

Yardi Webinar

Self Storage National Outlook Spring 2020

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YARDI MATRIX SELF STORAGE WEBINAR



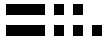
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1. Opening Remarks
2. Employment
3. Financial Markets & Monetary Policy
4. Government Actions
5. National Storage Fundamentals
6. Major Storage Markets:
Is There Light at the End of the Tunnel?
7. The Next Tier of Storage Markets
8. Storage Ecosystem: Tech Trends



Opening Remarks





Yardi Matrix House View – April 2020



- **U.S. economy was on a roll in February until.....**
 - Up through the end of February, the U.S. economy was on a roll, with rising employment, rising wages , and low inflation
 - Actions taken in March to slow the spread of novel coronavirus in the U.S. and Europe have the goal to avoid overwhelming the health care system
 - Experience in Italy, the UK, and NYC so far is not so good, compared to South Korea, Taiwan, and Singapore
- **The next 4-8 weeks will be very tough**
 - We don't think U.S. infection, hospitalization, and death rates will peak until mid to late May
 - Given what we know, each single death is associated with 800 infections, doubling every 5 days
 - Recovery rates for COVID-19 range from 85%-90%, a 10%-15% hospitalization rate, and a 0.5% to 5.0% death rate depending on the public health policies pursued across the globe
 - Until the virus caseload peaks or effective viral treatments are deployed, the economy won't improve



Yardi Matrix House View – Self Storage



- **U.S. Economy has plunged into a steep recession**
 - Record jobless claims has brought an end to the 113 month employment expansion
 - GDP likely to drop between 10-20% in Q2 as services, airline, oil industry shut down
 - Optimism for recovery in Q3 and Q4 if COVID-19 cases can stabilize in May or June
- **Top 30 metros are oversupplied, but may get tailwind from increased demand**
 - Storage inquiries and move-ins appear to be increasing in the past 30 days
 - New supply remains the focus of operators and developers in many of the major markets
 - Street rates are still negative but showing signs of improving in a few metros
 - Older primary markets have some of the largest pipelines
- **Next tier markets have some opportunity for development and investment, but the trend looks similar to larger metros**
 - Developers and investors are looking further afield into tertiary markets with strong migration and job growth
 - Smaller markets however, will become oversupplied faster than larger markets
- **Tech and marketing platforms offer solutions to supply and customer acquisition issues**



Employment

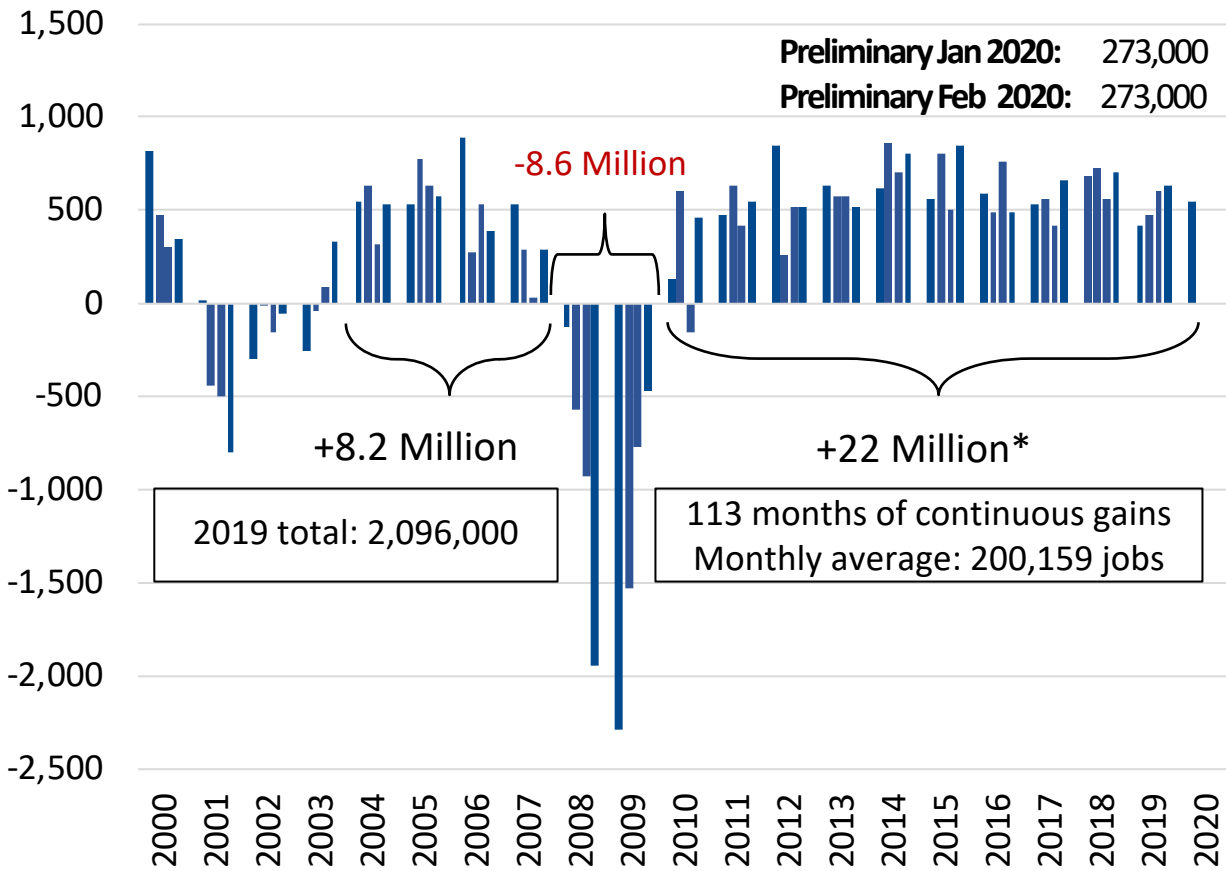




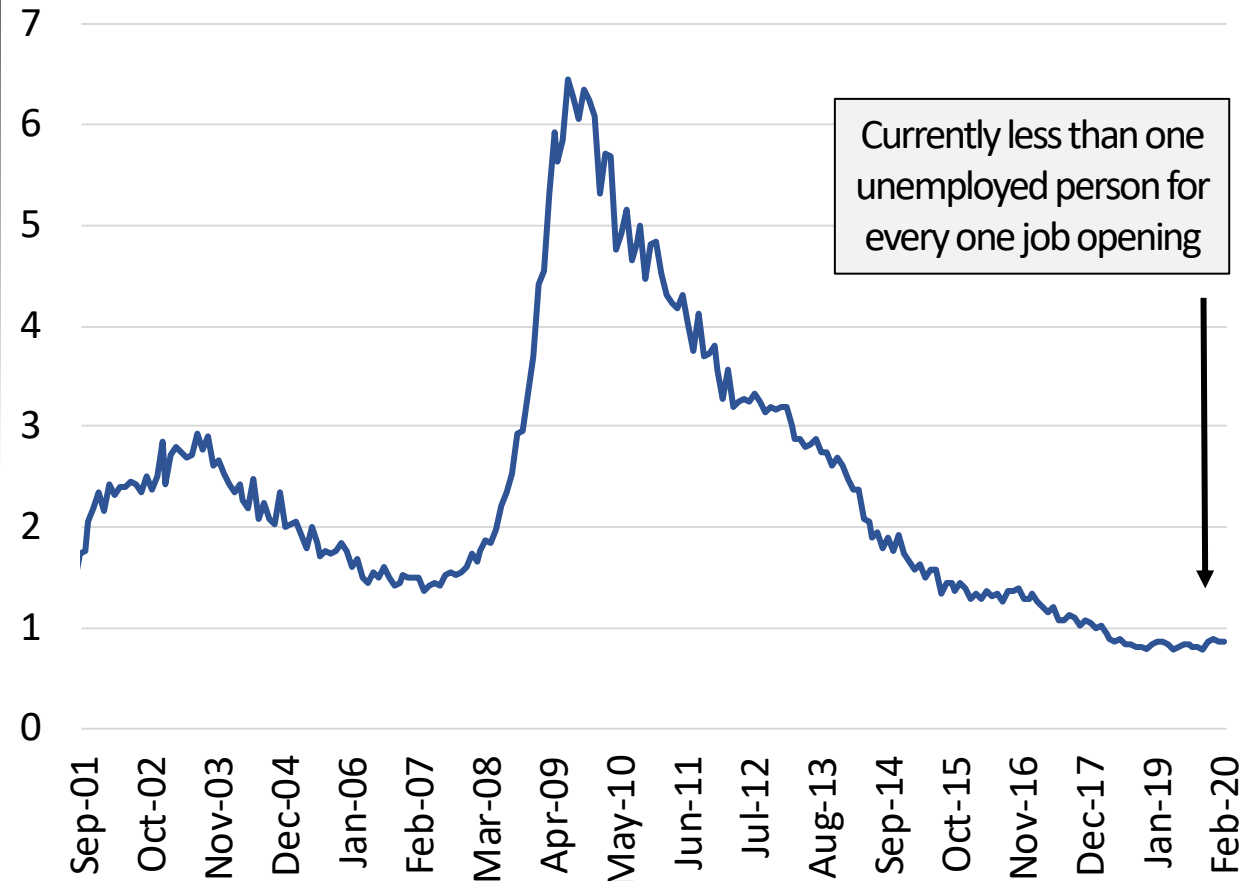
Things Were Looking Good Through February... They Didn't Start Taking a Turn Until Early March



Long Stretch of Continuous Job Gains



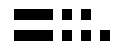
Unemployed Persons per Job Opening



*Through February 2020

Source: Moody's Analytics; Bureau of Labor Statistics (BLS); The Conference Board





The Shutdown of Multiple Industries That Rely on “Gathering” Will Severely Impact Q2 GDP



The following sectors make up about 12.3% of GDP:

- Mining – Oil and Gas Extraction
- Retail Trade – Motor Vehicle and Parts Dealers & Other Retail
- Transportation and Warehousing – Air Transportation & Transit and Ground Passenger Transportation
- Information – Motion Picture and Sound Recording Industries
- Arts; Entertainment; Recreation; Accommodation and Food Services

Given other industries impacted, we can expect to see a 10-20% GDP loss in the second quarter

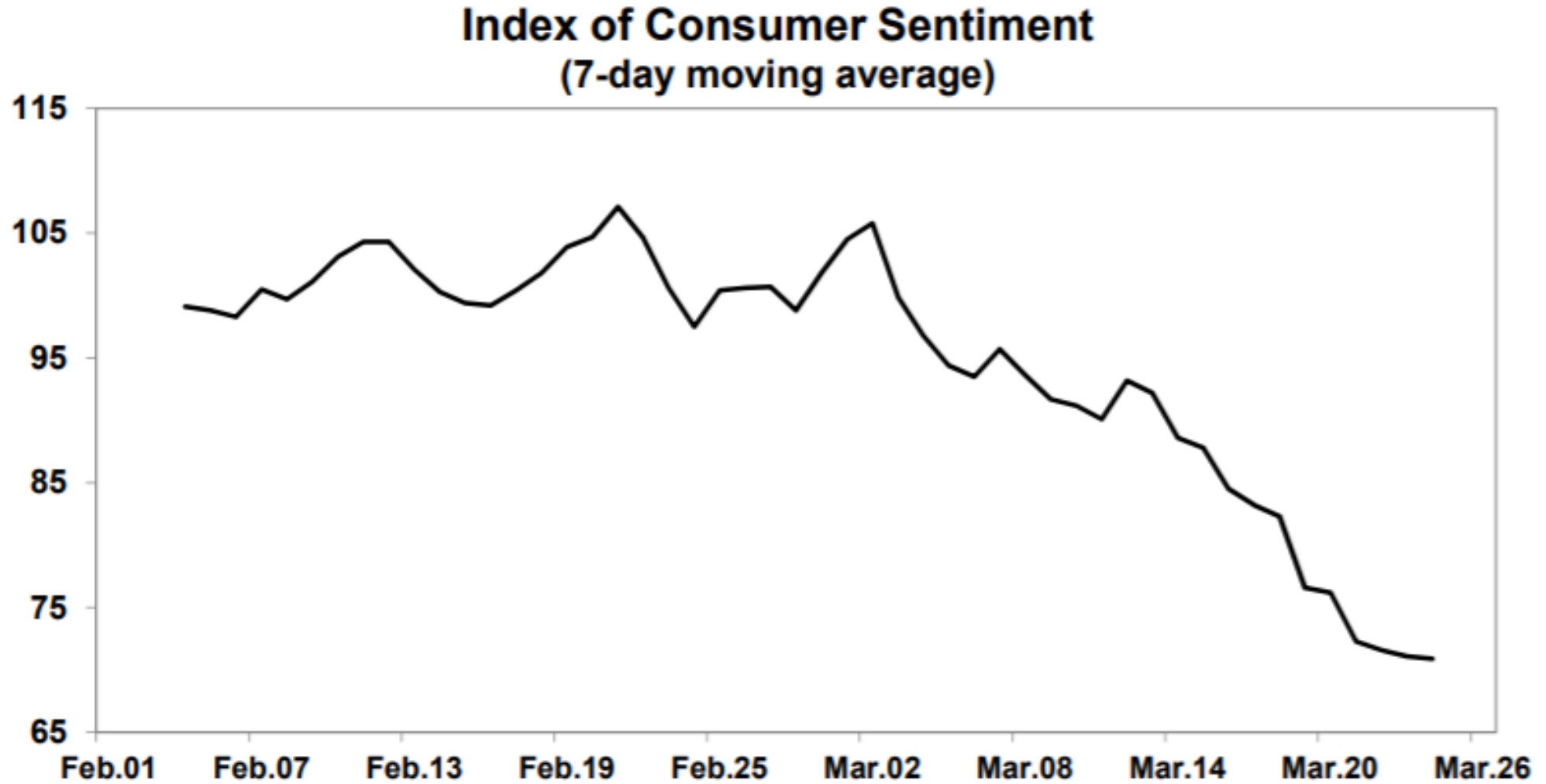
OECD last week told G-20 leaders: *“The private sector will emerge in a very fragile state when the health crisis is past.”*

The OECD calculated that between 30% and 40% of total output is directly affected by the shutdowns, ranging from restaurants to automobile makers. If 35% of the US economy is shut down 50%, and the other 65% of the economy grows +3%, then real GDP overall in Q2 would contract about -15%, or at almost a - 50% annual rate.

If workers come back by June, the decline could be smaller than that.

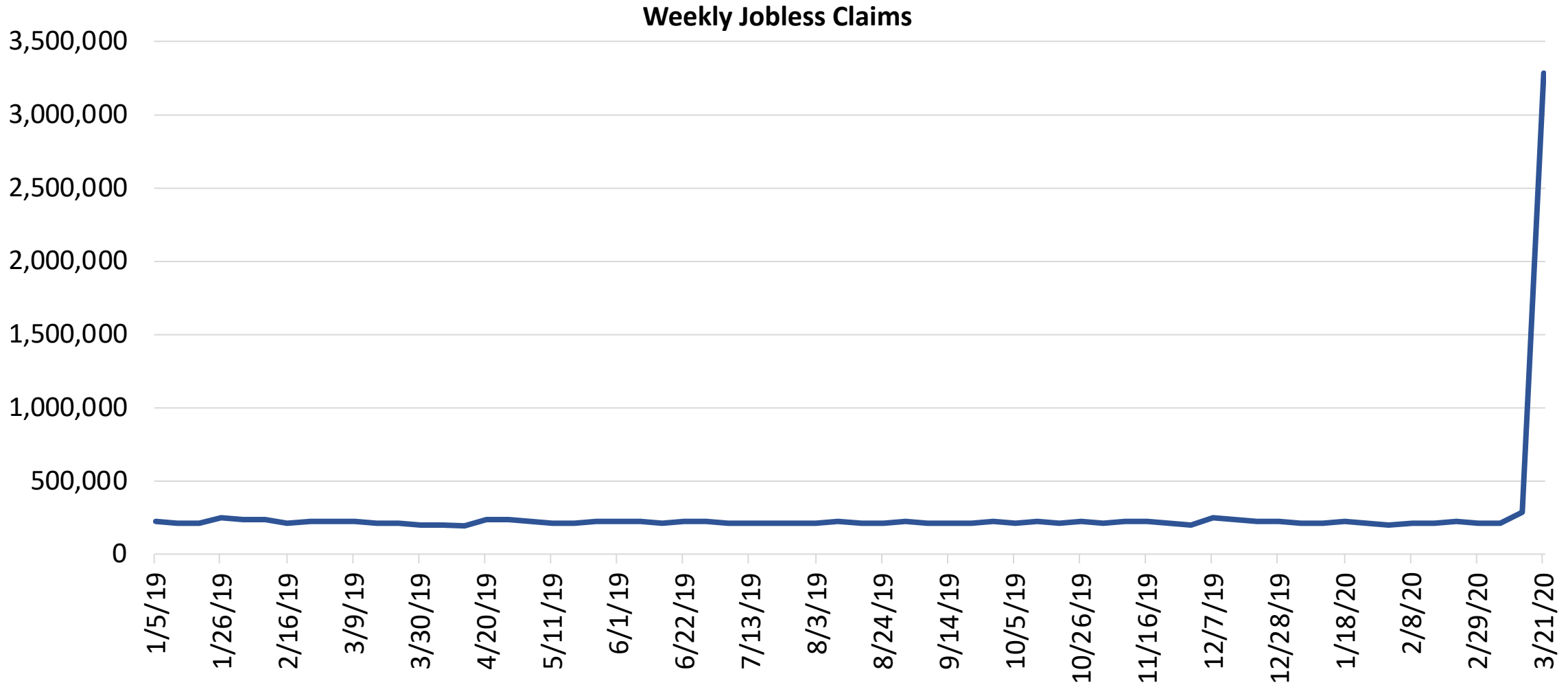


Index of Consumer Sentiment Falling





Record 3.28 Million File for U.S. Jobless Benefits

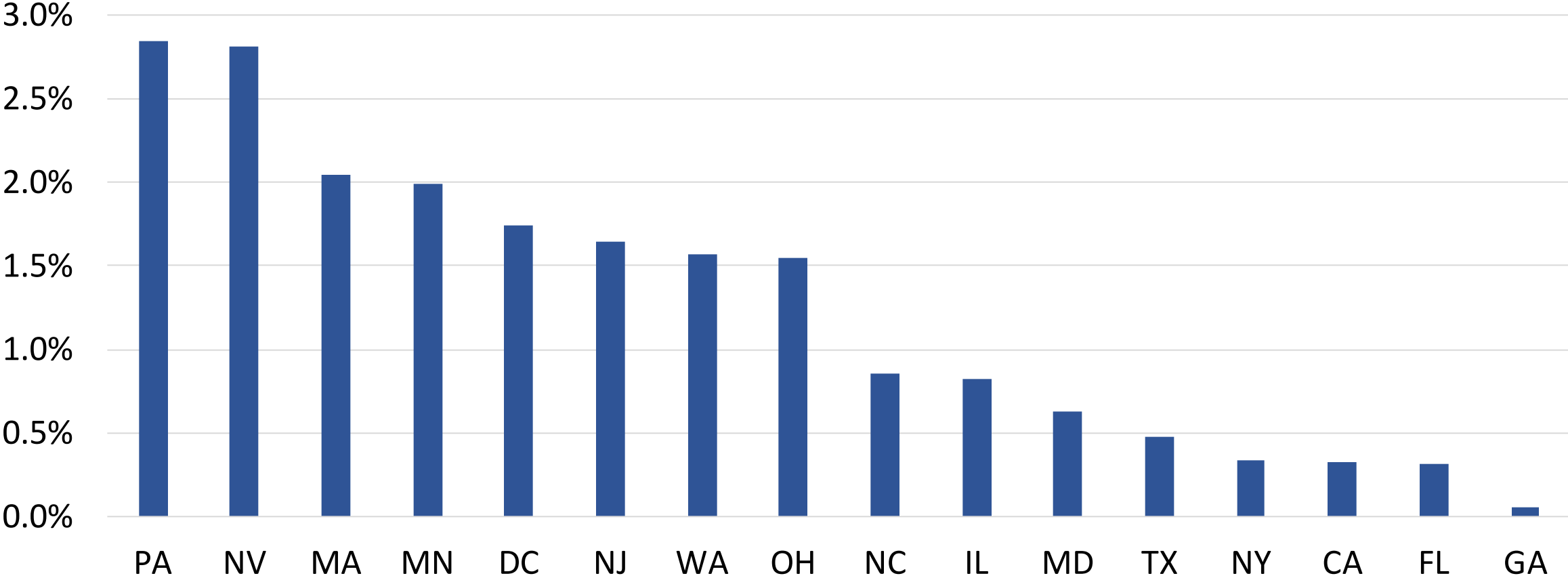


Source: Yardi Matrix; Moody's Analytics; U.S. Employment & Training Administration (ETA)



Pennsylvania Had the Greatest Spike in Unemployment Claims, Both Absolute and Per Capita

