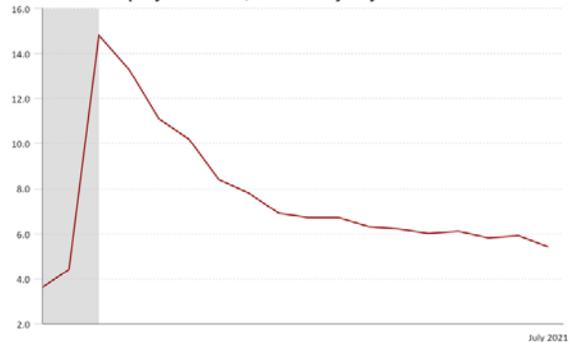


US Self-Storage Sales Volume & Buying Trends – August 2021

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 investment sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. The US Daily New Case table below highlights the progression of daily case counts relative to legislation imposed by state and local governments. As of Summer 2021, societal conditions surrounding the COVID-19 Pandemic have undoubtedly improved. Vaccines are now available to all individuals aged 12 or older in most states. Although hospitalizations and new cases were on the decline, the Delta Variant is causing new case counts to rise again. As a result, some states are tightening restrictions. Also, the FDA has approved the Pfizer vaccine for people aged 16 and older. Whereas social conditions continue to improve, markets are still being affected by COVID-19. As the calendar turns toward Fall, investors will be looking for sustainable trends in transaction volume and pricing that have yet to occur.

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.

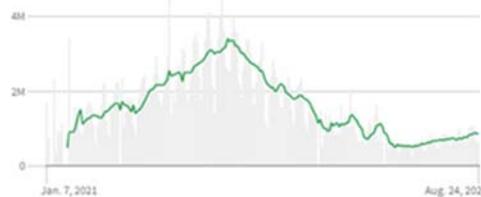
Civilian unemployment rate, seasonally adjusted



