



Yardi Matrix

National Self Storage Report

May 2022



Self Storage Supply and Rent Recap

Street rates rise due to strong demand from customers new and old

- With no let-up in demand for self storage as the traditional busy season starts, street rates ticked up in April. According to industry executives at the NYSSA investment forum this month, demand comes not only from traditional drivers such as migration and students, as households need space to store items while in transit between homes and apartments, but also from individuals who need storage to accommodate home offices and businesses that have been squeezed out of the tight industrial market. Plus, they said, existing customers are renewing at high rates and extending the length of stays. It all points to continued growth in rents and net operating income, which has increased upwards of 20% for some REITs over the past year, per recent earnings calls. "We're encouraged by what we see through the month of April," a Public Storage executive said during a recent call. "Clearly, we have momentum."

Rate of growth decelerates but industry highly optimistic for 2022

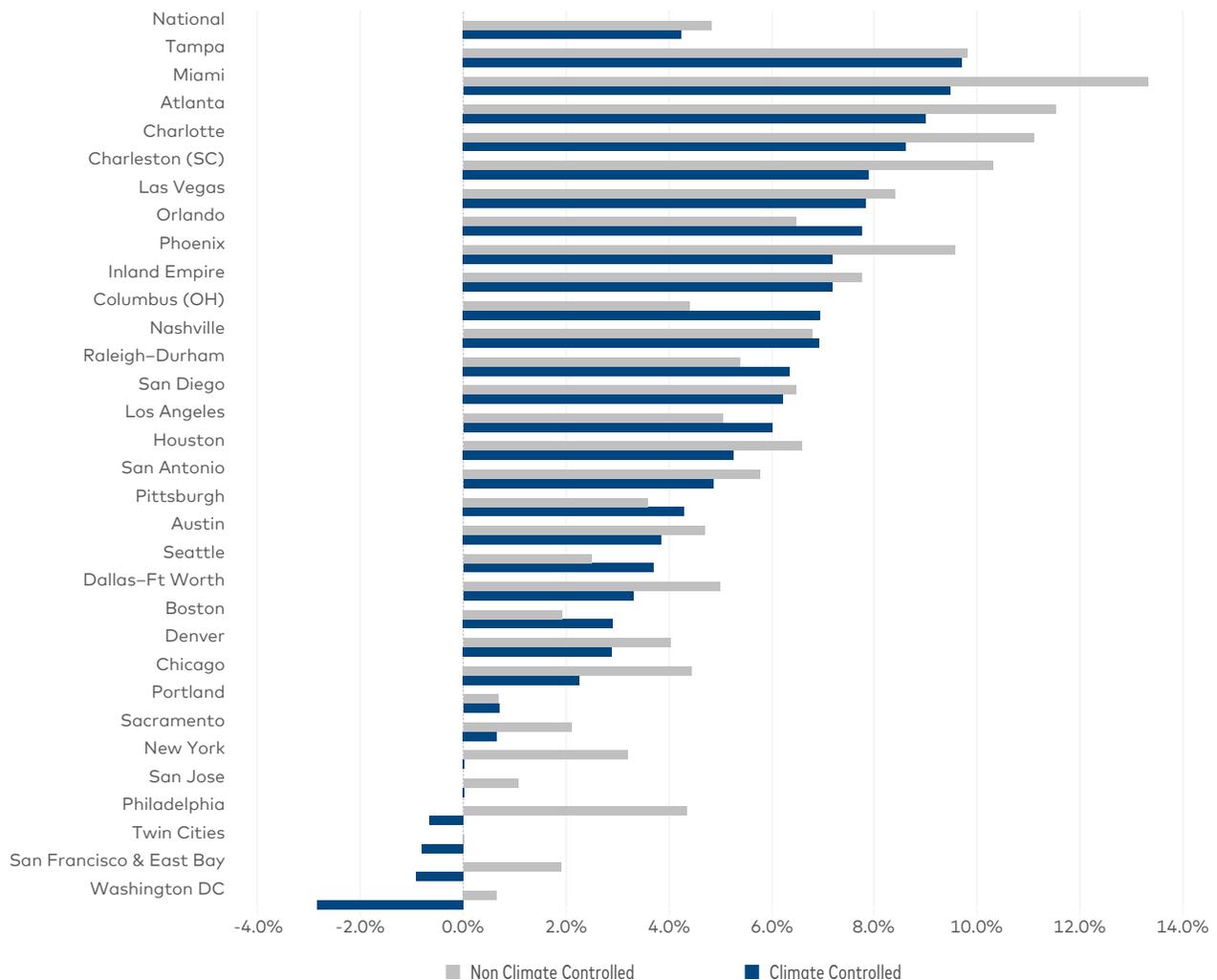
- Overall, national rates rose \$1 to \$146 in April, matching the all-time high set last fall. The tenor of the market is buoyant, but headwinds do exist. Consumer demand that has driven the recent boom could cool as higher interest rates bedevil the economy, slowing migration and dampening home sales, which are major drivers for self storage. And although storage has a limited amount of capital expenditures, increasing expenses for items such as labor and materials may erode benefits of strong rent growth. Storage executives, however, are confident the segment is uniquely well positioned in an inflationary environment because leases can keep pace with rising prices and they foresee a secular increase in demand.
- Street rate growth is decelerating because rates increased more in 2021. For NON CC units, four of the top 31 metros had rent increases of 10.0% or more year-over-year in April and 16 of the top 31 had 5.0% or more growth. For CC units, 15 of the top 31 metros had 5.0% growth year-over-year and six were either flat or negative.
- Nationally, Yardi Matrix tracks a total of 4,051 self storage properties in various stages of development—including 1,467 planned, 747 under construction and 526 prospective properties. The new-supply pipeline as a percent of existing inventory rose 20 basis points to 9.6% in March.
- Yardi Matrix also maintains operational profiles for 28,289 completed self storage facilities across the United States, bringing the total data set to 32,340.

