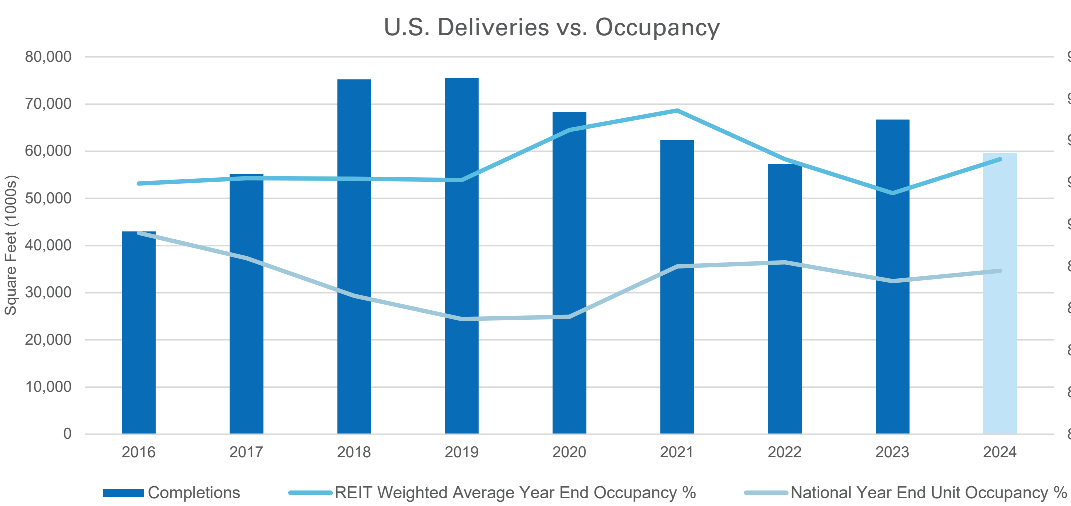
SELF STORAGE MARKET OVERVIEW

Q2 2024

Through 2Q2024, the self storage sector has performed in-line with expectations. Street rates have continued their sequential quarter-over-quarter improvements, while strong leasing activity has kept occupancy levels elevated. Nationally, net rent per occupied square foot has stabilized, as sophisticated revenue management systems largely mute the impact of lower street rates. Both the Western and Northeastern regions have recently outperformed as they benefit from strong renter populations and high barriers to entry from prospective developers. Housing transition related demand remains soft, as high mortgage rates and stubbornly high home prices keep affordability at the lowest levels in a decade. Although recent new homes sales data, as well as a declining 30-year fixed rate mortgage, provide a glimpse of reprieve, as homebuilders continue to deliver new supply and offer buyer-incentives to reduce the overall cost to purchase a home. Renter demand has been robust, as seen in the outperformance of dense, urban, markets that have a strong renter population. The average self storage consumer remains healthy with healthy employment data, real wage growth, and strong population growth, which bodes well for continued revenue growth amongst existing tenant bases.

SUPPLY & DEMAND

National self storage occupancy remains strong with a slight increase on a year-over-year basis to 93.1%, which is a 120-bps increase sequentially and a 160-bps increase from the 4Q2023 trough. Despite robust rental demand and higher occupancy levels, Same-Store revenue growth in Q2 2024 was slightly down on a year-over-year comparison due to increased discounts on street rates for new customers in the past 12-24 months, while revenue management systems have minimized any negative net impact. New supply remains a tailwind, as lengthy entitlement processes, persistently elevated land and construction costs, and rental rate constraints will keep new deliveries on a downward sloping curve through 2028, with an expected decline in new deliveries of 48% in 2028 relative to 2024.



Q2 2024
YOY Change

REIT Occupancy
0.05%

National Occupancy
0.50%

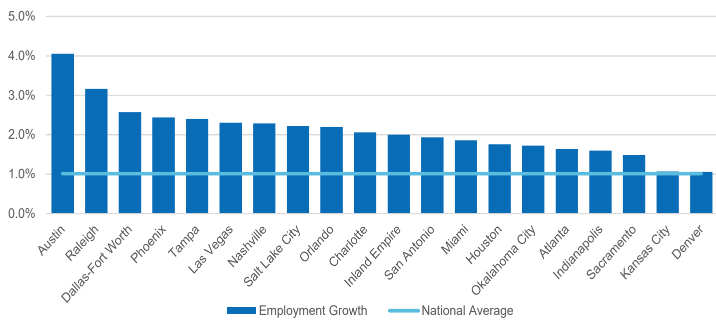
Completions
2024 (Projected)
-10.76%

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.

