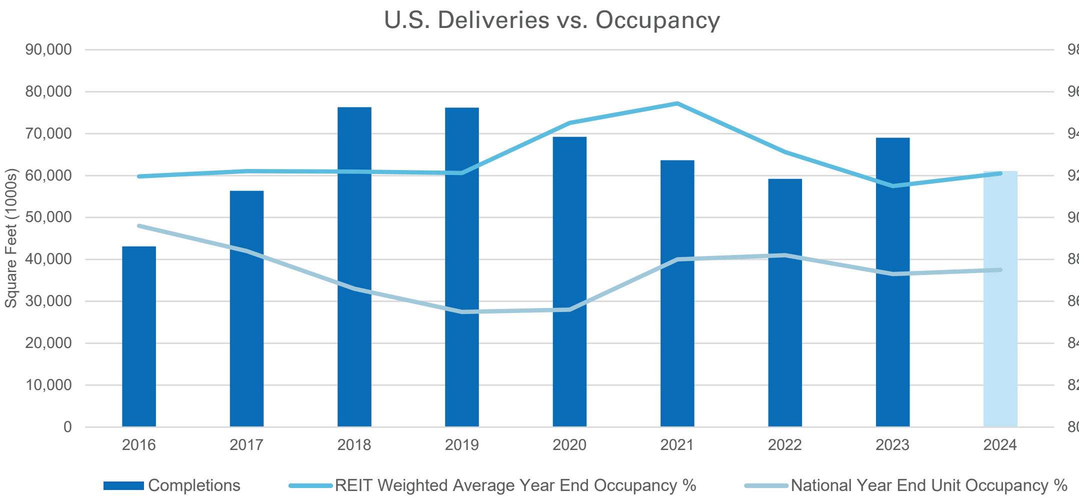
SELF STORAGE MARKET OVERVIEW

Q3 2024

The self storage sector has performed in-line with expectations through 3Q2024 as rental activity remains healthy and spreads between move-in and move-out rents continue to narrow. Nationally, street rates softened relative to the previous quarter due to typical seasonality but continue to improve on a year-over-year basis. Meanwhile, net rent per occupied square foot grew sequentially for almost all regions, highlighting the resiliency of the sector and strength of sophisticated revenue management strategies. Net Operating Income (NOI) margins continue to remain elevated relative to historic norms with all four regions exceeding long-term averages during the 3rd quarter, as operators continue to find efficiencies in operations that include cost-saving initiatives such as solar installation and LED lighting improvements. The average self storage consumer remains healthy with expansive employment data, real wage growth, and strong population growth, which bode well for continued revenue growth among existing tenant bases.

SUPPLY & DEMAND

National self storage occupancy remains strong with minimal sequential seasonal decline to 92.1%, which is a 90-bps increase from the 1Q2024 trough. Despite consistent rental demand and strong occupancy levels, same-store revenue growth in Q3 2024 was slightly down on a year-over-year comparison due to increased discounts on street rates for new customers over the past 12-24 months; while revenue management systems have minimized negative net impact. New supply continues to be a long-term tailwind due to elevated land and construction costs, lengthy and uncertain permitting and approval processes, expensive costs of capital, and a difficult street rate environment.



Q3 2024
YOY Change

REIT Occupancy
-0.50%

National Occupancy
0.20%

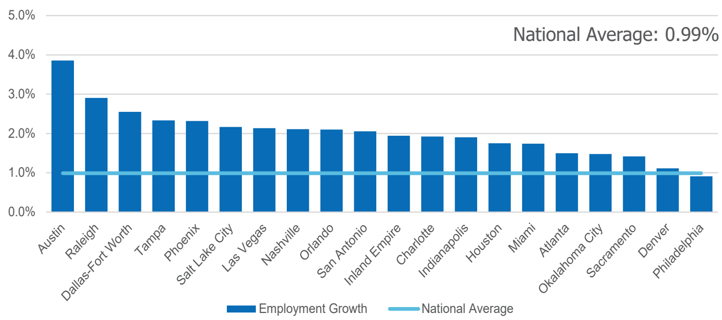
Completions
2024 (Projected)
-11.48%

Source: Newmark Research, REIS, Yardi
Note: Yardi supply data is updated quarterly to reflect new markets and additional information included in the underlying data set in order to ensure accuracy.

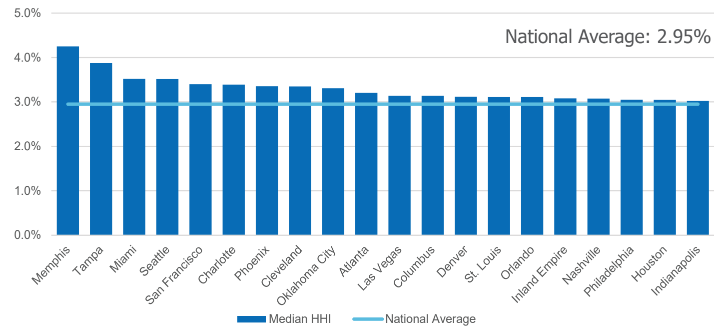
ECONOMIC TRENDS

The Sunbelt region, particularly in Florida, Texas, and Arizona, have outperformed over the last five years and are among the markets that are expected to grow faster than the national average going forward. On a year-over-year basis, there will be strong net migration to the economically robust MSA's within the Sunbelt; meanwhile, gateway cities such as Los Angeles and Seattle have experienced reinvigorated growth in population and household income, as pandemic related trends begin to revert to historical norms. The following graphs highlight the top 20 markets for consistent growth in three categories: employment, household income and population.