Street Rate Growth Update

Momentum in national street rate growth slowing

- Street rates for 10x10 NON CC units nationally increased 4.8% year-over-year in April, while rates for 10x10 CC units saw slightly less growth at 4.3%. While annual street rate growth nationwide continued to moderate in April compared to previous months, it remains high relative to historical growth levels. What's more, rates for both unit types are among all-time highs. The \$130 average rate for 10x10 NON CC units matched its peak, last recorded in August 2021. The national average for similar-size CC units was \$147, only two dollars short of the highest rate seen historically.
- Metros in the Southeast continued to see the highest street rate growth. The same five Southeast markets topped both rankings of rate growth for 10x10 NON CC and CC: Atlanta, Charleston, Charlotte, Miami and Tampa. Demand in the Southeast has benefited from many factors, including the booming home-sale market, the large amount of in-migration from people taking advantage of work-from-home policies, and movement around college campuses.

April 2022 Year-Over-Year Rent Change for 10'x10' Units



Source: Yardi Matrix. Street rate data as of May 16, 2022

Monthly Sequential Rents

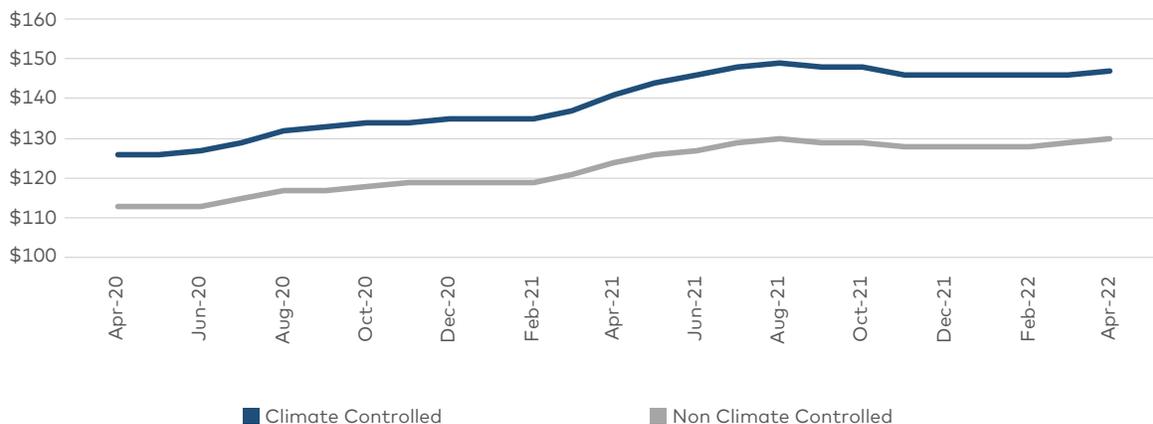
Led by Charlotte, 17 metros record monthly street rate increase in April

