2022 SELF-STORAGE

NATIONAL
INVESTMENT
FORECAST

TO OUR VALUED CLIENTS

To Our Valued Clients,

Self-storage properties benefited from the significant behavioral, health and economic changes of the last two years. Entering the pandemic, there was a substantive self-storage space overhang that weighed on market fundamentals, but the health crisis brought numerous changes that shored up demand. Many have questioned whether the changes that supported storage demand will be temporary, but thus far, storage space needs continue to hold strong.

Barriers to development, including elevated land, material and labor costs, continue to inhibit new storage construction, a trend likely to hold through the coming year. This will help keep supply and demand at a healthy balance. Meanwhile, the self-storage sector's comparative resistance to inflation, with leases that rapidly adjust to market changes, will remain enticing to investors this year.

The alignment of so many positive forces suggests that 2022 will deliver an active transactional climate, as seasoned operators consider harvesting at price points beyond anything seen in prior years, and new capital enters the sector to leverage the positive momentum and inflation resistance of the asset class.

To help our investor clients adapt to and capitalize on the unprecedented health crisis-driven economic and investment climate, Marcus & Millichap presents the 2022 National Self-Storage Investment Forecast. As always, our investment brokerage and financing specialists across the U.S. and Canada are at your disposal, providing street-level investment guidance to empower your decisions.

Thank you and here's to your continued success,

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National Perspective

Market Overviews

Client Services

Developed by Marcus & Millichap Research Services. Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.

National Economy

- After the substantial economic disruptions of 2020 and the subsequent recovery in 2021, the economy is staged to grow between 3 percent and 4 percent in the coming year, fueled by robust consumer spending and corporate profits. Since the onset of the COVID-19 health crisis, the collective balance of savings deposits and money market funds has increased by over $5 trillion.
- A significant impediment to growth in 2022 will be logistical hurdles. A shortage of raw materials and finished goods has contributed to multidecade high inflation. Resolving the backlogs and blockages in the global supply chain will take time, extending this inflation pressure beyond the beginning of this year.
- Another substantial challenge facing the economy this year is a tight labor market. While about 85 percent of the jobs lost at the onset of the pandemic have been restored, with 3.7 million new positions expected this year, employers' staffing needs are still not met. There are more open positions than people looking for work, a shortfall that is fostering upward pressure on wages.

National Self-Storage Overview

- Self-storage properties have delivered record performance over the past two years as lifestyles adapted to the pandemic. The closure of offices and college campuses, as well as other lockdowns, prompted many households to place belongings in storage units as they turned spare rooms and garages into home classrooms, offices and gyms. The resulting rapid drop in vacancy has restored rent growth.
- The untethering of numerous office workers has accelerated a migration trend that was already underway as more millennials age into common family formation years. Millennials represent both the largest and most active share of self-storage renters, making their lifestyle changes especially relevant for self-storage owners. Many households are relocating to larger accommodations in nearby suburban settings or in new markets that offer other advantages, such as temperate weather, benefiting self-storage properties in satellite cities and the Sun Belt.
- More self-storage operations are adapting to a "touchless" business model, which has been encouraged by the pandemic and expected from younger renters. Businesses also benefit from this practice by receiving increased off-hour leasing activity.

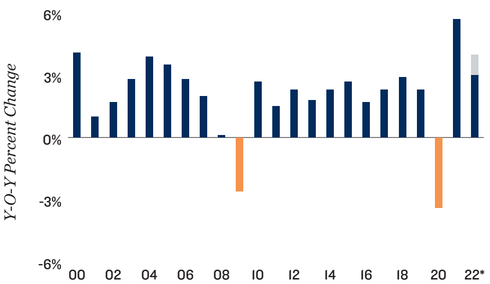
Capital Markets

- In 2022, the Federal Reserve faces the delicate dilemma of curbing historic inflation, while also maintaining positive economic momentum. Inflation that has surpassed the Fed's expectations is forcing them to become increasingly hawkish. The central bank will conclude its health-crisis era asset purchasing programs in March, when it is also likely to raise the short-term Federal Funds rate for the first time this year. The Fed may also consider reducing its balance sheet in a quantitative tightening process.
- The durability of self-storage properties over the past two years is supporting the ready availability of capital for investment sales. While lending conditions have generally tightened since the onset of the pandemic, financiers have favored self-storage.

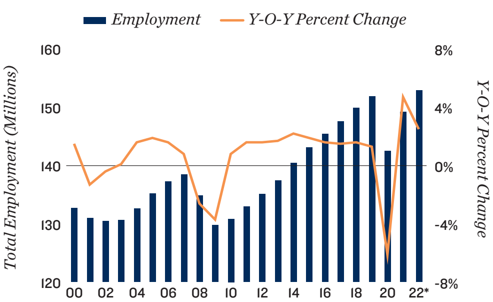
Investment Outlook

- Improving property fundamentals amid the health crisis sustained investors' interest in self-storage through the pandemic. The property type's resiliency and recession resistance took center stage, enticing fresh capital into the sector. A record number of self-storage properties changed hands last year, with the competitive bidding environment applying ample downward pressure on cap rates.
- As multidecade high inflation persists this year, more investors may turn their attention to self-storage. Because units are generally rented on a monthly basis and operators can respond quickly to changing market conditions, the property type is considered one of the strongest inflation hedge options in commercial real estate.

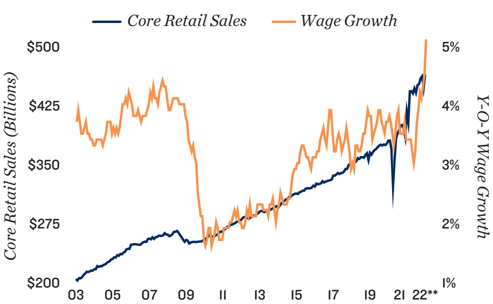
GDP Growth Trends



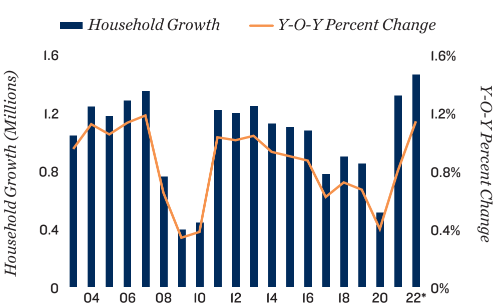
Employment Trends



Core Retail Sales vs. Wage Growth



Household Growth Trends



* *Forecast*

** *Through January*

Economy Staged for Steady Growth Though Headwinds Could Create Choppy Climate

Elevated savings underpins economic growth. After the substantial economic disruptions of 2020 and the subsequent recovery in 2021, the economy is staged to grow between 3 percent and 4 percent in the coming year, fueled by robust consumer spending and corporate profits. Retail sales are up more than 23 percent compared to pre-pandemic measures, empowered by savings accumulated during lockdowns. Since the onset of the COVID-19 health crisis, the collective balance of savings deposits and money market funds has increased by over $5 trillion. Appreciating home values and multiple stimulus measures have also strengthened the financial resources of numerous households. Most businesses have weathered the disruptions as well, with corporate profits for the year ended September 2021 up over 19 percent compared to the previous 12-month span. A significant impediment to growth in 2022 will be logistical hurdles. A shortage of raw materials and finished goods has contributed to multi-decade high inflation. Resolving the backlogs and blockages in the global supply chain will take time, extending this inflation pressure beyond the beginning of this year. Higher prices in turn could weigh on consumer spending.

Tight employment market complicates outlook. A substantial challenge for the economy will be the particularly tight labor market. About 85 percent of the jobs lost at the onset of the pandemic have now been restored, with another 3.7 million positions set to be created this year. Despite this rapid employment growth, employers' staffing needs are still not met. There are more open positions than people actively looking for work, a shortfall that is fostering upward pressure on wages. Average hourly earnings increased by over 4 percent last year, well above the 2.7 percent preceding-decade average. Higher pay may not be enough to entice workers back, however. Labor participation has declined since the onset of the pandemic, as some individuals retired early and others left work to care for family members. Barring changes to immigration policy, filling the labor shortfall may take years, restraining economic growth as businesses compete for talent. Some sectors are expanding more quickly than others. While headcounts in professional and business services have reached new highs, hospitality and leisure payrolls continue to lag.

2022 National Economic Outlook

- **COVID-19 mutations affect logistics, labor outlooks.** New variants of coronavirus pose future risks to supply chains, especially for Pacific Coast markets. A strict zero-COVID-19 policy in China is leading to intermittent shutdowns at production facilities and ports, interrupting the flow of supplies to the West Coast of the U.S. Sick employees quarantining at home have also intermittently left many domestic businesses short-staffed. Both of these disruptions could apply inflationary pressure.
- **Housing shortage could weigh on growth.** More than 1.4 million households will form this year, the most since 2002. A recovering jobs market and changing lifestyle patterns are driving the gain and exacerbating limited housing availability, especially for entry-level options. This scarcity may impede future household formations.
- **Infrastructure improvements elevate outlook.** Funding unlocked by the Infrastructure Investment and Jobs Act will begin to be applied this year as part of a long-term goal of improving the country's transportation, utilities and information infrastructure. The potential economic benefits are notable, enhanced by the prospect of new private investment following the public aid into previously underconsidered areas.

Demand Growth Stabilizes Following Pandemic-Induced Surge with Oversupply Concerns in the Rearview Mirror

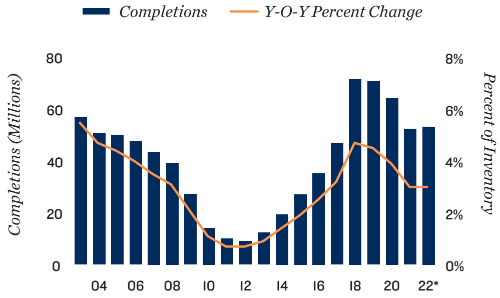
Storage sector poised to sustain strong performance as demand normalizes. Self-storage properties have delivered record performance over the past two years as lifestyles adapted to the pandemic. The closure of offices and college campuses as well as other lockdowns prompted many households to place belongings in storage units as they turned spare rooms and garages into home classrooms, offices and gyms. Between March 2020 and September 2021, self-storage vacancy fell by 460 basis points to a record low of 5.5 percent. The rapid drop in availability has restored rent growth after the surge of development in 2018 and 2019 added 142 million square feet to the sector, weighing on asking rates. Since the onset of the health crisis, the national average marketed rent for a standard 10-foot-by-10-foot unit has increased by 13 percent. Moving forward, the pace of rent growth is projected to moderate as some pandemic-specific demand drivers dissipate. Even as many places reopen, not every home office or garage gym will be taken down. At the same time, the tight labor market is lifting income, supporting robust household formation and elevated retail spending. All of these factors bode well for self-storage properties in the coming year.

Demographic and pandemic-motivated relocations fostering storage use. The untethering of numerous office workers has accelerated a migration trend that was already underway as more millennials age into common family formation years. Millennials represent both the largest and most active share of self-storage renters, making their lifestyle changes especially relevant for self-storage owners. Many households are relocating to larger accommodations in nearby suburban settings or in new markets that offer other advantages such as temperate weather. Self-storage properties in satellite cities and the Sun Belt are benefiting as a result. While representing a smaller proportion of self-storage users, retiring baby boomers are also supporting storage demand, especially in markets with low tax burdens. As older households downsize, they often hold onto worldly possessions by placing them in storage. These two demographic trends will underpin self-storage needs for the foreseeable future, even as demand and supply rebalance following the health and economic shocks of the past two years.

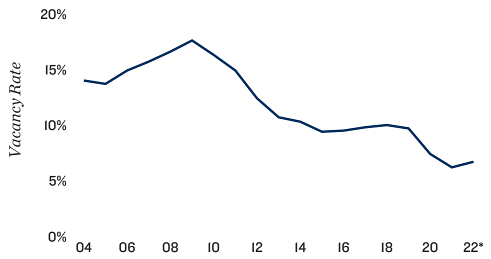
2022 National Self-Storage Outlook

- **Ravenous demand for recreational vehicles a potential boon for storage.** Since the onset of the COVID-19 pandemic, demand has skyrocketed for recreational vehicles (RVs), with manufacturers struggling to keep up. The return to offices as well as other forms of travel such as cruises may prompt people to park these RVs, leading to increased demand for covered vehicle storage space at self-storage facilities.
- **Online portals an increasingly important factor for customers and operators.** More self-storage operators are adapting to "touchless" business models encouraged by the pandemic and favored by the next generation of renters. These users expect to be able to find, lease and pay for a unit entirely online. Businesses also benefit from this practice by allowing easier off-hour leasing.
- **Near-term oversupply risk tempered by supply shortages.** Deliveries for this year will remain well below recent peaks. A shortage of materials and labor is affecting timelines. In some cases projects cannot find the materials needed to finish. Further on the horizon, development is likely to increase again as these hurdles are overcome.

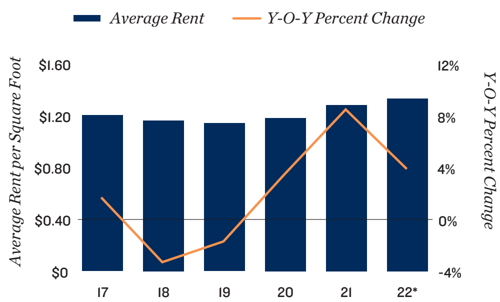
Construction Trends



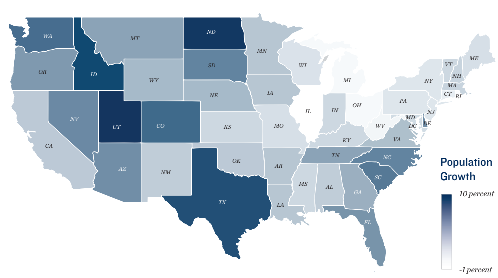
Vacancy Rate Trends



Rent Growth Trends



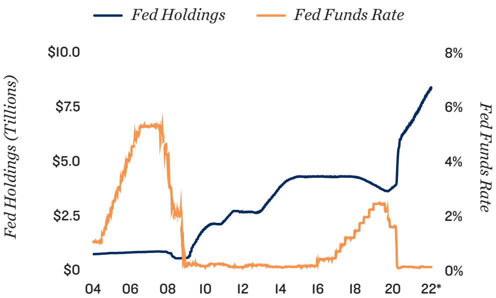
Population Growth Projections: 2022-2026*



* Forecast

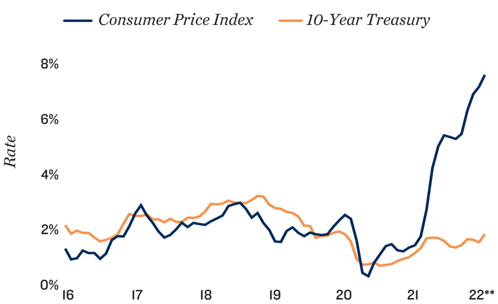
Fed Looks to Avoid Pitfalls as It Tightens Policy; Strong Property Performance Aids Capital Liquidity

Accommodative Monetary Policy

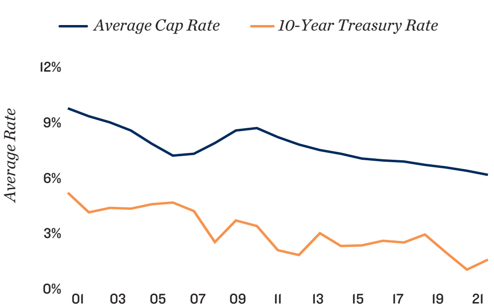


Yield Spread Tightening

Inflation Could Pressure Interest Rates



Self-Storage Cap Rate vs. Treasury



** As of February 9*

*** Through January*

The U.S. central bank works to restrain inflation without jolting economy. In 2022, the Federal Reserve faces the delicate dilemma of curbing historic inflation while also maintaining positive economic momentum. To combat the pandemic-induced recession in 2020, the Fed took aggressive steps to invigorate growth, leveraging quantitative easing and lower lending rates. As the economy recovered and supply chains were overwhelmed by consumer demand, inflation has surpassed the Fed's expectations, forcing them to become increasingly hawkish in their stance. The central bank will conclude its health-crisis-era asset purchasing programs in March in a measure designed to boost long-term interest rates. The Federal Open Market Committee is also likely to raise the short-term Federal Funds rate multiple times this year and may also consider reducing the Fed's balance sheet in a quantitative tightening process. The change in monetary policy is necessary to combat the elevated inflationary pressure but brings with it risks of derailing economic growth. If the Fed overcorrects, the rising cost of borrowing could even push the economy into another downturn. The ongoing state of the labor market recovery and the health crisis, as well as ongoing diplomatic developments, are other outside factors that could influence Fed policy.

