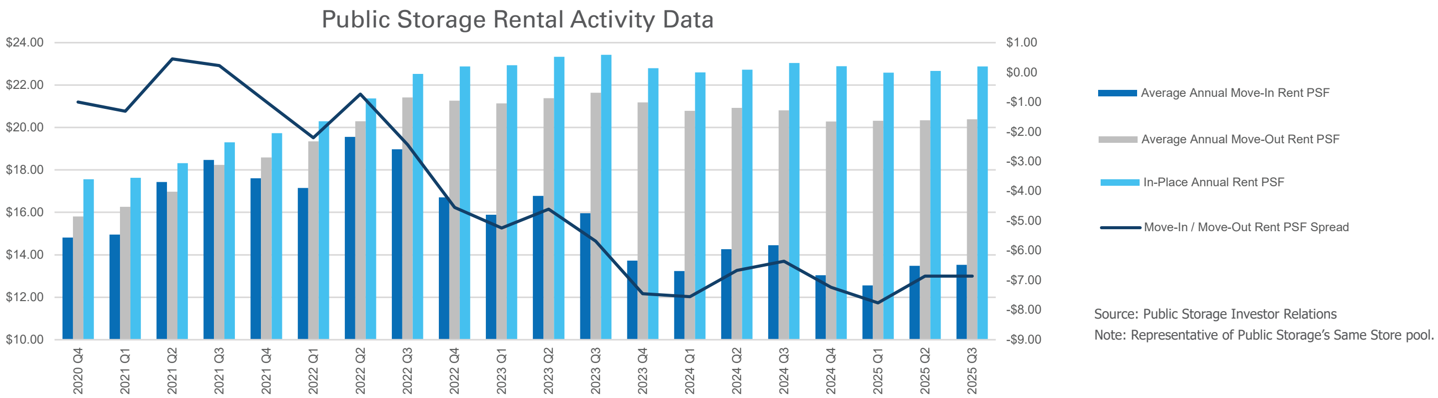
SELF STORAGE MARKET OVERVIEW

Q3 2025

The third quarter of 2025 marked a pivotal transition point for the self storage sector, characterized by an inflection in fundamental trends and a return to robust revenue management strategies. The sector delivered solid results that broadly met or exceeded expectations, prompting most of the REITs to raise full-year guidance at the midpoint. The narrative has shifted from stabilization to acceleration as year-over-year street rate comparisons have turned positive on a national basis with EXR reporting a 5% year-over-year increase in new customer rents net of discounts in October, signaling that pricing has troughed, while existing customer bases remain healthy with stable delinquencies, churn, and acceptance of ECRIs. While the operating environment remains competitive in certain markets, particularly those working through final waves of pandemic-era supply, demand drivers remain robust with elevated Google Search traffic and move-ins. Looking ahead, the sector is positioned against its most favorable backdrop in years as the development pipeline is contracting significantly, creating a structural tailwind that will support occupancy and rate power through 2026 and beyond.

REVENUE MANAGEMENT

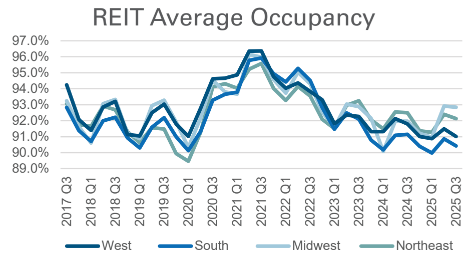
The efficacy of revenue management strategies is evident in the stability of in-place rent per square foot despite the negative spread between move-in and move-out rents for the last several quarters. During the third quarter, the move-in and move-out rent spread was flat sequentially, which allowed the sophisticated revenue management strategy to drive a 93-bps increase in in-place rents. Since Q3 2021, the last quarter with a positive move-in to move-out rent spread, in-place rents have grown at a 4.35% CAGR, which should accelerate as operators pivot from a defensive occupancy-preservation strategy towards a renewed focus on rate growth. Demand remains stout with increasing utilization rates, continued absorption of recently delivered supply and a contracting pipeline for new deliveries.

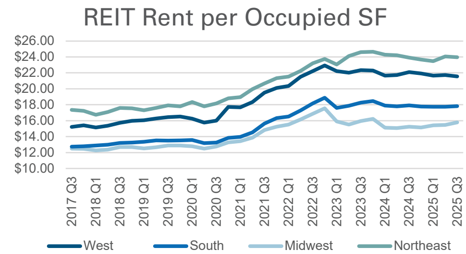


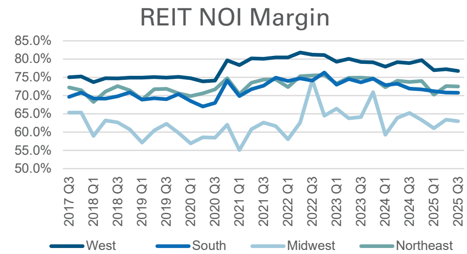
Source: Public Storage Investor Relations
Note: Representative of Public Storage's Same Store pool.

