



Yardi Matrix

National Self Storage Report

June 2022



Self Storage Supply and Rent Recap

Storage street rates hit new high as demand remains solid

- Demand for self storage is holding up despite growing economic uncertainty, pushing national street rates to new highs in May. Overall street rates rose \$1 to \$147, with 10X10 CC at \$149 and 10X10 NON CC at \$131. Storage demand remains extremely resilient, enabling operators to push both street rates and renewal rates while maintaining occupancy. The demand drivers for self storage are varied. Work-from-home will remain a big driver, as individuals need storage to help transform living space to workspace. Strong consumer balance sheets have boosted retail spending to new highs, with spending on home furnishings increasing demand for storage. Migration and the rising cost of housing are other factors that boost demand. Some households may choose to save money by living in a smaller apartment while renting a storage unit on the side. Inflation is a growing concern as it squeezes consumers' budgets, but some operators say it also braces them to expect rent increases.

Annual rate growth is moderating as rates hit all-time highs

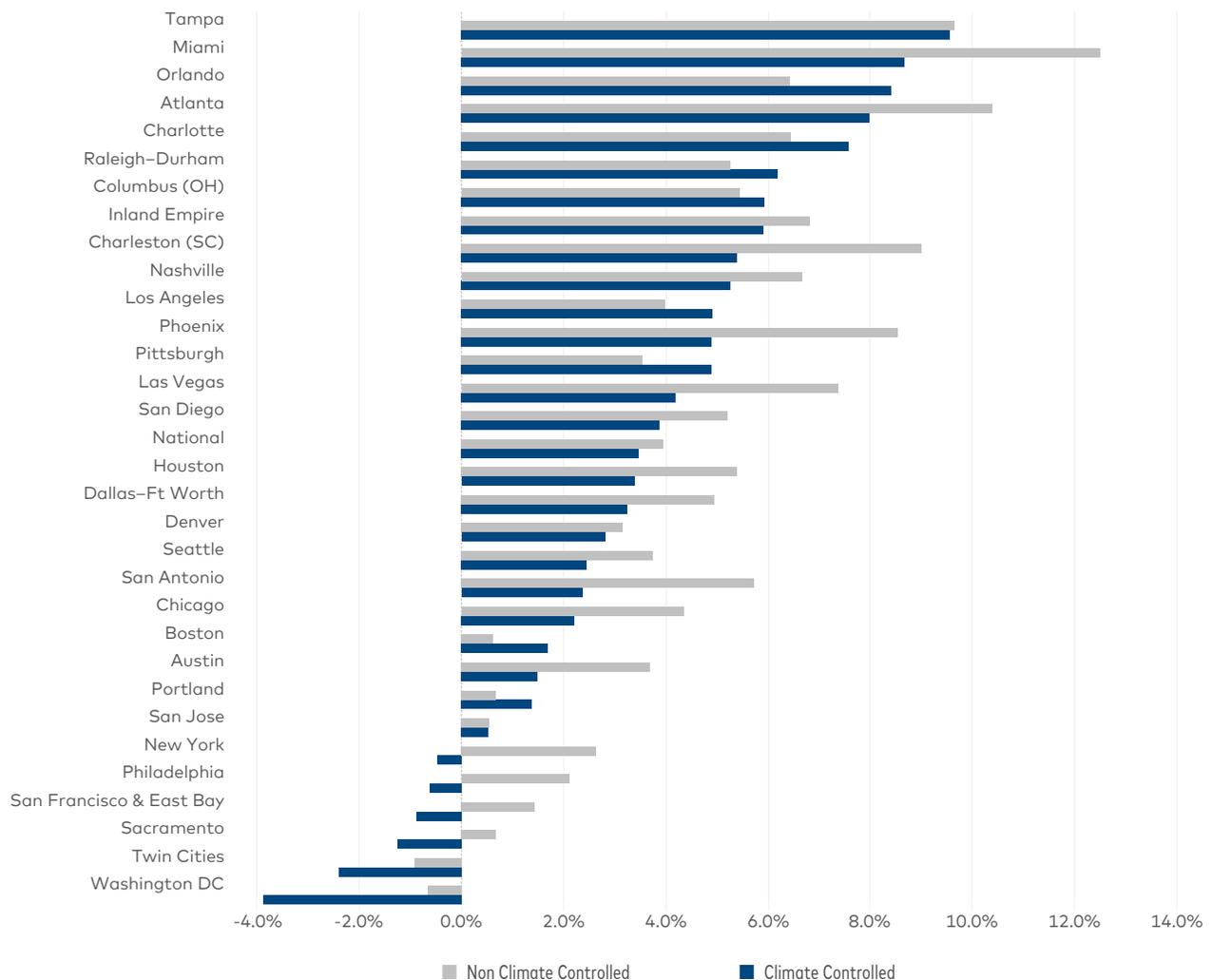
- Even as street rates hit record highs amid healthy demand, year-over-year growth is moderating and seasonality is normalizing. The total average annual street rate growth fell 150 basis points to 3.5% in May, a continued deceleration from the above-trend gains of 2021. Still, growth remains solid relative to the long-term average.
- Rent growth is slowing in some areas of the country, but remains elevated in high-growth metros across the Sun Belt region. For 10X10 NON CC units, two of the top 31 metros had rate increases above 10.0% year-over-year in May, while rates decreased in two. For CC units, 10 of the top 31 markets had 5.0% or more growth, while six saw negative growth.
- Nationally, Yardi Matrix tracks a total of 4,066 self storage properties in various stages of development—including 1,481 planned, 750 under construction and 522 prospective properties. The new-supply pipeline as a percent of existing inventory rose 20 basis points month-over-month in May. The share of existing projects in the planning or under-construction stages is equal to 9.7% of existing stock.
- Yardi Matrix also maintains operational profiles for 28,390 completed self storage facilities across the United States, bringing the total data set to 32,456.

