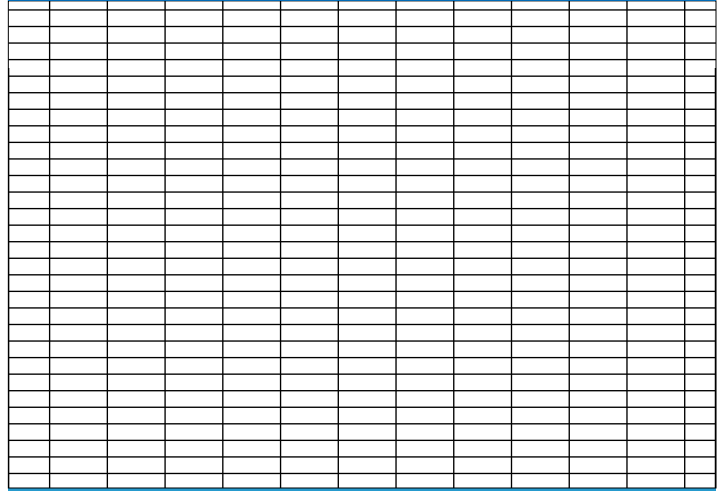


CAPITAL MARKETS

# Self Storage Group

3Q 2024 REIT Report



**NEWMARK**

## Self Storage 3Q24 REIT Report

The self storage REITs reported 3Q24 results in-line with guidance and reiterated guidance for the remainder of the year apart from Extra Space which increased the low end of their revenue and NOI guidance by 75-bps due to strong occupancy levels. Rental activity remains robust with a non-weighted same-store average occupancy at quarter end of 90.4%, and with better-than-expected leasing trends through the month of October. Spreads between move-in rents and move-out rents have continued to narrow throughout the year as move-in rents continue to rebound from the trough in 1Q24 but remain elevated in the range of negative 20-30%, resulting in a total non-weighted same-store average revenue decline of 1.48%. The bifurcation in performance between urban and suburban markets continues, as higher-beta suburban markets that are more reliant on housing transition-related demand and typically have lower barriers to new supply, have continued to underperform the urban markets that benefit from strong renter demand for self storage.

All four self storage REITs reiterated that existing tenant bases remain strong, which provides conviction around existing customer rate increase (ECRI) strategies and long-term revenue growth. Overall, revenue management strategies are consistent with previous quarters, as payment patterns are healthy, lengths of stay remain elevated, and delinquencies are consistent with historic norms. Meanwhile, new customers continue to place a strong emphasis on pricing with street rates down a non-weighted average of 11.5% year-over-year; however, the sequential improvements seen since Q1 have continued through October. Expenses for the quarter were in-line with management expectations; as upward pressure on property insurance and real estate taxes, as well as increased marketing spend that continues to produce a strong return on investment, are partially offset by cost-saving initiatives such as solar installation and LED lighting improvements.

Nationally, new supply levels remain a tailwind for the industry; while certain markets like West Florida and Atlanta that experienced outsized deliveries relative to existing stock during the last several years, continue to work through absorbing that new inventory. While the REITs have long-term conviction in these sunbelt markets, the impact on new customer pricing has caused them to underperform relative to urban gateway markets, such as New York and D.C.

Transaction activity has returned with the REITs acquiring or under contract to acquire 62 facilities for nearly \$730mm, which surpasses the volume of the first and second quarters combined. All four REITs made comments that the acquisition market is turning the corner due to the narrowing of bid-ask spreads, increased deal flow for both single-assets and portfolios through off-market and marketed channels, higher quality property offerings and accretive costs of capital. Expectations are that transaction activity continues to accelerate through the 4th quarter and throughout 2025 as sellers look for liquidity and the buyer-seller bid-ask spread continues to narrow.

In addition to this quarterly REIT summary, a weekly email from Newmark Group, Inc.'s Self Storage Group delineates key benchmark rates for the capital markets, near-term expectations for transactions, and interpretive opinions of broader market questions.