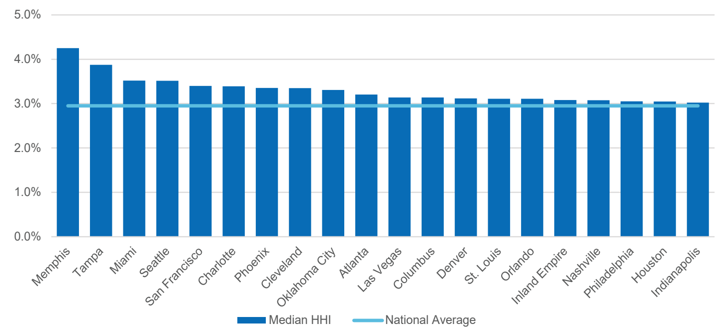
ECONOMIC TRENDS

Understanding the correlation between microeconomic trends and self storage fundamentals is crucial for both building a portfolio and making investment decisions. The following graphs highlight the top 20 markets for consistent growth in three categories: employment, household income and population. Many of the markets that have outperformed over the last 5-years have been in the Sunbelt region, particularly in Florida, Texas, and Arizona, as the pandemic fueled a wave of migration towards these markets from the West and Northeast regions. On a year-over-year basis, we continue to see strong net migration to the economically robust MSA's within the sunbelt; meanwhile, gateway cities such as Los Angeles have experienced reinvigorated growth in nominal population, which is indicative of a reversion to more historical immigration and migration patterns.

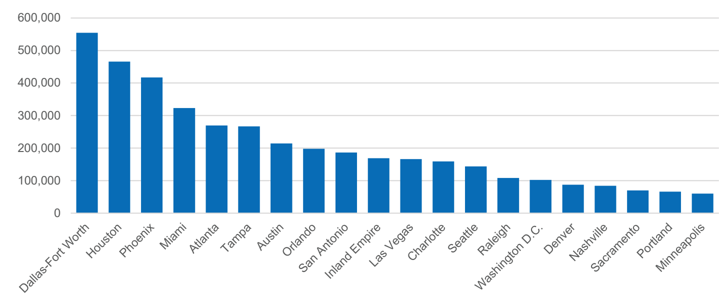
Employment Growth by Market (5-Year CAGR)



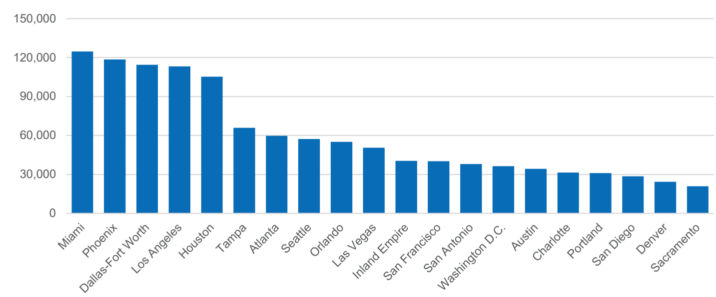
Median Household Income Growth (5-Year CAGR)



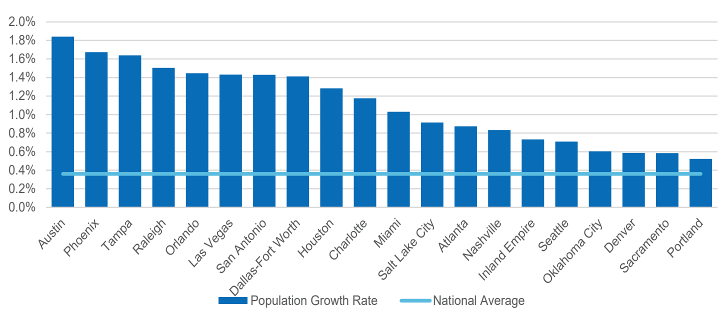
Population Growth (Trailing 5-Year Total)



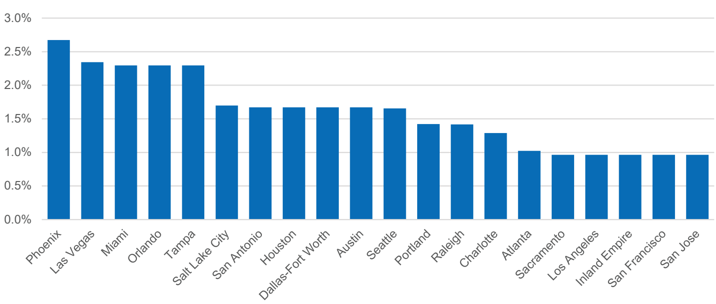
Population Growth (Q2 2024 YOY)



Population Growth Rate (Trailing 5-Year CAGR)



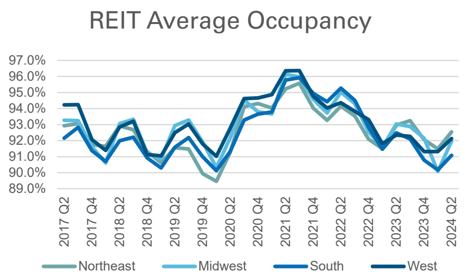
Population Compound Annual Growth Rate to 2030