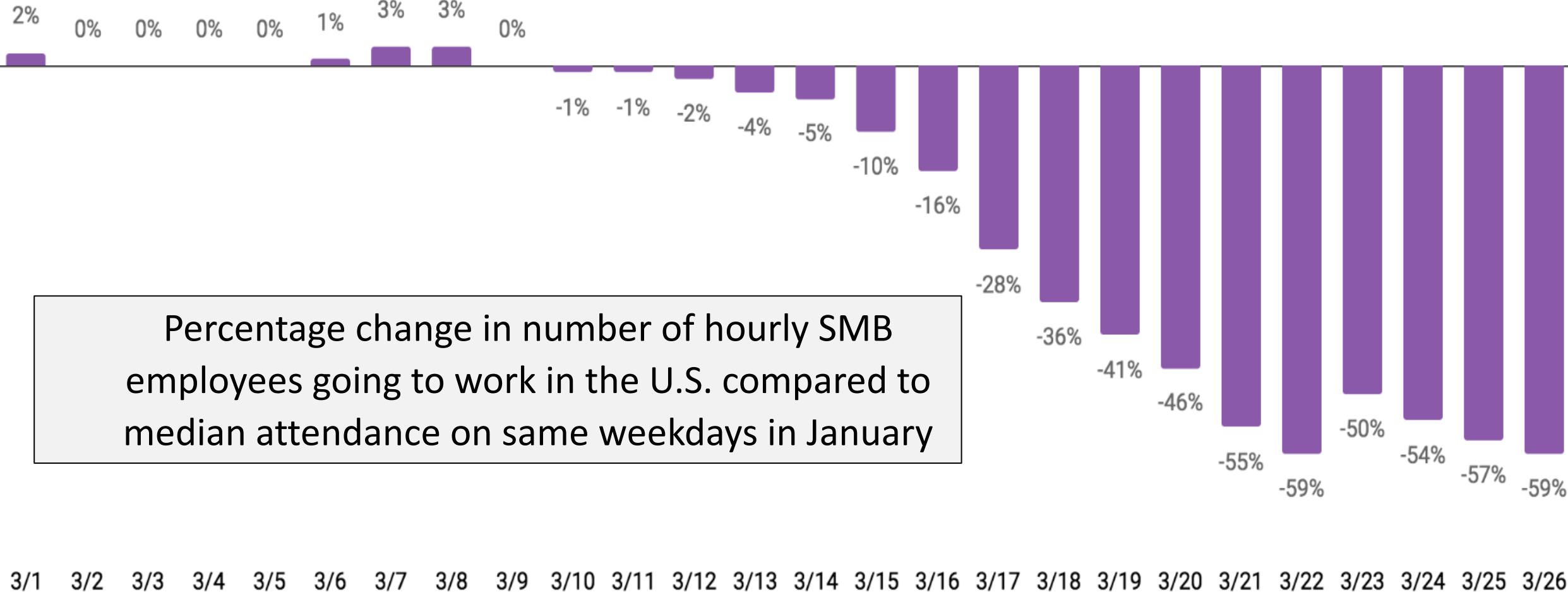
Increase in Initial Job Claims per Capita for the Week Ended 3/21



Source: Yardi Matrix; The Department of Labor

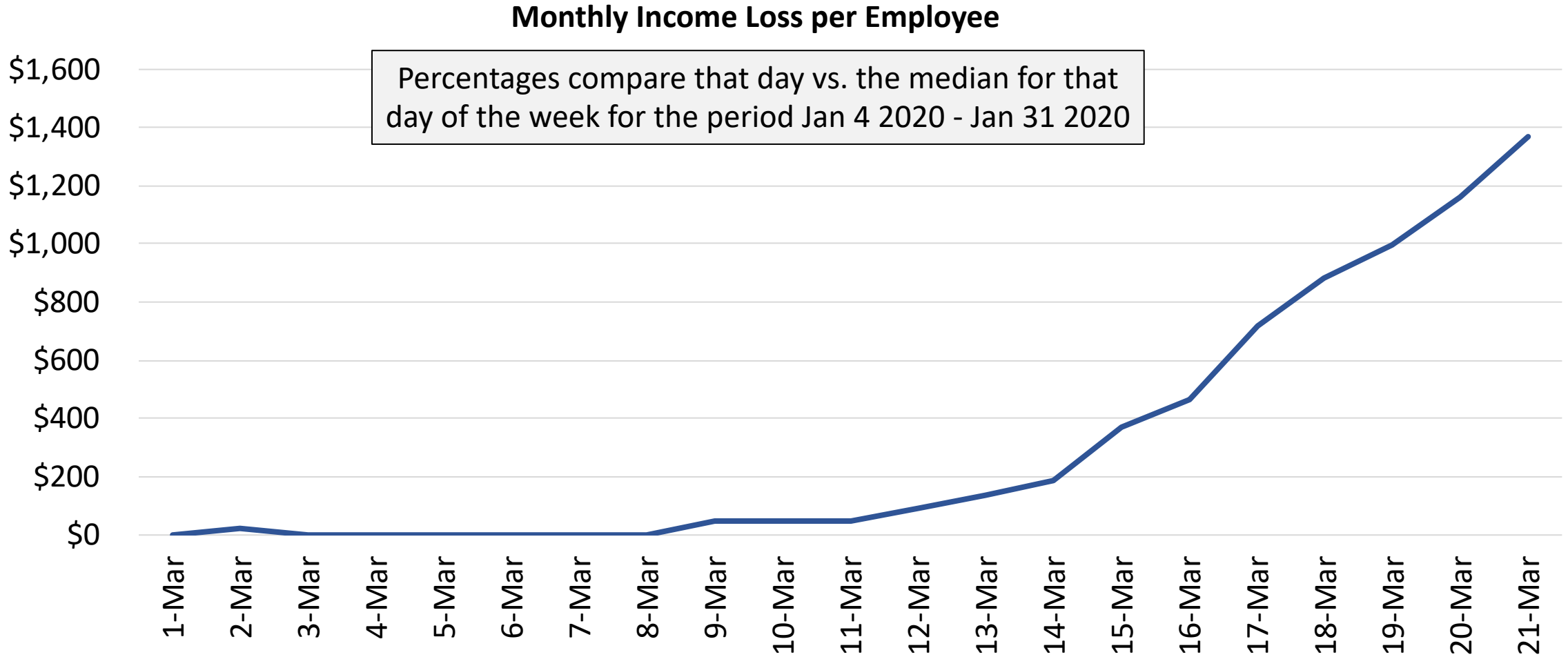


☰☰☰ Many Hourly Employees are No Longer Going in to Work ☰☰



Percentage change in number of hourly SMB employees going to work in the U.S. compared to median attendance on same weekdays in January

Hourly Employees are Taking a Significant Hit to Their Income

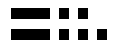


*Based on Homebase data and BLS data covering 48 million hourly workers across restaurant, food & beverage, retail, other main street and services

Source: Yardi Matrix; Homebase

Link to Homebase data: https://joinhomebase.com/?utm_source=blog&utm_medium=organic&utm_campaign=reachout





Airlines to Receive Nearly \$60 Billion in Financial Assistance from the CARES Act



There has been a rapid plunge in air travel bookings, and airlines have been forced to allow flexible cancellation policies for travel already booked

The bill grants:

- \$25B in loans and loan guarantees for passenger airlines + \$4B for cargo air carriers
- \$25B in grants to pay workers through September +\$4B for cargo air carriers
- \$17B in loans for companies critical for national security (Boeing)

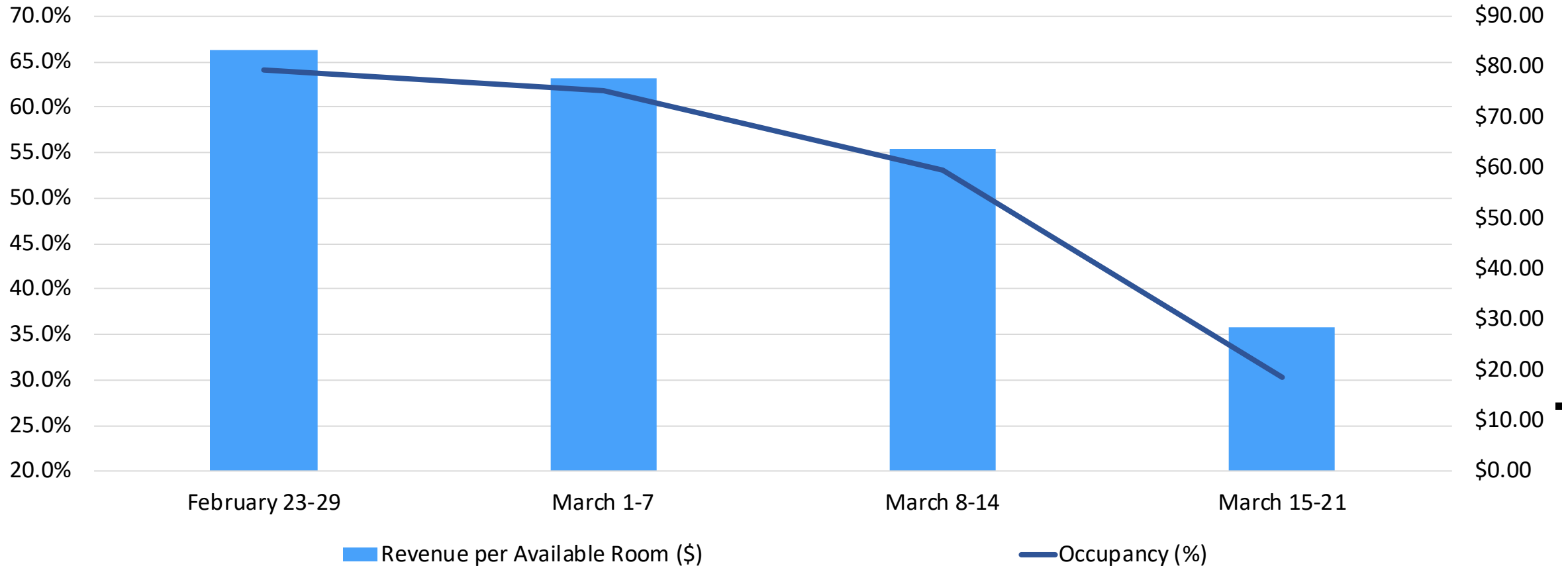
Conditions of bill:

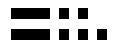
- Airlines receiving aid cannot buy back shares of their own stock for a year after the loan is fully paid off and cannot issue dividends to shareholders while receiving aid
- Under the loan portion of the bill, the government would take an equity interest in the companies until the loan is paid back
- Airlines accepting aid will not be allowed to lay off/furlough workers until 9/30



The U.S. Hotel Industry Saw a Nearly 80% Drop in Revenue From the First to Second Week in March

U.S. Hotel Occupancy and Revenue
STR Weekly





“We’re Seeing Revenue Down 75% Plus”
– *Arne Sorenson, CEO of Marriott*



Marriott CEO Arne Sorenson’s Interview with CNBC

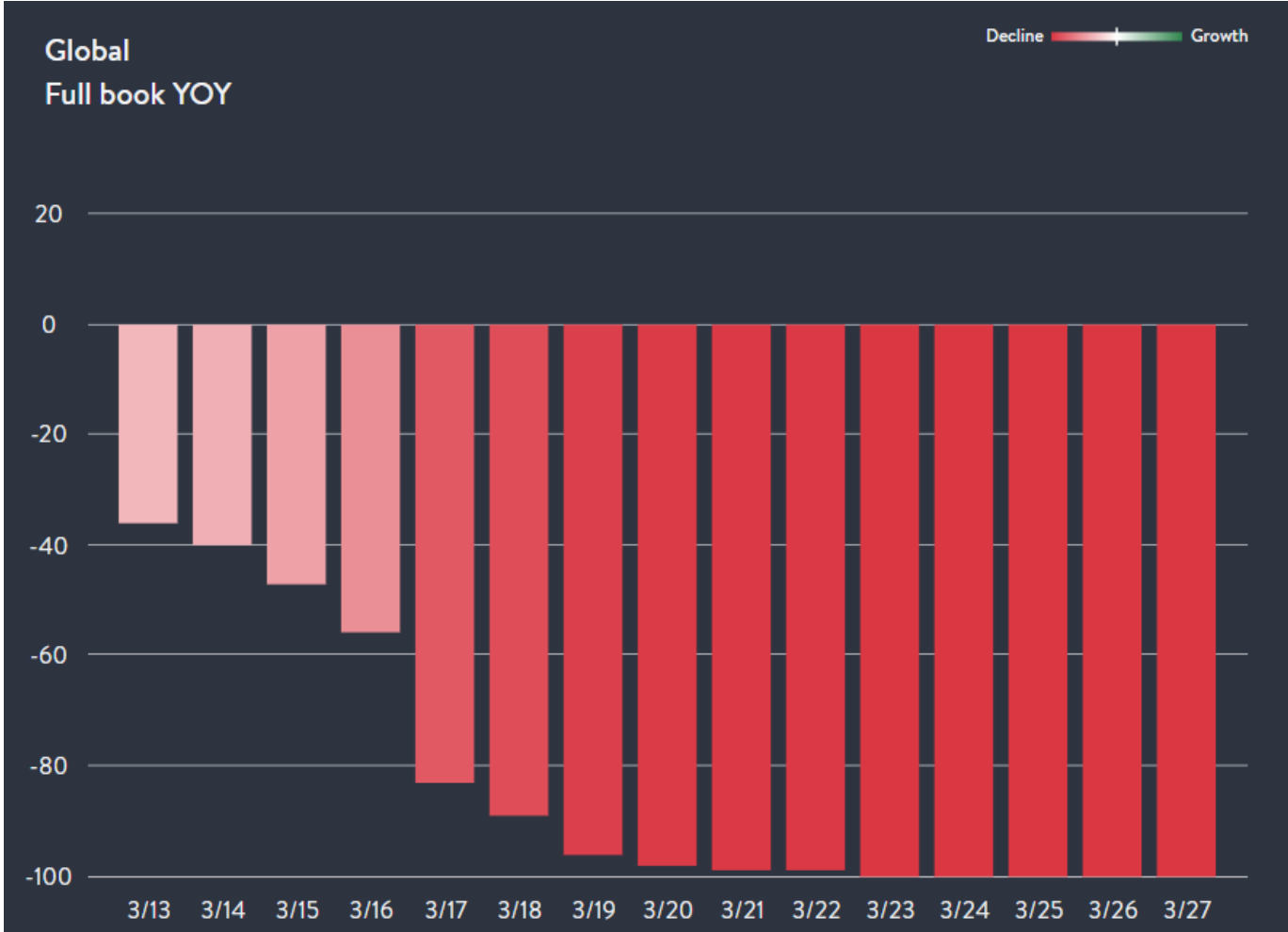
- The Coronavirus has caused a bigger dent to Marriott International’s business than 9/11 and the financial crisis combined
 - “What we’re seeing is dramatically worse than what we saw in those two prior crises”
- Sorenson, who suspended his salary for the year, said revenue is down 75%+ at Marriott
- Marriott recently furloughed around two-thirds of its 4,000 corporate employees, and is beginning to furlough tens of thousands of workers at the properties it manages



Restaurants Closing for Dine-In Customers: The Service Industry Will Struggle

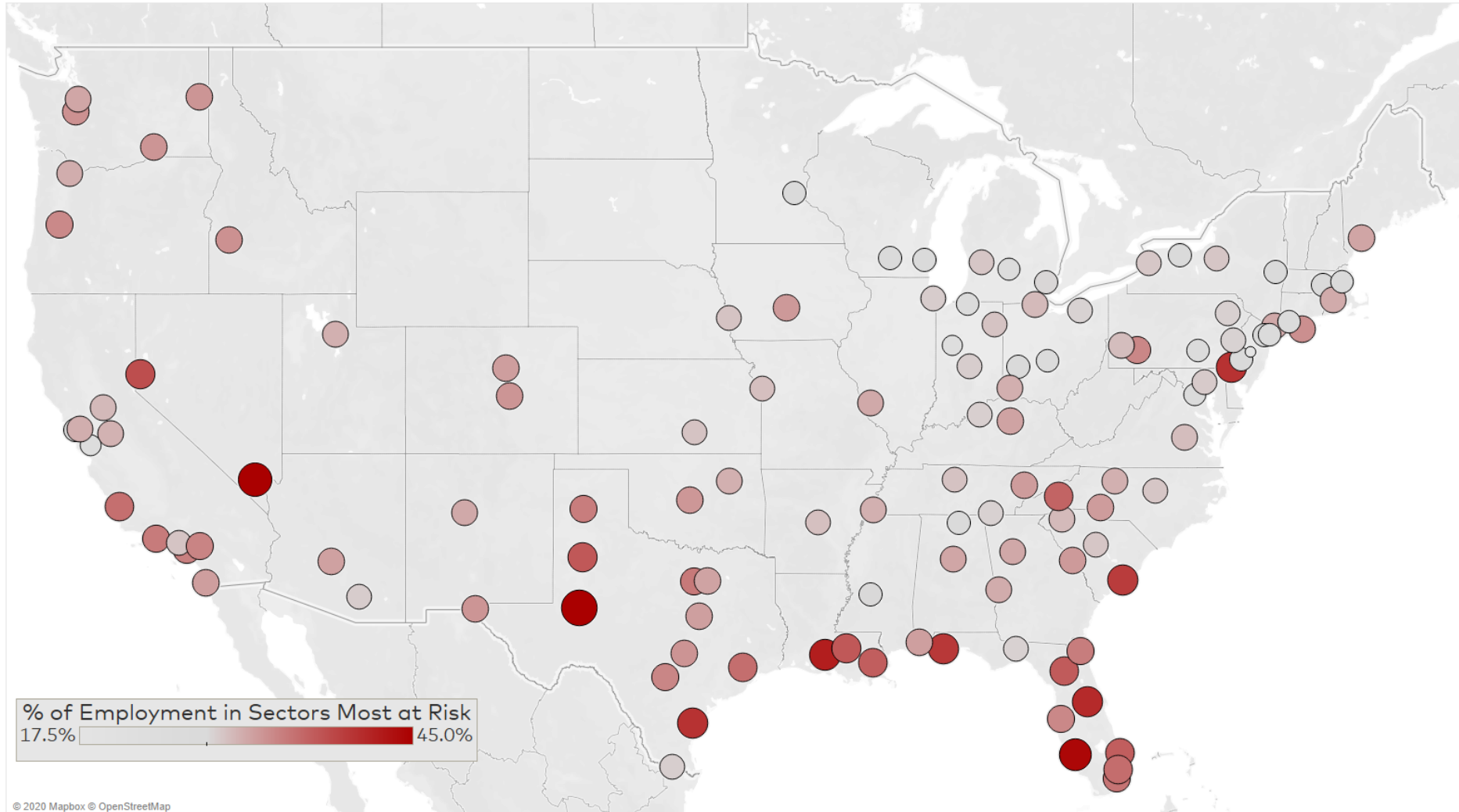


Year-over-year seated diners at restaurants on the OpenTable network



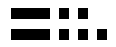
Source: OpenTable.com; Yardi Matrix

The Most At-Risk Markets for Sharp Employment Drops are Concentrated in Florida, Texas, Nevada and Louisiana



*At-risk employment sectors include: Leisure and hospitality, Mining, Logging and Construction, Retail and Wholesale Trade

Source: Yardi Matrix; Tableau; Bureau of Labor Statistics (BLS)



Some Positive News: Companies Hiring



- A handful of large companies are looking to hire 500,000 new employees as they try to keep up with the demand for food and household products, such as Walmart (150,000 new positions) Amazon (100,000) and CVS (50,000)
- Many of these large companies are offering enhanced benefits, such as paid sick time and child-care services, and many have even boosted hourly wages
- Grocery delivery company, Instacart, announced plans to add 300,000 workers over the next 3 months
- Delivery drivers are in high demand: Pizza Hut is looking to fill 30,000 positions, Papa Johns is looking to add 20,000 positions, and Domino's is looking to hire 10,000 new positions
- E-learning platforms are poised to do well during this pandemic as well...Zoom, GoToMeeting, etc.

