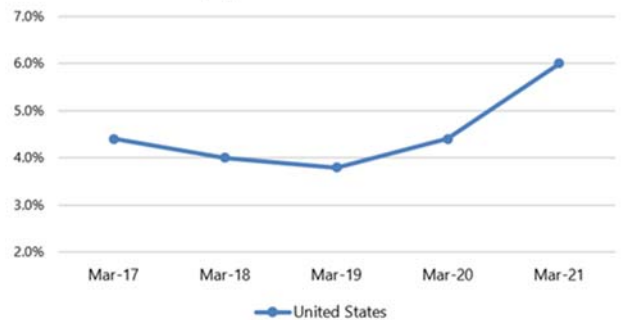


US Self-Storage Sales Volume & Buying Trends – March 2021

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.

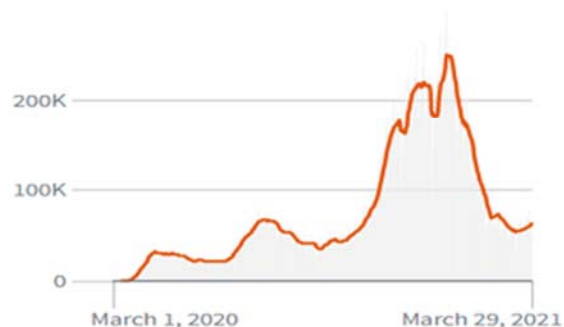
Unemployment Rate - Five Year Trend



United States - Daily New Cases

New cases

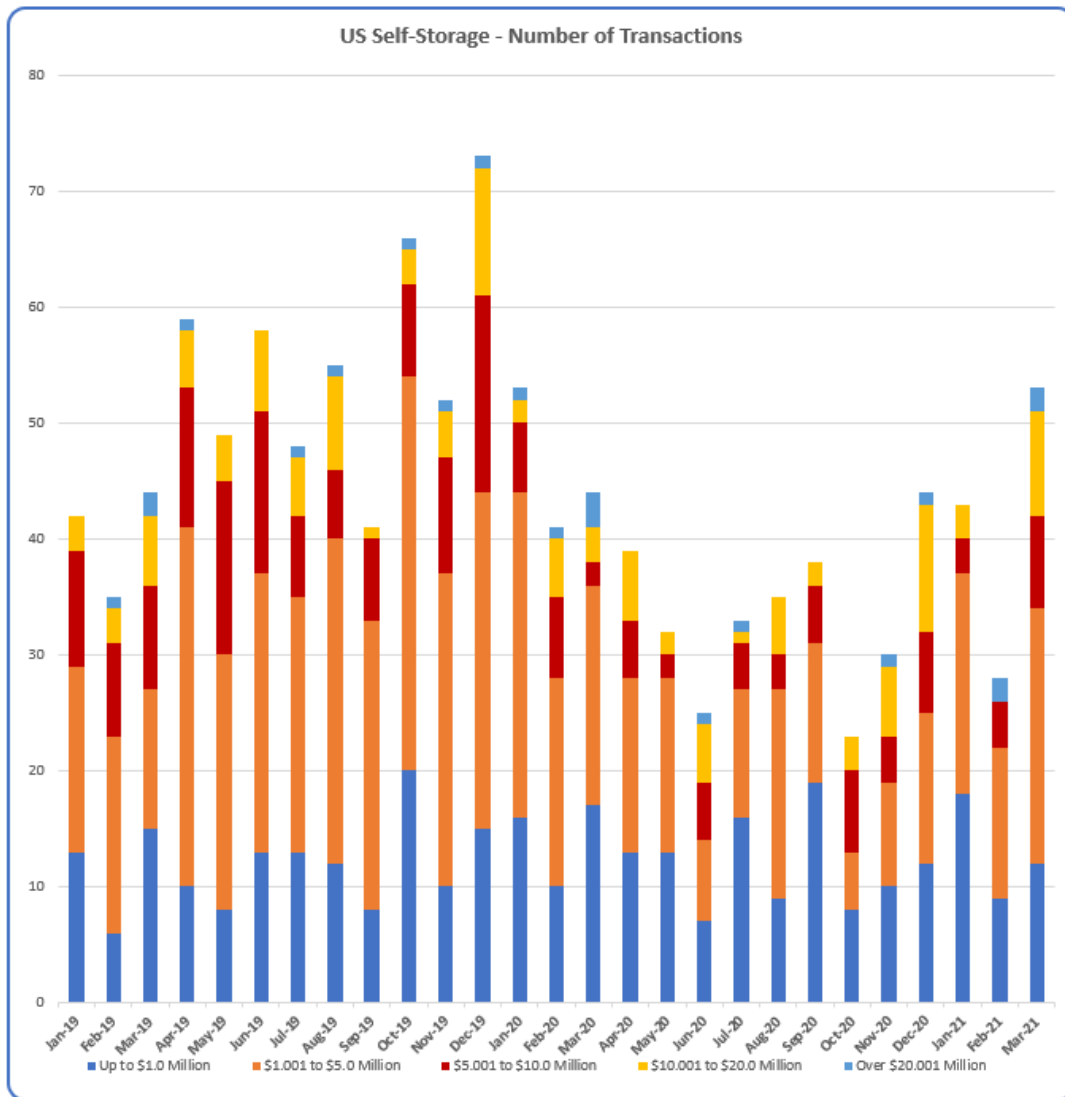
7-day avg: 63,643



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 reduced COVID-19 cases.
- 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.
