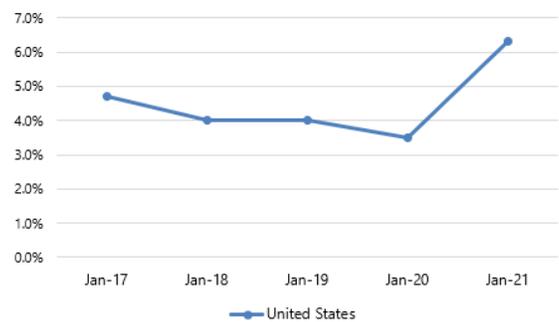


US Self-Storage Sales Volume & Buying Trends – June 2021

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 United States Daily New Case table below highlights the progression of daily case counts. As of Q2 2021, societal conditions surrounding the COVID-19 Pandemic have undoubtedly improved. Vaccines are now available to all individuals aged 16 or older across the United States and hospitalizations and number of new cases continue to decrease. In addition, many states have ended their preventative mandates for businesses and individuals, while other states have opted to only loosen their regulations. Whereas social conditions continue to improve, markets are still being affected by COVID-19. As the calendar turns toward Q3 2021 and restrictions continue to be lifted, 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.

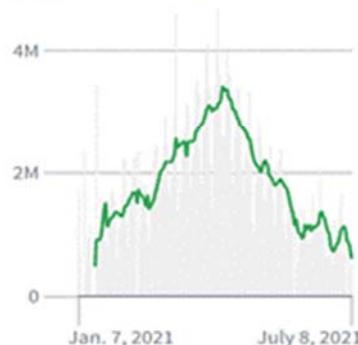
Unemployment Rate - Five Year Trend



United States

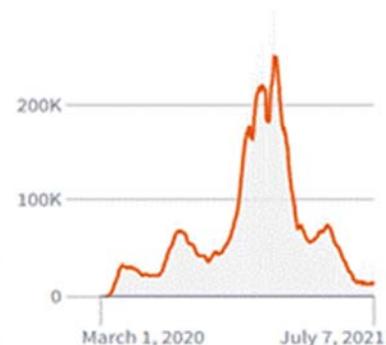
Vaccine doses given

7-day avg: **599,070**
55.2% at least one dose



New cases

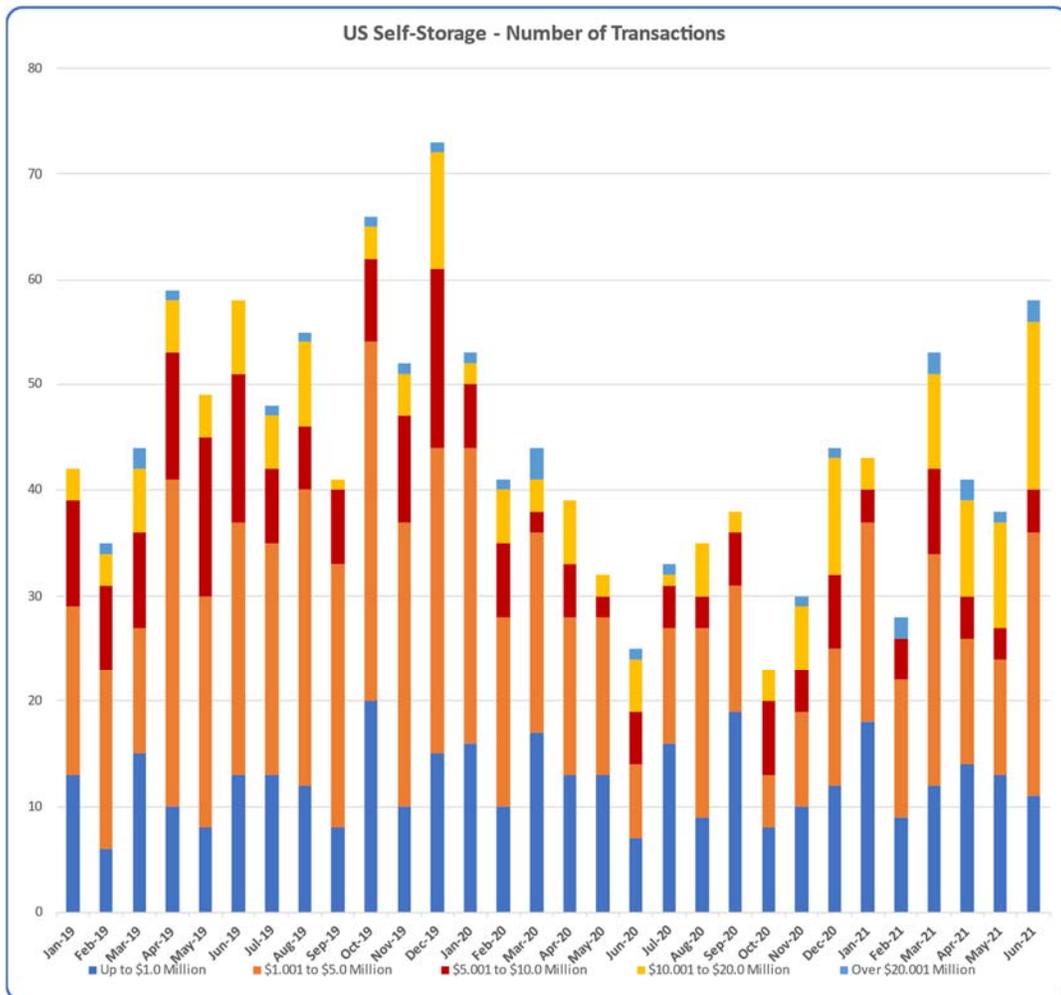
7-day avg: **15,591**



Source: Reuters

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 and the highest number of transactions
- 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.



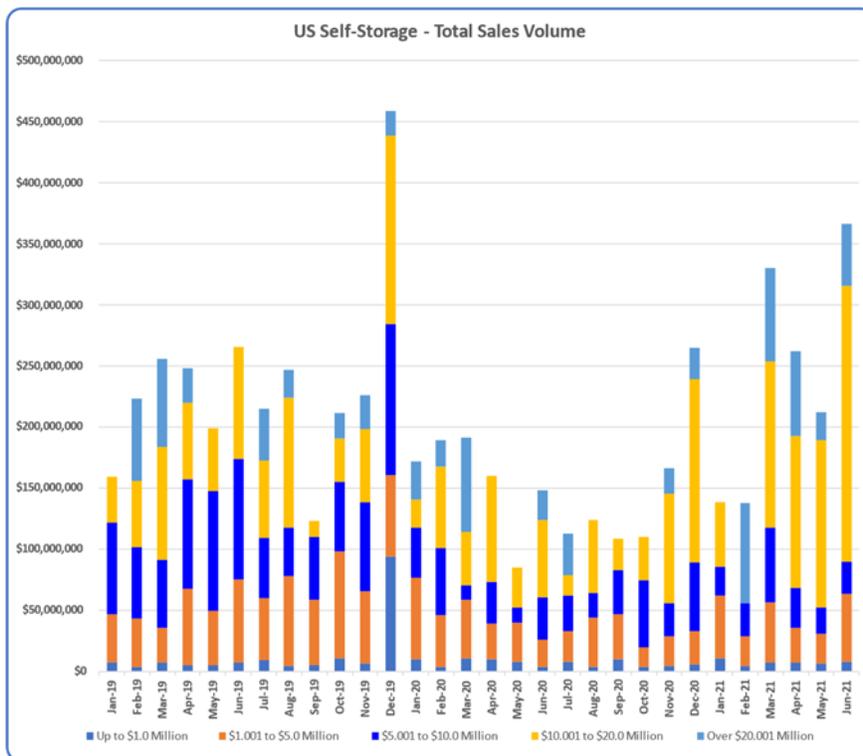
The self-storage sales market has been one of the asset types least affected by the post-COVID era, however, data reflects fluctuating trends with slightly lower levels of activity than normal. Transaction volume has continued to fluctuate, March and June 2021 exhibited an increased number of transactions, on par with pre-Covid 19 levels.

