from our national database of more than 28,000 stores, including some 2,220 projects in the new-supply pipeline as well as more than 25,795 completed stores. Source: Yardi Matrix. Supply data as of February 2020.

Monthly New Supply Update

Developers looking to secondary and tertiary markets for growth

- As many of the top markets become overpenetrated with self storage supply, developers are searching for new markets as viable opportunities for growth. As a result, secondary and tertiary markets previously overlooked are becoming a focus. Among the metros included in the database, Jacksonville in February ranked in the top three in annual street-rate growth for both 10x10 NON CC units (up 8.0%) and 10x10 CC units (up 10.7%). Strong rent performance and robust employment gains (up 3.1% year-over-year in December) have attracted developer interest in the market, which has seen its new-supply pipeline increase to 12.3% of existing stock.
- New Orleans is another flourishing tertiary market, seeing rates for 10x10 NON CC units increase by 13.5% year-over-year while maintaining development activity at 6.5% of total stock.

Self Storage Major Metro Summary
 New-Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)
 (bubble size represents 2018 population growth rate, three-mile radius)



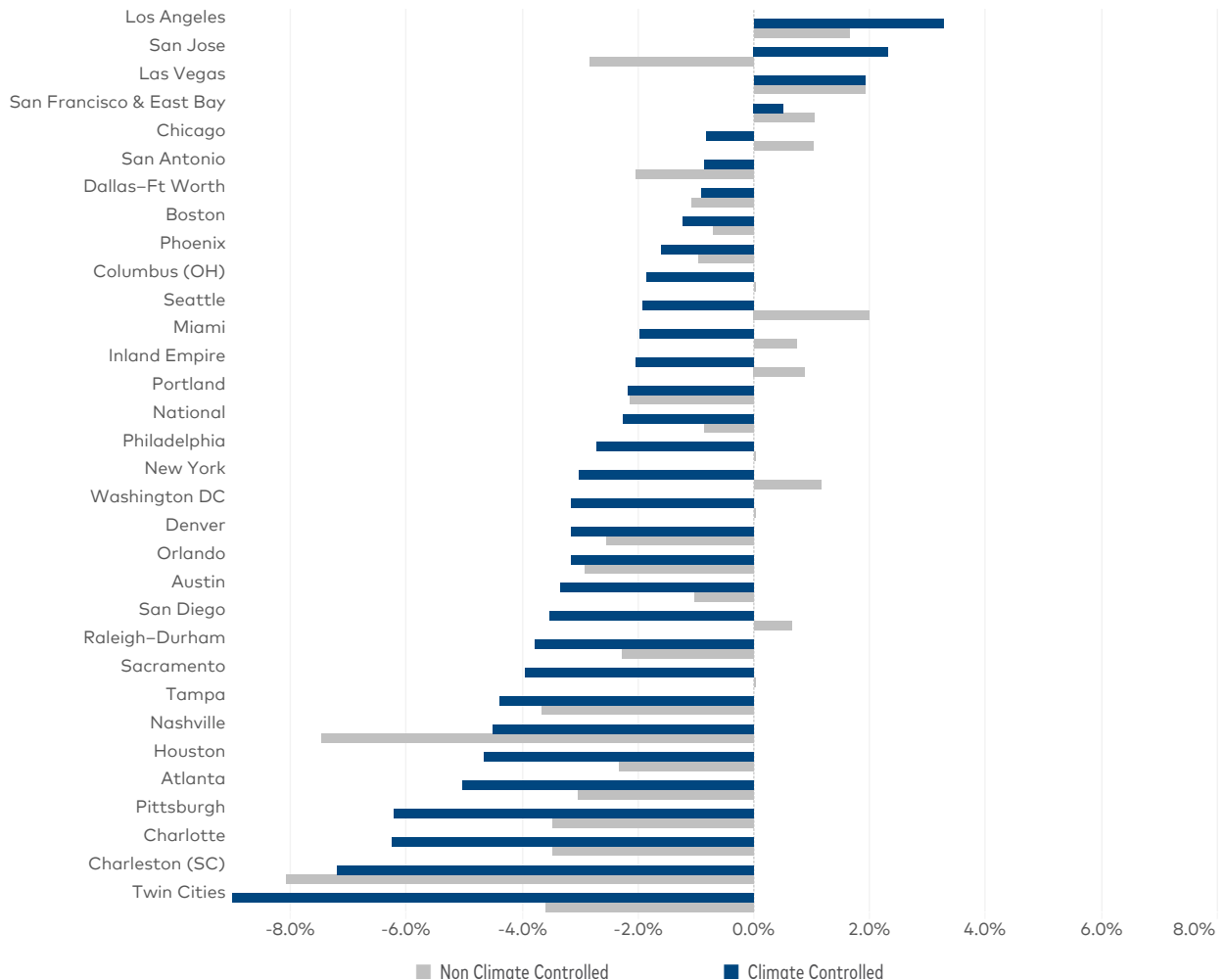
Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of February 2020.