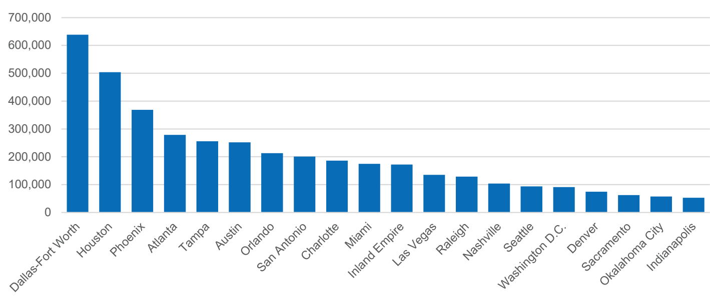
Employment Growth by Market (5-Year CAGR)



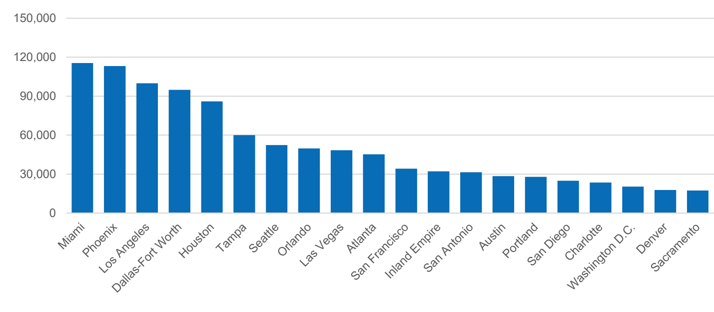
Median Household Income Growth (5-Year CAGR)



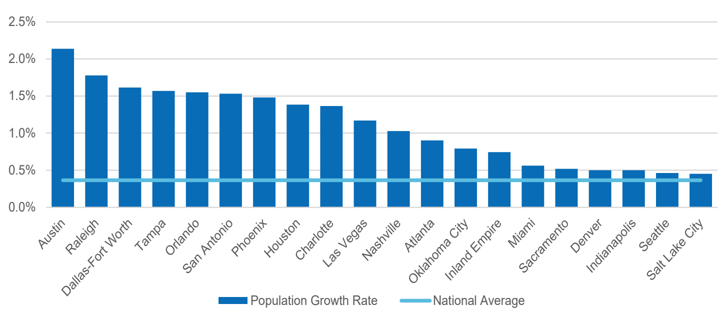
Population Growth (Trailing 5-Year Total)



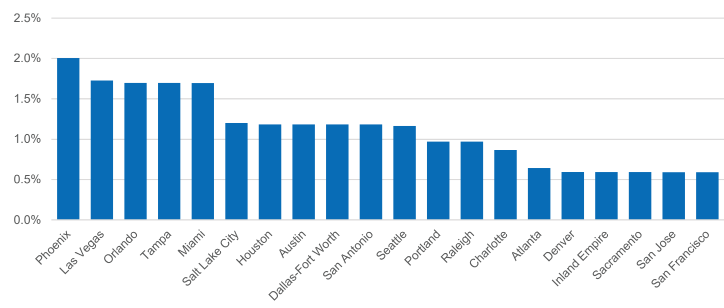
Population Growth (Q3 2024 YOY)



Population Growth Rate (Trailing 5-Year CAGR)



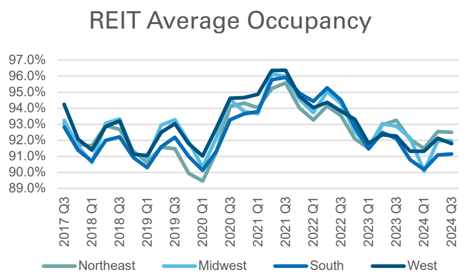
Population Compound Annual Growth Rate to 2030

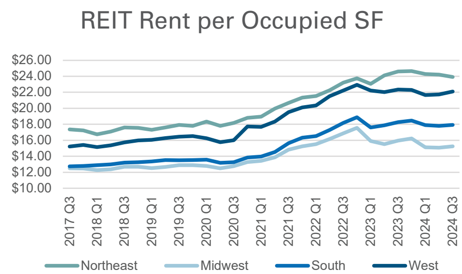


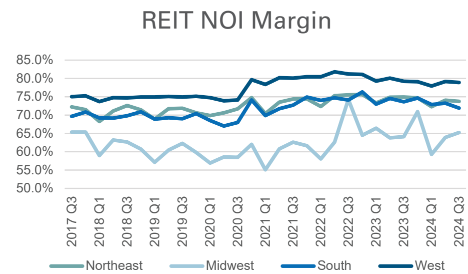
Source: Newmark, Moody's Analytics, ESRI

SELF STORAGE REIT DATA

REITs have been largely focused on maximizing top-line revenue growth, with the expectation that they will be able to effectively manage the growth levers at their disposal. Rental activity during the quarter was robust, which helped keep occupancy levels elevated and net rent per occupied square foot growing sequentially. Existing tenant behavior is expected to remain stable, supported by a healthy, well-employed customer base and effective revenue management strategies that will continue to deliver positive year-over-year revenue growth. During the third quarter, the Western region maintained the highest NOI margins at 190-bps above the long-term average and experienced the largest growth in net rent per occupied square foot of 1.77% sequentially, albeit at the expense of 30-bps of occupancy.



