

Yardi® Matrix

National Self Storage Report

May 2020



Monthly Supply and Rent Recap

Impact of COVID-19 pandemic on self storage beginning to emerge

- The unprecedented impact of the COVID-19 pandemic on lives and businesses has been felt across almost all industries, and self storage is no different. Typically thought of as being among the asset types less vulnerable to economic disruptions, the self storage sector endured widespread economic fallout from COVID-19 in April. Negative street rate performance in April followed slight improvements in March as the country moved into month two of COVID-19 stay-at-home orders. As the United States shifts its focus to reopening the economy, there is hope that storage fundamentals will rebound, but there will likely be troubles felt over the next few months as pandemic disruptions continue and the nation slowly adapts to life outside the lockdowns.

Street rates take a hit amid COVID-19 crisis

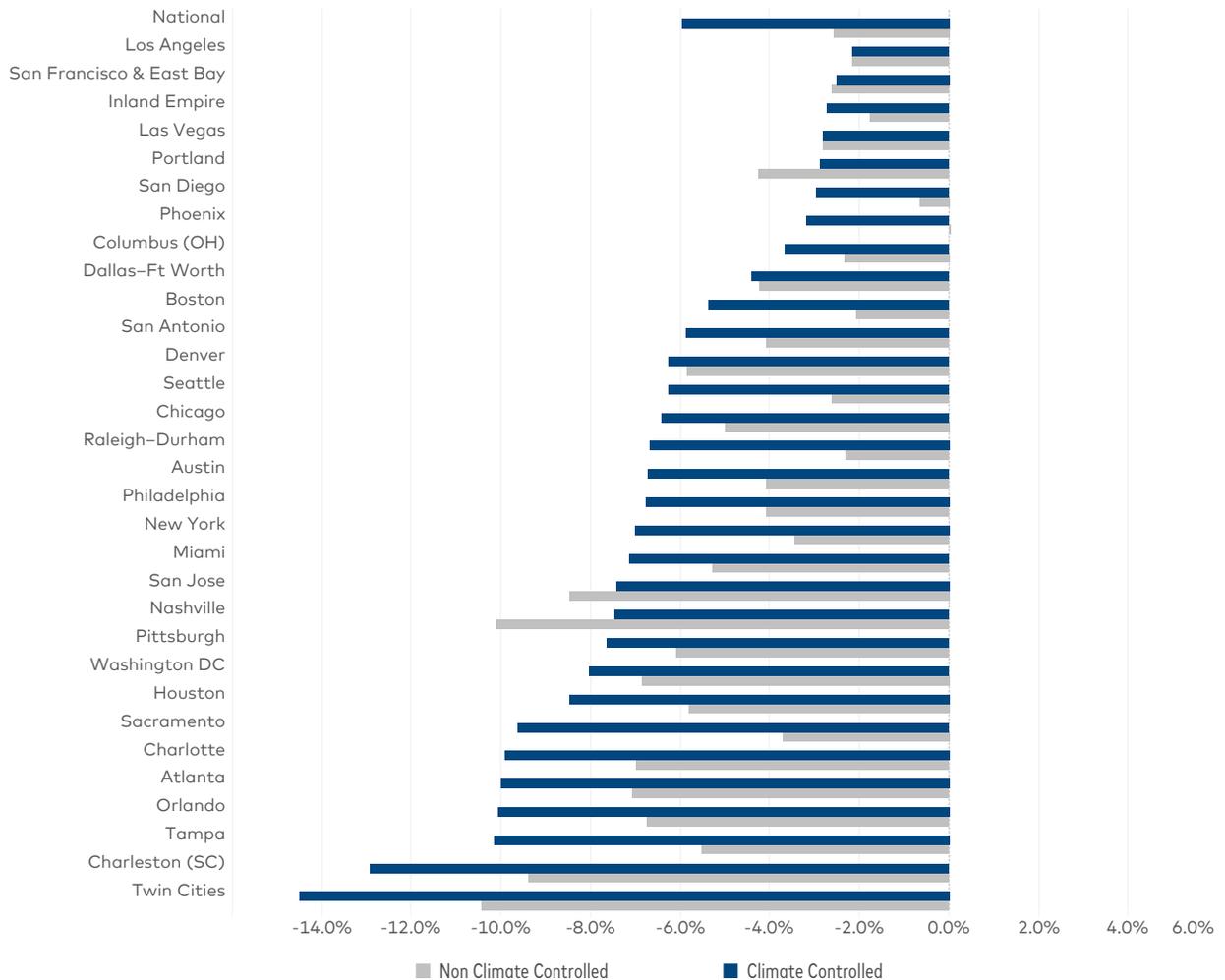
- The self storage industry started feeling the impact of the novel coronavirus pandemic and its subsequent economic downturn in April as street rates dropped dramatically. National street rates for 10x10 non-climate-controlled (NON CC) units fell 2.6% year-over-year in April. Rates for 10x10 climate-controlled (CC) units dropped 6.0% year-over-year, the largest decline in more than three years.
- On a year-over-year basis, street rates for standard NON CC units decreased in roughly 97% of the top markets tracked by Yardi Matrix in April. All the top markets saw negative street rate performance for standard 10x10 CC units.
- Nationwide, Yardi Matrix tracks a total of 2,209 self storage properties in various stages of development—comprising 593 under construction, 1,172 planned and 444 prospective properties. The national new-supply pipeline as a percent of existing inventory increased by a minor 0.2% month-over-month in April, and the share of existing projects in various stages of development accounts for 9.0% of existing inventory.
- Yardi Matrix also maintains operational profiles for 25,914 completed self storage facilities across the United States, bringing the total data set to 28,123.