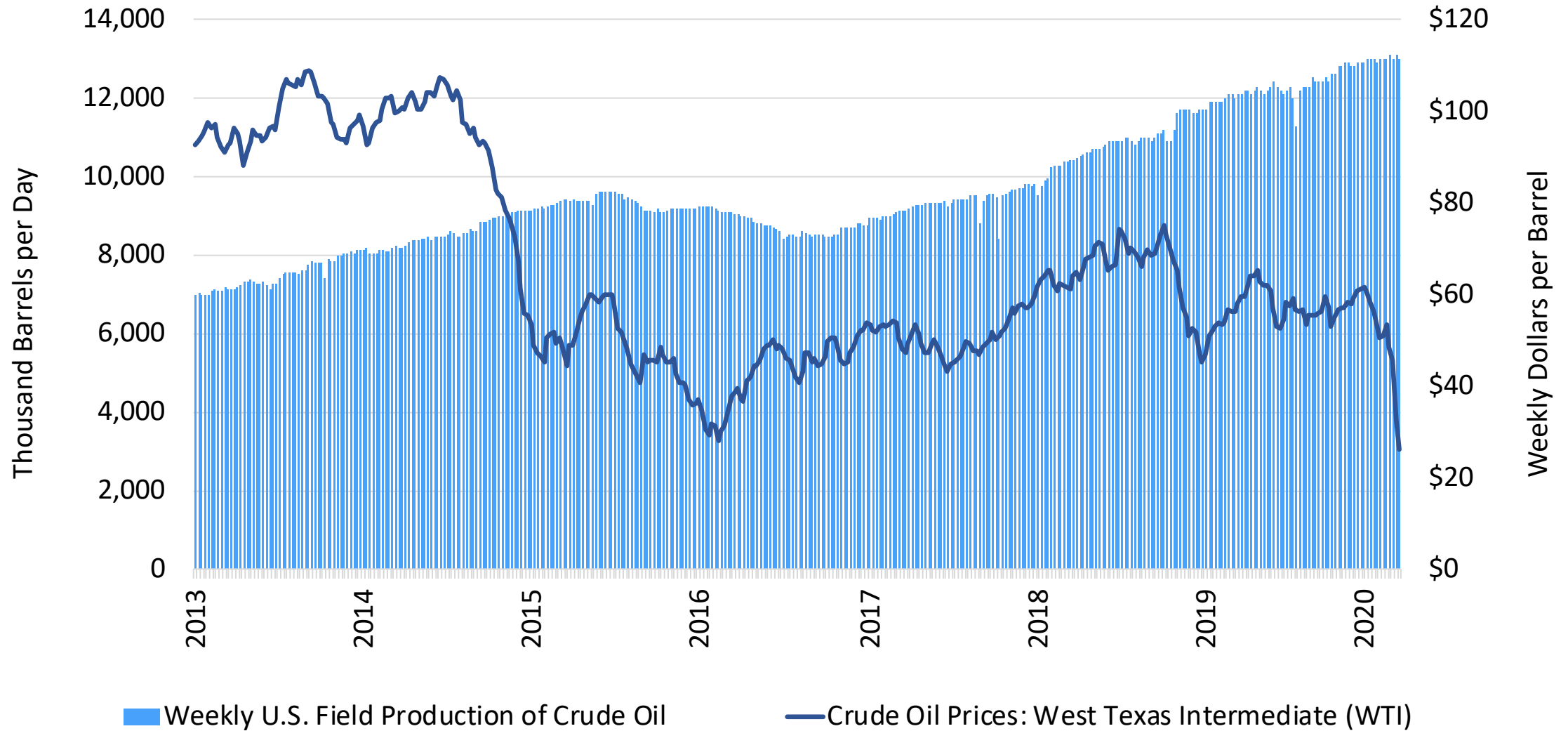


Oil Prices Have Crashed in Response to a Decrease in Demand and an Increase in Production by Saudi Arabia and Russia

- Oil and gas companies in the U.S. are reducing their operations in the Permian Basin as a result:
 - Apache Corporation:
 - Pulling all oil and gas rigs out of the Permian to save on short-term spending
 - Plans to reduce its 2020 capital investment by almost \$1 billion
 - Pioneer Natural Resources:
 - Rig count will be cut from 22 to 11 and completion crews will be cut from 6 to 2-3
 - Overall capital budget was to be cut by 45 percent
- The Energy Department requested \$3 billion to purchase crude for storage in the strategic petroleum reserve, but this was ultimately left out of the \$2 trillion stimulus bill
- American Petroleum Institute executives wrote to President Trump and the EPA asking that they temporarily waive “non-essential compliance obligations” such as record-keeping, training and other non-safety requirements



No Inflation Here!



Source: Yardi Matrix; Energy Information Administration, Federal Reserve Bank of St. Louis, Economic Research Division



Financial Markets & Monetary Policy

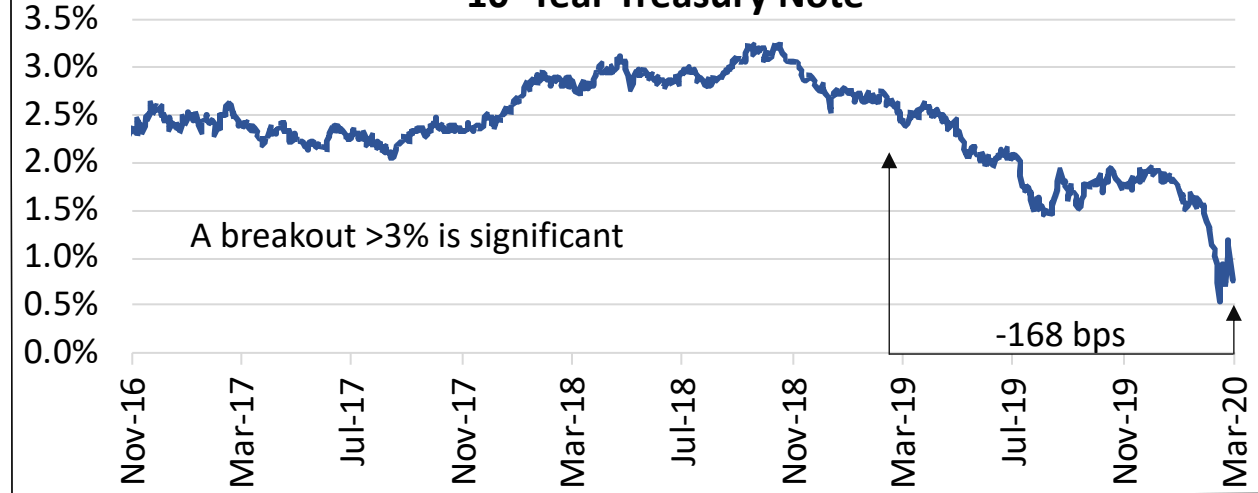


U.S. and International Financial Market

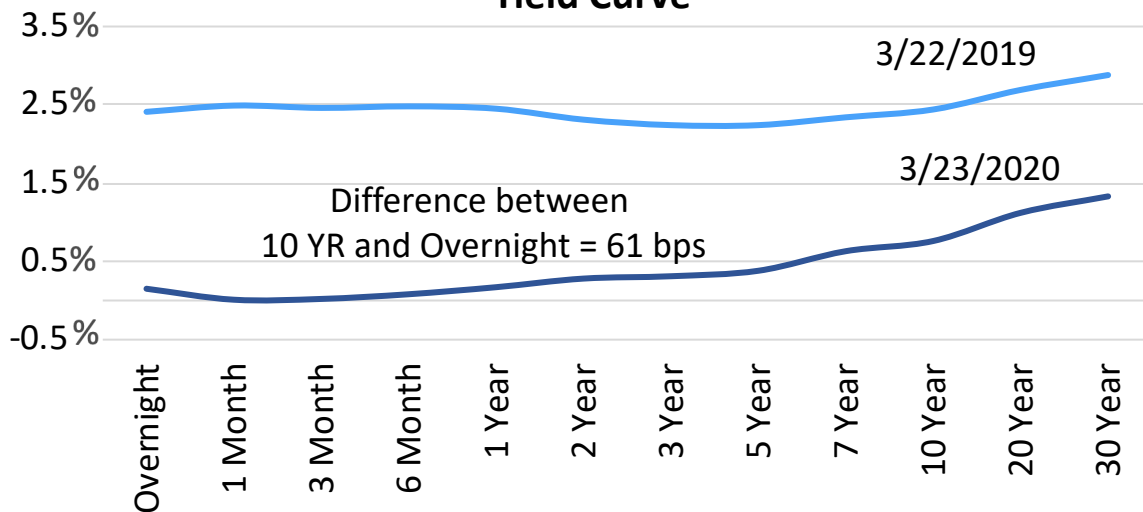
S&P 500



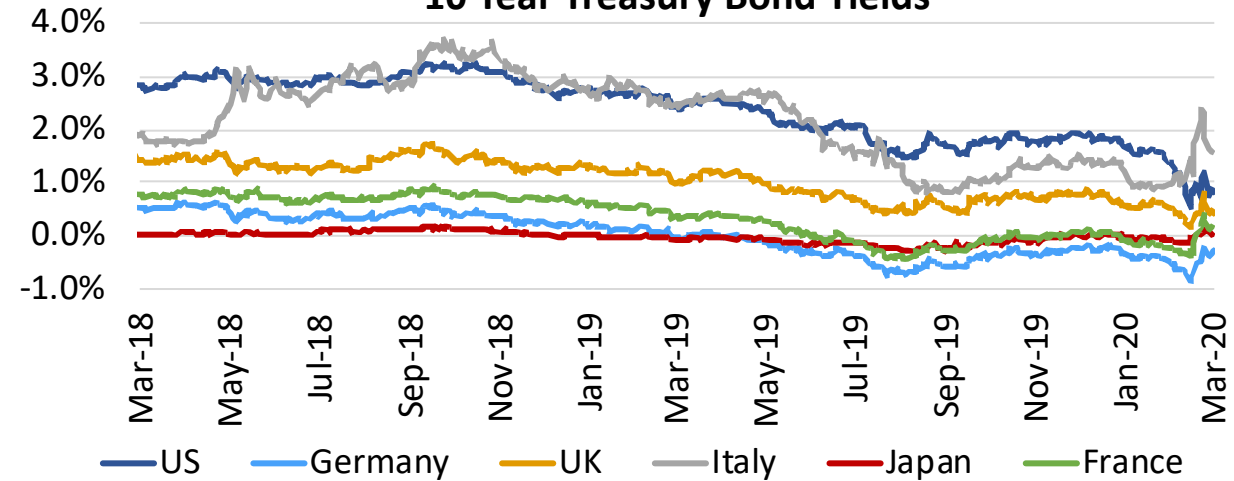
10 -Year Treasury Note



Yield Curve



10 Year Treasury Bond Yields

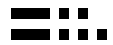


Source: Yardi Matrix; Moody's Analytics; Investing.com

☰ The U.S. Federal Reserve is in “Whatever it Takes” Mode ☷

The scope of some of these actions is unprecedented – going beyond what we saw in 2008

- **Support for critical market functioning:** Unlimited QE, purchase of Treasury securities and agency mortgage-backed securities in amounts needed to support smooth market functioning
 - FOMC previously announced purchase of \$500 billion of Treasury securities & \$200 billion of mortgage-backed securities
- **Support for commercial real estate:** Mortgage-backed security purchases will include agency CMBS
- **Support for consumers and businesses:** Credit facility to provide financing of up to \$300 billion
- **Support for bonds:** Two facilities created to stabilize primary & secondary corporate bond markets:
 - Primary Market Corporate Credit Facility (PMCCF): new bond & loan issuance
 - Secondary Market Corporate Credit Facility (SMCCF): provide liquidity for outstanding corporate bonds



The U.S. Federal Reserve is in “Whatever it Takes” Mode (Cont.)



The scope of some of these actions is unprecedented – going beyond what we saw in 2008

- **Support for consumer credit:** Term Asset-Backed Securities Loan Facility (TALF) created to support the flow of credit to consumers and businesses
 - Will enable the issuance of Asset-Backed Securities (ABS) backed by student loans, auto loans, credit card loans
- **Support for municipal finance:** Expansion of the Money Market Mutual Fund Liquidity Facility (MMLF) to include a wider range of securities, including municipal Variable Rate Demand Notes (VRDNs) and bank certificates of deposit
 - Also, expanding the Commercial Paper Funding Facility (CPFF) to include high-quality, tax-exempt commercial paper as eligible securities
- **Support for small and medium-sized businesses:** Announcement expected soon for the establishment of the ‘Main Street Business Lending Program’



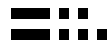
Monetary Policy Actions



| Policy | Organization | Action | Amount |
|---------------------|-----------------------------|---|-------------------------------------|
| Interest Rate | Federal Reserve | Cut interest rate from 1.50 – 1.75% to 1.00 – 1.25% and later to 0.00 – 0.25% Forward Guidance, “The Committee expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its...goals” Decreased the primary credit rate of the Discount Window from 1.75% to 0.25% | \$60 to \$120bn |
| Asset Purchases | Federal Reserve Congress | Committed to purchase \$500bn in Treasuries and \$200bn in MBS. Later eliminated limits and announced “in the amounts needed” Proposed amendment to the Federal Reserve Act that would allow the Fed to purchase municipal bonds in “unusual and exigent circumstances” | \$1 to \$3tn \$50 to 100bn |
| Credit Facilities | Federal Reserve | Primary Market Corporate Credit Facility (PMCCF) for new bond and loan issuance; \$10 billion of credit protection from U.S Treasury Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for outstanding corporate bonds; \$10 billion of credit protection from U.S. Treasury | \$50 to \$100bn \$50 to \$100bn |
| | U.S. Treasury | Proposal to appropriate \$50 billion to the ESF for secured lending to U.S. passenger and cargo air carriers | \$250 to \$500bn |
| Emergency Liquidity | Federal Reserve | Large scale repo operations Primary Dealer Credit Facility (PDCF), overnight and term funding up to 90 days against a broad range collateral | \$0.4 to \$1.5tn \$60 to \$120bn |
| Market Liquidity | Federal Reserve | Commercial Paper Funding Facility (CPFF), a special purpose vehicle (SPV), to purchase three-month U.S. dollar-denominated commercial paper. Later amended to include high-quality, tax-exempt commercial paper as eligible securities and reduced pricing; \$10 billion of credit protection from U.S. Treasury | \$50 to \$100bn |
| | | Money Market Mutual Fund Liquidity Facility (MMLF) to make loans available to eligible financial institutions secured by high-quality assets purchased from money market funds, including prime, single state and other tax-exempt municipal money market mutual funds. Later expanded to include municipal variable rate demand notes (VRDNs) and bank certificates of deposit; \$10 billion of credit protection from U.S. Treasury | \$50 to \$100bn |
| | | Term Asset-Backed Securities Loan Facility (TALF), enabling the issuance of asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration (SBA), and certain other assets; \$10 billion of credit protection from U.S. Treasury Expects to announce a Main Street Business Lending Program to support lending to eligible small-and-medium sized businesses, complementing efforts by the SBA. | \$50 to \$100bn \$200 to \$400bn |
| Swap Lines | Federal Reserve | Enhanced US Dollar swap lines with Bank of Canada, Bank of England, Bank of Japan, European Central Bank, Swiss National Bank; later increased frequency | \$400 to \$900bn |
| | | Temporary US Dollar swap lines with the Reserve Bank of Australia, Banco Central do Brasil, Danmarks Nationalbank, Bank of Korea, Banco de Mexico, Norges Bank, Reserve Bank of New Zealand, Monetary Authority of Singapore, Sveriges Riksbank | \$150 to \$450bn |

Source: BBVA Research; Yardi Matrix

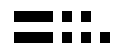




Monetary Policy Actions (Cont.)



| Policy | Organization | Action | Amount |
|-----------------|---|---|--|
| | Federal Reserve | <p>Reduced Reserve Requirements to 0%</p> <p>Encouraged banks “to use their capital and liquidity buffers to lend and undertake other supportive actions in a safe and sound manner.”</p> <p>Encouraged banks “to utilize intraday credit extended by Reserve Banks, on both a collateralized and uncollateralized basis”</p> <p>Revised the definition of eligible retained income for total loss-absorbing capacity (TLAC) to make any automatic limitations on capital distributions more gradual</p> <p>Temporarily reduce its examination activities, with the greatest reduction in activities occurring at the smallest banks</p> <p>Additional time will be granted for resolving non-critical existing supervisory findings</p> <p>Regulators will not direct institutions to automatically categorize loan modifications as troubled debt restructurings (TDRs)</p> <p>Six-month delay in the planned policy changes to the provision of intraday credit to U.S. branches and agencies of foreign banking organizations (FBOs)</p> | |
| Macroprudential | <p>CFTC</p> <p>Fannie Mae</p> <p>FDIC</p> <p>FHFA</p> <p>Freddie Mac</p> <p>SEC</p> | <p>Granted temporary, targeted no-action relief regarding recording of oral communications, time-stamping and certain audit trail and reporting requirements</p> <p>Mortgage assistance and relief options to those impacted by COVID-19</p> <p>Revised the definition of eligible retained income for banks and BHCs to incentivize the use of capital buffers in adverse conditions and to get rid of the cliff effect on dividend restrictions when they breach capital buffers</p> <p>Authorized Fannie Mae and Freddie Mac to enter into additional dollar roll transactions</p> <p>Mortgage relief options for borrowers impacted by COVID-19</p> <p>Provides public companies a 45-day extension to file certain disclosure reports that would otherwise have been due between, Provides additional time to certain investment funds and advisors to hold in-person board meetings and certain filing requirements, Temporary flexibility for registered funds affected by recent market events to borrow funds from certain affiliates and to enter into certain other lending arrangements</p> | |
| Fiscal | <p>Congress</p> <p>U.S. Treasury</p> <p>White House</p> | <p>\$7.8bn in new spending for a variety of goals including the development of vaccines and the acquisition of medical equipment</p> <p>At least \$100bn to expand access to free testing, food aid, limited expansion of unemployment and SNAP benefits and an emergency paid sick leave program</p> <p>\$2tn stimulus package to support the healthcare sector, individuals, and businesses affected severely by the coronavirus</p> <p>Extend the tax-filing deadline by three months without interest or penalties</p> <p>Proposal to temporarily ease restrictions on its Exchange Stabilization Fund, to create guarantee programs for the money market mutual fund industry</p> <p>Waive interest on all federal student loans, allowing borrowers to temporarily cease payments without facing penalties</p> | <p>\$7.8bn</p> <p>\$100 to \$200bn</p> <p>\$2tn</p> <p>\$8 to \$16bn</p> |
| Total | | | \$4.9 to \$9.8tn |

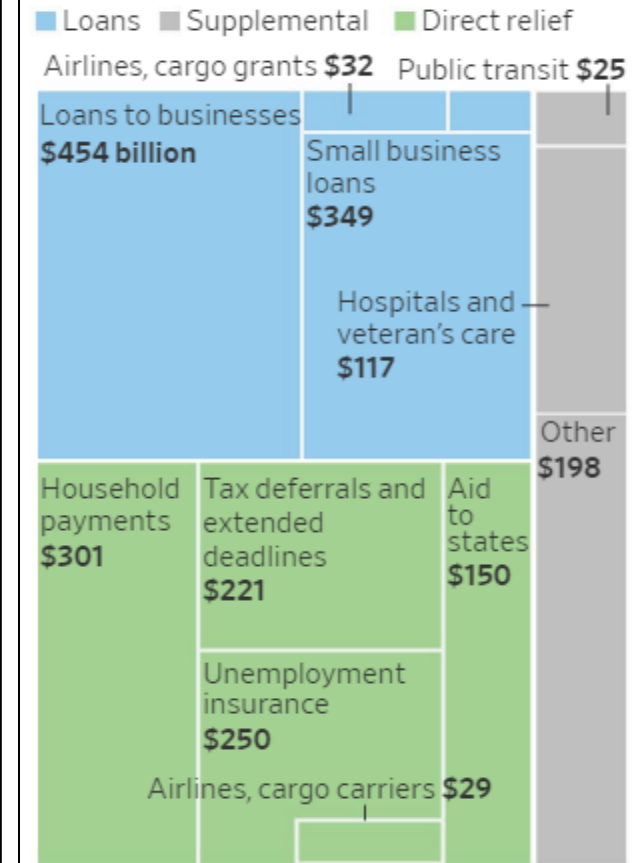


\$2 Trillion Economic Stimulus Package Approved

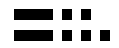


- One-time direct payments of up to \$1,200 for individuals & \$2,400 for couples (with \$500 added for every child)
 - Benefit phases out above \$75,000 in income for individuals & \$150,000 for couples – goes away completely at \$99,000 and \$198,000, respectively
- Boost unemployment insurance – additional \$600 per week for 4 months
- \$25 billion in grants to airlines & \$4 billion to cargo carriers
- \$117 billion into hospitals & veterans' health care
 - Additional \$16 billion for the nation's stockpile of pharmaceutical and medical supplies
- \$350 billion in loans for small businesses
- Suspends federal student loan payments through Sept. 30

What's in the Senate's \$2.1 Trillion Emergency Aid Bill



Sources: Preliminary legislative text; estimates by aides, lawmakers and outside groups.