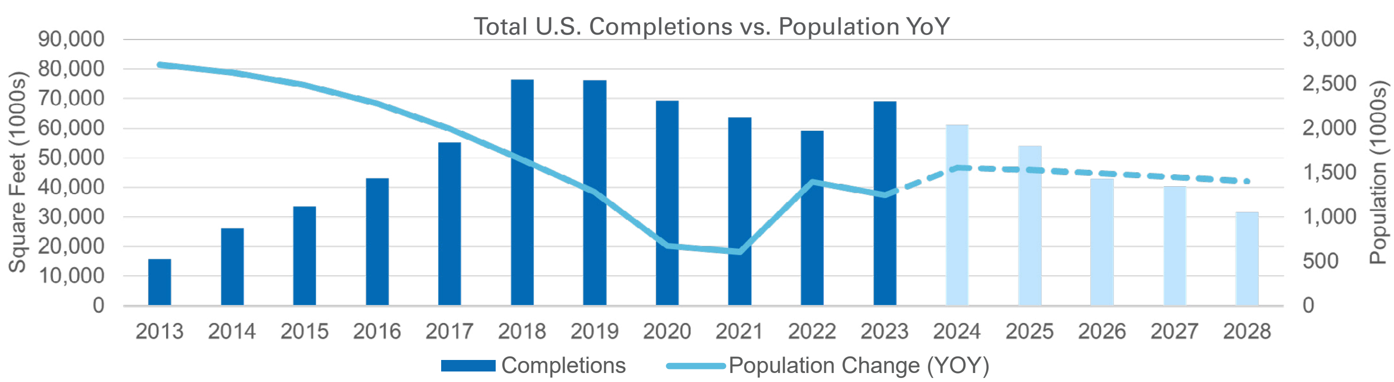


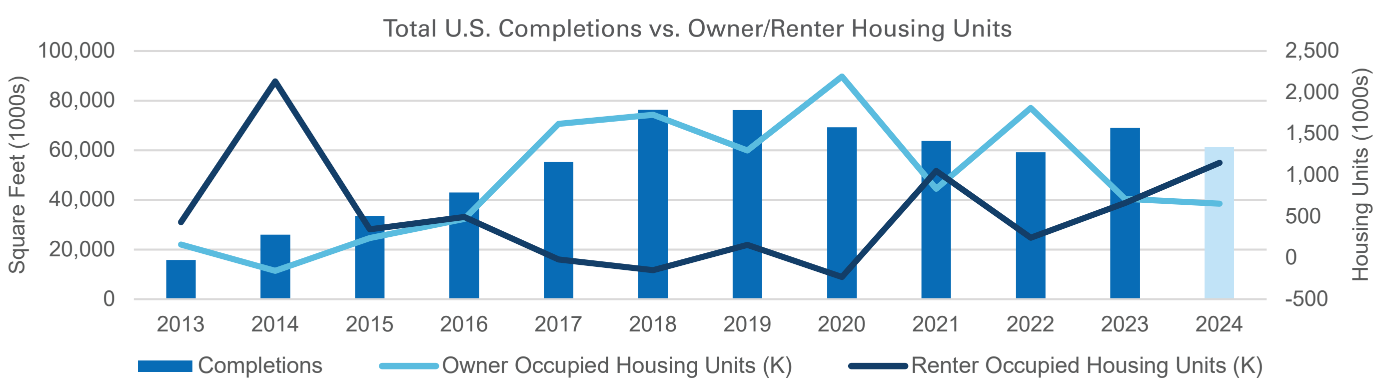


Source: Newmark, PSA, Cube, EXR, NSA Investor Relations

SELF STORAGE SUPPLY & POPULATION GROWTH

Over the next five years, new supply completions are expected to continuously decline on both a percentage of existing stock basis, as well as the total square feet expected to be delivered, as new developments face continued constraints; including lower move-in rental rates, stringent lender requirements, and lengthy entitlement processes that will keep new deliveries on a downward sloping curve through 2028, with an expected 48% decrease in new deliveries by 2028 compared to 2024. Most REITs report that less than 30% of their portfolios will be impacted by new supply with that percentage continuing to decline through 2026, and even fewer expect a material impact on any particular store. The graph below illustrates the change in homeownership rates relative to renters, highlighting a drastic drop in homeownership, as housing affordability remains historically low, and an influx of new multifamily deliveries has forced landlords to offer attractive leasing concessions.