SELF STORAGE REIT DATA

Self storage REITs remain focused on maximizing revenue through sophisticated revenue management strategies that contemplate the trade-off between occupancy and rental rates, while improving NOI margins through reducing controllable expenses. Same-store weighted average occupancy remains healthy at 91.8% with Extra Space maintaining industry leading occupancy levels of 93.7% at quarter end. The self storage REIT NOI margins remain among the highest in the real estate sector broadly, with the Western region exhibiting the strongest margins at 76.8%. Overall, the Midwest region has been outperforming on a year-over-year basis with an 86-bps increase in occupancy and 3.6% increase in net rent per occupied square foot, bolstered by being the least impacted region from pandemic-era supply. Investments in both solar infrastructure to reduce utility costs and technology infrastructure to maximize the efficiency of marketing spend while simultaneously reducing payroll expenses, provide long-term tailwinds for additional margin improvements.



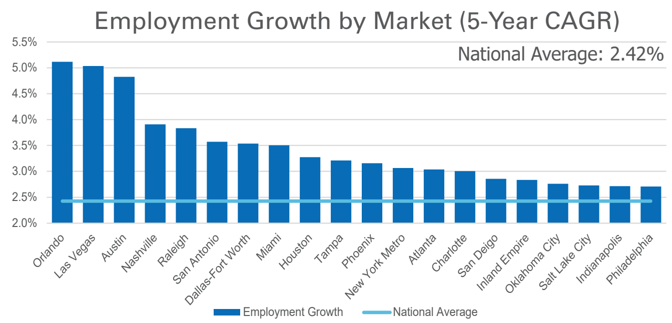


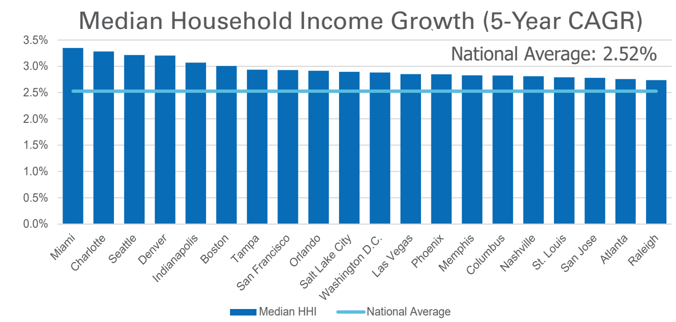


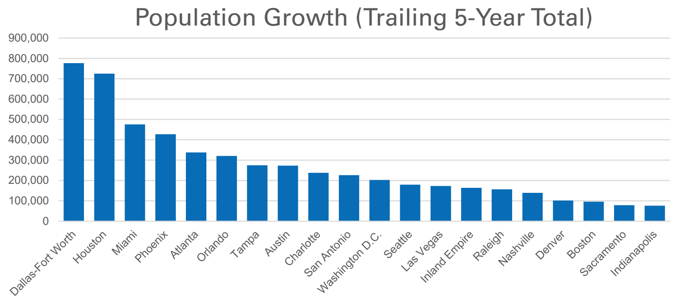
Source: Newmark, PSA, Cube, EXR, NSA Investor Relations

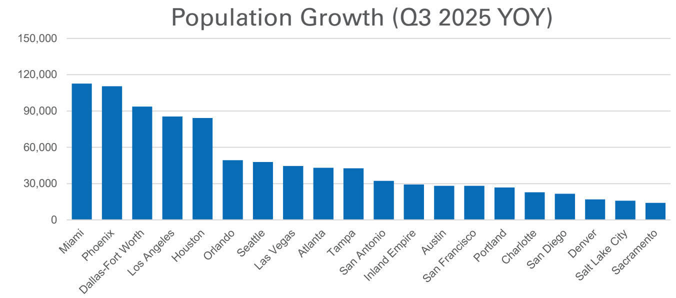
ECONOMIC TRENDS

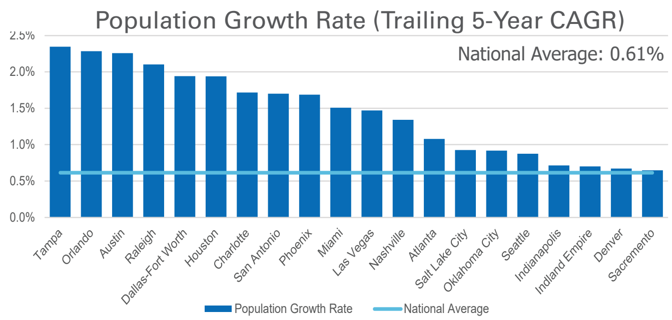
While the Sunbelt broadly continues to lead in both population and employment growth, the revitalization of gateway cities is adding a layer of geographic diversification to the growth outlook with Miami, Seattle, and San Francisco all ranking among the top markets for both projected median household income and population growth over the next 5-years. While the demographic trends for the Sunbelt remain robust due to both affordability and lifestyle changes, the pandemic-driven exodus from traditional high-density economic cores like Los Angeles and New York have waned as attractive employment options arise and return to office trends accelerate. This emerging duality—population growth in the Sunbelt and income growth in gateway markets—provides operators with a hedged demand profile, where occupancy gains in migration hubs are complemented by the pricing power inherent in high-income urban centers.