Self-storage sector benefits from ample capital liquidity. The durability of self-storage properties over the past two years is supporting the ready availability of capital for investment sales. While lending conditions have generally tightened since the onset of the pandemic, financiers have favored self-storage. Nevertheless, self-storage can be a highly localized industry, with property performance heavily driven by the renter demand profile within the surrounding three- to five-mile radius. As such, loan terms can vary depending on the specific location of the property as well as other factors including occupancy levels, rent rolls and the borrower's credentials. Across all commercial property types, lender composition has largely returned to pre-pandemic levels. Regional and local banks continue to represent the largest share of financing, followed by a revived CMBS space. National and international banks are also active. Bridge lending is also available for borrowers seeking short-term options, more common for nonstabilized assets.

2022 Capital Markets Outlook

- **U.S. foreign policy could impact interest rate environment.** Geopolitical turmoil complicates the Federal Reserve's mission this year. A flight-to-safety in government bonds would depress yields on Treasuries, limiting the margin by which the Fed could raise short-term lending rates without inverting the yield curve. At the same time, diplomatic disputes abroad could increase energy prices at home, adding further upward pressure to inflation and the Fed's need to respond.
- **Storage properties exhibit exemplary loan performance.** The self-storage sector continues to demonstrate incredibly low CMBS loan delinquency rates. While the overall delinquency rate for all commercial real estate rested above 4 percent early in the year, the same measure for self-storage loans has remained under 1 percent for the duration of the health crisis.
- **Capital for development is available, but other factors complicate process.** Banks continue to be the primary lender for self-storage construction financing, although investor-driven capital is also available. Oversupply concerns have lessened following the recent renter demand surge, but construction spending is still trending lower. Rising material and labor costs and local restrictions are playing more of a role on future development decisions beyond the availability of construction financing.

Investors Face Competitive Bid Climate; Potential Interest Rate Surge May Dampen Enthusiasm

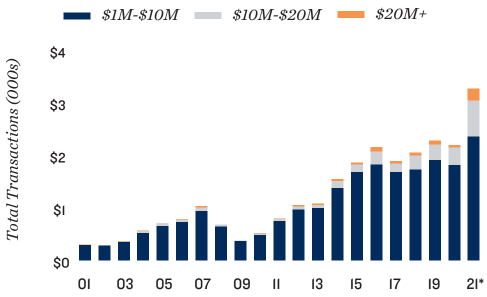
Record property performance begets record sales environment. Improving property fundamentals amid the health crisis sustained investors' interest in self-storage through the pandemic. The property type's resiliency and recession resistance took center stage, enticing fresh capital into the sector. A record number of self-storage properties changed hands last year, up nearly 50 percent compared to 2020 and up over 40 percent relative to 2019. An extremely competitive bidding environment pushed the average sale price up 15 percent over the past two years to $122 per square foot. Higher sale prices have translated into lower cap rates, with the U.S. mean dropping under 6 percent in early 2022. Cap rate compression is also being driven by a larger number of transactions priced over $10 million, where cap rates are much tighter. Top-tier assets in growth markets are changing hands with first-year returns in the 3 percent to 4 percent zone. Yields will continue to face downward pressure this year as property performance generally maintains the ground gained during the pandemic, drawing further investment.

Self-storage investment wave bolsters all regions. Investor demand for self-storage is up across the country. In 2020, the only region to show any notable transaction slowdown was in the Southeast, and even then the impact was brief. Sales velocity in the Southeast last year exceeded the 2019 tally by over 30 percent. Buyers were even more engaged in the Rocky Mountain area as well as Texas/Oklahoma. Trading in both regions was up more than 60 percent in 2021 compared to two years prior. Demographics are playing a factor with investors' decision making. Several of the states that led in sales volumes last year — Texas, Florida, Georgia and North Carolina — are also popular relocation destinations. However, trading is also up in parts of the country where in-migration is less pronounced. The Northeast recorded over 40 percent more transactions in 2021 than 2019, as a tight employment market bolsters incomes and drives household formation.

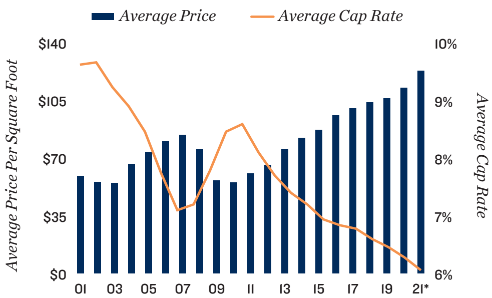
2022 Investment Outlook

- **Inflation a growing consideration.** As multi-decade high inflation persists this year, more investors may turn their attention to self-storage. Because units are generally rented on a monthly basis, operators can respond quickly to changing market conditions. As such, self-storage properties are considered one of the strongest inflation hedge options in commercial real estate.
- **Rising interest rate environment to impact some investment strategies.** With the Federal Reserve suggesting they may raise short-term lending rates multiple times this year and long-term bond yields generally on the rise, investors may face more pressure on their financing margins. Some self-storage assets will be heavily squeezed, dissuading investors who do not have a plan to immediately raise revenue. Many more assets, however, continue to offer yields above those of alternative, lower-risk financial instruments.
- **Robust investment landscape may have negative impact on tax burdens.** The rapid rise in sales prices comes with the inevitable risk that rising property valuations translate into higher tax burdens. Many municipalities, buffeted by the financial crisis, are also pursuing changes to how businesses are taxed, including self-storage facilities. As such, self-storage operators may face a higher tax burden in the future, adding to the ongoing labor and materials costs that are also rising.

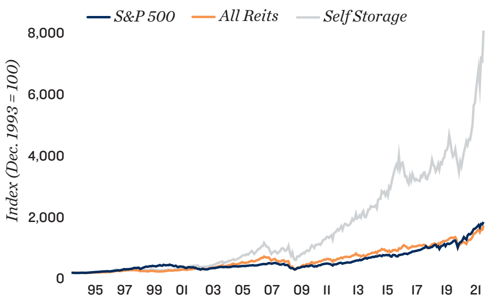
Self-Storage Transaction Activity



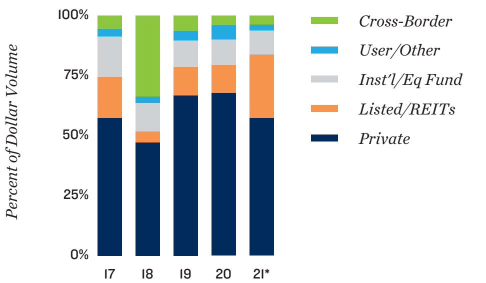
Price vs. Cap Rate



Self-Storage REITs Outperforming



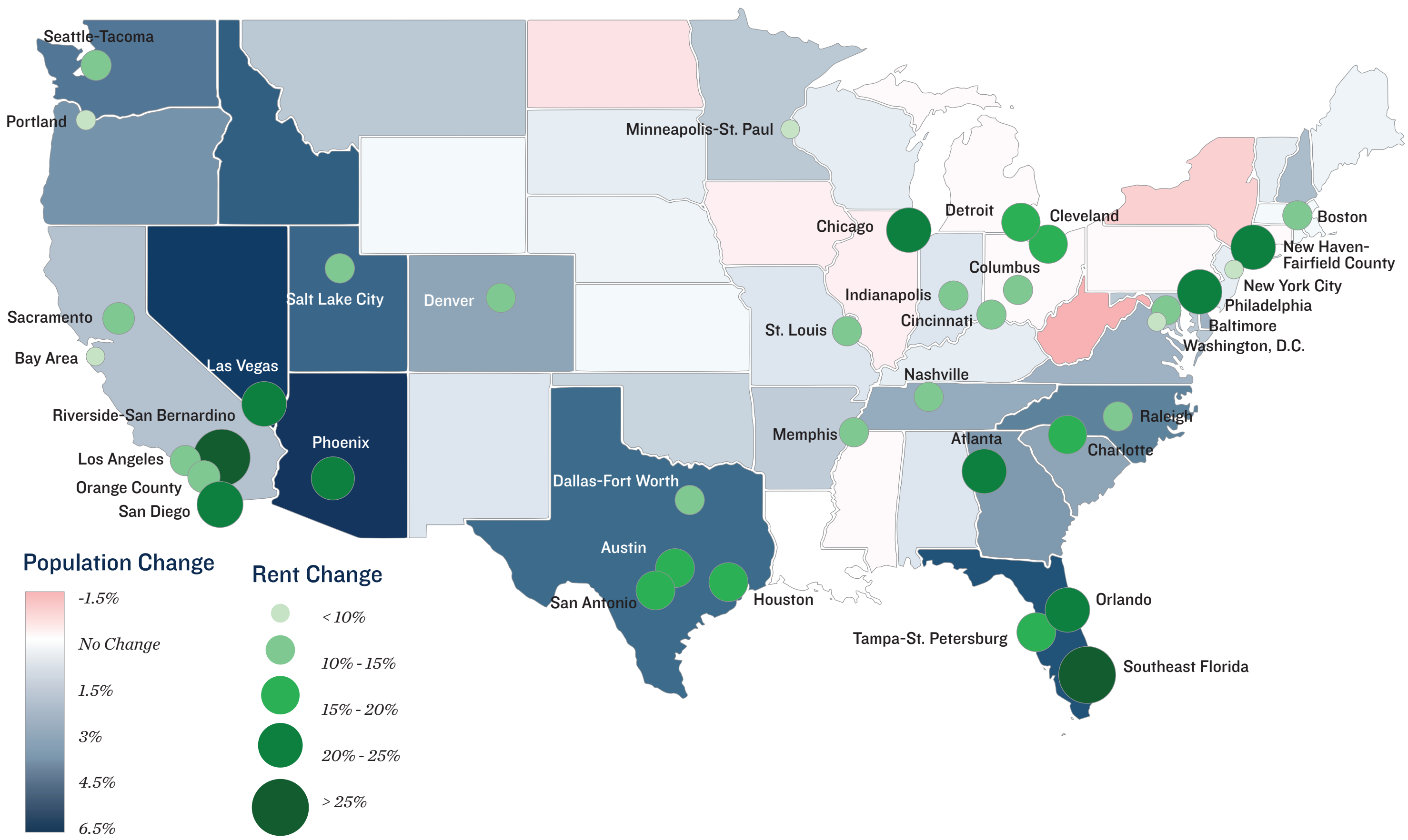
Self-Storage Buyer Composition



* Estimate

Influx of Residents Driving Self-Storage Use

Population and Self-Storage Rent Growth 2019-2022*



Top 10 Markets by Population Growth 2019-2022*

Market	Three-Year Population Growth*	Three-Year Inventory Growth*
Austin	6.0%	9.3%
Las Vegas	5.1%	16.5%
Phoenix	4.4%	17.9%
Orlando	4.3%	12.0%
Raleigh	4.3%	8.0%
Dallas-Fort Worth	4.1%	10.1%
Salt Lake City	4.0%	5.1%
West Palm Beach	3.8%	13.5%
San Antonio	3.5%	8.5%
Charlotte	3.5%	9.2%
U.S.	**1.4%**	**10.2%**

** Forecast*

Sources: Marcus & Millichap Research Services; Moody's Analytics; U.S. Census Bureau; Yardi Matrix

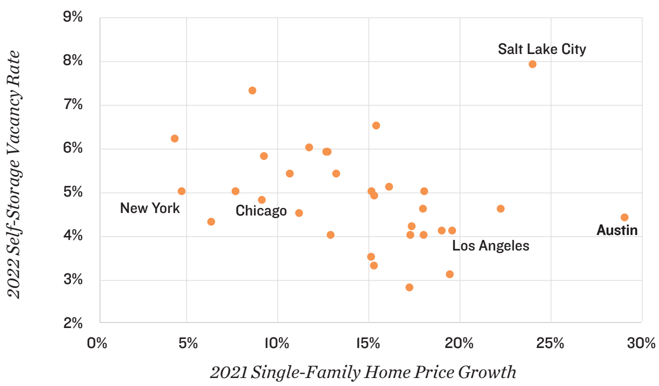
Drivers of Record Rent Growth Wave

- After falling by nearly 9 percent between June 2016 and June 2020, the average asking rent for a standard 10-foot-by-10-foot unit in the U.S. has increased by over 13 percent. This rapid rise in rents has more than compensated for the downward pressure on marketed rates caused by record completions in 2018 and 2019. Population growth is a supporting factor in many regions, including the Southwest and Southeast, as well as Texas and parts of the Rocky Mountain zone.
- Markets that experienced some of the largest inventory gains over the past five years, including Austin, Phoenix and Orlando, are all now reporting a recovery in rents, aided by robust migration trends that coincided with the deliveries.
- Rent growth last year was most pronounced in Florida, a prominent relocation destination. Asking rates jumped by more than 15 percent in Miami-Dade, Fort Lauderdale and Jacksonville. Nearby Atlanta also saw rates go up 16 percent.

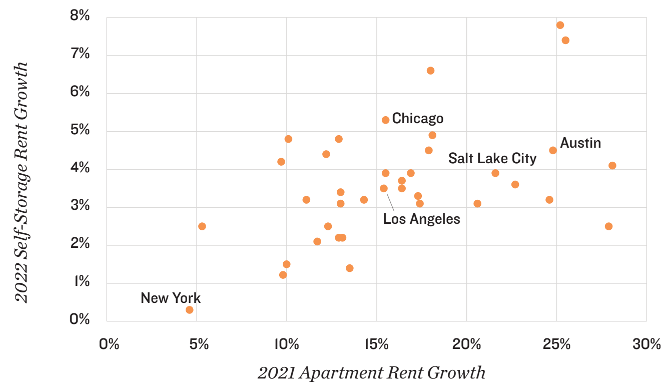
Tight Housing Markets Drive Self-Storage Use

Multiple Factors Show Link Between Residential Demand and Storage Utilization

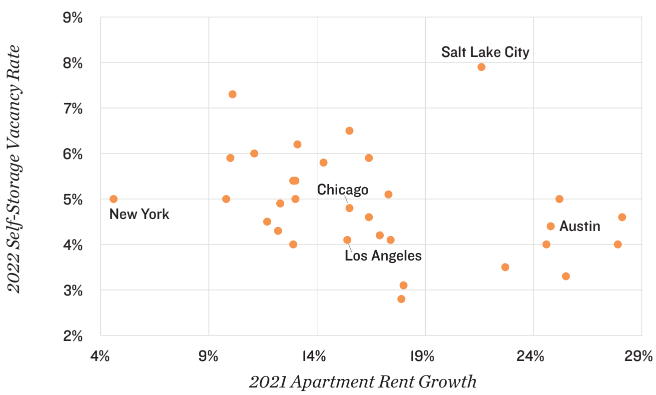
In-Demand Housing Markets Tend to Have Lower Vacancy Rates



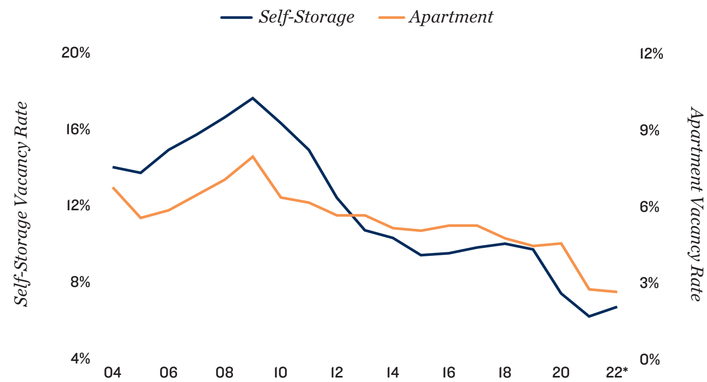
Self-Storage and Apartment Rent Growth Linked



Apartment Rent Growth Strongly Correlated With Vacancy



Self-Storage and Apartment Vacancy Rates Trend in Tandum



Factors Behind Strong Housing/Storage Needs

Housing and storage demand linked. Multiple vectors show a clear connection between competitive residential markets and places with abundant self-storage needs. In metros where home prices and apartment rents are both growing rapidly, self-storage vacancy is low and self-storage rents are readily climbing. There are two main factors behind this relationship.