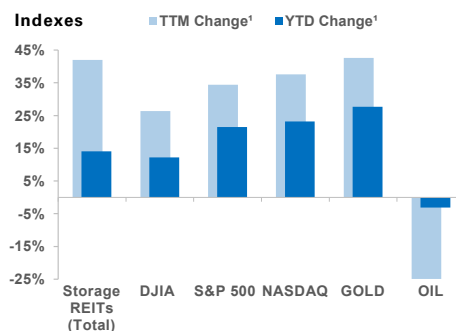
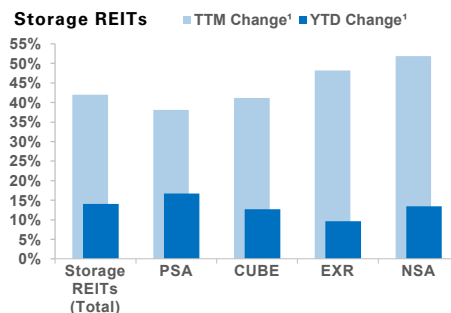
The following pages summarize the information for the third quarter of 2024, reported by the four publicly traded self storage REITs, along with comparisons between the industry and macro-market benchmarks. Links to the investor relations page of each REIT's website are also included.

Thank you for taking the time to review the Quarterly REIT Report. We trust you will find it valuable. [nmrk.com/selfstorage](https://nmrk.com/selfstorage)

## SELF STORAGE 3Q24 REIT REPORT HIGHLIGHTS

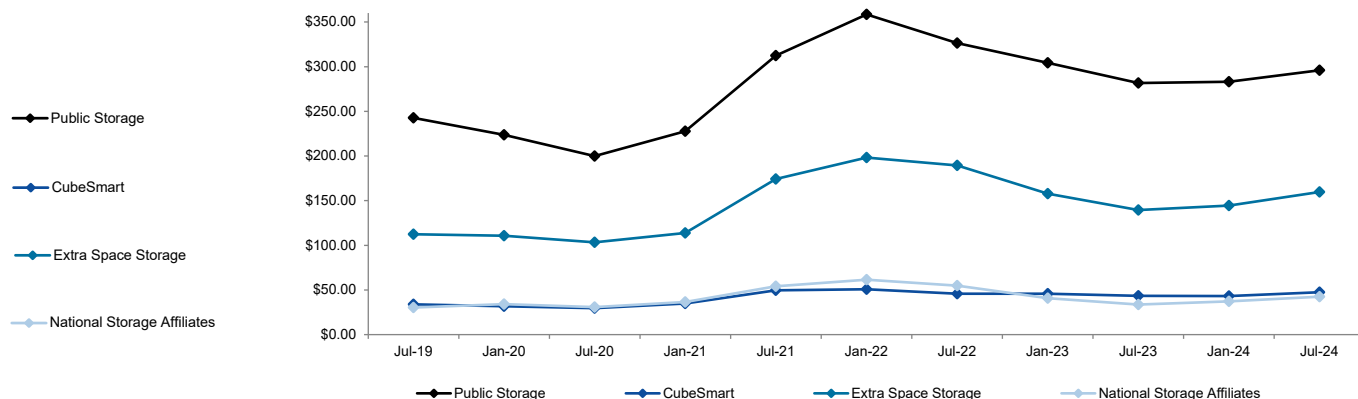
### Market Index

	CURRENT PRICE 09/30/24	LAST YEAR 09/29/23	YTD Change <sup>1</sup>	TTM Change <sup>1</sup>
Storage REITs (Total)	\$529.45	\$454.97	14.1%	42.0%
PSA	363.87	263.52	16.7%	38.1%
CUBE	53.83	38.13	12.7%	41.2%
EXR	180.19	121.58	9.6%	48.2%
NSA	48.20	31.74	13.4%	51.9%
DJIA	42,330	33,508	12.2%	26.3%
S&P 500	5,762	4,288	21.5%	34.4%
NASDAQ	18,189	13,219	23.2%	37.6%
GOLD	2,636	1,848	27.7%	42.6%
OIL	68.17	90.79	-3.1%	-24.9%
U.S. 10 YEAR	3.81%	4.59%	-3.5%	-17.0%
10 YEAR SWAP	3.54%	4.56%	-6.6%	-22.3%
SOFR (30-DAY AVG)	5.16%	5.32%	-3.4%	-2.9%



