

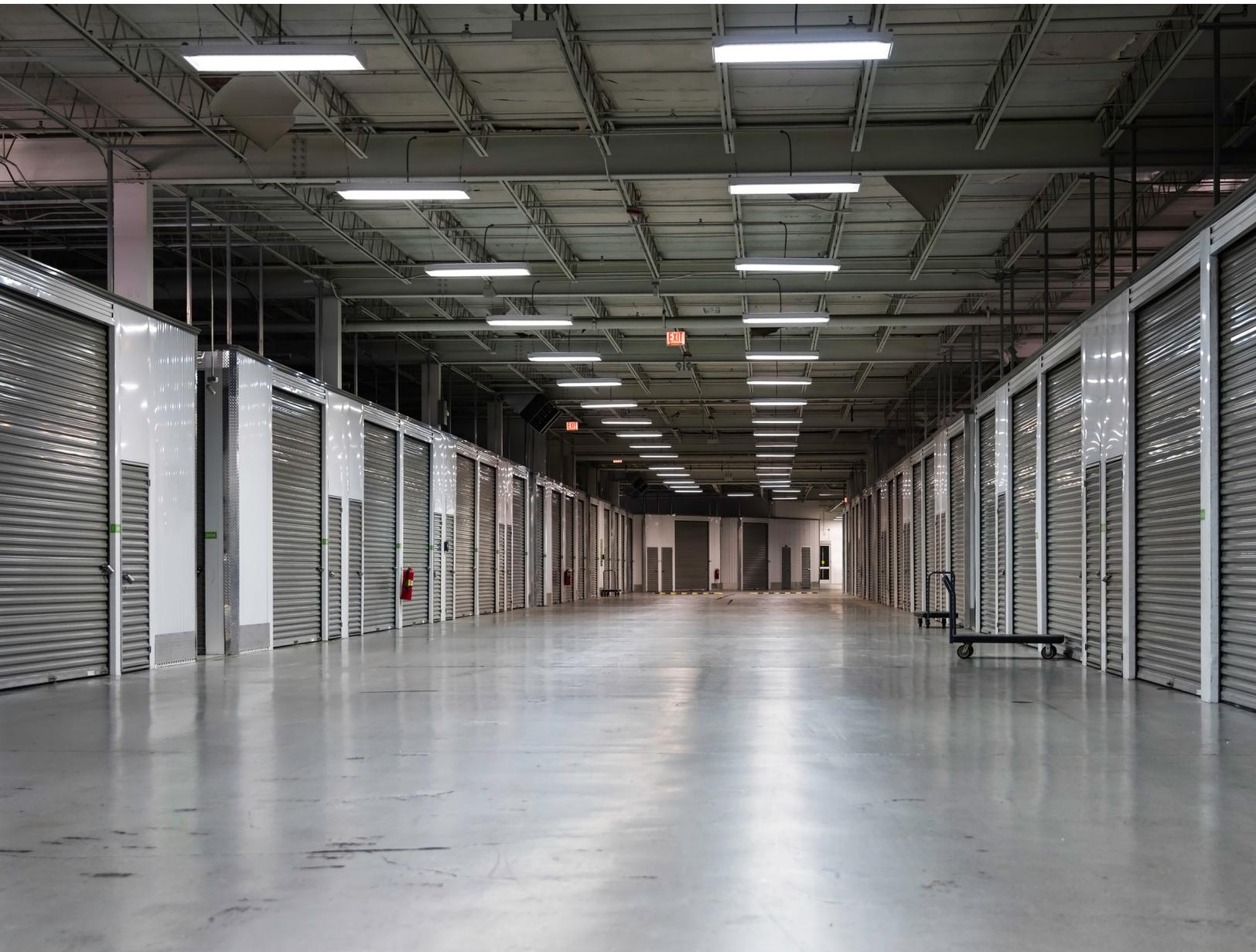


Yardi Matrix

# National Self Storage Report

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December 2022



# Self Storage Supply and Rent Recap

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## Decelerating street rates remain above pre-pandemic levels

- Street rates continued to decelerate in November, largely due to typical seasonal patterns. Despite the drop from peak levels, the bigger picture shows street rates are healthy, as they are still more than 10% higher than they were prior to the pandemic. Although demand has weakened slightly due to seasonality and the housing market's slowdown, occupancy remains high and operators are focusing on increasing rates for existing customers. Meanwhile, the development pipeline is anticipated to gradually slow, as banks have become reluctant to write construction loans, which means that new starts will decline once projects under construction are delivered. Economic conditions continue to be healthy, as the labor market remains tight and inflationary pressures eased slightly in October, but rising interest rates increase the chance of a downturn in late 2023. Though storage is well positioned relative to other property sectors, the economy is a potential headwind.