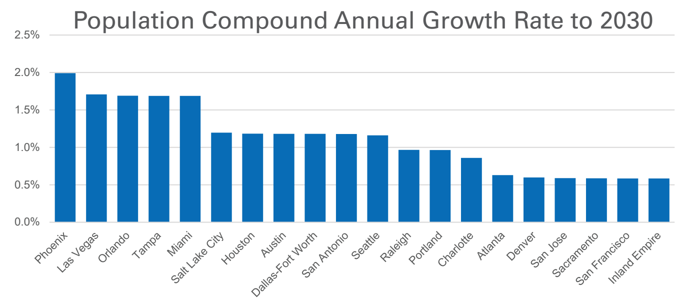












Source: Newmark, Moody's Analytics, ESRI

U-HAUL TOP 10 GROWTH STATES & CITIES 2024

U-Haul publishes an annual list ranking destinations for one-way truck rentals, categorized by both city and state. For the first time, South Carolina topped the list of states, followed by other sunbelt markets that make up the balance of the top 5 states, with Florida being ranked fourth or higher every year since 2015. U-Haul's migration trends reinforce the demographic strength of southeastern and southwestern markets. Meanwhile, California experienced the greatest net loss and was ranked 50th overall for the fifth consecutive year.

Top U-Haul Growth States

1	South Carolina	6	Arizona
2	Texas	7	Washington
3	North Carolina	8	Indiana
4	Florida	9	Utah
5	Tennessee	10	Idaho

Top U-Haul Growth Cities

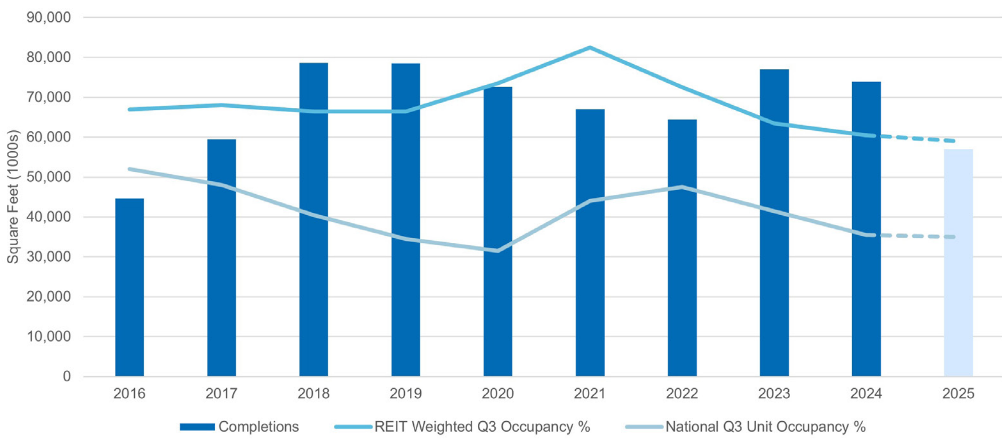
1	Dallas, TX	6	Nashville, TN
2	Charlotte, NC	7	Raleigh, NC
3	Phoenix, AZ	8	Palm Bay, FL
4	Lakeland, FL	9	Houston, TX
5	Austin, TX	10	Greenville, SC

Source: U-Haul

SELF STORAGE SUPPLY & POPULATION GROWTH

Tailwinds continue to build from new supply. Nationwide, deliveries are expected to decline on a square footage basis by 22.9% year-over-year in 2025 to levels below 2017, representing just 2.8% of existing stock—the lowest percentage since 2015. This trend is expected to continue with deliveries of less than 2% of existing stock by 2027 and an average of only 1.5% of existing stock each year from 2028 through 2030, which will provide a very favorable environment for operating fundamentals over the next several years. This contraction is driven by persistently high costs of construction financing, elevated land and development costs, and a lower street rate environment, which have cumulatively raised the barrier to entry for merchant builders. National unit level occupancy has remained steady with a 30-bps increase sequentially in Q3 2025. The graphs below also highlight the recent decline in homeownership, a trend that, combined with an influx of smaller multifamily units, is creating a new, durable source of demand from long-term renters.

