

**CUSHMAN &  
WAKEFIELD**

SELF-STORAGE ADVISORY GROUP

# MARKET TRENDS & SECTOR OUTLOOK U.S. SELF STORAGE

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Q3 2023

CubeSmart Las Vegas, NV

## C&W SELF-STORAGE ADVISORY GROUP

# Summary of Findings

The Self Storage Performance Index (SSPI) decreased in Q3 2023 and is at 168.1, a negative 0.4% change from Q2 2023. Moreover, SSPI decreased 6.6% compared to Q3 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 6.8% in Q2 2023 vs. the same quarter in 2022, and the quarterly unit absorption was negative 1.7%. The graph illustrates the average net number of units rented each quarter and is based upon a sample of 664± 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 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 0.4% compared to Q2 2023 and decreased 6.6% to compared to Q3 2022. The SSPI now stands at 168.1.

**ASKING RENTAL RATES** - Asking rents increased 0.8% compared to Q2 2023 and decreased 5.2% compared to Q3 2022, and the REITs decreased 1.4% compared to last quarter and decreased 9.6% from Q3 2022.

**PHYSICAL OCCUPANCY** - Median physical occupancy did not change 0.0% compared to Q2 2023 and remained the same 0.0% over Q3 2022, and REITs decreased 1.0% compared to last quarter and stayed the same 0.0% over Q3 2022.

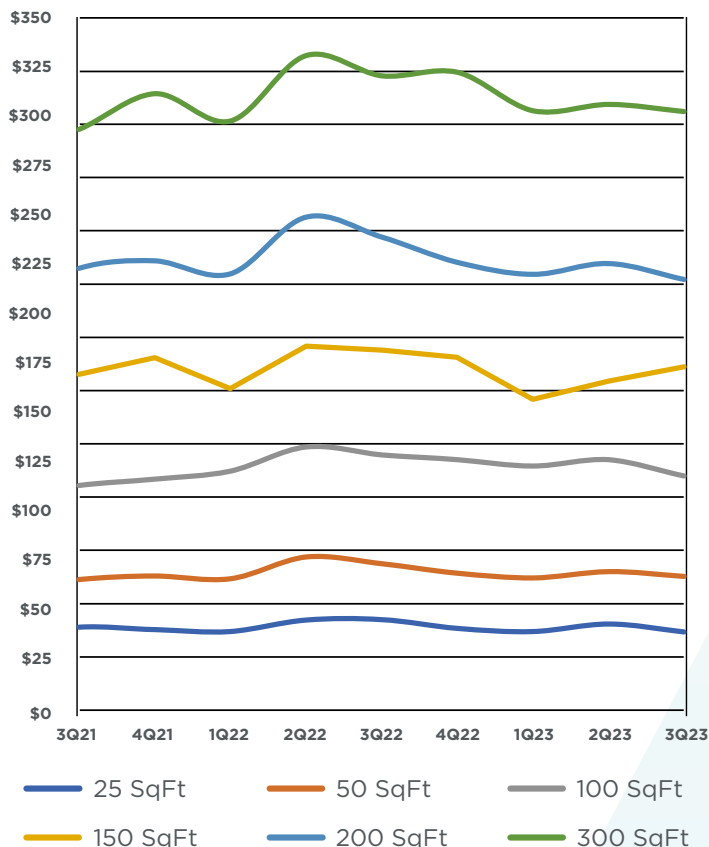
**CONCESSIONS** - The Cost of Concessions Index absolute change increased 9.7% compared Q2 2023, also increased 0.2% over Q3 2022. The facilities offering concessions absolute change increased 1.6% from last quarter and increased 5.3% from year ago. The Concession Cost Index decreased to 161.9 in Q3 2023..

**RENT PER AVAILABLE SQUARE FOOT** - RPASF for the benchmark 100 sf non-climate-controlled units are up 0.3% from Q2 2023 and are down 5.7% compared to Q3 2022 and the REITs decreased 3.2% compared to last quarter and decreased 8.3% from last year.

### Q3-23 RENT PER AVAILABLE SQUARE FOOT (PSF) DECREASED NATIONWIDE & THE REITS COMPARED TO Q3 2022

Supply and demand metrics appeared to slow, and still strong compared to all of last year. Construction starts increased 4% from last quarter and decreased 4% as of Q3 2022. According to F.W. Dodge, there have been 598 new starts over the last four quarters, including new construction, alterations, additions, or renovations.

