

NATIONAL SELF STORAGE REPORT

FEBRUARY 2020

MONTHLY SUPPLY AND RATE RECAP

Demand driven by positive demographics, still outpaced by new supply

- Heightened delivery of new supply and an elevated development pipeline continue to outpace storage demand and weigh on street rates, although demand for self storage appears to be healthy in many markets, supported by robust employment growth and population gains. Street rates nationwide continued to drop in January. However, it is not all doom and gloom, as the pace of rate declines is slowly decelerating, especially as overdeveloped markets gradually absorb newly delivered supply.
- On a national level, Yardi Matrix tracks a total of 2,189 self storage properties in various stages of development—comprising 611 under construction, 1,157 planned and 421 prospective properties. Compared to January, the national new-supply pipeline as a percent of existing inventory increased by a slight 0.2%, as there was an uptick in activity in all three stages of development. The share of self storage projects in various stages of development accounts for 9.1% of total stock.
- Yardi Matrix also maintains operational profiles for 25,719 completed self storage facilities across the United States, bringing the total data set to 27,908.

Las Vegas continues to lead the way in rent growth

- National street rates declined by 0.9% year-over-year in January 2020 for 10x10 non-climate-controlled (NON CC) units and by 2.3% for climate-controlled (CC) units of similar size. Rent declines appear to be slowly decelerating. Month-over-month rates remained flat for both 10x10 NON CC and 10x10 CC units.
- On an annual basis, street rates decreased in close to 60% of the top metros tracked by Yardi Matrix, while street rates for standard NON CC units in seven of these markets experienced positive growth. Demand continues to be highest in Las Vegas, where street rates for 10x10 NON CC units and similar-size CC units increased 1.9% year-over-year.