- Population Growth: Some of the markets that have been recording substantial home price and rent growth since the pandemic began, including Phoenix and West Palm Beach, are welcoming waves of new residents, driving the demand for housing. Relocations such as these represent the second most common reason to rent storage units.
- Limited Space: Metros with climbing home prices emphasize the benefits of multifamily living. A higher preponderance of apartment renting, where unused space comes at a premium, underscores the utility of a separate storage unit.

Top Markets by Home Price/Rent Growth In 2021

Market	Home Price Growth
Austin	28.8%
Salt Lake City	23.7%
Phoenix	22.0%
Los Angeles	19.3%
Riverside-San Bernardino	19.2%
Orange County	18.8%
Bay Area	17.8%
Tampa-St. Petersburg	17.8%
Sacramento	17.7%
Denver	17.1%
United States	**15.2%**

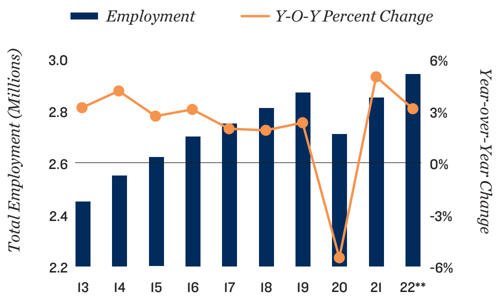
Market	Apartment Rent Growth
Phoenix	28.1%
Tampa-St. Petersburg	27.9%
South Florida	25.5%
Orlando	25.2%
Austin	24.8%
Las Vegas	24.6%
Atlanta	22.7%
Salt Lake City	21.6%
Riverside-San Bernardino	18.0%
San Diego	17.9%
United States	**15.5%**

** Forecast*

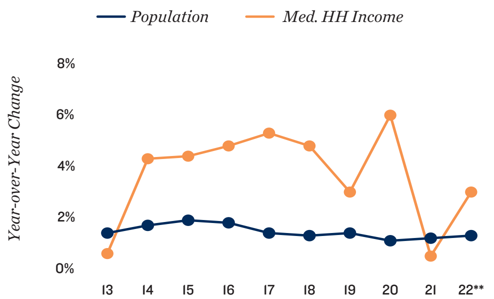
Sources: Marcus & Millichap Research Services; CoStar Group; RealPage, Inc.; U.S. Census Bureau; Radius+; Yardi Matrix

Development Shifts to Atlanta's Suburbs

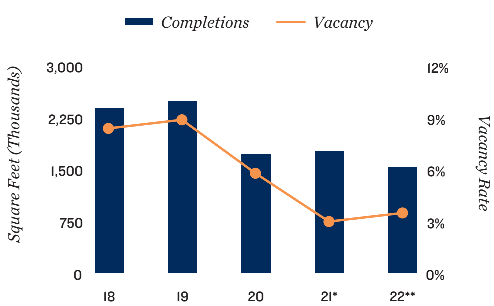
Employment Trends



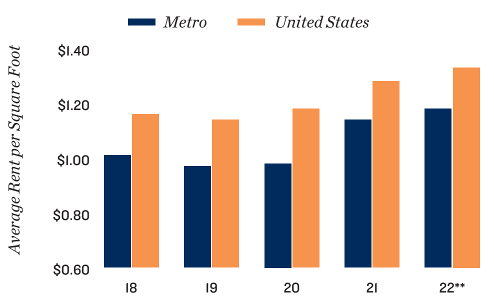
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

As health conditions improved last year, the metro recovered over 135,000 jobs, and is expected to continue hiring momentum in 2022, surpassing pre-pandemic employment levels. The metro workforce is bolstered by a number of recent corporate relocations and expansions, including multimillion-dollar investments by Cisco and Carvana.

Demographic Overview

Atlanta will end 2022 with an additional 75,000 residents, bringing the metro's total population gain for the past decade to over 780,000. Growth in the local 20-to 34-year-old demographic outpaces the national rate 14-fold. This bodes well for near-term storage demand, as the cohort changes dwellings frequently. Long-term performance should also be positively impacted, as this group ages into its prime earning years.

Construction Overview

As storage demand growth normalizes, the square footage coming online this year will lag behind the trailing five-year average. Over 70 percent of this year's completions will be added to the market's suburbs, where asking rents grew faster than the metro average in 2021. Urban stock growth in 2022 will be limited to a small amount of larger projects.

Vacancy/Rent Overview

An ample increase in storage demand, fostered by the health crisis, lowered availability from 9.2 percent at the beginning of 2020 to as low as 2.8 percent by mid-2021. Vacancy will end 2022 at less than half of pre-pandemic figures. The average suburban asking rent broke the $1-per-square-foot threshold last year and is expected to end 2022 at $1.10 per square foot. Urban growth will be more robust, as rents reach $1.36 per square foot.

2022 Market Forecast

Inventory — 47 million square feet and 7.5 square feet per capita

Employment up 3.1% — While hiring slows from 2021, the 89,000 jobs added to the metro this year still expands the workforce faster than the national rate.

Population up 1.2% — After slowing in the wake of the health crisis, population gains accelerate as Greater Atlanta adds nearly 75,000 residents. The area remains one of the nation's fastest-growing metros.

Construction 1.5 million sq. ft. — Development tapers from the 1.7 million square feet added in 2021. This year's new stock lags the trailing-half-decade average of 1.9 million square feet.

Vacancy up 50 bps — Vacancy bumps up to 3.5 percent after achieving multiyear low space availability in 2021.

Rent up 3.6% — Asking rents will reach an average of $1.18 per square foot this year, with the fastest growth occurring in urban Atlanta, where rents will grow by 5.4 percent.

Booming Tech Sector Boosts Incomes, Storage Demand

Economic Overview

As prominent companies like Tesla and Facebook move operations to Austin this year, the metro's job market is projected to grow substantially. Due to a thriving tech industry, Austin boasts the fastest job growth in office-using sectors among major metropolitan areas, allowing for a consumer base with higher discretionary incomes.

Demographic Overview

Having expanded by nearly 25 percent over the past decade, Austin has consistently ranked as the nation's fastest-growing city, with a vibrant cultural scene and the presence of tech giants and startups alike attracting a plethora of young professionals. Austin's 20-to-34-year-old demographic is set to expand by 23 times the national average in 2022, creating robust demand for storage as young renters navigate the local housing market.

Construction Overview

Although Austin's self-storage stock grew by over 1 million square feet each year from 2016 through 2020, the recent development pipeline has been more conservative. Combined, the 2021-2022 construction total will be under the trailing-five-year annual average for completions. This year's new facilities are contained to the suburban I-35 Corridor, concentrated near both Round Rock and Georgetown.

Vacancy/Rent Overview

Following several years of declining rents due to oversupply, the pandemic storage demand boom along with a restrained construction schedule reversed this course, sending rent growth into double-digit territory in 2021. While vacancy is projected to tick up for the first time in several years, rents are expected to increase at a sustainable 4.5 percent.

2022 Market Forecast

Inventory — 23 million square feet and 9.9 square feet per capita

Employment up 5.0% — With all job losses recovered in 2021, the 59,000 positions added this year put metro employment well above pre-pandemic totals.

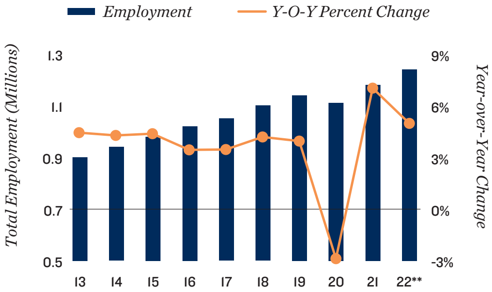
Population up 2.3% — Austin is expected to gain over 54,000 residents this year, including the net in-migration of 36,000 individuals. The metro ties with Boise for fastest-growing population among major U.S. cities.

Construction 625,000 sq. ft. — Space deliveries double from last year's 301,000 square feet, though construction remains well under the trailing-five-year average of 1,150,000 square feet.

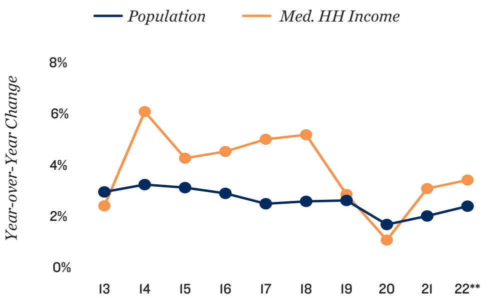
Vacancy up 20 bps — After reporting consistent year-over-year compression since 2014, vacancy bumps up slightly to 4.4 percent.

Rent up 4.5% — Rent growth continues after surging 13.3 percent in 2021, bringing asking rents to a new peak average of $1.16 per square foot.

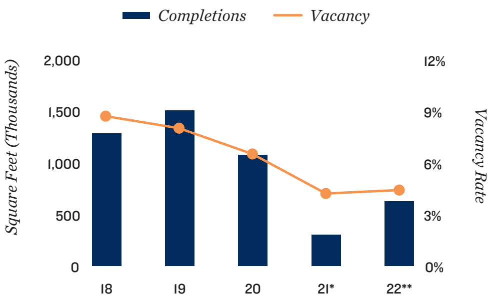
Employment Trends



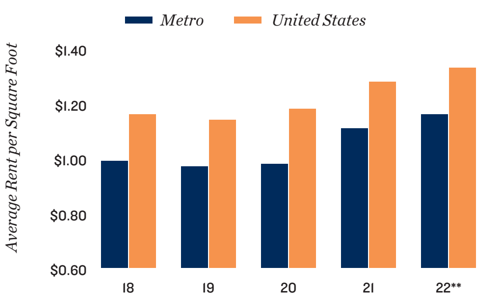
Demographic Trends



Supply and Demand Trends



Rent Trends

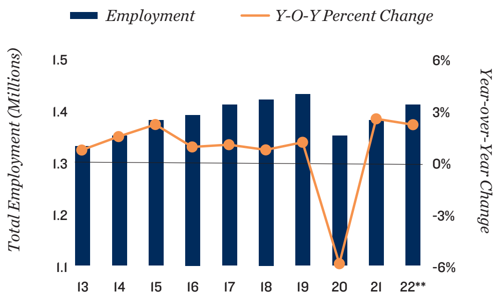


* Estimate; ** Forecast

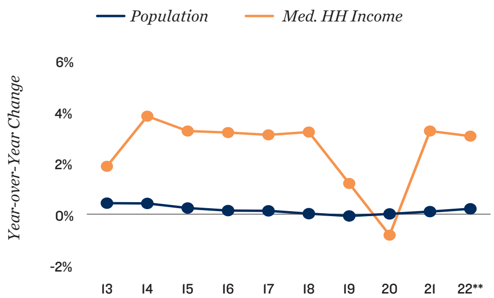
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Office Jobs Boost Incomes, but Supply-Side Risks Arise

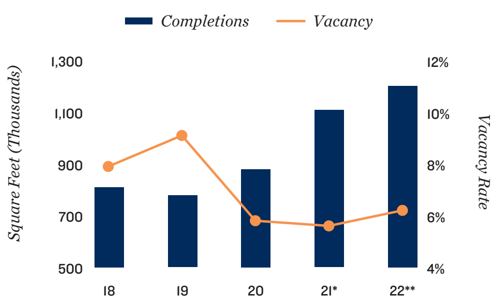
Employment Trends



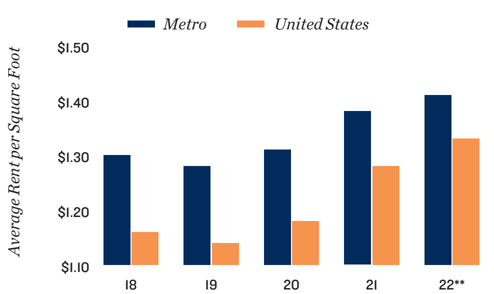
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

As Baltimore reached its pandemic-era employment nadir in mid-2020, the metro's high concentration of federal agencies helped stabilize the local job market. While the city's losses were not as severe as other northeastern metros, subnational growth projected for this metric in 2022 indicates that a full employment recovery will extend into 2023. Office-using sectors, however, recouped health crisis losses in 2021, boding well for increased spending from higher-income segments of the population.

Demographic Overview

Swift recoveries in the metro's high-skilled job sectors along with accumulated pandemic savings is leading to a consumer base flush with cash. The gap between local median income and the national equivalent will surpass $20,000 this year. Elevated incomes in tandem with regionally lower housing costs could drive home upgrades this year.

Construction Overview

Ending this year with 1.2 million newly completed square feet, Baltimore's self-storage market will observe its third consecutive year of record stock expansion. Most of 2022's square footage is slated to come online in Baltimore proper, with the majority of remaining suburban facilities scattered in towns outside of the Interstate 695 beltway.

Vacancy/Rent Overview

After hovering near $1.30 per square foot for a half-decade, following the pandemic storage demand boom, the average asking rent rose to $1.38 per square foot last year. Upward trending rents should continue through the end of 2022, though a continued rapid construction pace will reverse the downward trajectory in vacancy and may pose a risk to rent growth in the midterm.

2022 Market Forecast

Inventory
20 million square feet and 7.1 square feet per capita

Employment up 2.2%
The metro gains 30,000 positions this year, narrowing the pandemic employment gap to just over 20,000 jobs.

Population up 0.2%
While the metro will gain just under 6,000 residents by the end of 2022, Baltimore's population growth trails this year's national rate of 0.6 percent.

Construction 1.2 million sq. ft.
Deliveries will accelerate this year, surpassing the 2021 total of 1.1 million square feet. Developers expand metro stock at the fastest pace in more than two decades.

Vacancy up 60 bps
Vacancy bumps up after posting multiyear lows. Still, the rate of 6.2 percent is well under pre-health crisis norms.

Rent up 2.2%
Asking rents will close this year at an average of $1.41 per square foot, hitting a new fourth quarter high.

Development Activity Surges Throughout the Bay

Economic Overview

While San Francisco and Silicon Valley still lag most other markets in return to office timelines, the majority of Bay Area office employees should be back on site by 2023, including many who temporarily left the metro amid the health crisis. Year-end projections for 2022 leave the market short of immediate pre-pandemic employment totals, but the 55,000 positions needed to close the gap put full job recovery well within reach.

Demographic Overview

As the metro gains 40,000 residents in 2022, cost of living considerations drive much of the area's in-migration. The lower-cost East Bay will absorb most of the new residents. Still, workers returning to less spacious housing in San Francisco and the South Bay, as remote schedules come to a close, should stimulate additional storage demand there.

Construction Overview

Bay Area construction totals are projected to hit a two-decade high this year, delivering over 1 million square feet for the first time since 2003. The East Bay is positioned to absorb the largest amount of this new space, with facilities concentrated on the water adjacent to Oakland and farther inland near Fairfield.

Vacancy/Rent Overview

Availability compressed sharply during the worst of the health crisis after remaining between 5 and 7 percent for the previous four years, sending space costs above the $2.00 per square foot mark for the first year since 2015. While vacancy is expected to close out 2022 closer to the pre-pandemic norm, rents will nearly reach a previous multiyear high. This year's development surge, however, could pose a risk to near-term rent growth.

2022 Market Forecast

Inventory — 50 million square feet and 7.6 square feet per capita

Employment up 4.1% — While the hiring recovery decelerates from 2021, employers still tack on 141,500 new positions to the Bay Area this year.