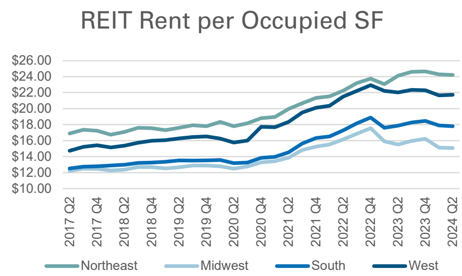


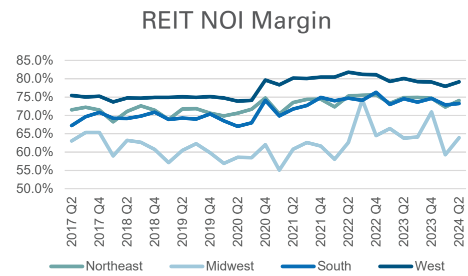
Source: Newmark, Moody's Analytics, ESRI

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, despite the muted housing market, all four regions saw sequential increases in occupancy led by a 1.9% QoQ increase in the Midwest. 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. NOI margins have begun to recover from the troughs seen in the previous quarter as upward pressure on expenses begin to ease, notably within utilities, as operators benefit from solar initiatives.



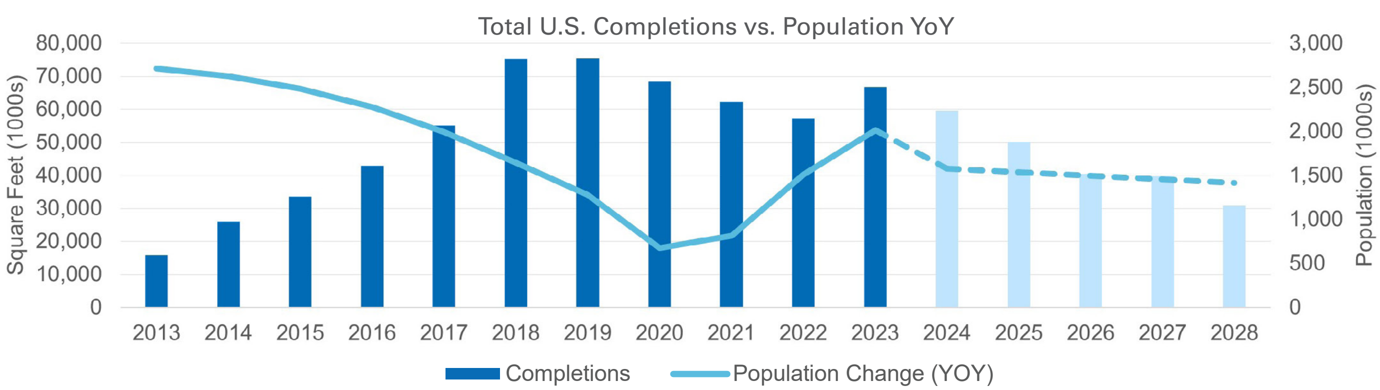


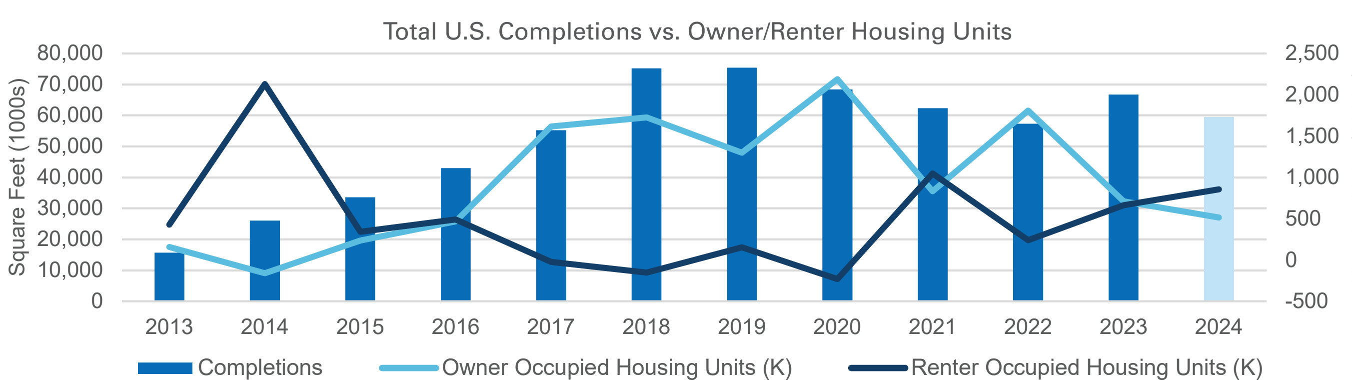


Source: Newmark, PSA, Cube, EXR, NSA Investor Relations

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. Most REITs report that less than 30% of their portfolios will be affected 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 home ownership, as housing affordability remains historically low, and an influx of new multifamily deliveries has forced landlords to offer attractive leasing concessions.