### SELF STORAGE REIT HISTORICAL STOCK PRICE

	Jan 20	Jul 20	Jan 21	Jul 21	Jan 22	Jul 22	Jan 23	Jul 23	Jan 24	Jul 24
Public Storage	\$223.76	\$199.88	\$227.62	\$312.48	\$358.53	\$326.41	\$304.34	\$281.75	\$283.19	\$295.92
CubeSmart	\$31.67	\$29.67	\$34.84	\$49.66	\$50.74	\$45.87	\$45.79	\$43.36	\$43.22	\$47.58
Extra Space Storage	\$110.68	\$103.34	\$113.79	\$174.14	\$198.19	\$189.52	\$157.83	\$139.57	\$144.44	\$159.62
National Storage Affiliates	\$34.15	\$30.82	\$36.54	\$54.17	\$61.56	\$54.84	\$40.80	\$33.79	\$37.35	\$42.57



<sup>1</sup> Excludes dividends

Sources: Yahoo! Finance, U.S. Dept of the Treasury, Barchart (SWAADY10.RT), Federal Reserve Bank of NY



## PUBLIC STORAGE (NYSE: PSA)

- Reported net income allocable to common shareholders of \$2.16 per diluted share.
  - Reported Core FFO allocable to common shareholders of \$4.20 per diluted share.
  - Acquired three self-storage facilities with 0.2 million net rentable square feet for \$24.3 million. Subsequent to September 30, 2024, we acquired or were under contract to acquire 14 self-storage facilities with 1.2 million net rentable square feet, for \$181.2 million.
- Opened one newly developed facility and completed various expansion projects, which together added 0.5 million net rentable square feet at a cost of \$142.6 million. At September 30, 2024, we had various facilities in development and expansion expected to add 4.0 million net rentable square feet at an estimated cost of \$712.4 million.
  - Achieved 78.4% same-store direct net operating income margin.

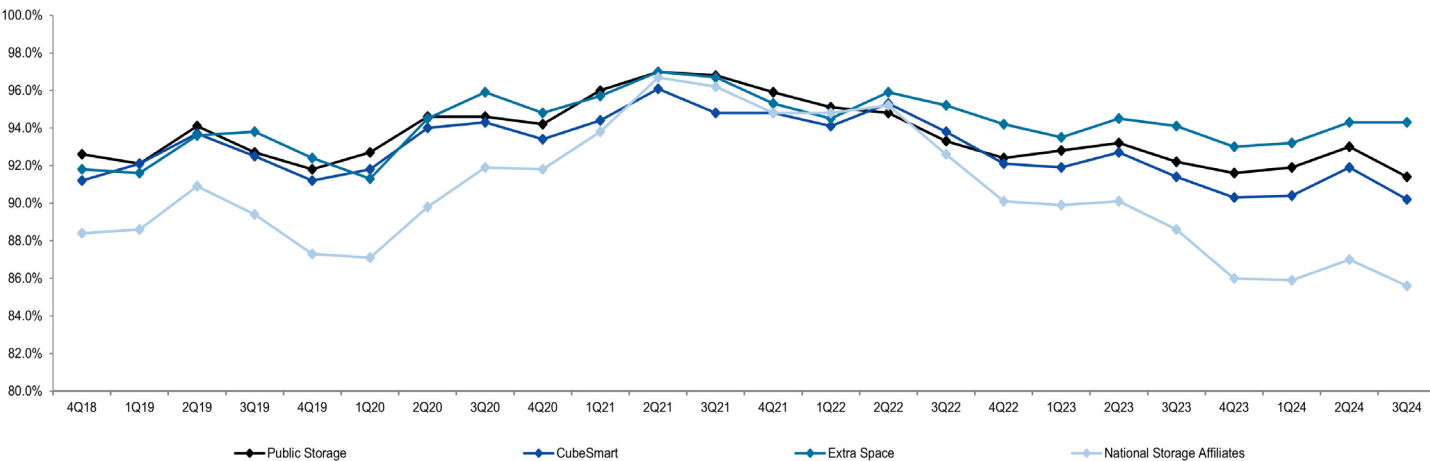
[CLICK HERE TO VIEW PUBLIC STORAGE INVESTOR RELATIONS](#)

## CUBESMART (NYSE: CUBE)

- Reported diluted earnings per share attributable to the company's common shareholders of \$0.44.
  - Reported funds from operations, as adjusted, per diluted share of \$0.67.
  - Same-store occupancy averaged 90.8% during the quarter, ending at 90.2%.
- Same-store (598 stores) net operating income decreased 3.1% year over year, resulting from a 0.8% decrease in revenues and a 5.3% increase in operating expenses.
  - Added 24 stores to third-party management platform, bringing total third-party managed store count to 893.