Monthly Rate Growth Update

Seattle non-climate-controlled street rates unaffected by heavy supply

- As operators continue to adjust to increased competition created by elevated new supply levels, street rates nationwide dropped on an annual basis. Year-over-year, street rates for 10x10 NON CC units decreased 0.9% in February, while rates for CC units of the same size fared worse, falling 2.3% year-over-year in February.
- Seattle's street rates for 10x10 NON CC units saw the greatest increase among the top markets over the last 12 months, increasing 2.0% in February compared to the same month last year. Despite a development pipeline that comprises 15.6% of total stock, Seattle's robust employment growth (3.1% year-over-year) continues to create new demand to help relieve the pressure of increased new supply on street rates.
- In February, both Los Angeles and Las Vegas saw positive rate growth year-over-year across all five reported unit types and sizes, an impressive feat in today's storage landscape.

February 2020 Year-over-Year Rent Change for 10'x10' Units



Source: Yardi Matrix. Street rate data as of February 2020.

Monthly Rate Recap

Market	Avg Metro Rate 10'x10' (non cc)	February 2020 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	114	0%	0%	-1%	-2%	-1%
Los Angeles	185	3%	2%	2%	3%	1%
San Jose	172	-5%	-3%	-3%	2%	-3%
Las Vegas	106	5%	3%	2%	2%	1%
San Francisco Penin. & East Bay	192	0%	1%	1%	1%	0%
Chicago	99	3%	2%	1%	-1%	2%
San Antonio	96	0%	-2%	-2%	-1%	0%
Dallas-Ft Worth	93	-5%	-3%	-1%	-1%	0%
Boston	142	-7%	-2%	-1%	-1%	0%
Phoenix	103	0%	0%	-1%	-2%	-1%
Columbus (OH)	84	3%	2%	0%	-2%	1%
Seattle	153	2%	1%	2%	-2%	1%
Miami	134	2%	3%	1%	-2%	1%
Inland Empire	113	2%	1%	1%	-2%	1%
Portland	138	-2%	-1%	-2%	-2%	0%
Philadelphia	121	0%	0%	0%	-3%	1%
New York	175	0%	1%	1%	-3%	0%
Washington DC	143	0%	-4%	0%	-3%	0%
Orlando	100	-5%	-5%	-3%	-3%	-1%
Denver	115	-6%	-5%	-3%	-3%	-2%
Austin	97	-2%	-2%	-1%	-3%	-1%
San Diego	155	-2%	1%	1%	-4%	-1%
Raleigh-Durham	86	-2%	-3%	-2%	-4%	-1%
Sacramento	132	-2%	0%	0%	-4%	-2%
Tampa	105	-2%	-2%	-4%	-4%	-3%
Nashville	99	-4%	-4%	-7%	-5%	-3%
Houston	84	-3%	-4%	-2%	-5%	-1%
Atlanta	96	-2%	-3%	-3%	-5%	-2%
Pittsburgh	111	-5%	-3%	-3%	-6%	-4%
Charlotte	83	-3%	-4%	-3%	-6%	-1%
Charleston (SC)	91	-5%	-8%	-8%	-7%	-6%
Minneapolis	107	-8%	-4%	-4%	-9%	-1%

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

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