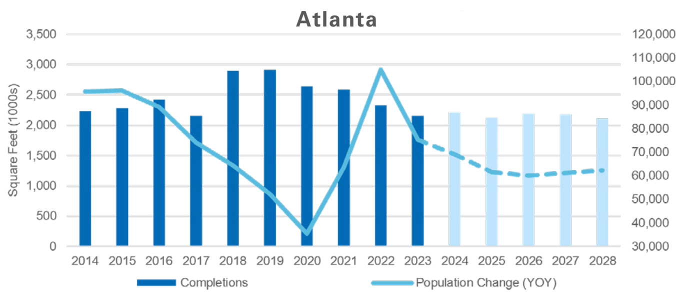
Source: Newmark, Green Street, Moody's Analytics, Yardi

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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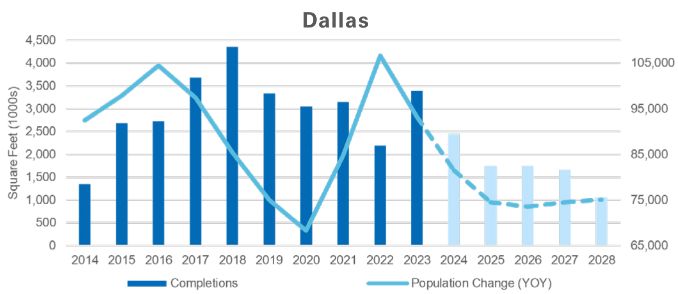

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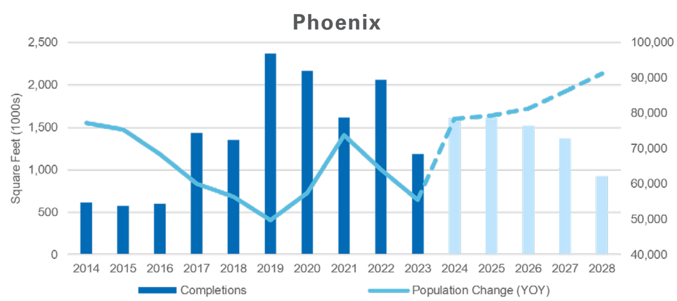

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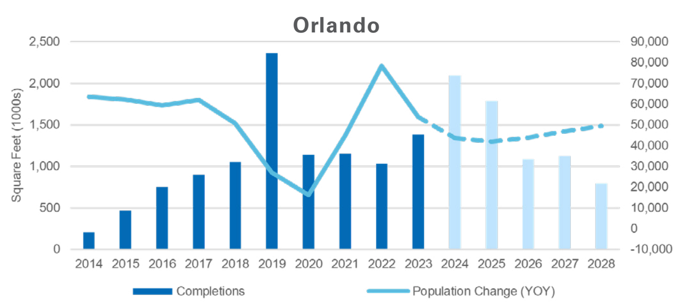

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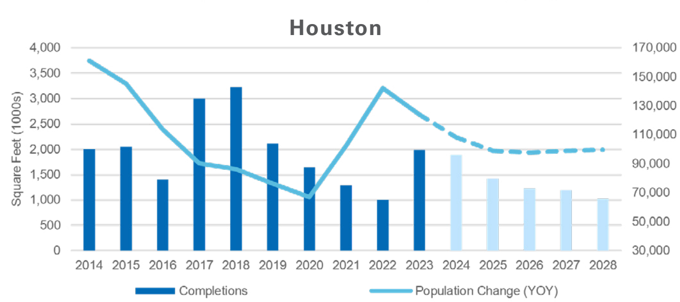
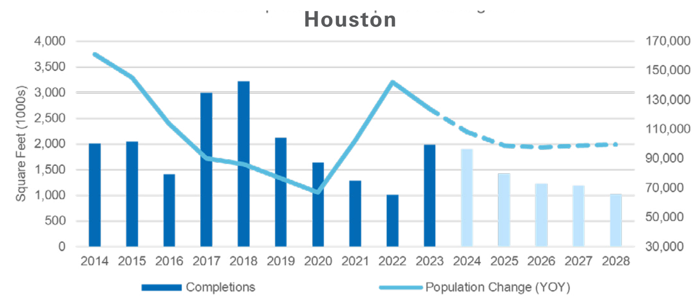
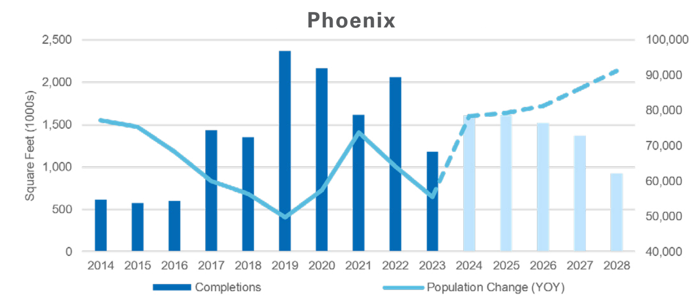
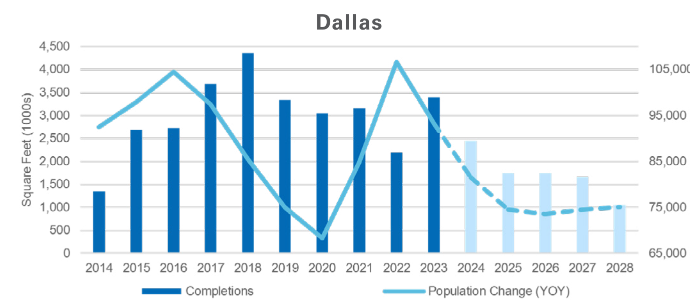
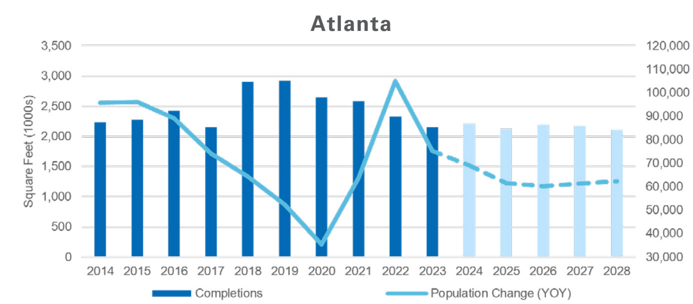


