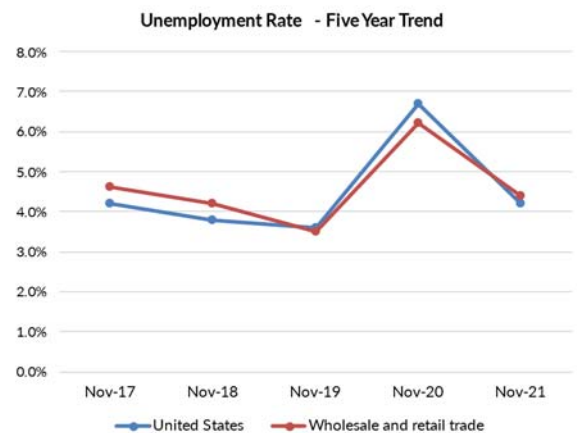


# US Self-Storage Sales Volume & Buying Trends – November 2021

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. As a lead barometer, national unemployment increased significantly in 2020, from 3.5% in February to a peak of 14.8% in April 2020. Since April 2020, businesses began re-opening, and unemployment has been declining. However, new variants of the virus continue emerging, slowing down this progress.

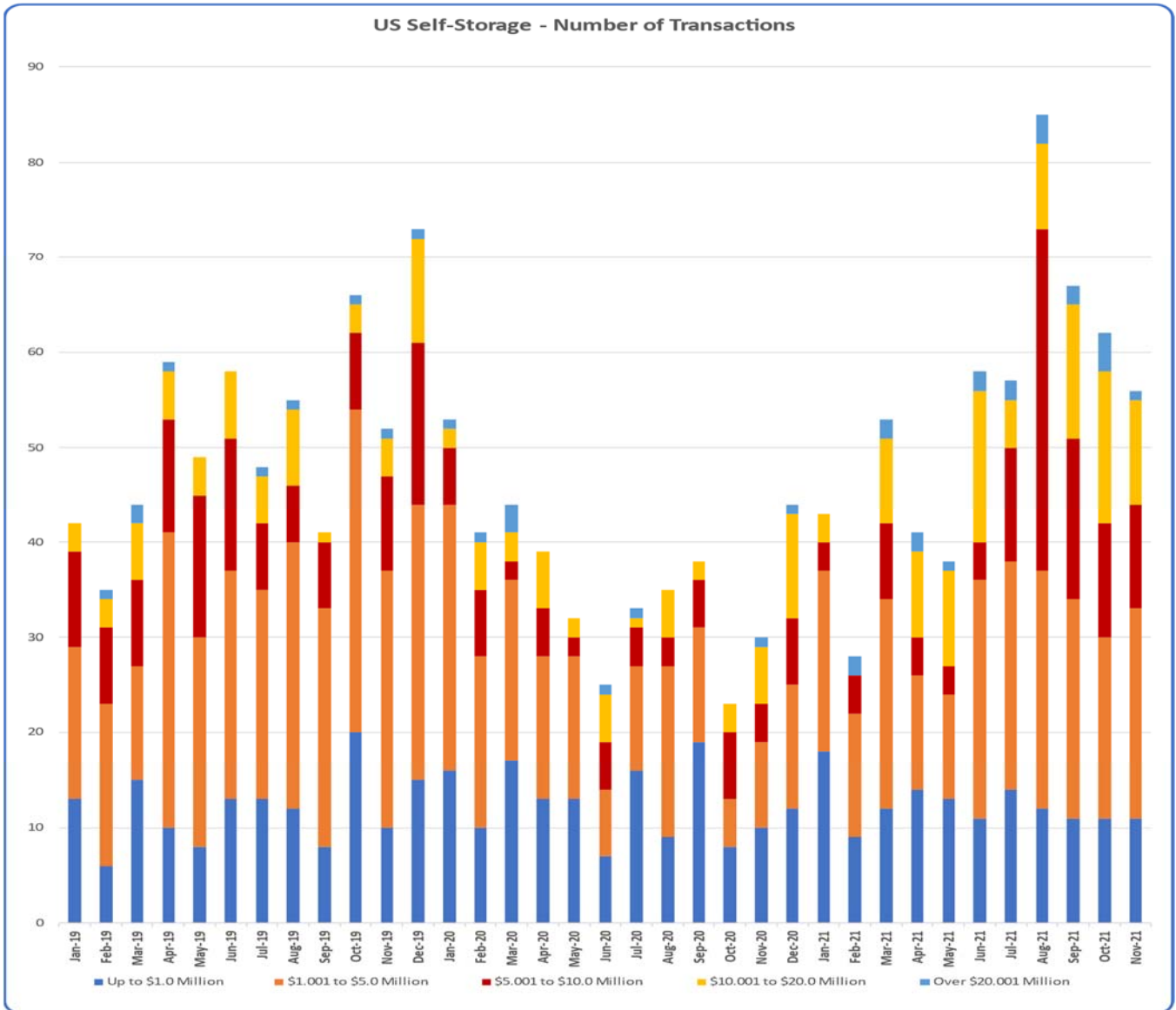
The second graphic below illustrates how the new case counts have spiked as new variants of the virus have appeared. Counteracting those spikes in new cases are the vaccines that became available in late 2020. As more of the population becomes vaccinated, the hope is that new cases will continue to drop, and the population will not be overcome by new strains. These figures will be watched carefully as we continue through 2021 and into 2022.