U.S. Deliveries vs. Occupancy



Q3 2025

YOY Change

REIT Occupancy
-0.30%

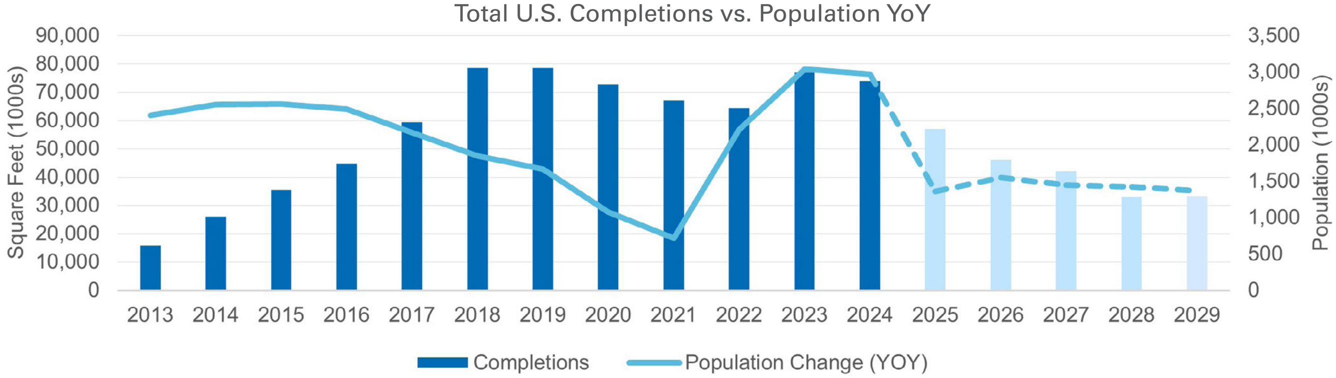
National Occupancy
-0.10%

Completions
2025 (Projected)
-22.9%

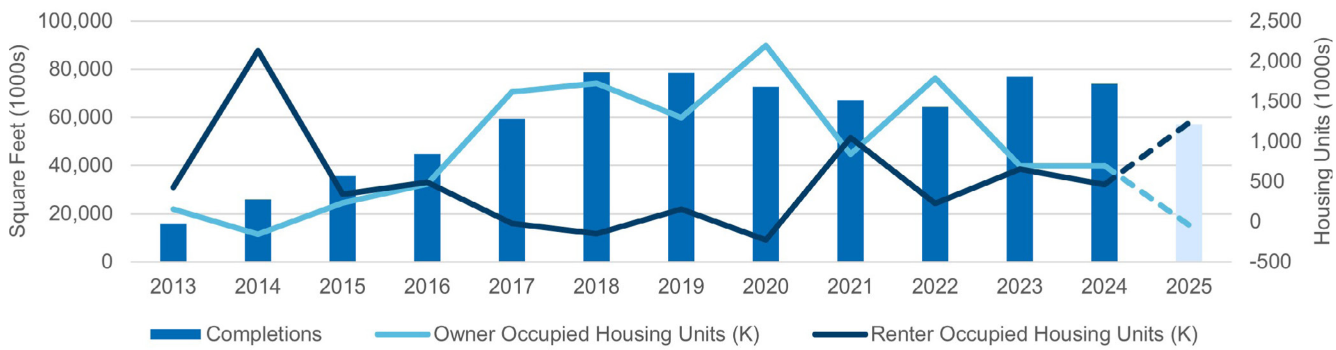
Source: Newmark Research, REIS, Yardi

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.

Total U.S. Completions vs. Population YoY



Total U.S. Completions vs. Owner/Renter Housing Units



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

TOP MARKETS FOR NEW SUPPLY & VALUATION ANALYSIS

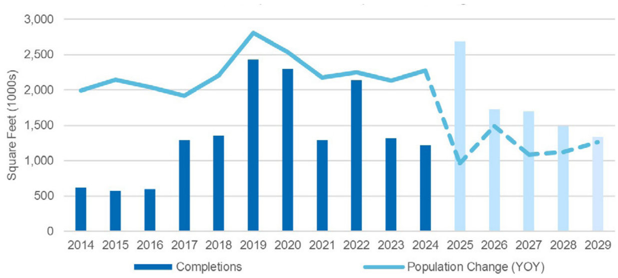
The correlation between demographic growth and development is clear, as all the top five markets for new supply are in the top six markets for population growth over the last 5 years. While the national picture is one of rapid moderation, local nuances remain. Markets like Phoenix and Atlanta are still working through a final wave of deliveries, creating temporary pockets of competition that contrast with the sector broadly. However, the long-term outlook remains bullish for these markets, as the strong demographic trends continue and the recently delivered supply is absorbed. This constructive outlook is further supported by the valuation analysis, which indicates that the recent period of cap rate expansion has largely played out, setting the stage for value recovery and demonstrating that investors continue to ascribe premium long-term valuations to markets where population and job growth provide a high floor for future performance.

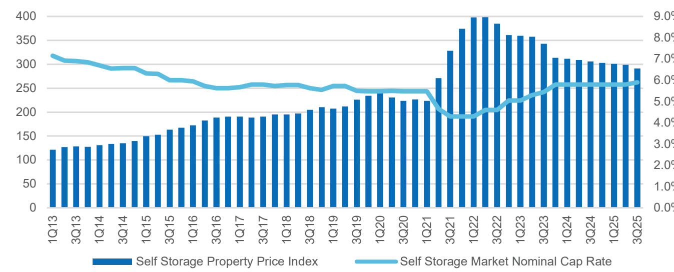
RANKED BY NEW SUPPLY

VALUATION METRICS

1

PHOENIX





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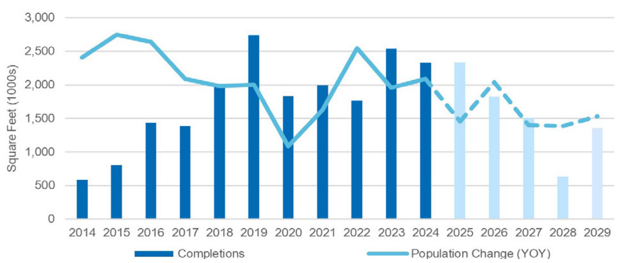
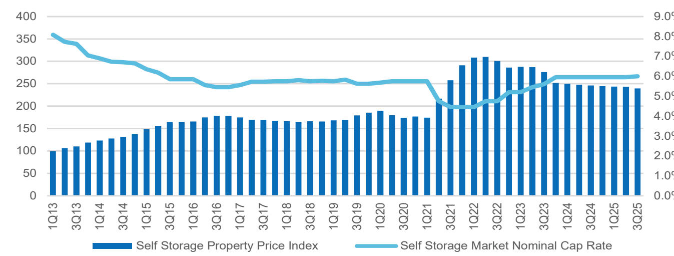
ATLANTA