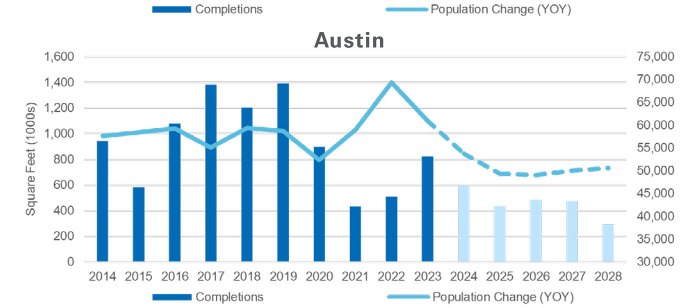
RANKED BY POPULATION GROWTH







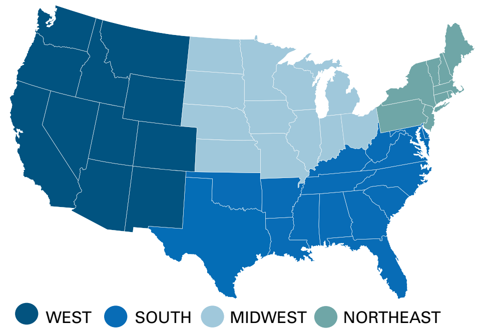




Source: Newmark, REIS, Yardi

HOUSING & SELF STORAGE TRENDS BY REGION

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. Housing demand during the quarter was consistent with the previous quarter, but remained particularly strong in the Midwest, which has the largest disparity between homeowners and renters; meanwhile, the Northeast saw fewer homes sold relative to the record setting first quarter as high home prices remain stubbornly high, and buyers expect mortgage rates to decline soon. Net revenue per occupied square foot was steady during quarter despite continued pressure on street rates, as a result of sophisticated revenue management strategies and healthy existing tenant bases. Both occupancy and operating margins improved on a sequential basis across all four regions.