### NATIONWIDE AVERAGE ASKING RENT FOR UNIT SIZES



## QUARTERLY 3Q23 VS. 2Q23

### NATIONWIDE



ASKING RENTAL RATE  
**UP 0.8%**



PHYSICAL OCCUPANCY RATE  
**NO CHANGE 0.0%**



RENT PER AVAILABLE  
SQ. FT. (RENTAL INCOME)  
**UP 0.3%**

### REITS



ASKING RENTAL RATE  
**DOWN -1.4%**



PHYSICAL OCCUPANCY RATE  
**DOWN -1.0%**



RENT PER AVAILABLE  
SQ. FT. (RENTAL INCOME)  
**DOWN -3.2%**

## ANNUAL CURRENT FOUR QUARTERS VS. PRECEDING

### NATIONWIDE



ASKING RENTAL RATE  
**DOWN -1.4%**



PHYSICAL OCCUPANCY RATE  
**NEUTRAL 0.0%**



RENT PER AVAILABLE  
SQ. FT. (RENTAL INCOME)  
**DOWN -1.5%**

### REITS



ASKING RENTAL RATE  
**DOWN -2.5%**



PHYSICAL OCCUPANCY RATE  
**NEUTRAL 0.0%**

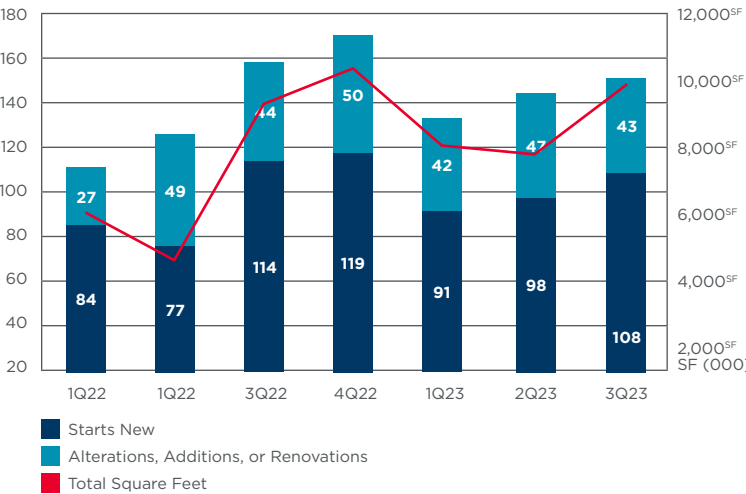


RENT PER AVAILABLE  
SQ. FT. (RENTAL INCOME)  
**DOWN -2.2%**

**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.

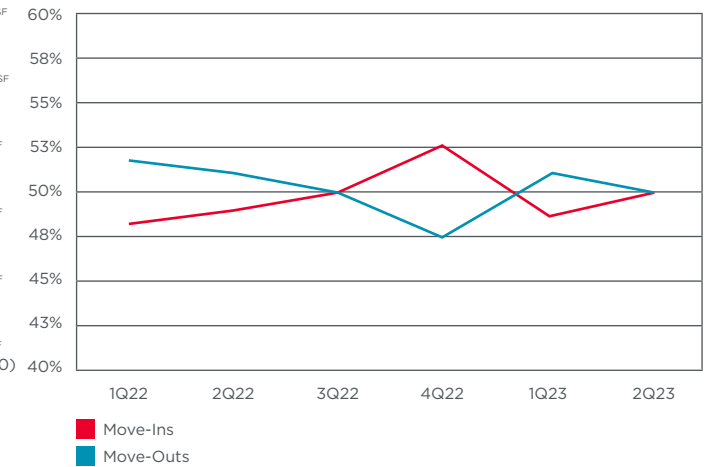
# NEW CONSTRUCTION NATIONWIDE

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.



