



Yardi Matrix

National Self Storage Report

January 2022



Monthly Supply and Rent Recap

After a strong 2021, what can self storage expect for an encore?

- After a year with exceptional rent growth, self storage starts 2022 in a favorable position. Storage executives who participated in a panel at the recent KeyBanc Capital Markets 2022 Self Storage Investor Forum all were optimistic about demand, rent growth and capital trends in the year ahead. One executive stated: "As we look back on 2021 I consider it the greatest year to date in the storage industry." He also said: "2022 will be a good year for our business." Most operators will head into the spring leasing season with uncharacteristically high occupancy rates, giving them pricing power, not only to increase street rates but to bring existing leases up to the new market rates. Although a repeat of 2021's 8.5% rate growth for 10x10 non-climate-controlled units is unlikely, we expect strong growth in 2022.

Street rate growth remains consistent in December

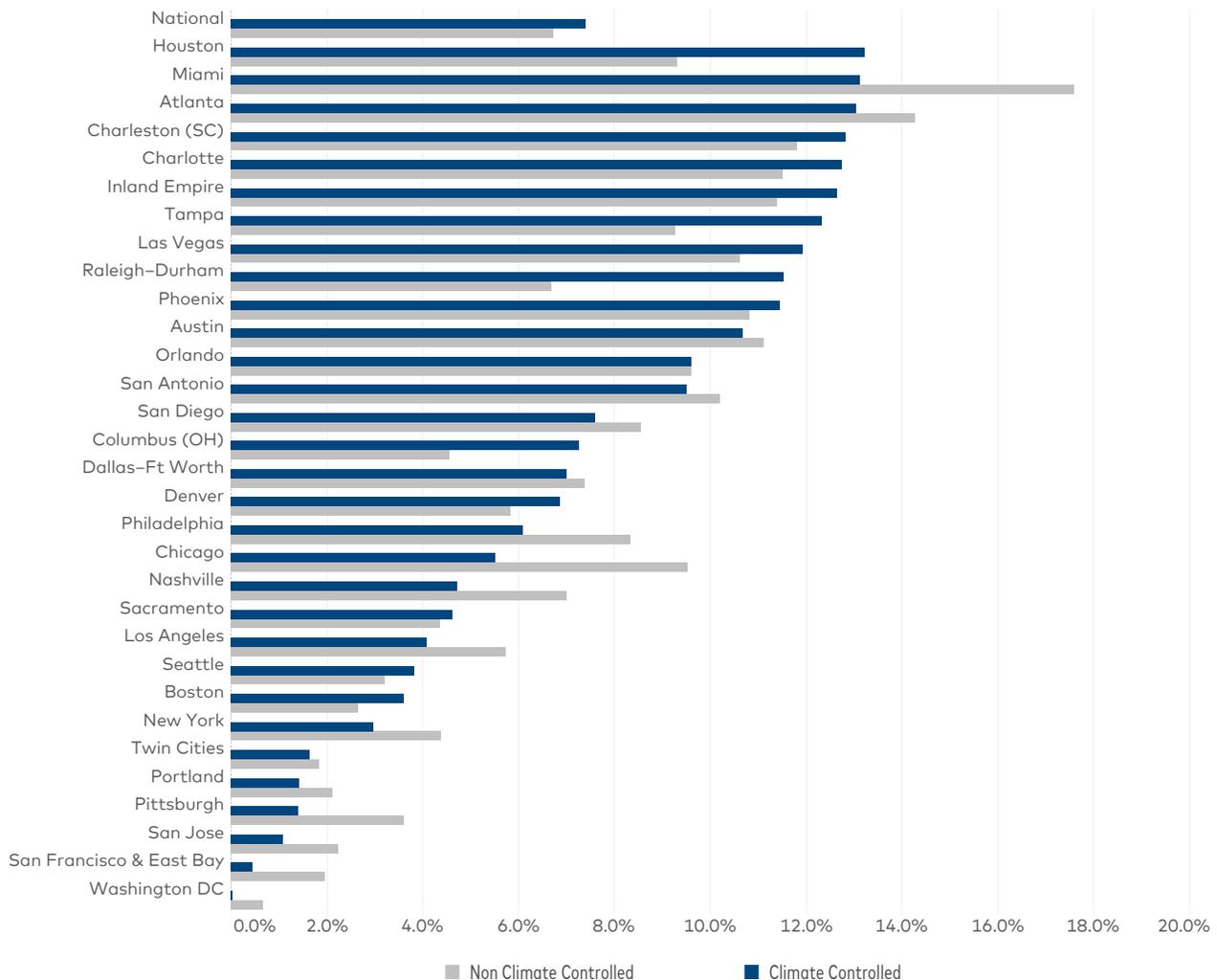
- Amid healthy demand, street rates for self storage properties are coming off record-high gains. National street rates for 10x10 non-climate-controlled (NON CC) units remained at 6.7% growth in December, matching the growth rate from the previous month, while rates for similar-size climate-controlled (CC) units fell to 7.4% over the same time period. The deceleration is not surprising, and street rates remain solid by historical standards.
- Although rent growth is moderating, no metros in the top markets tracked by Yardi Matrix are seeing negative street rate growth for standard-size 10x10 NON CC and 10x10 CC units. Indeed, rent growth was 5.0% or more in 22 of the top 30 markets for NON CC units and 19 of the top 30 metros in the CC unit category. Rent growth has fallen to 2% or less in a handful of metros, including Minneapolis, San Francisco and Washington, D.C.
- Nationally, Yardi Matrix tracks a total of 3,022 self storage properties in various stages of development—comprising 734 under construction, 1,285 planned and 508 prospective properties. The new-supply pipeline as a percent of existing inventory increased by 10 basis points month-over-month, putting the share of existing projects in the planning or under-construction stages at 8.9% of existing stock.
- Yardi Matrix also maintains operational profiles for 27,245 completed self storage facilities across the United States, bringing the total data set to 31,053.