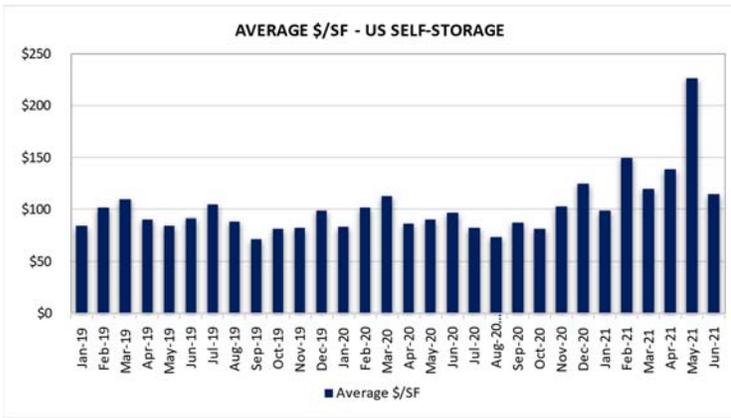
Dollar Volume of Sales Transactions

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%. In 2021 through June, the monthly average increased 54.45% from the 2020 average, and is now in line with 2019. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Self-Storage			
YEAR	2019	2020	2021 (June)
Min	\$123,000,000	\$84,600,000	\$137,500,000
Max	\$459,000,000	\$265,000,000	\$330,800,000
Average	\$236,083,333	\$152,475,000	\$235,433,333
% Difference	-	-35.4%	54.4%

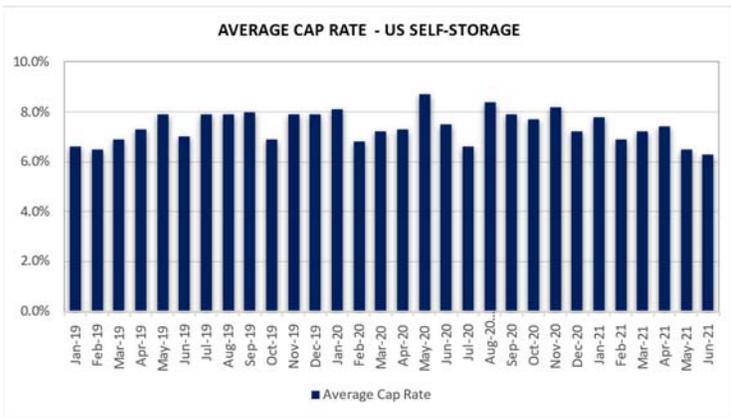
- Average sales volume from January 2019 to March 2020 was \$225,613,333.
- Average sales volume from April 2020 to June 2021 was \$181,720,000.
- The largest increase in dollar volume for 2020 was 239.3% from August to September.
- The largest decrease in dollar volume for 2020 was 62.6% from December 2019 to January 2020.
- May 2020 had the lowest dollar volume over the 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.
- 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. Sales volume in June 2021 was \$366,700,000, which is the second highest over the study period.





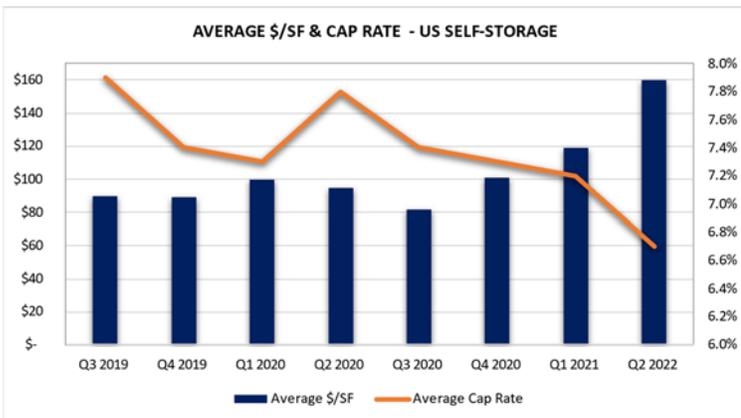
Average \$/SF on Monthly Transaction

As exhibited in 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, the average dollar per square foot experienced a decline in both July 2020 and August 2020. Thus far in 2021, the average dollar per square foot has fluctuated higher particularly in May, which saw the highest over the given period while June the biggest drop in relation to the previous month, settling at \$115 per square foot.



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 decline. Month over month, the average cap rate in June 2021 decreased 20 basis points from the prior month, with an average of 6.3%. It is notable that the June 2021 average cap rate is the lowest over the analysis period. Over the study period, average monthly cap rates have fluctuated from 6.3% to 8.7%, with an average of 7.4%. Given the latest three month figures, it appears that cap rates are trending down as we head into 3Q 2021.



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 positive investor sentiment, that self-storage is an asset class that is not prone to the 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



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



Jacob Thomas
 Associate
 Real Estate Valuation Practice
 646.438.7609
 jthomas@marshall-stevens.com