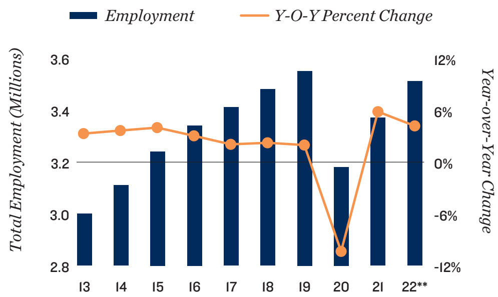
Population up 0.6% — As nearly 40,000 residents filter into the region this year, the market's population is set to expand on par with the national rate of growth. The 65+ age cohort leads expansion at 3.1 percent.

Construction 1.8 million sq. ft. — New construction achieves a 20-year high in 2022, with the annual allotment of square footage soaring over 900,000 square feet above the 836,000 square feet finalized last year.

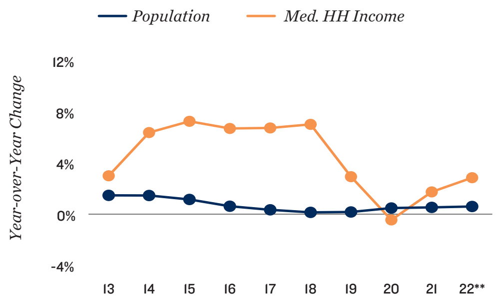
Vacancy up 100 bps — The Bay Area's vacant stock rises to 5 percent, in response to the acute supply increase.

Rent up 1.5% — Asking rents tick up modestly, hitting $2.06 per square foot on average. The East Bay sees slightly faster growth at 2.1 percent.

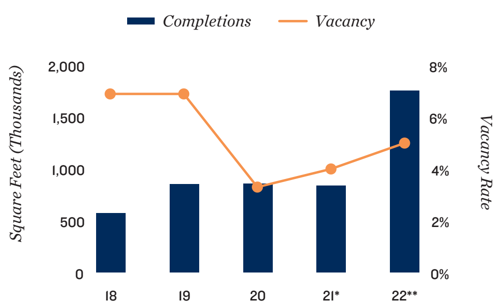
Employment Trends



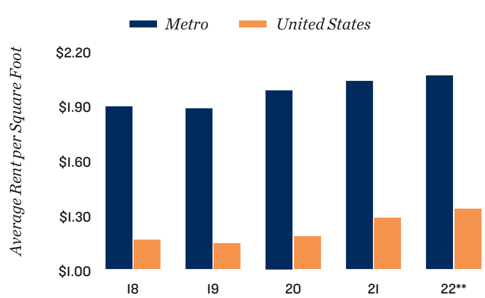
Demographic Trends



Supply and Demand Trends



Rent Trends



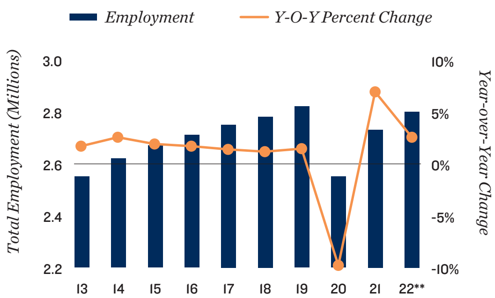
** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

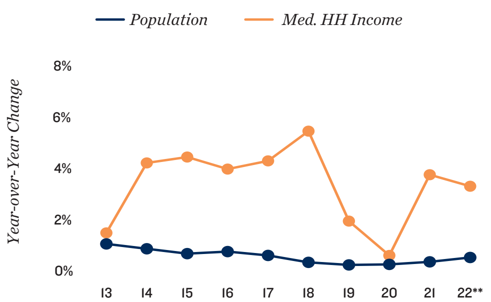
The Bay Area region encompasses San Francisco, San Jose, and Oakland.

Life Science Boom Bolstering High Metro Incomes

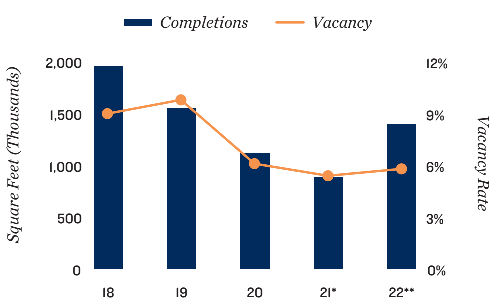
Employment Trends



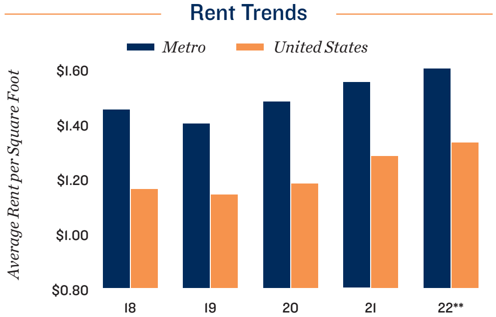
Demographic Trends



Supply and Demand Trends



Rent Trends



*Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

As a metro with one of the highest education levels in the United States, Boston is benefiting from its highly skilled labor pool. Office-using employers closed the pandemic employment gap in 2021, and this year will surpass pre-health crisis levels by 40,000 positions. Drawn by the metro's academic base, the biotech industry has also been targeting Boston for aggressive expansion, competing for an increasingly limited amount of personnel and lab space.

Demographic Overview

Nearly 70 percent of the metro has some college education, supporting local incomes far in excess of the national median. Substantial job growth in high-skill sectors, contrasted with elevated housing costs, generates a consumer base with high discretionary spending capability but diminished living space, uplifting self-storage demand.

Construction Overview

The metro's far northern suburbs are becoming the target of robust development activity. Of this year's deliveries, just over 1 million square feet is set to be delivered to southern New Hampshire, in addition to northern Essex and Middlesex counties.

Vacancy/Rent Overview

After falling 8 percent since 2016, sharply declining vacancy due to booming pandemic-driven storage demand helped lift the average asking rent by 11 percent in the 2020-to-2021 period. Moving forward, the mean marketed rate will continue to improve, although development exceeding 1 million square feet will temper growth from the recent surge.

2022 Market Forecast

Inventory — 30 million square feet and 6.1 square feet per capita

Employment up 2.6% — The 70,000 positions to be filled by metro firms in 2022 put Boston in reach of February 2020 employment totals.

Population up 0.5% — Over 22,600 new residents will join the metro this year. Local population growth, however, slightly lags the national rate of expansion at 0.6 percent.

Construction 1.4 million sq. ft. — Construction totals jump from the 800,000 square feet delivered in 2021. Over 1 million of the square feet delivered this year is concentrated in Greater Boston's northern suburbs.

Vacancy up 40 bps — After being cut in half during the health crisis, space availability will rise to 5.8 percent by the end of 2022.

Rent up 3.2% — The average asking rent will rise to $1.60 per square foot by the end of this year, achieving a seven-year high.

Rents Rise with Aging Population

Economic Overview

The recent e-commerce boom has affirmed Chicago's status as a national distribution hub, boosting hiring in logistics and transportation. Despite labor market and supply chain headwinds, the sector recovered all pandemic job losses prior to the end of last year, and is set to continue expansion as economic recovery efforts continue.

Demographic Overview

Chicagoland's population decline is predominantly due to out-migration from the 20-to 34-year-old cohort, while older and more financially established generations are growing. The baby boomers and Generation X consitute 45 percent of storage users, indicating that the current metro population includes a solid renter base. Additionally, consumer spending at the end of this year will exceed the 2019 metric by over 34 percent.

Construction Overview

After slowing to just 418,000 square feet in 2021, construction closes in on the trailing half-decade average. Builders remain active in the suburbs, but the metro's urban areas have observed a dearth in recent development. The city of Chicago and adjacent neighborhoods will receive just 52,000 square feet this year after no substantive deliveries in 2021.

Vacancy/Rent Overview

As storage demand normalizes from the health crisis boom, vacancy is adjusting upward, ending 2022 at 4.8 percent. The narrow pipeline will send the average urban asking rent to a new record of $1.41 per square foot. Despite continued suburban development, rents there are expected to hit an average of $1.13 per square foot, equaling a six-year high.

2022 Market Forecast

Inventory — 57 million square feet and 6.1 square feet per capita

Employment up 3.6% — Chicagoland's employment recovery continues above the national rate, as employers expand staff counts by 164,000 positions.

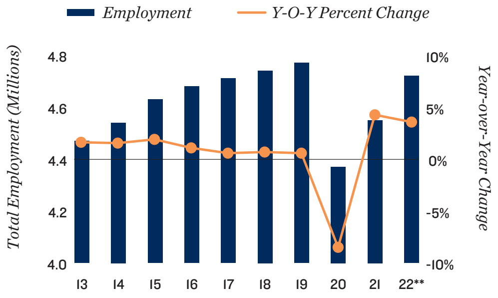
Population down 0.1% — Metro population is set to shrink by 5,800 individuals this year, but new households are continuing to form as incomes rise.

Construction 962,000 sq. ft. — Developers finalize more than double last year's square footage, though deliveries remain under 1 million square feet for the second year in a row.

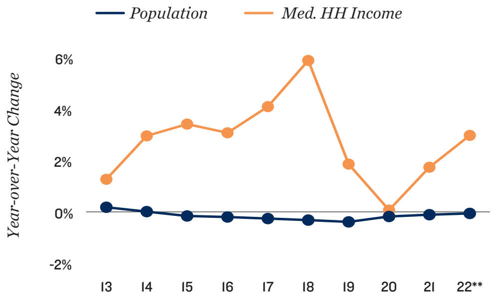
Vacancy up 50 bps — Available space grows for the first time since 2017, with the marketwide vacancy rate ending the year at 4.8 percent.

Rent up 5.3% — The average rent hits a multiyear high at $1.24 per square foot, driven by a 6.8 percent year-over-year gain in the Chicago core.

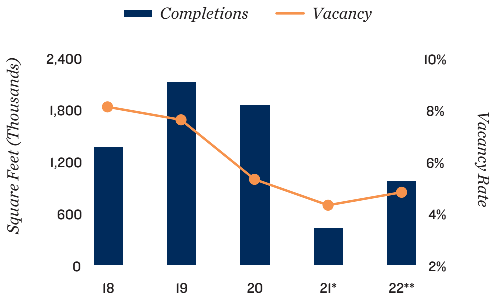
Employment Trends



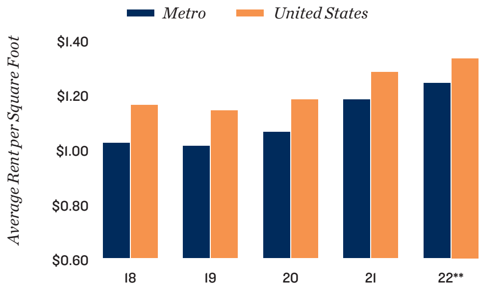
Demographic Trends



Supply and Demand Trends



Rent Trends

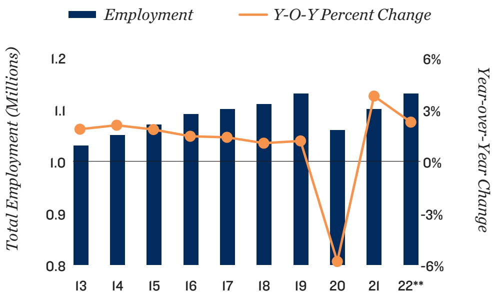


*Estimate; **Forecast

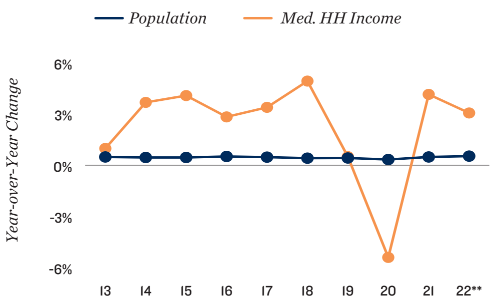
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Job Recovery In Sight, Suburbs Absorb Most Space

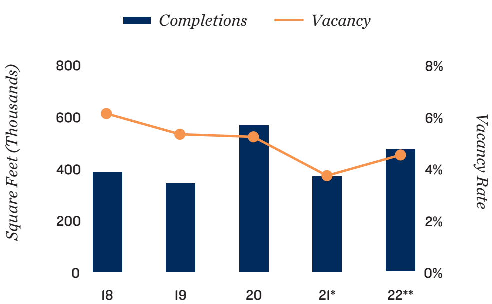
Employment Trends



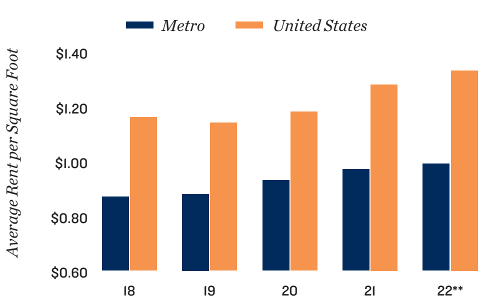
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Cincinnati's employment advances within striking distance of pre-pandemic payroll counts this year, while certain industries entered 2022 having already achieved this. The market's sizable transportation and utilities sector is nearly 5,000 positions above February 2020 counts. Professional and business services employers have also eclipsed pre-recessionary roles, stimulating gains in median incomes above the national average.

Demographic Overview

The metro sees record post-2008 population gains, and the 8,000 new households forming this year mark a two-decade high. The market's 65+ segment remains its fastest growing age demographic. As the baby boomer generation retires into downsized lifestyles, many in this cohort will demand extra storage space for valued possessions.

Construction Overview

Builders in 2022 are set to top last year's construction total by over 28 percent, with the year-end sum of 470,000 square feet constituting the third highest year of construction over the past decade. Just 80,000 square feet are being delivered for Cincinnati proper, with most remaining space scattered throughout the Ohio suburbs.

Vacancy/Rent Overview

The health crisis has turbocharged demand, dropping availability nearly 500 basis points from 2017 through 2021. While vacancy is upward trending in 2022, the year-end figure is well under the highs reported in the last decade. Solid demand for space will also drive the average asking rent to a multiyear high, just short of the $1 per square foot threshold.

2022 Market Forecast

Inventory — 13 million square feet and 5.9 square feet per capita

Employment up 2.3% — The 25,000 positions added by Cincinnati employers this year puts the metro within 1,000 jobs of pre-pandemic headcounts.

Population up 0.5% — Nearly 11,800 new residents will call the Cincinnati area home this year, further bolstering the population of Ohio's largest metropolitan region.

Construction 470,000 sq. ft. — Developers increase last year's construction pace by 100,000 square feet. The majority of space coming online in 2022 is north of the Ohio River.

Vacancy up 80 bps — After hitting record lows in late 2021, space availability rises to a more sustainable 4.5 percent.

Rent up 2.1% — The average marketed rent advances to $0.99 per square foot, a new post-2016 record for the market.

Older Users, New Households Underpin Demand

Economic Overview

Cleveland's economic recovery is well underway, with the metro having regained nearly 130,000 of the 166,000 positions lost during the pandemic. While slowing hiring velocity indicates that closing the gap in the job sector may be a multiyear effort, some of the area's largest employers are investing heavily in the metro. Ongoing relocations by Swagelok and Sherwin-Williams into built-to-suit offices indicate confidence in the area's long-term economic viability.

Demographic Overview

Though the metro's overall population still suffers the effects of high out-migration, the number of 55+ residents is set to grow steadily this year. The continuing labor recovery will also result in the largest net increase of households since 2019, stimulating demand for living space. More people moving into new dwellings, with rising home prices pushing some potential buyers to smaller accommodations, aids the demand outlook for storage.

Construction Overview

Construction activity is pulling back, as developers weigh the risks of adding to the market's current inventory. With the exception of a project near Akron, the vast majority of this year's 375,000 square feet will come online in the suburbs adjacent to the city of Cleveland.

Vacancy/Rent Overview

After hovering in the mid-9 percent range since 2016, a three-digit-basis-point decline in vacancy in 2020 brought the average asking rent back over $1 per square foot last year. While the market is expected to see more vacant square footage this year, demand should remain elevated and push rents to a new six-year high.

2022 Market Forecast

Inventory — 16 million square feet and 7.8 square feet per capita

Employment up 1.6% — The job recovery is ongoing, but the 16,000 positions created in 2022 grow employment at roughly two-thirds of last year's rate.