Stimulus Package Should Allow Unemployed to Keep Up With Rent and Other Bills; If They Want To



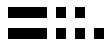
- Generally, unemployed individuals are paid half of their weekly wages based on earnings from the previous four quarters
- Under the new stimulus bill, workers will be paid an additional \$600 per week on top of what they would normally receive, until July 31
 - Example: **\$385** per week (Jan. 2020 avg. unemployment payment) + **\$600** = **\$985 per week** or **\$3,940 per month**
- Allow workers to receive benefits for an additional 13 weeks, providing up to 39 weeks (nearly 10 months) of coverage
- Loosens unemployment insurance eligibility to include: self-employed, gig workers, independent contractors and freelancers





Government Actions





U.S. State Government Actions



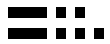
| State | Statewide Limits on Gatherings | Statewide Closure of Non-Essential Businesses |
|----------------------|--------------------------------|---|
| Alabama | 10 people | Limited operations required - restaurants, bars, breweries |
| Alaska | 10 people | Limited operations required - restaurants, bars, breweries, food trucks, self-service dining |
| Arizona | Recommended | Limited operations recommended- restaurants in counties with confirmed cases; Closures recommended – bars, movie theaters, and gyms in counties with confirmed cases |
| Arkansas | 10 people | Limited operations required – restaurants and bars; Closure required – gyms, indoor entertainment venues |
| California | Stay at home order | Closure recommended - bars, wineries, nightclubs and brewpubs |
| Colorado | Stay at home order | Closure required - bars, restaurants, gyms, theaters, casinos, ski resorts |
| Connecticut | Stay at home order | Closure required - gyms, fitness studios, movie theaters; Limited operations required - restaurants |
| Delaware | Stay at home order | Closure required - bowling alleys, movie theaters, fitness centers, health spas; Limited operations required - restaurants, bars |
| District of Columbia | 10 people | Limited operations required - restaurants, bars |
| Florida | Stay at home order (65+) | Limited operations required - restaurants |
| Georgia | Stay at home order* | Closure required – bars <i>*for medically fragile only</i> |
| Hawaii | Stay at home order | Closure required - movie theaters, visitor attractions, and places of worship; Closure or limited operations recommended - restaurants, tour companies |
| Idaho | Stay at home order* | <i>*for Blaine County only</i> |
| Illinois | Stay at home order | Limited operations required - restaurants, bars |
| Indiana | Stay at home order | Limited operations required - restaurants, bars, nightclubs |
| Iowa | 10 people | Limited operations required - restaurants, bars |
| Kansas | 10 people | In-person workforce prohibited at non-essential businesses |
| Kentucky | Stay at home guidance | Closure required - bars, restaurants, entertainment, hospitality and recreational facilities, community and recreation centers, gyms and exercise facilities, hair salons, nail salons, spas, concert venues, theaters, and sporting event facilities |
| Louisiana | Stay at home order | Closure required - bars, gyms, movie theaters Limited operations required - restaurants |
| Maine | 10 people | Limited operations required - restaurants, bars |
| Maryland | 10 people | Closure required - casinos, racetracks, betting facilities, bars; Limited operations required - restaurants |
| Massachusetts | Stay at home order | In-person workforce prohibited at non-essential businesses; Limited operations required – restaurants |
| Michigan | Stay at home order | Closure required - casinos, bars, theaters; Limited operations required - restaurants |
| Minnesota | Stay at home order | In-person workforce prohibited at non-essential businesses; Limited operations required – restaurants |
| Mississippi | 10 people | Limited Operations required – Restaurants |



*Data as of March 27, 2020

Source: Yardi Matrix; National Governors Association





U.S. State Government Actions



| State | Statewide Limits on Gatherings | Statewide Closure of Non-Essential Businesses |
|----------------|--------------------------------|---|
| Missouri | 10 people | Closure required – casinos |
| Montana | Stay at home order | |
| Nebraska | County orders | Limited operations required - restaurants, bars |
| Nevada | 10 people | In-person workforce prohibited at non-essential businesses; Limited operations required – restaurants |
| New Hampshire | Stay at home order | Limited operations required - restaurants, bars |
| New Jersey | Stay at home order | Closure required - gyms, theaters, casinos; Limited operations required - restaurants, bars |
| New Mexico | Stay at home order | Limited operations required - restaurants, bars, food establishments |
| New York | Stay at home order | Closure required - bars, gyms, movie theaters, casinos; Limited operations required – restaurants |
| North Carolina | 50 people | Limited operations required - restaurants, bars |
| North Dakota | | Limited operation required – bars, restaurants, recreational facilities and entertainment venues. |
| Ohio | Stay at home order | Limited operations required - restaurants, bars |
| Oklahoma | Stay at home order* | <i>*for most vulnerable population and includes a 10-person limit to mass gatherings for all others</i> |
| Oregon | Stay at home order | Limited operations required - restaurants, bars; Closures recommended |
| Pennsylvania | County orders | Required closures of all non-life-sustaining businesses; Limited operations required – restaurants |
| Rhode Island | 10 people | Limited operations required - restaurants, bars, entertainment venues |
| South Carolina | 3 people | Limited operations required – restaurants, bars |
| South Dakota | 10 people | Suggested alternate operations – restaurants, businesses with telework capacity |
| Tennessee | 10 people | Limited operations required – restaurants, bars; Closures required – recreational venues |
| Texas | 10 people | Limited operations recommended – restaurants, bars, recreational venues |
| Utah | 10 people | Limited operations required - restaurants, bars |
| Vermont | Stay at home order | Limited operations required - restaurants, bars |
| Virginia | 10 people | Limited operations or closure required - restaurants, fitness centers, theaters |
| Washington | Stay at home order | Closure required - entertainment and recreational facilities; Limited operations required - restaurants, bars |
| West Virginia | Stay at home order | Closure required – casinos; Limited operations required - restaurants, bars |
| Wisconsin | Stay at home order | Limited operations required - restaurants, bars |
| Wyoming | 10 people | Closure required - salons, recreational facilities, theaters |



*Data as of March 27, 2020

Source: Yardi Matrix; National Governors Association



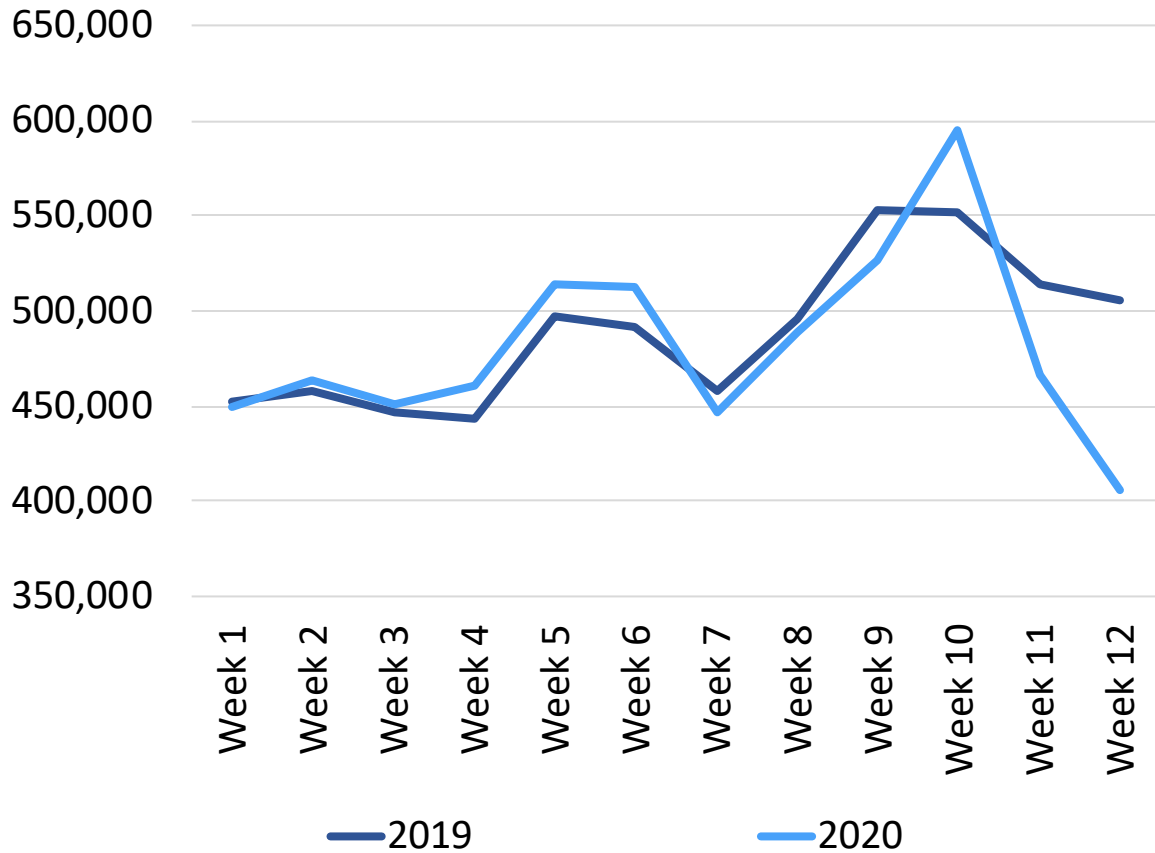


National Self Storage Fundamentals

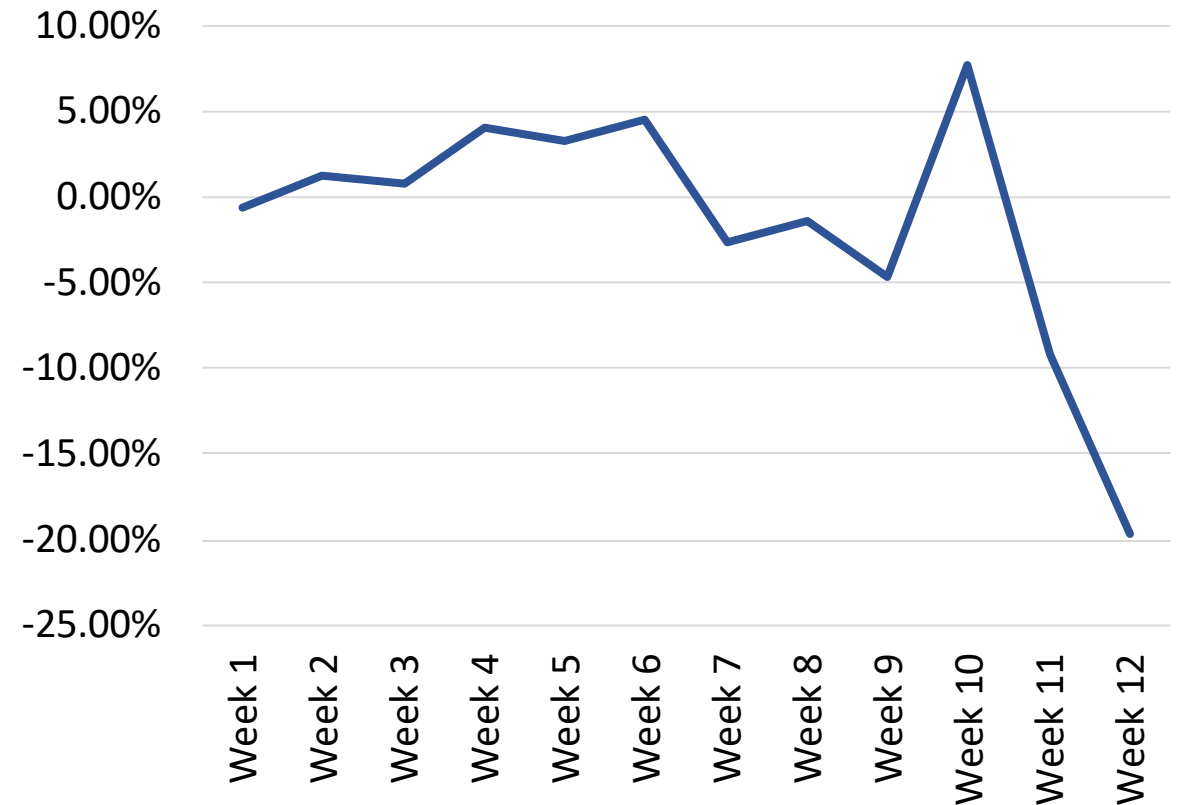


Weekly Apartment Listings Views from RENTCafé® Have Fallen Drastically With Spread of Coronavirus

Weekly Apartment Listings Views

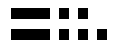


Year-over-Year Apartment Listings Views 2019 vs. 2020



*Week 1 is the first week in 2020

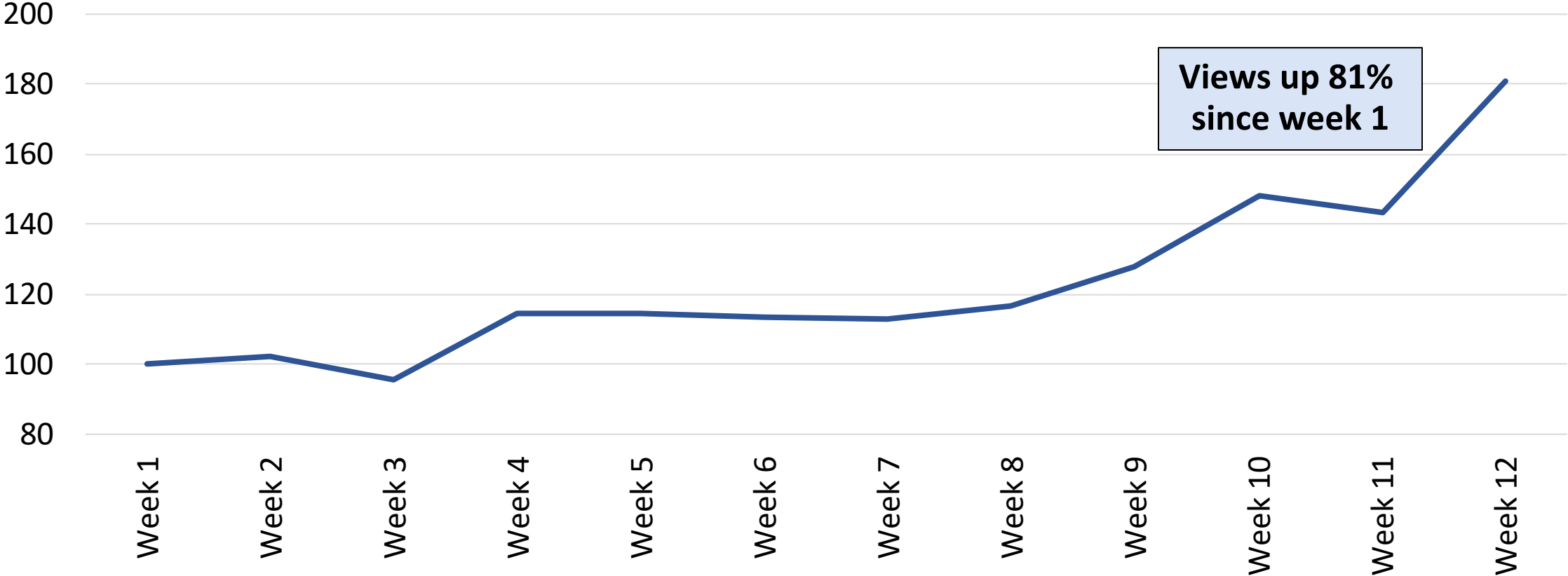
Source: Yardi Matrix; RENTCafé®



Weekly Storage Listings Views Increasing on RENTCafé®



Weekly Storage Listings Views
Indexed to Week 1 of 2020

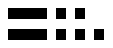


Views up 81%
since week 1



*Week 1 is the first week in 2020
Source: Yardi Matrix; RENTCafé®





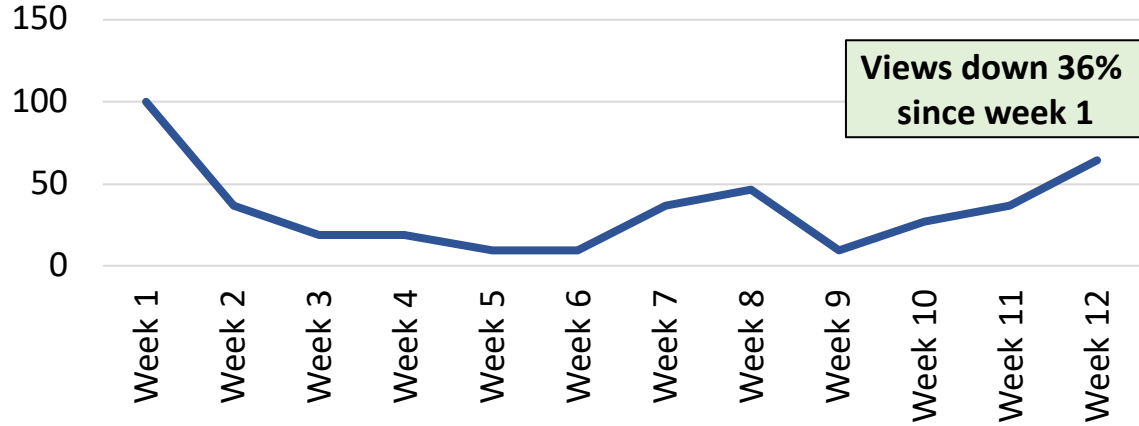
Weekly Storage Listings Views – Highlight Metros



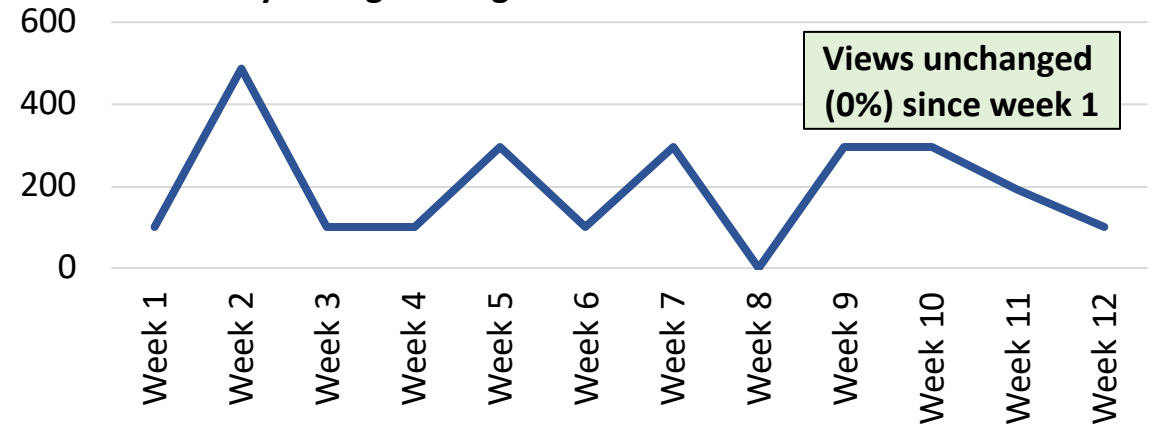
SACRAMENTO

SALT LAKE CITY

Weekly Storage Listings Views Indexed to Week 1 of 2020



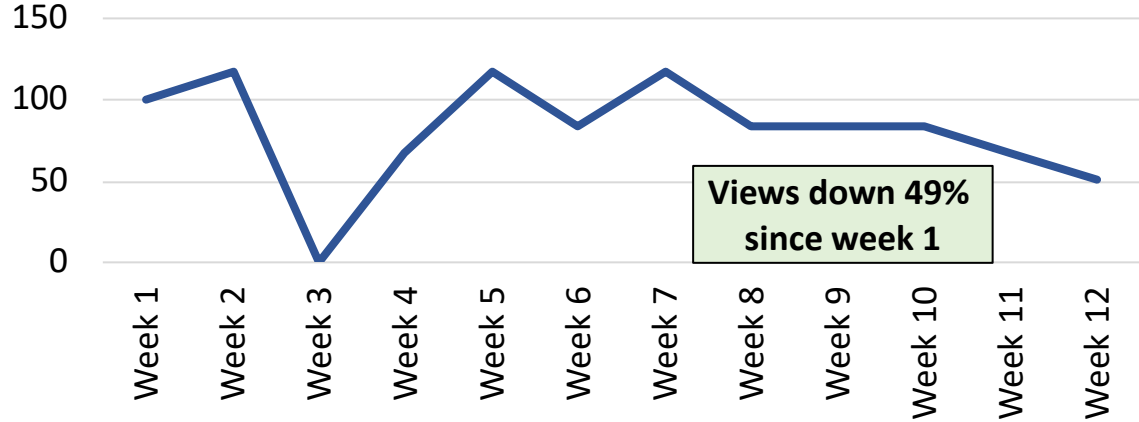
Weekly Storage Listings Views Indexed to Week 1 of 2020



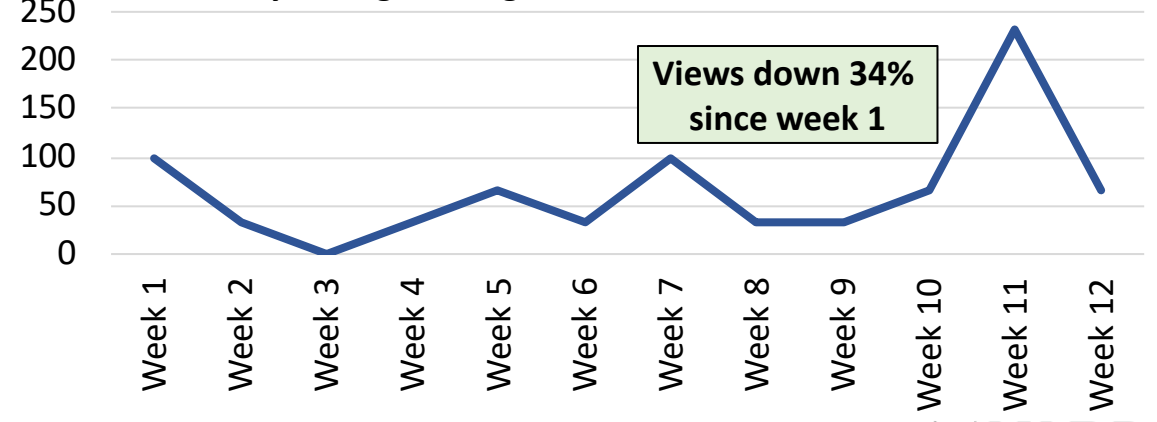
LOUISVILLE

CINCINNATI

Weekly Storage Listings Views Indexed to Week 1 of 2020



Weekly Storage Listings Views Indexed to Week 1 of 2020



*Week 1 is the first week in 2020

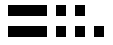
Source: Yardi Matrix; RENTCafé®



☰☷☹ The Market Seems to Agree That Storage is a Defensive Sector ☹☷☰

| <u>REIT Sectors</u> | <u>Average MktCap</u> | <u>Return Since 2/21/2020</u> | <u>Debt/TMC</u> | <u>Debt/EBITDA</u> |
|---------------------|-----------------------|-------------------------------|-----------------|--------------------|
| Data Centers | 20 | -7.3% | 24.5% | 5.4 x |
| Towers | 61 | -13.9% | 26.2% | 6.8 x |
| Self-Storage | 11 | -14.8% | 13.5% | 2.8 x |
| Industrial | 9 | -19.9% | 17.7% | 4.8 x |
| Office | 4 | -28.7% | 31.4% | 6.7 x |
| Multifamily | 8 | -28.8% | 23.4% | 5.3 x |
| Specialty | 4 | -33.4% | 30.7% | 6.1 x |
| Diversified | 1 | -34.6% | 31.1% | 8.5 x |
| Triple Net | 5 | -36.6% | 28.3% | 5.6 x |
| Health Care | 5 | -37.3% | 31.8% | 6.1 x |
| Timber | 5 | -38.6% | 22.6% | 8.1 x |
| Shopping Centers | 2 | -44.9% | 33.9% | 6.1 x |
| Hotel | 1 | -46.7% | 31.8% | 4.1 x |
| Malls | 3 | -53.1% | 36.7% | 6.1 x |
| Average | 16 | -26.1% | 25.1% | 6.0 x |