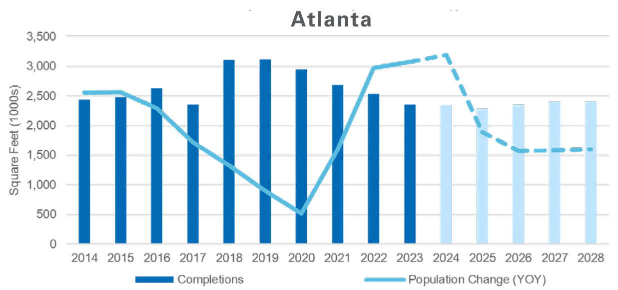
Source: Newmark, Green Street, Moody's Analytics, Yardi

TOP MARKETS FOR NEW SUPPLY & POPULATION GROWTH

These graphs compare historical and future projected self storage deliveries to population growth. On the left, the top five markets are ranked in order of the highest total square feet of new supply delivered, and by highest projected population growth on the right. The correlation between population growth and new supply is evident in that many of the top markets for population growth are also the top markets for new supply. As these markets exhibit robust macroeconomic trends such as strong net-migration and growth in both employment and household income, they are expected to absorb new supply and continue to be attractive markets.

RANKED BY NEW SUPPLY

1



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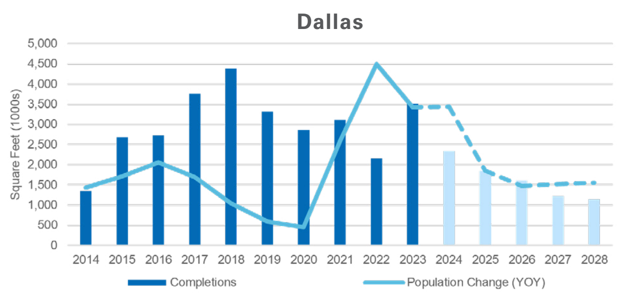

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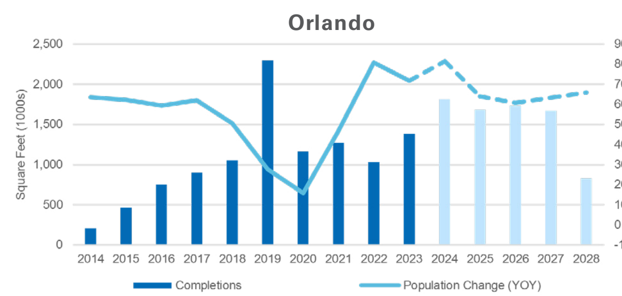

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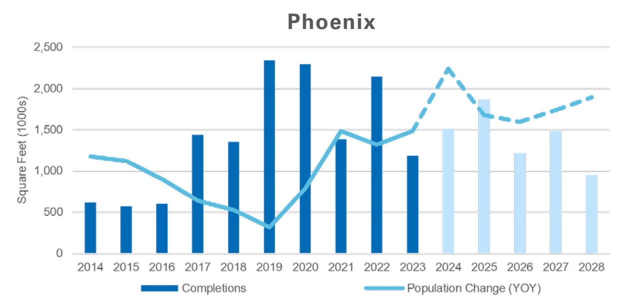

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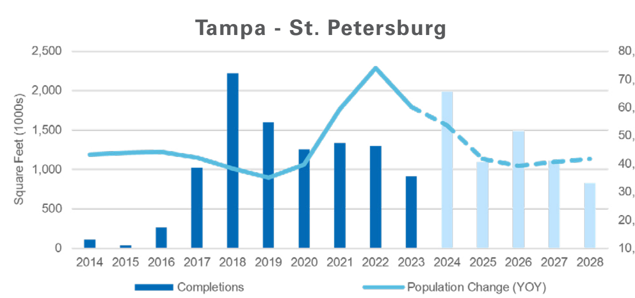
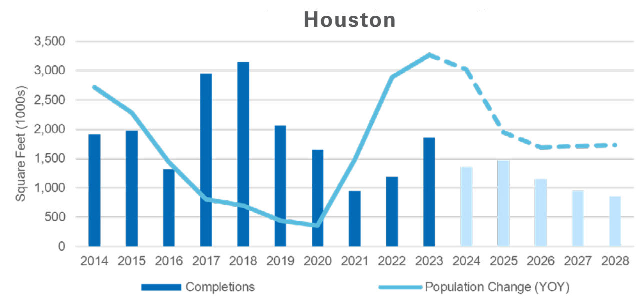
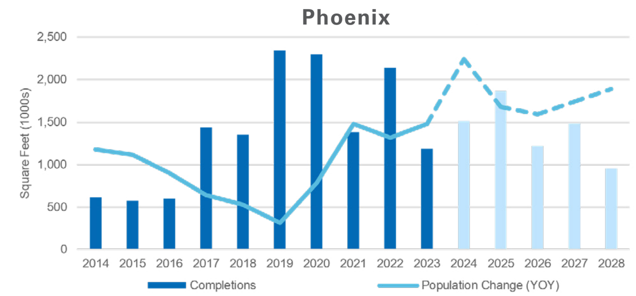
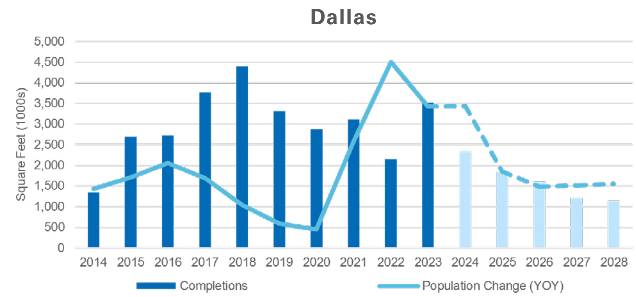
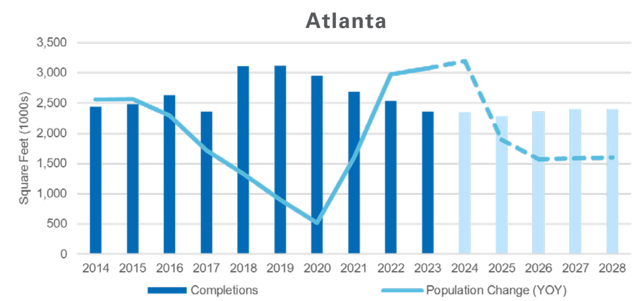