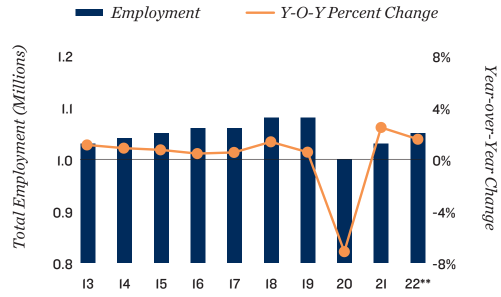
Population down 0.2% — While Cleveland is expected to lose nearly 5,000 residents, households are on the rise, with 1,900 more expected in the metro at the end of the year.

Construction 375,000 sq. ft. — New development contracts by over 50,000 square feet from last year. Nearly all facilities on track for a 2022 opening are located within Cuyahoga County.

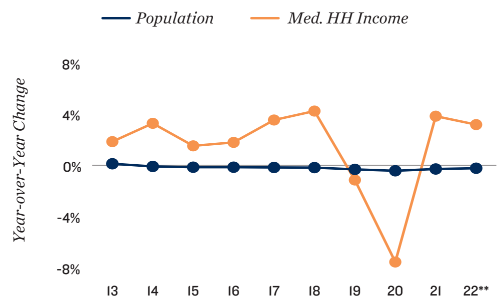
Vacancy up 70 bps — Following a 340-basis-point drop from the onset of the health crisis through 2021, vacancy rises to 7.3 percent this year.

Rent up 4.8% — Growth slows from 2021, as the average asking rent achieves a new high at $1.10 per square foot.

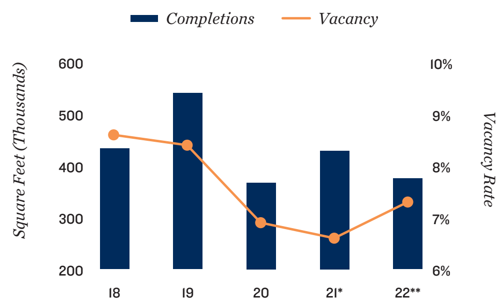
Employment Trends



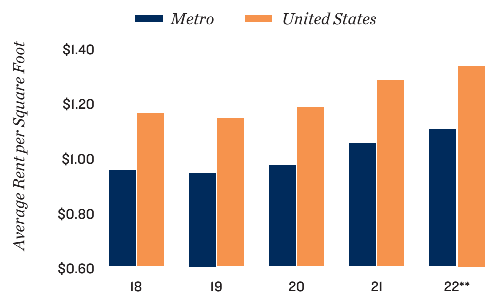
Demographic Trends



Supply and Demand Trends



Rent Trends

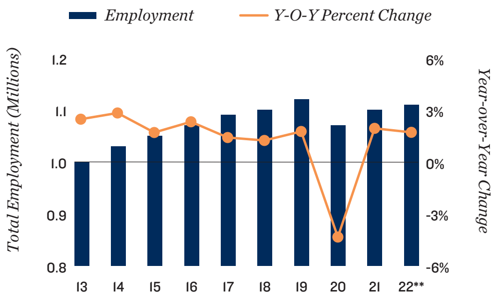


*Estimate; **Forecast

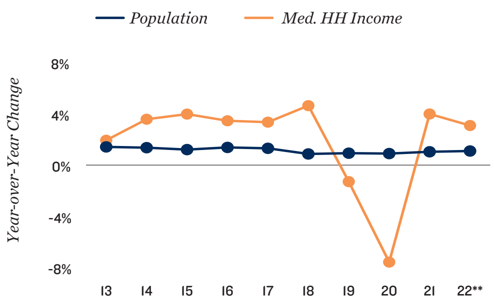
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Young, Educated Population Bolsters Storage Usage

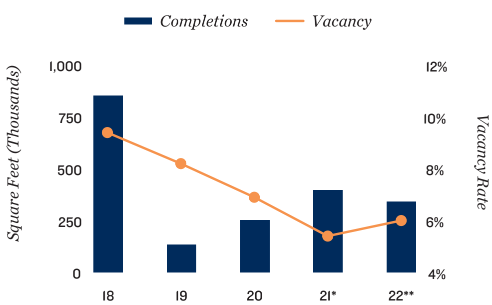
Employment Trends



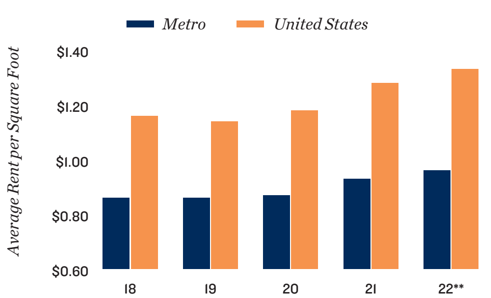
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Anchored by the Ohio State University (OSU) and the state government, Columbus observed the lowest pandemic-era job losses in the region. While a gap will remain at year-end, the market should surpass pre-health crisis headcounts in the near future. Intel recently tapped the metro as the site for the world's largest silicon chip manufacturing facility, which will directly employ 3,000 high-skilled workers and stimulate the hiring of thousands more when operations commence in 2025.

Demographic Overview

Columbus has the highest rate of college-educated residents in the state, attracting firms to take advantage of the talent pool of recent graduates. OSU reported record enrollment in Fall 2021, and this academic profile has allowed Columbus to avoid the decline of the 20-to 34-year-old demographic ongoing in many nearby metros. A larger population of students and young professionals should support a solid base of active storage users.

Construction Overview

Deliveries taper from 2021, as this year's construction pipeline is limited to midsize projects mostly outside of the Interstate 270 beltway; several substantial projects currently in the planning phase, however, could adversely affect rent growth in the near-to-midterm.

Vacancy/Rent Overview

After remaining in the 8 percent to 9 percent zone for most of the last decade, vacancy fell below 5 percent in mid-2021, as widespread lockdowns elevated storage demand. While vacancy will climb back to 6 percent this year as some pandemic-induced tailwinds dissipate, rental rates will remain high, ending 2022 at a mean of $0.96 per square foot.

2022 Market Forecast

Inventory — 13 million square feet and 6.0 square feet per capita

Employment up 1.7% — Hiring velocity eases as employers fill 19,000 roles, down from 21,100 positions added in 2021.

Population up 1.1% — Columbus remains the state's fastest growing metro by population, with 23,900 new residents in 2022. Over 14,000 of these gains will be relocations from other areas.

Construction 340,000 sq. ft. — Development wanes from 2021 by 56,000 square feet, but remains above the decade-long mean. All projects set for a 2022 completion date have footprints under 90,000 square feet.

Vacancy up 60 bps — Availability climbs back to 6 percent after hitting lows in the high-4 percent range during the pandemic.

Rent up 3.2% — Asking rents maintain a three-year-long ascent, hitting a new average high of $0.96 per square foot by year-end.

Workforce, Corporate Gains Boost Metroplex Economy

Economic Overview

Already home to twenty-two Fortune 500 companies, the Dallas-Fort Worth Metroplex is a favorite target for corporate relocations, including a recently announced move by engineering giant AECOM. The favorable business climate has also allowed a swift job market recovery, with the metro's employment total set to surpass 4 million workers this year.

Demographic Overview

Solid economic performance has given way to consistently high in-migration to the market. A net-migration count of nearly 71,600 in 2022 brings the 10-year figure to over 730,000 individuals. The metro will also observe above-national average population growth across all demographics, including the 20-to 34-year-old and 65+ segments, which tend to be heavy storage users, due to their tendency toward downsized living spaces.

Construction Overview

Development activity will be more conservative in 2022, as builders are set to finish under 2 million square feet for the first year since 2016. Northern Dallas will receive the most space, with 780,000 square feet marking a three-year high. The 530,000 square feet scheduled for Fort Worth is less than half the trailing five-year average.

Vacancy/Rent Overview

Prior to the health crisis, high annual supply additions kept availability above 8 percent, and the average rent fell nearly 20 cents per square foot from 2016 through 2020. Plunging vacancy from the pandemic demand boom brought rents back over $1 per square foot, though builders may risk oversupply if pipelines do not remain narrow.

2022 Market Forecast

Inventory — 81 million square feet and 10.1 square feet per capita

Employment up 3.8% — Having already regained pandemic job losses, the 150,000 upcoming roles this year will put the total headcount at an all-time high.

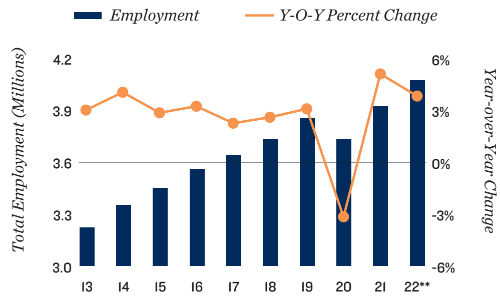
Population up 1.6% — The market will grow with over 127,500 new individuals in 2022. This year's gain will take the combined metroplex population over the 8 million mark.

Construction 1.9 million sq. ft. — Completed space tapers from 2021. This year's square footage finishes out lagging over 1 million square feet behind the trailing five-year average.

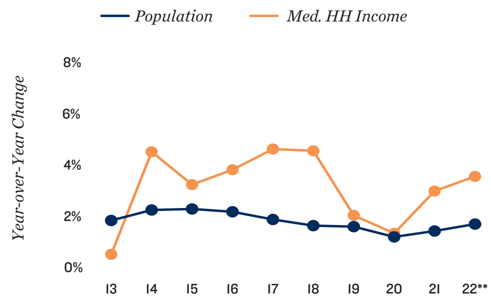
Vacancy up 30 bps — Availability pivots, following a three-year decline. Vacancy climbs to end this year at 5.1 percent.

Rent up 3.3% — Asking rents rise to an average of $1.05 per square foot. Growth in the Fort Worth area is highest, with rents advancing 5.1 percent.

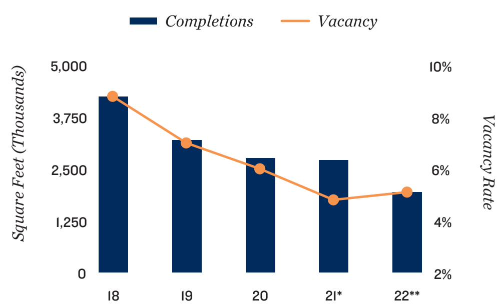
Employment Trends



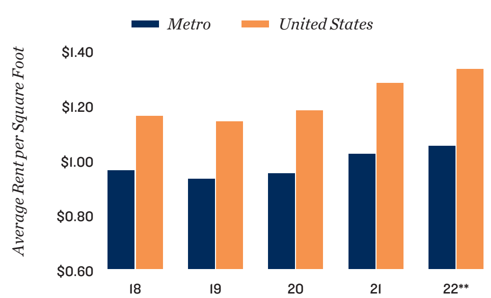
Demographic Trends



Supply and Demand Trends



Rent Trends

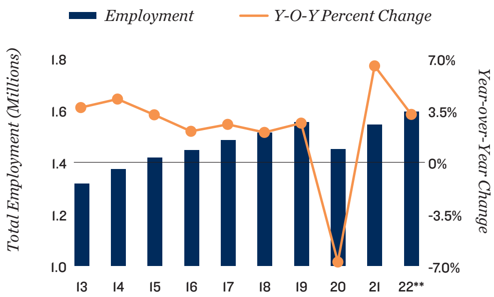


*Estimate; **Forecast

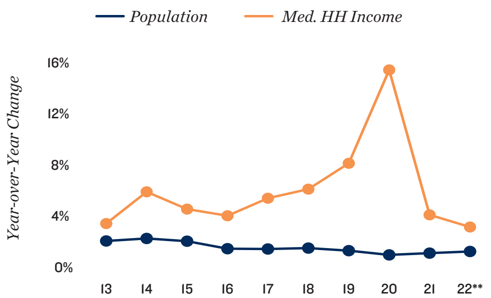
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Newcomers Lift Economy, Support Storage Demand

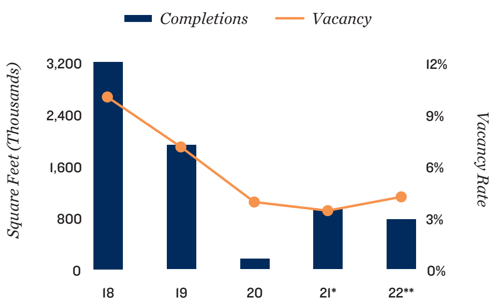
Employment Trends



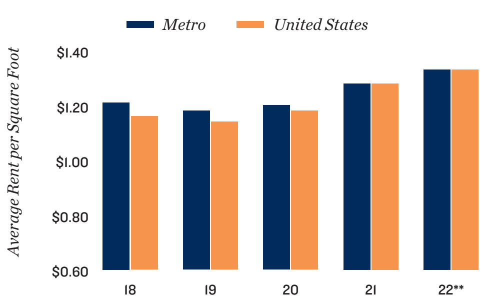
Demographic Trends



Supply and Demand Trends



Rent Trends



*Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

A magnet for firms relocating from California, Denver added close to 100,000 jobs last year, bringing total employment nearly back to the pre-pandemic high. The positive momentum will continue in 2022, even as the pace of growth returns closer to historical norms. The tight labor market is now the most pronounced headwind to continued job growth, a dynamic that is putting notable upward pressure on wages.

Demographic Overview

Plentiful job opportunities and a lower cost of living compared to many coastal markets help make Denver a top destination for movers. Shifts in migration patterns, accelerated by the pandemic, are benefiting the metro as millennials age into their family-formation years and seek out more spacious homes and outdoor activities. Denver will add 22,000 new households this year, the highest total in two decades.

Construction Overview

The pace of development was particularly frantic in the four-year period from 2016 through 2019, when more than 8 million square feet was brought online, a figure that increased total stock by 36 percent. Since then, annual additions have stayed below 1 million, with this year projected to see 770,000 square feet of new space.

Vacancy/Rent Overview

The cooling pace of construction has resulted in a dramatic drop in the vacancy rate from 10.0 percent in 2018 to 3.4 percent at the end of last year. In 2022, vacancy will nudge up a bit to 4.2 percent but remain low enough for average rents to increase by 3.9 percent.

2022 Market Forecast

Inventory — 33 million square feet and 10.6 square feet per capita

Employment up 3.2% — Denver will add 50,000 jobs this year, while the median household income rises to a new high of $110,000, a combination that will boost consumption.

Population up 1.1% — New residencts totaling 33,000 and retail spending levels 30 percent above 2019 will further boost demand for storage space.

Construction 770,000 sq. ft. — This year, construction will add about 2.4 percent to existing stock, down slightly from the 923,000 square feet delivered in 2021, and well below the 2018 cyclical peak of 3.2 million.

Vacancy up 80 bps — The vacancy rate will bounce up slightly this year, rising 80 basis points to 4.2 percent following a 660-basis-point drop since 2018.

Rent up 3.9 % — Rents will mark the third consecutive year of growth in 2022. The average asking rate will increase by 3.9 percent to $1.33 per square foot, nearly reaching the previous high recorded prior to the large wave of construction that began in 2016.

Job Creation and Aging Populace Spur Storage Growth

Economic Overview

As Detroit emerges from the health crisis, many high-skill sectors, including financial activities as well as professional and business services, entered 2022 above pre-pandemic employment levels. This recovery will help lift the median household income to approximately 7 percent above the pre-pandemic mark by the end of this year.

Demographic Overview

Despite a contracting population, the market's growth in consumer spending consistently outpaces inflation. Household formation will also stay positive into the foreseeable future. Detroit's 55-plus demographic cohort is expanding as well, and is likely to correlate with storage demand as some members of the age group seek smaller living spaces.

Construction Overview

Completions for 2022 drop by 200,000 square feet from last year's post-financial-crisis high. Development activity this year will be the slowest since 2018, but moving forward that may change. The total square footage currently in the planning phase exceeds 1 million square feet, indicating a potentially much weightier pipeline further out.

Rent Overview

While metro supply has expanded considerably during the trailing half-decade, asking rents have made a noticeable ascent. Remarkable demand has led to a 17-cent-per-square-foot rise in the average monthly payment between the fourth quarter of 2019 and the end of this year. Marketed rents may make more gains in urban Detroit in response to a near-term lack of supply growth.