Street Rate Growth Update

Street rates remain healthy, despite slowdown in annual growth

- Nationally, street rate growth decelerated on an annual basis in May. Street rates for 10x10 NON CC units increased 4.0% year-over-year, while rates for 10x10 CC units grew 3.5% year-over-year—an 80-basis-point drop in growth for both unit types compared to April. The slowdown should not be a shock, as street rates are coming off a banner year of rent gains. Despite inflationary concerns in the near term, storage operators benefit from the majority of leases being on a monthly basis, as it offers them greater flexibility to adjust rates based on market trends.
- Despite the deceleration in street rate growth, national average rates are at all-time highs. The national average rate for 10x10 NON CC units reached a peak of \$131 in May. The \$149 average rate for similar-size CC units also matched its peak, last recorded in August 2021.
- At \$214, San Francisco continues to record the highest street rates for 10x10 NON CC units.

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



Source: Yardi Matrix. Street rate data as of June 9, 2022

Monthly Sequential Rents

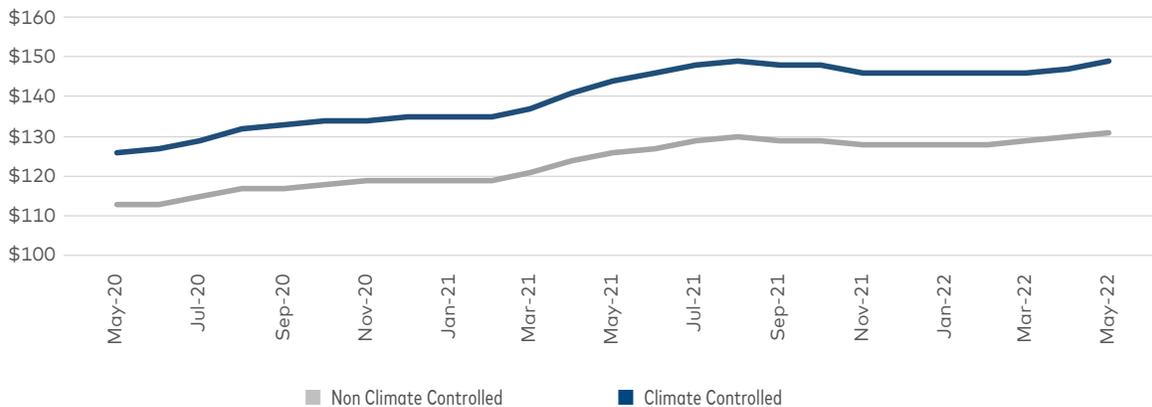
Led by Chicago, 19 metros record monthly street rate increases in May