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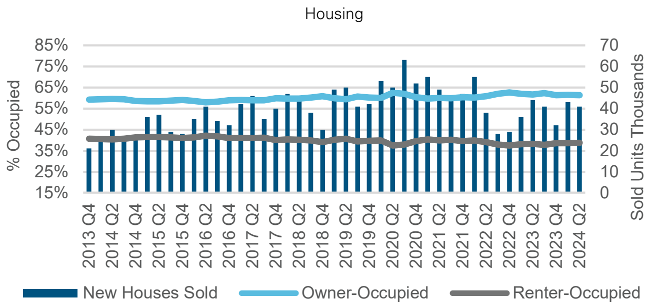
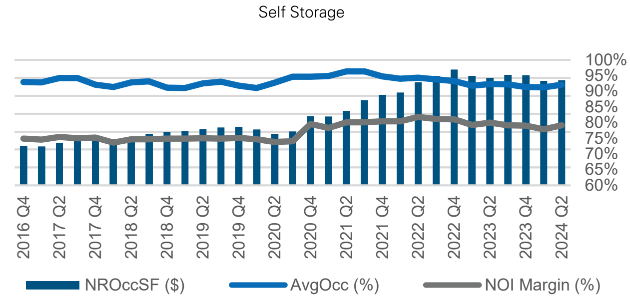
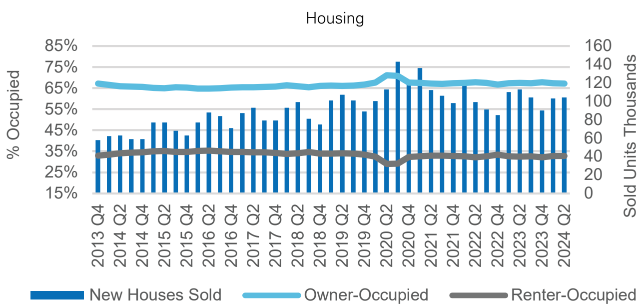
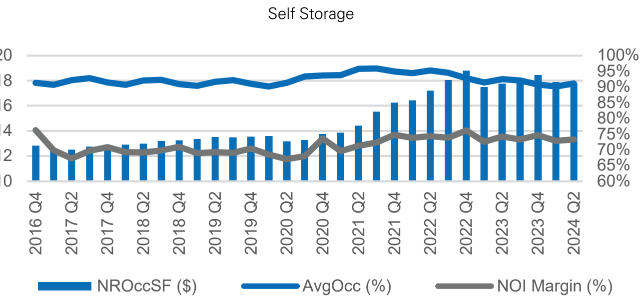