2022 Market Forecast

Inventory — 22 million square feet and 5.0 square feet per capita

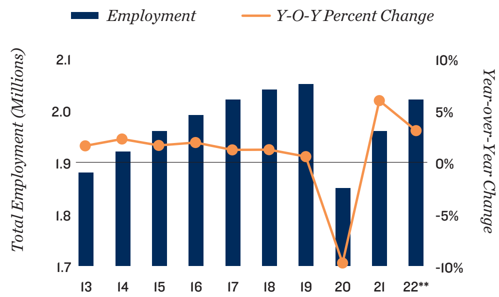
Employment up 3.1% — Detroit's labor force grows by 60,000, with 29,300 positions still needed for a full labor market recovery relative to 2019 levels.

Population down 0.1% — Despite recent economic gains, metro out-migration exceeds population growth. Greater Detroit is projected to shrink by nearly 5,300 residents in 2022.

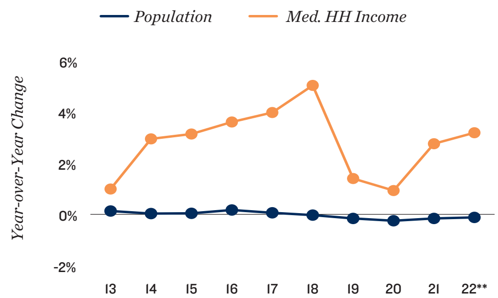
Construction 580,000 sq. ft. — This year's construction pipeline narrows from the 789,000 square feet delivered in 2021. Most new facilities are located in the far suburbs, east of I-275 or north of I-696.

Rent up 4.2% — Asking rents continue an impressive climb, ending 2022 at a new high of $1.25 per square foot on average.

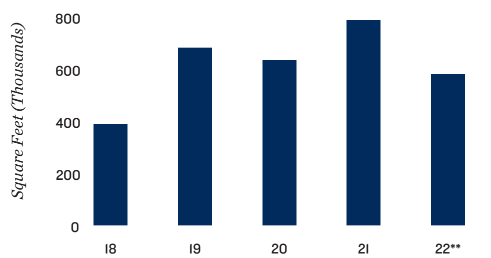
Employment Trends



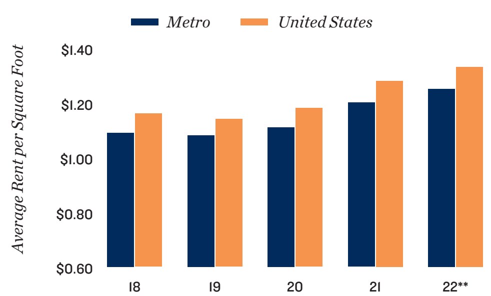
Demographic Trends



Supply Trends



Rent Trends

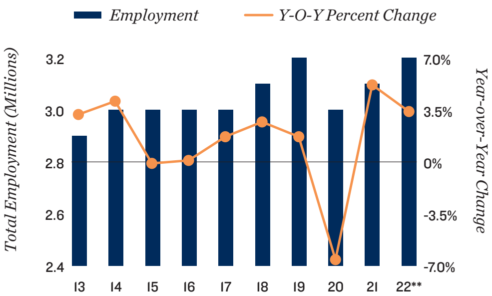


** Estimate; ** Forecast*

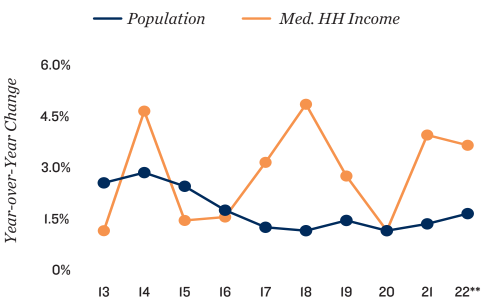
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Rents Stabilize as Construction Ebbs

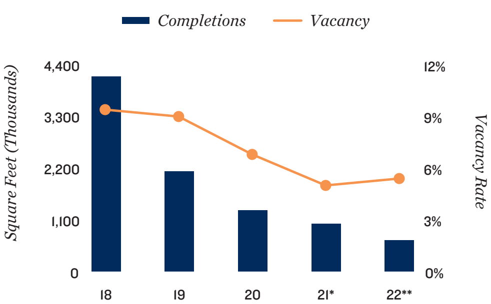
Employment Trends



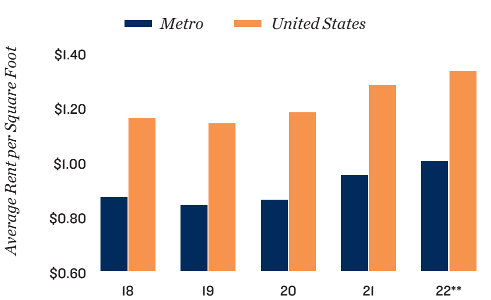
Demographic Trends



Supply and Demand Trends



Rent Trends



*Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Unemployment in Houston decreased in 2021 after a jump in 2020, though the rate remained well above the national average. An increasing number of jobs available, however, positions Houston to possibly surpass pre-pandemic levels of the employment base this year. An additional 105,000 positions will come to the metro by the end of 2022.

Demographic Overview

An increasing number of jobs and downward trending unemployment lift household income by 3.6 percent in 2022, arriving at about $8,200 above the national average. New households are also on track to form this year, continuing a recovery and reaching the highest growth rate since 2016. Net in-migration will be at its highest since 2016 as well.

Construction Overview

Following a period of elevated construction, the number of completed square feet will decrease by 34 percent in 2022. Most openings will be located in West Houston, at 455,000 square feet accounting for 68 percent of this year's new space.

Vacancy/Rent Overview

Vacancy will increase by 40 basis points to 5.4 percent in 2022; the rate, however, will remain below the average 8 percent seen in the past eight years. Lowering availability contributes to rent growth, allowing asking rents to continue advancing this year by 4.8 percent, stabilizing after a 10 percent growth spike in the advertised rent in 2021.

2022 Market Forecast

Inventory — 75 million square feet and 10.1 square feet per capita

Employment up 3.4% — The pace of hiring will slow from last year, as metro employers add 105,000 jobs in 2022.

Population up 1.6% — Houston will grow by 113,500 people this year, and will experience a net in-migration of 56,600 residents. The population has expanded by 20 percent over the past decade.

Construction 665,000 sq. ft. — Deliveries will fall in 2022, as the metro will add 345,000 less square feet than in 2021. Houston has averaged 2.3 million new square feet annually over the past five years.

Vacancy up 40 bps — Vacancy in the metro will rise to 5.4 percent in 2022, remaining over 440 basis points below the 2019 rate.

Rent up 4.8% — Consistent with rising advertised rates since 2019, the average asking rent in Houston will increase to $1.00 per square foot.

Developers Responding to Low Availability

Economic Overview

Employment continues to increase, pushing the local unemployment rate down from 4.6 percent in 2020 to 2.6 percent in 2021. This kept Indianapolis below the national level of 3.9 percent last year. The recovery of jobs continues in the metro this year, as numbers will surpass those recorded pre-pandemic. Job growth will stay positive but it will begin to ebb, as 2,200 fewer positions will be filled in 2022. Leisure and hospitality, in particular, saw a recovery from the 2020 dip in positions.

Demographic Overview

Given rising employment, the number of households in the market will grow, and median income will remain only slightly below the national average. Net in-migration will also continue, as approximately 12,300 people will move into the area this year. As Indianapolis draws in residents, retail sales will remain high, after a 19.0 percent increase in 2021. This suggests there will be greater demand for self-storage within the market.

Construction Overview

A low vacancy rate will continue to support rising completions. Multiple facilities are scheduled to open in early to mid-2022. This year's square footage will be approximately 172,600 square feet above the 662,400-square-foot-average volume of the past five years.

Vacancy/Rent Overview

Vacancy at year end will be at the second lowest level since 2014 after bottoming out in 2021, which led to a jump in asking rent. As the mean rent increases by 2.2 percent in 2022, it will still trail the national average, indicating room for additional growth.

2022 Market Forecast

Inventory — 19 million square feet and 8.7 square feet per capita

Employment up 2.0% — The pace of hiring will slow from last year, as Indianapolis employers add 22,000 jobs, a 2,200-role reduction from 2021.

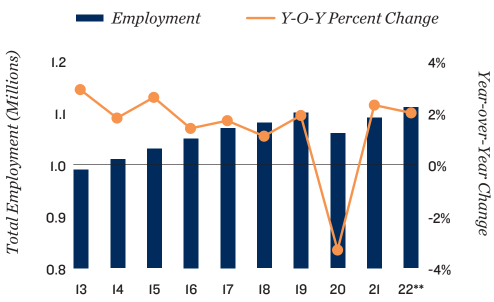
Population up 1.0% — The metro population will grow by 21,700 people in 2022. The population has maintained growth over the past decade, amounting to a 25 percent population increase in that span.

Construction 835,000 sq. ft. — Deliveries will grow by 5 percent from 2021, with an increase of almost 280,000 square feet. This is the largest volume of completions since 2018.

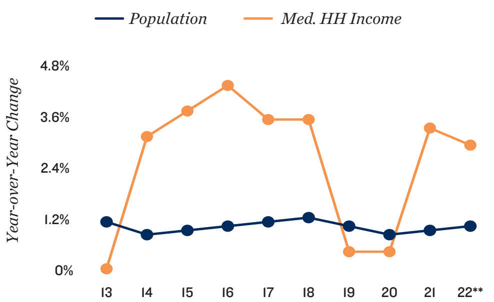
Vacancy up 70 bps — The vacancy rate will rise to 4.0 percent, following a triple-digit-basis-point drop in 2021.

Rent up 2.2% — The average asking rent will increase to $0.92 per square foot, a stabilization in advertised rent prices after a price spike in 2021.

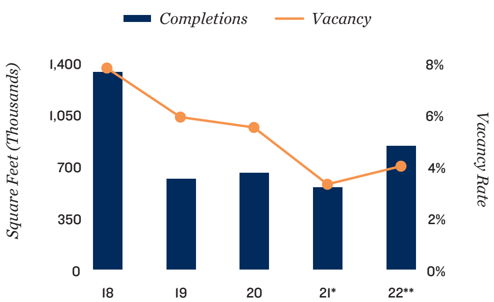
Employment Trends



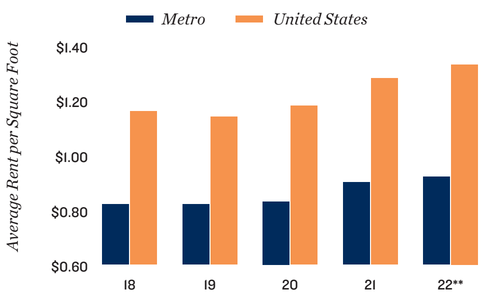
Demographic Trends



Supply and Demand Trends



Rent Trends

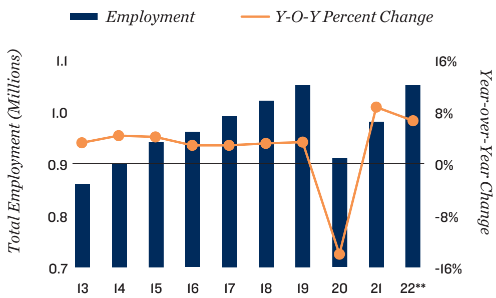


*Estimate; **Forecast

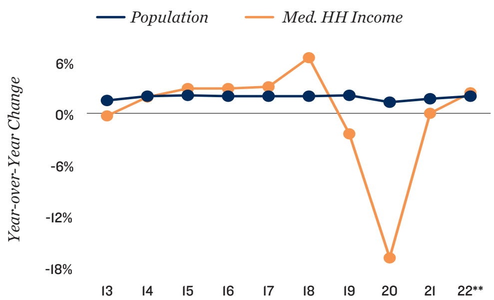
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Demand to Benefit as Key Sectors Claw Back

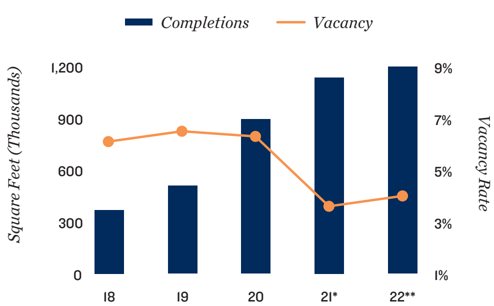
Employment Trends



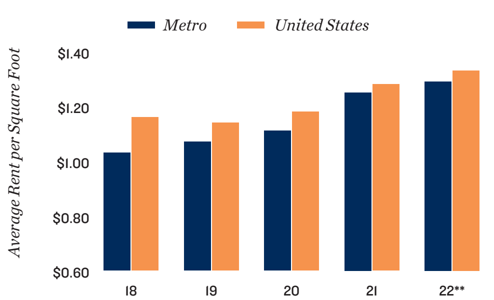
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Job growth will diversify this year as the hard-hit leisure and hospitality sector gains back ground lost during the health crisis. Despite these setbacks, the wider economy has fared well, notably in transportation and warehousing, where headcounts are 24 percent ahead of the level just prior to the onset of the pandemic. The retail segment has outperformed as well, with spending levels in 2022 expected to exceed 2019 by 26 percent.

Demographic Overview

In-migration, largely from higher-priced Pacific Coast markets, underscores positive demographic momentum. More affordable housing and a lower tax burden combine with an expanding array of employers and a burgeoning tech scene to make for a top destination for movers. This year, household growth is expected to hit a high not reached since 2004.

Construction Overview

Developers are responding to the positive demographic momentum, increasing the amount of new stock delivered for five consecutive years, culminating in 1.2 million square feet of space coming to market in 2022. This addition amounts to 5.6 percent of existing inventory, one of the highest levels among major markets nationwide.

Vacancy/Rent Overview

The elevated construction level will put marginal upward pressure on vacancy this year, lifting the rate up 40 basis points to 4.0 percent. Still, the market will remain at one of the tightest levels recorded over the past decade, resulting in rents growing by 3.2 percent to a marketwide average of $1.29 per square foot.

2022 Market Forecast

Inventory — 23 million square feet and 9.4 square feet per capita

Employment up 6.6% — Las Vegas continues to build momentum this year with job additions of 65,000, bringing total positions to within 1 percent of the pre-pandemic high mark.

Population up 2.0% — A gain of nearly 50,000 people will boost population levels by 2.0 percent in 2022, more than triple the national growth rate.

Construction 1.2 million sq. ft. — Additions to inventory advance again this year with 1.2 million square feet of new space, the highest level reached since 2005.

Vacancy up 40 bps — Vacancy will move up slightly to 4.0 percent, as new deliveries are leased up. The vacancy rate will remain more than 200 basis points below the average of the past eight years.

Rent up 3.2% — The rate of rent growth will hit 3.2 percent in 2022 following a double-digit increase last year, lifting the overall average monthly payment to $1.29 per square foot.

Population Trends Turn Positive; Developers Ramp Up

Economic Overview

Rapid hiring this year and last will place the metro's employment total within 60,000 jobs of a full pre-pandemic recovery, likely achievable in 2023. Los Angeles observed a record amount of filming in the third quarter of 2021, as the entertainment industry recovered from the effects of COVID-19. Rebounding tourism should also help narrow the employment gap still present in the leisure and hospitality sector.

Demographic Overview

Los Angeles County reversed a three-year population decline amid the health crisis, and is currently gaining new residents. While the metro remains under previous highs, current growth puts the region on track to recover these losses by 2026. Additionally, appreciable upticks in the 65+ age demographic, along with some of the nation's highest costs for living space, provide a solid foundation for future storage demand.

Construction Overview

While stock expansion in Los Angeles has lagged other large markets, development activity is picking up. Projects slated for a 2022 opening date exceed the previous two-year completion total by over 45,000 square feet, and account for the most rapid expansion of the Los Angeles self-storage market within a 12-month time span since 2003.

Vacancy/Rent Overview

Driven by lockdown conditions, availability has compressed by 380 basis points since 2019. Enthusiastic storage demand ensures that despite a bump in vacancy, this year's supply influx will be well received, pushing rents to new peaks across the county. The average asking rent will reach as high as $2.66 per square foot in core-adjacent zones.