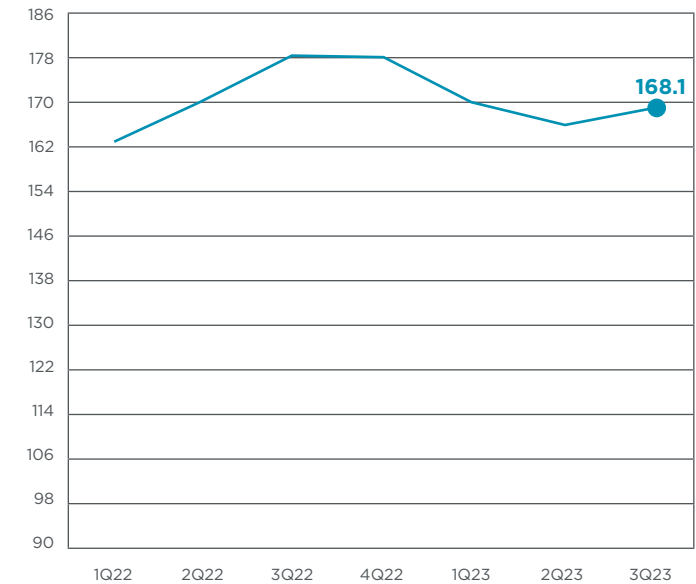
# DEMAND TREND MOVE-IN / MOVE-OUT

SSDS tracks the rental activity of approximately 664± 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. Our findings are reported quarterly to subscribers and are summarized in the following tables and graphs.



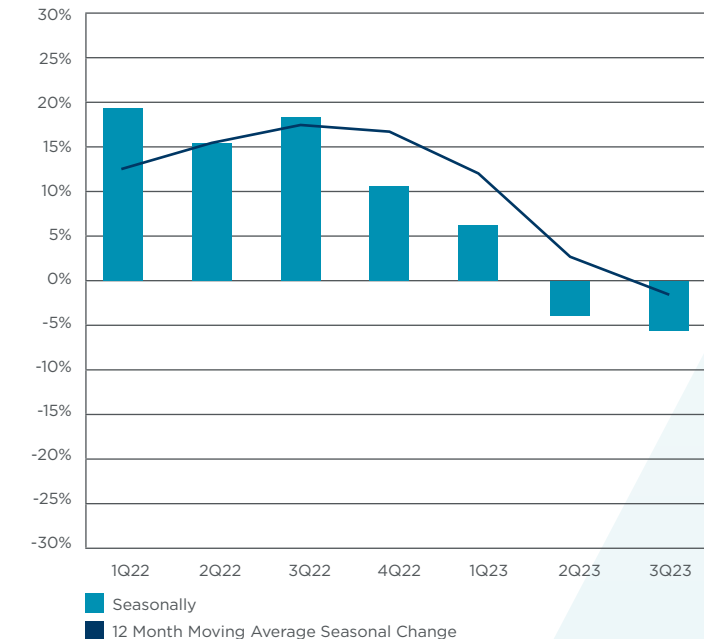
# SELF STORAGE PERFORMANCE INDEX

Self Storage Performance Index® Measures the changes in net operating income, taking into consideration changes in asking rents, physical occupancy and concessions, as well as operating expenses. Each quarter, the Index is reset to reflect the latest changes in expenses from the prior quarter.