- Nine metros, mostly in the Northeast and Midwest, posted month-over-month increases of at least \$2 in average street rates. Chicago and Boston led with a \$3 monthly increase. Street rates for 10x10 NON CC and CC units rose \$2 in seven metros—including Columbus, Pittsburgh, Philadelphia and Washington, D.C. Interestingly, most of the high monthly growth was not in rapidly growing secondary markets, which have typically led in street rate increases in recent years.
- Combined street rates remained unchanged in 11 of the top 31 markets, while San Jose was the only metro in which rates decreased. San Jose recorded a combined \$1 drop in May for 10x10 NON CC and CC units. Despite being relatively undersupplied, San Jose experienced outmigration during the pandemic and is among the highest-cost metros, with an average street rate of \$187.

Metro	Apr-22 Average 10' x 10' Street Rate (\$)	May-22 Average 10' x 10' Street Rate (\$)	Month-over-Month Change (%)	Change
NATIONAL	\$137	\$138	0.7%	-
Chicago	\$126	\$129	2.4%	↑
Columbus (OH)	\$104	\$106	1.9%	↑
Boston	\$166	\$169	1.8%	↑
Orlando	\$128	\$130	1.6%	↑
Pittsburgh	\$129	\$131	1.6%	↑
Tampa	\$135	\$137	1.5%	↑
Denver	\$135	\$137	1.5%	↑
Philadelphia	\$150	\$152	1.3%	↑
Washington DC	\$162	\$164	1.2%	↑
Raleigh-Durham	\$108	\$109	0.9%	↑
Dallas-Ft Worth	\$114	\$115	0.9%	↑
Minneapolis	\$115	\$116	0.9%	↑
Nashville	\$122	\$123	0.8%	↑
Austin	\$123	\$124	0.8%	↑
Atlanta	\$125	\$126	0.8%	↑
Miami	\$181	\$182	0.6%	↑
San Diego	\$182	\$183	0.5%	↑
New York	\$202	\$203	0.5%	↑
Los Angeles	\$209	\$210	0.5%	↑
Charleston (SC)	\$123	\$123	0.0%	-
Charlotte	\$112	\$112	0.0%	-
Houston	\$108	\$108	0.0%	-
Inland Empire	\$147	\$147	0.0%	-
Las Vegas	\$128	\$128	0.0%	-
San Francisco Penin. & East Bay	\$215	\$215	0.0%	-
Sacramento	\$148	\$148	0.0%	-
San Antonio	\$119	\$119	0.0%	-
Phoenix	\$137	\$137	0.0%	-
Portland	\$147	\$147	0.0%	-
Seattle	\$166	\$166	0.0%	-
San Jose	\$188	\$187	-0.5%	↓