2022 Market Forecast

Inventory — 38 million square feet and 3.7 square feet per capita

Employment up 5.1% — Los Angeles firms fill 220,000 positions by the end of the year, approaching pre-pandemic employment peaks.

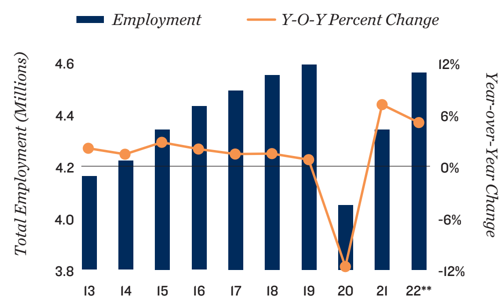
Population up 0.2% — The metro gains over 18,200 residents, but these additions leave the region roughly 47,000 people under the previous population peak achieved in early 2017.

Construction 1.2 million sq. ft. — Deliveries exceed the 2021 total by over half a million square feet. Builders are finding lots in a market with little available space, as completions surpass 1 million square feet in a 19-year first.

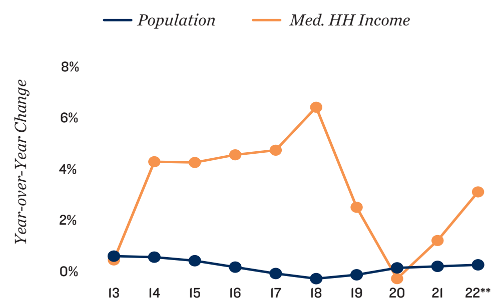
Vacancy up 40 bps — After reaching a record low of 3.2 percent in mid-2021, vacancy across the Los Angeles-Orange County area will find new balance with demand and supply, as the rate climbs to 4.1 percent.

Rent up 3.5% — Growth slows from last year's 6 percent surge, but asking rents achieve a new all-time average high of $2.20 per square foot.

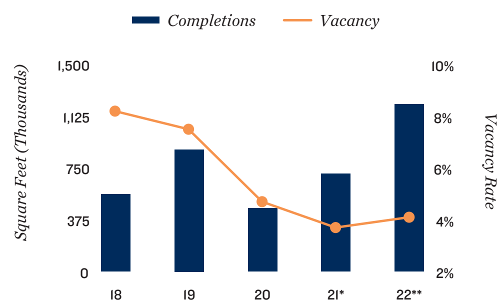
Employment Trends



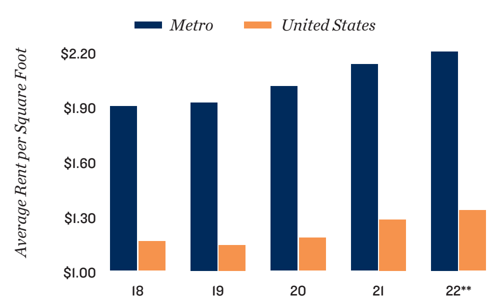
Demographic Trends



Supply and Demand Trends



Rent Trends

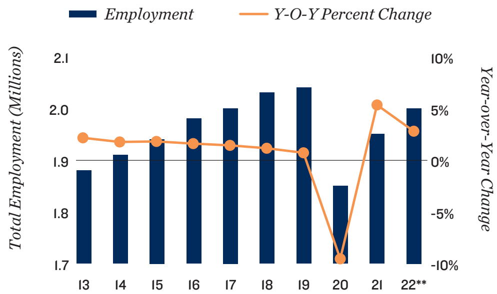


* Estimate; ** Forecast

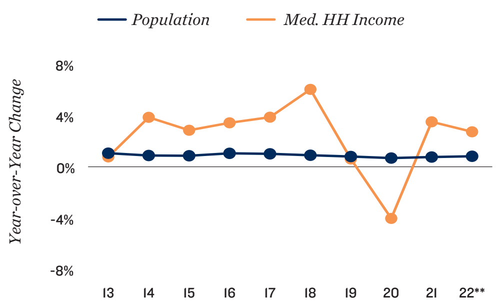
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Rents Rising Despite Rapid Development Pace

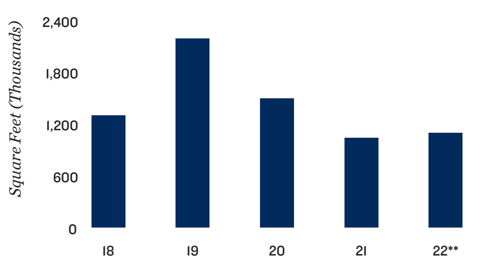
Employment Trends



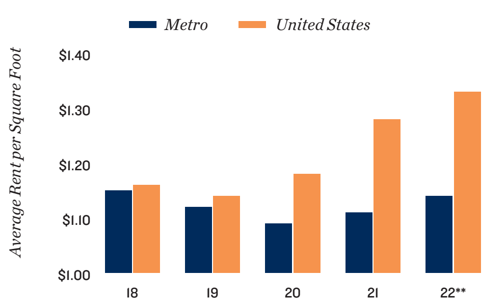
Demographic Trends



Supply Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Since the 2020 recession, job growth has remained above the national average. The local manufacturing and construction sectors have recouped all health-crisis-related job losses. Narrowing gaps in traditionally office-using sectors may boost metro incomes, stimulating retail sales, which will climb to over 17 percent of 2019 levels later this year.

Demographic Overview

While the market's 20-to-34 age cohort is contracting, growth in older demographics remains firmly positive. Metro incomes far in excess of the national average combined with low median property prices continue to be a draw, and net in-migration remains above 10,000 residents annually.

Construction Overview

Builders are maintaining rapid development activity this year, exceeding 2021's square footage total by nearly 60,000. Adding up to over 7.1 million square feet, projects completed since the beginning of 2018 comprise over 28 percent of the market's inventory. With over 1 million more square feet in the planning phase, the pace of development may remain elevated beyond 2022.

Rent Overview

Due to the metro's rapidly expanding stock, asking rents declined from 2018 through 2020 before pivoting last year. New square footage still pushes into seven figures, but vigorous storage demand should drive asking rents back into mid $1.10-to-$1.20-per-square-foot tranche, where they were perched in the middle of the previous decade.

2022 Market Forecast

Inventory — 25 million square feet and 6.6 square feet per capita

Employment up 2.8% — The labor market expands by 55,000 jobs, though the metro remains 48,000 positions under pre-pandemic levels.

Population up 0.8% — The Twin Cities expands by 30,500 as the market grows faster than the national average. With 21,100 new households in the metro, formation in this metric hits a multidecade record.

Construction 1.1 million sq. ft. — Development surpasses over 1 million square feet for the fifth consecutive year. Nearly all of this space will be absorbed by the metro's numerous suburbs.

Rent up 2.5% — After reaching their nadir early last year, asking rents will climb to an average of $1.14 per square foot by the end of 2022. Rates are rising more quickly in the market's supply-constrained urban centers, reaching a mean of $1.18 per square foot this year.

High Incomes Keep Connecticut Vacancy Tight

Economic Overview

While employment growth has slowed over the past decade, the market has recently been targeted by outside firms in search of comparatively lower-cost office space. Tobacco giant Philip Morris announced a relocation into downtown Stamford, along with Webster-Sterling bank. A recent intra-city move by WWE also affirms that companies currently operating in the metro are committed to maintaining a presence.

Demographic Overview

Known as the land of steady habits, southwestern Connecticut's total population growth has remained stagnant, but the area is home to a growing segment of older residents with higher discretionary spending capability. Incomes above the national average have helped consumer activity recover, putting retail sales this year 26 percent above 2019.

Construction Overview

Continuing a three-year escalation in space additions, builders are scheduled to deliver 650,000 square feet before the end of the fourth quarter. The annual development pipeline has remained above 500,000 square feet since 2017, prior to which the trailing 10-year average was just 162,000 square feet.

Vacancy/Rent Overview

Despite ongoing supply additions, storage space availability has recently observed multiyear lows. Tight vacancy can be attributed to elevated retail spending and changes in lifestyle habits inspired by lockdown conditions. While availability at the end of 2019 was recorded at 10.7 percent, the rate fell to as low as 3.0 percent by mid-2021, and should hold in the low-4 percent range through the end of 2022. Since the onset of the health crisis, rents have ended each year at a new multiyear high.

2022 Market Forecast

Inventory — 18 million square feet and 10.3 square feet per capita

Employment up 2.1% — Workforce expansion slows to just two-thirds of last year's rate, with market employers adding 16,000 jobs.

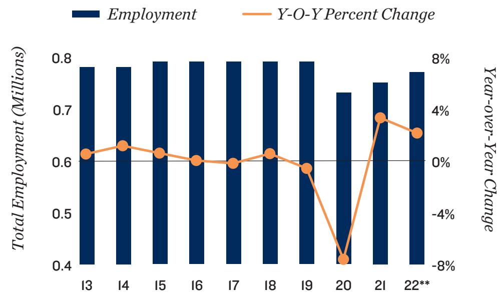
Population up 0.1% — Southwestern Connecticut's population decline abates, as New Haven and Fairfield counties grow by over 2,300 residents. Household formation slightly exceeds this at 2,400.

Construction 650,000 sq. ft. — Annual construction ticks up by 40,000 square feet. Deliveries set for 2022 are concentrated in eastern Fairfield and New Haven counties, consisting of mostly sub-100,000-square-foot facilities.

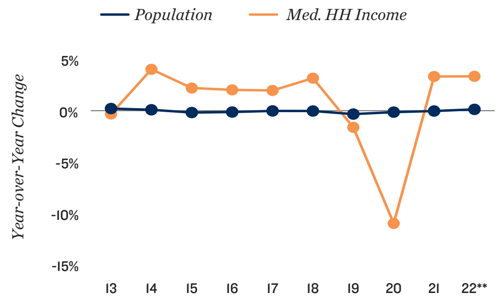
Vacancy up 30 bps — After compressing 660 basis points from 2019 to 2021, vacancy will bump back up to 4.3 percent this year.

Rent up 4.4 % — Rents continue to trend upward for a third consecutive year, reaching a new high of $1.41 per square foot on average.

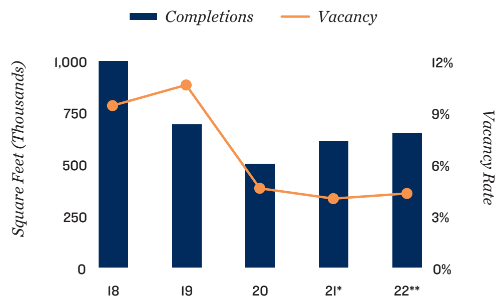
Employment Trends



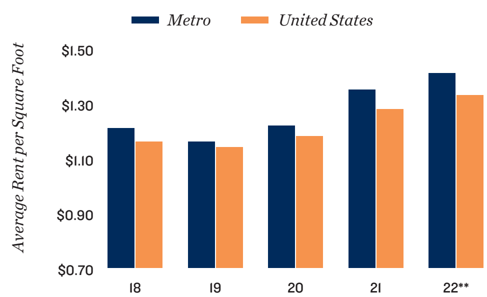
Demographic Trends



Supply and Demand Trends



Rent Trends

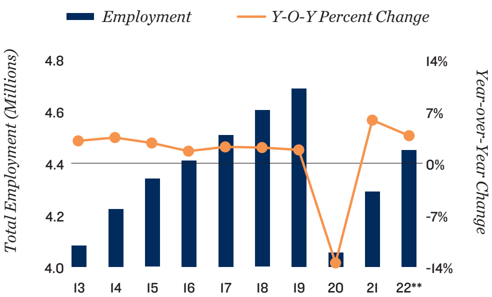


** Estimate; ** Forecast*

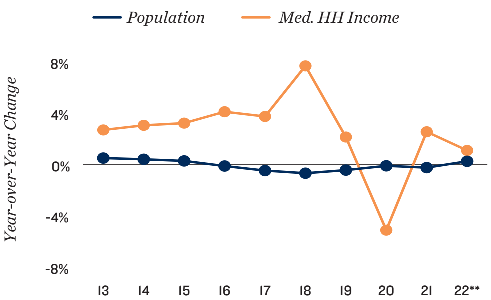
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Climbing Housing Costs Keep Storage Demand Robust

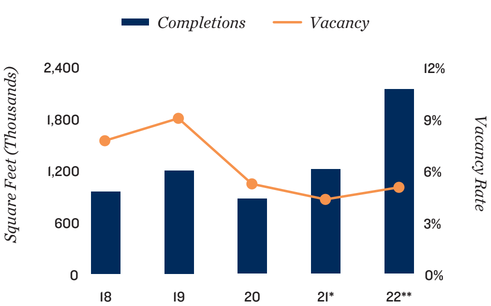
Employment Trends



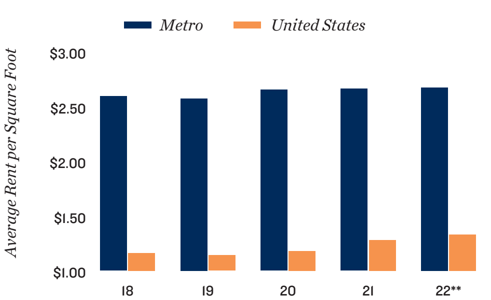
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

As the city emerges from the pandemic, New York's economic outlook is optimistic. Most office-using firms plan to conclude remote schedules and bring employees back on site this year. Foot traffic in the market's hard-hit commercial districts is already on the rise, and the return of commuters should further elevate consumer spending and help recover roles in the local leisure and hospitality sector.

Demographic Overview

Home prices during the pandemic surged from nine to thirteen times the median income. Nationally high living costs, in tandem with rising consumer spending, create a dynamic favorable to storage demand. Additional demand tailwinds could come from well-compensated office workers returning to the market after remote schedules conclude.

Construction Overview

Queens tops out 2022's record-breaking supply additions, although the openings coming to Manhattan are especially noteworthy. By the end of 2022, more space will have come online here over the past two years than in the prior decade combined. Due to high entry costs, nearly all facilities in the pipeline are administered by nationally-branded chains.

Vacancy/Rent Overview

While storage demand is high, rapid construction has led to stagnant asking rents, which have increased by one cent annually since 2020. Rapid development in Manhattan, in particular, has reduced local rents, which are set to end 2022 at $3.75 per square foot on average, 21 cents under the record achieved in mid-2020.

2022 Market Forecast

Inventory — 30 million square feet and 3.6 square feet per capita

Employment up 3.7% — New York's employment recovery is ongoing, as the metro regains 160,000 jobs this year.

Population up 0.3% — The market's population expands for the first time since 2016, with the five boroughs welcoming nearly 21,800 new residents through the end of the year.

Construction 2.1 million sq. ft. — Development jumps from last year's 1.2 million square feet, as builders achieve a new construction record. Around 1 million square feet is expected to come online in Queens alone.

Vacancy up 70 bps — Vacancy rises to 5 percent, following a 470-basis-point decline over the course of the health crisis.

Rent up 0.3% — The city's average asking rent inches up to $2.67, but declines are observed in some boroughs with more rapid stock expansions.

State Metros Maintain their Pull on Youth Demographics

Economic Overview

Raleigh-Durham entered 2022 with total employment exceeding pre-pandemic levels, however an unemployment rate of 3.1 percent, equal to the year-end 2019 figure, should contribute to lower hiring velocity, as firms face more resistance filling open roles. The state's two other largest metros are below or on par with the national rate.

Demographic Overview

The state's recent population boons can be attributed to its solid academic base. High-paying jobs generated by the Research Triangle attract a generation of young professionals, keeping Raleigh-Durham the second-fastest growing metro in the nation in the 20-to 34-year-old demographic. Winston-Salem and Charlotte are also expanding at well above the average rate in this cohort.

Construction Overview

Construction activity across the state's three major metros edges up over 2021's pace, though deliveries remain under the post-2015 norm, when additions averaged nearly 2 million square feet. Raleigh-Durham is undergoing the most rapid stock expansion, growing inventory by over 3.2 percent. Over 2 million square feet is currently in the planning phase statewide, potentially signaling a return to a more rapid supply phase on the horizon.

Rent Overview

Continued economic growth across the state is lifting storage demand and pushing up rents. Asking rates in Charlotte and Raleigh-Durham both reach $0.99 per square foot, with Winston-Salem just behind, hitting a new metro high at $0.94.