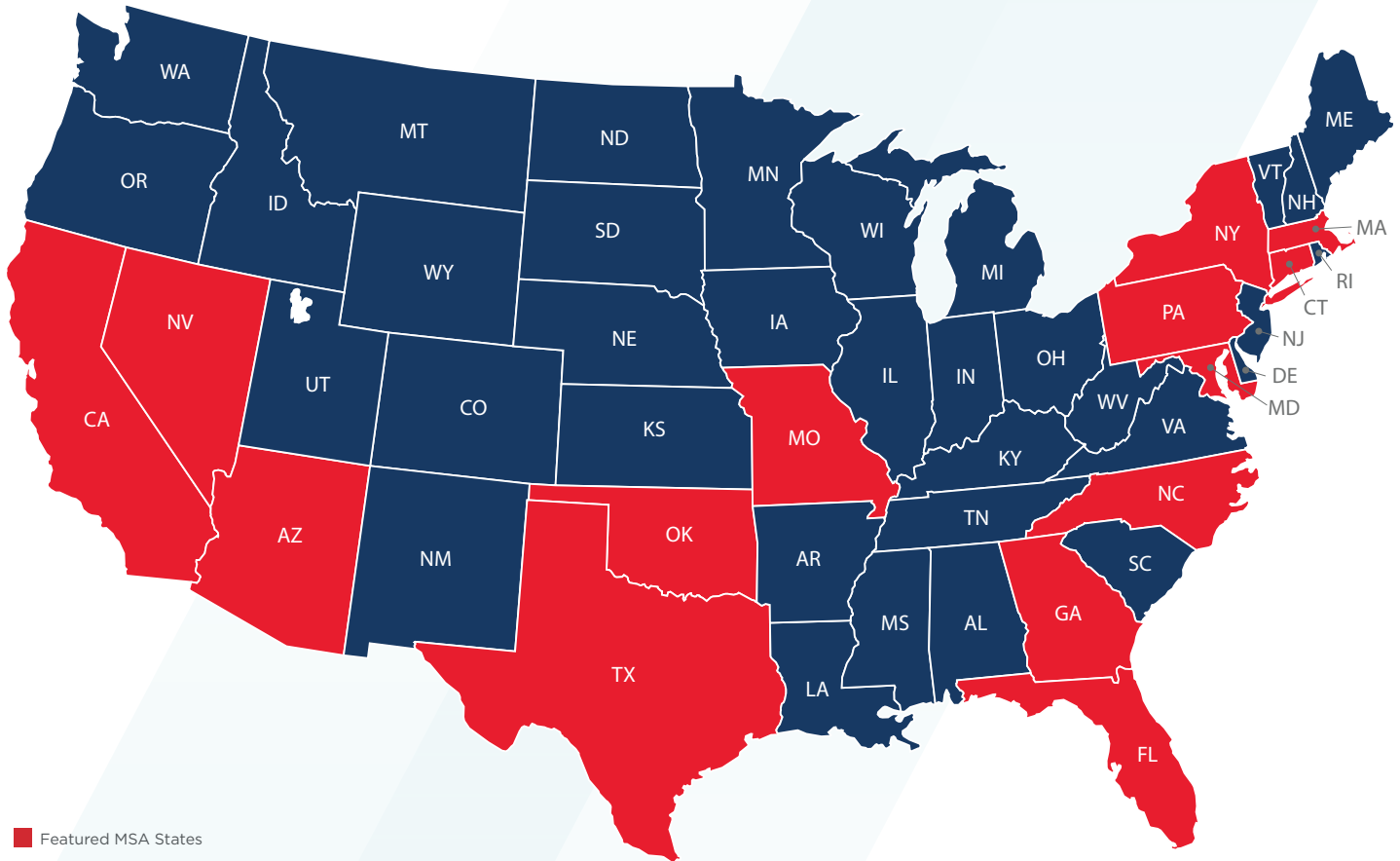
# RENT PER AVAILABLE SQUARE FOOT

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



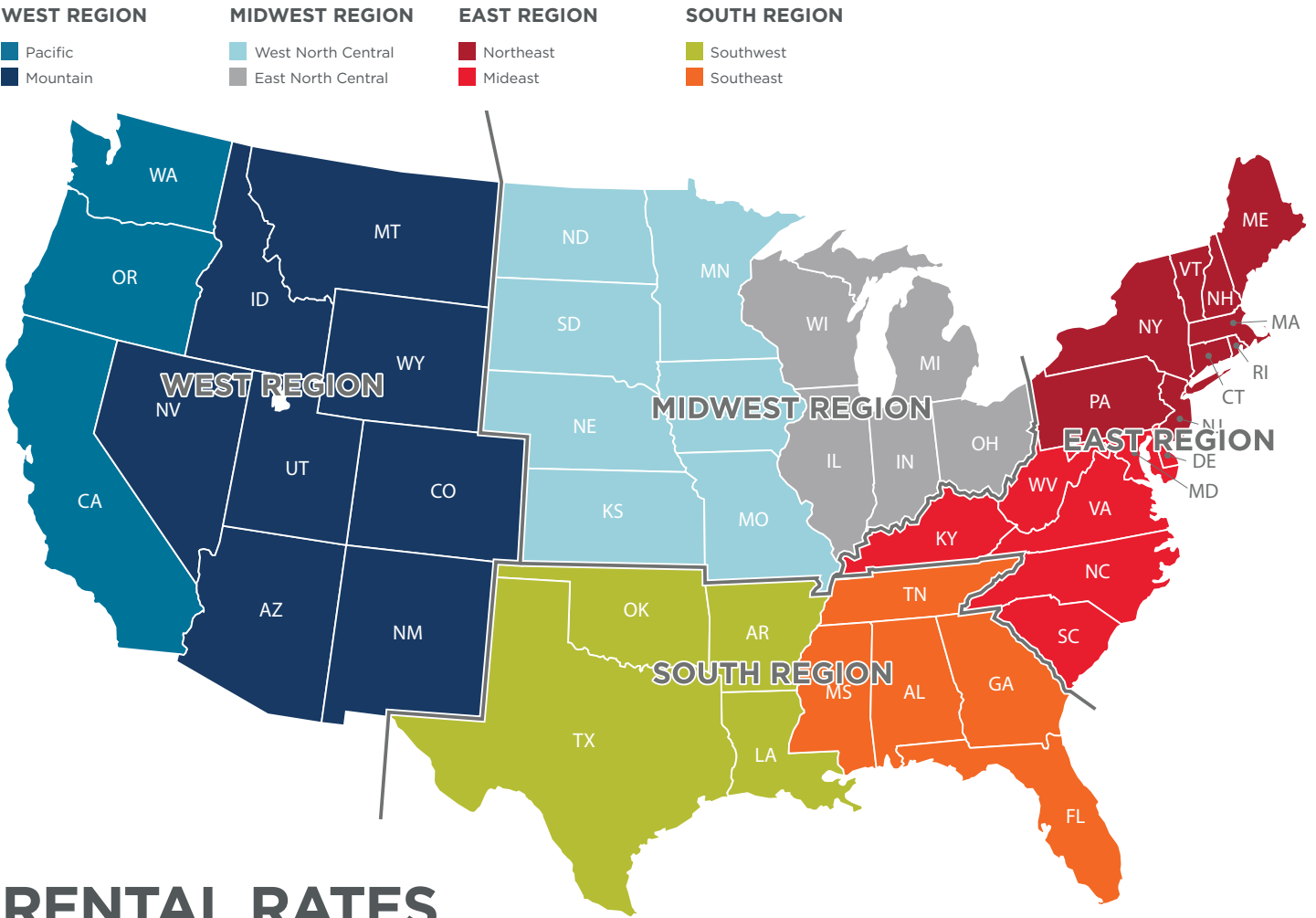
<b>New York-Newark-Edison</b>	52	<b>Riverside-San Bernardino-Ontario</b>	19
<b>Miami-Fort Lauderdale-Miami Beach</b>	34	<b>Philadelphia-Camden-Wilmington</b>	19
<b>Atlanta-Sandy Springs-Marietta</b>	27	<b>Houston-Baytown-Sugar Land</b>	14
<b>Dallas-Fort Worth-Arlington</b>	25	<b>Riverside-San Bernardino-Ontario</b>	14