- February 2021 – continues the downward trend with 28 total transactions, reflecting a 34.9% decrease.
- March 2021 – 53 transactions, 89.3% increase from the prior month and the highest number of transactions since January 2020.



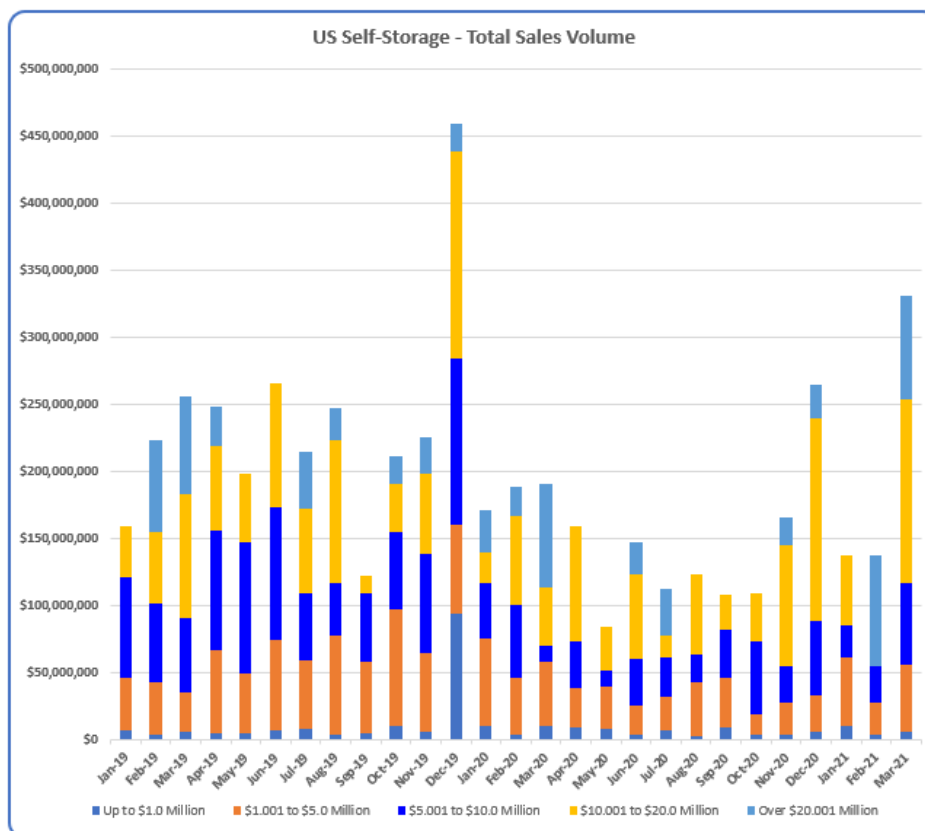
The self-storage sales market has been one of the asset types least affected by the post-COVID era, however, data reflects fluctuating trends with slightly lower levels of activity than normal. Transaction volume has continued to fluctuate, but the March 2021 statistics show improvement.