Monthly Rate Growth Update

Street rates across the nation feel the effects of COVID-19

- Street rate performance in April began reflecting the negative impact of the coronavirus pandemic on the self storage industry. On a national level, street rates dropped 2.6% year-over-year for 10x10 NON CC units, and rates for 10x10 CC units declined a notable 6.0% in April. Operators are dropping rates significantly to lease up new units as the glut of new supply is met with declining demand.
- The Orlando metro saw April street rates for 10x10 NON CC units decrease 6.7% year-over-year and rates for 10x10 CC units fall 10.1% year-over-year. Orlando's street rate performance took a major negative hit compared to March's year-over-year street rates, which declined at a rate of 2.9% for 10x10 NON CC units and 4.7% for 10x10 CC units. Due to its tourism-dependent economy and high concentration of leisure and hospitality employment, the Orlando metro saw activity plummet as Americans continued to social distance and refrain from air travel. Yardi Matrix examined the top 50 metros' total employment to determine which have the highest concentration of at-risk employment sectors, and Orlando was near the top of the list (41%).

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



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

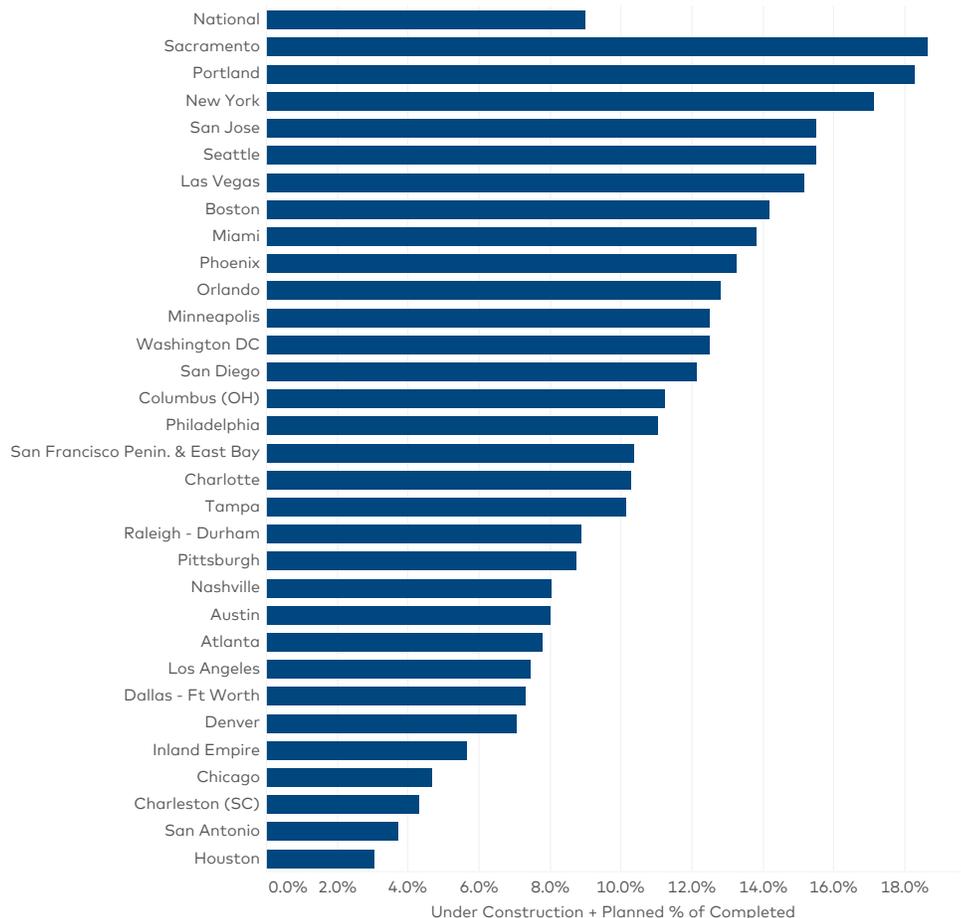
Monthly New Supply Update

COVID-19 has yet to slow new self storage development

- The impact of the COVID-19 crisis on the new-supply pipeline has yet to be seen in the self storage sector, as storage properties under construction or in the planning stages account for 9.0% of total stock, a 20-basis-point increase month-over-month. Fallout from the coronavirus is eventually expected to cause development activity to decline, and Yardi Matrix's most recent new-supply forecasts show deliveries dropping by roughly 10% in 2020 and by about 40% over the next five years. A decline in new-supply activity, whether due to the pandemic or not, may be welcome in markets that have been dealing with oversupply of storage.
- Development activity increased the most in Raleigh-Durham, up 1.3% month-over-month in April. Raleigh-Durham's uptick in development is due to the addition of two planned storage projects to the metro's pipeline. The city of Raleigh started providing permitting services virtually in March, likely limiting the effects of COVID-19 on the city's planning and development of new property construction, especially compared to metros that have completely paused government functions due to stay-at-home orders.