Source: US Bureau of Labor Statistics

United States

Vaccine doses given
7-day avg: 860,114
60.9% at least one dose

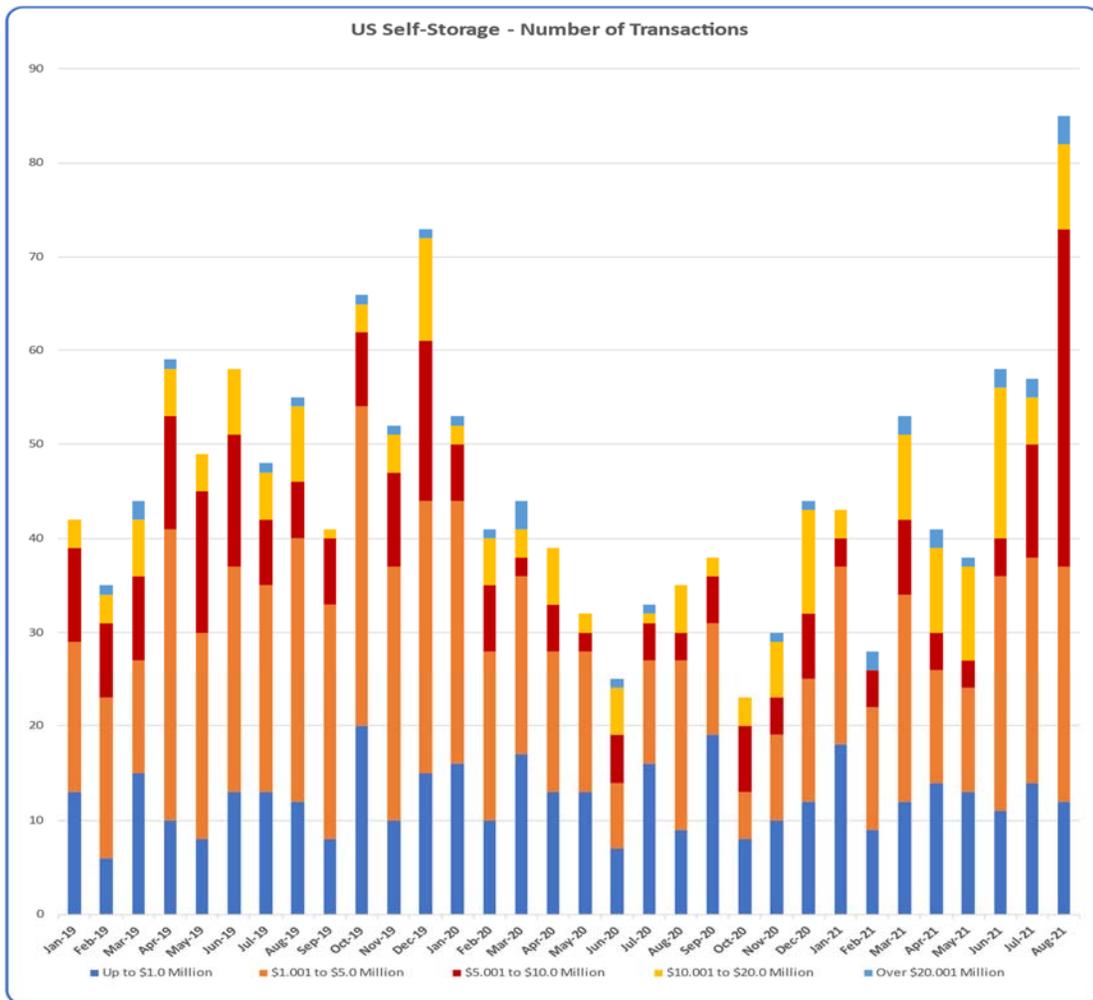


New cases
7-day avg: 150,883



Number of Sales Transactions

- Parameters: All self-storage sales in the United States, segmented by price tranche.
- Consistent 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.
- September 2020 - December 2020- experienced a fluctuating, upward trend in number of transactions.
- January 2021- 43 total transactions, 2.3% decrease from the prior month.
- March 2021 - 53 transactions, 89.3% increase from the prior month.
- April 2021 - 41 transactions, 22.6% decrease from the prior month.
- May 2021 - 38 transactions, 7.3% decrease from the prior month.
- June 2021 - 58 transactions, 52.6% increase from prior month and the highest number of transactions since December 2019.
- July 2021 - Transaction number and volume decreased slightly while average dollar per square foot normalized
- Transactions hit a high point over the given period in August with total volume clocking in at third best in 2021 while dollar per square foot held steady and capitalization rates continuing heading south



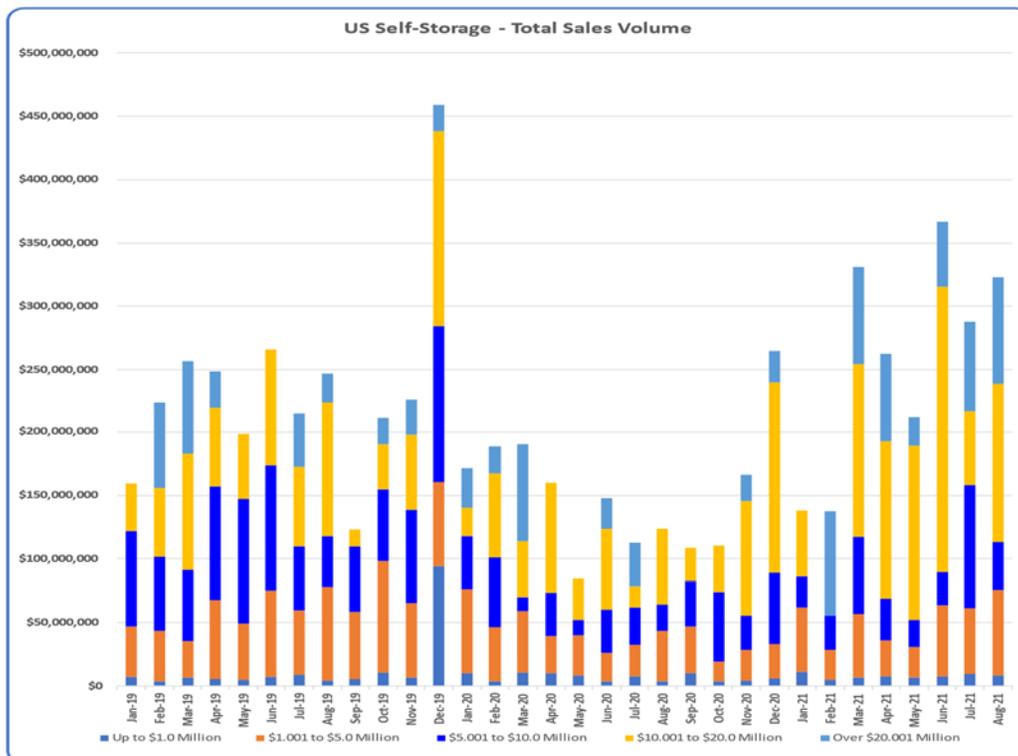
The self-storage market has been one of the asset types least affected by COVID, however, data reflects fluctuating trends with slightly lower levels of activity than normal. Transaction volume has continued to fluctuate, with the past three months exhibiting the highest thus far in 2021, as seen in the chart above.

