

MARKET TRENDS & SECTOR OUTLOOK U.S. SELF STORAGE

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Q1 2023

C&W SELF-STORAGE ADVISORY GROUP

Summary of Findings

The SSPI Self-Storage Performance Index decreased in the 1st Quarter 2023 and is at 172.3, a negative 2.2% change from 4th Quarter 2022. Moreover, SSPI increased 4.8% compared to 1st Quarter 2022.

Quarterly Unit Absorption - Net unit absorption (move-ins less move-outs) indicates a negative trend from last quarter. For example, the total rental activity was up 12.1% in 4th Quarter 2022 vs. the same quarter in 2021, and the Quarterly unit absorption was negative 0.4%. The graph illustrates the average net number of units rented each quarter and is based upon a sample of 606± storage facilities nationwide.

Leading Indicator - Self Storage Data Service's Rent per Available Square Foot (RPASF) is premised upon asking rental rates and since it takes six to twelve months to be fully reflected in the facilities performance, RPASF is a leading indicator. To measure the validity of this indicator, SSDS tracks the correlation between RPASF, and the average rental income as reported by the four REITs. There is a high degree of statistical correlation between the two as can be seen in the graph. The data demonstrates that the pace in rent growth will increase, a function of revenue enhancement models already showing significant growth the past three years. Rent growth in self storage will continue to exceed other real estate sectors.

SELF-STORAGE PERFORMANCE INDEX - The SSPI decreased 2.2% compared to 4th Quarter 2022 and increased 4.8% to compared to 1st Quarter 2022. The SSPI now stands at 172.3.

ASKING RENTAL RATES - Asking rents decreased 3.8% compared to 4th Quarter 2022 and with no change 0.0% compared to 1st Quarter 2022, and the REITs decreased 3.3% compared to last quarter and decreased 1.8% from 1st Quarter 2022.

PHYSICAL OCCUPANCY - Median physical occupancy did not change 0.0% compared to 4th Quarter 2022 and remained the same 0.0% over the 1st Quarter 2022, and REITs decreased 1.0% compared to last quarter and remained the same 0.0% from the 1st Quarter 2022.

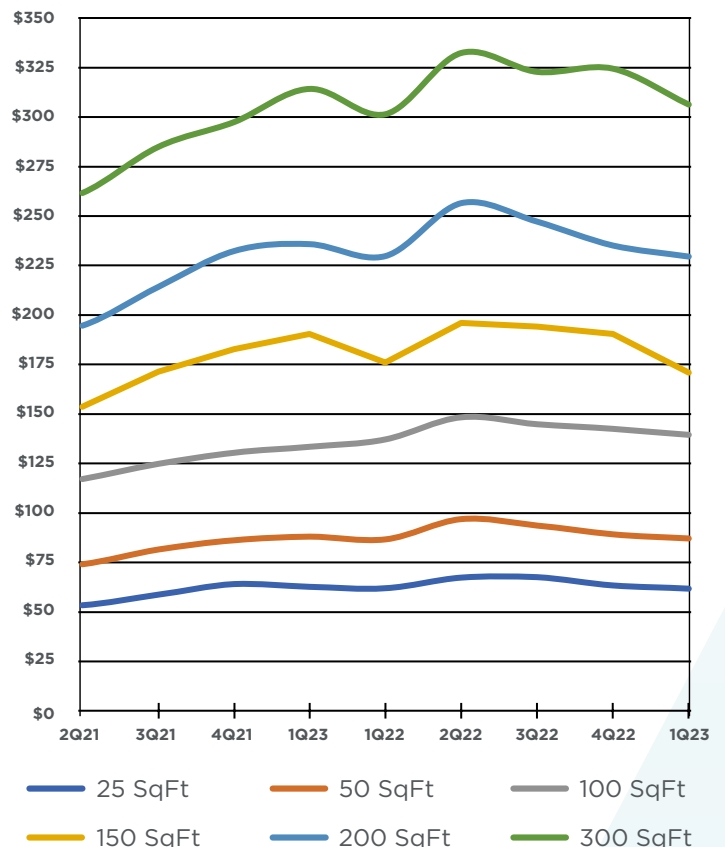
CONCESSIONS - The The cost of concessions index absolute change decreased 4.3% compared 4th Quarter 2022, also increased 6.2% over the 1st Quarter 2022. The facilities offering concessions absolute change increased 3.9% from last Quarter and increased 11.1% from year ago, the Concession Cost Index decreased to 159.6 in the 1st Quarter 2023.