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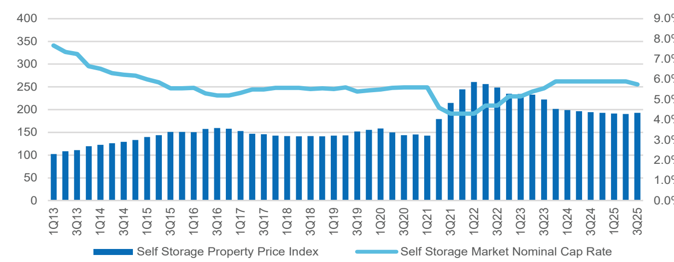
DALLAS



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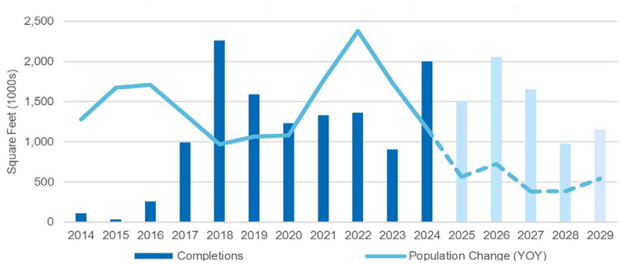
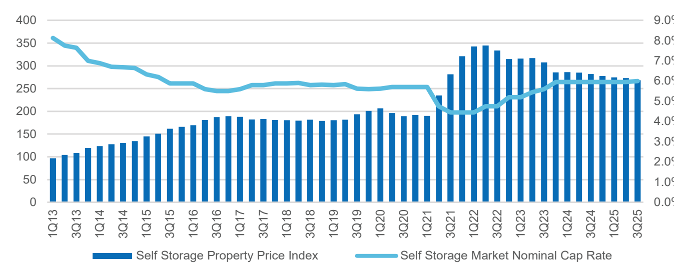
TAMPA - ST. PETERSBURG





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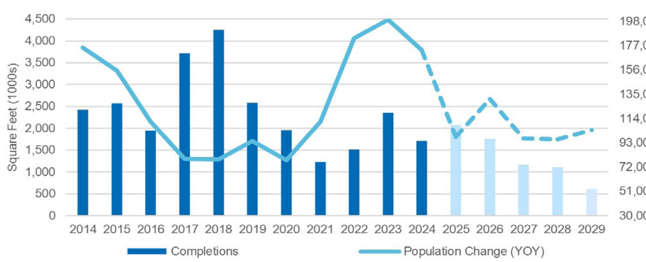
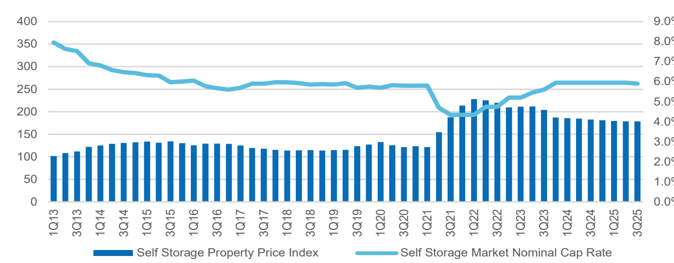
HOUSTON

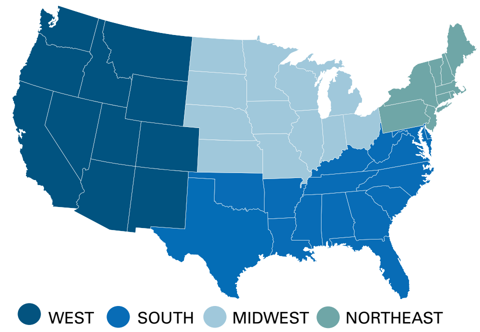


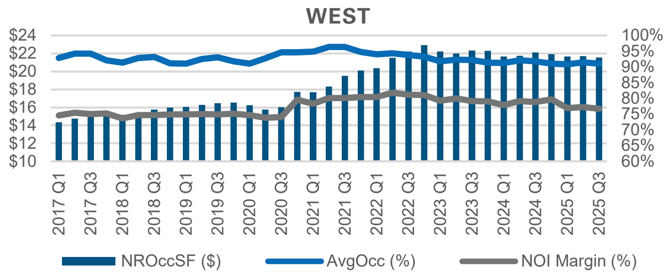


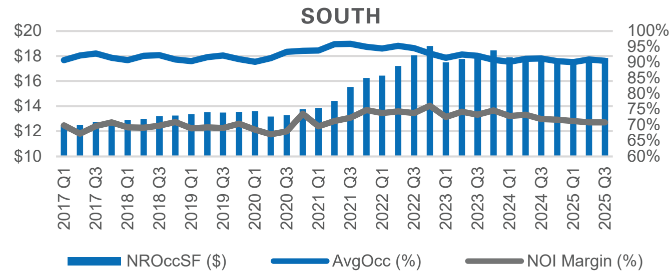
Source: Newmark, REIS, Yardi & Green Street