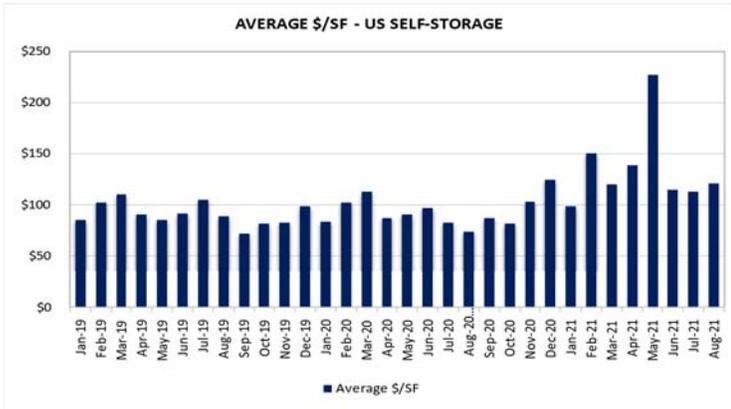
Dollar Volume of Sales Transactions

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%. Thus far in 2021, the average monthly sales volume is \$253 million, up nearly 66% higher than 2020, and above 2019. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Self-Storage			
YEAR	2019	2020	2021 (Aug)
Min	\$123,000,000	\$84,600,000	\$137,500,000
Max	\$459,000,000	\$265,000,000	\$332,000,000
Average	\$236,083,333	\$152,475,000	\$252,950,000
% Difference	-	-35.4%	65.9%

- Average sales volume from January 2019 to March 2020 was \$225,613,333.
- Average sales volume from April 2020 to May 2021 was \$168,507,143.
- The largest increase in dollar volume for 2020 was 239.3% from August to September.
- The largest decrease in dollar volume for 2020 was 62.6% from December 2019 to January 2020.
- May 2020 had the lowest dollar volume over the study 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.
- April 2021 experienced a slight decrease from the prior month, reflecting a 20.6% decline.
- May 2021 followed up with another decrease from the prior month, reflecting a 19.3% decline.
- June 2021 saw reversal in downward trend with highest sales volume thus far in 2021, reflecting a 73.1% increase.
- July 2021 saw sales in \$5.001 to \$10.0 million tranche reflect largest contribution to US self-storage’s total dollar volume this year
- Sales in the \$10.001 to \$20.0 million tranche represents the lion’s share of total volume in August 2021, which also saw the smallest increase month over month this year





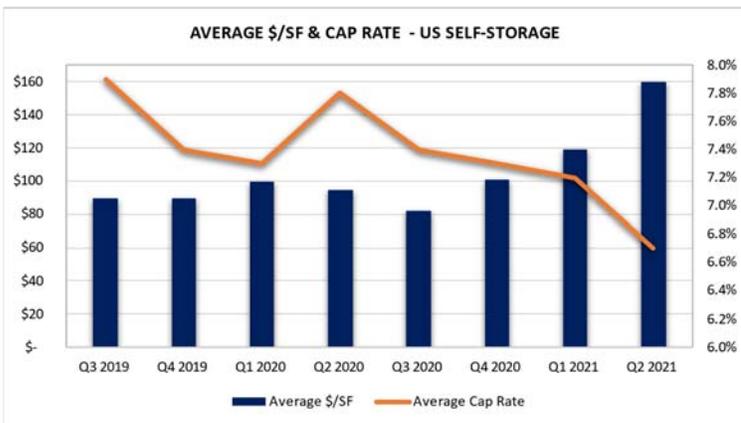
Average \$/SF on Monthly Transactions

According to the graphic on the left, the average price per square foot 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, average dollar per square foot experienced a decline in both July 2020 and August 2020. Thus far in 2021, average dollar per square foot was higher, particularly in May, which saw the largest growth over the given period. Since then, average price per square foot has decreased as both transactions and volume increased.



Average Cap Rate of Monthly Transactions

The average capitalization rate for US self-storage transactions has experienced fluctuations over the given period, with the most recent month showing a slight increase while remaining in line with the current downward trajectory. Cap rates peaked in May 2020 before beginning a downward trend. Month over month, the average cap rate in August decreased 10 basis points to 6.9%.



Average \$/SF & Cap Rate: Quarterly Trend

Q2 2021 experienced the highest \$/SF and lowest cap rate over the quarterly study period. This is indicative of investor sentiment, that self-storage is an asset class that is not as prone to market uncertainty caused by COVID-19 as some of the other asset classes in the commercial real estate market. Overall, the trends in the Self-Storage market indicate that this has been a favored asset class during 2020 and 2021. 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



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