<b>Tampa-St. Petersburg-Clearwater</b>	24	<b>San Antonio</b>	12
<b>Las Vegas-Paradise</b>	23	<b>Providence-New Bedford-Fall River</b>	12
<b>Phoenix-Mesa-Scottsdale</b>	22	<b>Jacksonville</b>	11
<b>Los Angeles-Long Beach-Santa Ana</b>	21	<b>Charlotte-Gastonia-Concord</b>	11
<b>Orlando</b>	20	<b>Kansas City</b>	10



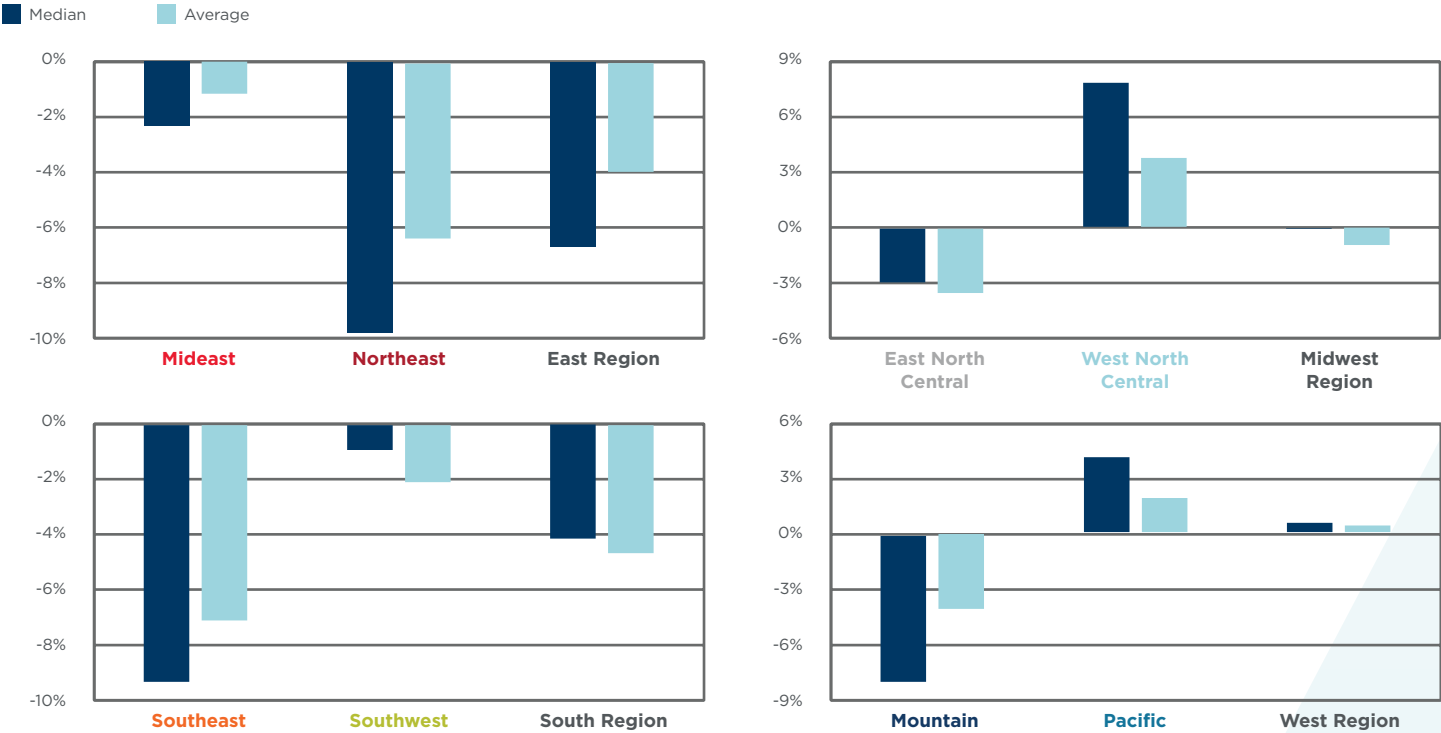
This document is a summarization of the Self-Storage Advisory Group's findings for Q3 2023 to access the full report please use the QR Code or Click the link below.

