



Yardi[®] Matrix

National Self Storage Report

November 2022



Self Storage Supply and Rent Recap

Macro environment impacting storage; operators prepare for downside

- Street rates are softening as the industry is affected by the increasingly difficult economy and rapidly rising interest rates. Average street rates for both 10X10 CC and 10X10 NON CC units slipped in October for the second straight month as demand weakens. Home sales, a major driver of storage demand, have slowed sharply in recent months as rising mortgage rates have made homebuying less affordable. What's more, as inflation persists and a recession is increasingly likely, households are cutting expenditures on non-essential items such as storage. To prepare for the more difficult economic landscape, operators are reducing street rates to maintain high levels of occupancy and looking for ways to cut costs to further protect themselves from a recession. As a result, a growing number of operators are moving to remote management to reduce the number of people needed on-site and cut operating costs at their stores.

Further moderation in street rate performance

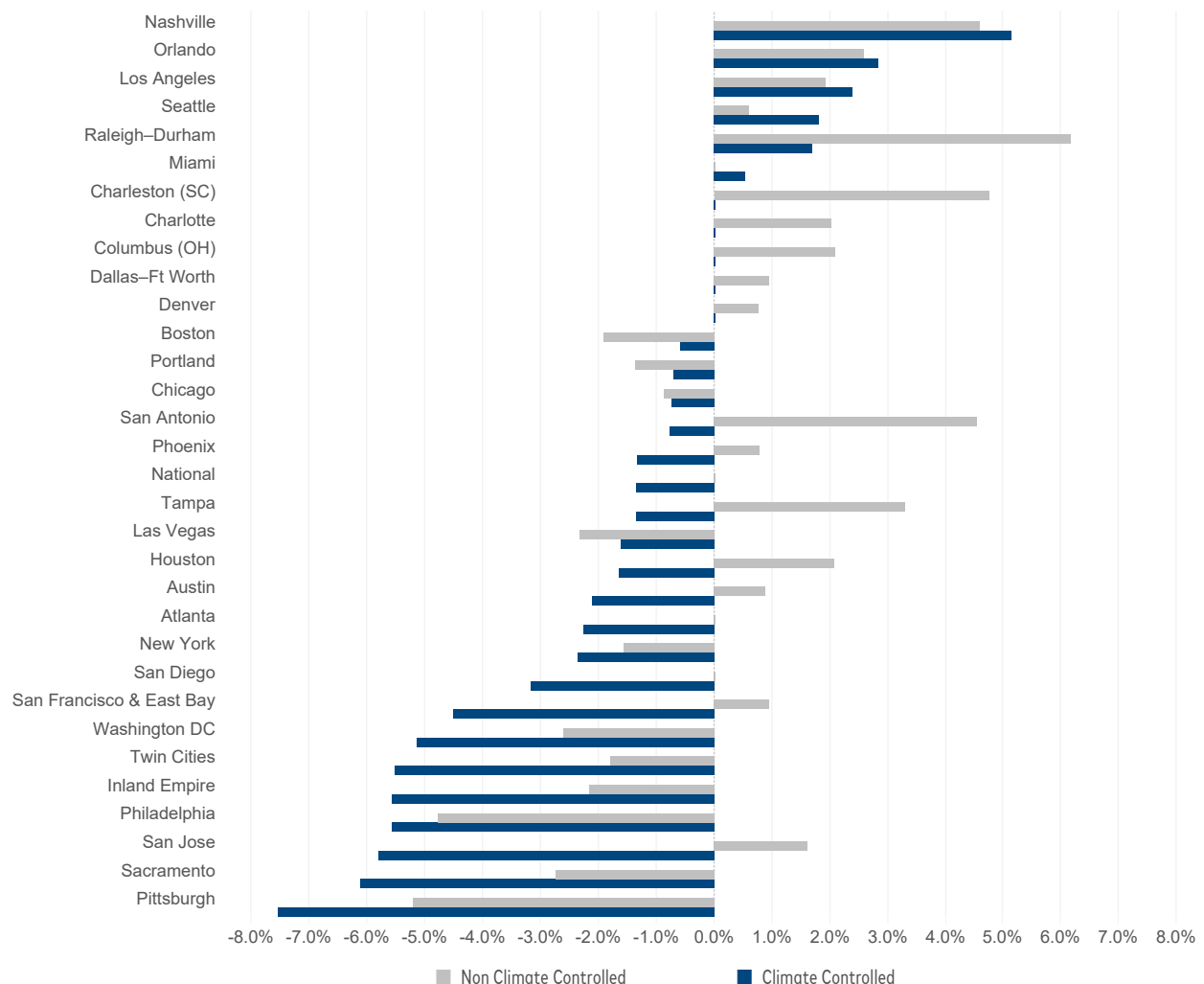
- Street rate growth continues to decelerate. On a national level, the overall average street rate, which includes all unit types and sizes, decreased 0.7% annually. The national average rate in October was \$145, the lowest it's been this year.
- For 10x10 non-climate-controlled (NON CC) units, only one of the top 31 Matrix self storage metros had an annual street rate increase greater than 5.0% in October, while rates decreased in 11 of the top metros. For 10x10 climate-controlled (CC) units, one of the top 31 had 5.0% or more growth, while 21 metros registered negative rate growth year-over-year. Secondary markets with strong population growth continue to see the strongest performance at the metro level.
- Nationally, Yardi Matrix tracks a total of 4,458 self storage properties in various stages of development, including 1,711 planned, 800 under construction and 604 prospective properties. The new-supply pipeline as a percentage of existing inventory increased 20 basis points month-over-month in October. The share of projects in the planning stage or under construction is equivalent to 10.9% of existing stock.
- Yardi Matrix also maintains operational profiles for 28,847 completed self storage facilities across the U.S., bringing the total data set to 33,305.