Monthly Rate Growth Update

Street rates dip in December, remain high year-over-year

- Street rates for 10x10 NON CC units declined nationally by \$1 to \$127 in December from the prior month. National street rates for 10x10 CC units declined by \$1 for the third straight month to \$145. The reasons for optimism include the expansion of the traditional "4Ds" of self storage demand: death, divorce, dislocation and disaster. Self storage executives see robust demand not only from traditional drivers but from two additional Ds: decluttering and distribution/business demand.
- Year-over-year, national rates for 10x10 NON CC units increased 6.7% in December, a 180-basis-point drop from the gain recorded in November. Meanwhile, rates for 10x10 CC units increased 7.4%, or 80 basis points below the gain registered a month prior. While performance is slipping from the extraordinary gains made during the summer, the growth rates are well ahead of where they were in December 2020, when national year-over-year increases were 2.3% for 10X10 NON CC and 3.5% for CC units.

December 2021 Year-over-Year Rent Change for 10'x10' Units



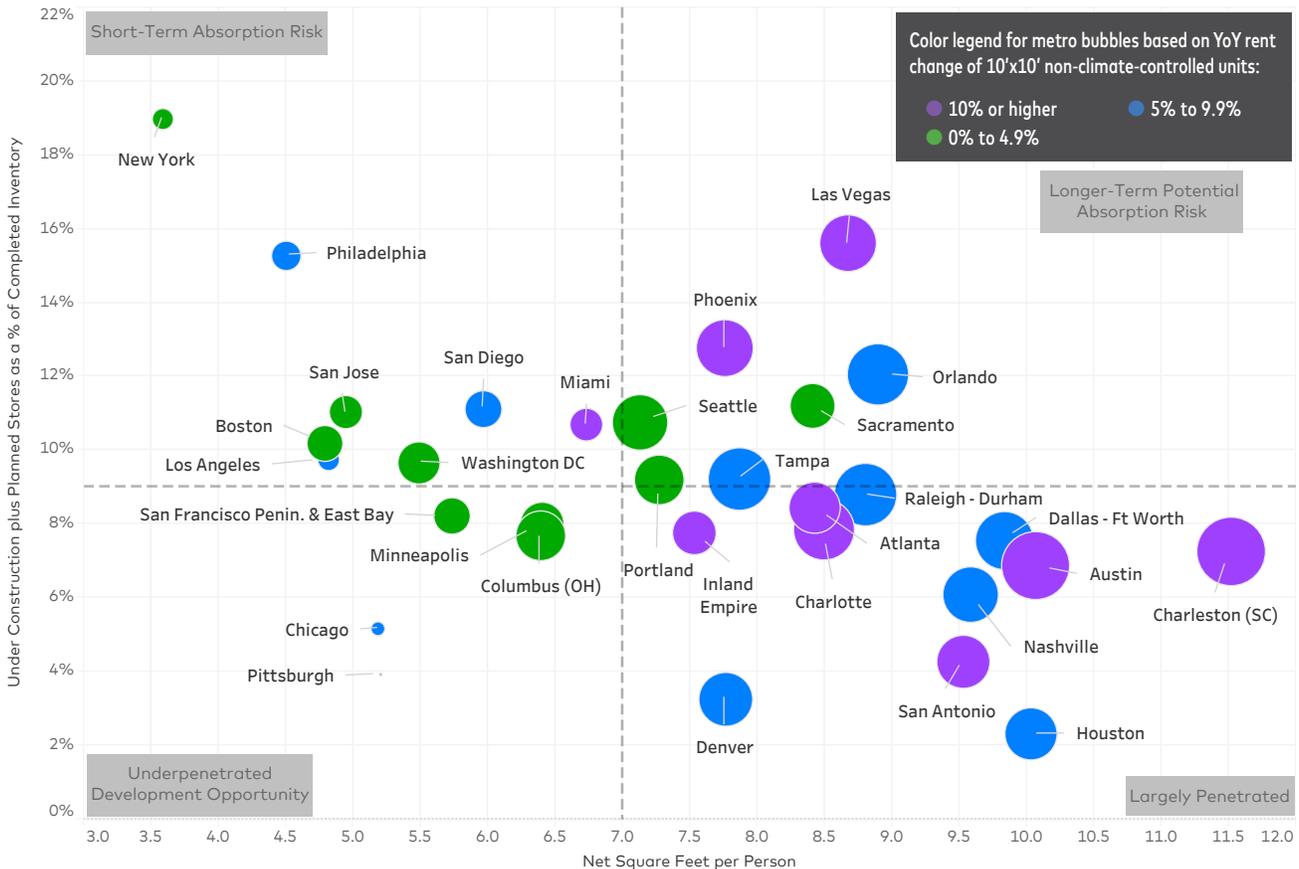
Source: Yardi Matrix. Street rate data as of Jan. 10, 2022

Monthly Rate Growth Update

Self storage operators start 2022 with confidence

- The pandemic, ability to work from home and vibrant housing market have helped to foment migration and increased the use of self storage for home offices and gyms. What's more, an increasing number of businesses are using larger storage units for distribution and logistics facilities. Properties near population centers "are perfectly located for last-mile delivery," says Joseph Saffire, chief executive of Life Storage. "We are working on providing the tools that allow retailers and e-commerce sellers to use self storage to support their logistics needs."
- Growth is concentrated in rapidly expanding secondary markets in the South, Southwest and West, particularly Las Vegas, Phoenix and Dallas. The "Acela Corridor" in the Northeast is seeing much slower growth. Brooklyn in particular is digesting the large amount of supply that has been delivered in recent years.