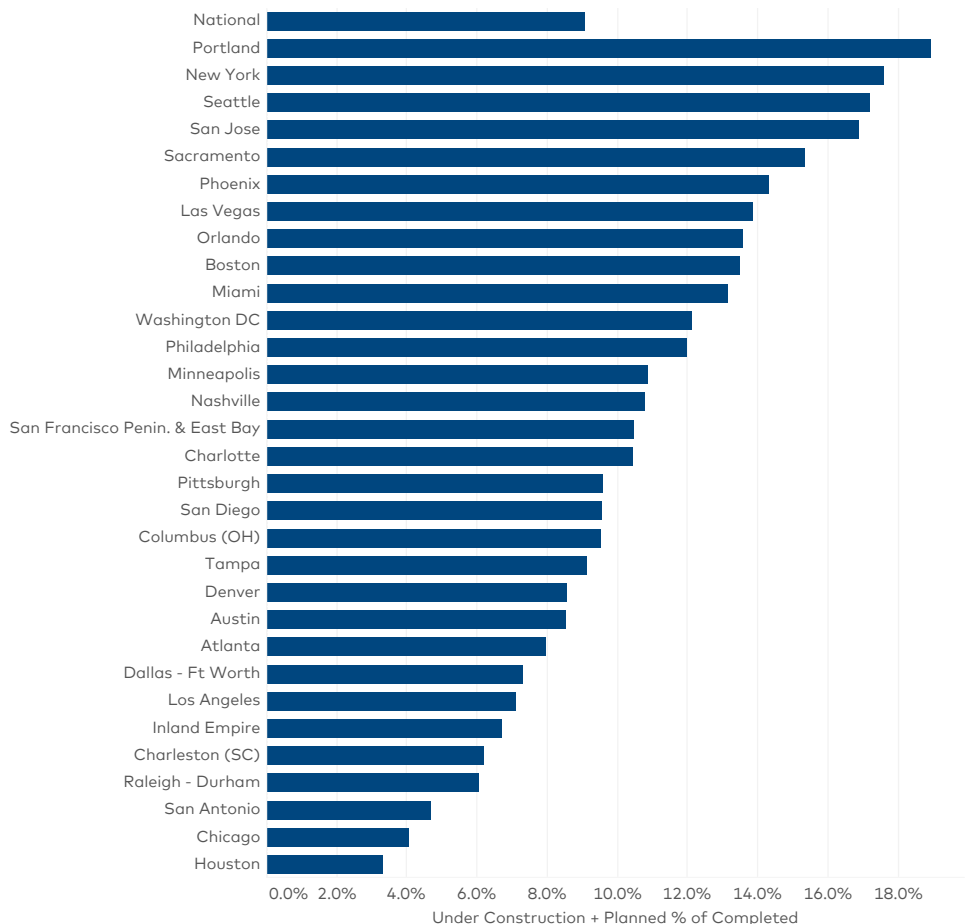
MONTHLY NEW SUPPLY UPDATE

Limited inventory in Philadelphia and Pittsburgh drives development

- On a national level, self storage properties under construction or in the planning stages account for 9.1% of existing inventory, marking a 20-basis-point increase month-over-month.
- Development activity increased the most in the two major Pennsylvania metros, Philadelphia (up 1.9% month-over-month) and Pittsburgh (up 1.5% month-over-month). Philadelphia only saw a negligible uptick in population of 0.05% from 2017 to 2018, yet it continues to be one of the most undersupplied markets, with a saturation of only 4.0 net rentable square feet (NRSF) per capita. Population in Pittsburgh declined 0.4% from 2017 to 2018, but city programs such as the Community Development Block Grant and the Local Economic Revitalization Tax Act are promoting the Steel City's revival from its obsolete industrial past. Even though Philadelphia (4.0 NRSF per capita) and Pittsburgh (4.7 NRSF per capita) are relatively undersaturated in terms of storage inventory per person, developers should be cautious not to overbuild in light of mixed demand and flat demographic growth.

Under Construction & Planned Percent of Existing Inventory

| Metro | Dec-19 | Jan-20 | Change |
|---------------------------------|--------|--------|--------|
| NATIONAL | 8.9% | 9.1% | ↑ |
| Portland | 19.1% | 18.9% | ↓ |
| New York | 17.5% | 17.6% | ↑ |
| Seattle | 17.2% | 17.2% | ▬ |
| San Jose | 16.9% | 16.9% | ▬ |
| Sacramento | 15.3% | 15.3% | ▬ |
| Phoenix | 14.4% | 14.3% | ↓ |
| Las Vegas | 13.3% | 13.9% | ↑ |
| Orlando | 13.2% | 13.6% | ↑ |
| Boston | 13.5% | 13.5% | ▬ |
| Miami | 12.7% | 13.2% | ↓ |
| Washington DC | 12.3% | 12.1% | ↓ |
| Philadelphia | 10.1% | 12.0% | ↑ |
| Minneapolis | 10.8% | 10.8% | ▬ |
| Nashville | 10.9% | 10.8% | ↓ |
| San Francisco Penin. & East Bay | 10.5% | 10.5% | ▬ |
| Charlotte | 10.0% | 10.4% | ↑ |
| Pittsburgh | 8.1% | 9.6% | ↑ |
| San Diego | 9.6% | 9.5% | ↓ |
| Columbus (OH) | 9.5% | 9.5% | ▬ |
| Tampa | 8.6% | 9.1% | ↑ |
| Denver | 8.3% | 8.6% | ↑ |
| Austin | 8.3% | 8.5% | ↑ |
| Atlanta | 8.0% | 7.9% | ↓ |
| Dallas-Ft Worth | 7.1% | 7.3% | ↑ |
| Los Angeles | 7.1% | 7.1% | ▬ |
| Inland Empire | 6.7% | 6.7% | ▬ |
| Charleston (SC) | 6.2% | 6.2% | ▬ |
| Raleigh-Durham | 5.6% | 6.1% | ↑ |
| San Antonio | 4.7% | 4.7% | ▬ |
| Chicago | 3.7% | 4.1% | ↑ |
| Houston | 3.2% | 3.3% | ↑ |