[CLICK HERE TO VIEW CUBESMART INVESTOR RELATIONS](#)

### HISTORICAL QUARTER-END OCCUPANCY



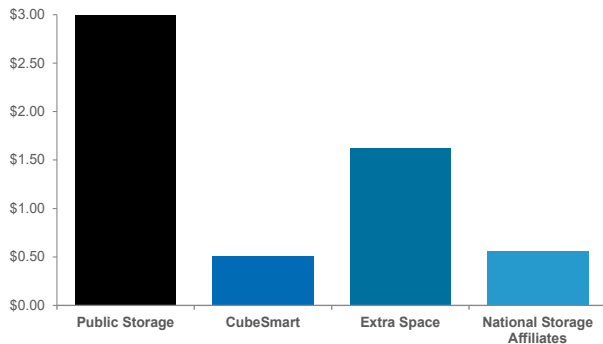
Note: PSA, Cube, EXR & NSA is based on period end occupancy.

## EXTRA SPACE (NYSE: EXR)

- Achieved net income attributable to common stockholders of \$0.91 per diluted share, representing a 5.2% decrease compared to the same period in the prior year primarily due to a \$51.8 million loss related to the impairment of the Life Storage Inc. trade name based on the company's decision to operate under a single brand.
- Achieved funds from operations attributable to common stockholders and unit holders of \$1.75 per diluted share. FFO, excluding adjustments, was \$2.07 per diluted share, representing a 2.5% increase compared to the same period in the prior year.
- Same-store revenue decreased by 0.3% and same-store net operating income decreased by 1.0% compared to the same period in the prior year.
- Reported ending same-store occupancy of 94.3% as of September 30, 2024, compared to 93.7% as of September 30, 2023.
- The company acquired 10 operating stores and one store at completion of construction for a total cost of approximately \$163.9 million.
- In conjunction with joint venture partners, acquired five properties and completed two developments for a total cost of approximately \$114.6 million, of which the company invested \$30.7 million.
- The company recognized a gain of \$13.7 million upon the dissolution of two joint ventures which owned 17 properties.
- Originated \$158.4 million in mortgage and mezzanine bridge loans and sold \$179.0 million mortgage bridge loans.
- Added 63 stores (38 stores net) to the company's third-party management platform. As of September 30, 2024, the company managed 1,461 stores for third parties and 460 stores in unconsolidated joint ventures, for a total of 1,921 managed stores.
- Moody's Ratings revised the company's credit outlook to positive from stable.
- Paid a quarterly dividend of \$1.62 per share.

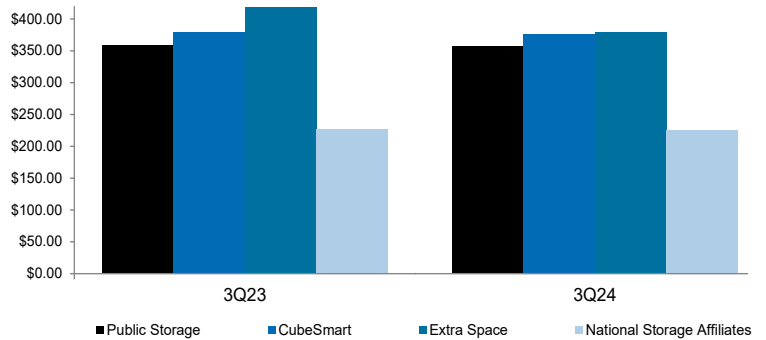
[CLICK HERE TO VIEW EXTRA SPACE INVESTOR RELATIONS](#)