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



Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of Jan. 10, 2022

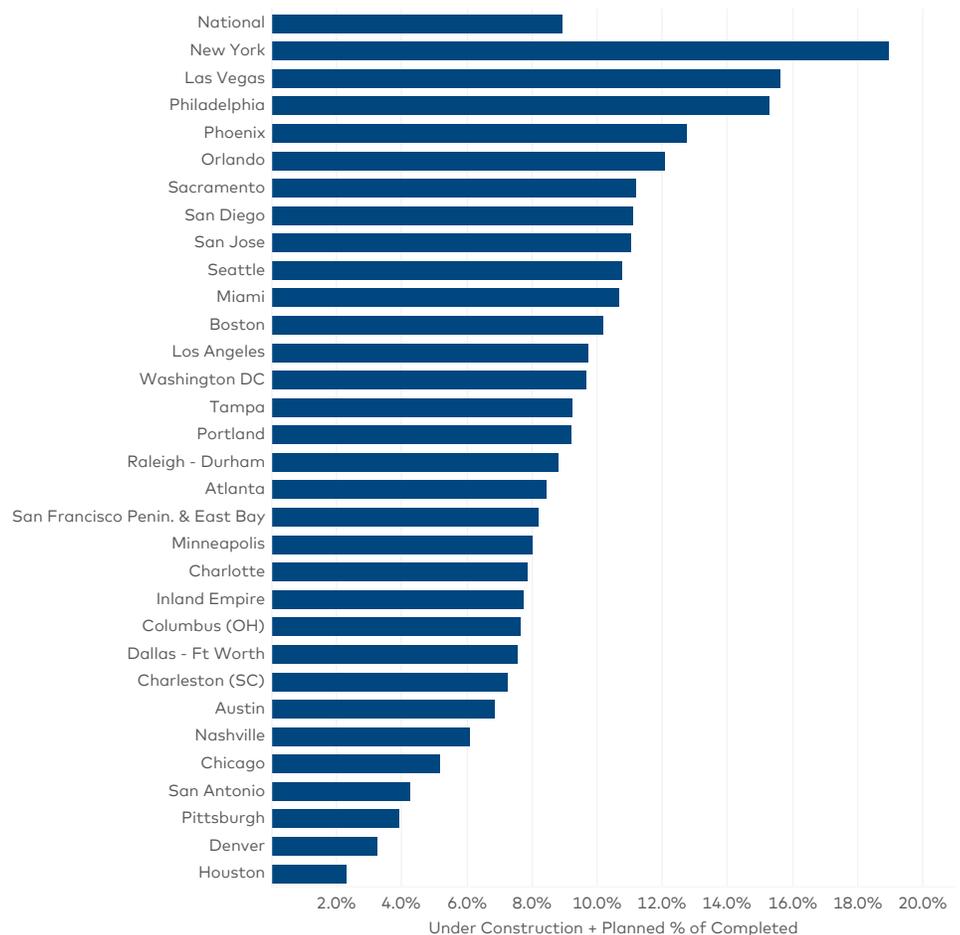
Monthly New Supply Update

Investor demand prompts drop in self storage acquisition yields

- The national new-supply pipeline inched up in December, with properties under construction or in the planning stages of development equal to 8.9% of existing inventory, marking a 10-basis-point uptick from November. The number of storage projects being built reached a new high. The number of properties under construction nationwide increased by 24 to 719, and the number of projects in the planning stages dropped by four to 1,252.
- The combination of increased equity and cheap debt has pushed acquisition yields into the 4% range for most properties, and 5-6% for value-add assets. Construction financing is also flowing, led by commercial banks and private equity funds, which are a more recent entrant into the segment.
- Property owners say that some of the growth in rent income is being eaten up by increases on the expense side. Expenses that are increasing include taxes, insurance and rising pay and benefits. Some facilities are having a hard time finding staffing, especially in places such as New York that require employees to be vaccinated.

Under Construction & Planned Percent of Existing Inventory

Metro	Nov-21	Dec-21	Change
NATIONAL	8.8%	8.9%	↑
New York	18.6%	19.0%	↑
Las Vegas	15.0%	15.6%	↑
Philadelphia	15.3%	15.3%	—
Phoenix	12.8%	12.8%	—
Orlando	11.4%	12.1%	↑
Sacramento	11.3%	11.2%	↓
San Diego	11.1%	11.1%	—
San Jose	11.0%	11.0%	—
Seattle	10.8%	10.8%	—
Miami	10.7%	10.7%	—
Boston	10.2%	10.2%	—
Los Angeles	9.8%	9.7%	↓
Washington DC	9.7%	9.7%	—
Tampa	9.0%	9.2%	↑
Portland	9.3%	9.2%	↓
Raleigh-Durham	8.8%	8.8%	—
Atlanta	7.5%	8.4%	↑
San Francisco Penin. & East Bay	8.2%	8.2%	—
Minneapolis	7.7%	8.0%	↑
Charlotte	7.9%	7.9%	—
Inland Empire	7.8%	7.8%	—
Columbus (OH)	7.7%	7.7%	—
Dallas-Ft Worth	7.3%	7.6%	↑
Charleston (SC)	7.3%	7.3%	—
Austin	6.9%	6.9%	—
Nashville	6.1%	6.1%	—
Chicago	5.0%	5.2%	↑
San Antonio	4.3%	4.3%	—
Pittsburgh	3.9%	3.9%	—
Denver	3.3%	3.2%	↓
Houston	2.2%	2.3%	↑



* Drawn from our national database of more than 29,772 stores, including some 2,527 projects in the new-supply pipeline as well as 27,245 completed stores.