Street Rate Growth Update

Annual street rate growth slows across the nation

- National street rates for 10x10 NON CC units remained flat year-over-year in October, while rates for similar-size CC units dropped 1.4%. The national average rate for 10x10 NON CC units fell to \$129, a \$4 drop from the peak experienced this summer. National rates for 10x10 CC units have fallen \$6 from their record high to an average of \$146 in October. The rate reduction is happening in most markets, a sign the industry is undergoing a correction. While rates will likely remain above pre-pandemic levels, we anticipate growth will continue to slow, especially compared to the last two years.
- Five of the 10 worst-performing markets in October were in California: Sacramento, San Jose, the Inland Empire, San Francisco & the East Bay and San Diego. However, the largest decreases were in Pittsburgh, where street rates for 10x10 NON CC units fell 5.2% year-over-year, while rates for similar-size CC units dropped 7.5%.

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



Source: Yardi Matrix. Street rate data as of November 8, 2022

Monthly Sequential Rents

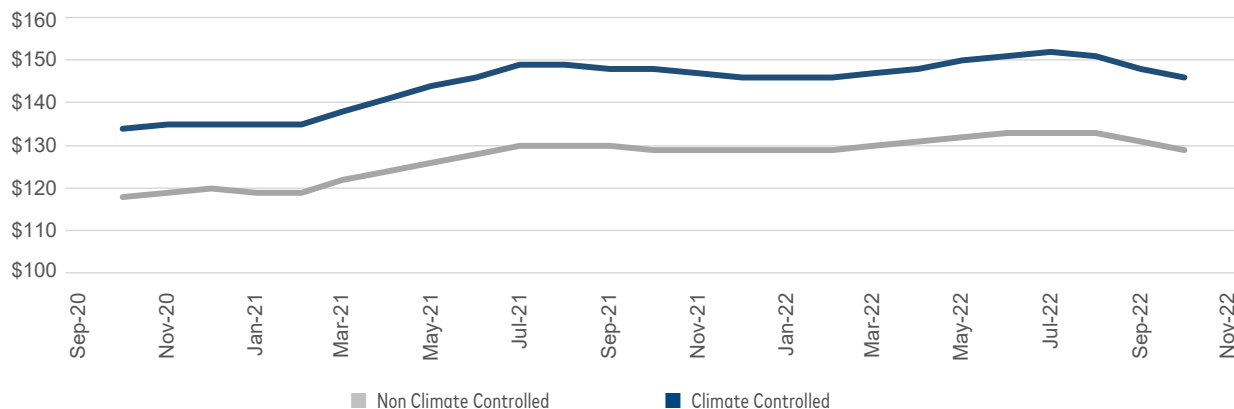
Almost all top metros register street rate decreases in October