RENT PER AVAILABLE SQUARE FOOT - RPASF for the benchmark 100 square foot non-climate-controlled units are down 4.0% from the 4th Quarter 2022 and are down 0.4% compared to the 1st Quarter 2022 and the REITs decreased 4.2% compared to last quarter and increased 0.2% from last year.

Q1-23 RENT PER AVAILABLE SF SLIGHT INCREASE FOR THE REITS & SLIGHTLY DECREASED NATIONWIDE

The REITs had stable performance this year, and after pandemic, the market sector restored to the normal self-storage yearly cycle. This demonstrates the sector's overall resiliency.

NATIONWIDE AVERAGE ASKING RENT FOR UNIT SIZES



QUARTERLY 1Q23 VS. 4Q22

NATIONWIDE



ASKING RENTAL RATE
DOWN -3.8%



PHYSICAL OCCUPANCY RATE
NEUTRAL 0.0%



RENT PER AVAILABLE
SQ. FT. (RENTAL INCOME)
DOWN -4.0%

REITS



ASKING RENTAL RATE
DOWN -3.3%



PHYSICAL OCCUPANCY RATE
DOWN -1.0%



RENT PER AVAILABLE
SQ. FT. (RENTAL INCOME)
DOWN -4.2%

ANNUAL CURRENT FOUR QUARTERS VS. PRECEDING

NATIONWIDE



ASKING RENTAL RATE
NEUTRAL 0.0%



PHYSICAL OCCUPANCY RATE
NEUTRAL 0.0%



RENT PER AVAILABLE
SQ. FT. (RENTAL INCOME)
DOWN -0.1%

REITS



ASKING RENTAL RATE
DOWN -0.4%



PHYSICAL OCCUPANCY RATE
NEUTRAL 0.0%

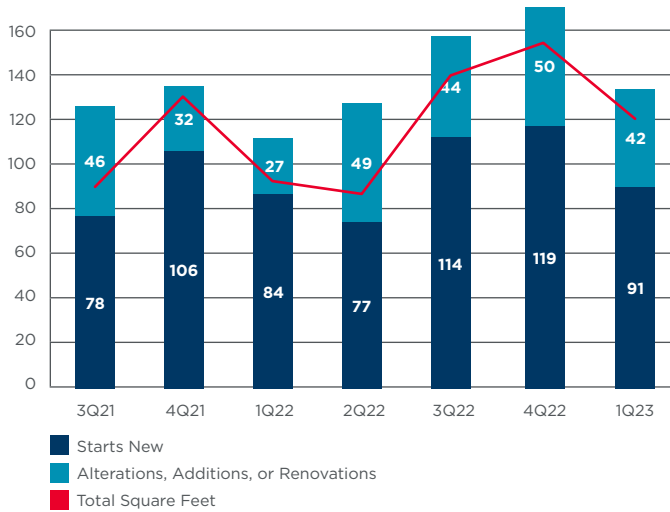


RENT PER AVAILABLE
SQ. FT. (RENTAL INCOME)
UP 0.1%

Sampling Statistics: SSDS' sampling technique assures that the number of REIT facilities in each market's sample represents the approximate percentage of actual REIT facilities in that given market. In this quarter report, data was obtained from 3,765 facilities owned by the four REITs and 7,103 facilities privately owned. Thus, the percentage of REIT facilities included in this quarter's sample is a reasonable proportion to their market share in these top 50 markets.

