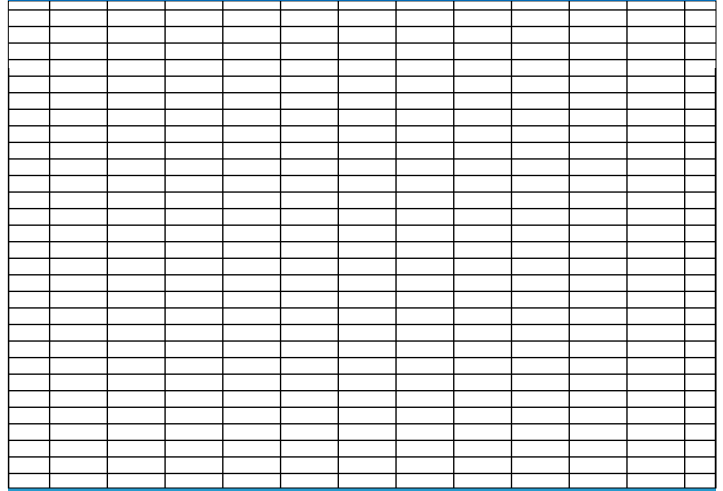


CAPITAL MARKETS

# Self Storage Group

1Q 2024 REIT Report



**NEWMARK**

## Self Storage 1Q24 REIT Report

The self storage sector's 1Q24 results were in-line with both market expectations and guidance, as all four self storage REITs reaffirmed their full-year 2024 guidance. Despite the competitive environment for new customers, the self storage REITs reported a slight sequential increase in same-store occupancy relative to 4Q23 with a non-weighted average of 90.4% at the end of the first quarter. Non-weighted, same-store revenues decreased (0.13%) year-over-year, mainly attributed to the (1.50%) decrease in NSA's same-store revenue, as both PSA and CUBE were flat year-over-year, and EXR increased same-store revenues by 1.00%. Non-weighted, same-store NOI decreased (1.90%) year-over-year, as upward pressure continues to be felt in certain expense line-items, such as, marketing, property insurance, and real estate taxes.

The REITs highlighted many markets that are seeing a reacceleration in top-of-funnel demand, as street rates likely troughed during the first quarter, and the sequential improvements in street rates continued into April. The markets positively highlighted by the REITs were generally lower-beta markets in dense, urban cores, that did not experience as robust growth during 2021 and 2022, but have strong organic demand drivers, such as a large renter population. Overall, revenue management strategies have stayed consistent since the previous quarter, as existing tenant bases remain healthy with little change in payment patterns or delinquency rates, and lengths of stay remain elevated relative to pre-pandemic.

New supply levels remain a tailwind for the industry, as the REITs reaffirmed a declining proportion of their portfolios currently being impacted by new supply, with expectations for the trend to continue, as the development environment remains extremely difficult. Meanwhile, certain markets that experienced outsized growth over the last several years are working through absorbing new supply, particularly in the Sun Belt, but reiterated their long-term conviction in these markets.

Transaction activity continues to be muted, as volatility in the capital markets and the lack of transaction volume to point to for market pricing has resulted in bid-ask spreads in the range of 10-15%. During the quarter, the REITs acquired or were under contract to acquire over \$134M of assets, while NSA mentioned they are in negotiations to acquire \$200M of assets. The REITs remain confident in their acquisition guidance for the year with a range of \$950M - \$1.25B and expect transaction activity to pick up in the second half of the year.

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.

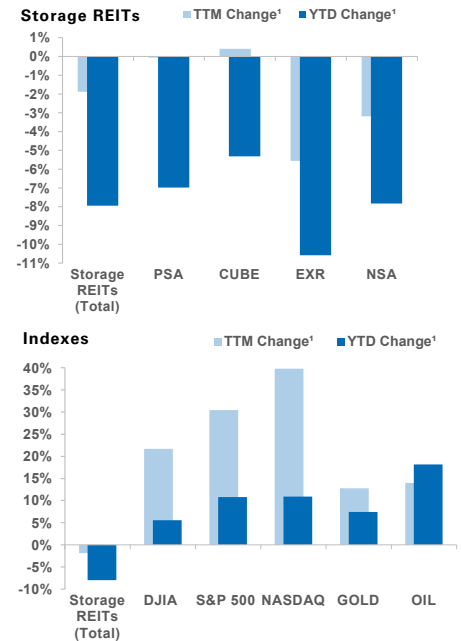
The following pages summarize the information for the first quarter of 2024, reported by the four publicly traded self storage REITs, along with comparisons between the industry and macro-market benchmarks. Links to the investor relations page of each REIT's website are also included.