- On a monthly basis, rate growth decelerated both nationally and in all of the top markets at the start of the fourth quarter.
- Nearly all of Yardi Matrix's top 31 metros recorded a month-over-month decrease in street rates for standard-size 10x10 units in October. Street rates for 10x10 NON CC and CC units combined dropped \$4 in two markets and \$3 in another eight markets on a monthly basis. Boston experienced the largest decrease at \$6 month-over-month.
- Phoenix was the only top market to see no change in combined rates on a monthly basis.
- Some moderation in rates is to be expected as the typical seasonal slowdown approaches. However, the reduction in street rates appears to be attributed to more than seasonality, and the industry will likely see prices soften even further in the coming months.

Metro	Sep-22 Average 10' x 10' Street Rate (\$)	Oct-22 Average 10' x 10' Street Rate (\$)	Month-over-Month Change (%)	Change
NATIONAL	\$138	\$136	-1.4%	↓
Phoenix	\$136	\$136	0.0%	–
San Francisco Penin. & East Bay	\$214	\$213	-0.5%	↓
Inland Empire	\$143	\$142	-0.7%	↓
Denver	\$137	\$136	-0.7%	↓
Tampa	\$136	\$135	-0.7%	↓
Las Vegas	\$126	\$125	-0.8%	↓
Charleston (SC)	\$124	\$123	-0.8%	↓
San Antonio	\$122	\$121	-0.8%	↓
Houston	\$109	\$108	-0.9%	↓
San Jose	\$189	\$187	-1.1%	↓
Seattle	\$167	\$165	-1.2%	↓
Philadelphia	\$148	\$146	-1.4%	↓
Portland	\$146	\$144	-1.4%	↓
Los Angeles	\$213	\$210	-1.4%	↓
Austin	\$128	\$126	-1.6%	↓
Nashville	\$127	\$125	-1.6%	↓
San Diego	\$185	\$182	-1.6%	↓
Pittsburgh	\$122	\$120	-1.6%	↓
Miami	\$181	\$178	-1.7%	↓
Minneapolis	\$117	\$115	-1.7%	↓
Dallas-Ft Worth	\$116	\$114	-1.7%	↓
Charlotte	\$114	\$112	-1.8%	↓
Raleigh-Durham	\$112	\$110	-1.8%	↓
New York	\$203	\$199	-2.0%	↓
Sacramento	\$147	\$144	-2.0%	↓
Orlando	\$135	\$132	-2.2%	↓
Chicago	\$128	\$125	-2.3%	↓
Atlanta	\$125	\$122	-2.4%	↓
Washington DC	\$161	\$157	-2.5%	↓
Columbus (OH)	\$107	\$104	-2.8%	↓
Boston	\$169	\$163	-3.6%	↓

Source: Yardi Matrix. Data as of November 8, 2022

National Average Street Rates for 10' x 10' Units



* Drawn from our national database of more than 33,305 properties, including 4,458 in the various stages of development and 28,847 completed properties. Source: Yardi Matrix. Data as of November 8, 2022