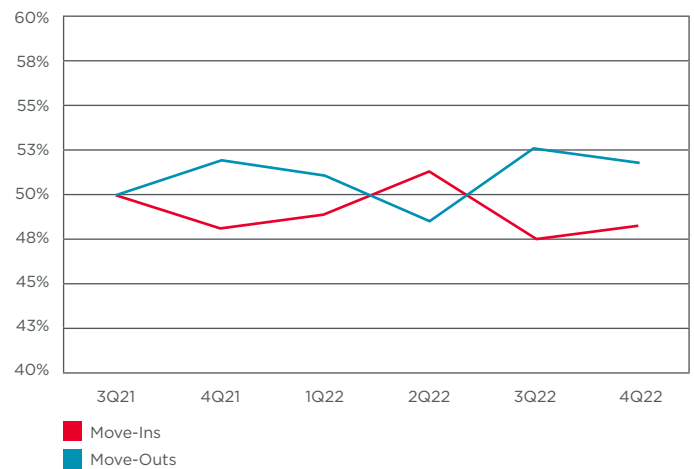
NEW CONSTRUCTION NATIONWIDE

The graph below illustrates the historical trend in the total number of new construction starts including alterations, renovations and interior construction, both within and outside major metropolitan areas.



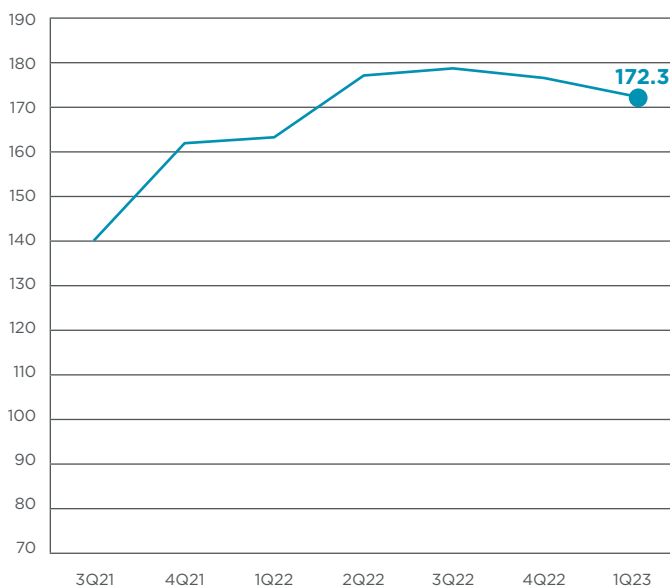
DEMAND TREND MOVE-IN / MOVE-OUT

SSDS tracks the rental activity of approximately 561± self-storage facilities every 90-days. To measure the changes in demand, SSDS tracks several indicators including: The Ratio of Move-Ins to Move-Outs and the Net Absorption of Units.



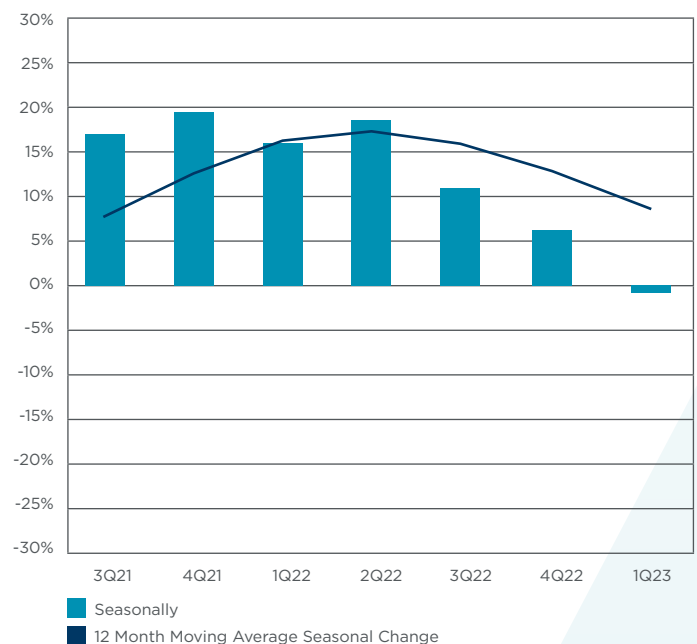
SELF STORAGE PERFORMANCE INDEX

The SSPI measures the changes in net operating income, taking into consideration changes in asking rents, physical occupancy and concessions, as well as operating expenses.