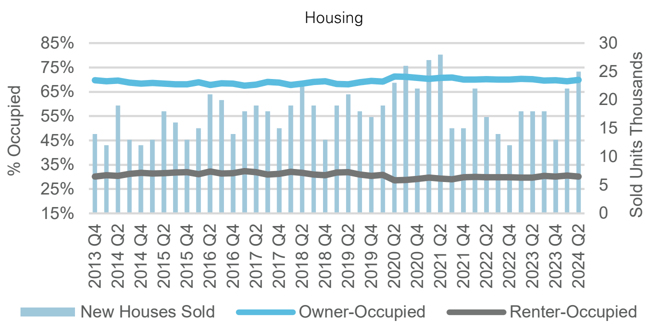


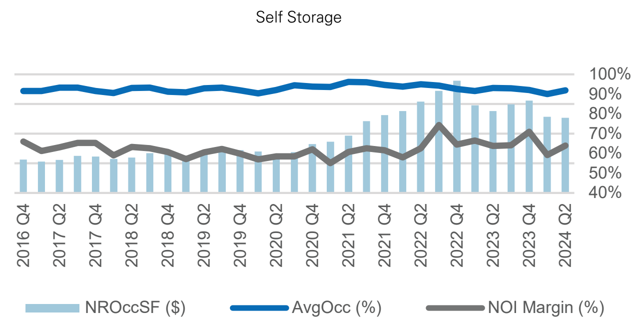
SOUTH



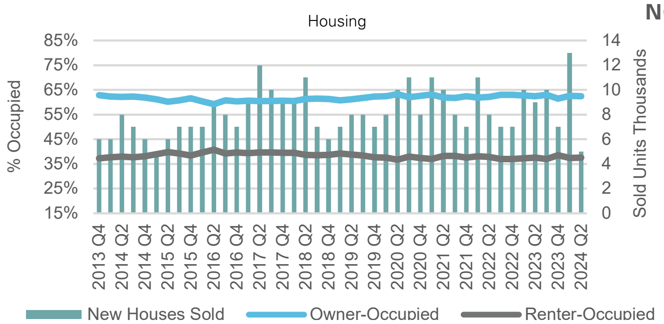


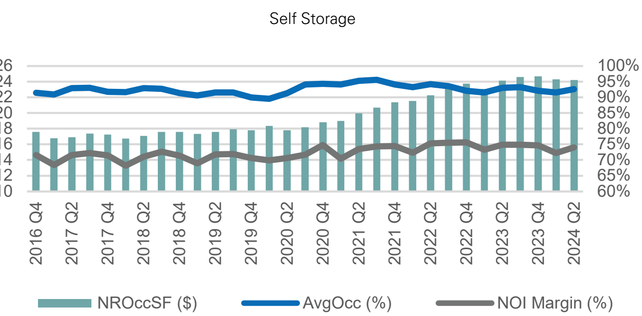
MIDWEST





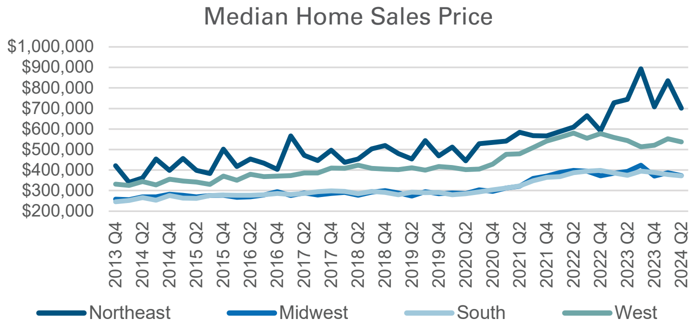
NORTHEAST

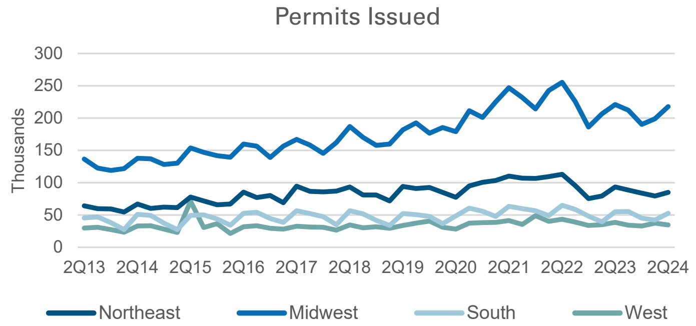


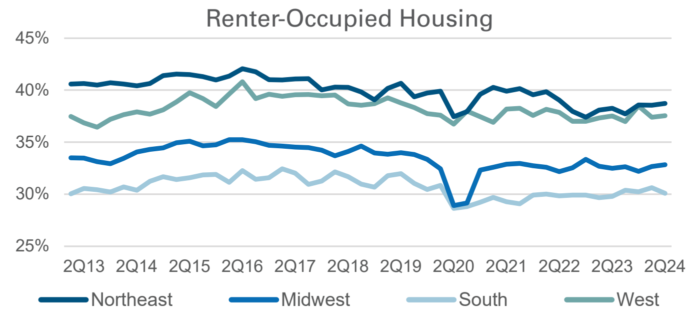


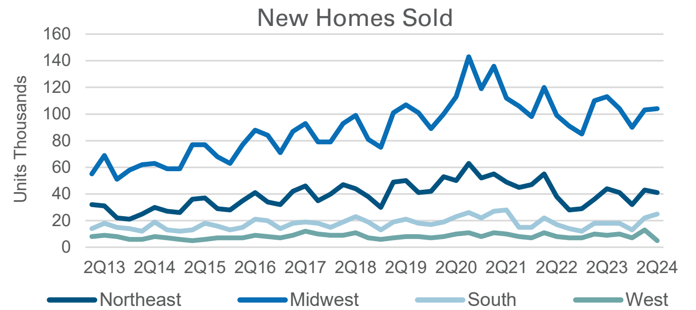
Source: Newmark, FRED, PSA, Cube, EXR, NSA Investor Relations