- A majority of Yardi Matrix's 31 top metros recorded a month-over-month increase in street rates in April. Street rates for 10x10 NON CC and CC units rose a combined \$2 in six markets and 11 other markets saw a combined \$1 increase.
- Thirteen of the top 31 markets saw no change in combined street rates, while only one saw them fall month-over-month. The average 10x10 rate in Sacramento dropped \$1 to \$147 in April from the previous month.
- While monthly changes do not necessarily indicate a major trend in the markets, the increase in rates in a majority of markets may represent what is to come further into the busy leasing season. Operators are reporting outside demand from a multitude of sources, which has helped them increase rates for new customers and push renewals closer to street rates.

Metro	Mar-22 Average 10' x 10' Street Rate (\$)	Apr-22 Average 10' x 10' Street Rate (\$)	Month-over-Month Change (%)	Change
NATIONAL	\$136	\$136	0.0%	-
Charlotte	\$110	\$112	1.8%	↑
Nashville	\$120	\$122	1.7%	↑
Austin	\$121	\$123	1.7%	↑
Chicago	\$124	\$126	1.6%	↑
Denver	\$132	\$134	1.5%	↑
San Jose	\$186	\$188	1.1%	↑
Columbus (OH)	\$103	\$104	1.0%	↑
San Antonio	\$117	\$118	0.9%	↑
Charleston (SC)	\$122	\$123	0.8%	↑
Las Vegas	\$126	\$127	0.8%	↑
Orlando	\$126	\$127	0.8%	↑
Portland	\$146	\$147	0.7%	↑
Philadelphia	\$148	\$149	0.7%	↑
Seattle	\$164	\$165	0.6%	↑
Miami	\$179	\$180	0.6%	↑
San Diego	\$181	\$182	0.6%	↑
San Francisco Penin. & East Bay	\$213	\$214	0.5%	↑
Raleigh-Durham	\$107	\$107	0.0%	-
Phoenix	\$136	\$136	0.0%	-
Pittsburgh	\$128	\$128	0.0%	-
Tampa	\$135	\$135	0.0%	-
Washington DC	\$162	\$162	0.0%	-
Minneapolis	\$115	\$115	0.0%	-
New York	\$201	\$201	0.0%	-
Los Angeles	\$209	\$209	0.0%	-
Houston	\$107	\$107	0.0%	-
Inland Empire	\$146	\$146	0.0%	-
Atlanta	\$124	\$124	0.0%	-
Boston	\$166	\$166	0.0%	-
Dallas-Ft Worth	\$113	\$113	0.0%	-
Sacramento	\$148	\$147	-0.7%	↓