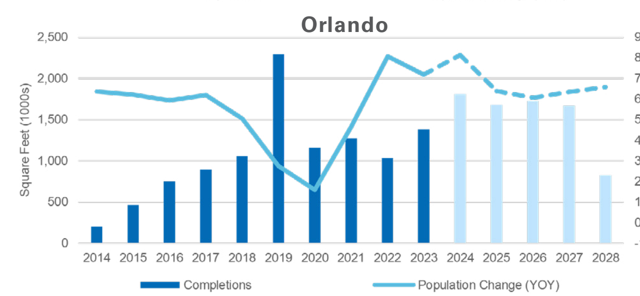
RANKED BY POPULATION GROWTH







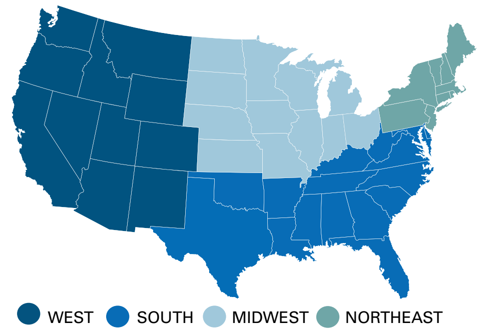




Source: Newmark, REIS, Yardi

HOUSING & SELF STORAGE TRENDS BY REGION

Housing demand during the quarter was consistent with the previous quarter, although 30-year fixed mortgage rates rebounded 70-bps since the Federal Reserve began cutting interest rates in September, as many prospective buyers await a more affordable monthly mortgage payment. Net revenue per occupied square foot grew 50-bps on a national basis during the quarter given healthy existing tenant bases. The self storage sector continues to benefit from increasing utilization rates, as well as smarter revenue management systems that have supported stable revenue growth despite declining street rates. In most markets, housing and mobility are key drivers of demand.



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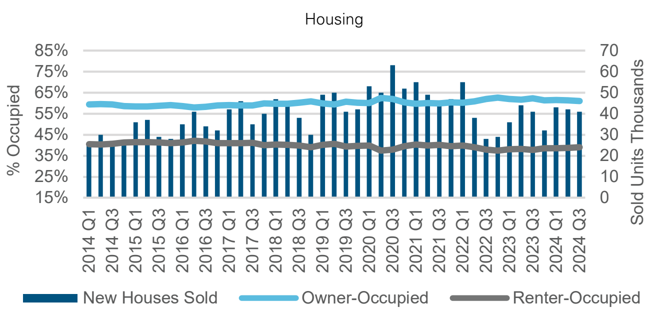

