Making **Self-Storage** Investment A **Success**

Today’s Discussion

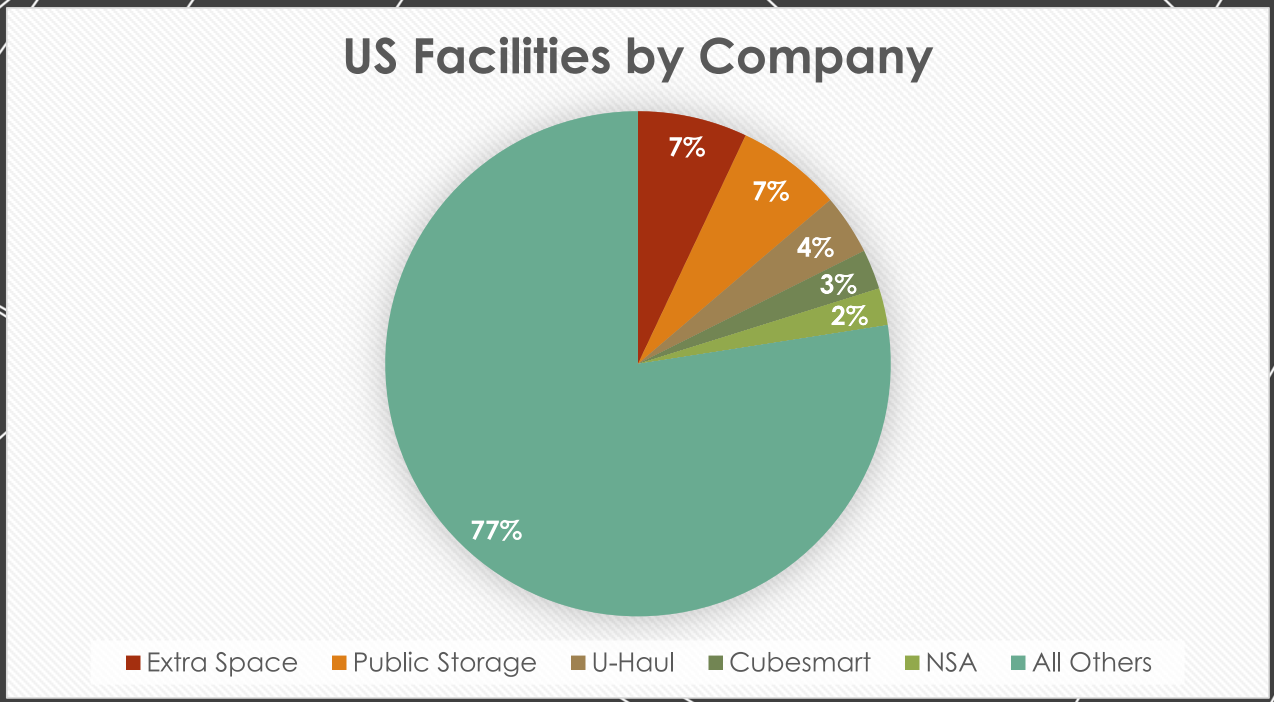
- Today’s Self Storage Industry
- Demand Drivers
- Analyzing a Market and Site
- Financial Analysis

How Big is the Self-Storage Industry?

- $44.3 Billion Industry
- 52,301 stores or over 2 Billion square feet
- 11.1% of households rent
- Gen-X use more than any other group

Source: therealdeal.com

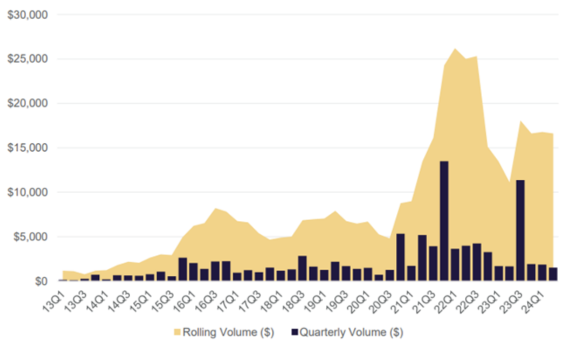
Market Share…



…Opportunity!