**FULL REPORT**

# OPERATING PERFORMANCE – BY REGION



## RENTAL RATES



# REGION'S DIVISIONAL PERFORMANCE 3Q23 VS. 3Q22



## East Region's Divisional Performance 3Q23 vs. 3Q22

	Midwest Division	Northeast Division	Nationwide	Midwest vs. Nationwide	Northeast vs. Nationwide
Asking Rental Rates	-2.3%	-9.7%	-5.2%	2.9%	-4.5%
Physical Occupancy	-1.0%	-2.0%	0.0%	-1.0%	-2.0%
Rent per Available SF	-3.8%	-11.8%	-5.7%	1.9%	-6.1%
Percent of Facilities Offering Concessions	82.1%	82.2%	80.2%	1.9%	2.0%
Effective Cost of Concessions Factor	8.1%	7.4%	8.3%	-0.2%	-0.9%

## Midwest Region's Divisional Performance 3Q23 vs. 3Q22

	East North Central Division	West North Central Division	Nationwide	East North Central vs. Nationwide	West North Central vs. Nationwide
Asking Rental Rates	-2.9%	8.0%	-5.2%	2.3%	13.2%
Physical Occupancy	0.0%	1.0%	0.0%	0.0%	1.0%
Rent per Available SF	-2.9%	8.4%	-5.7%	2.8%	14.1%
Percent of Facilities Offering Concessions	82.3%	71.1%	80.2%	2.1%	-9.1%
Effective Cost of Concessions Factor	7.6%	9.4%	8.3%	-0.7%	1.1%

## South Region's Divisional Performance 3Q23 vs. 3Q22

	Southeast Division	Southwest Division	Nationwide	Southeast vs. Nationwide	Southwest vs. Nationwide
Asking Rental Rates	-9.4%	-0.9%	-5.2%	-4.2%	4.3%
Physical Occupancy	-1.0%	0.0%	0.0%	-1.0%	0.0%
Rent per Available SF	-11.3%	-1.1%	-5.7%	-5.6%	4.6%
Percent of Facilities Offering Concessions	81.7%	77.6%	80.2%	1.5%	-2.6%
Effective Cost of Concessions Factor	8.5%	8.3%	8.3%	0.2%	0.0%

## West Region's Divisional Performance 3Q23 vs. 3Q22

	Mountain Division	Pacific Division	Nationwide	Mountain vs. Nationwide	Pacific vs. Nationwide
Asking Rental Rates	-7.8%	4.4%	-5.2%	9.6%	-2.6%
Physical Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%
Rent per Available SF	-6.4%	2.0%	-5.7%	7.7%	-0.7%
Percent of Facilities Offering Concessions	66.8%	85.8%	80.2%	5.6%	-13.4%
Effective Cost of Concessions Factor	7.4%	9.8%	8.3%	1.5%	-0.9%

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