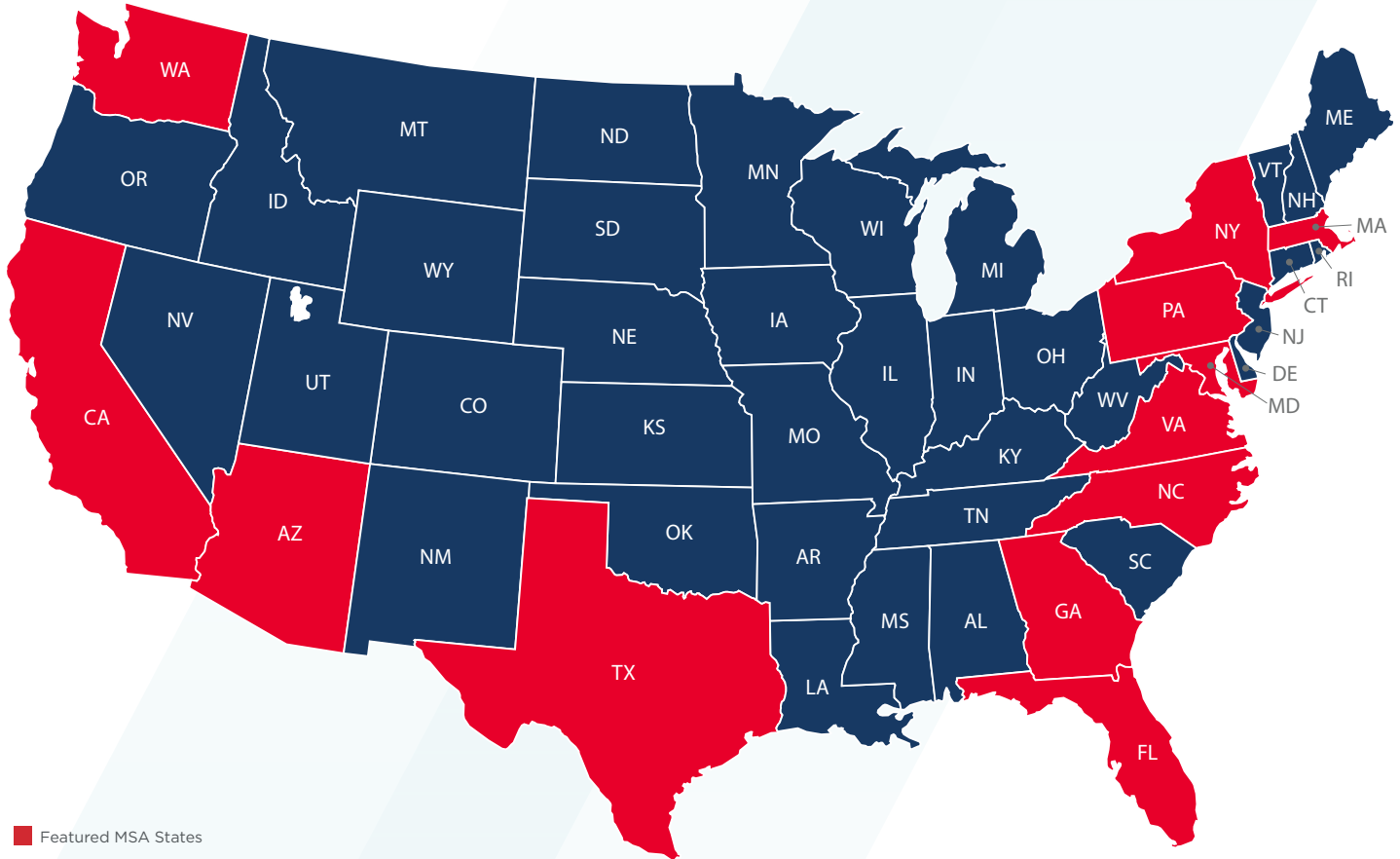


RENT PER AVAILABLE SQUARE FOOT

Rents are calculated on a price per square foot basis because, more often than not, spaces may be divided or combined. These numbers give industry professionals a quick snapshot to compare rent prices among various properties.