Source: Yardi Matrix. Data as of June 9, 2022

National Average Street Rates for 10' x 10' Units



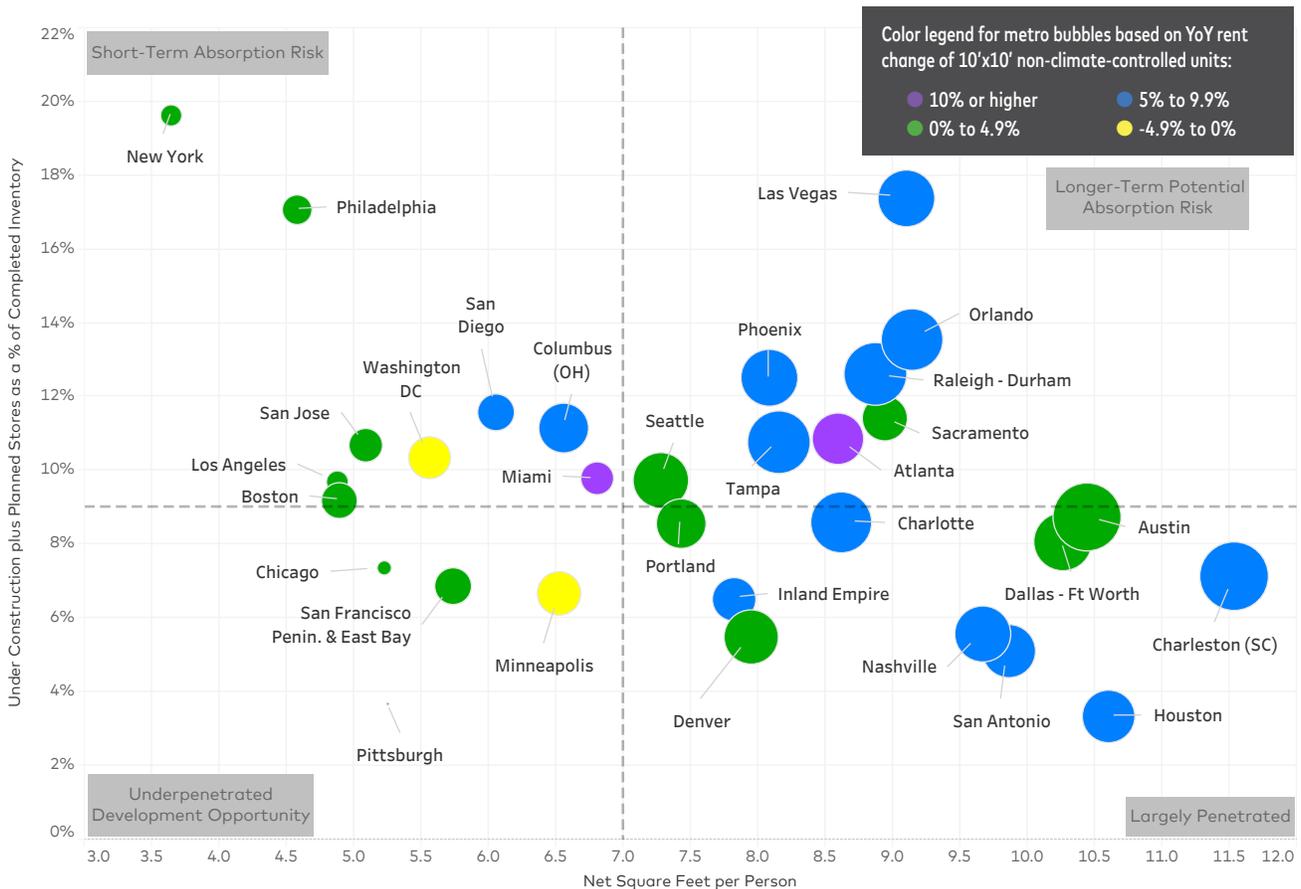
* Drawn from our national database of more than 31,143 stores, including some 2,753 projects in the new-supply pipeline as well as 28,390 completed stores
Source: Yardi Matrix. Data as of June 9, 2022

Street Rates and New Supply

Rate performance lags in markets impacted by outmigration

- Rent growth continues to lag in many markets experiencing outmigration. With the exception of Sacramento, all of the markets that saw 10x10 NON CC rates grow less than 1% year-over-year lost residents to domestic outmigration between July 2020 and July 2021. Domestic outmigration tripled in Minneapolis in 2021 compared to the prior year. The movement of households out of the metro could be a contributing factor to the weakening of street rates, which fell by 0.9% for 10x10 NON CC units year-over-year in May.
- Street rates for 10x10 NON CC units have remained steady at \$127 for the last two months in Phoenix, owing to the metro's rapid growth. Phoenix registered the largest net domestic migration gain across all of the nation's 384 metropolitan statistical areas in 2021. Phoenix's population has grown rapidly during the current economic cycle, a trend accelerated by the pandemic. Developers have recognized the market's opportunities, as the new-supply pipeline remains hearty at 12.5% of existing stock.