Source: Yardi Matrix. Data as of May 16, 2022

National Average Street Rates for 10' x 10' Units



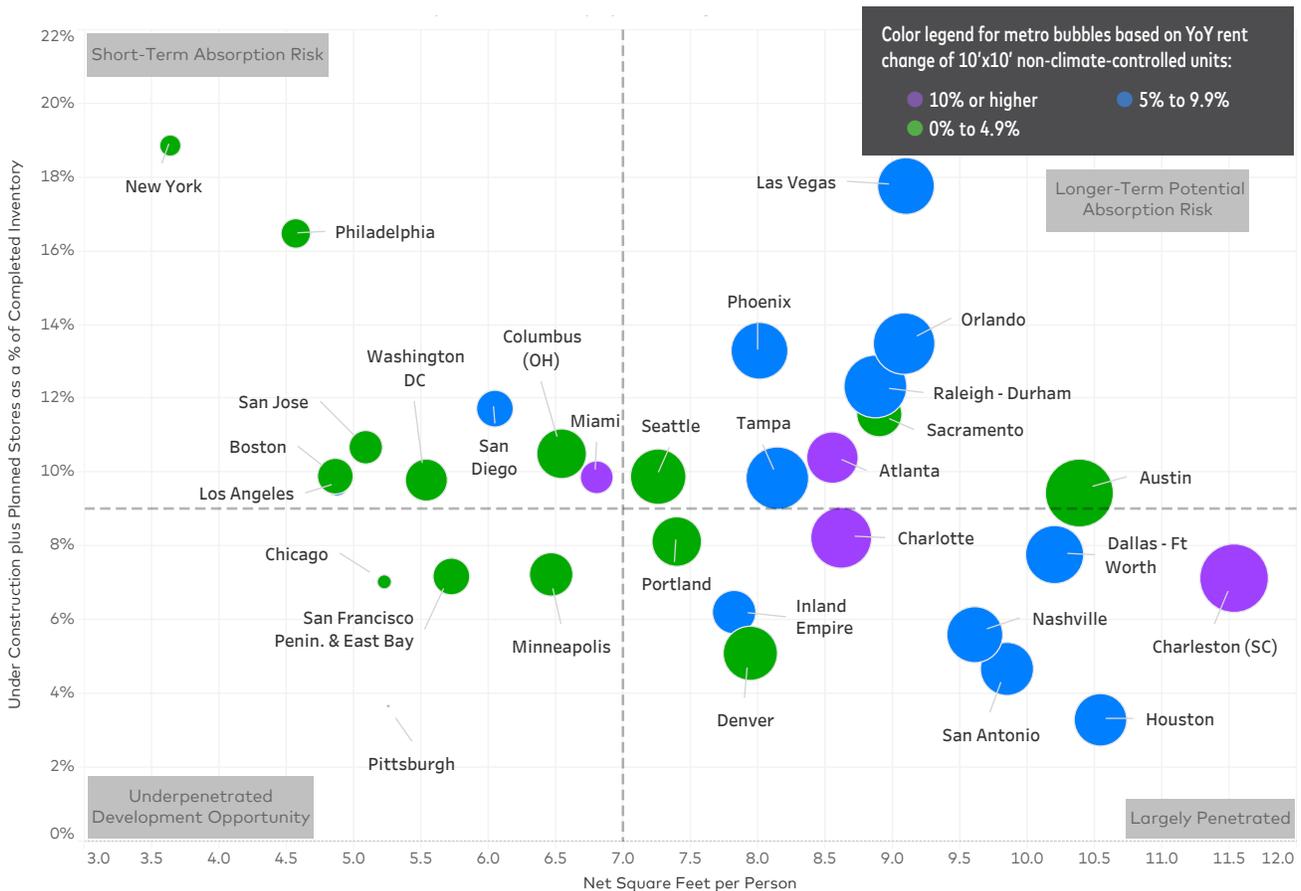
* Drawn from our national database of more than 31,029 stores, including some 2,740 projects in the new-supply pipeline as well as 28,289 completed stores
Source: Yardi Matrix. Data as of May 16, 2022

Street Rates and New Supply

Rate performance in gateway markets lagging higher-growth secondary markets

- Population growth and other demand drivers continue to be more correlated to street rate growth than supply penetration. Even with large amounts of storage stock available per person, high-growth secondary metros continue to post the strongest performance in rates. Of the top 10 metros for year-over-year growth in street rates for 10X10 NON CC units, only one—Miami—has self storage stock below the national average amount of net rentable square feet per capita.
- Gateway markets continue to underperform compared to secondary markets in the Southeast and Southwest. Only one gateway market—Los Angeles (5.1%)—saw rates for 10x10 NON CC units increase more than 5% year-over-year in April. Most of the large gateway markets have had an increase in domestic out-migration since the start of the pandemic. All but Miami lost at least 45,000 residents between July 2020 and July 2021, according to the U.S. Census Bureau. Outgoing population has impacted demand in these locations, despite the relatively low amount of storage stock in place.

Self Storage Major Metro Summary
New-Supply Pipeline (y-axis) & Completed Inventory Per Capita (x-axis)
 (bubble size represents 2019 population growth rate, three-mile radius)



Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of May 16, 2022

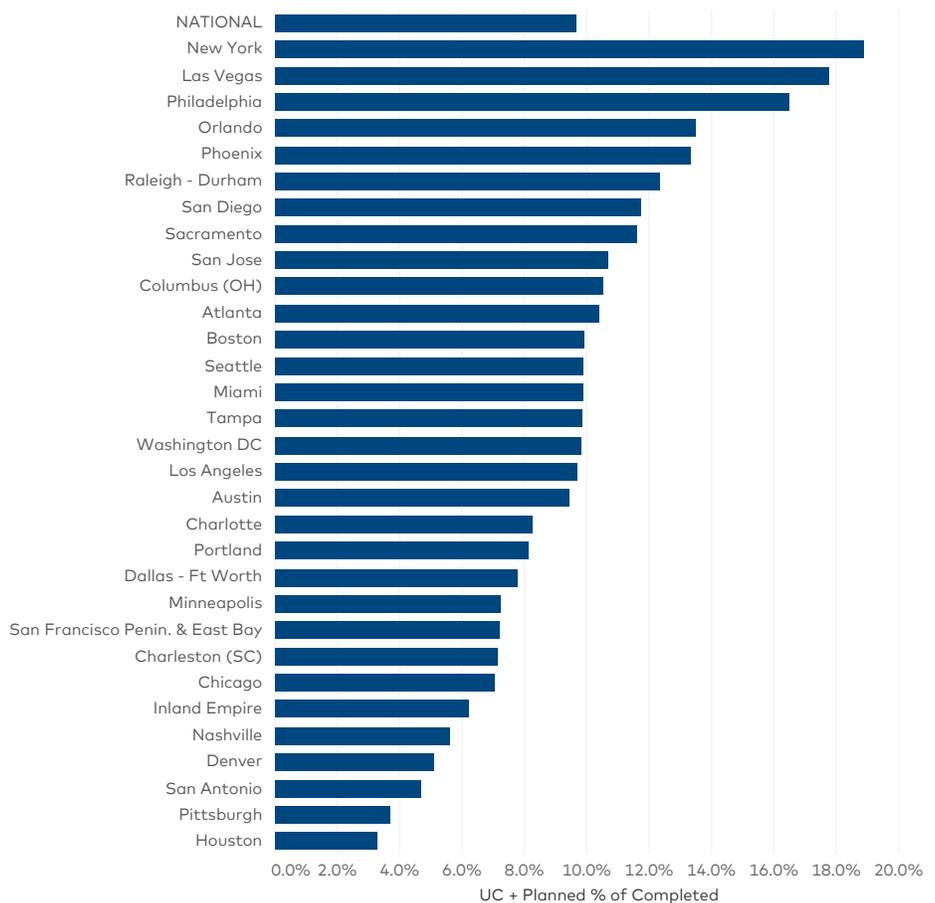
New Supply Update

Supply pipeline grows, but some expectation of tempering deliveries in future

- The national new-supply pipeline once again grew in April, with properties under construction or in the planning stages of development equal to 9.6% of existing inventory, up from 9.4% in March. Compared to the previous month, the number of properties under construction nationwide increased by 28 to 747, and the number of projects in the planning stages increased by 37 to 1,467.
- Due to rising construction costs and a shortage of labor and materials, there is some expectation of a slowdown for new supply coming online in the future. According to the latest Yardi Matrix forecast, the amount of new supply delivered annually will gradually moderate to 2.5% of total stock in 2027.
- The New York metro has the largest self storage delivery pipeline, with properties under construction or in the planning stages accounting for 18.9% of existing stock. New York has more than 13.5 million square feet in the development pipeline, under construction or in the planning phase, more than double the amount of any other of the top markets.

Under Construction & Planned Percent of Existing Inventory

Metro	Mar-22	Apr-22	Change
NATIONAL	9.4%	9.6%	↑
New York	18.7%	18.9%	↑
Las Vegas	16.9%	17.8%	↑
Philadelphia	15.5%	16.5%	↑
Orlando	13.4%	13.5%	↑
Phoenix	13.4%	13.3%	↓
Raleigh-Durham	11.6%	12.3%	↑
San Diego	10.7%	11.7%	↑
Sacramento	11.6%	11.6%	—
San Jose	10.7%	10.7%	—
Columbus (OH)	10.0%	10.5%	↑
Atlanta	9.7%	10.4%	↑
Boston	9.3%	9.9%	↑
Seattle	9.9%	9.9%	—
Miami	9.6%	9.9%	↑
Tampa	9.9%	9.9%	—
Washington DC	9.8%	9.8%	—
Los Angeles	9.6%	9.7%	↑
Austin	9.5%	9.5%	—
Charlotte	7.7%	8.2%	↑
Portland	8.1%	8.1%	—
Dallas-Ft Worth	7.2%	7.8%	↑
Minneapolis	7.3%	7.2%	↓
San Francisco Penin. & East Bay	7.2%	7.2%	—
Charleston (SC)	7.1%	7.1%	—
Chicago	6.9%	7.0%	↑
Inland Empire	6.2%	6.2%	—
Nashville	5.2%	5.6%	↑
Denver	4.2%	5.1%	↑
San Antonio	4.3%	4.7%	↑
Pittsburgh	3.7%	3.7%	—
Houston	3.3%	3.3%	—



* Drawn from our national database of more than 31,029 stores, including some 2,740 projects in the new-supply pipeline as well as 28,289 completed stores.