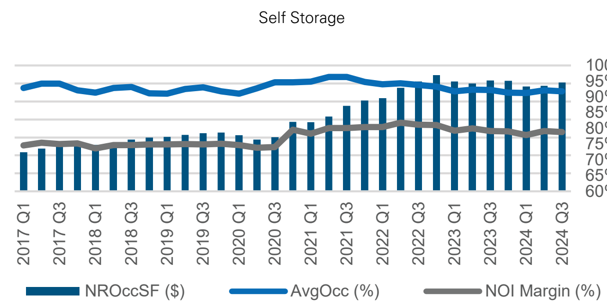

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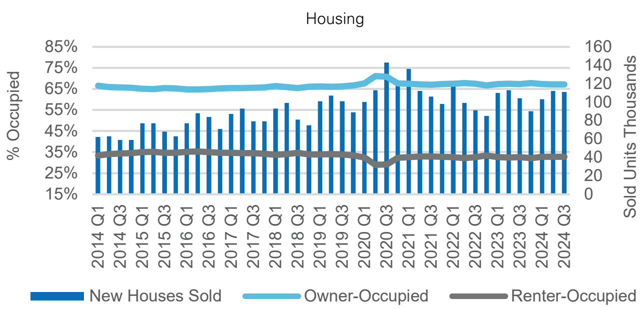
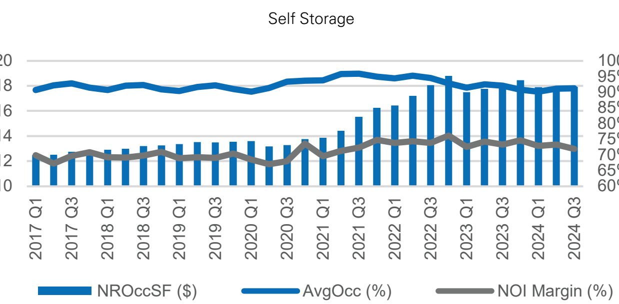
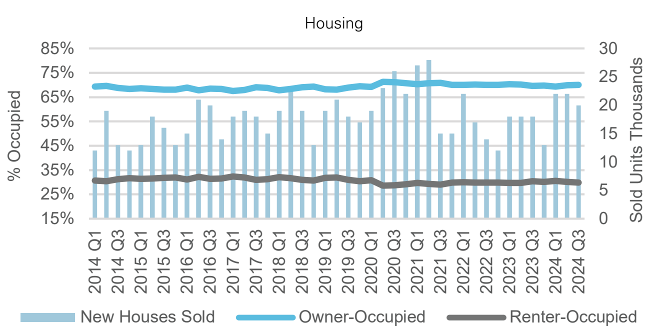
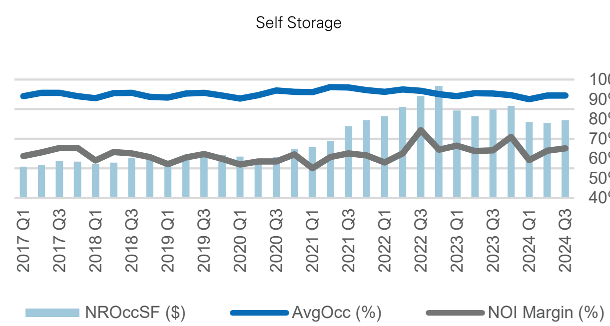