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 June 9, 2022

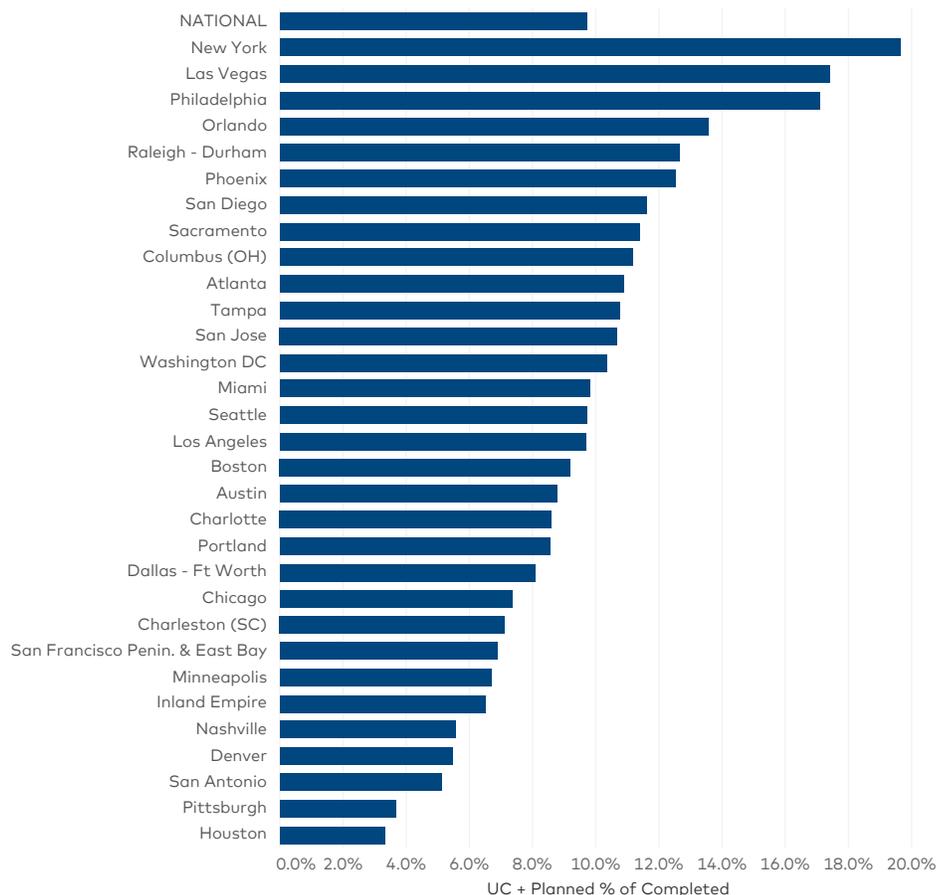
New Supply Update

Moderate uptick in storage development activity

- The national new-supply pipeline continued to grow in May, with properties under construction or in the planning stages of development equal to 9.7% of existing inventory, up 20 basis points from the previous month. The number of properties under construction in the U.S. increased by 29 to 750 from the previous month, while the properties in the planning stage increased by 20 to 1,481. This is a drop in the number of projects added to the pipeline month-over-month compared to previous months, potentially signaling a slowdown in the rate of increasing development activity.
- Houston, with properties under construction or in the planning stages accounting for only 3.3% of existing stock, has the smallest new-supply pipeline among the top 31 metros. After a surge of new storage stock in recent years, Houston's pipeline has dwindled, as developers see fewer opportunities in the market. One segment that is rapidly growing in Houston is RV/boat storage facilities, which comprise eight of the 37 facilities under construction or in the planning phase. With a large population and proximity to waterways, parks and campgrounds, Houston offers developers an opportunity to take advantage of the growing demand for boat and RV storage.

Under Construction & Planned Percent of Existing Inventory

Metro	Apr-22	May-22	Change
NATIONAL	9.5%	9.7%	↑
New York	19.2%	19.6%	↑
Las Vegas	17.1%	17.4%	↑
Philadelphia	16.5%	17.1%	↑
Orlando	13.0%	13.6%	↑
Raleigh - Durham	12.6%	12.6%	—
Phoenix	12.6%	12.5%	↓
San Diego	11.6%	11.6%	—
Sacramento	11.4%	11.4%	—
Columbus (OH)	11.2%	11.2%	—
Atlanta	10.5%	10.9%	↑
Tampa	9.7%	10.8%	↑
San Jose	10.7%	10.7%	—
Washington DC	9.7%	10.4%	↑
Miami	9.8%	9.8%	—
Seattle	9.7%	9.7%	—
Los Angeles	9.7%	9.7%	—
Boston	8.8%	9.2%	↑
Austin	8.7%	8.7%	—
Charlotte	8.2%	8.6%	↑
Portland	8.1%	8.6%	↑
Dallas - Ft Worth	7.6%	8.1%	↑
Chicago	7.0%	7.4%	↑
Charleston (SC)	7.1%	7.1%	—
San Francisco Penin. & East Bay	6.9%	6.9%	—
Minneapolis	6.7%	6.7%	—
Inland Empire	6.5%	6.5%	—
Nashville	5.6%	5.6%	—
Denver	5.5%	5.5%	—
San Antonio	4.5%	5.1%	↑
Pittsburgh	3.7%	3.7%	—
Houston	3.3%	3.3%	—