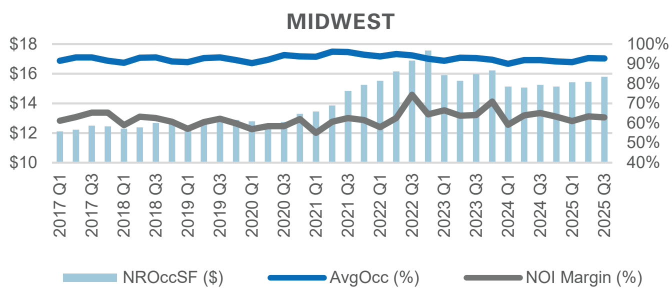
SELF STORAGE TRENDS BY REGION

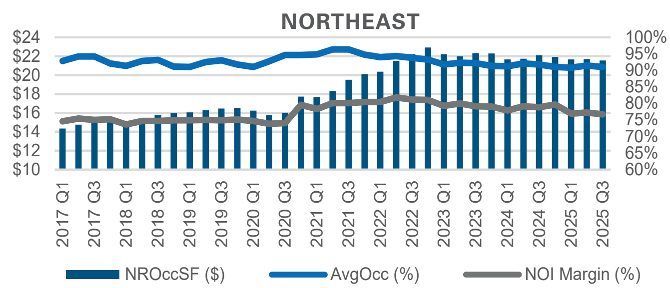
Although certain markets have experienced an influx of new supply over the last two years, fundamentals have held steady with self storage utilization rates continuing to increase as demand drivers broaden and consumers continue to place increasing value on the product offering. The Northeast continues to lead on Net Rent per Occupied Square Foot, which has grown at a 3% CAGR from 2016, while the West has maintained the highest NOI margins which have expanded 380-bps from 2016. The Midwest was the strongest performing region in Q3 2025 with a 2% quarterly sequential increase in Net Rent per Occupied Square Foot and a 90-bps increase in occupancy year-over-year, further supported by being the least impacted by the recent supply cycle.







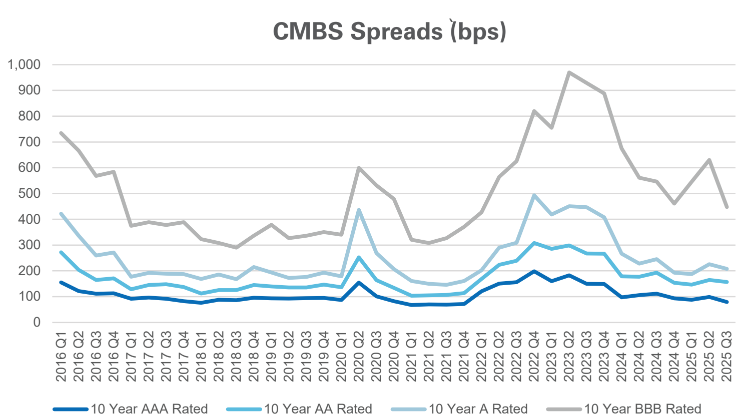




Source: Newmark, FRED, PSA, Cube, EXR, NSA Investor Relations

CAPITAL MARKETS

The capital markets have stabilized from the 525-bps increase in the federal funds rate post-pandemic with AAA CMBS spreads tightening to the lowest levels since 2021. Liquidity from the debt markets specifically is at a current-cycle high with a strong appetite from a diverse profile of lenders that are aggressively allocating capital to self storage, as it remains one of the sectors with the lowest overall delinquency. Minimal recurring capital requirements insulates self storage from interest rate volatility post-loan origination; and the resiliency of cash flow for the sector is attractive to lenders, evidenced by 89.7% average of current securitized balances on originations from 2022 through 2025 are above a 7% debt yield.