## Street rate growth continues to slow across the nation

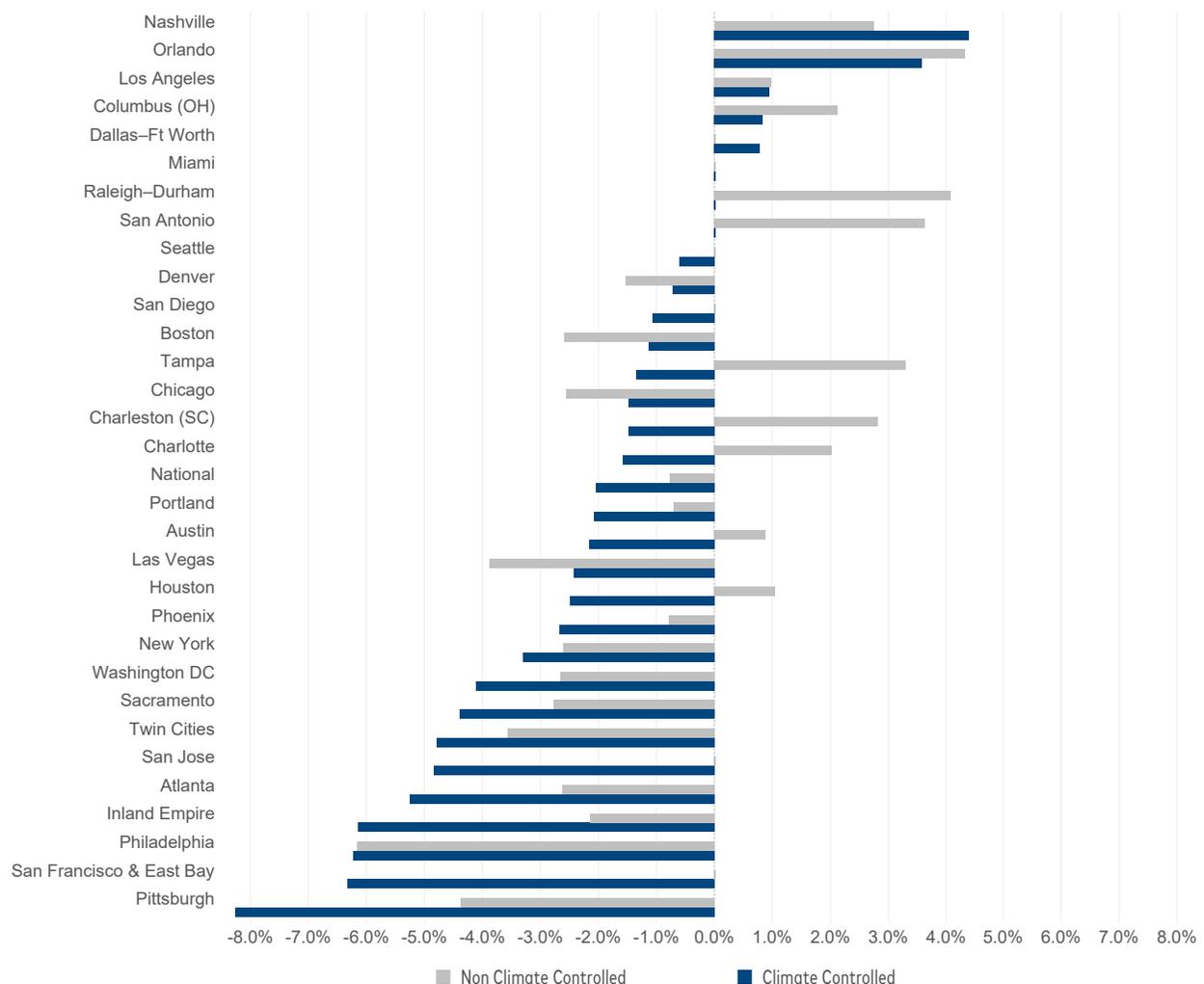
- Street rate growth continues to slow. The overall average national street rate, which includes all unit sizes for non-climate-controlled (NON CC) and climate-controlled (CC) units tracked by Yardi Matrix, was \$142 in November, a decrease of 0.7% year-over-year. That is the lowest the overall national rate has been in 17 months. Larger units, specifically 10x20 and 10x30 units, performed the best on an annual basis, helping boost the overall rate performance compared to the performance of 10x10 NON CC and CC units.
- For 10x10 NON CC units, 11 of the top 31 Matrix self storage metros had an increase in street rates year-over-year in November, while rates remained flat in six of the top metros. For 10x10 CC units, only five of the top 31 had positive growth, while three metros registered no change in street rates year-over-year. Street rates are negative year-over-year in most metros, but Sun Belt markets continue to hold up better than other parts of the country.
- Nationally, Yardi Matrix tracks a total of 4,536 self storage properties in various stages of development, including 1,721 planned, 828 under-construction and 644 prospective properties. The share of projects in the planning stage or under construction was equivalent to 11.1% of existing stock in November, up a slight 10 basis points month-over-month.
- Yardi Matrix also maintains operational profiles for 28,900 completed self storage facilities across the U.S., bringing the total data set to 33,436.