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 1Q24 REIT REPORT HIGHLIGHTS

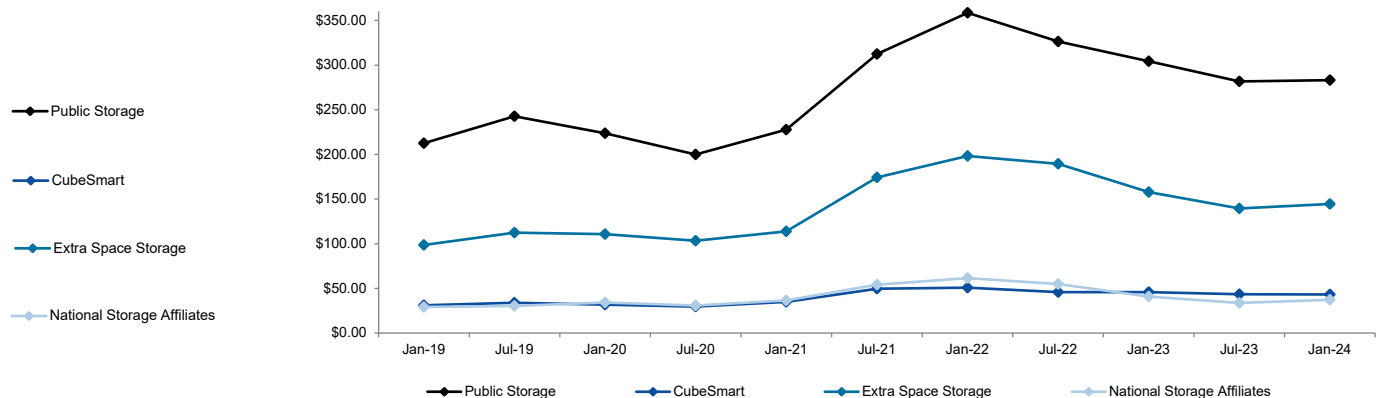
### Market Index

	03/29/24	03/29/23	YTD Change <sup>1</sup>	TTM Change <sup>1</sup>
Storage REITs (Total)	\$521.44	\$531.39	-7.95%	-1.87%
PSA	290.06	290.24	-6.98%	-0.06%
CUBE	45.22	45.04	-5.32%	0.40%
EXR	147.00	155.66	-10.58%	-5.56%
NSA	39.16	40.45	-7.84%	-3.19%
DJIA	39,807.37	32,717.60	5.55%	21.67%
S&P 500	5,254.35	4,027.81	10.79%	30.45%
NASDAQ	16,379.46	11,716.08	10.93%	39.80%
GOLD	2,217.40	1,966.10	7.41%	12.78%
OIL	83.17	72.97	18.17%	13.98%
U.S. 10 YEAR	4.20%	3.57%	6.33%	17.65%
10 YEAR SWAP	4.11%	3.56%	8.16%	15.33%
SOFR (30-DAY AVG)	5.32%	4.66%	-0.47%	14.16%



### SELF STORAGE REIT HISTORICAL STOCK PRICE

	Jul 19	Jan 20	Jul 20	Jan 21	Jul 21	Jan 22	Jul 22	Jan 23	Jul 23	Jan 24
Public Storage	\$242.76	\$223.76	\$199.88	\$227.62	\$312.48	\$358.53	\$326.41	\$304.34	\$281.75	\$283.19
CubeSmart	\$33.95	\$31.67	\$29.67	\$34.84	\$49.66	\$50.74	\$45.87	\$45.79	\$43.36	\$43.22
Extra Space Storage	\$112.39	\$110.68	\$103.34	\$113.79	\$174.14	\$198.19	\$189.52	\$157.83	\$139.57	\$144.44
National Storage Affiliates	\$30.29	\$34.15	\$30.82	\$36.54	\$54.17	\$61.56	\$54.84	\$40.80	\$33.79	\$37.35



<sup>1</sup> Excludes dividends

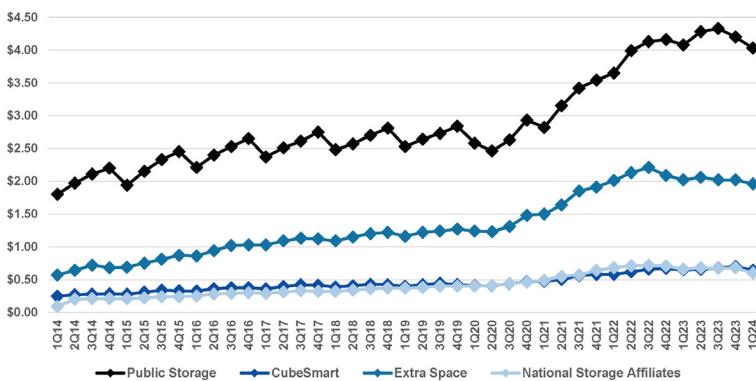
Sources: Yahoo! Finance, U.S. Dept of the Treasury, Barchart (SWAADY10.RT), Federal Reserve Bank of NY