* Drawn from our national database of more than 31,143 stores, including some 2,753 projects in the new-supply pipeline as well as 28,390 completed stores
 Source: Yardi Matrix. Data as of June 9, 2022

Monthly Rate Recap

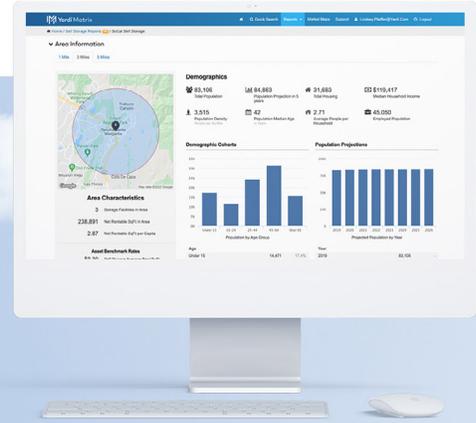
Market	Avg Metro Rate 10'x10' (non cc)	May 2022 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	\$131	4%	4%	4%	3%	3%
Tampa	\$125	11%	9%	10%	10%	10%
Miami	\$171	15%	13%	13%	9%	9%
Orlando	\$116	5%	6%	6%	8%	6%
Atlanta	\$117	13%	12%	10%	8%	9%
Charlotte	\$99	9%	5%	6%	8%	6%
Raleigh - Durham	\$100	7%	8%	5%	6%	8%
Columbus (OH)	\$97	5%	5%	5%	6%	5%
Inland Empire	\$141	9%	7%	7%	6%	7%
Charleston (SC)	\$109	10%	5%	9%	5%	12%
Nashville	\$112	4%	6%	7%	5%	5%
Los Angeles	\$209	3%	4%	4%	5%	4%
Phoenix	\$127	7%	9%	9%	5%	7%
Pittsburgh	\$117	0%	0%	4%	5%	3%
Las Vegas	\$131	8%	5%	7%	4%	7%
San Diego	\$182	7%	7%	5%	4%	4%
Houston	\$98	6%	5%	5%	3%	3%
Dallas - Ft Worth	\$106	5%	5%	5%	3%	4%
Denver	\$131	2%	1%	3%	3%	3%
Seattle	\$166	3%	2%	4%	2%	4%
San Antonio	\$111	2%	5%	6%	2%	5%
Chicago	\$120	7%	6%	4%	2%	4%
Boston	\$160	0%	0%	1%	2%	1%
Austin	\$112	7%	7%	4%	1%	3%
Portland	\$148	-2%	-1%	1%	1%	2%
San Jose	\$187	-1%	-1%	1%	1%	1%
San Francisco Penin. & East Bay	\$214	-1%	0%	1%	0%	2%
New York	\$195	3%	4%	3%	0%	2%
Philadelphia	\$146	2%	2%	2%	-1%	3%
Sacramento	\$146	0%	2%	1%	-1%	1%
Minneapolis	\$110	2%	-1%	-1%	-2%	1%
Washington DC	\$155	0%	-1%	-1%	-4%	0%

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



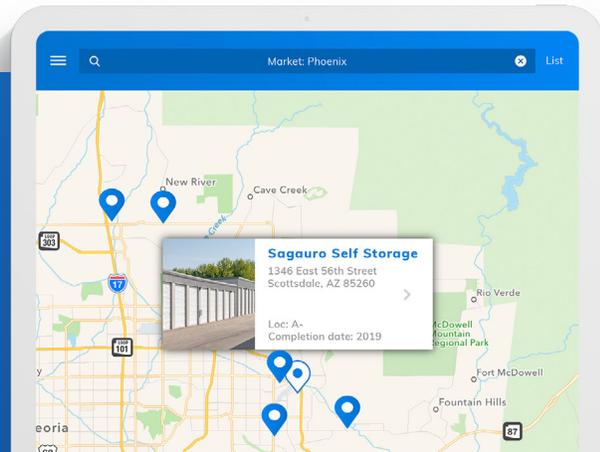
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