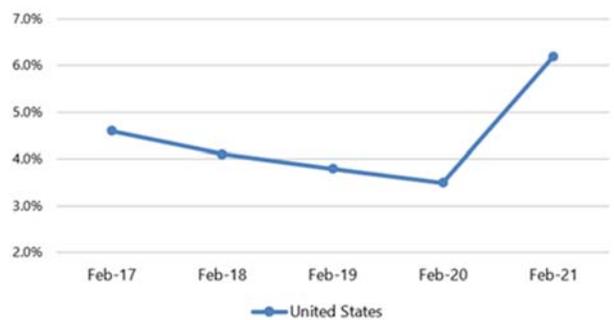


US Self-Storage Sales Volume & Buying Trends – February 2021

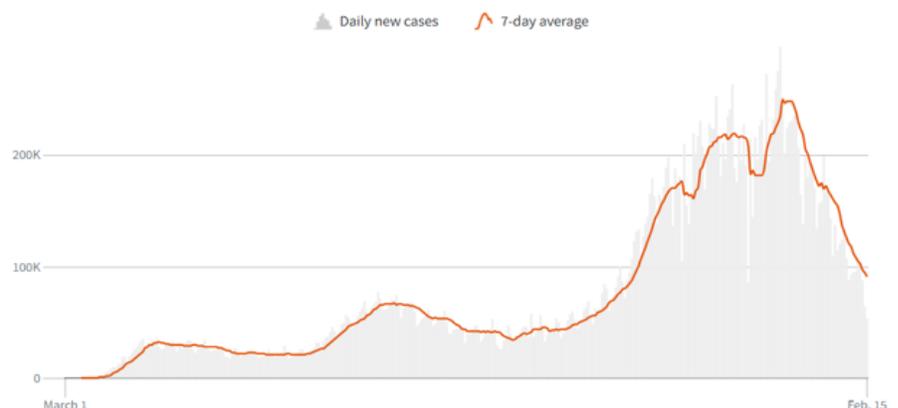
COVID-19 surfaced in the United States in Mid-March 2020. Federal, state and local governments responded by issuing strict stay-at-home orders and closing nonessential business. Trends in retail sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. The United States Daily New Case table below highlights the progression of daily case counts relative to legislation imposed by state and local governments. A new high in case counts led to the implementation of the mask mandate in April 2020. Effective social distancing and mask mandates helped curb case counts over spring and summer 2020, and restrictions loosened. Colder weather and an increase in indoor gatherings around the holidays sent case counts surging again in the late fall and winter, shattering the previous high set in April 2020. Unemployment spiked over the period, reaching its highest levels in July. The unemployment rate decreased over the following five months before a slight increase in January 2021. Attention now turns to the rollout of the COVID vaccine and its effects on consumer sentiment and underlying market performance.

With COVID on the forefront, fundamentals in many major markets have been greatly altered. This publication analyzes sales trends in terms of number of transactions and dollar volume for self-storage properties throughout the United States.