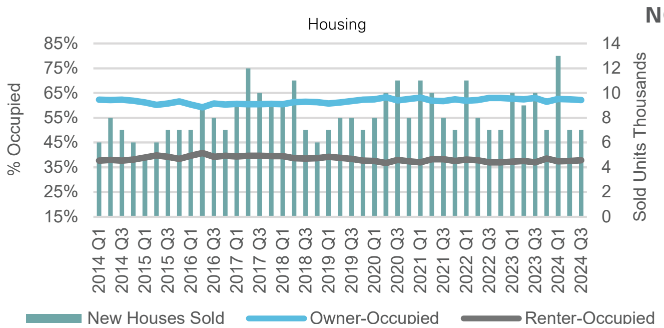


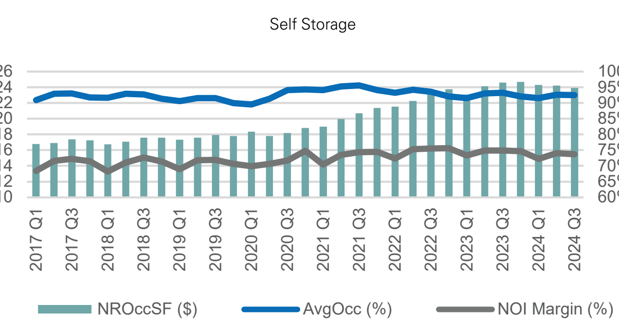
MIDWEST





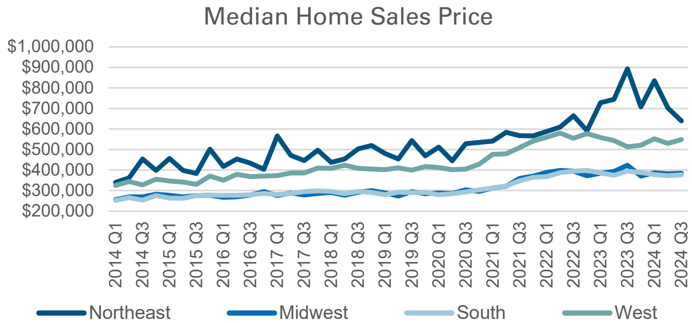
NORTHEAST

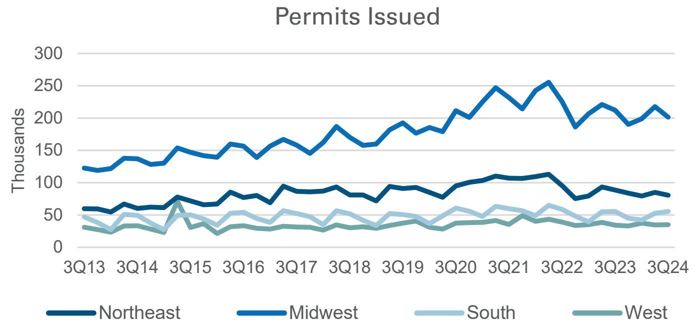


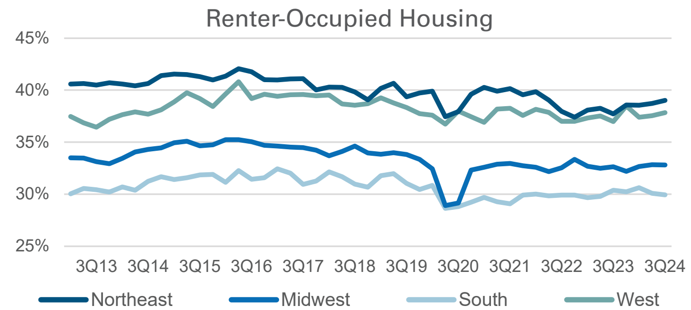


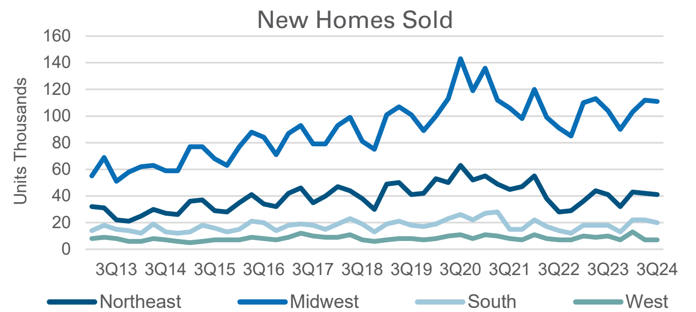
Source: Newmark, FRED, PSA, Cube, EXR, NSA Investor Relations

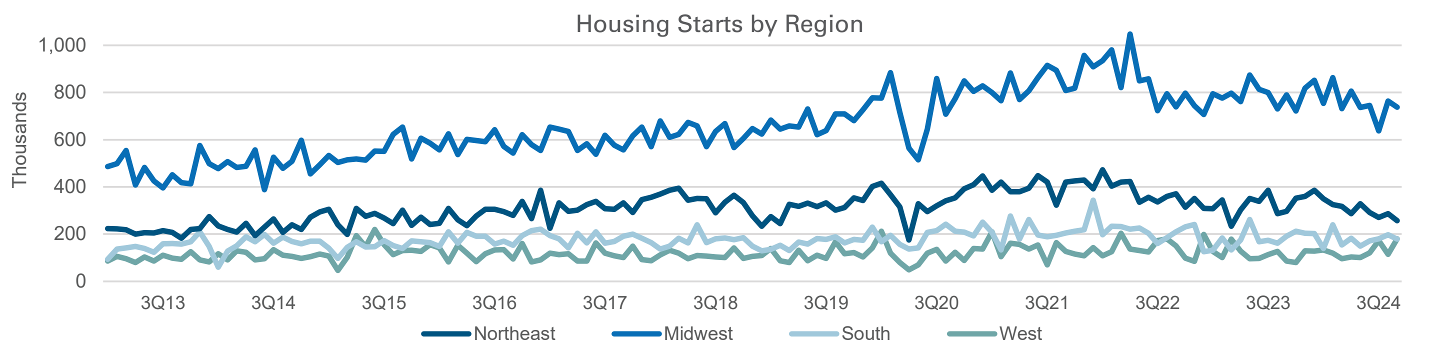
HOUSING FUNDAMENTALS BY REGION







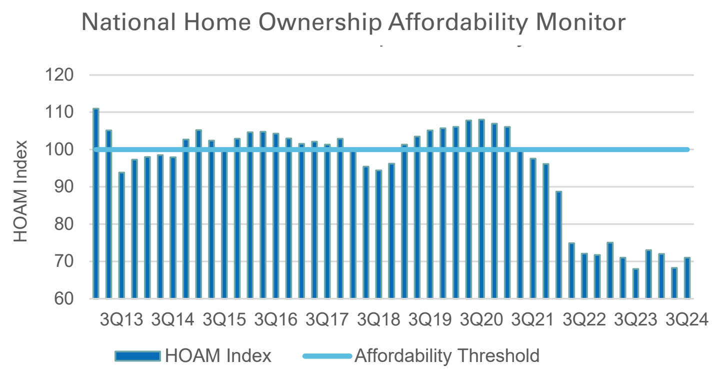




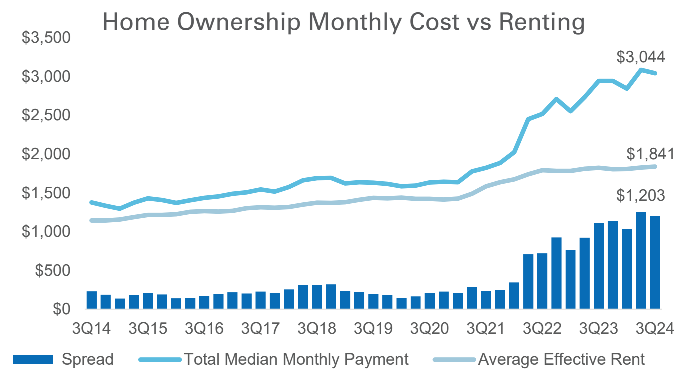
Source: Newmark, FRED, Moody's Analytics, US Census

NATIONAL HOUSING TRENDS

Self storage markets that are more reliant on housing transitions have underperformed, relative to urban markets that serve more consistent renter demand, although the spread between the cost of homeownership and renting narrowed during the quarter as an increasing amount of new homes are developed and home builders offer incentives such as rate buy downs. The charts below illustrate the downturn in the housing market and the lack of affordability for homeownership. Low levels of inventory, high interest rates, and continuously rising home prices have shifted the demand for self storage and bifurcated each market by performance.