## PUBLIC STORAGE (NYSE: PSA)

- Reported net income allocable to common shareholders of \$2.60 per diluted share.
- Reported core FFO allocable to common shareholders of \$4.03 per diluted share.
- Achieved 77.2% same-store direct net operating income margin.
- On April 16, 2024, completed a public offering of \$1.0 billion aggregate principal amount of senior notes, including \$700 million aggregate principal amount of floating rate senior notes bearing interest at a rate of Compounded SOFR + 0.70% (reset quarterly) maturing on April 16, 2027 and an additional \$300 million aggregate principal amount of the senior notes bearing interest at a fixed annual rate of 5.350% maturing on August 1, 2053.
- Opened one newly developed facility and completed various expansion projects, which together added 0.3 million net rentable square feet at a cost of \$35.0 million. On March 31, 2024, had various facilities in development and expansion expected to add 3.7 million net rentable square feet at an estimated cost of \$783.0 million.
- Subsequent to March 31, 2024, acquired or were under contract to acquire four self-storage facilities with 0.3 million net rentable square feet, for \$34.6 million.
- On April 11, 2024, issued €150 million of senior notes to institutional investors, bearing interest at a fixed rate of 4.080% and maturing on April 11, 2039.

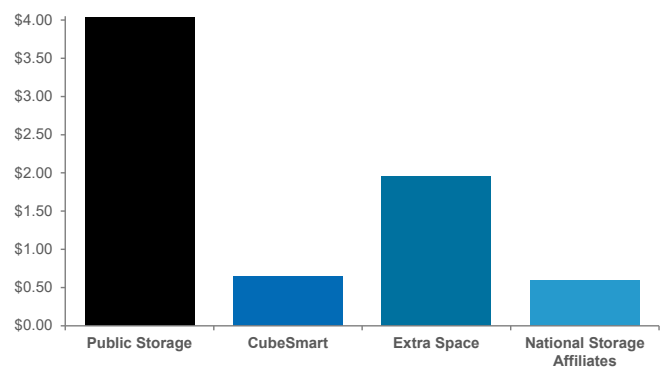
[CLICK HERE TO VIEW PUBLIC STORAGE INVESTOR RELATIONS](#)

### HISTORICAL CORE/ADJUSTED FFO PER SHARE



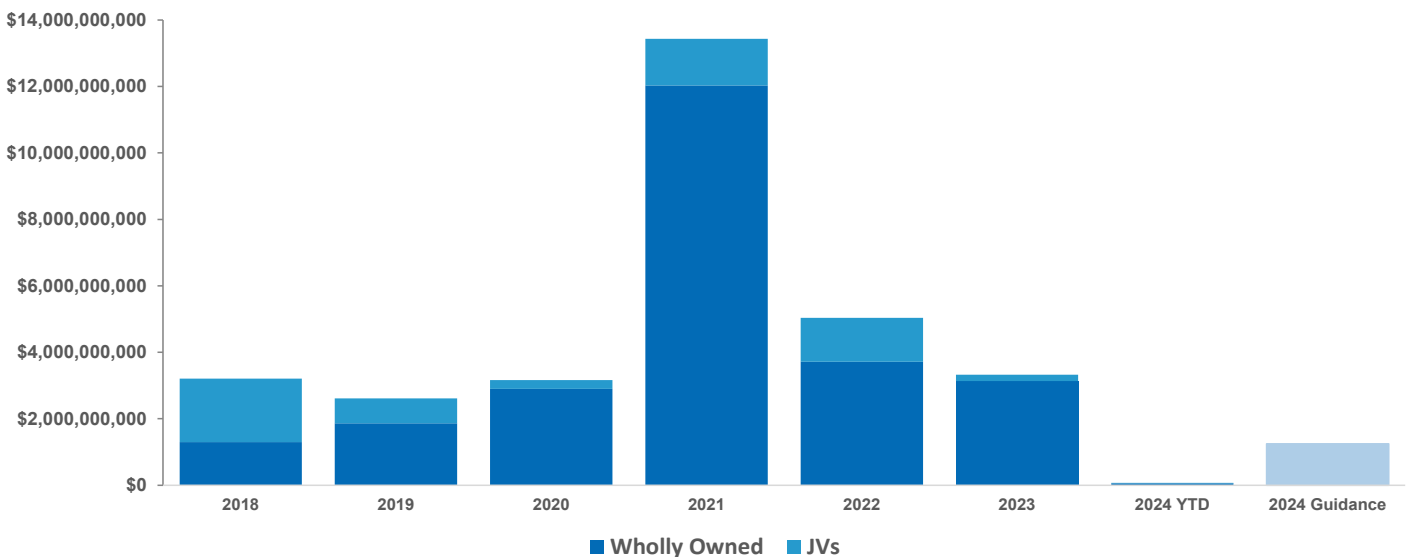
Source: PSA, Cube, EXR, and NSA Investor Relations