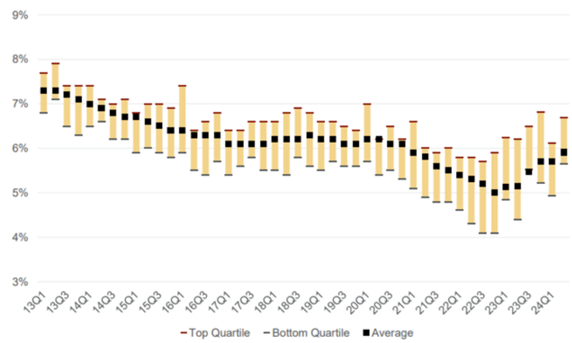
Recent Trends of the Storage Industry

CAPITAL MARKETS
Transaction Volume (Millions)

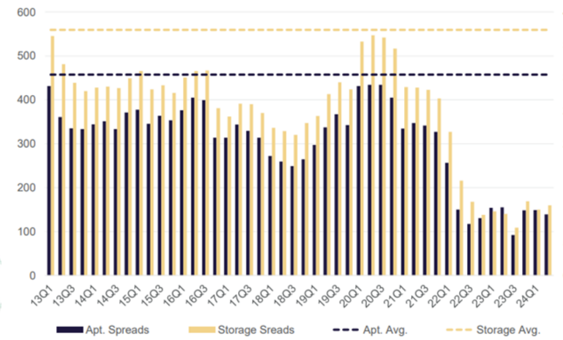


Source: Real Capital Analytics; Cushman & Wakefield

CAPITAL MARKETS
Capitalization Rates

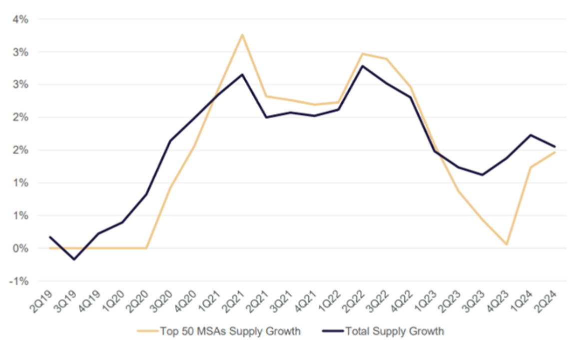


CAPITAL MARKETS
Capitalization Rate Spreads (Storage vs. Apartments)