Source: Newmark Research, Atlanta Federal Reserve



Source: Newmark Research, Atlanta Federal Reserve, RealPage

TOP MARKETS PER 10x10 RATES

San Francisco and New York remain in the top spots for highest rental rates across all markets, unsurprisingly. Additionally, Las Vegas and Phoenix remain the top markets for the highest compounded annual rental growth rates since 2015; which is expected to continue given their strong underlying demographic trends with both holding the top two spots for highest estimated population CAGR's through 2030 (see page 2). Although all of the top rental rate markets saw sequential rent declines, largely due to seasonality, the California markets outperformed in the quarter, which coincides with the strong net rent per occupied square foot growth and NOI margins in the Western region. The accompanying charts illustrate climate and non-climate controlled 10x10 rental rate trends since 2015, and rank the top five markets in three categories: highest rental rates, highest compound annual growth rate and rate volatility.

HIGHEST RENTAL RATES
Q3 2024

	Climate Controlled	Q3 '24	QoQ*
1	San Francisco	$302.46	-0.26%
2	New York Metro	$296.82	-1.37%
3	Los Angeles	$274.33	-0.04%
4	Miami	$221.89	-1.14%
5	San Diego	$216.93	-0.37%

	Non-Climate	Q3 '24	QoQ*
1	San Francisco	$295.53	-1.52%
2	New York Metro	$262.53	-1.70%
3	Los Angeles	$233.46	-1.66%
4	Miami	$219.69	-1.45%
5	San Jose	$204.64	-1.93%

LOWEST RATE VOLATILITY
2015 - Q3 2024

	Climate Controlled	Low	High	Q3 '24
1	Kansas City	$121.35	$139.60	$132.92
2	Oklahoma City	$96.80	$129.58	$96.80
3	Detroit	$136.43	$165.23	$155.91
4	New York Metro	$261.31	$312.71	$296.82
5	Salt Lake City	$120.95	$153.97	$150.61

	Non-Climate	Low	High	Q3 '24
1	Oklahoma City	$76.62	$100.30	$76.62
2	Milwaukee	$93.98	$105.78	$97.19
3	Portland	$140.04	$169.52	$162.19
4	San Francisco	$234.47	$302.29	$295.53
5	Detroit	$116.14	$144.24	$133.97

HIGHEST COMPOUND ANNUAL GROWTH RATE

	Climate Controlled	Q3 '24
1	Las Vegas	3.26%
2	Minneapolis	2.81%
3	Los Angeles	2.73%
4	Fresno	2.66%
5	Providence	2.57%

	Non-Climate	Q3 '24
1	Phoenix	3.45%
2	San Bernardino/Riverside	3.22%
3	Miami	2.94%
4	Salt Lake City	2.90%
5	Providence	2.68%

HIGHEST RATE VOLATILITY
2015 - Q3 2024

	Climate Controlled	Low	High	Q3 '24
1	Houston	$114.37	$158.75	$146.28
2	St. Louis	$112.50	$137.18	$125.72
3	Atlanta	$132.28	$171.78	$153.11
4	Charlotte	$122.12	$152.70	$139.01
5	Buffalo	$132.31	$159.47	$143.04

	Non-Climate	Low	High	Q3 '24
1	Jacksonville	$102.78	$131.83	$119.96
2	Charlotte	$93.43	$121.91	$110.96
3	Phoenix	$101.75	$149.60	$141.67
4	Buffalo	$104.32	$120.19	$113.51
5	Atlanta	$108.08	$140.29	$123.93

Source: Newmark, REIS

*REIS updates historical data on an on-going basis. The quarter-over-quarter comparison on this page is based on their updated Q2 data compared to current Q3 data.

Investment Sales & Advisory Experience

62+ Years	1,590+ Properties	$16.5+ Billion	115.5+ Million
Combined Experience	Across 40 States	Completed Transactions	Square Feet Sold

SELF STORAGE ADVISORY CONTACTS

Investment Sales and Capital Markets:

Aaron Swerdlin
Vice Chairman
t 713-599-5122
aaron.swerdlin@nmrk.com

Kenneth Cox
Vice Chairman
t 901-302-4312
kenneth.cox@nmrk.com

Taucha Hogue
Executive Managing Director
t 713-599-5191
taucha.hogue@nmrk.com

Michael Gibbons
Senior Financial Analyst
t 813-347-3923
michael.gibbons@nmrk.com

Research:

Ching-Ting Wang
Head of Southeast Research
t 469-467-2089
chingting.wang@nmrk.com

Valuation & Advisory:

Steve Johnson
Executive Vice President & Co-Leader
t 626-204-3755
steve.johnson@nmrk.com

Chris Sonne
Executive Vice President & Co-Leader
t 714-975-2302
chris.sonne@nmrk.com

nmrk.com/selfstorage

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