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.



Number of Sales Transactions

- Parameters: All self-storage sales in the United States, segmented by price tranche.
- 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.
- Following an August 2021 high, November 2021 exhibited the third straight month of declining transactions.



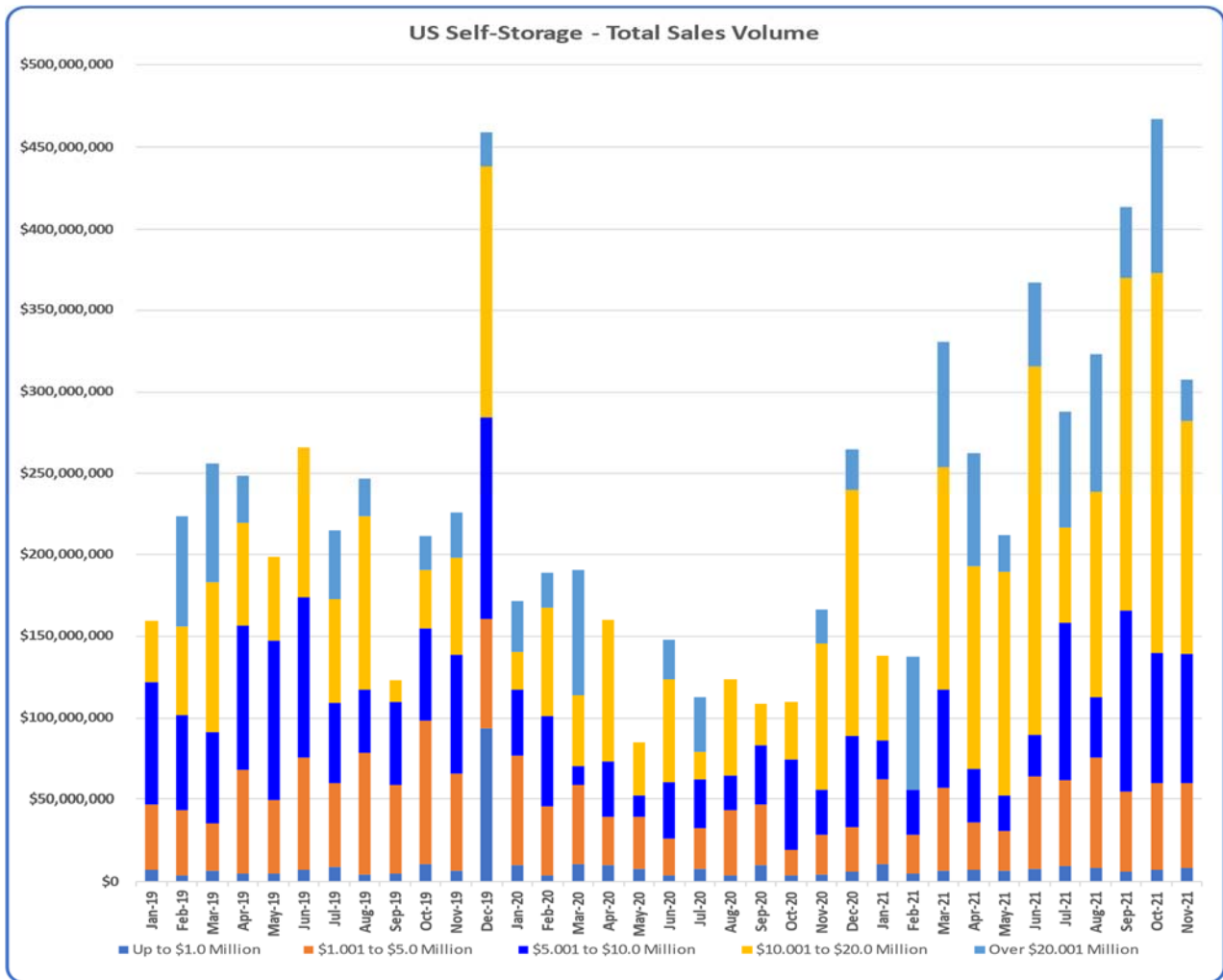
The self-storage sales market has been one of the asset types least affected by the post-COVID era with data reflecting slightly lower levels of activity than normal in 2020. Transaction volume has continued to fluctuate in 2021, with levels in the second half resembling those of pre-COVID levels.