### CURRENT CORE/ADJUSTED FFO PER SHARE



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

### REIT ACQUISITION VOLUME



## CUBESMART (NYSE: CUBE)

- Reported diluted earnings per share attributable to the company’s common shareholders of \$0.42.
- Reported funds from operations, as adjusted, per diluted share of \$0.64.
- Same-store (598 stores) net operating income decreased 1.9% year over year, driven by a 5.0% increase in operating expenses.
- Averaged same-store occupancy of 90.2% during the quarter and ended the quarter at 90.4%.
- Closed on the acquisition of two stores totaling \$20.2 million.
- Added 68 stores to the third-party management platform during the quarter, bringing the total third-party managed store count to 860.

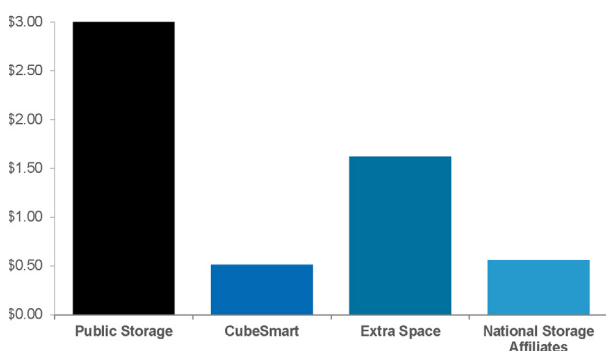
[CLICK HERE TO VIEW CUBESMART INVESTOR RELATIONS](#)

## EXTRA SPACE (NYSE: EXR)

- Achieved net income attributable to common stockholders of \$1.01 per diluted share, representing a 30.8% decrease compared to the same period in the prior year primarily due to non-cash interest and amortization of intangibles related to the company’s 2023 merger with Life Storage, Inc.
- Achieved funds from operations attributable to common stockholders and unit holders of \$1.87 per diluted share. FFO, excluding adjustments, was \$1.96 per diluted share, representing a 3.0% decrease compared to the same period in the prior year.
- Increased same-store revenue by 1.0% and same-store net operating income decreased by (0.5)% compared to the same period in the prior year.
- Reported ending same-store occupancy of 93.2% as of March 31, 2024, compared to 92.7% as of March 31, 2023.
- The company acquired five operating stores and one store at completion of construction for a total cost of approximately \$35.1 million.
- In conjunction with a joint venture partner, completed one development for a total cost of approximately \$20.4 million, of which the company invested \$19.4 million.
- Originated \$164.3 million in mortgage and mezzanine bridge loans.
- Added 97 stores (72 stores net) to the company’s third-party management platform. As of March 31, 2024, the company managed 1,409 stores for third parties and 472 stores in unconsolidated joint ventures, for a total of 1,881 managed stores.
- Paid a quarterly dividend of \$1.62 per share.

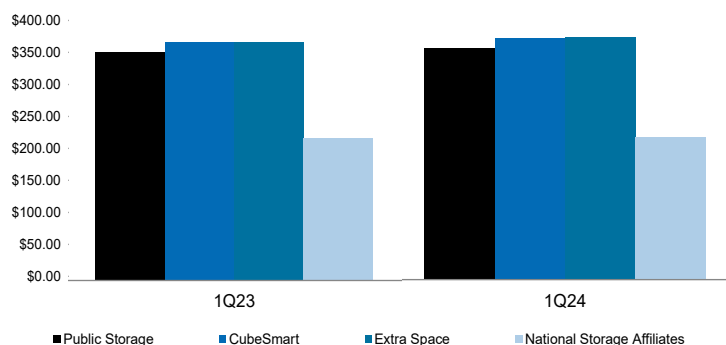
[CLICK HERE TO VIEW EXTRA SPACE INVESTOR RELATIONS](#)