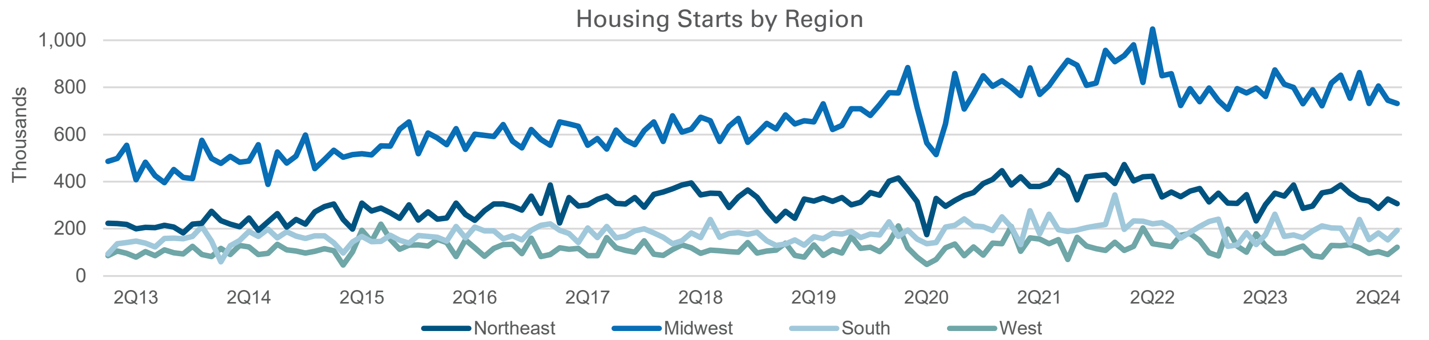
HOUSING FUNDAMENTALS BY REGION







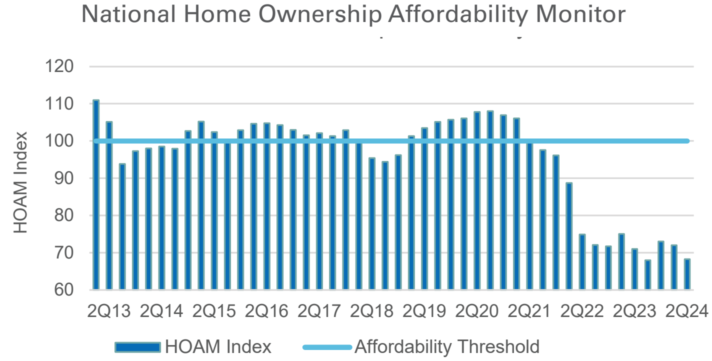




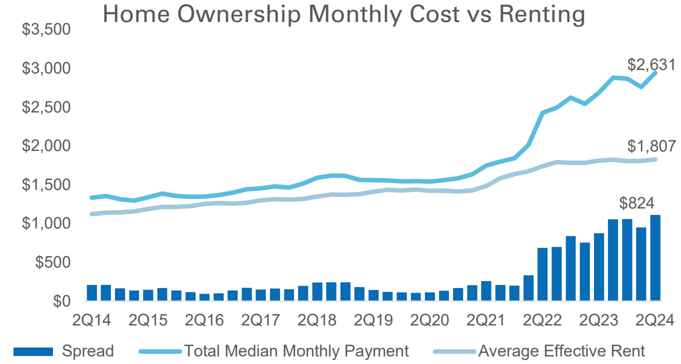
Source: Newmark, FRED, Moody's Analytics, US Census

NATIONAL HOUSING TRENDS

The charts below illustrate the downturn in the housing market and the lack of affordability for homeownership, which based on preliminary 3rd quarter data, seems to have bottomed in the first half of the year. 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. Self storage markets that are more reliant on housing transitions have underperformed, relative to urban markets that serve more consistent renter demand, as the spread between the cost of homeownership and renting continues to expand.



Source: Newmark Research, Atlanta Federal Reserve



Source: Newmark Research, Atlanta Federal Reserve, RealPage

TOP MARKETS PER 10x10 RATES

Phoenix and Las Vegas remain the top markets for compounded annual rental growth rates since 2015, which is expected to continue given their strong underlying demographic trends, with Phoenix and Las Vegas having the top two estimated population CAGR's through 2028. New York and San Francisco have held the top two spots in these units for the last eight years, with San Francisco leading both since Q4 2023. 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
Q2 2024

	Climate Controlled	Q2 '24	QoQ*
1	San Francisco	$303.26	0.53%
2	New York Metro	$300.93	0.11%
3	Los Angeles	$274.45	1.36%
4	Miami	$224.44	0.12%
5	San Diego	$217.73	1.00%

	Non-Climate	Q2 '24	QoQ*
1	San Francisco	$300.08	1.74%
2	New York Metro	$267.08	0.17%
3	Los Angeles	$237.40	1.44%
4	Miami	$222.93	1.10%
5	San Jose	$208.66	1.66%

LOWEST RATE VOLATILITY
2015 - Q2 2024

	Climate Controlled	Low	High	Q2 '24
1	Kansas City	$121.35	$139.60	$135.33
2	Oklahoma City	$98.76	$129.58	$98.98
3	Detroit	$136.43	$165.23	$157.90
4	Salt Lake City	$120.95	$153.97	$153.97
5	New York Metro	$261.31	$312.71	$300.93

	Non-Climate	Low	High	Q2 '24
1	Oklahoma City	$78.38	$100.30	$78.38
2	Milwaukee	$93.98	$105.78	$99.55
3	Portland	$140.04	$169.52	$165.90
4	San Francisco	$234.47	$302.29	$300.08
5	Detroit	$116.14	$144.24	$136.09

HIGHEST COMPOUND ANNUAL GROWTH RATE

	Climate Controlled	Q2 '24
1	Las Vegas	3.52%
2	Minneapolis	3.06%
3	Providence	2.93%
4	Fresno	2.91%
5	Los Angeles	2.81%

	Non-Climate	Q2 '24
1	Phoenix	3.77%
2	San Bernardino/Riverside	3.49%
3	Miami	3.18%
4	Salt Lake City	3.15%
5	Providence	2.89%

HIGHEST RATE VOLATILITY
2015 - Q2 2024

	Climate Controlled	Low	High	Q2 '24
1	Houston	$114.37	$158.75	$147.87
2	St. Louis	$112.50	$137.18	$127.23
3	Atlanta	$132.28	$171.78	$156.78
4	Charlotte	$122.12	$152.70	$141.24
5	Buffalo	$132.31	$159.47	$144.75

	Non-Climate	Low	High	Q2 '24
1	Jacksonville	$102.78	$131.83	$121.42
2	Charlotte	$93.43	$121.91	$112.52
3	Buffalo	$104.32	$120.19	$115.13
4	Phoenix	$101.75	$149.60	$144.67
5	Denver	$120.42	$154.36	$145.15

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 Q1 data compared to current Q2 data.

Investment Sales & Advisory Experience

62+ Years
Combined Experience

1,590+ Properties
Across 40 States

$16.5+ Billion
Completed Transactions

115.5+ Million
Square Feet Sold

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