Source: Yardi Matrix. Supply data as of Jan. 10, 2022

Monthly Rate Recap

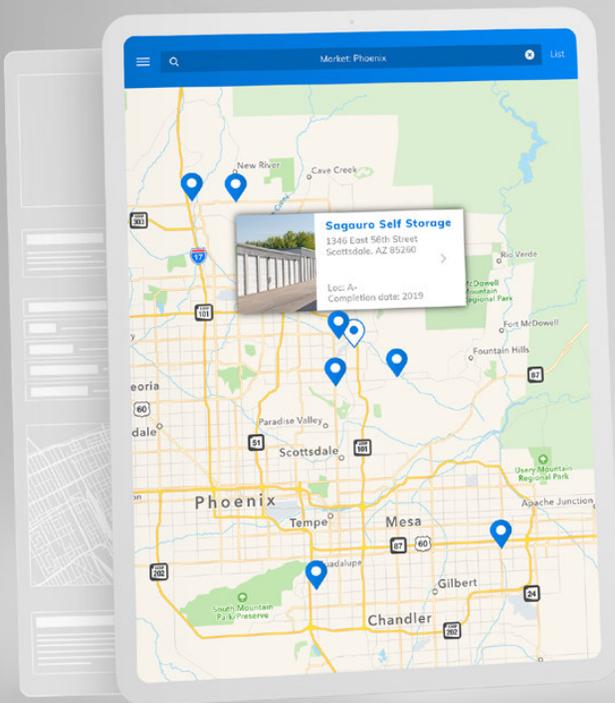
Market	Avg Metro Rate 10'x10' (non cc)	December 2021 YoY Rate Performance				
		5'x5' (non cc)	5'x10' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)
National	\$127	6%	8%	7%	7%	7%
Houston	\$94	9%	10%	9%	13%	9%
Miami	\$167	18%	20%	18%	13%	17%
Atlanta	\$112	12%	15%	14%	13%	13%
Charleston (SC)	\$104	13%	12%	12%	13%	14%
Charlotte	\$97	15%	15%	11%	13%	10%
Inland Empire	\$137	12%	13%	11%	13%	11%
Tampa	\$118	10%	11%	9%	12%	12%
Las Vegas	\$125	11%	10%	11%	12%	10%
Raleigh-Durham	\$96	8%	7%	7%	12%	8%
Phoenix	\$123	9%	11%	11%	11%	13%
Austin	\$110	12%	13%	11%	11%	10%
Orlando	\$114	7%	10%	10%	10%	10%
San Antonio	\$108	11%	10%	10%	9%	9%
San Diego	\$178	9%	9%	9%	8%	6%
Columbus (OH)	\$92	6%	5%	5%	7%	6%
Dallas-Ft Worth	\$102	5%	7%	7%	7%	6%
Denver	\$127	6%	6%	6%	7%	7%
Philadelphia	\$143	7%	7%	8%	6%	8%
Chicago	\$115	15%	11%	10%	6%	8%
Nashville	\$107	6%	4%	7%	5%	8%
Sacramento	\$144	3%	5%	4%	5%	4%
Los Angeles	\$203	4%	6%	6%	4%	5%
Seattle	\$160	2%	3%	3%	4%	5%
Boston	\$154	4%	3%	3%	4%	3%
New York	\$190	4%	4%	4%	3%	5%
Minneapolis	\$110	2%	1%	2%	2%	2%
Portland	\$145	2%	1%	2%	1%	2%
Pittsburgh	\$115	2%	3%	4%	1%	5%
San Jose	\$182	3%	1%	2%	1%	4%
San Francisco Penin. & East Bay	\$208	0%	2%	2%	0%	5%
Washington DC	\$150	0%	0%	1%	0%	1%

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



Yardi[®] Matrix

Power your business with the industry's leading source for originating, pre-underwriting and managing assets for profitable loans and investments.



Yardi Matrix Self Storage provides accurate data on storage facilities in 133 markets covering more than 29,000 properties nationwide.

Key features

- Gain new supply pipeline information at the asset, competitive set and market level
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Pierce the LLC with true ownership and contact info
- Leverage current buyer, seller, date and purchase price information
- Access trend reports on sales, rents and completions as well as portfolios of owners, managers, buyers and sellers

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