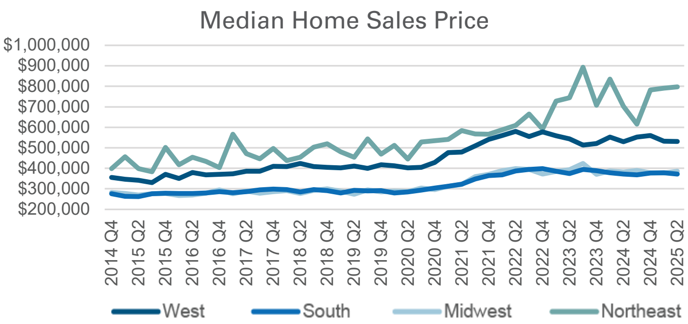


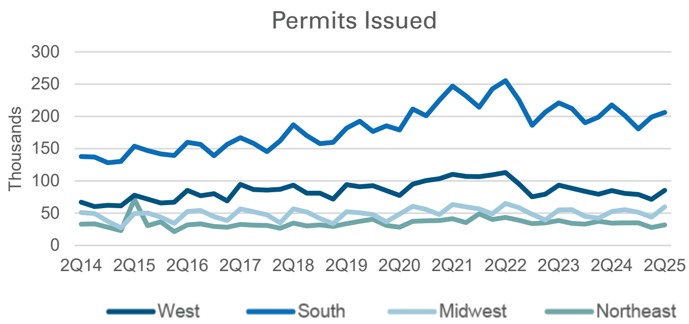
Origination Year	DEBT YIELD 7% & Below	7-9.99%	10-12.99%	13-14.99%	15% and up	Total Allocated Balance 000s
2015	-	-	29,523	9,807	414,457	453,787
2016	12,504	29,661	87,746	234,041	372,611	736,563
2017	-	58,533	394,499	483,250	344,355	1,280,637
2018	39,395	56,946	483,523	362,671	254,868	1,197,403
2019	37,844	151,415	852,722	195,294	232,025	1,469,300
2020	74,893	165,666	492,392	186,257	200,220	1,119,428
2021	2,411,055	1,489,663	751,081	345,912	160,158	5,157,869
2022	62,882	633,056	299,870	39,510	26,661	1,061,979
2023	16,976	1,488,786	685,382	19,435	43,925	2,254,504
2024	778,575	2,234,563	399,424	57,311	60,986	3,530,859
2025	425,000	2,247,060	505,288	126,970	95,409	3,399,727
Total	3,859,124	8,555,349	4,981,450	2,060,458	2,205,675	21,662,056

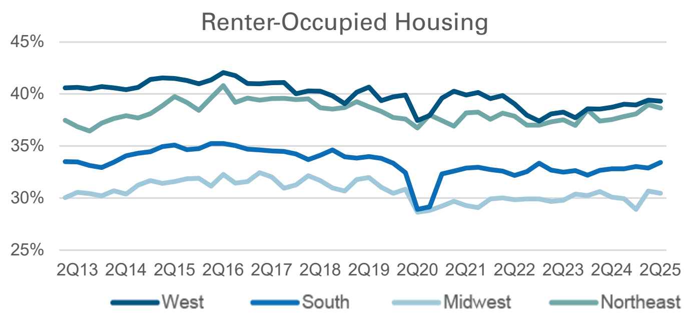
This data is based on current balance and therefore includes outstanding loans; it does not include disposed loans.

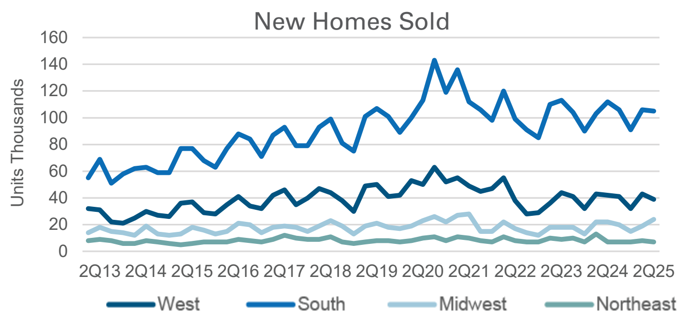
Source: Newmark, Trepp

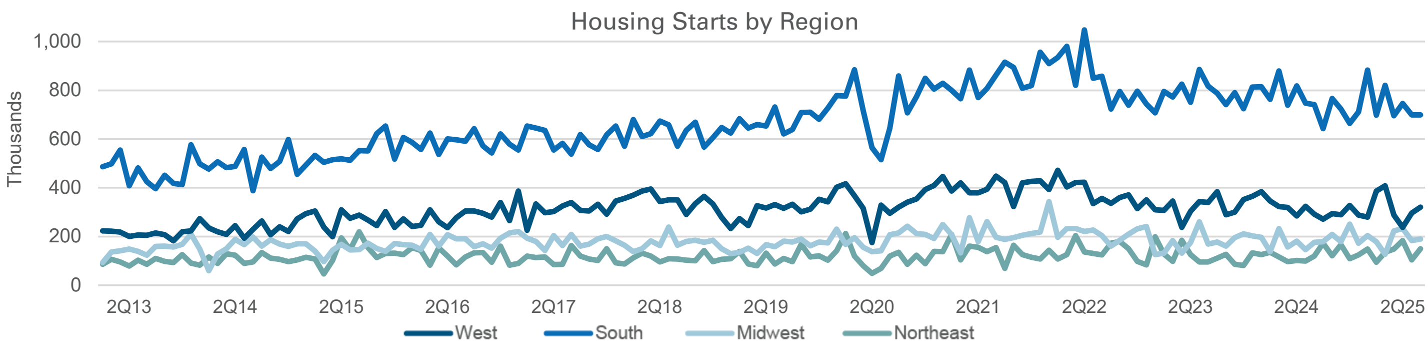
HOUSING FUNDAMENTALS BY REGION (2Q 2025 DATA)







