

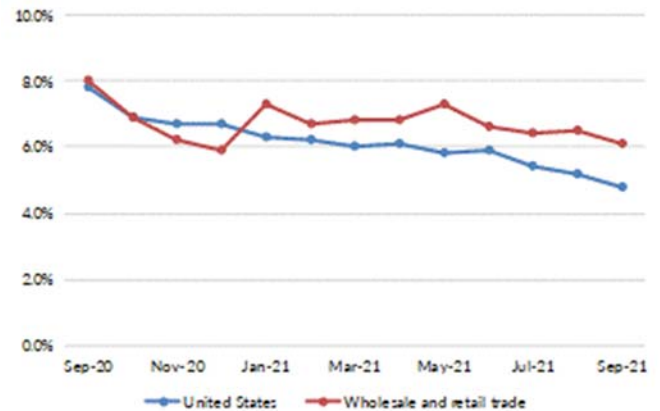
US Self-Storage Sales Volume & Buying Trends – September 2021

COVID-19 surfaced in the United States in Mid-March 2020, over one year ago. 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 underscored the crippling effects of COVID-19 on American consumers and businesses alike. Pre-crisis, there was uncertainty surrounding the retail market as well. Given the rise in e-commerce, shopping patterns and preferences have changed, questioning the demand for brick-and-mortar retail, and multi-tenant shopping centers in particular.

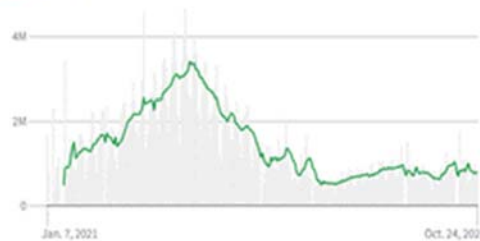
This report analyzes trends in investment sales in the United States self-storage market from January 2019 through September 2021.

National unemployment increased significantly in 2020, from 3.5% in February to a peak of 14.8% in April 2020. Job losses in the wholesale and retail trade sector were particularly significant. Since April 2020, businesses have re-opened, and unemployment is showing signs of improvement. However, the recent rising number of new cases due to the delta variant is slowing down this progress. This metric will be watched carefully as we continue through 2021 and into 2022.