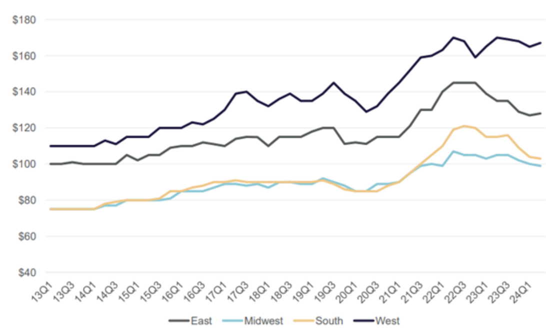


Source: Real Capital Analytics; Cushman & Wakefield

PROPERTY MARKETS
YoY % Growth in Supply



PROPERTY MARKETS
Asking Rents Per Unit

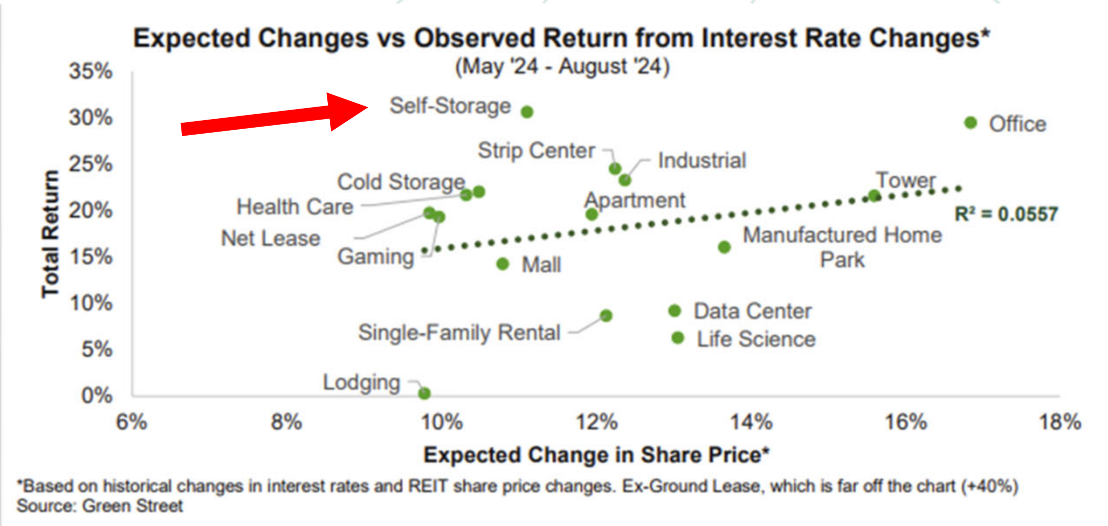


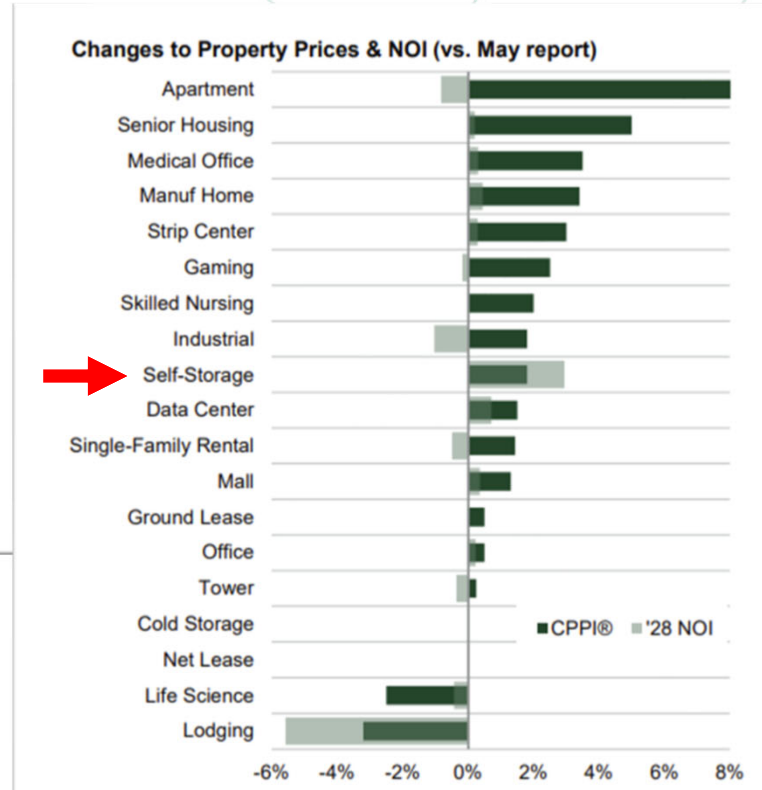
Source: Real Capital Analytics; Cushman & Wakefield

PROPERTY MARKETS
Regional Occupancy Trends

Source: Cushman & Wakefield Self Storage Property Index (Q2 2024)