Source: S&P Market Intelligence, FactSet, Company reports, Stifel estimates



Estimating Average Demand Based on Metro Population and Domestic Migration

- Approximately half of storage customers are in the process of moving while the other half are longer-term users
 - Total metro population of 1.0 to 1.5 million will necessitate the building of one new store per year to meet needs for replacement and upgrade of older existing inventory
 - Approximately 5,000 new movers to an area will necessitate the building of one new storage facility per year to meet demand from domestic migration



Population Growth is Decelerating in Most of the Major Storage Markets

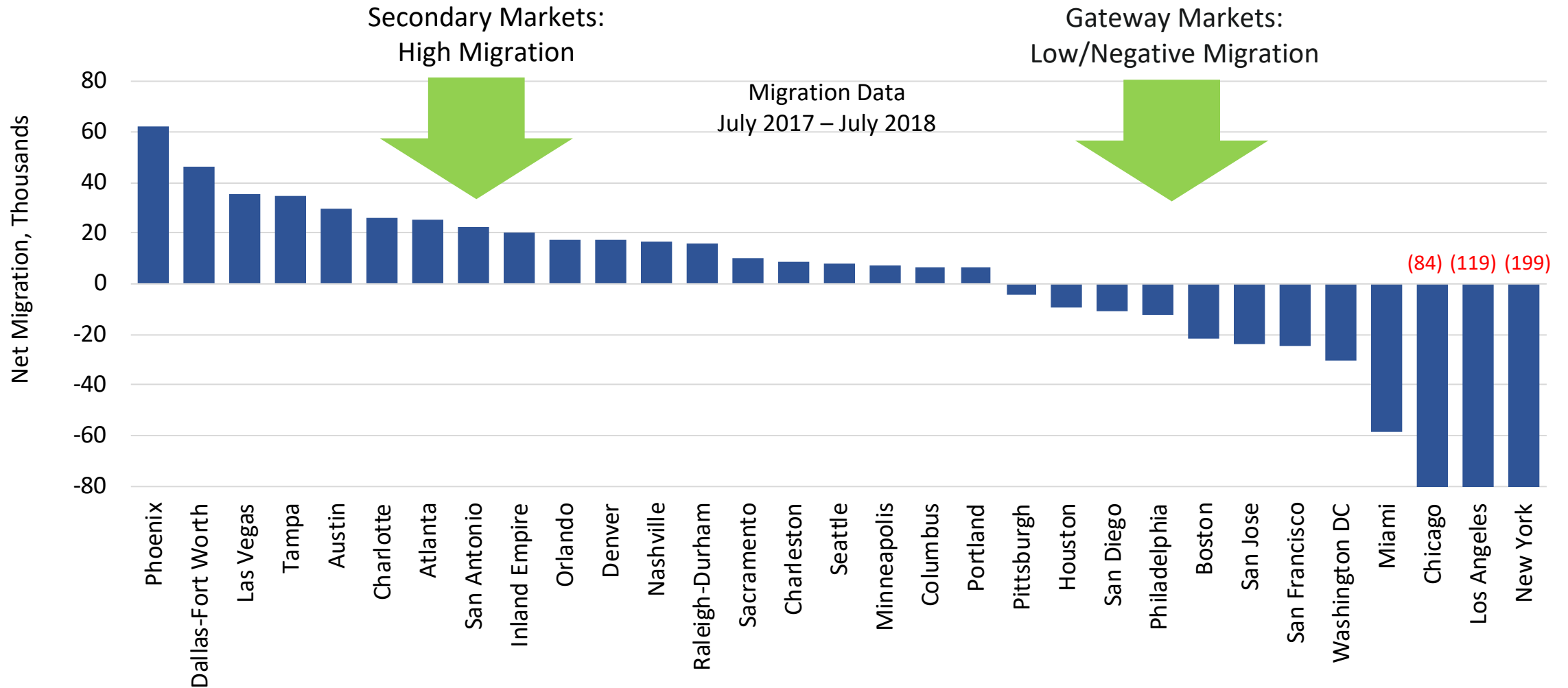
| Market | 2016 Pop. Growth | 2017 Pop. Growth | 2018 Pop. Growth | Overall Trend |
|----------------|------------------|------------------|------------------|---------------|
| Austin | 3.0% | 2.6% | 2.5% | Decelerating |
| Charleston | 2.8% | 2.4% | 2.4% | Steady |
| Las Vegas | 2.0% | 2.0% | 2.2% | Accelerating |
| Orlando | 2.6% | 2.3% | 2.2% | Decelerating |
| Phoenix | 2.1% | 1.8% | 2.0% | Accelerating |
| Tampa | 2.3% | 2.1% | 1.9% | Decelerating |
| Raleigh-Durham | 2.3% | 1.9% | 1.9% | Steady |
| Dallas | 2.2% | 2.0% | 1.8% | Decelerating |
| San Antonio | 2.0% | 1.9% | 1.8% | Decelerating |
| Charlotte | 2.0% | 1.9% | 1.7% | Decelerating |
| Nashville | 2.1% | 1.8% | 1.6% | Decelerating |
| Denver | 1.7% | 1.4% | 1.5% | Accelerating |
| Seattle | 2.0% | 1.8% | 1.4% | Decelerating |
| Houston | 2.0% | 1.4% | 1.3% | Decelerating |
| Atlanta | 1.8% | 1.5% | 1.3% | Decelerating |
| Columbus | 1.2% | 1.5% | 1.2% | Decelerating |

| Market | 2016 Pop. Growth | 2017 Pop. Growth | 2018 Pop. Growth | Overall Trend |
|---------------|------------------|------------------|------------------|-----------------|
| Inland Empire | 1.2% | 1.2% | 1.1% | Decelerating |
| Sacramento | 1.3% | 1.2% | 1.1% | Decelerating |
| Minneapolis | 1.0% | 1.1% | 1.0% | Decelerating |
| Portland | 1.9% | 1.2% | 0.9% | Decelerating |
| Washington DC | 0.9% | 1.0% | 0.8% | Decelerating |
| Boston | 0.6% | 0.7% | 0.6% | Decelerating |
| Miami | 1.3% | 0.8% | 0.6% | Decelerating |
| San Diego | 0.8% | 0.5% | 0.5% | Steady |
| Philadelphia | 0.2% | 0.2% | 0.3% | Accelerating |
| San Francisco | 0.8% | 0.4% | 0.3% | Decelerating |
| San Jose | 0.7% | 0.2% | 0.3% | Accelerating |
| Los Angeles | 0.2% | 0.0% | -0.1% | Decelerating |
| New York | 0.1% | -0.2% | -0.2% | Steady/Negative |
| Chicago | -0.2% | -0.2% | -0.2% | Steady/Negative |
| Pittsburgh | -0.3% | -0.5% | -0.2% | Accelerating |

Source: Moody's Analytics; U.S. Census Bureau (BOC)



Domestic Migration Trend is Out of Gateway Metros and Into Secondary Cities



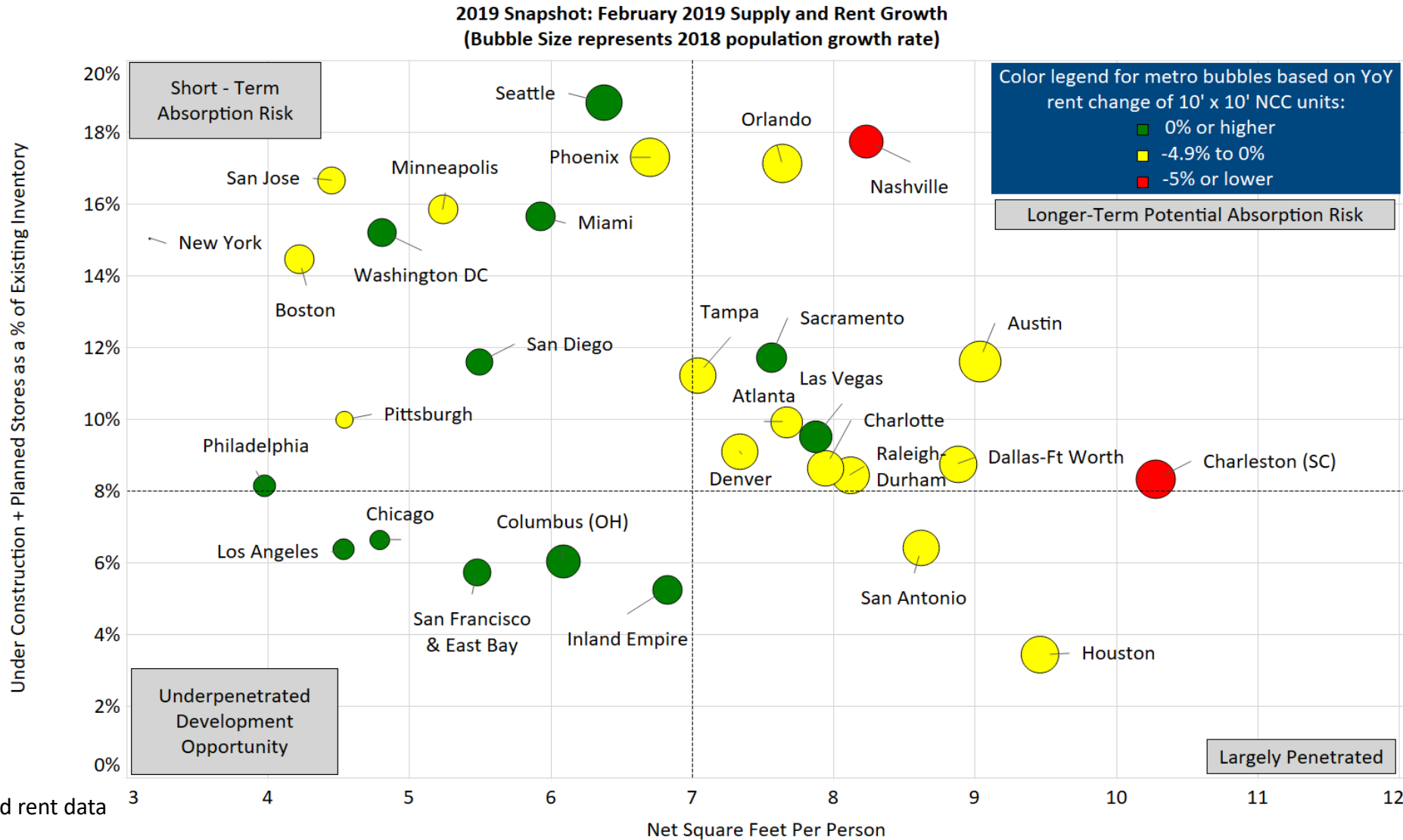


Major Storage Markets: *Is There Light at the End of the Tunnel?*



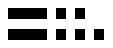


In 2019, Most Major Markets Had Negative Street Rates

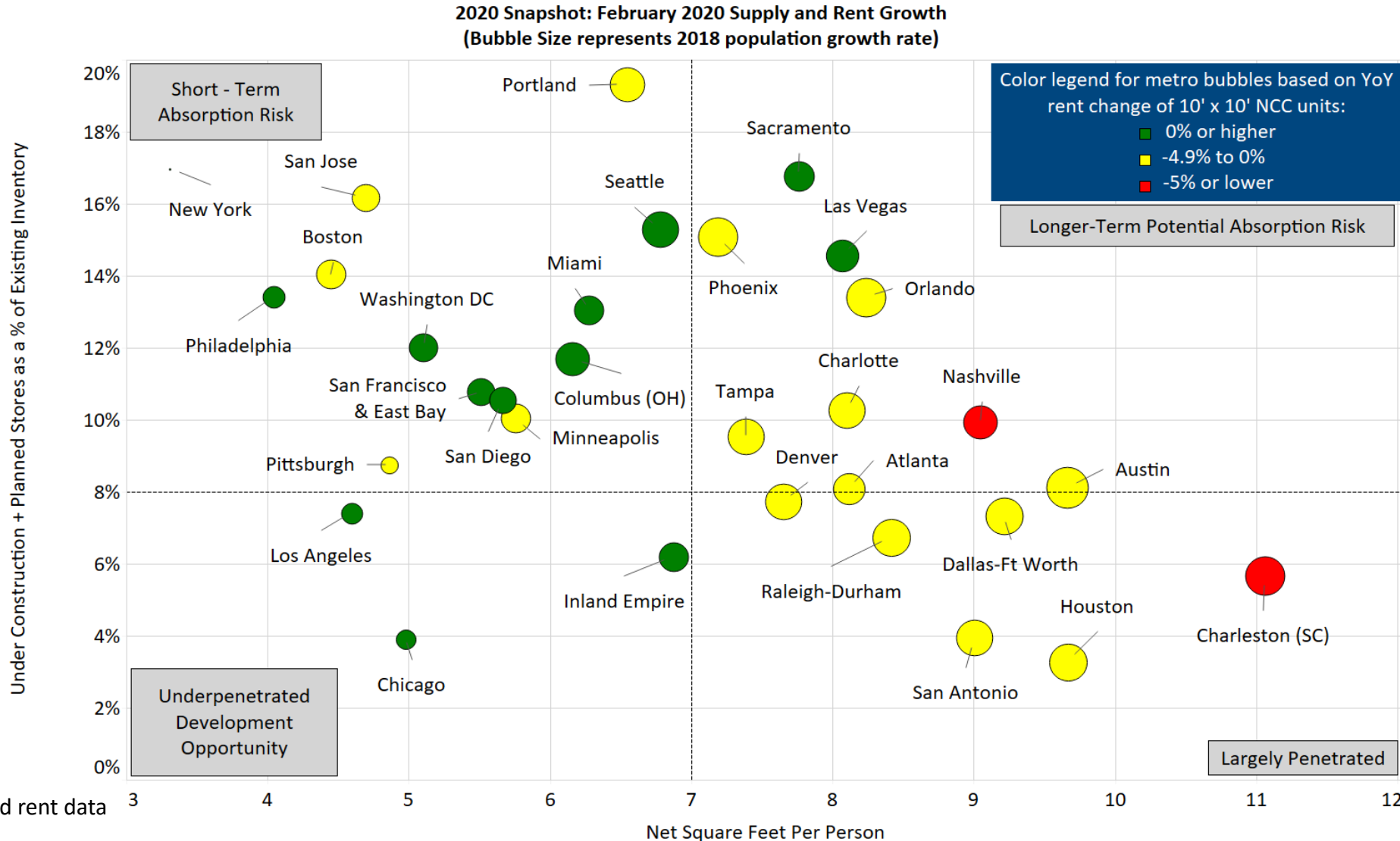


*February 2020 supply and rent data

Source: Yardi Matrix



Most Major Markets Still Have Negative Street Rates, Though Some Have Shown Improvement



*February 2020 supply and rent data

Source: Yardi Matrix





10x10 Non-Climate Controlled Street Rates

Decelerating in Markets With Heavy Development Pipelines

| Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend |
|-----------------|------------------------------------|------------------------------------|--------|---------------------|
| Denver | -6.3% | -2.5% | 3.8% | Negative/increasing |
| Miami | -2.9% | 0.8% | 3.7% | Positive/increasing |
| Seattle | -1.3% | 2.0% | 3.3% | Positive/increasing |
| Portland | -5.4% | -2.1% | 3.2% | Negative/increasing |
| Dallas-Ft Worth | -4.1% | -1.1% | 3.0% | Negative/increasing |
| Chicago | -1.0% | 1.0% | 2.0% | Positive/increasing |
| SF & East Bay | -0.5% | 1.1% | 1.6% | Positive/increasing |
| Houston | -3.4% | -2.3% | 1.0% | Negative/increasing |
| Raleigh-Durham | -3.3% | -2.3% | 1.0% | Negative/increasing |
| Pittsburgh | -4.2% | -3.5% | 0.7% | Negative/increasing |
| San Diego | 0.0% | 0.6% | 0.6% | Positive/increasing |
| Sacramento | 0.0% | 0.0% | 0.0% | Stagnant/stable |
| Austin | -1.0% | -1.0% | 0.0% | Negative/stable |
| Tampa | -3.5% | -3.7% | -0.1% | Negative/decreasing |
| Los Angeles | 2.2% | 1.6% | -0.6% | Positive/decreasing |
| Boston | 0.0% | -0.7% | -0.7% | Negative/decreasing |

| Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend |
|-----------------|------------------------------------|------------------------------------|--------|---------------------|
| Washington DC | 0.7% | 0.0% | -0.7% | Stagnant/decreasing |
| New York | 2.4% | 1.2% | -1.2% | Positive/decreasing |
| Charlotte | -2.3% | -3.5% | -1.2% | Negative/decreasing |
| Charleston (SC) | -6.6% | -8.1% | -1.5% | Negative/decreasing |
| Philadelphia | 1.7% | 0.0% | -1.7% | Stagnant/decreasing |
| San Jose | -1.1% | -2.8% | -1.7% | Negative/decreasing |
| Inland Empire | 2.8% | 0.9% | -1.9% | Positive/decreasing |
| San Antonio | 0.0% | -2.0% | -2.0% | Negative/decreasing |
| Columbus (OH) | 2.4% | 0.0% | -2.4% | Stagnant/decreasing |
| Minneapolis | -0.9% | -3.6% | -2.7% | Negative/decreasing |
| Orlando | 0.0% | -2.9% | -2.9% | Negative/decreasing |
| Phoenix | 2.0% | -1.0% | -2.9% | Negative/decreasing |
| Nashville | -3.6% | -7.5% | -3.9% | Negative/decreasing |
| Atlanta | 1.0% | -3.0% | -4.1% | Negative/decreasing |
| Las Vegas | 6.1% | 1.9% | -4.2% | Positive/decreasing |

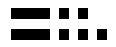


10x10 Climate Controlled Rates Tightening



| Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend |
|-----------------|------------------------------------|------------------------------------|--------|---------------------|
| San Jose | -5.5% | 2.3% | 7.8% | Positive/increasing |
| Portland | -6.8% | -2.2% | 4.6% | Negative/increasing |
| Denver | -6.6% | -3.1% | 3.5% | Negative/increasing |
| Dallas-Ft Worth | -4.3% | -0.9% | 3.4% | Negative/increasing |
| Houston | -7.8% | -4.7% | 3.1% | Negative/increasing |
| SF & East Bay | -2.0% | 0.5% | 2.5% | Positive/increasing |
| Nashville | -7.0% | -4.5% | 2.5% | Negative/increasing |
| Los Angeles | 1.1% | 3.3% | 2.2% | Positive/increasing |
| Raleigh-Durham | -5.4% | -3.8% | 1.6% | Negative/increasing |
| Miami | -3.2% | -2.0% | 1.2% | Negative/increasing |
| Chicago | -0.8% | -0.8% | 0.0% | Negative/stable |
| San Antonio | -0.9% | -0.9% | 0.0% | Negative/stable |
| Boston | -1.2% | -1.2% | 0.0% | Negative/stable |
| Charleston (SC) | -6.0% | -7.2% | -1.2% | Negative/decreasing |
| Seattle | -0.6% | -1.9% | -1.3% | Negative/decreasing |
| Las Vegas | 4.0% | 1.9% | -2.1% | Positive/decreasing |

| Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend |
|---------------|------------------------------------|------------------------------------|--------|---------------------|
| Tampa | -2.1% | -4.4% | -2.2% | Negative/decreasing |
| Pittsburgh | -3.3% | -6.2% | -2.9% | Negative/decreasing |
| New York | 0.0% | -3.0% | -3.0% | Negative/decreasing |
| Sacramento | -0.7% | -3.9% | -3.3% | Negative/decreasing |
| Austin | 0.0% | -3.3% | -3.3% | Negative/decreasing |
| Columbus (OH) | 2.9% | -1.9% | -4.7% | Negative/decreasing |
| Orlando | 1.6% | -3.1% | -4.7% | Negative/decreasing |
| Philadelphia | 2.1% | -2.7% | -4.8% | Negative/decreasing |
| Phoenix | 3.3% | -1.6% | -4.9% | Negative/decreasing |
| Washington DC | 1.9% | -3.1% | -5.1% | Negative/decreasing |
| Inland Empire | 3.5% | -2.0% | -5.6% | Negative/decreasing |
| Charlotte | 0.0% | -6.3% | -6.3% | Negative/decreasing |
| Atlanta | 2.6% | -5.0% | -7.6% | Negative/decreasing |
| San Diego | 6.3% | -3.5% | -9.8% | Negative/decreasing |
| Minneapolis | 3.0% | -9.4% | -12.4% | Negative/decreasing |