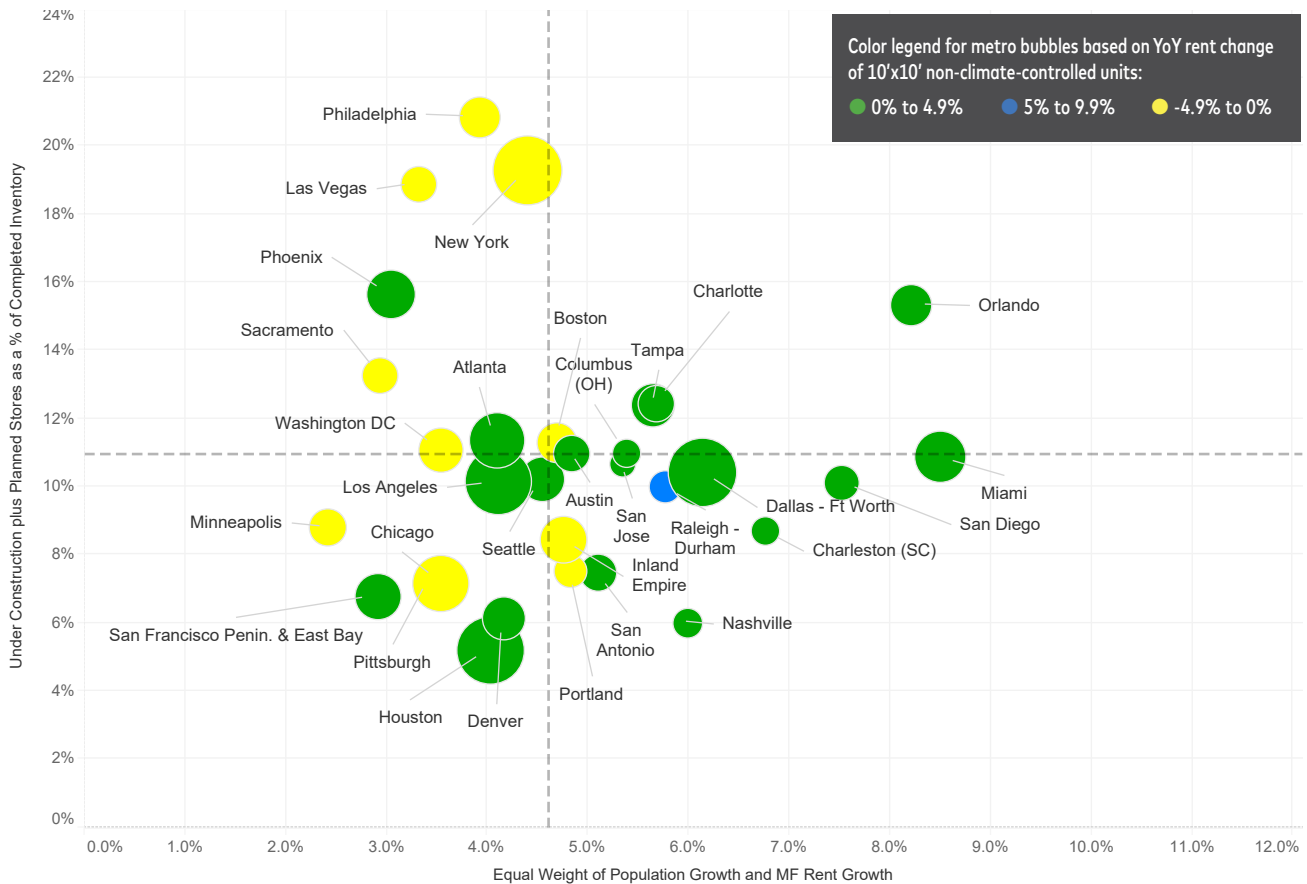
Street Rates and New Supply

Resilient rate growth in markets with high population and multifamily rent growth

- Population growth and multifamily rent growth have proven to have a strong correlation to storage street rate growth. When weighting population growth and multifamily rent growth equally, the majority of the top metros scoring above the national average (4.6%) saw positive annual rate growth for 10x10 NON CC units in October.
- Despite having the highest equal weighting of population growth and multifamily rent growth, street rates for 10x10 NON CC units remained flat year-over-year in Miami. While Miami saw a substantial uptick in multifamily rent growth (16.0%), the metro's population growth is low compared to the other top markets, likely having some impact on local storage rate performance.
- Among the top 31 metros, street rates for 10x10 NON CC units increased the most in Raleigh-Durham, growing 6.2% year-over-year in October. This is not too surprising considering the metro has experienced strong population growth, as well as substantial growth in multifamily rents.