Unemployment Rate - Five Year Trend



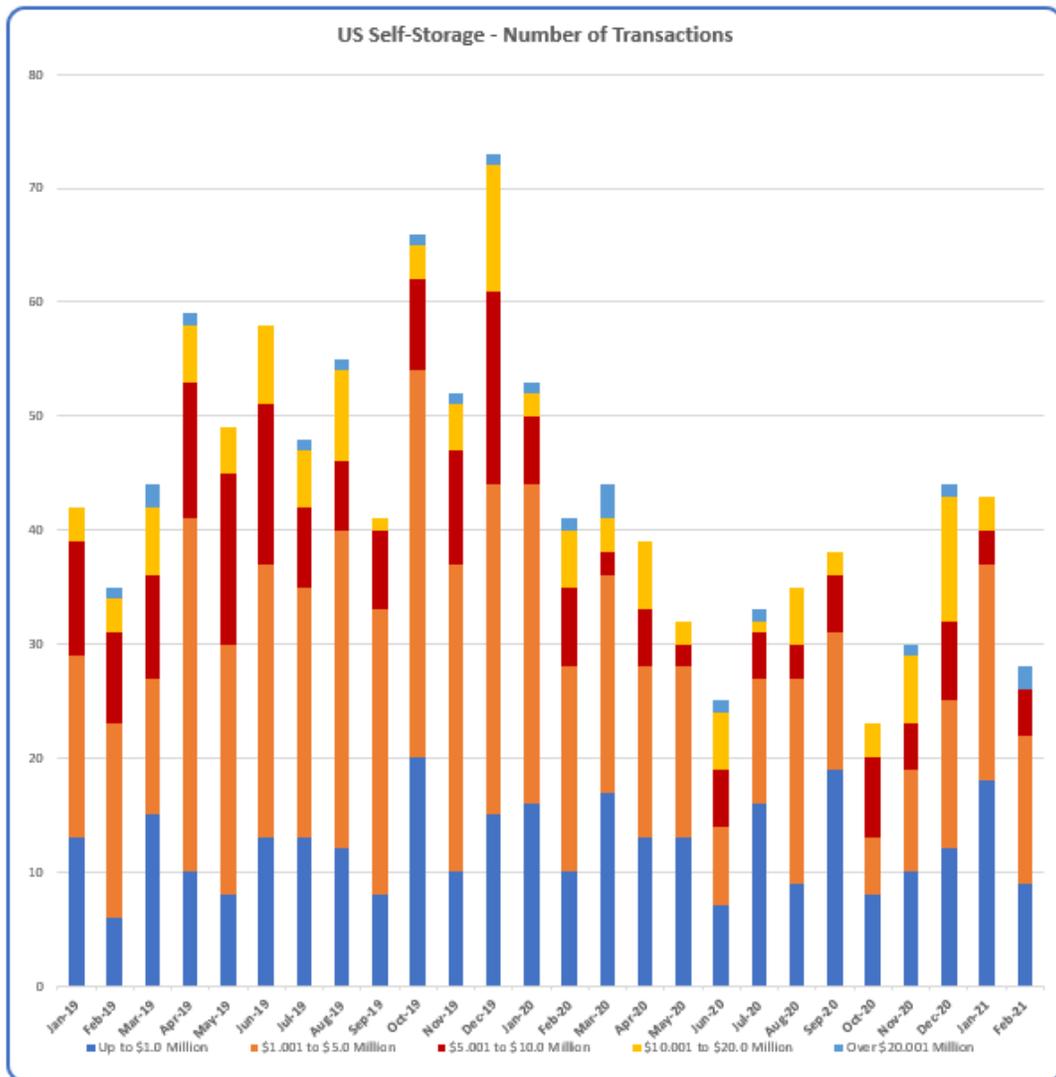
United States - Daily New Cases



Source: Reuters

Number of Sales Transactions

- Parameters: All self-storage sales in the United States, segmented by price tranche.
- Stable transaction volume from January 2019 to March 2020.
- April 2020- initial COVID shockwaves grip market, number of transactions slowly declined.
- Uptick in transaction volume from May 2020 to August 2020 coincides with the demand for storage.
- October 2020 – December 2020- experienced an upward trend in number of transactions.
- December 2020- 44 total transactions- the highest number of transactions since March.
- January 2021- 43 total transactions, 2.3% decrease from the prior month.
- February 2021 – continues the downward trend with 28 total transactions, reflecting a 34.9% decrease.