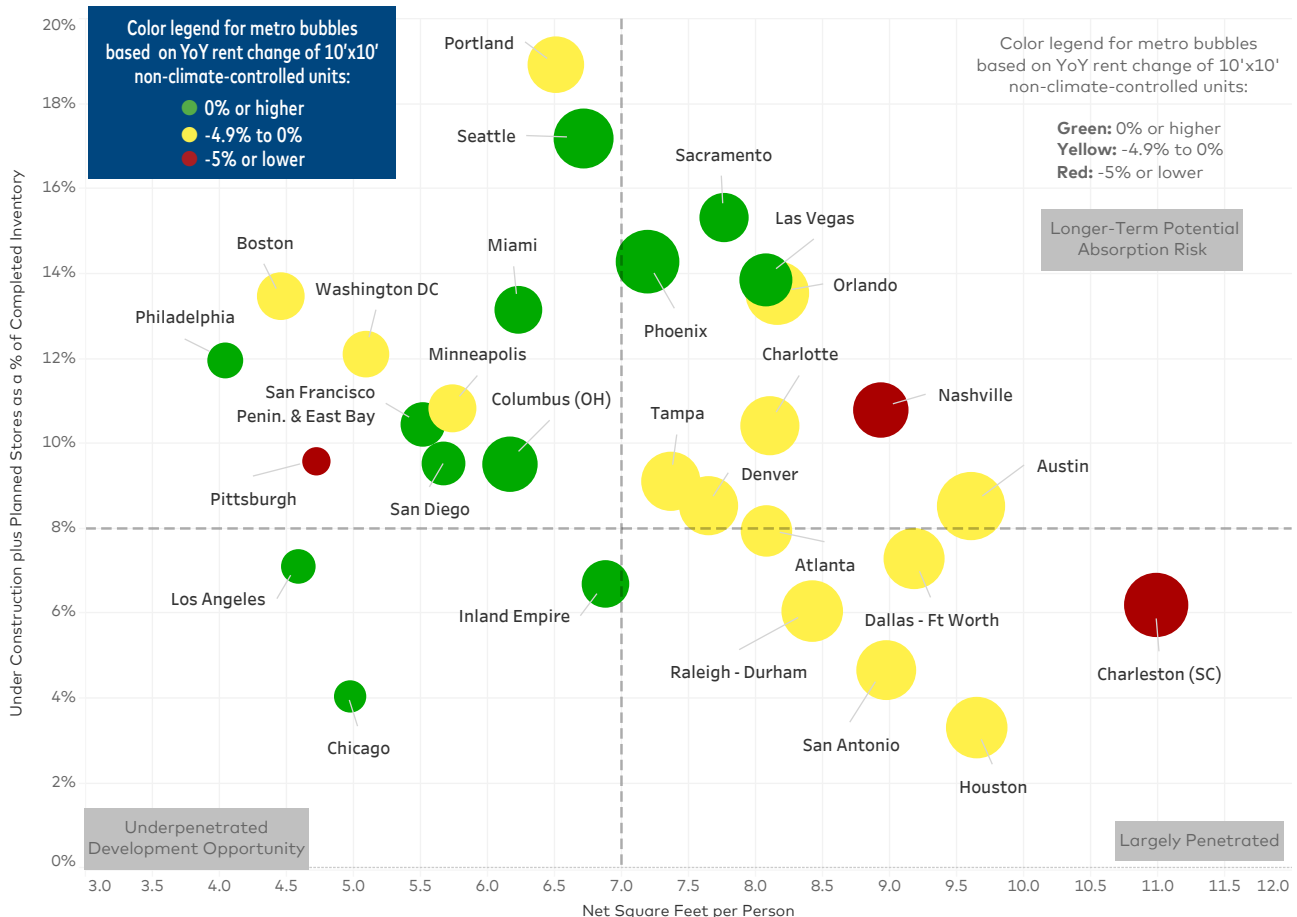
* Drawn from our national database of more than 27,800 stores, including some 2,100 projects in the new-supply pipeline as well as more than 25,700 completed stores. Source: Yardi Matrix. Supply data as of February 12, 2020.