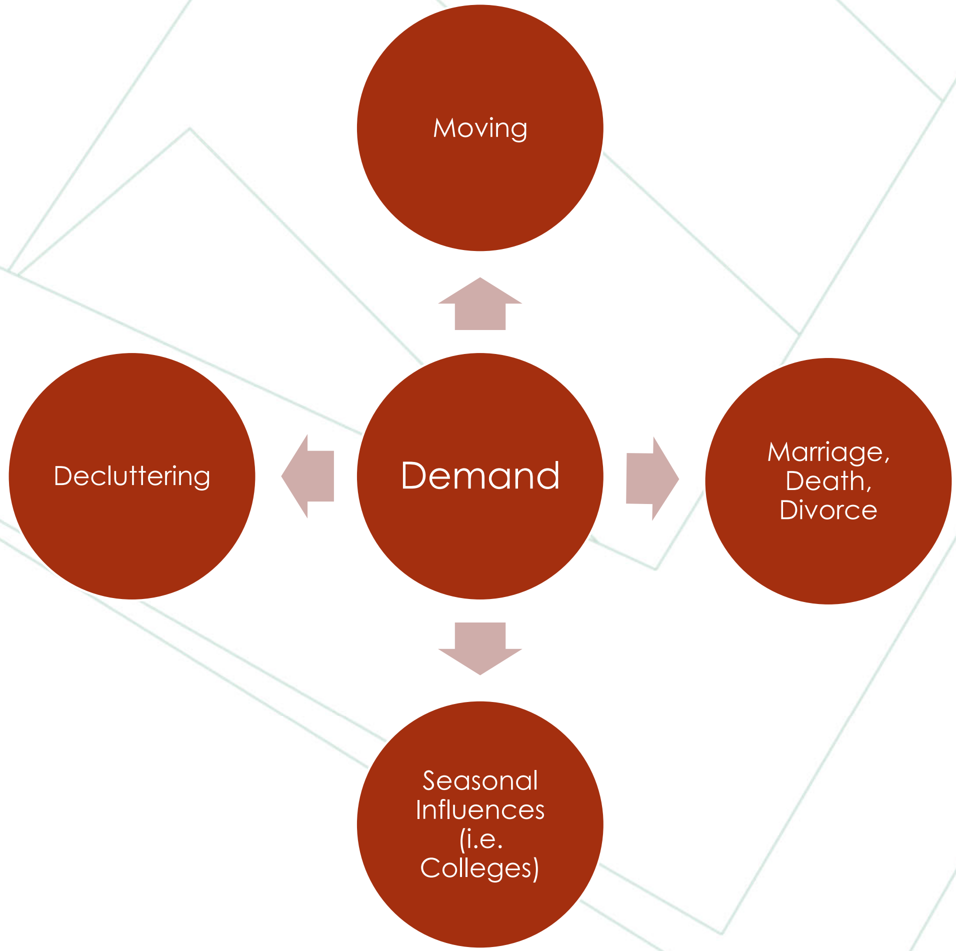
Self-Storage vs Other CRE Assets





- Poised for strong returns
- Property values and NOI are improving

What is driving storage need?



Market Analysis

1. **Population**
   - Growth supports demand
2. **Renters v Home Owners**
   - Drives unit size decisions
3. **Average Household Income**
   - Renter Expectations
   - Affordability

esri
THE SCIENCE OF WHERE

Executive Summary

1 Bills Dr, Orchard Park, New York, 14127 2
1 Bills Dr, Orchard Park, New York, 14127
Rings: 1, 3, 5 mile radii

Prepared by Es
Latitude: 42.7718
Longitude: -78.7862

	1 mile	3 miles	5 miles
Population			
2010 Population	3,720	41,993	120,343
2020 Population	3,815	43,507	125,800
2024 Population	3,900	44,021	126,788
2029 Population	3,842	43,640	125,685
2010-2020 Annual Rate	0.25%	0.35%	0.44%
2020-2024 Annual Rate	0.52%	0.28%	0.18%
2024-2029 Annual Rate	-0.30%	-0.17%	-0.17%
2020 Male Population	47.8%	47.5%	48.3%
2020 Female Population	52.2%	52.5%	51.7%
2020 Median Age	45.8	46.5	43.7
2024 Male Population	48.4%	48.2%	49.1%
2024 Female Population	51.6%	51.8%	50.9%
2024 Median Age	45.9	46.3	43.6

In the identified area, the current year population is 126,788. In 2020, the Census count in the area was 125,800. The rate of change since 2020 was 0.18% annually. The five-year projection for the population in the area is 125,685 representing a change of -0.17% annually from 2024 to 2029. Currently, the population is 49.1% male and 50.9% female.

Median Age

The median age in this area is 43.6, compared to U.S. median age of 39.3.

	1 mile	3 miles	5 miles
Race and Ethnicity			
2024 White Alone	90.9%	91.2%	88.8%
2024 Black Alone	1.3%	1.5%	3.1%
2024 American Indian/Alaska Native Alone	0.2%	0.3%	0.3%
2024 Asian Alone	1.6%	1.5%	1.4%
2024 Pacific Islander Alone	0.1%	0.0%	0.0%
2024 Other Race	0.8%	0.9%	1.3%
2024 Two or More Races	5.1%	4.6%	5.1%
2024 Hispanic Origin (Any Race)	3.3%	3.7%	4.6%

Persons of Hispanic origin represent 4.6% of the population in the identified area compared to 19.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 27.7 in the identified area, compared to 72.5 for the U.S. as a whole.

	1 mile	3 miles	5 miles
Households			
2024 Wealth Index	82	94	

Radius and Drive-Time Study

- 3-mile ring is foundation
- Static view of submarket

- 10-minute drive-time is key
- Fluid view of submarket

The Measuring Stick

SF/Capita

- Used to Determine Baseline of Space in a Market (Square Footage Divided by Population)
- "Equilibrium" keeps changing
- Demand is not created equally!
- One-dimensional analysis