MARKETS WITH LARGEST NUMBER OF PROJECTS IN THE PIPELINE



■ Featured MSA States

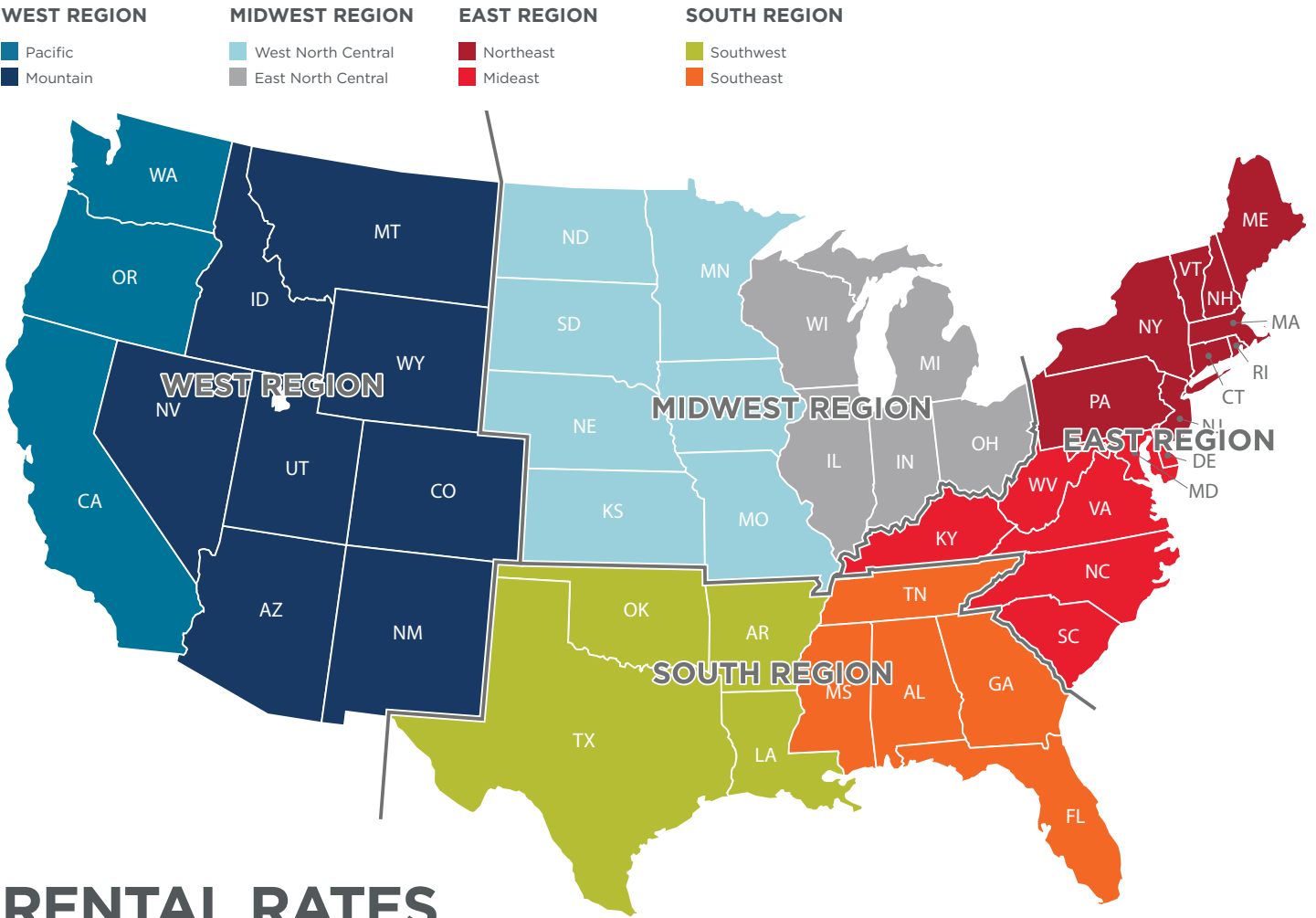
New York-Newark-Edison	65	Jacksonville	17
Miami-Fort Lauderdale-Miami Beach	38	Dallas-Fort Worth-Arlington	16
Atlanta-Sandy Springs-Marietta	36	Phoenix-Mesa-Scottsdale	16
Washington-Arlington-Alexandria	24	Riverside-San Bernardino-Ontario	16
Orlando	23	Boston-Cambridge-Quincy	12
Los Angeles-Long Beach-Santa Ana	21	San Antonio	9
Philadelphia-Camden-Wilmington	21	Seattle-Tacoma-Bellevue	9
Tampa-St. Petersburg-Clearwater	21	Baltimore-Towson	8
Houston-Baytown-Sugar Land	18	Charlotte-Gastonia-Concord	8