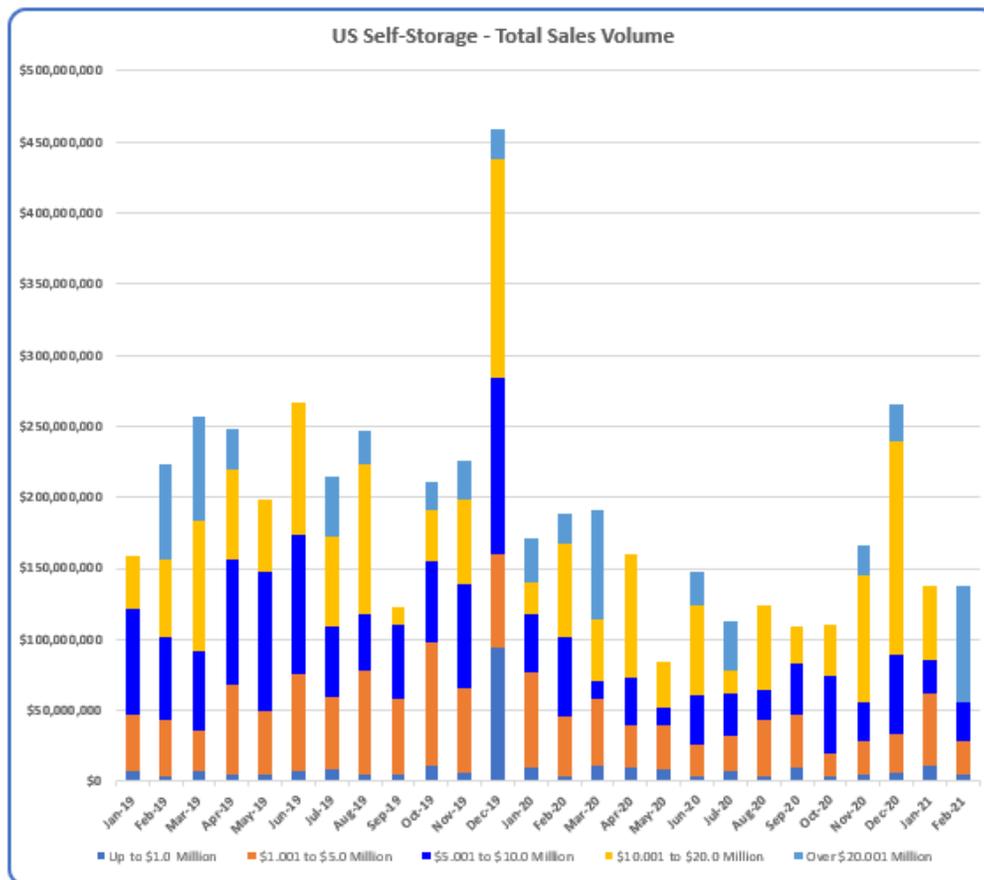
The self-storage sales market has been one of the asset types least affected by the post-COVID era, however, data reflects fluctuating trends with slightly lower levels of activity than normal. Transaction volume has continued to fluctuate, with the past two months experiencing normal activity levels, as seen in the chart above.

Dollar Volume of Sales Transactions

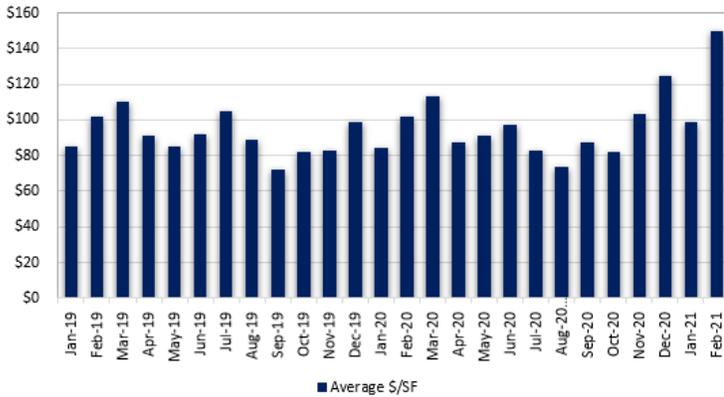
In 2019, the average monthly sales volume was approximately \$236 million. Comparatively, the average monthly sales volume in 2020 was roughly \$152 million, reflecting a decrease of approximately 35.4%. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Self-Storage			
YEAR	2019	2020	2021 (Feb)
Min	\$123,000,000	\$84,600,000	\$137,500,000
Max	\$459,000,000	\$265,000,000	\$138,000,000
Average	\$236,083,333	\$152,475,000	\$137,750,000
% Difference	-	-35.4%	-9.7%