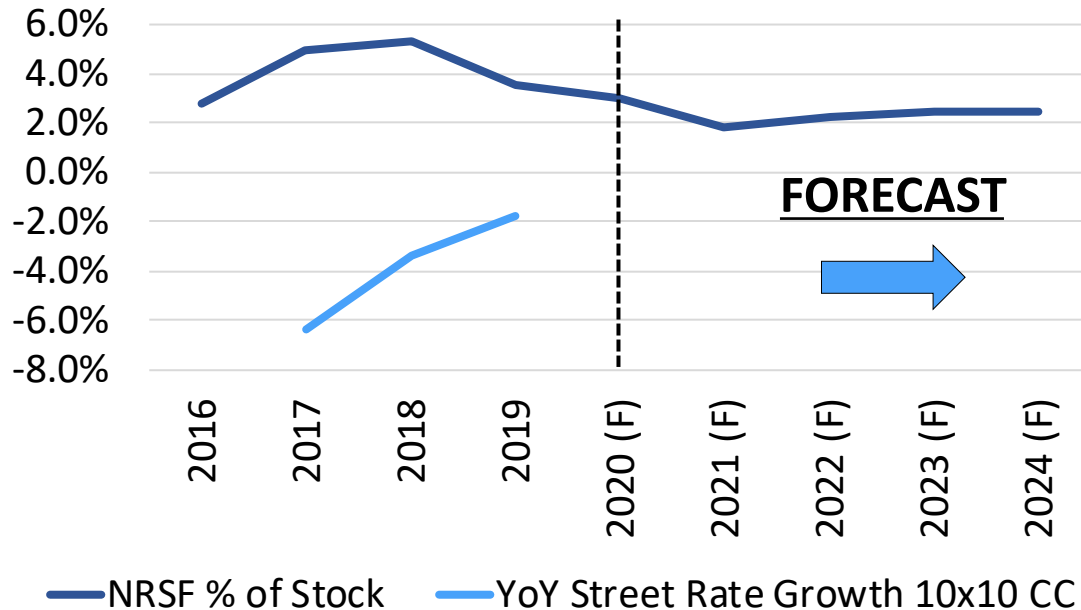
Light at the End of the Tunnel:



Markets That Are Bouncing Back From the Wave of New Supply

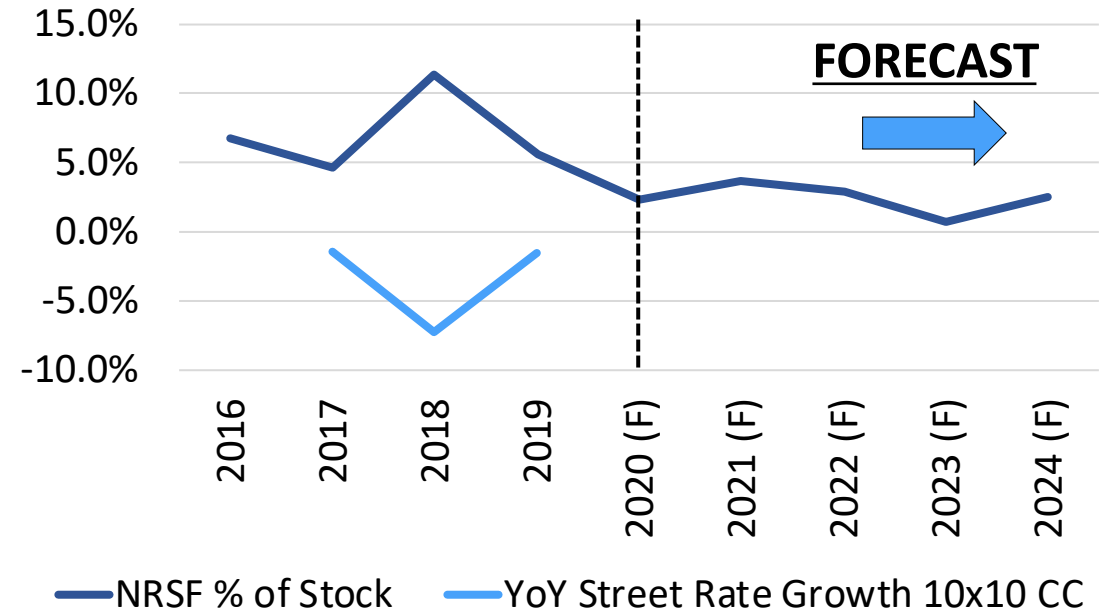
Dallas - Fort Worth:

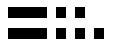
- YoY Street rate growth negative, but increasing each year from 2017-2019
- New NRSF as a % of existing stock dropped from 2018 to 2019, and forecasted to continue to drop/level out over the next five years



Denver:

- YoY Street rate growth negative, but increased from 2018 to 2019 after a significant dip
- New NRSF as a % of existing stock dropped from 2018 to 2019 and is expected to continue to drop through 2024

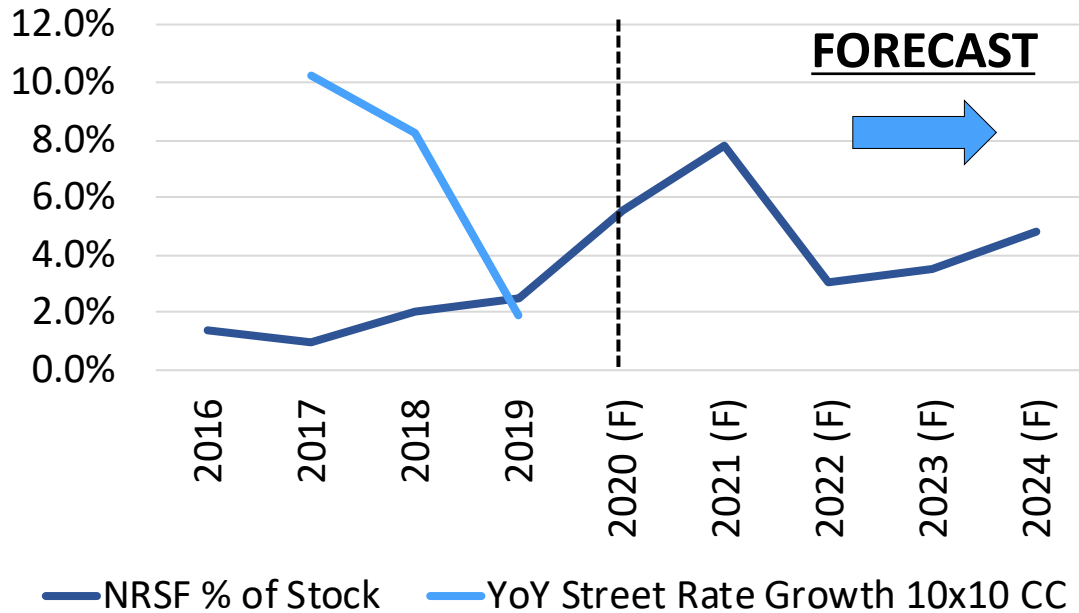




A Dark Road Ahead: Markets That Are Struggling to Absorb New Supply

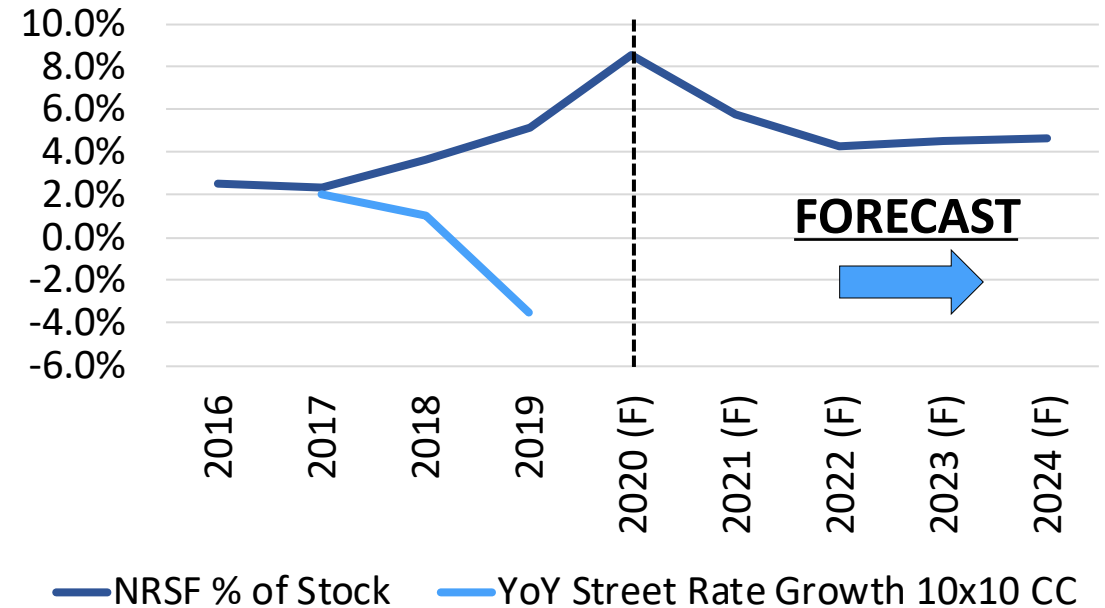
Las Vegas:

- YoY Street rate growth is still positive but dropped pretty drastically from 2018 to 2019
- New NRSF as a % of existing stock has been steadily increasing since 2016, and is expected to continue to grow until peaking in 2021

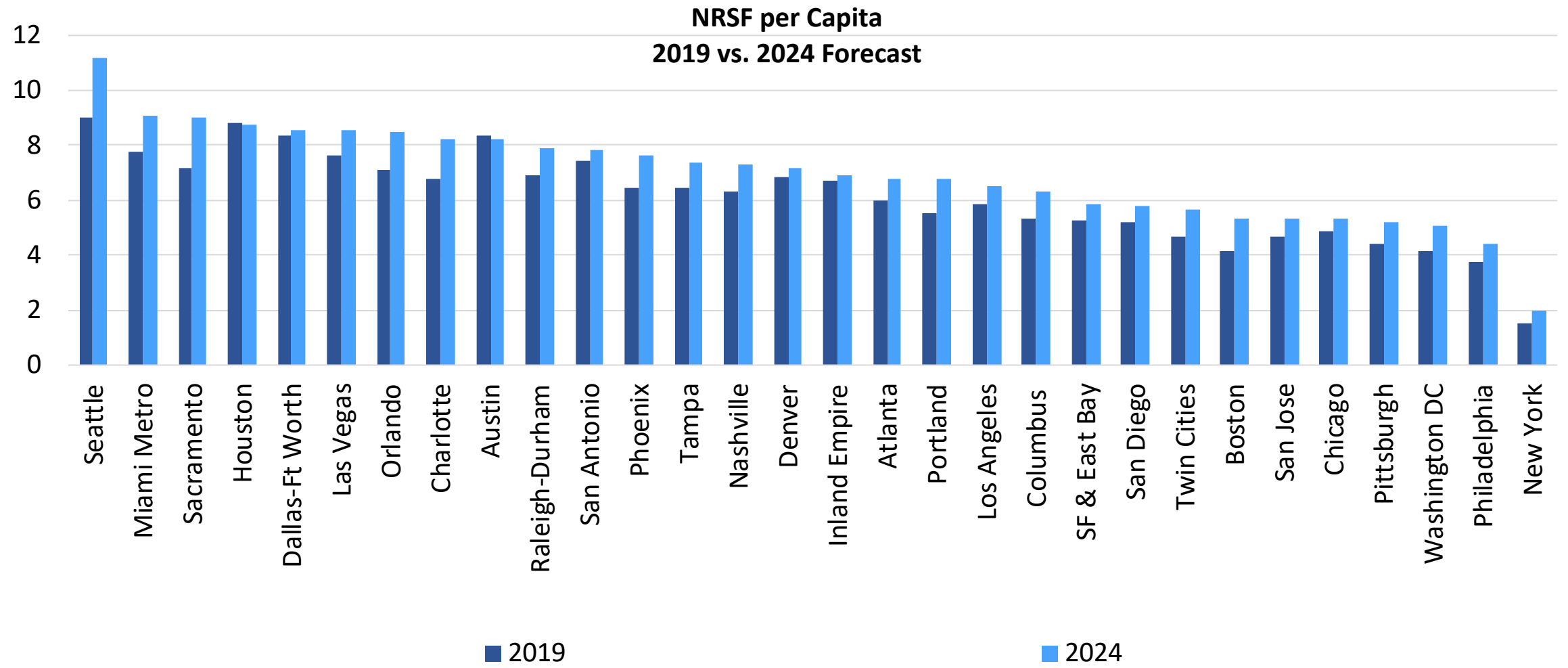


New York:

- YoY Street rate growth has been falling since 2017 and went negative in 2019
- New NRSF as a % of existing stock has been steadily increasing over the past three years and is expected to peak in 2020 at 8%

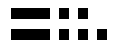


With the Exception of Austin and Houston, All Major Storage Metros are Forecasted to Have a Higher NRSF per Capita in 5 Years



Source: Yardi Matrix





Regulatory Responses to Storage Supply



Local governments are responding to rapid supply growth by enacting restrictive zoning codes, temporary development moratoriums and outright bans on new self storage facilities

Miami, FL – 2 pieces of legislation banning storage development passed by Planning Board in Jan. 2020

- An ordinance banning storage facilities near mixed-use residential areas zoned T5 & T6
- A 270-day moratorium on any new storage facilities across the city
- Legislation needs Miami City Commissioner's approval to become law, in interim all applications for new facilities are prevented, due to Miami's zoning-in-place law

New York City, NY – bans storage development within IBZs without a special-use permit

- Permit has a 2-year application process & costs roughly \$2000

Cape Coral, FL – considering a ban on new storage development on Pine Island Road, a 9.4-mile stretch of State Road 78

Denver, CO – bans new storage development within ¼-mile of a regional transportation district or Main Street zone (suburban & urban). Excludes industrial areas

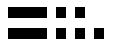
Sacramento, CA – prohibits new self-storage facilities in the Broadway Stockton Special District, a portion of Stockton Blvd & Broadway with nearly 100 vacant lots being eyed for redevelopment

Bainbridge Island, WA – 6-month development moratorium adopted Nov. 2019

- Halting the one project in approval process, a new facility Urban Self Storage started in 2016
- Urban Self Storage filed a lawsuit against city

Coon Rapids, MN – citywide ban on any new outdoor storage facilities with outdoor access individual units. Code does still allow indoor storage facilities





Regulatory Responses to Storage Supply



Industry expansion has caught the attention of local governments, who are targeting self storage properties as a source of tax revenue.

Property Taxes

- Appraised property tax valuations and property taxes are rising fast
- Local appraisers more aggressive towards self-storage reassessments, especially as facility sales prices hit record levels
- Tax jurisdictions raising property tax rates or millage rates to fund budgets
 - California will vote in November to repeal Proposition 13, which protects property owners from property tax burdens by limiting extent of reassessments
 - If repealed, property taxes immediately increase based on market value assessment

Self Storage Tax

Officials in Evanston, Ill, have included a 5% self-storage tax as part of the city's proposed budget for the 2020-21 fiscal year

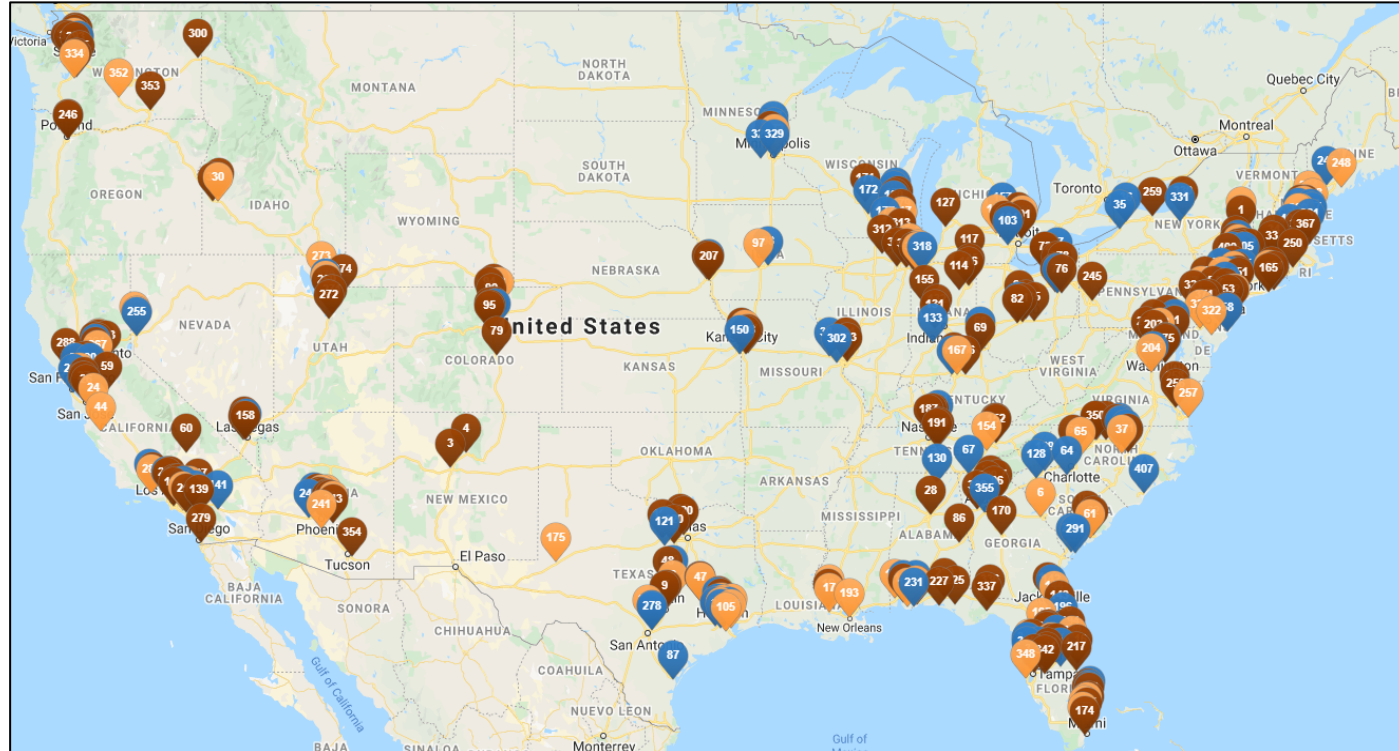
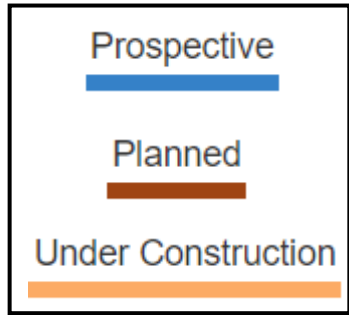
Sales Tax on Self Storage Rent

- Florida lowered the state sales tax rate on the total rent at self storage facilities from 5.7% to 5.5%, effective January 1st, 2020
- Nebraska has several bills in the works to extend sales tax to services, including self storage rents





Despite Potential Constraint on New Builds, There Is Robust Expansion Activity Nationally



| Property Status | # Properties | Total Sq. Ft. (MM) | Rentable Sq. Ft. (MM) |
|--------------------------|--------------|--------------------|-----------------------|
| Prospective | 103 | 3.6 | 3.1 |
| Planned | 221 | 10.8 | 9.1 |
| Under Construction | 84 | 3.9 | 3.3 |
| TOTAL EXPANSIONS: | 408 | 18.3 | 15.7 |