### DIVIDEND PER SHARE



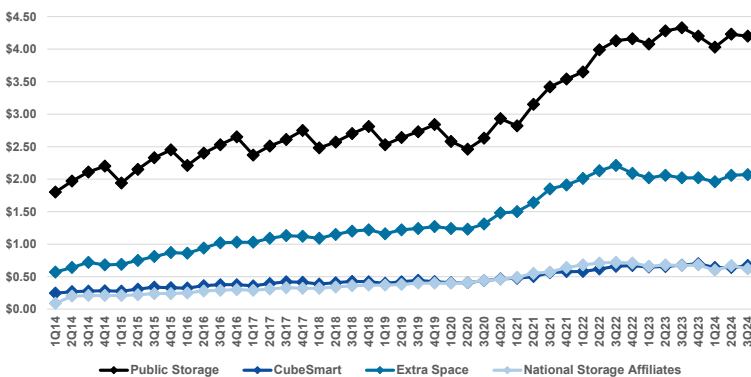
Source: PSA, Cube, EXR and NSA Investor Relations

### SAME STORE REVENUE PER STORE



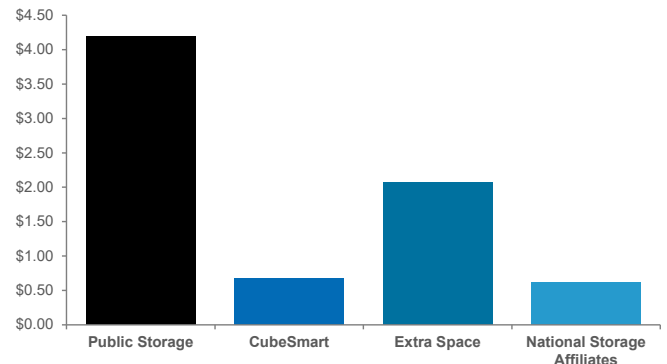
Note: EXR excludes tenant reinsurance revenue. Source: PSA, Cube, EXR and NSA Investor Relations