Source: Yardi Matrix. Supply data as of May 16, 2022

Monthly Rate Recap

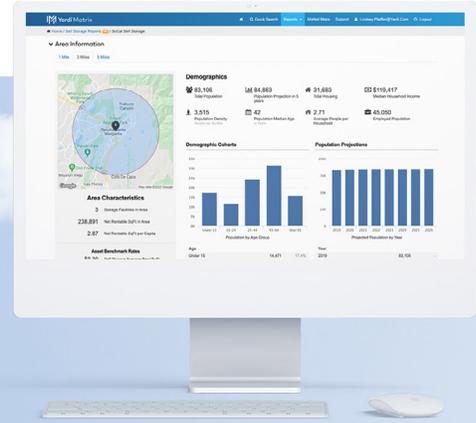
Market	Avg Metro Rate 10'x10' (non cc)	April 2022 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	\$130	6%	5%	5%	4%	5%
Tampa	\$123	12%	9%	10%	10%	11%
Miami	\$170	17%	16%	13%	9%	12%
Atlanta	\$116	11%	13%	12%	9%	9%
Charlotte	\$100	10%	7%	11%	9%	7%
Charleston (SC)	\$107	7%	8%	10%	8%	12%
Las Vegas	\$129	10%	8%	8%	8%	7%
Orlando	\$115	7%	6%	6%	8%	7%
Phoenix	\$126	9%	10%	10%	7%	9%
Inland Empire	\$139	9%	9%	8%	7%	8%
Columbus (OH)	\$95	5%	5%	4%	7%	5%
Nashville	\$110	4%	6%	7%	7%	5%
Raleigh-Durham	\$98	7%	8%	5%	6%	8%
San Diego	\$181	8%	7%	6%	6%	5%
Los Angeles	\$208	4%	6%	5%	6%	5%
Houston	\$97	9%	6%	7%	5%	4%
San Antonio	\$110	9%	6%	6%	5%	6%
Pittsburgh	\$115	0%	-1%	4%	4%	3%
Austin	\$111	7%	8%	5%	4%	4%
Seattle	\$164	2%	3%	3%	4%	5%
Dallas-Ft Worth	\$105	5%	5%	5%	3%	4%
Boston	\$158	-2%	1%	2%	3%	2%
Denver	\$129	4%	4%	4%	3%	4%
Chicago	\$117	9%	4%	4%	2%	3%
Portland	\$147	0%	1%	1%	1%	3%
Sacramento	\$145	0%	2%	2%	1%	1%
New York	\$193	4%	5%	3%	0%	3%
San Jose	\$187	1%	1%	1%	0%	3%
Philadelphia	\$144	5%	5%	4%	-1%	5%
Minneapolis	\$109	2%	0%	0%	-1%	2%
San Francisco Penin. & East Bay	\$214	1%	0%	2%	-1%	3%
Washington DC	\$154	0%	-2%	1%	-3%	0%

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



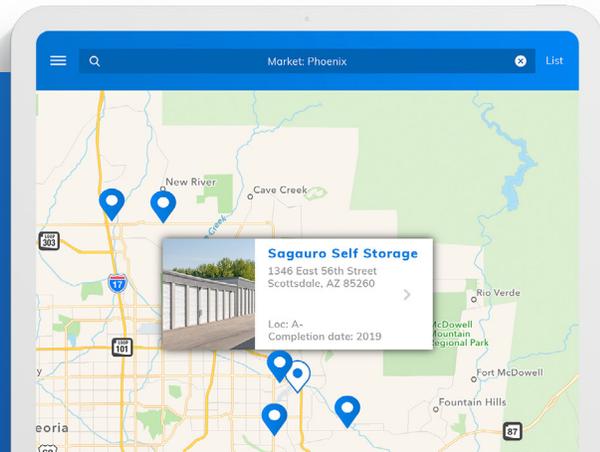
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