Under Construction & Planned Percent of Existing Inventory

Metro	Mar-20	Apr-20	Change
NATIONAL	8.8%	9.0%	↑
Sacramento	18.1%	18.6%	↑
Portland	18.3%	18.3%	▬
New York	17.0%	17.1%	↑
San Jose	15.5%	15.5%	▬
Seattle	15.1%	15.5%	↑
Las Vegas	14.8%	15.2%	↑
Boston	13.8%	14.2%	↑
Miami	13.8%	13.8%	▬
Phoenix	12.8%	13.3%	↑
Orlando	12.9%	12.8%	↓
Minneapolis	11.9%	12.5%	↑
Washington DC	12.5%	12.5%	▬
San Diego	12.2%	12.2%	▬
Columbus (OH)	11.3%	11.3%	▬
Philadelphia	11.0%	11.0%	▬
San Francisco Penin. & East Bay	10.4%	10.4%	▬
Charlotte	10.3%	10.3%	▬
Tampa	9.9%	10.1%	↑
Raleigh-Durham	7.6%	8.9%	↑
Pittsburgh	8.7%	8.7%	▬
Nashville	7.6%	8.1%	↑
Austin	8.0%	8.0%	▬
Atlanta	7.8%	7.8%	▬
Los Angeles	7.4%	7.5%	↑
Dallas-Ft Worth	7.1%	7.3%	↑
Denver	7.0%	7.0%	▬
Inland Empire	5.4%	5.7%	↑
Chicago	4.5%	4.7%	↑
Charleston (SC)	4.3%	4.3%	▬
San Antonio	3.7%	3.7%	▬
Houston	3.0%	3.0%	▬



* Drawn from our national database of more than 28,100 stores, including some 2,200 projects in the new-supply pipeline as well as more than 25,900 completed stores.
Source: Yardi Matrix. Supply data as of April 2020.

Monthly Rate Recap

Market	Avg Metro Rate 10'x10' (non cc)	April 2020 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	113	-4%	-3%	-3%	-6%	-1%
Los Angeles	181	-3%	-2%	-2%	-2%	1%
San Francisco Penin. & East Bay	188	-4%	-5%	-3%	-3%	0%
Inland Empire	111	-2%	-1%	-2%	-3%	0%
Las Vegas	104	2%	-2%	-3%	-3%	-2%
Portland	135	-3%	-3%	-4%	-3%	-1%
San Diego	154	-3%	-1%	-1%	-3%	-2%
Phoenix	104	0%	0%	0%	-3%	-2%
Columbus (OH)	84	-3%	-2%	-2%	-4%	0%
Dallas-Ft Worth	91	-5%	-5%	-4%	-4%	-3%
Boston	143	-7%	-7%	-2%	-5%	4%
San Antonio	94	-2%	-2%	-4%	-6%	-2%
Seattle	149	-3%	-5%	-3%	-6%	-2%
Denver	113	-8%	-8%	-6%	-6%	-4%
Chicago	95	-5%	-3%	-5%	-6%	1%
Raleigh-Durham	85	-2%	-3%	-2%	-7%	-3%
Austin	94	-5%	-3%	-4%	-7%	-3%
Philadelphia	118	-2%	-4%	-4%	-7%	1%
New York	169	-3%	-4%	-3%	-7%	0%
Miami	126	-2%	-5%	-5%	-7%	-2%
San Jose	162	-10%	-8%	-8%	-7%	-3%
Nashville	98	-7%	-6%	-10%	-7%	-3%
Pittsburgh	108	-5%	-10%	-6%	-8%	-4%
Washington DC	136	-7%	-7%	-7%	-8%	0%
Houston	81	-6%	-6%	-6%	-8%	-2%
Sacramento	130	-5%	-5%	-4%	-10%	-3%
Charlotte	80	-3%	-7%	-7%	-10%	-3%
Atlanta	92	-7%	-8%	-7%	-10%	-5%
Orlando	97	-7%	-8%	-7%	-10%	-3%
Tampa	103	-7%	-8%	-6%	-10%	-4%
Charleston (SC)	87	-8%	-13%	-9%	-13%	-7%
Minneapolis	103	-14%	-13%	-10%	-14%	-7%

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

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