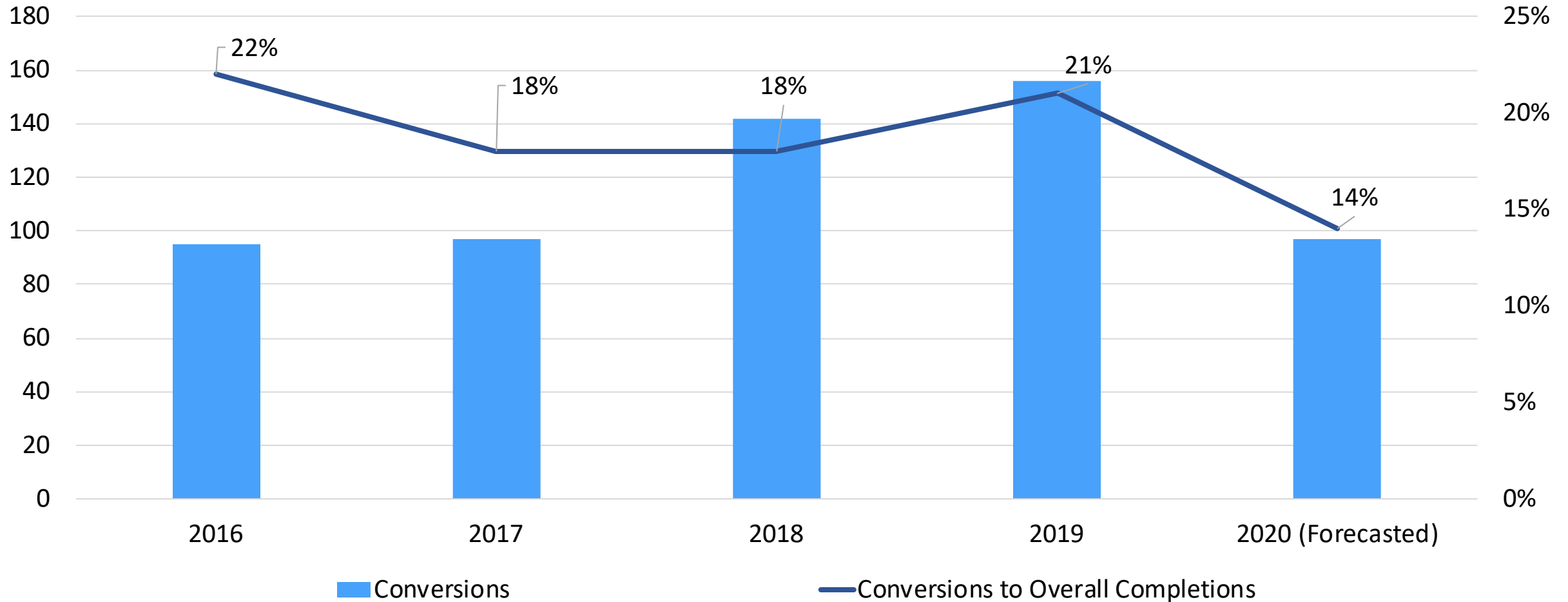


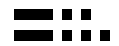


Total Number of Conversion Deliveries Peaked in 2019



Conversion Count and % of Total Storage Completions: 2016 to 2020 Forecasted

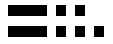




Retail to Storage Opportunities Growing & Selective in the Major Storage Markets



| Retailer Closing: Store Address | Nearest Metro | Distance to Metro (Miles) | Is store in Opportunity Zone? (Y/N) | # of Facilities Within 5 Miles | 5-Mile NRSF Per Capita if Property is Converted |
|---|---------------|---------------------------|-------------------------------------|--------------------------------|---|
| Toys R Us: 1600 S. Azusa Ave., Puente Hills, CA | Los Angeles | 16 | N | 22 | 2.6 |
| Kmart: 987 Route 6 Mahopac, NY | New York | 44 | N | 4 | 2.7 |
| Sears: 20701 SW 112 th Ave., Miami, FL | Miami | - | Y | 41 | 2.8 |
| Sears: 720 Clairton Blvd., Pleasant Hills, PA | Pittsburgh | 7 | N | 24 | 2.8 |
| Sears: 2000 NE Court, Bloomington, MN | Minneapolis | 8 | Y | 13 | 3.1 |
| Sears: 7103 Democracy Blvd., Bethesda, MD | Washington DC | 9 | N | 14 | 3.2 |
| Kmart: 7101 Roosevelt Blvd., Philadelphia, PA | Philadelphia | - | N | 29 | 3.3 |
| Toys R Us: 7750 South Cicero Ave., Burbank, IL | Chicago | 10 | N | 30 | 3.7 |
| Toys R Us: 217 Hartford Ave., Bellingham, MA | Boston | 24 | N | 8 | 4.0 |



In Summary:



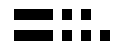
- Most of the top markets remain oversupplied, either from an existing stock and penetration perspective or from an overly aggressive development pipeline
- Some markets including Dallas and Denver are showing signs of growth, although street rate growth remains negative
- Primary markets have some of the largest pipelines and will face short term absorption issues
- Many municipalities are enacting storage development moratoriums, which should aid the existing operators
- But expansion and conversion activity is allowing developers to continue to add stock in large swaths





The Next Tier of Storage Markets





Population Growth is Steady or Accelerating in Many of the “Next Tier” of Storage Markets

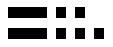


| Market | 2016 Pop. Growth | 2017 Pop. Growth | 2018 Pop. Growth | Overall Trend | Market | 2016 Pop. Growth | 2017 Pop. Growth | 2018 Pop. Growth | Overall Trend |
|-----------------------|------------------|------------------|------------------|---------------|----------------------|------------------|------------------|------------------|-----------------|
| Boise | 2.3% | 2.5% | 2.7% | Accelerating | Richmond-Tidewater | 0.5% | 0.5% | 0.6% | Accelerating |
| Jacksonville | 2.2% | 1.9% | 2.0% | Accelerating | Louisville | 0.5% | 0.6% | 0.5% | Decelerating |
| SW Florida Coast | 2.9% | 2.2% | 2.0% | Decelerating | Cincinnati | 0.5% | 0.5% | 0.5% | Steady |
| Spokane | 1.8% | 2.0% | 1.9% | Decelerating | Little Rock | 0.5% | 0.5% | 0.4% | Decelerating |
| Colorado Springs | 2.2% | 1.8% | 1.9% | Accelerating | Albuquerque | 0.4% | 0.4% | 0.3% | Decelerating |
| Salt Lake City | 2.1% | 2.0% | 1.8% | Decelerating | Dayton | 0.1% | 0.2% | 0.3% | Accelerating |
| Reno | 1.5% | 1.4% | 1.7% | Accelerating | Memphis | 0.1% | 0.2% | 0.2% | Steady |
| North Central Florida | 2.0% | 1.6% | 1.6% | Decelerating | Tulsa | 0.8% | 0.2% | 0.2% | Steady |
| Pensacola | 1.4% | 1.4% | 1.6% | Accelerating | Birmingham | 0.3% | 0.2% | 0.2% | Steady |
| Eugene | 2.3% | 2.1% | 1.6% | Decelerating | Lansing-Ann Arbor | 0.3% | 0.3% | 0.2% | Decelerating |
| Central East Texas | 1.1% | 1.5% | 1.6% | Accelerating | Baltimore | 0.1% | 0.2% | 0.2% | Steady |
| Greenville | 1.2% | 1.3% | 1.3% | Steady | Milwaukee | 0.0% | 0.0% | 0.1% | Accelerating |
| Tucson | 0.8% | 1.0% | 1.1% | Accelerating | Detroit | 0.1% | 0.1% | 0.1% | Steady |
| Omaha | 1.2% | 1.0% | 1.0% | Steady | El Paso | 0.6% | 0.4% | 0.1% | Decelerating |
| Central Valley | 0.8% | 1.0% | 1.0% | Steady | Central Coast | 0.6% | 0.2% | 0.1% | Decelerating |
| Indianapolis | 0.9% | 1.0% | 0.9% | Decelerating | New Orleans | 0.7% | 0.3% | 0.1% | Decelerating |
| Kansas City | 1.0% | 0.9% | 0.8% | Decelerating | Baton Rouge | 0.7% | -0.3% | 0.0% | Accelerating |
| Oklahoma City | 0.9% | 0.6% | 0.7% | Accelerating | St Louis | -0.1% | 0.0% | 0.0% | Steady |
| Triad | 1.0% | 0.8% | 0.7% | Decelerating | Bridgeport-New Haven | -0.2% | -0.1% | -0.1% | Steady/Negative |
| Grand Rapids | 0.8% | 0.8% | 0.7% | Decelerating | Cleveland-Akron | -0.2% | -0.1% | -0.1% | Steady/Negative |

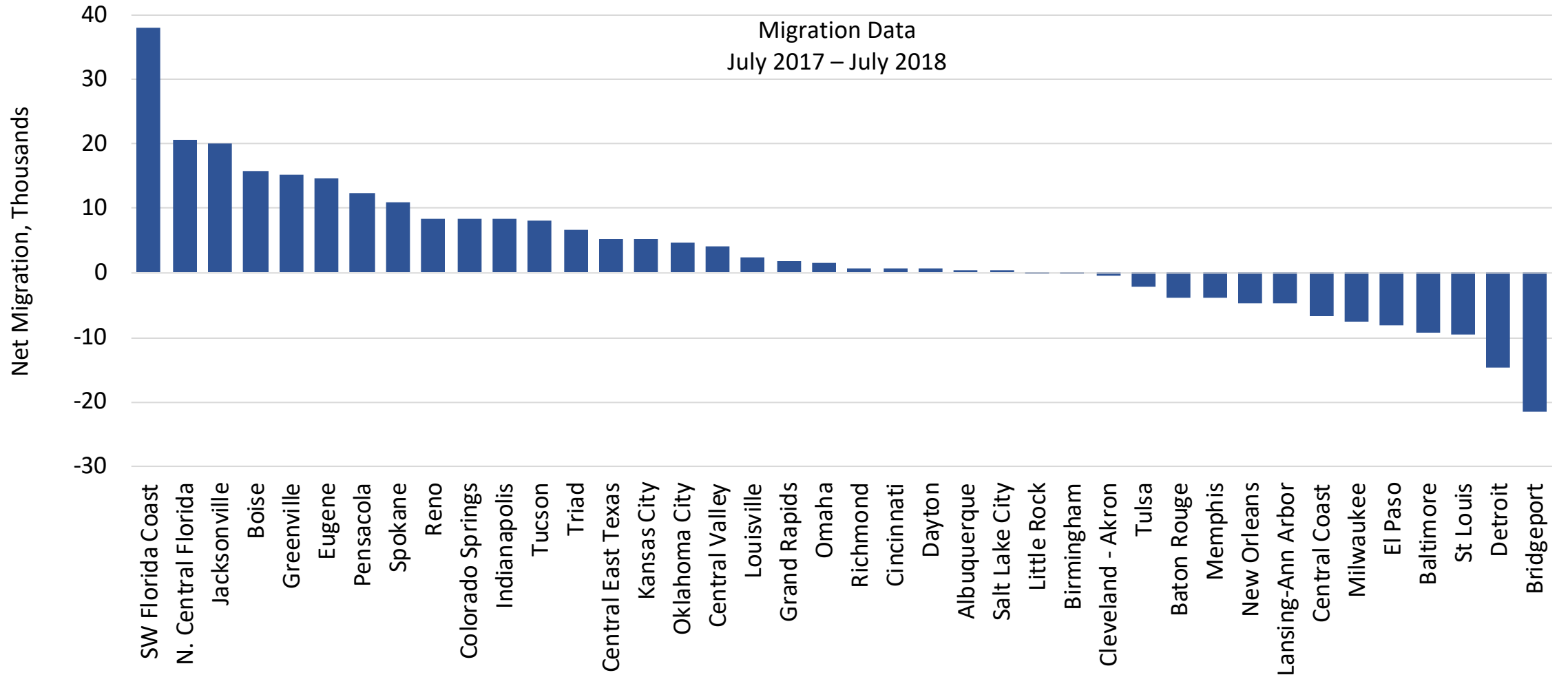
*40 “next tier” markets

Source: Moody’s Analytics; U.S. Census Bureau (BOC)

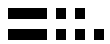




Domestic Migration Trend in “Next Tier” of Markets: Northeast and Midwest Struggling



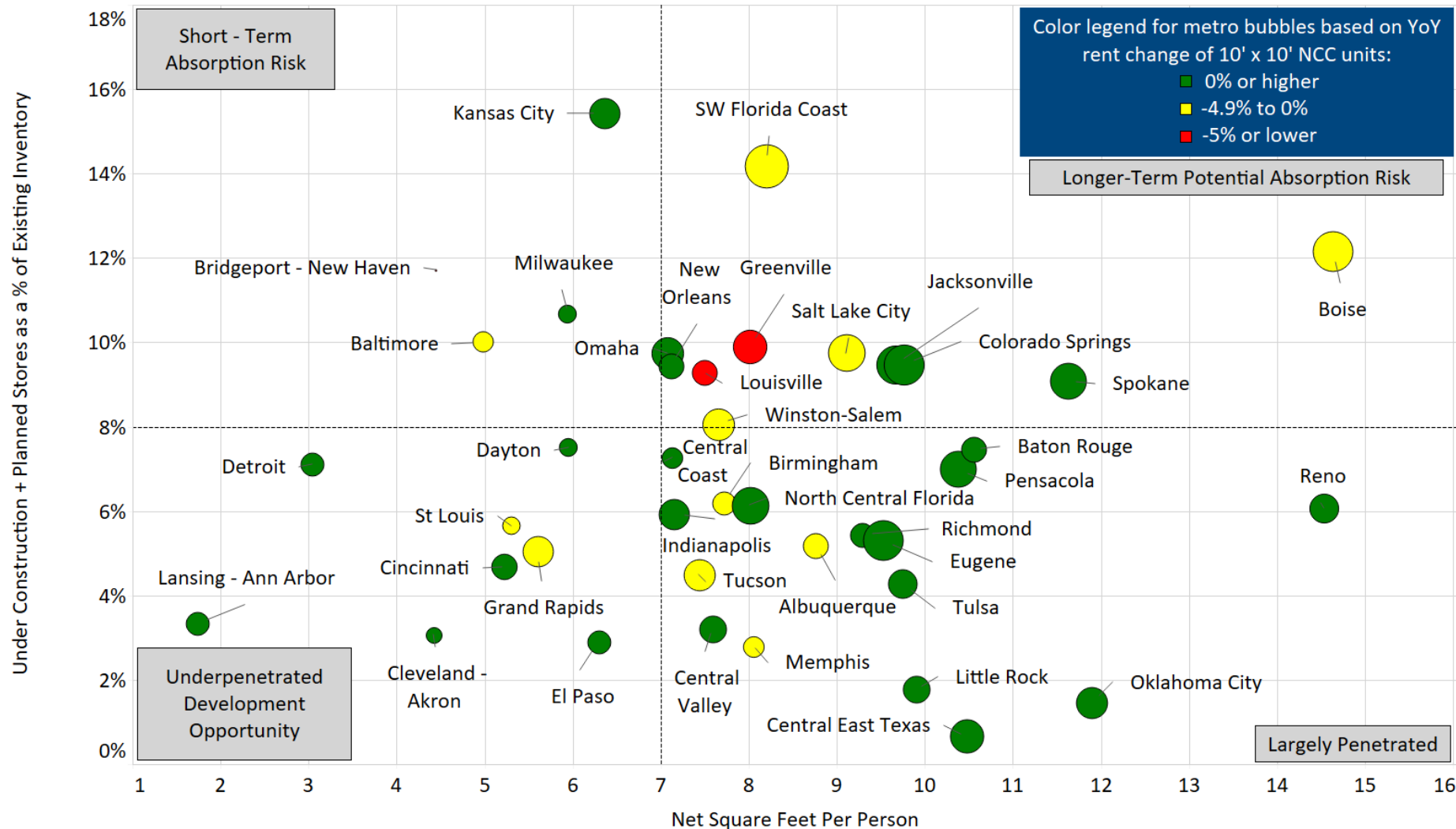
*40 “next tier” markets
Source: U.S. Census Bureau (BOC)



Most of the “Next Tier” Markets Had Positive Street Rate Growth in 2019



2019 Snapshot: February 2019 Supply and Rent Growth
(Bubble Size represents 2018 population growth rate)

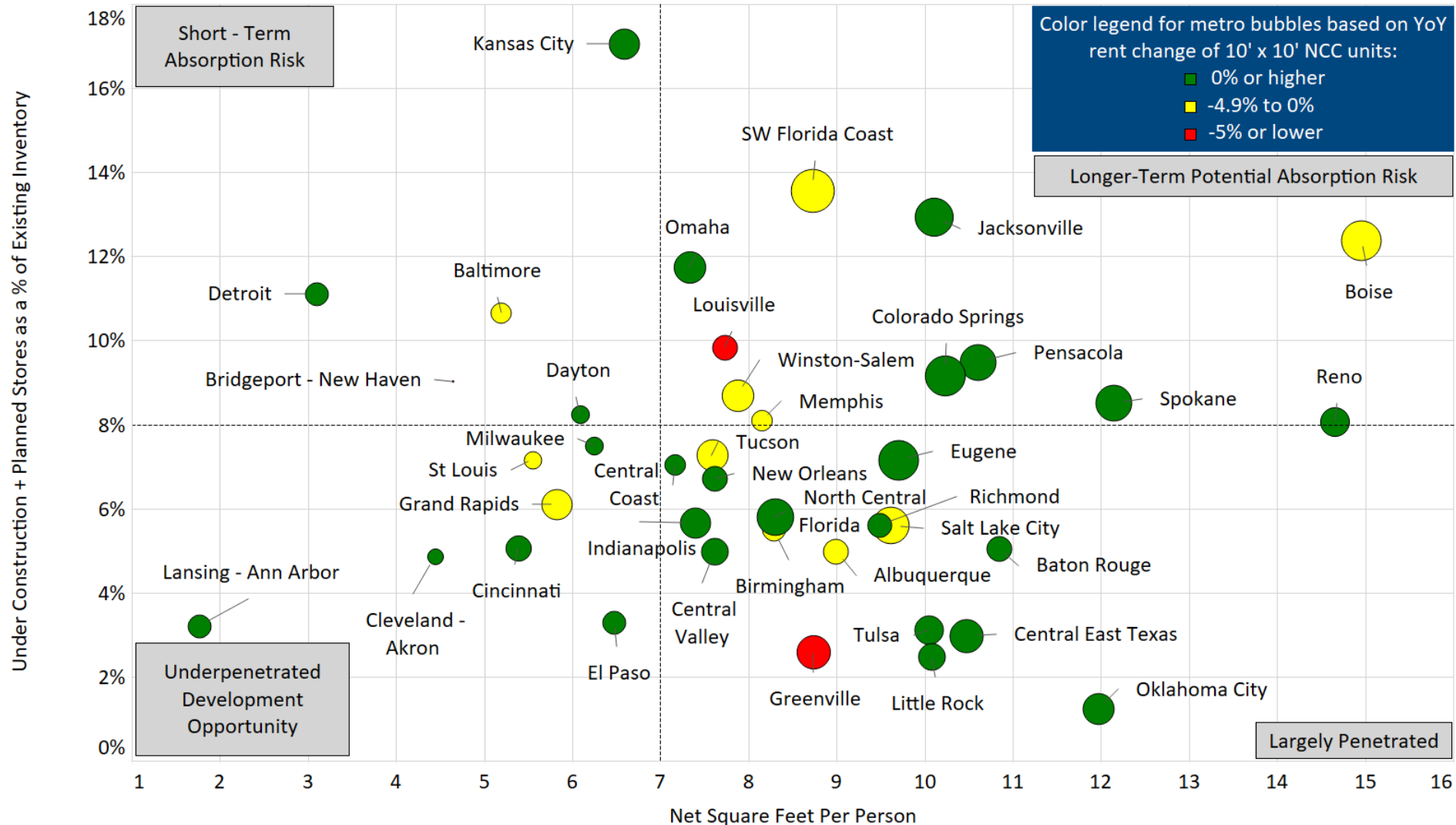


Source: Yardi Matrix



There Has Been a Shift to the Two Right Quadrants Since Last Year, Reflecting an Influx of Supply in “Next Tier” Markets

2020 Snapshot: February 2020 Supply and Rent Growth
(Bubble Size represents 2018 population growth rate)



Source: Yardi Matrix



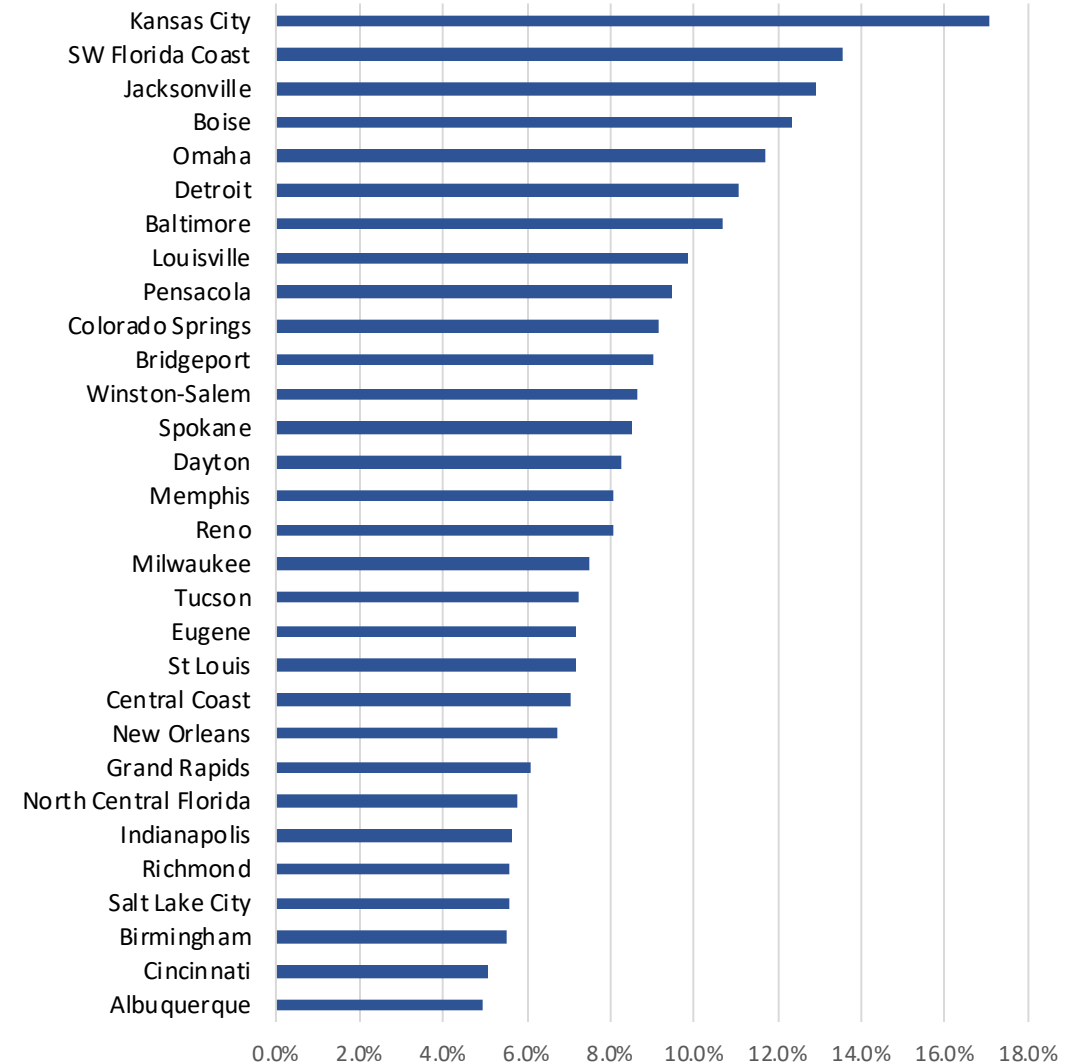


There Are Heavy New Supply Pipelines Across the Board



| Metro | UC + Planned % of Completed Feb 2020 | Metro | UC + Planned % of Completed Feb 2020 |
|------------------|--------------------------------------|-----------------------|--------------------------------------|
| Kansas City | 17.1% | Reno | 8.1% |
| SW Florida Coast | 13.6% | Milwaukee | 7.5% |
| Jacksonville | 12.9% | Tucson | 7.3% |
| Boise | 12.4% | Eugene | 7.2% |
| Omaha | 11.7% | St Louis | 7.1% |
| Detroit | 11.1% | Central Coast | 7.0% |
| Baltimore | 10.7% | New Orleans | 6.7% |
| Louisville | 9.8% | Grand Rapids | 6.1% |
| Pensacola | 9.5% | North Central Florida | 5.8% |
| Colorado Springs | 9.2% | Indianapolis | 5.7% |
| Bridgeport | 9.0% | Richmond | 5.6% |
| Winston-Salem | 8.7% | Salt Lake City | 5.6% |
| Spokane | 8.5% | Birmingham | 5.5% |
| Dayton | 8.2% | Cincinnati | 5.0% |
| Memphis | 8.1% | Albuquerque | 5.0% |