- Average sales volume from January 2019 to March 2020 was \$225,613,333.
- Average sales volume from April 2020 to February 2021 was \$141,272,727.
- May 2020 had the lowest dollar volume over the 25-month period, reflecting \$84,600,000.
- Sales in "\$10.0 million to \$20.0 million" tranche is the largest contributor to US self-storage's total dollar volume, representing a 31.7% stake in the market.
- December 2020 dollar volume significantly increased from the prior month, reflecting a 59.5% increase in total dollar volume.
- January 2021 reflected a decline of 47.9% in total dollar volume, as shown in the figure below.
- February 2021 reflected a minor decline of 0.4% in total dollar volume from the prior month.



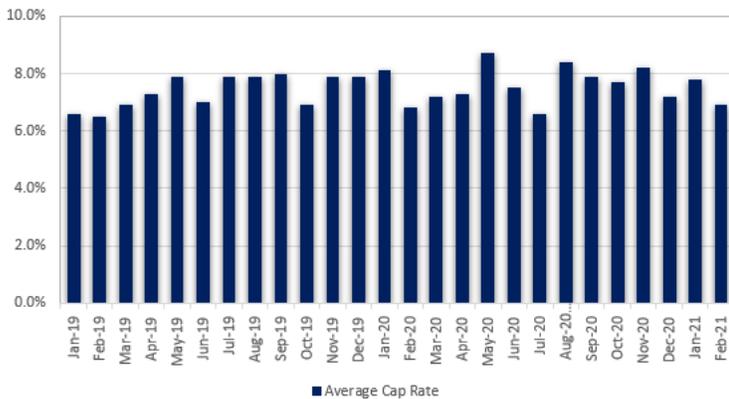
AVERAGE \$/SF - US SELF-STORAGE



Average \$/SF on Monthly Transaction

According to the graphic on the left, the average price per square foot has fluctuated from \$72 to \$125 per square foot from January 2019 through December 2020. After experiencing an upward trend in pricing from April 2020 to June 2020, the average dollar per square foot experienced a decline in both July 2020 and August 2020. Since then, the average dollar per square foot has fluctuated, with a noticeable increase in February 2021 reflecting the highest price per square foot (\$150/SF) over the analysis period.

AVERAGE CAP RATE - US SELF-STORAGE



Average Cap Rate of Monthly Transaction

The average capitalization rate for US self-storage transactions has experienced fluctuations over the given period, with the most recent month showing a slight decrease from the prior month. Generally, cap rates for self-storage assets have remained within a range of 6.5% to 8.7% over the study period, which reflects relative stability. With an average cap rate of 7.5% over the study period, the results of February 2021 at an average cap rate of 6.9% are encouraging.

AVERAGE \$/SF & CAP RATE - US SELF-STORAGE



Average \$/SF & Cap Rate: Quarterly Trend

Q4 2020 experienced the highest \$/SF and lowest cap rate over the quarterly study period. This is indicative of positive investor sentiment for this segment. This segment has been somewhat insulated to the effects of COVID-19 in that it is a property type that does not rely on high foot-traffic or large crowds to spur income. Tenants in self-storage facilities do not frequently visit their unit, and when they do visit, they can remain socially distanced with ease. The market will be watching this asset class closely, as it appears to be an asset class that is performing well despite the ongoing Coronavirus pandemic.

SOURCE: CoStar and Marshall & Stevens



Patrick T. Craig, MAI, MRICS
 Executive Managing Director
 Real Estate Valuation Practice
 212.897.9481
 ptcraig@marshall-stevens.com



Catherine Gu
 Senior Director
 Real Estate Valuation Practice
 646.438.7602
 cgu@marshall-stevens.com



Mike Gies
 Analyst
 Real Estate Valuation Practice
 609.613.2468
 mgies@marshall-stevens.com