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 November 8, 2022

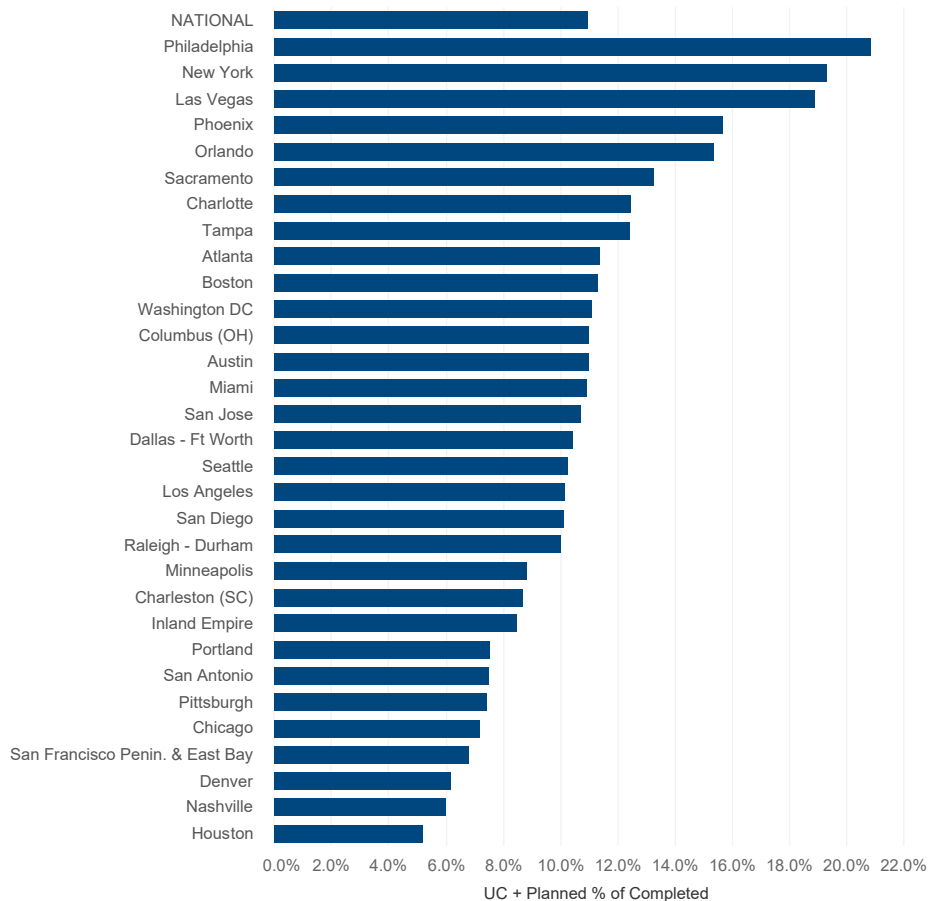
New Supply Update

Development activity increases in October

- The national new-supply pipeline continued to grow in October, with properties under construction or in the planning stages of development accounting for 10.9% of existing inventory, a 20-basis-point increase month-over-month.
- The future pipeline will likely reduce in coming months as new starts wane. With pressure from regulators to reduce balance sheet risk, banks are becoming more conservative with lending on new construction. Supply-chain issues, rising construction costs and now decelerating street rate growth are making deals harder to pencil. Because of this, projects in the planning and prospective stages are likely to be scrutinized a lot harder before moving forward.
- While none of the top 31 metros saw a reduction in their new-supply pipeline in October, 16 markets did see the amount of projects in the under-construction and planning stages as a percent of existing stock remain flat month-over-month.

Under Construction & Planned Supply by Percentage of Existing Inventory

Metro	Sep-22	Oct-22	Change
NATIONAL	10.7%	10.9%	↑
Philadelphia	20.6%	20.8%	↑
New York	19.3%	19.3%	—
Las Vegas	18.7%	18.9%	↑
Phoenix	15.0%	15.6%	↑
Orlando	14.6%	15.3%	↑
Sacramento	12.7%	13.3%	↑
Charlotte	12.4%	12.4%	—
Tampa	12.2%	12.4%	↑
Atlanta	10.6%	11.4%	↑
Boston	11.3%	11.3%	—
Washington DC	10.8%	11.1%	↑
Columbus (OH)	11.0%	11.0%	—
Austin	10.8%	11.0%	↑
Miami	10.2%	10.9%	↑
San Jose	10.7%	10.7%	—
Dallas-Ft Worth	9.8%	10.4%	↑
Seattle	10.2%	10.2%	—
Los Angeles	10.1%	10.1%	—
San Diego	10.1%	10.1%	—
Raleigh-Durham	10.0%	10.0%	—
Minneapolis	8.5%	8.8%	↑
Charleston (SC)	8.7%	8.7%	—
Inland Empire	8.4%	8.4%	—
Portland	7.5%	7.5%	—
San Antonio	7.5%	7.5%	—
Pittsburgh	7.4%	7.4%	—
Chicago	7.2%	7.2%	—
San Francisco	6.5%	6.8%	↑
Penin. & East Bay	6.1%	6.1%	—
Denver	6.1%	6.1%	—
Nashville	5.9%	6.0%	↑
Houston	5.1%	5.2%	↑