# Street Rate Growth Update

## National street rates remain above pre-pandemic levels, despite slowdown in growth

- In November, national street rates for 10x10 NON CC units decreased 0.8% year-over-year, while rates for 10x10 CC units fared slightly worse, dropping 2.0% annually. While growth continues to moderate for both unit types, average street rates remain comfortably above pre-pandemic levels. The national average rate for 10x10 NON CC units was \$128 in November, which is 11.3% higher than it was prior to the pandemic in November 2019. The national rate for 10x10 CC units was \$144 in November, up 9.9% during the same time period.
- The largest decreases in street rates in the Matrix top 31 metros for 10x10 NON CC units were in Philadelphia and Pittsburgh. Rates fell year-over-year by 6.2% in Philadelphia and by 4.4% in Pittsburgh. Rates for 10x10 CC units slipped even further, dropping 6.3% in Philadelphia and 8.3% in Pittsburgh.

### November 2022 Year-Over-Year Rent Change for 10'x10' Units



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

# Monthly Sequential Rents

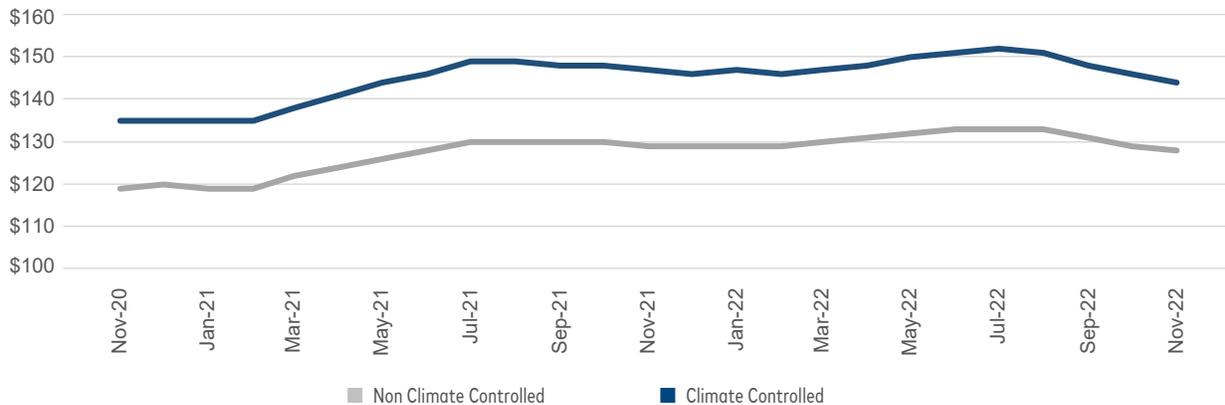
## Majority of top metros register street rate decreases in November

- On a monthly basis, street rates continued to decline on a national level and in most metros through November.
- Roughly 84% of Yardi Matrix's top 31 metros recorded a month-over-month decrease in street rates for 10x10 units in November. Street rates for 10x10 NON CC and CC units combined dropped \$2 in 10 markets and \$3 in another four markets on a monthly basis. Philadelphia experienced the largest drop, \$4 from October to November.
- While four markets saw no change in combined rates, one did see a slight uptick month-over-month. The combined rate for 10x10 units increased \$1, or 0.7%, to an average of \$145 in Portland.
- The tempering of street rates is not a surprise given normal seasonal patterns. Many operators remain confident that demand will hold up over the winter.