MONTHLY NEW SUPPLY UPDATE

Development activity flattens in some Western markets, despite demographic booms

- On the West Coast, development activity in all six California metros in Yardi Matrix's top markets remained level or slightly decreased month-over-month. San Jose, with the largest new-supply pipeline at 16.9% of existing stock, was the only major California metro with negative street rate growth for 10x10 NON CC units in January, down 2.9% year-over-year. Continued positive employment growth in all six metros has helped drive demand for storage. In the 12 months ending in December, these six top California metros added more than 261,000 jobs combined.
- A solid economy and steady job growth continue to support population growth in Phoenix, with the metro adding more than 100,000 residents from 2017 to 2018, an annual population increase of 2.3%. This growth is fueling demand for self storage space and driving a strong development pipeline, which accounts for 14.3% of the market's existing inventory.

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)



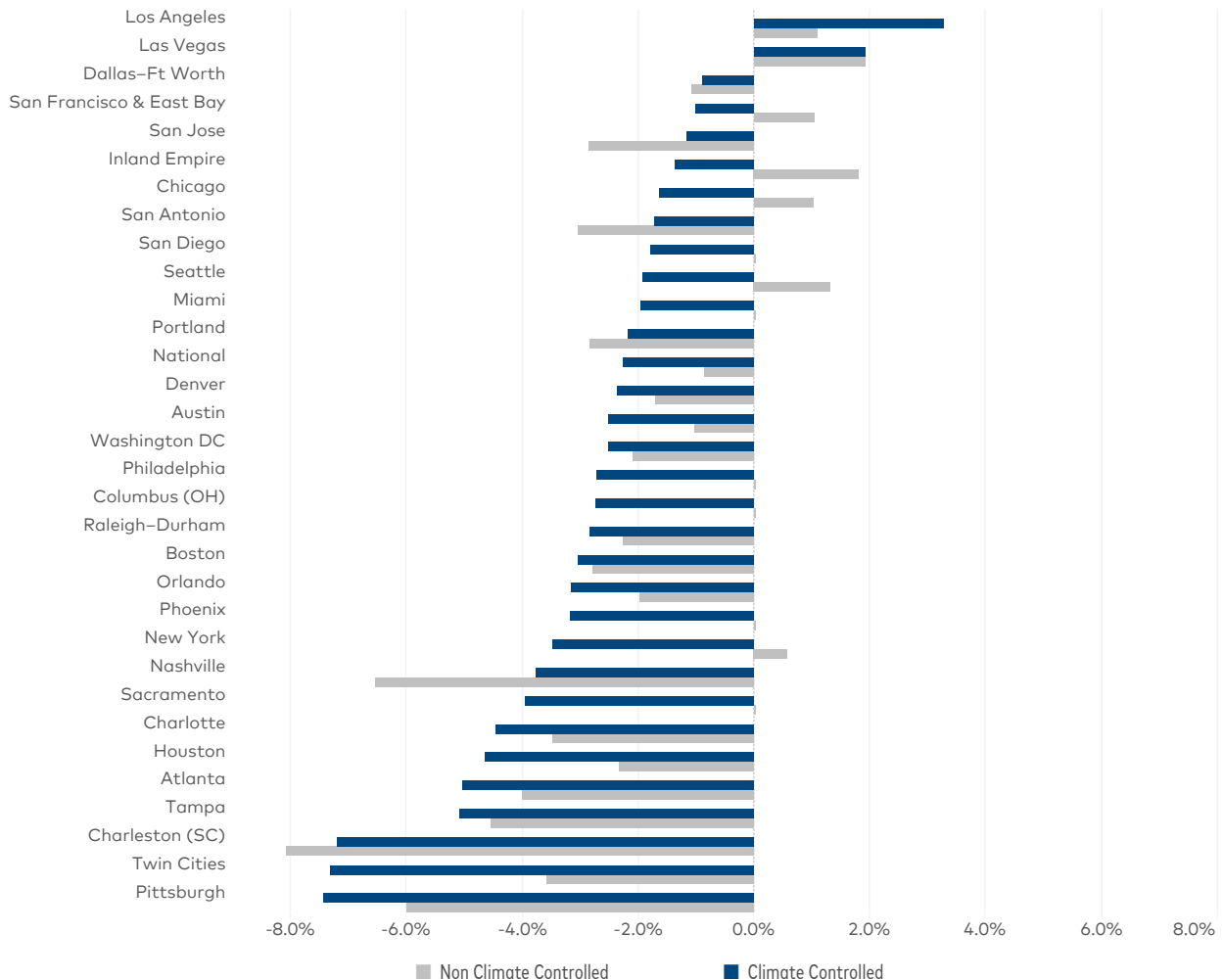
Sources: Yardi Matrix; U.S. Census Bureau. Data as of February 12, 2020.