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Monthly Rate Recap

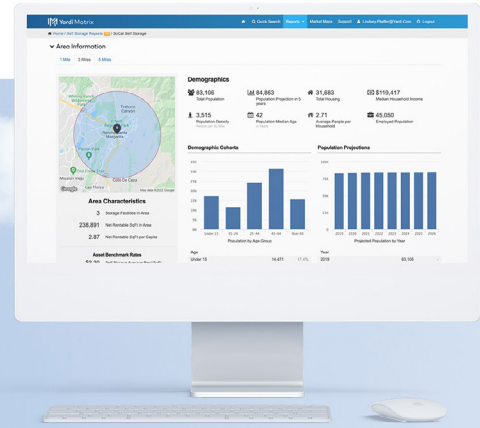
Market	Avg Metro Rate 10'x10' (non cc)	October 2022 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	\$129	0%	0%	0%	-1%	0%
Nashville	\$114	2%	4%	5%	5%	3%
Orlando	\$119	2%	4%	3%	3%	2%
Los Angeles	\$210	1%	2%	2%	2%	1%
Seattle	\$164	0%	1%	1%	2%	-1%
Raleigh-Durham	\$103	5%	5%	6%	2%	6%
Miami	\$169	0%	-1%	0%	1%	-1%
Charleston (SC)	\$110	0%	4%	5%	0%	2%
Charlotte	\$101	4%	2%	2%	0%	1%
Columbus (OH)	\$97	0%	2%	2%	0%	0%
Dallas-Ft Worth	\$105	5%	2%	1%	0%	1%
Denver	\$131	0%	1%	1%	0%	0%
Boston	\$154	0%	0%	-2%	-1%	0%
Portland	\$145	-2%	-1%	-1%	-1%	0%
Chicago	\$117	-2%	-1%	-1%	-1%	-2%
San Antonio	\$115	4%	3%	5%	-1%	3%
Phoenix	\$127	0%	0%	1%	-1%	1%
Tampa	\$125	4%	4%	3%	-1%	4%
Las Vegas	\$126	-2%	-1%	-2%	-2%	-2%
Houston	\$98	3%	2%	2%	-2%	1%
Austin	\$113	2%	3%	1%	-2%	2%
Atlanta	\$114	4%	1%	0%	-2%	1%
San Francisco Penin. & East Bay	\$213	-1%	0%	1%	-2%	0%
New York	\$190	-3%	-1%	-2%	-2%	-1%
San Diego	\$182	1%	1%	0%	-3%	0%
Washington DC	\$149	-3%	-2%	-3%	-5%	-2%
Minneapolis	\$110	-4%	-3%	-2%	-6%	-3%
Philadelphia	\$140	-6%	-5%	-5%	-6%	-4%
Inland Empire	\$136	-2%	-2%	-2%	-6%	-1%
San Jose	\$189	-4%	0%	2%	-6%	-2%
Sacramento	\$142	-5%	-2%	-3%	-6%	-1%
Pittsburgh	\$109	-7%	-4%	-5%	-8%	-6%

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



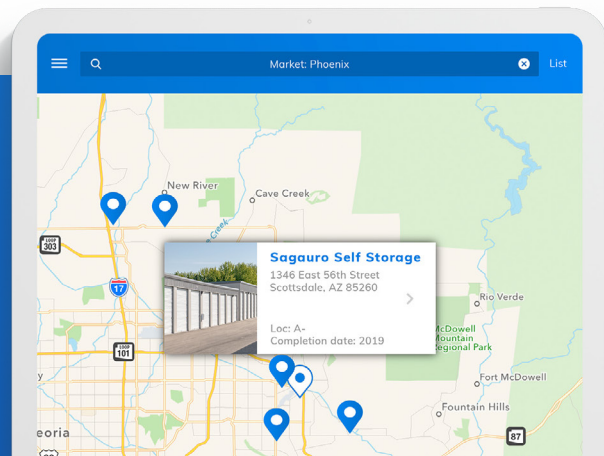
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