Dollar Volume of Sales Transactions

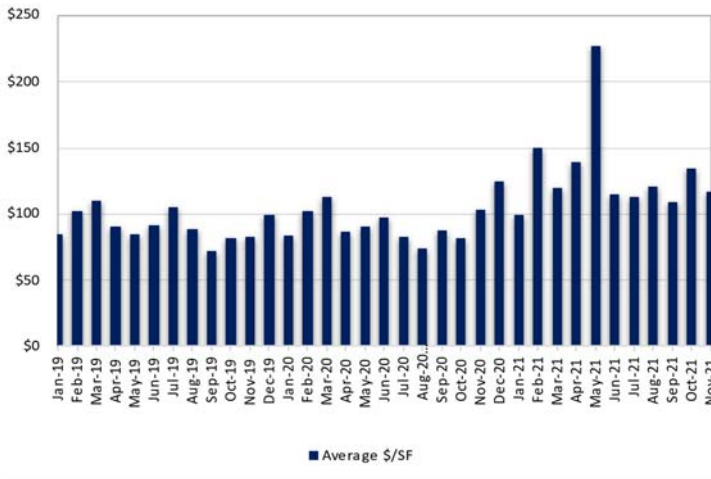
In 2019, the average monthly sales volume was approximately \$236 million. Comparatively, the average monthly sales volume in 2020 was roughly \$152 million, reflecting a decrease of approximately 35.4%. We tracked the dollar volume of monthly sales by tranche as seen below.

Total Dollar Volume - US Self-Storage			
YEAR	2019	2020	2021 (Oct)
Min	\$123,000,000	\$84,600,000	\$137,500,000
Max	\$459,000,000	\$265,000,000	\$467,000,000
Average	\$236,083,333	\$152,475,000	\$290,360,000
% Difference	-	-35.4%	90.4%

- 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.
- May 2020 had the lowest dollar volume over the 25-month period, reflecting \$84,600,000.
- October 2021 has the highest dollar volume over the study period, reflecting monthly dollar volume of \$464 million.
- November sales volume saw the first decrease since July but remained north of \$300 million.



AVERAGE \$/SF - US SELF-STORAGE



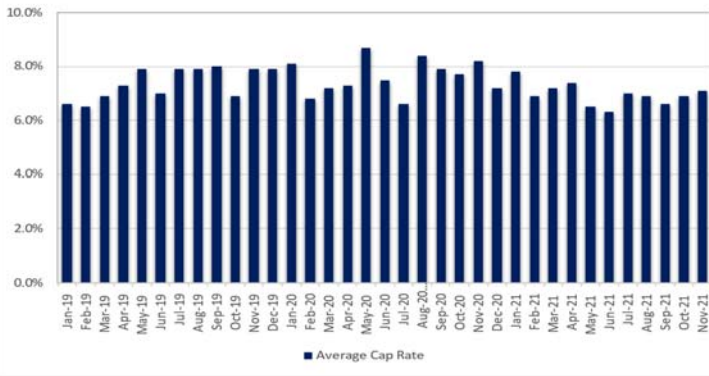
Average \$/SF on Monthly Transaction

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 number of transactions and sales volume increased. November 2021 saw average dollar per square foot decrease, while continuing to hold above \$100 per square foot for the 10<sup>th</sup> consecutive month.

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 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 November 2021 increased 20 basis points to 7.1%, the highest in 7 months.

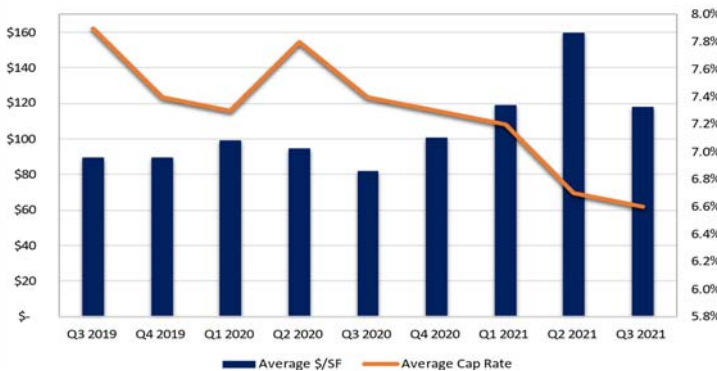
AVERAGE CAP RATE - US SELF-STORAGE



Average \$/SF & Cap Rate: Quarterly Trend

Q2 2021 experienced the highest \$/SF and Q3 2021 experienced 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. Average dollar per square foot is trending upward while cap rates continue south into the 6.5% range. 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.

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



SOURCE: CoStar and Marshall & Stevens



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