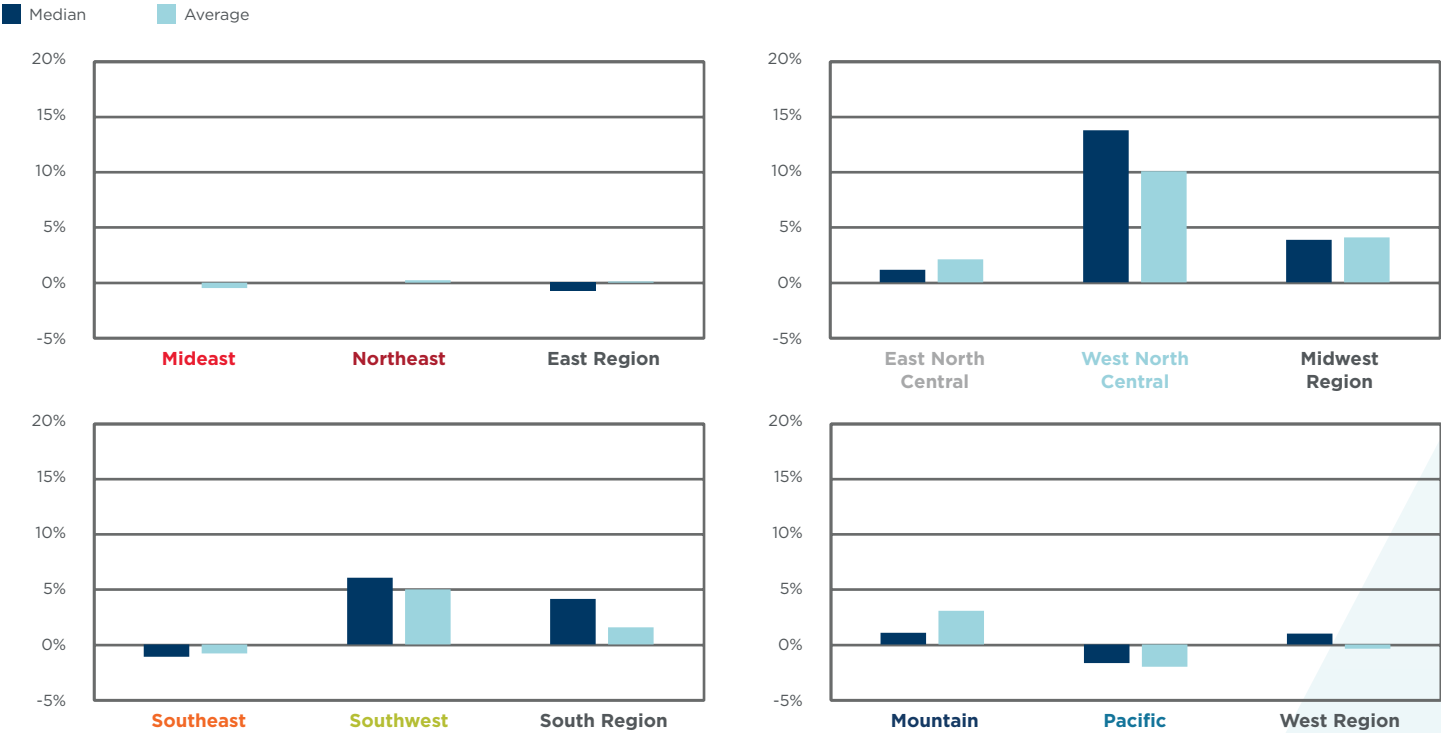
This document is a summarization of the Self-Storage Advisory Group's findings for Q1 2023 to access the full report please use the QR Code or Click the link below.