Unemployment Rate



Vaccine doses given
7-day avg: 768,503
66.4% at least one dose



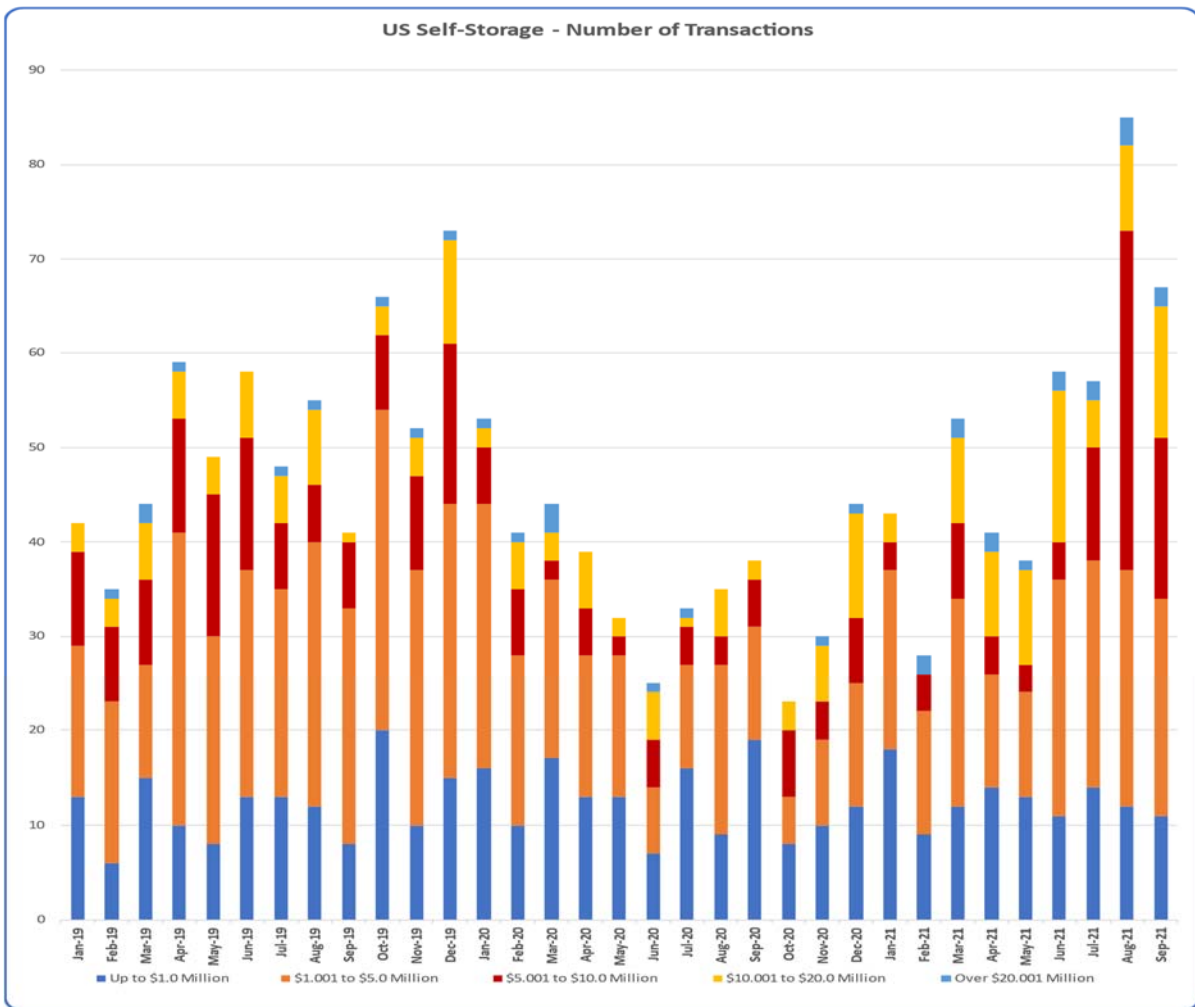
United States

New cases
7-day avg: 72,782



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 September 2020 coincides with investors flight to quality.
- 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.
- July 2021 – 57 transactions, 1.7% decrease from prior month, average dollar per square foot normalized
- August 2021 –85 transactions, a 49.1% increase from prior month and third highest total volume in 2021
- September 2021 – Total sales volume hit a pandemic high and reflects the highest performing month since December 2019 while dollar per square foot continues to recover and cap rates decline



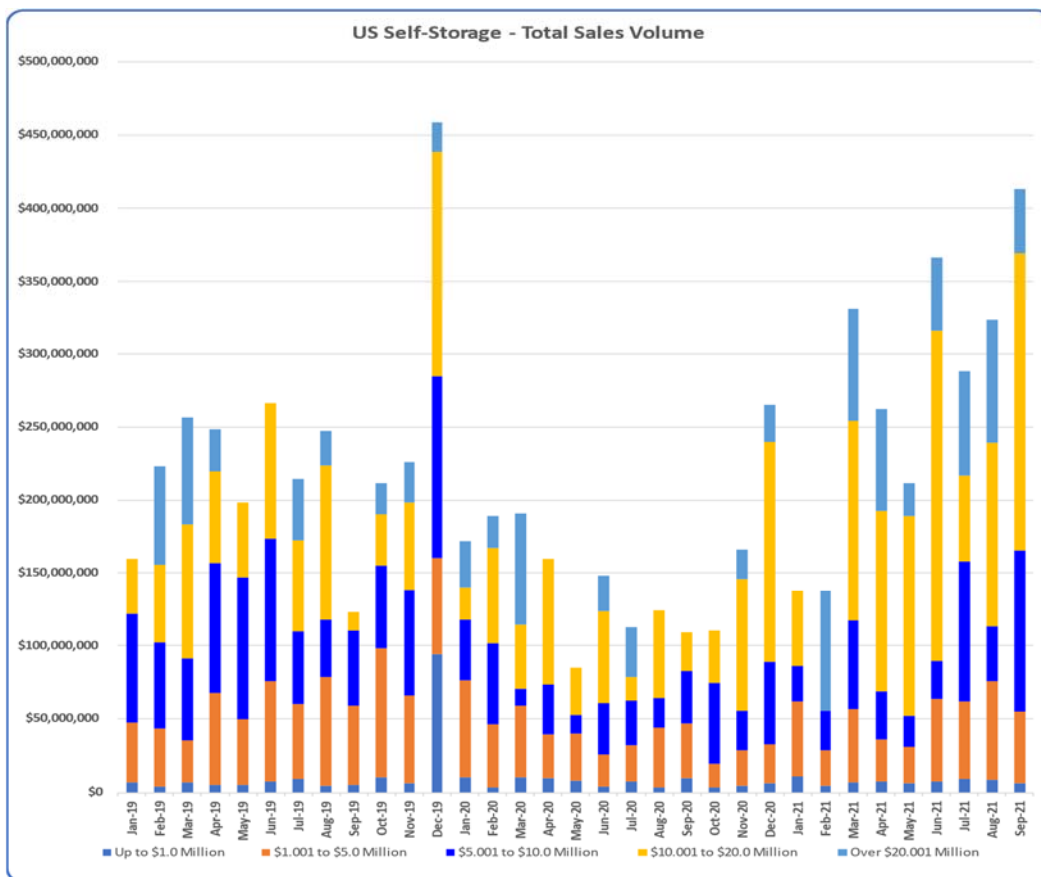
The self-storage sales market has been one of the asset types least affected by the post-COVID era with data reflecting slightly lower levels of activity than normal in 2020. Transaction volume has continued to fluctuate in 2021, with levels in the second half resembling those of pre-COVID levels.