### 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

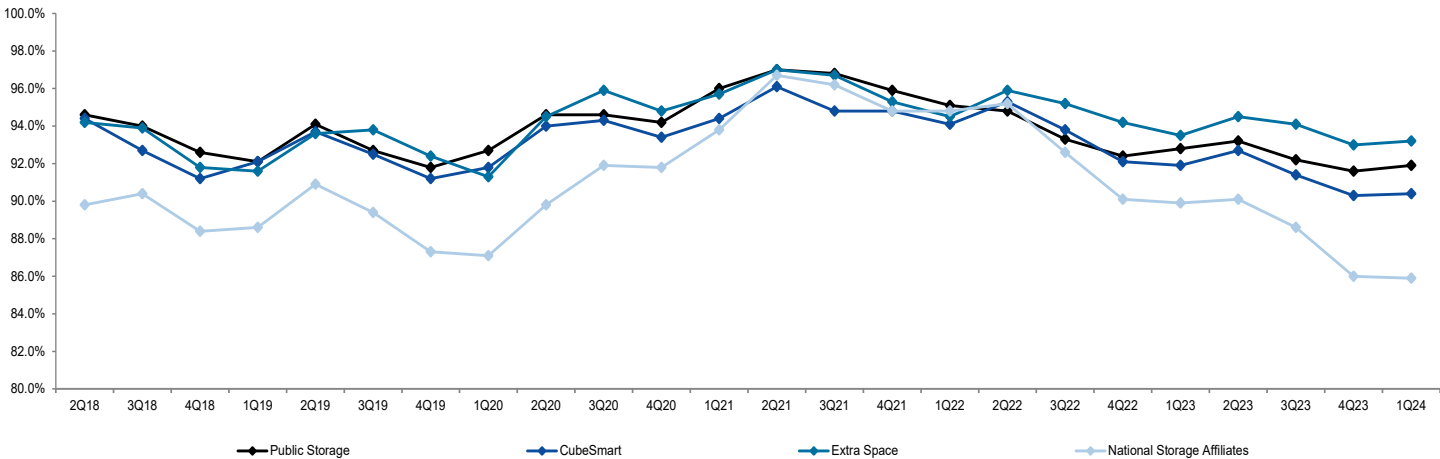


## NATIONAL STORAGE AFFILIATES (NYSE: NSA)

- Reported net income of \$95.1 million for the first quarter of 2024, an increase of 135.4% compared to the first quarter of 2023. Reported diluted earnings per share of \$0.65 for the first quarter of 2024 compared to \$0.24 for the first quarter of 2023.
- Reported core funds from operations of \$72.4 million, or \$0.60 per share for the first quarter of 2024, a decrease of 9.1% per share compared to the first quarter of 2023.
- Reported a decrease in same store net operating income of 3.7% for the first quarter of 2024 compared to the same period in 2023, driven by a 1.5% decrease in same store total revenues and an increase of 4.5% in same store property operating expenses.
- Reported same store period-end occupancy of 85.9% as of March 31, 2024, a decrease of 350 basis points compared to March 31, 2023.
- Repurchased 5,491,925 of the company’s common shares for approximately \$203.5 million under the previously announced share repurchase program.
- As previously announced, entered into a new joint venture agreement between a subsidiary of NSA and a subsidiary of Heitman Capital Management LLC, with NSA as a 25% owner and the 2024 JV Investor as a 75% owner. NSA contributed 56 wholly-owned properties for approximately \$346.5 million to the 2024 Joint Venture. A subsidiary of NSA serves as the manager of the 2024 Joint Venture.
- Completed the sale of 71 wholly-owned self storage properties for approximately \$540.0 million pursuant to a previously announced agreement entered into during the fourth quarter of 2023. 32 of the properties were sold in December 2023, while the remaining 39 properties were sold during the first quarter of 2024.
- As previously announced, repaid \$130.0 million of Term Loan Tranche B. After this repayment and taking into account the company’s interest rate swaps, the company has no variable rate debt exposure other than the revolving line of credit.

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

### HISTORICAL QUARTER-END OCCUPANCY



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

---

*For more information:*

**Houston Headquarters**  
1700 Post Oak Blvd  
2BLVD Place, Suite 250  
Houston, TX 77056

**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

**[nmrk.com/selfstorage](http://nmrk.com/selfstorage)**

If you would like to be added to our distribution list, please contact Alex Fernandez at [alex.fernandez@nmrk.com](mailto:alex.fernandez@nmrk.com). If there are topics you would like to see covered, or if you would like to work with us on survey or white paper idea, please contact Taucha Hogue at [taucha.hogue@nmrk.com](mailto:taucha.hogue@nmrk.com).

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.

**NEWMARK**