Metro	Oct-22 Average 10' x 10' Street Rate (\$)	Nov-22 Average 10' x 10' Street Rate (\$)	Month-over- Month Change (%)	Change
NATIONAL	\$136	\$134	-1.5%	↓
Portland	\$144	\$145	0.7%	↑
Orlando	\$132	\$132	0.0%	-
Seattle	\$165	\$165	0.0%	-
Tampa	\$135	\$135	0.0%	-
Inland Empire	\$142	\$142	0.0%	-
San Diego	\$183	\$182	-0.5%	↓
Miami	\$178	\$177	-0.6%	↓
Sacramento	\$144	\$143	-0.7%	↓
Nashville	\$125	\$124	-0.8%	↓
Las Vegas	\$124	\$123	-0.8%	↓
San Antonio	\$121	\$120	-0.8%	↓
Pittsburgh	\$120	\$119	-0.8%	↓
Dallas-Ft Worth	\$114	\$113	-0.9%	↓
Charlotte	\$112	\$111	-0.9%	↓
Houston	\$107	\$106	-0.9%	↓
San Francisco Penin. & East Bay	\$213	\$211	-0.9%	↓
Columbus (OH)	\$105	\$104	-1.0%	↓
Los Angeles	\$210	\$208	-1.0%	↓
Boston	\$163	\$161	-1.2%	↓
Washington DC	\$157	\$155	-1.3%	↓
Denver	\$135	\$133	-1.5%	↓
New York	\$199	\$196	-1.5%	↓
Austin	\$126	\$124	-1.6%	↓
Chicago	\$125	\$123	-1.6%	↓
San Jose	\$187	\$184	-1.6%	↓
Charleston (SC)	\$123	\$121	-1.6%	↓
Minneapolis	\$115	\$113	-1.7%	↓
Raleigh-Durham	\$111	\$109	-1.8%	↓
Phoenix	\$136	\$133	-2.2%	↓
Atlanta	\$122	\$119	-2.5%	↓
Philadelphia	\$146	\$142	-2.7%	↓

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

## National Average Street Rates for 10' x 10' Units



\*Drawn from our national database of 33,436 stores, including 4,536 projects in the New Supply Pipeline as well as 28,900 Completed stores. Source: Yardi Matrix. Data as of December 9, 2022