### HISTORICAL CORE/ADJUSTED FFO PER SHARE

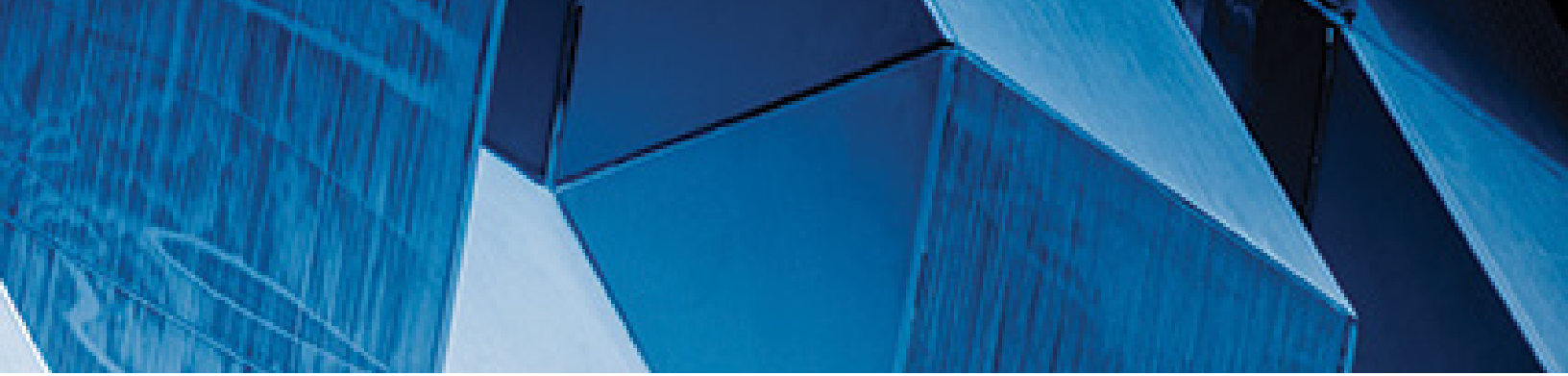


Source: PSA, Cube, EXR, and NSA Investor Relations

### CURRENT CORE/ADJUSTED FFO PER SHARE



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

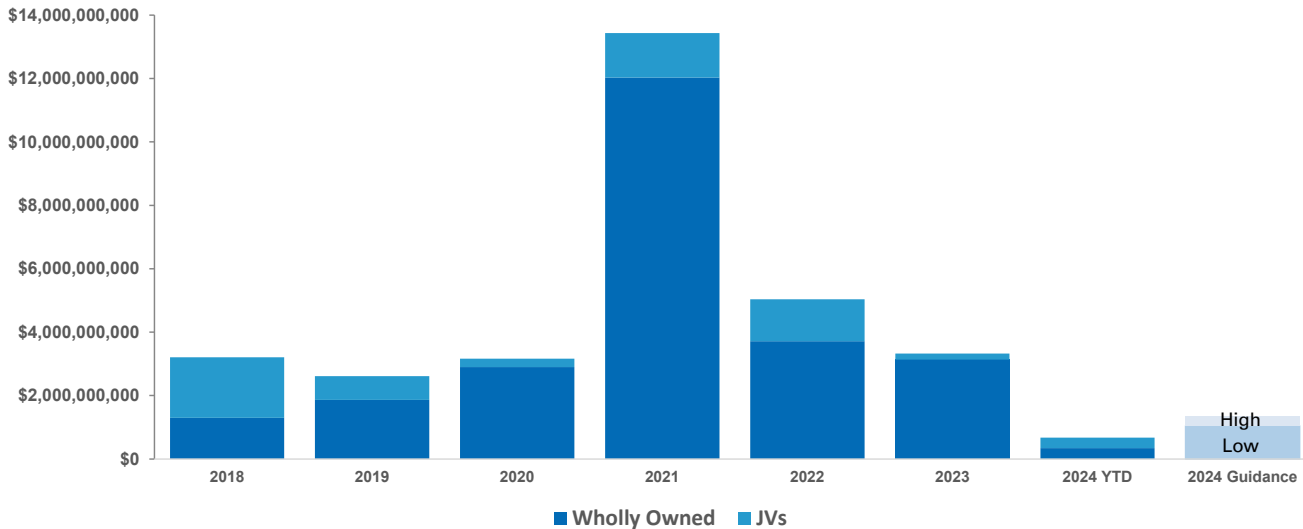


**NATIONAL STORAGE AFFILIATES (NYSE: NSA)**

- Reported net income of \$29.8 million for the third quarter of 2024, a decrease of 30.9% compared to the third quarter of 2023. Reported diluted earnings per share of \$0.18 for the third quarter of 2024 compared to \$0.26 for the third quarter of 2023.
- Reported core funds from operations of \$83.9 million, or \$0.62 per share and unit for the third quarter of 2024, a decrease of 7.5% per share compared to the third quarter of 2023.
- Reported a decrease in same-store net operating income of 5.3% for the third quarter of 2024 compared to the same period in 2023, driven by a 3.5% decrease in same-store total revenues and an increase of 1.2% in same-store property operating expenses.
- One of the Company's unconsolidated real estate ventures acquired 18 self storage properties for approximately \$147.9 million, in two separate transactions. The venture financed the acquisitions with capital contributions from the venture members, of which the Company contributed approximately \$37.0 million.
- On September 5, 2024, the Company issued \$350.0 million of senior unsecured notes with a weighted average interest rate of 5.6% and a weighted average maturity of 7.6 years in a private placement with institutional investors.
- Reported same-store period-end occupancy of 85.6% as of September 30, 2024, a decrease of 270 basis points compared to September 30, 2023.
- As previously announced, effective July 1, 2024, the Company completed the internalization of its participating regional operator (PRO) structure. As a result, the Company purchased the PROs' management contracts, and in some cases, their brand names, related intellectual property and certain rights related to the PROs' tenant insurance programs. As of the Closing Date, the Company will no longer pay supervisory and administrative fees or reimbursements under the previous agreements with the PROs. The Company continues to transition the majority of operations in a phased approach, which has begun and is expected to continue over the 12 month period following the Closing Date, and the Company has executed new asset management and property management agreements with a number of the PROs for all or a part of this transitional period at newly negotiated management fees. In connection with the internalization, on July 1, 2024, 11,906,167 subordinated performance units and DownREIT subordinated performance units were converted into 17,984,787 OP units and DownREIT OP units.

[CLICK HERE TO VIEW NATIONAL STORAGE AFFILIATES INVESTOR RELATIONS](#)

**REIT ACQUISITION VOLUME**



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

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