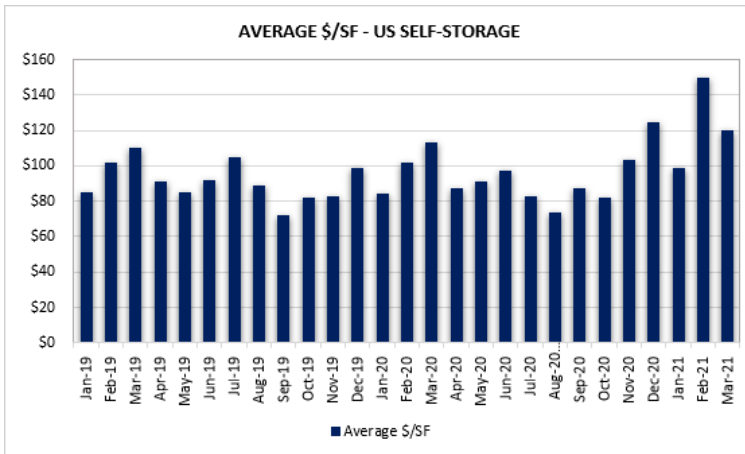
Dollar Volume of Sales Transactions

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 Q1 2021, the monthly average price increased over 32%, which an extremely positive sign. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Self-Storage			
YEAR	2019	2020	2021 (Mar)
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	\$202,100,000
% Difference	-	-35.4%	32.5%

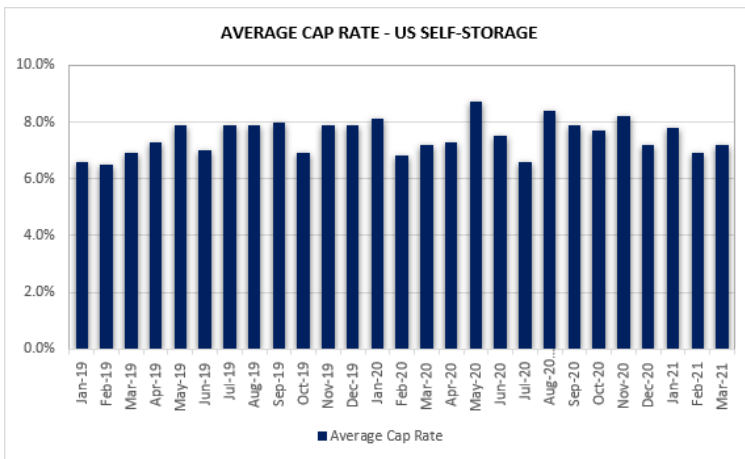
- Average sales volume from January 2019 to March 2020 was \$225,613,333.
- Average sales volume from April 2020 to March 2021 was \$157,066,667.
- The largest increase in dollar volume for 2020 was 239.3% from August to September.
- The largest decrease in dollar volume for 2020 was 62.6% from December 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 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.
- March 2021 reflected a major increase jumping 140.6% from the prior month and marking its highest level in total dollar volume since December 2019.





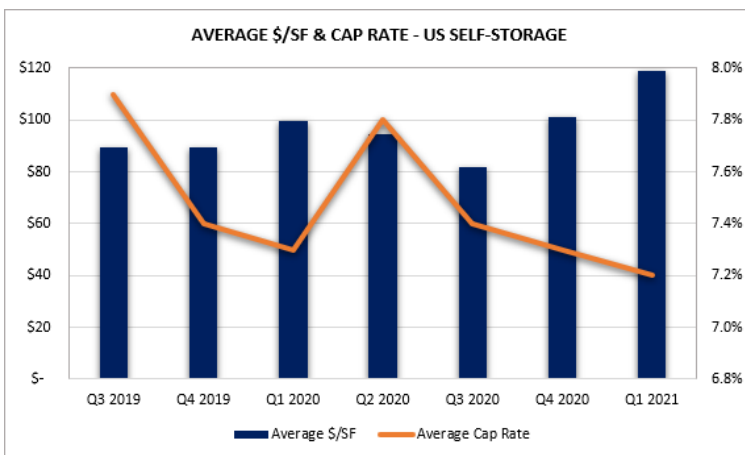
Average \$/SF on Monthly Transaction

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. Despite a slow month in January 2021, the average \$/SF remains solid in Q1 2021. The average price per square foot during Q1 2021 was \$123 per square foot, which compares to the average monthly price for all of 2020 at \$94 per square foot. This is a very positive trend.



Average Cap Rate of Monthly Transaction

The average capitalization rate for US self-storage transactions has experienced minor fluctuations over the given period, averaging 7.5% since January 2019. Thus far in 2021, the average cap rate is 7.3%, which is another sign of improvement. The data over the study period has been very consistent, which is unlike many other property types.



Average \$/SF & Cap Rate: Quarterly Trend

Q1 2021 experienced the highest \$/SF and lowest cap rate over the quarterly study period, dating back to Q3 2019. This is indicative of strong investor sentiment that self-storage is an asset class that is not as 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 even more so in 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



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