*From 2022 MSM Self-Storage Almanac

Table 1.3 – Facility Data by State

State	Population	Square Footage	Facility Count*	SF per Capita
Alabama	5,002,985	36,306,577	1,162	7.26
Alaska	755,517	3,907,318	118	5.17
Arkansas	3,086,841	24,935,520	775	8.08
Arizona	7,234,773	50,675,191	1,013	7.00
California	39,813,541	234,085,222	3,783	5.88
Colorado	5,793,770	43,291,483	996	7.47
Connecticut	3,632,883	14,100,117	359	3.88
District of Columbia	702,321	1,810,199	27	2.58
Delaware	999,941	5,134,310	124	5.13
Florida	21,239,528	152,178,429	2,961	7.16
Georgia	10,655,025	71,305,708	1,731	6.69
Hawaii	1,449,919	4,533,176	92	3.13
Iowa	3,236,212	16,247,287	614	5.02
Idaho	1,806,180	20,612,000	482	11.41
Illinois	12,915,181	63,297,616	1,703	4.90
Indiana	6,788,130	41,633,356	1,273	6.13
Kansas	2,966,501	17,824,907	620	6.01
Kentucky	4,582,010	23,208,760	736	5.07
Louisiana	4,812,773	35,870,475	1,008	7.45
Massachusetts	6,958,093	25,522,917	601	3.67
Maryland	6,120,651	28,311,739	553	4.63
Maine	1,381,874	5,225,757	246	3.78
Michigan	10,097,897	50,161,475	1,493	4.97
Minnesota	5,715,341	28,075,217	834	4.91
Missouri	6,255,541	37,422,264	1,287	5.98
Mississippi	3,053,165	18,732,716	640	6.14
Montana	1,083,719	11,712,844	412	10.81
North Carolina	10,609,155	69,803,778	1,965	6.58
North Dakota	788,958	5,073,714	180	6.43
Nebraska	1,970,921	12,801,823	385	6.50
New Hampshire	1,386,718	9,807,908	308	7.07
New Jersey	9,127,159	38,962,555	654	4.27
New Mexico	2,159,832	16,089,678	499	7.45
Nevada	3,088,888	28,981,106	500	9.38
New York	19,973,551	59,378,852	1,597	2.97
Ohio	11,805,053	61,992,541	1,911	5.25
Oklahoma	4,031,901	35,052,014	1,013	8.69
Oregon	4,246,351	33,543,791	865	7.90
Pennsylvania	13,012,438	51,728,784	1,735	3.98
Rhode Island	1,071,101	4,241,617	95	3.96
South Carolina	5,195,563	35,923,455	1,017	6.91
South Dakota	899,158	6,702,984	246	7.45
Tennessee	6,885,931	46,406,392	1,434	6.74
Texas	29,443,411	244,578,886	5,361	8.31
Utah	3,257,899	30,161,147	639	9.26
Virginia	8,632,203	51,415,764	1,058	5.96
Vermont	647,575	2,903,145	159	4.48
Washington	7,608,571	55,329,703	1,362	7.27
Wisconsin	5,881,444	39,296,941	1,335	6.68
West Virginia	1,895,632	6,574,410	365	3.47
Wyoming	601,166	5,262,296	197	8.75
Total	**332,360,891**	**2,018,135,864**	**50,523**	**6.20**

* Based on 2Q 2021 Reporting

Source: Radius+ and NKF

Calculating Unmet Demand

Using SF/Capita

(Population x SF per capita figure)

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Square footage of Storage Supply

Unmet Demand

Example:

50,000 people

200,000 NRSF

8 sf/capita

(50,000 x 8)– 200,000 = 200,000 sf

What's Next?

- Size decision
- Site Selection

Site Analysis

Location
- Consumer Drivers
- Accessibility

Visibility
- Identifiable
- Presence

Vehicles Per Day
- Well-traveled

Crime
- Security
- Operational Affect

Financial Analysis

From Exit Viewpoint

NRSF	**Typically 70-75% efficiency**
Occupancy	At stabilization – 88-92% avg of NRSF
Lease-up	36 month avg.
Starting Rate	Discounted, promotion-friendly
Stabilized Rate	Burn off concessions, ECRIs
Gross Potential	**Income if rented at today's rate; 3-5% growth avg. per year**
Vacancy	Varies
Occupied Rent	Income after vacancy applied
Discounts and Bad Debt	2-4% avg; decrease with maturity
Net Rental Income	**Income after discounts and bad debt**
Ancillary Income	Merchandise, Insurance, Late Fees, Admin Fees; 4-7% of NRI
Gross Operating Income	**NRI + Ancillary**
Operating Expense (excluding RE tax and ins)	30-35% of GOI
NOI	**GOI – OpEX**

References

- U.S. Self Storage Industry Statistics (2024 April 16th) by Al Harris: https://www.sparefoot.com/self-storage/news/1432-self-storage-industry-statistics/
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- Green Street Duration Celebration (2024 September 4th) by Danny Ismail, CFA, Evan Lustick and Duane Green, CFA
- Cushman&Wakefield US Self Storage: Market Trends and Outlook (2024 September 11th) by Tim Garey, Managing Director, Zach Bowyer, Executive Managing Director, Mike Mele, Executive Vice Chair, Luke Elliott, Vice Chair, and Sam Tenenbaum, Head of Multifamily Insights