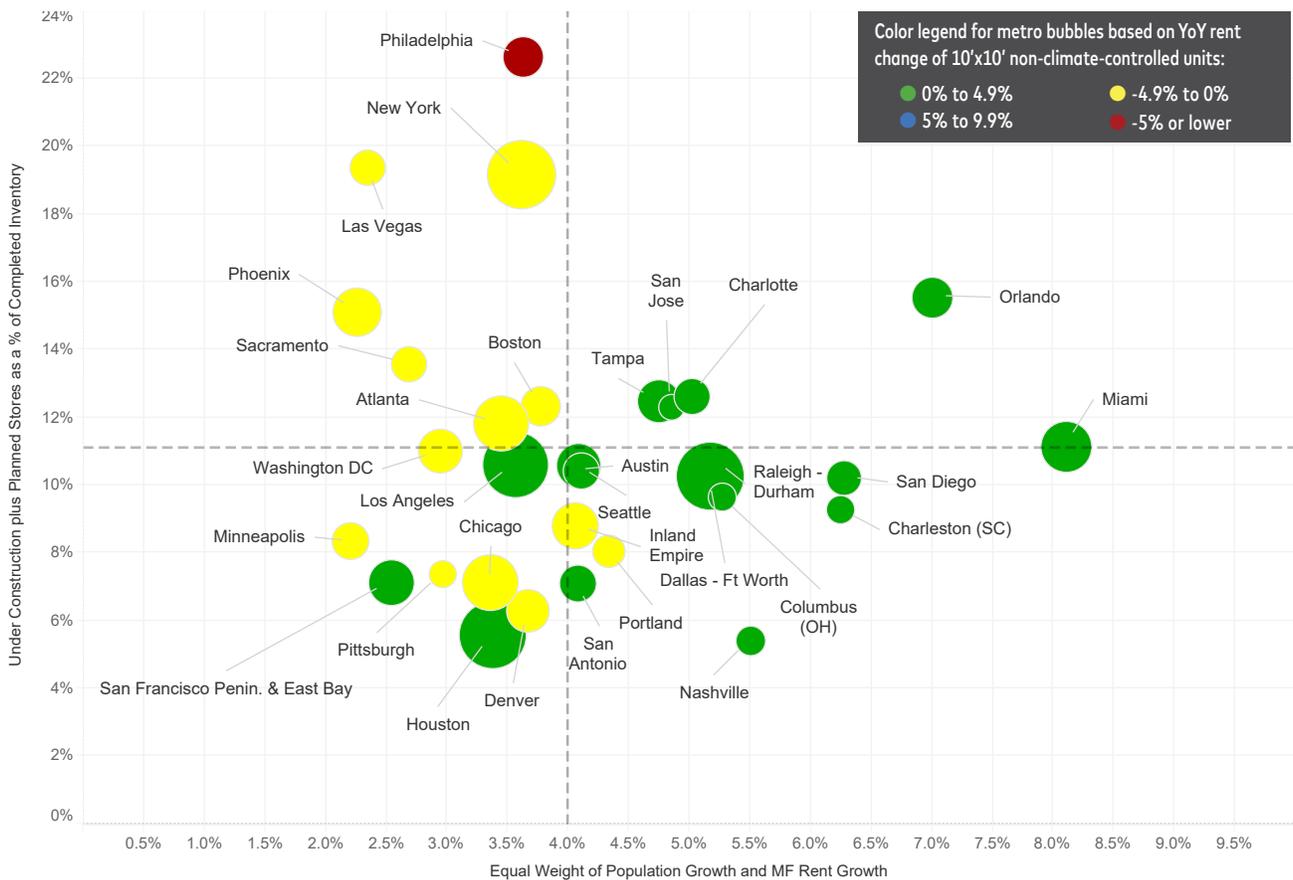
# Street Rates and New Supply

## Street rate performance aligns with growth in multifamily rents and population

- The relationship between storage street rate performance and a metro's multifamily rent growth and population growth remained strong in November. Nearly all of the metros with an equal weighting of population growth and multifamily rent growth above the 4.0% national average had better annual street rate performance for 10x10 NON CC units than the metros that fell below the national average.
- With strong growth in multifamily rents and population, Orlando led the top 31 metros in street rate growth for 10x10 NON CC units with year-over-year growth of 4.3% in November.
- Street rate growth for 10x10 NON CC units was flat in Miami and San Diego despite having a high combined weighting of population and multifamily rent growth. While multifamily rent growth was above 10% year-over-year in both metros, decelerating population growth is likely a drag on local storage demand.

### Self Storage Major Metro Summary

New-Supply Pipeline (y-axis) & Equal Weighting of Population Growth and Multifamily Rent Growth (x-axis)  
(bubble size represents completed NRSF)



Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of December 9, 2022

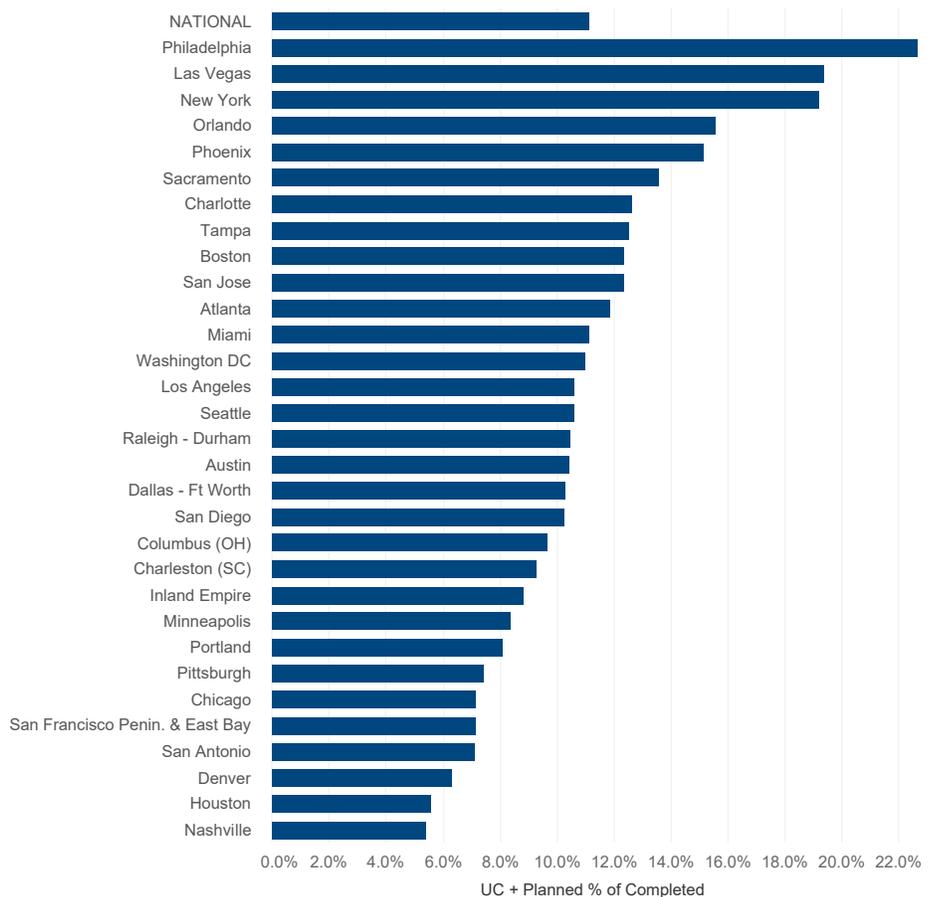
# New Supply Update

## The new-supply pipeline continued to increase in November

- Properties under construction or in the planning stages of development accounted for 11.1% of existing inventory, a 10-basis-point uptick month-over-month. None of the top 31 metros recorded a drop in development activity over the past month.
- The new-supply pipeline remains robust in most metros, but we anticipate development activity will begin to decelerate, especially as the 828 projects currently under construction are completed. Construction starts are likely to gradually slow due to the increasing difficulty in obtaining construction loans, in addition to continued challenges of getting entitlements and the cost and availability of construction components and labor. This slowdown will be a welcome trend for storage operators, especially those in highly penetrated markets facing increased competition.
- Despite Philadelphia's poor street rate performance, the metro has the largest new-supply pipeline and had the largest increase in development activity month-over-month. On the positive side, Philadelphia's existing stock per capita remains low.

## Under Construction & Planned Supply by Percentage of Existing Inventory

Metro	Oct-22	Nov-22	Change
NATIONAL	11.0%	11.1%	↑
Philadelphia	21.9%	22.6%	↑
Las Vegas	19.4%	19.4%	—
New York	18.9%	19.2%	↑
Orlando	15.5%	15.5%	—
Phoenix	15.0%	15.1%	↑
Sacramento	13.2%	13.6%	↑
Charlotte	12.6%	12.6%	—
Tampa	12.4%	12.5%	↑
Boston	12.3%	12.3%	—
San Jose	12.3%	12.3%	—
Atlanta	11.7%	11.8%	↑
Miami	11.1%	11.1%	—
Washington DC	11.0%	11.0%	—
Los Angeles	10.6%	10.6%	—
Seattle	10.2%	10.6%	↑
Raleigh-Durham	10.5%	10.5%	—
Austin	10.0%	10.4%	↑
Dallas-Ft Worth	10.3%	10.3%	—
San Diego	10.1%	10.2%	↑
Columbus (OH)	9.6%	9.6%	—
Charleston (SC)	9.3%	9.3%	—
Inland Empire	8.8%	8.8%	—
Minneapolis	8.3%	8.3%	—
Portland	8.0%	8.0%	—
Pittsburgh	7.4%	7.4%	—
Chicago	7.1%	7.1%	—
San Francisco Penin. & East Bay	7.1%	7.1%	—
San Antonio	7.1%	7.1%	—
Denver	6.3%	6.3%	—
Houston	5.2%	5.6%	↑
Nashville	5.4%	5.4%	—