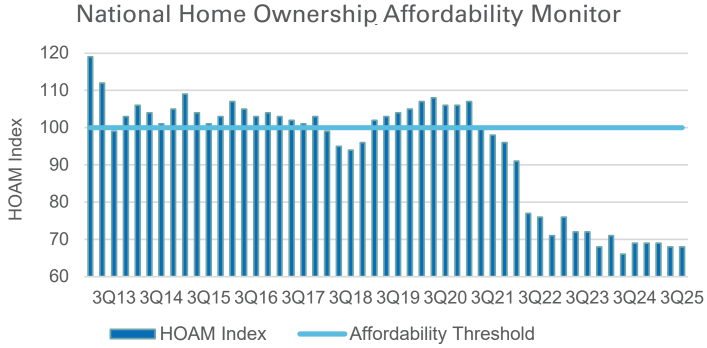




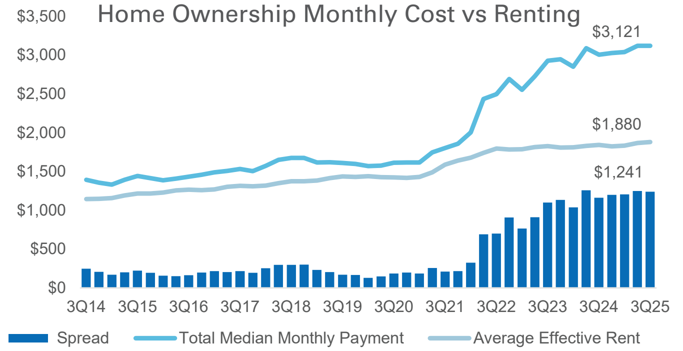
Source: Newmark, FRED, Moody's Analytics, US Census

NATIONAL HOUSING TRENDS

The direct relationship between housing turnover and self storage demand has diminished. Despite a frozen housing market characterized by lock-in effects and high mortgage rates, self storage fundamentals have remained resilient and are positively inflecting. This resilience highlights the growing importance of "non-transition" demand drivers—such as decluttering, lifestyle storage, and the needs of a growing renter cohort. The widening affordability gap between owning and renting, which is now at a multi-decade high spread of $1,241 per month, is reshaping the American household, inadvertently creating a long-term tailwind for self storage. This demographic is stickier and more reliant on external storage than the transient home-buyer. As multifamily unit sizes shrink to maintain affordability, the utility of self storage increases.



Source: Newmark Research, Atlanta Federal Reserve



Source: Newmark Research, Atlanta Federal Reserve, RealPage

TOP MARKETS PER 10X10 RATES

Coastal gateway markets continue to command the highest absolute rents, with San Francisco, New York, and Los Angeles leading the nation. However, a different set of markets are driving long-term growth; since 2015, Fresno and Minneapolis have exhibited the highest compounded annual growth for climate-controlled units, while Phoenix and Miami lead for non-climate units. The volatility seen in some markets is largely a function of the digestion of supply, including Atlanta, Phoenix, and Houston; as that supply pressure eases, we expect the spread in volatility between the highest and lowest growth markets to compress. Operators are expected to maintain disciplined pricing strategies while balancing occupancy to maximize revenue not just in high-barrier coastal hubs, but in any submarket where the supply-demand balance approaches equilibrium.

HIGHEST RENTAL RATES Q3 2025

	Climate Controlled	Q3 '25	QoQ*
1	San Francisco	$321.46	1.15%
2	New York Metro	$306.41	1.30%
3	Los Angeles	$277.50	0.37%
4	San Diego	$237.99	-0.70%
5	Miami	$219.69	0.72%

	Non-Climate	Q3 '25	QoQ*
1	San Francisco	$310.76	-0.04%
2	New York Metro	$269.24	0.30%
3	Los Angeles	$238.69	-0.08%
4	Miami	$224.17	-0.04%
5	San Jose	$216.84	-0.86%

LOWEST RATE VOLATILITY 2015 - Q3 2025

	Climate Controlled	Low	High	Q3 '25
1	Oklahoma City	$94.75	$129.58	$95.57
2	Kansas City	$121.35	$139.60	$134.71
3	Detroit	$136.43	$165.23	$159.36
4	Seattle	$170.37	$204.40	$188.92
5	Salt Lake City	$120.95	$153.97	$149.58

	Non-Climate	Low	High	Q3 '25
1	Oklahoma City	$71.00	$100.30	$71.00
2	Milwaukee	$91.44	$105.78	$91.44
3	Portland	$140.04	$169.56	$168.57
4	Detroit	$116.14	$144.24	$132.93
5	San Francisco	$234.47	$310.88	$310.76

HIGHEST COMPOUND ANNUAL GROWTH RATE

	Climate Controlled	Q3 '25
1	Fresno	3.57%
2	Minneapolis	3.09%
3	Portland	2.75%
4	Las Vegas	2.65%
5	Los Angeles	2.58%

	Non-Climate	Q3 '25
1	Phoenix	3.34%
2	Miami	2.86%
3	Salt Lake City	2.82%
4	Fresno	2.77%
5	San Bernardino/Riverside	2.70%

HIGHEST RATE VOLATILITY 2015 - Q3 2025

	Climate Controlled	Low	High	Q3 '25
1	St. Louis	$112.50	$137.18	$126.77
2	Atlanta	$132.28	$171.78	$151.40
3	Houston	$114.37	$158.75	$144.76
4	Columbus	$112.27	$142.04	$130.35
5	Charlotte	$122.12	$152.70	$138.19

	Non-Climate	Low	High	Q3 '25
1	Charlotte	$93.43	$121.91	$108.96
2	Columbus	$89.54	$122.08	$107.48
3	Phoenix	$101.75	$149.60	$144.88
4	Atlanta	$108.08	$140.29	$119.64
5	Miami	$165.57	$236.19	$224.17

*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.

Source: Newmark, REIS

Investment Sales & Advisory Experience

63+ Years	1,675+ Properties	$17.75+ Billion	122.9+ Million
Combined Experience	Across 40 States	Completed Transactions	Square Feet Sold

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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