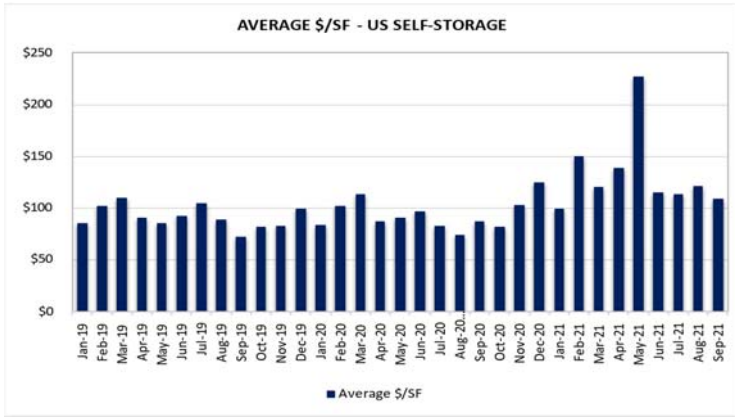
Dollar Volume of Sales Transactions

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 (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	\$270,733,333
% Difference	-	-35.4%	77.6%

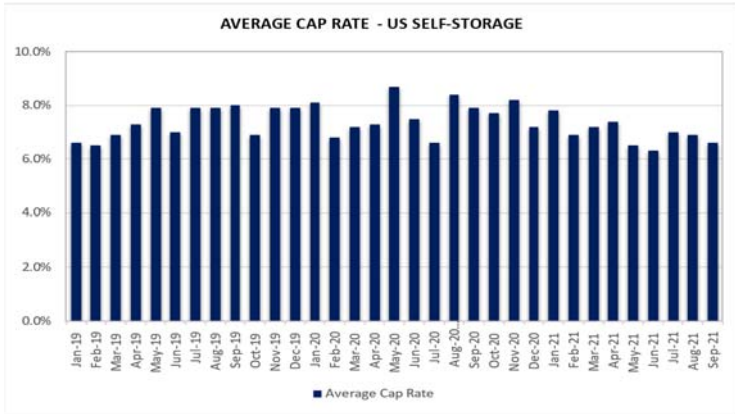
- Average sales volume from January 2019 to March 2020 was \$225,613,333.
- Average sales volume from April 2020 to May 2021 was \$168,507,143.
- The largest increase in dollar volume for 2020 was 239.3% from August to September.
- The largest decrease in dollar volume for 2020 was 62.6% from December 2019 to January 2020.
- May 2020 had the lowest dollar volume over the 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.
- 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
- August sales in \$10.001 to \$20.0 million tranche was largest of total volume and smallest increase month over month in 2021
- Total sales volume reached a new high in September, the highest level since December 2019 and highest since COVID-19





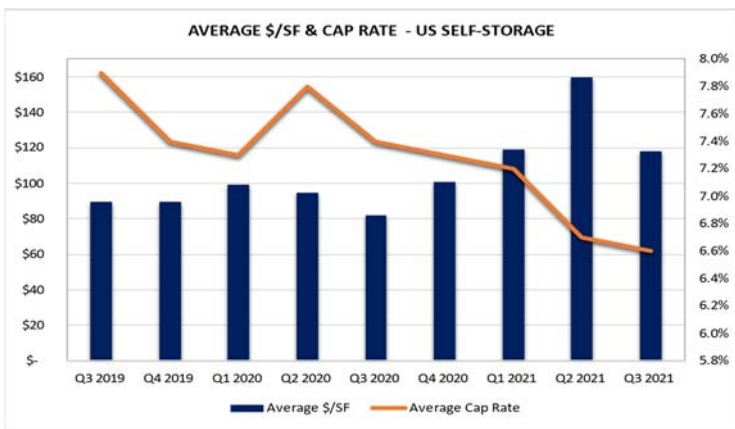
Average \$/SF on Monthly Transaction

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. September 2021 saw average dollar per square foot decrease slightly while, continuing to hold above \$100 per square foot for the 8th 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 decrease 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 September decreased 30 basis points to 6.6%, the second decrease in a row.



Average \$/SF & Cap Rate: Quarterly Trend

Q2 2021 experienced the highest \$/SF and Q3 2021 experienced the 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 dropping into the 6% 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.

SOURCE: CoStar and Marshall & Stevens



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