MONTHLY RATE GROWTH UPDATE

While street rates remain negative, year-over-year rate deceleration improves

- Nationwide, new self storage completions continued to put pressure on rent growth, albeit at a much slower pace compared to previous months. Year-over-year rate performance as of January improved slightly for standard 10x10 NON CC units—increasing from -1.7% in December to -0.9% in January. Looking back 18 months, annual street rate performance for the standard NON CC unit has recovered significantly and the rate of decline has decelerated considerably more—improving by 320 basis points in January compared to the year-over-year rate of decline experienced in August 2018 of -4.1%.
- Pittsburgh and Minneapolis saw street rates for standard 10x10 CC units drop the furthest year-over-year, despite the inventory per person in both metros falling below the national average of 6.5 net rentable square feet (NRSF). Minneapolis rates fell 7.3% annually for 10x10 CC units, while the decline was slightly more dramatic for Pittsburgh at 7.4%.

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



Source: Yardi Matrix. Street rate data as of February 12, 2020.

MONTHLY RATE RECAP

| Market | Avg Metro Rate 10'x10' (non cc) | January 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 | -2% | 0% | -1% | -2% | -1% |
| Los Angeles | 184 | 3% | 2% | 1% | 3% | 1% |
| Las Vegas | 106 | 5% | 3% | 2% | 2% | 1% |
| Dallas-Ft Worth | 93 | -5% | -3% | -1% | -1% | -1% |
| San Francisco Penin. & East Bay | 192 | 1% | 0% | 1% | -1% | 1% |
| San Jose | 170 | -5% | -4% | -3% | -1% | -3% |
| Inland Empire | 113 | 2% | 3% | 2% | -1% | 2% |
| Chicago | 99 | 3% | 3% | 1% | -2% | 2% |
| San Antonio | 96 | 0% | -2% | -3% | -2% | -2% |
| San Diego | 155 | -2% | 0% | 0% | -2% | -1% |
| Seattle | 152 | 2% | 0% | 1% | -2% | 0% |
| Miami | 133 | 2% | 3% | 0% | -2% | 2% |
| Portland | 137 | -3% | -5% | -3% | -2% | -2% |
| Denver | 116 | -4% | -4% | -2% | -2% | -1% |
| Austin | 98 | -2% | -2% | -1% | -3% | -1% |
| Washington DC | 141 | -3% | -4% | -2% | -3% | 0% |
| Philadelphia | 121 | 0% | 0% | 0% | -3% | 1% |
| Columbus (OH) | 85 | 3% | 0% | 0% | -3% | 0% |
| Raleigh-Durham | 87 | -2% | -2% | -2% | -3% | -1% |
| Boston | 140 | -7% | -3% | -3% | -3% | 0% |
| Orlando | 100 | -5% | -3% | -2% | -3% | 0% |
| Phoenix | 103 | 0% | 0% | 0% | -3% | 0% |
| New York | 175 | 0% | 1% | 1% | -3% | 1% |
| Nashville | 100 | -4% | -3% | -7% | -4% | -3% |
| Sacramento | 132 | -2% | 0% | 0% | -4% | -1% |
| Charlotte | 83 | -3% | -4% | -3% | -4% | -1% |
| Houston | 84 | -6% | -4% | -2% | -5% | -1% |
| Atlanta | 96 | -2% | -3% | -4% | -5% | -2% |
| Tampa | 105 | -5% | -2% | -5% | -5% | -4% |
| Charleston (SC) | 91 | -7% | -10% | -8% | -7% | -8% |
| Minneapolis | 108 | -6% | -4% | -4% | -7% | -1% |
| Pittsburgh | 110 | -7% | -5% | -6% | -7% | -5% |

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

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.

© 2020 Yardi Systems, Inc. All Rights Reserved.