Under Construction and Planned as a % of Existing Inventory



*Top 30 markets out of 40 "next tier" markets

Source: Yardi Matrix, Data as of February 2020





10x10 Non-Climate Controlled Street Rate Trends

Vary Quite a Bit Across the “Next Tier” Markets



| Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend | Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend |
|--------------------|------------------------------------|------------------------------------|--------|---------------------|----------------|------------------------------------|------------------------------------|--------|---------------------|
| Jacksonville | -8.4% | 8.0% | 16.5% | Positive/increasing | Dayton | 2.6% | 2.5% | -0.1% | Positive/decreasing |
| N.C. Florida | -8.5% | 1.2% | 9.7% | Positive/increasing | Central Valley | 3.2% | 3.1% | -0.1% | Positive/decreasing |
| New Orleans | 5.1% | 13.5% | 8.4% | Positive/increasing | Cincinnati | 1.2% | 0.0% | -1.2% | Stagnant/decreasing |
| El Paso | 0.0% | 7.1% | 7.1% | Positive/increasing | Central Coast | 2.3% | 1.1% | -1.2% | Positive/decreasing |
| Colorado Springs | -2.8% | 1.9% | 4.6% | Positive/increasing | Baltimore | 0.8% | -0.8% | -1.6% | Negative/decreasing |
| Milwaukee | -3.2% | 1.1% | 4.3% | Positive/increasing | Reno | 5.0% | 2.8% | -2.1% | Positive/decreasing |
| St Louis | -4.3% | -1.1% | 3.1% | Negative/increasing | Albuquerque | 1.1% | -1.1% | -2.2% | Negative/decreasing |
| Omaha | 0.0% | 2.6% | 2.6% | Positive/increasing | Spokane | 3.3% | 1.1% | -2.3% | Positive/decreasing |
| Kansas City | -1.1% | 1.1% | 2.1% | Positive/increasing | Detroit | 3.0% | 0.0% | -3.0% | Stagnant/decreasing |
| Central East Texas | 1.4% | 2.7% | 1.3% | Positive/increasing | Salt Lake City | 3.2% | -1.0% | -4.3% | Negative/decreasing |
| Indianapolis | 0.0% | 1.2% | 1.2% | Positive/increasing | Triad | 3.8% | -1.2% | -5.0% | Negative/decreasing |
| Eugene | 0.9% | 1.8% | 0.9% | Positive/increasing | Pensacola | 8.6% | 3.4% | -5.2% | Positive/decreasing |
| Oklahoma City | 0.0% | 0.0% | 0.0% | Stagnant/stable | Little Rock | 7.6% | 1.4% | -6.2% | Positive/decreasing |
| Tulsa | 0.0% | 0.0% | 0.0% | Stagnant/stable | Tucson | 9.2% | -1.1% | -10.2% | Negative/decreasing |
| Cleveland | 1.1% | 1.1% | 0.0% | Positive/stable | Baton Rouge | 16.3% | 5.4% | -10.9% | Positive/decreasing |

*Top 30 markets with the highest growth in street rates Feb '19-Feb'20 of the 40 “next tier” markets

Source: Yardi Matrix



As With Non-CC Rates, 10x10 Climate Controlled Rates Are Positive and Accelerating in Some Markets, but Worsening in Others

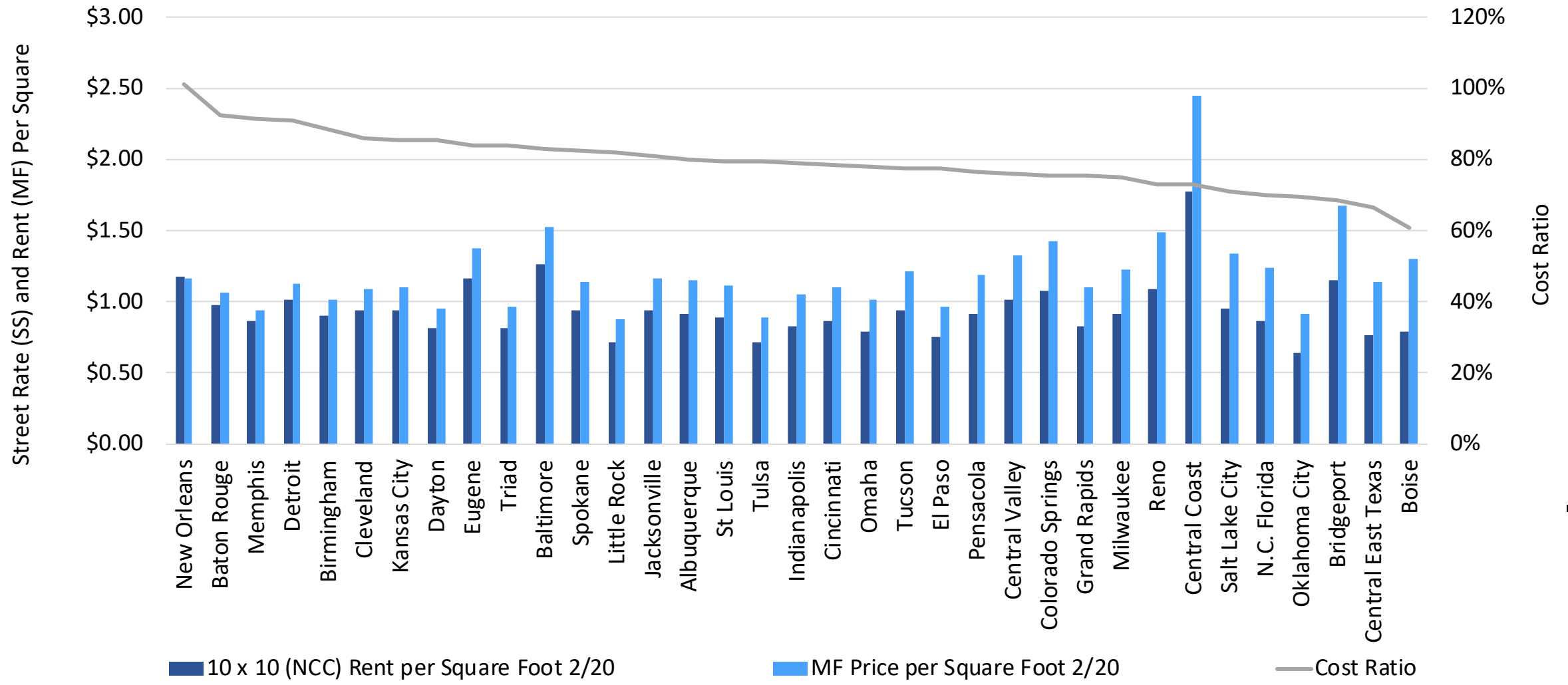
| Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend | Market | Growth in Street Rates Feb '18-'19 | Growth in Street Rates Feb '19-'20 | Change | Trend |
|--------------------|------------------------------------|------------------------------------|--------|---------------------|----------------|------------------------------------|------------------------------------|--------|---------------------|
| Jacksonville | -14.2% | 10.7% | 24.8% | Positive/increasing | Baton Rouge | 4.7% | 3.6% | -1.1% | Positive/decreasing |
| Spokane | -10.5% | -0.9% | 9.6% | Negative/increasing | Cleveland | 1.6% | -0.8% | -2.4% | Negative/decreasing |
| New Orleans | -2.1% | 2.9% | 5.1% | Positive/increasing | Salt Lake City | -1.7% | -4.3% | -2.6% | Negative/decreasing |
| N.C. Florida | -4.1% | 0.8% | 4.9% | Positive/increasing | Pensacola | 4.4% | 1.7% | -2.7% | Positive/decreasing |
| Kansas City | -4.1% | 0.0% | 4.1% | Stagnant/increasing | Cincinnati | 1.9% | -0.9% | -2.8% | Negative/decreasing |
| Central Valley | 1.6% | 5.6% | 3.9% | Positive/increasing | Baltimore | -0.7% | -3.6% | -2.9% | Negative/decreasing |
| Omaha | -2.1% | 0.0% | 2.1% | Stagnant/increasing | Triad | 1.9% | -1.0% | -2.9% | Negative/decreasing |
| Central Coast | -4.1% | -2.2% | 2.0% | Negative/increasing | Detroit | 1.6% | -1.6% | -3.1% | Negative/decreasing |
| Central East Texas | 0.0% | 1.9% | 1.9% | Positive/increasing | Tucson | 4.6% | 0.9% | -3.7% | Positive/decreasing |
| Tulsa | -0.9% | 0.9% | 1.8% | Positive/increasing | Birmingham | -0.8% | -5.8% | -5.0% | Negative/decreasing |
| Little Rock | -0.8% | 0.8% | 1.7% | Positive/increasing | Eugene | 3.3% | -2.4% | -5.7% | Negative/decreasing |
| Oklahoma City | -2.3% | -1.2% | 1.1% | Negative/increasing | El Paso | 3.1% | -3.0% | -6.2% | Negative/decreasing |
| Reno | -0.8% | 0.0% | 0.8% | Stagnant/increasing | Memphis | 5.5% | -0.9% | -6.4% | Negative/decreasing |
| Boise | 0.0% | 0.0% | 0.0% | Stagnant/stable | Indianapolis | 3.8% | -3.7% | -7.5% | Negative/decreasing |
| Milwaukee | -3.5% | -3.6% | -0.1% | Negative/decreasing | Dayton | 5.2% | -2.5% | -7.6% | Negative/decreasing |

*Top 30 markets with the highest growth in street rates Feb '19-Feb'20 of the 40 "next tier" markets

Source: Yardi Matrix

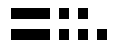


There are Opportunities to Drive Street Rates in Almost All “Next Tier” Markets, Particularly Boise, Central East Texas & Bridgeport



Source: Yardi Matrix



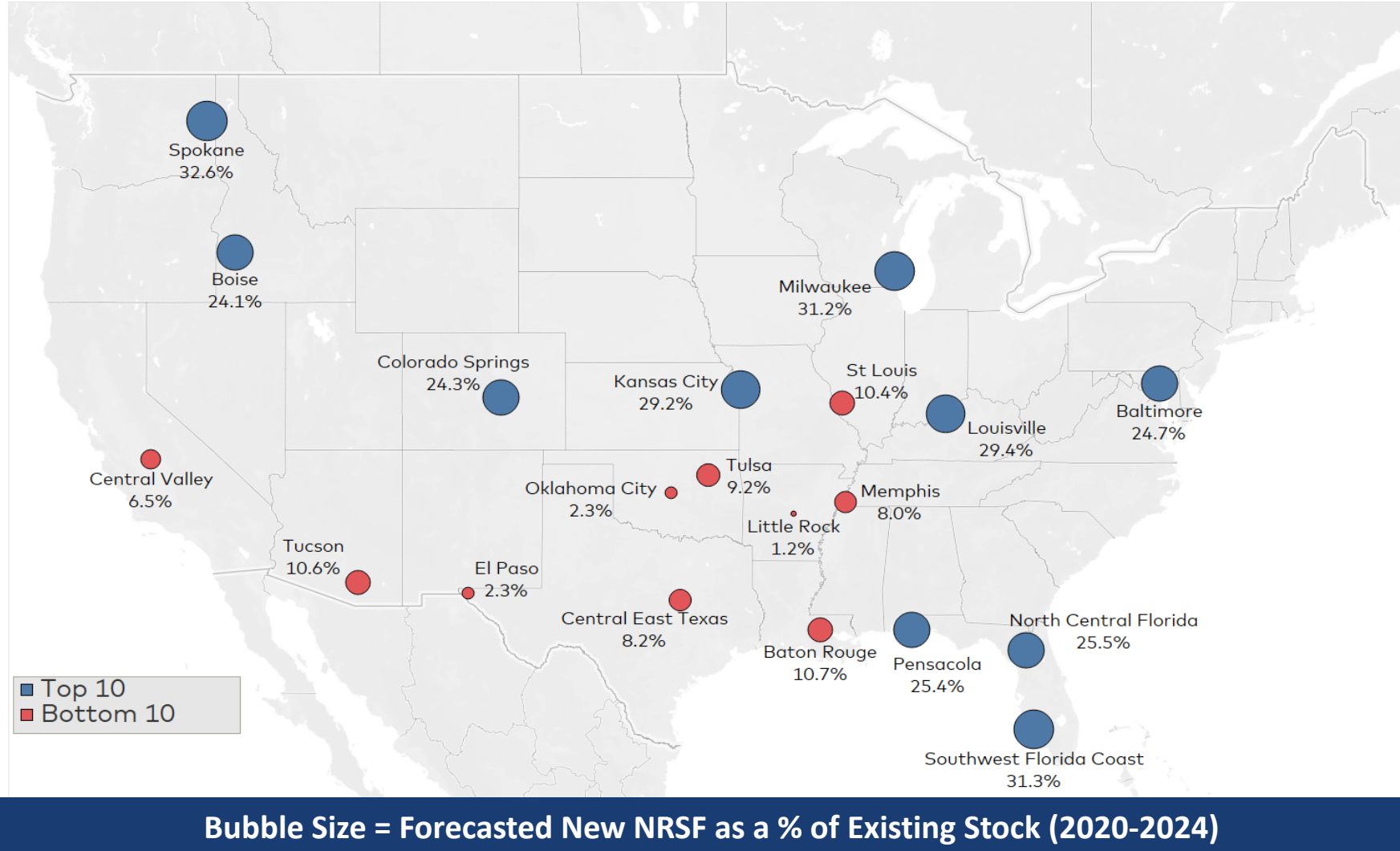


Retail to Storage Opportunities are Also Growing in the “Next Tier” Markets

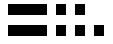


| Retailer Closing: Store Address | Nearest Metro | Distance to Metro (Miles) | Is store in Opportunity Zone? (Y/N) | # of Facilities Within 5 Miles | 5-Mile NRSF Per Capita if Property is Converted |
|--|---------------|---------------------------|-------------------------------------|--------------------------------|---|
| Sears: 621 Richmond Rd, Richmond Heights, OH | Cleveland | 8 | N | 9 | 2.3 |
| Kmart: 2211 S. Green Bay Road, Racine, WI | Milwaukee | 19 | N | 7 | 3.8 |
| Kmart: 8980 Waltham Woods Rd, Baltimore, MD | Baltimore | - | N | 12 | 4.4 |
| Toys R Us: 137 Northshore Blvd., Slidell, LA | New Orleans | 24 | N | 6 | 4.4 |
| Macy’s: 9531 Colerain Ave., Cincinnati, OH | Cincinnati | - | N | 8 | 4.4 |
| Kmart: 2803 E Kaneshville Blvd, Council Bluffs, IA | Omaha | 6 | N | 5 | 4.5 |
| Kmart: 1025 M-24, Lake Orion, MI | Detroit | 28 | N | 6 | 4.6 |
| Toys R Us: 2600 McFarland Blvd., Tuscaloosa, AL | Birmingham | 42 | N | 16 | 5.2 |
| Kmart: 7836 State Ave., Kansas City, KS | Kansas City | 8 | N | 6 | 5.2 |

Most “Next Tier” Markets Face Short-Term Absorption Risk with Forecasted New NRSF Above 15% of Existing Stock



Bubble Size = Forecasted New NRSF as a % of Existing Stock (2020-2024)



In Summary:



- Street rate growth remains positive in most tertiary markets
- Both development and investment opportunities remain in smaller markets with strong demographics
- However, developers have begun adding projects to the pipeline and the next tier of markets will likely resemble the top 30...but 1-2 years behind
- Sharpshooting opportunities may arise, but be wary, markets with smaller populations and less diverse economies can become oversupplied much quicker





Storage Ecosystem: Tech Trends



☹️ With the Glut of New Supply, Marketing Becomes Key... ☹️

However, a Few Things are Making Marketing Storage Units Difficult

Problems:

1) Expensive Google Search Leads

- Google keyword search prices have shot up recently
- Google has become an unaffordable marketing tool unless you are one of the top major players

2) High Turnover

- Storage turnover is currently around 4-6% per month – extremely high

Solutions:

1) Find Ways to Market Better

2) Find Ways to Lower Costs (Tech/Automation)



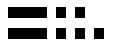
What are We Doing About It?

RENT*Café*[®] and STORAGE*Café*[®]



- We are creating the opportunity for people looking for apartments to also find storage
- Yardi's RENT*Café*[®] Multifamily Marketing Program is used by owners & managers of millions of units to market and lease their properties
- Storage availability is marketed to these new apartment renters – in a captive environment outside of the expensive, storage only, Google keyword searches
- Hundreds of storage leads per month are being generated – and they are available exclusively to Yardi[®] Breeze clients (add'l fees do apply)
- Full storage on-line leasing capability exists today – from e-signing the lease to making payments, both one-time and recurring





RENTCafé® and STORAGECafé®



RENTCafé® Denver Rentals Denver Storage Denver Rent Trends Blog Rent Calculator Login ▾

[← View all apartments in Denver](#)

RENTCafé > Colorado > Denver County > Denver > South Denver > Wellshire Denver > One Observatory Park

One Observatory Park (2)

Studio - 2 Beds / 1 - 2 Baths / Apartment

2360 E. Evans Avenue., Denver, CO 80210

Last updated 19 Mar 2020

VERIFIED LISTING

PHOTOS **MAP**

Search for apartments on RENTCafé and click on a property

Scroll to the bottom of the listing and see Nearby Storage Units

Nearby Storage Units



DTC Self Storage - 7326 ...
 \$31 - \$650
 Self-Storage, Parking
 / 25 - 675 Sq.Ft.

[VIEW STORAGE UNIT](#)



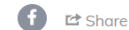
Rampart Storage Center ...
 \$45 - \$385
 Self-Storage, Parking
 / 25 - 450 Sq.Ft.

[VIEW STORAGE UNIT](#)



CubeSmart Self Storage ...
 \$35 - \$237
 Self-Storage, Parking
 / 15 - 300 Sq.Ft.

[VIEW STORAGE UNIT](#)



Phone Number

Message*

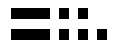
Hi, I found the listing for One Observatory Park on RENTCafe.com and I am interested to find out more or schedule a visit.

Email me more apartment listings like this.

I'm not a robot

[SEND MY MESSAGE](#)





Yardi Matrix House View – Self Storage




- **U.S. Economy has plunged into a steep recession**
 - Record jobless claims has brought an end to the 113 month employment expansion
 - GDP likely to drop between 10-20% in Q2 as services, airline, oil industry shut down
 - Optimism for recovery in Q3 and Q4 if COVID-19 cases can stabilize in May or June
- **Top 30 metros are oversupplied, but may get tailwind from increased demand**
 - Storage inquiries and move-ins appear to be increasing in the past 30 days
 - New supply remains the focus of operators and developers in many of the major markets
 - Street rates are still negative but showing signs of improving in a few metros
 - Older primary markets have some of the largest pipelines
- **Next tier markets have some opportunity for development and investment, but the trend looks similar to larger metros**
 - Developers and investors are looking further afield into tertiary markets with strong migration and job growth
 - Smaller markets however, will become oversupplied faster than larger markets
- **Tech and marketing platforms offer solutions to supply and customer acquisition issues**



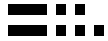
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