FULL REPORT

OPERATING PERFORMANCE – BY REGION



RENTAL RATES



REGION'S DIVISIONAL PERFORMANCE 1Q23 VS. 1Q22



East Region's Divisional Performance 1Q23 vs. 1Q22

	Midwest Division	Northeast Division	Nationwide	Midwest vs. Nationwide	Northeast vs. Nationwide
Asking Rental Rates	0.0%	0.0%	0.0%	0.0%	0.0%
Physical Occupancy	-1.0%	0.0%	0.0%	-1.0%	0.0%
Rent per Available SF	-0.1%	0.4%	-0.4%	0.3%	0.8%
Percent of Facilities Offering Concessions	83.5%	76.8%	81.9%	1.6%	-5.1%
Effective Cost of Concessions Factor	8.4%	7.2%	8.3%	0.1%	-1.1%

Midwest Region's Divisional Performance 1Q23 vs. 1Q22

	East North Central Division	West North Central Division	Nationwide	East North Central vs. Nationwide	West North Central vs. Nationwide
Asking Rental Rates	1.0%	13.7%	0.0%	1.0%	13.7%
Physical Occupancy	0.0%	-2.0%	0.0%	0.0%	-2.0%
Rent per Available SF	-0.3%	10.5%	-0.4%	0.1%	10.9%
Percent of Facilities Offering Concessions	85.0%	73.1%	81.9%	3.1%	-8.8%
Effective Cost of Concessions Factor	8.4%	8.6%	8.3%	0.1%	0.3%

South Region's Divisional Performance 1Q23 vs. 1Q22

	Southeast Division	Southwest Division	Nationwide	Southeast vs. Nationwide	Southwest vs. Nationwide
Asking Rental Rates	-1.4%	6.1%	0.0%	-1.4%	6.1%
Physical Occupancy	-1.0%	0.0%	0.0%	-1.0%	0.0%
Rent per Available SF	-2.8%	6.3%	-0.4%	-2.4%	6.7%
Percent of Facilities Offering Concessions	85.3%	79.8%	81.9%	3.4%	-2.1%
Effective Cost of Concessions Factor	9.1%	8.0%	8.3%	0.8%	-0.3%

West Region's Divisional Performance 1Q23 vs. 1Q22

	Mountain Division	Pacific Division	Nationwide	Pacific vs. Nationwide	Mountain vs. Nationwide
Asking Rental Rates	1.5%	-1.7%	0.0%	1.5%	-1.7%
Physical Occupancy	-2.0%	1.0%	0.0%	-2.0%	1.0%
Rent per Available SF	-2.2%	-2.0%	-0.4%	-1.8%	-1.6%
Percent of Facilities Offering Concessions	75.9%	86.4%	81.9%	-6.0%	4.5%
Effective Cost of Concessions Factor	8.6%	8.7%	8.3%	0.3%	0.4%

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