\*Drawn from our national database of 33,436 stores, including 4,536 projects in the New Supply Pipeline as well as 28,900 Completed stores.  
Source: Yardi Matrix. Data as of December 9, 2022

# Monthly Rate Recap

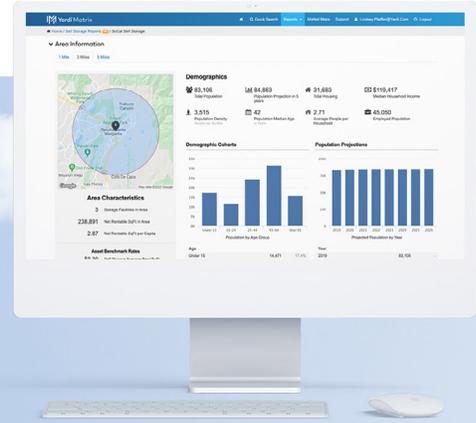
Market	Avg Metro Rate 10'x10' (non cc)	November 2022 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	\$128	-2%	-1%	-1%	-2%	0%
Nashville	\$112	2%	4%	3%	4%	3%
Orlando	\$120	4%	6%	4%	4%	3%
Los Angeles	\$208	1%	1%	1%	1%	1%
Columbus (OH)	\$96	0%	0%	2%	1%	1%
Dallas-Ft Worth	\$104	2%	2%	0%	1%	1%
Miami	\$168	0%	-1%	0%	0%	0%
Raleigh-Durham	\$102	5%	3%	4%	0%	6%
San Antonio	\$114	2%	0%	4%	0%	2%
Seattle	\$165	0%	1%	0%	-1%	0%
Denver	\$128	-2%	0%	-2%	-1%	-1%
San Diego	\$182	1%	1%	0%	-1%	0%
Boston	\$151	0%	-1%	-3%	-1%	0%
Tampa	\$125	4%	4%	3%	-1%	3%
Chicago	\$114	-4%	-3%	-3%	-1%	-3%
Charleston (SC)	\$109	5%	4%	3%	-1%	2%
Charlotte	\$101	0%	3%	2%	-2%	-1%
Portland	\$145	-2%	-1%	-1%	-2%	-1%
Austin	\$113	0%	0%	1%	-2%	1%
Las Vegas	\$124	-2%	-4%	-4%	-2%	-3%
Houston	\$97	3%	0%	1%	-2%	0%
Phoenix	\$125	0%	-1%	-1%	-3%	0%
San Francisco Penin. & East Bay	\$211	-1%	-1%	0%	-3%	0%
New York	\$187	-3%	-3%	-3%	-3%	-2%
Washington DC	\$147	-2%	-2%	-3%	-4%	-3%
Sacramento	\$141	-3%	-2%	-3%	-4%	-1%
Minneapolis	\$108	-6%	-3%	-4%	-5%	-3%
San Jose	\$185	-1%	0%	0%	-5%	-1%
Atlanta	\$111	0%	-1%	-3%	-5%	-2%
Inland Empire	\$137	-3%	-2%	-2%	-6%	-2%
Philadelphia	\$137	-5%	-6%	-6%	-6%	-5%
Pittsburgh	\$109	-7%	-3%	-4%	-8%	-7%

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



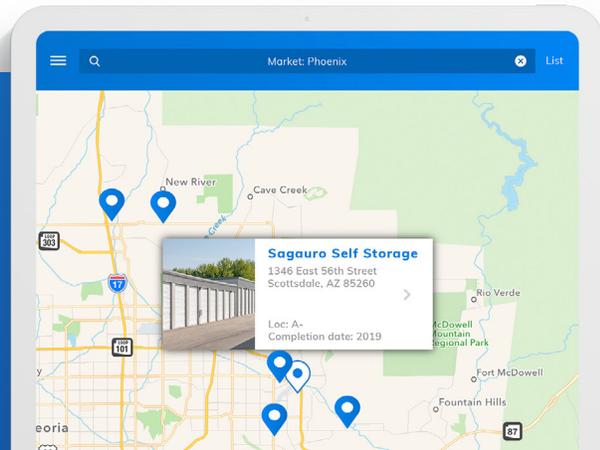
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