2022 Market Forecast

Inventory
52 million square feet, 8.3 square feet per capita

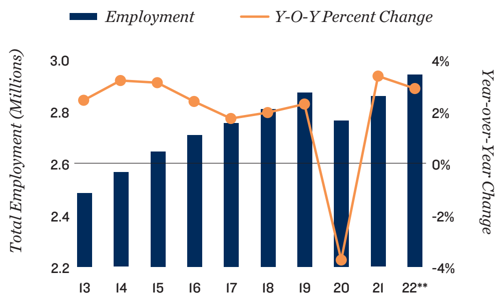
Employment up 2.9%
As most of the state's major metros recover all pandemic losses, employment grows by 83,000 new positions overall.

Population up 1.3%
After slowing to just under 0.8 percent in 2020, North Carolina's population gains move up closer to highs reported in the last decade, keeping it among the country's fastest growing states.

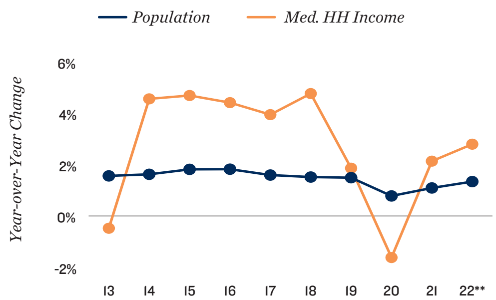
Construction 1.5 million sq. ft.
Annual development activity rises from last year's 1.1 million square feet. The Charlotte metro welcomes the most facilities above 50,000 square feet.

Rent up 3.1%
Rents maintain their fourth consecutive year of growth. The average asking rent climbs to a new high at $0.98 per square foot.

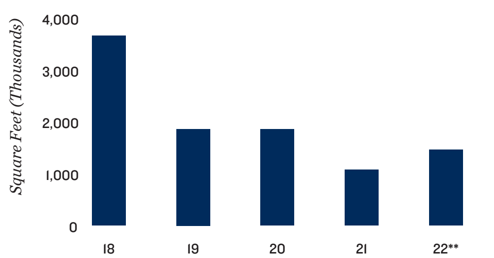
Employment Trends



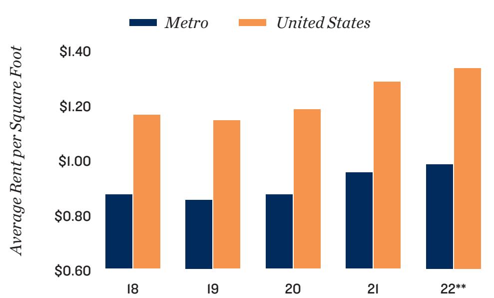
Demographic Trends



Supply Trends



Rent Trends



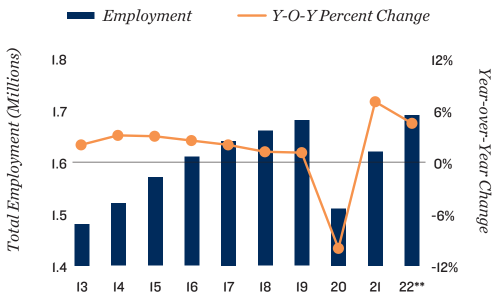
** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

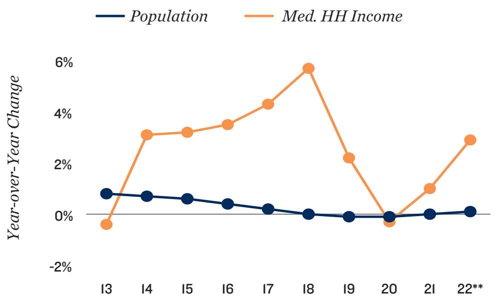
North Carolina encompasses Charlotte, Raleigh-Durham, and Greensboro-Winston Salem.

Tight Rental Market a Prime Source of Demand

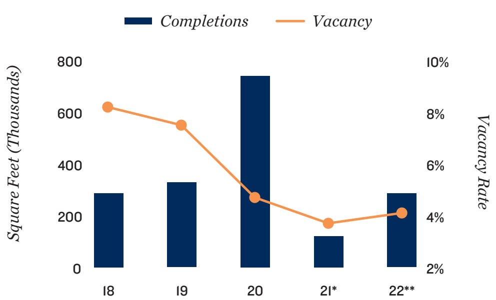
Employment Trends



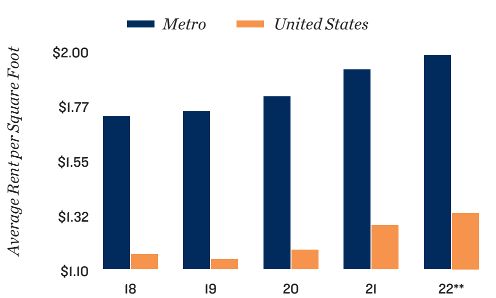
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Orange County will set a fresh employment record in 2022 as pandemic-induced job losses are recovered, with 72,000 additional positions bolstering already strong retail spending. One of the lowest apartment vacancy rates in the country and home prices rising close to 20 percent annually foster a competitive housing market, however, which limits in-migration. The total population will remain effectively flat this year.

Demographic Overview

The addition of high-skill jobs and upward movement in incomes is driving consumer spending. Retail sales in Orange County are projected to increase 6.8 percent this year, on top of the 18.1 percent jump recorded in 2021. However, despite higher pay, the median home price has now exceeded $1.1 million, funneling many into the renter pool, where smaller housing footprints elevate the need for supplementary storage space.

Construction Overview

Development of new space has generally trended downward after a rush of deliveries in 2016. Despite positive momentum for space demand, construction is met with challenges including a shortage of skilled labor, elevated materials prices, and competition for sites. The expectation for new supply in 2022 is about 80 percent of the long-term average.

Vacancy/Rent Overview

Vacancy in the broader Los Angeles-Orange County area shifts up from 2021 but remains historically tight. The lift this year is more a function of supply and demand finding a balance amid a tight market, rather than a structural movement toward increased vacancy. Rents will maintain upward momentum, rising 3.1 percent to a new average high.

2022 Market Forecast

Inventory
22 million square feet and 6.8 square feet per capita

Employment up 4.5%
The gain of 72,000 jobs this year is down from 2021, when growth eclipsed 100,000 personnel. Total employment is nevertheless still expanding by a margin far ahead of the 30-year annual average pace of 1.1 percent.

Population up 0.1%
While the population stays mostly unchanged in 2022, household growth is expected to reach 8,800.

Construction 285,000 sq. ft.
With this year's completions, Orange County's self-storage inventory will increase by 1.3 percent in 2022.

Vacancy up 40 bps
In the wider Los Angeles-Orange County metro area, the vacancy rate will increase by 40 basis points to 4.1 percent, following a 450-basis-point decline registered since 2018.

Rent up 3.1%
Rents will move up to an average of $1.98 per square foot this year, adding on to the 6.1 percent rise posted in 2021.

Favorable Demographics Underpin Notable Rent Growth

Economic Overview

Self-storage properties will benefit from some of the most robust job growth among major markets this year. Challenged after the impacts from the onset of the pandemic, the leisure and hospitality sector has been making strong headway toward restoring employment to prior peak levels. On the higher end of the income spectrum, professional and business service jobs have been a source of strength, with white-collar business expansions adding to payroll totals, as well as lifting average incomes.

Demographic Overview

A surge in net in-migration has led to population growth rates at levels more than three times the national average. This year, the population will swell by more than 50,000 people, 70 percent more then the level of growth in 2019. Business-friendly tax policies encourage corporate relocations that provide employment opportunities to those moving from higher cost cities.

Construction Overview

Despite initial disruptions brought on by the pandemic, construction activity has been remarkably stable, with new space totaling near 1 million square feet annually since 2020.

Vacancy/Rent Overview

Vacancy reached its most recent peak in 2019 after 2.6 million square feet of new space pushed the share of empty space up to 9.6 percent. Since then, storage demand from a wave of newcomers to the metro and construction levels retreating to the 1 million square foot level squeezed the vacancy rate down to 4.7 percent at the end of 2021. This year, vacancy will nudge up 30 basis points, as rents jump by nearly 8 percent.

2022 Market Forecast

Inventory
30 million square feet and 10.8 square feet per capita

Employment up 6.3%
The number of new jobs will total 80,000 this year, fully recuperating the positions lost in the downturn.

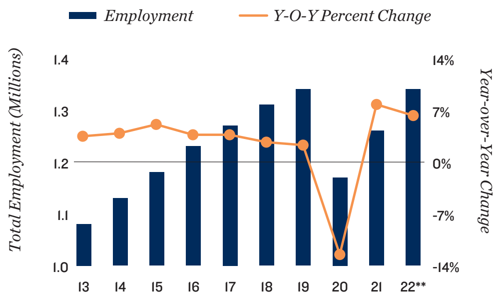
Population up 1.9%
With population growth of nearly 2.0 percent in 2022, demand for space will continue to support self-storage rent rolls.

Construction 955,000 sq. ft.
Space deliveries for 2022 are expected to roughly line up with the annual average over the past eight years of 1.0 million square feet. This year's additions will add 3.3 percent to total inventory.

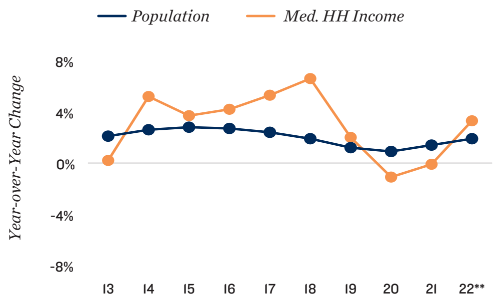
Vacancy up 30 bps
Vacancy will tick up this year to 5.0 percent. In 2021, vacancy fell 220 basis points to a record year-end low.

Rent up 7.8%
In 2022, asking rents will increase to $1.24 per square foot on average, ranking Orlando among the highest rent-growth markets in the country.

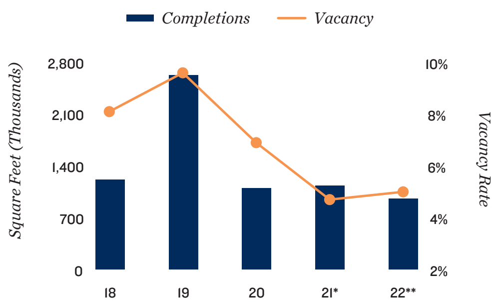
Employment Trends



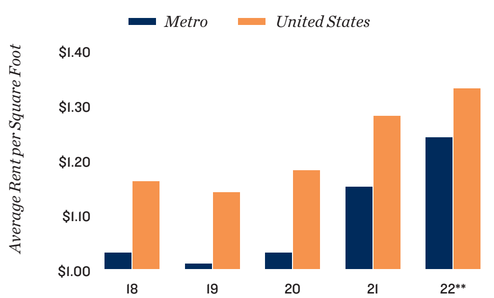
Demographic Trends



Supply and Demand Trends



Rent Trends

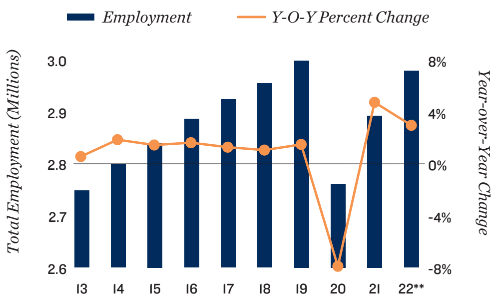


*Estimate; **Forecast

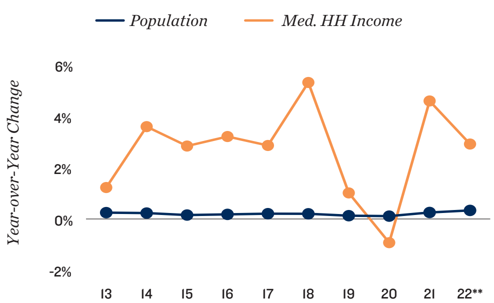
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Household Growth, High-Skill Jobs Spur Demand

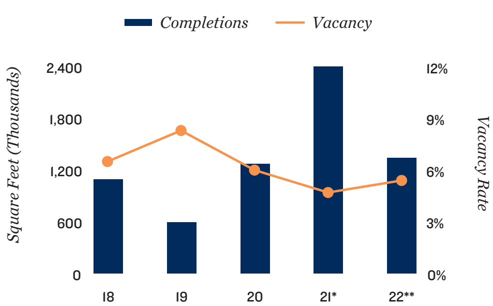
Employment Trends



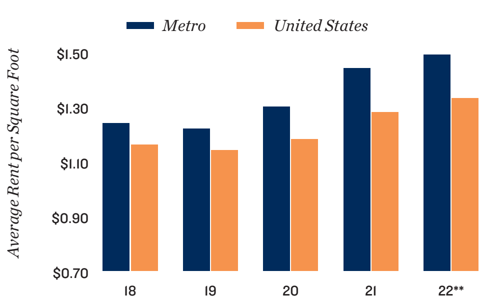
Demographic Trends



Supply and Demand Trends



Rent Trends



*Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

As one of the country's top biotechnology hubs, growth in this sector has helped contribute to the recovery of Philadelphia's office-using employment base, pushing income growth faster than the national average. The job market will end 2022 about 40,000 positions short of pre-pandemic levels, indicating a full recovery is in sight for 2023.

Demographic Overview

Aided by a high concentration of universities, Philadelphia boasts a median income $10,000 in excess of the national average. Housing costs remain well under those in nearby metros, contributing to over 20,000 households being formed this year — a multidecade high. The prominent presence of higher-income sectors is also boosting retail activity. Consumer spending will rise to 28 percent above pre-pandemic levels this year.

Construction Overview

As development activity in Philadelphia moderates after last year's surge, inventory growth in urban zones outpaces the suburbs for the first time since 2016. Curtailed suburban development may not last, as 2 million square feet in the planning phase suggests accelerated stock expansion ahead.

Vacancy/Rent Overview

Marketed rents hovered at an average just above $1.20 per square foot prior to the onset of the pandemic, but as demand boomed, an 18 percent swell in these figures took place from 2020 through 2021. While potentially widening supply pipelines may at some point apply downward pressure on rent growth, asking rents are currently trending upward.

2022 Market Forecast

Inventory — 31 million square feet and 5.1 square feet per capita

Employment up 3.0% — The metro adds 86,000 jobs to its labor force, putting full employment recovery in sight.

Population up 0.3% — Philadelphia will mark a 10-year high in population growth this year, gaining nearly 20,500 residents. Over 8,000 of them will be relocations from other metros.

Construction 1.3 million sq. ft. — Completions taper from last year's record 2.4 million square feet, though the 2022 construction pipeline is projected to deliver the second highest amount of space since 2004.

Vacancy up 70 bps — After achieving multiyear lows in 2021, availability will rise to end this year at 5.4 percent.

Rent up 3.4% — The mean asking rent rises to $1.49 per square foot across the market, and averages $1.64 in the city of Philadelphia and adjacent neighborhoods.

A Top Destination for Movers Stokes Demand

Economic Overview

Total employment in Phoenix reached a new all-time high at the tail end of last year, one of only a handful of major markets to recover more jobs than lost after the onset of the health crisis. Employment opportunities are increasingly being created in higher-paying segments as the local economy diversifies. Phoenix has become a destination for next-generation technology sectors, including electric vehicle and semiconductor chip manufacturing.

Demographic Overview

A hotspot for relocations, Phoenix is benefiting from domestic migration away from higher-tax and higher-cost coastal markets. As a result, household formation is projected to reach a nearly two-decade high this year, even as soaring home prices and record-low apartment vacancy restrain household growth potential.

Construction Overview

Developers have been active, with deliveries averaging 2 million square feet annually over the past five years, a period where total stock increased by a third. Demand has more than kept pace during that span, encouraging builders to keep up the pace moving forward, despite labor constraints, materials shortages and rising costs presenting headwinds.

Vacancy/Rent Overview

Since 2014, the vacancy rate has declined in a relatively steady fashion from 10.5 percent to 4.4 percent at the end of 2021, in the face of sizable increases to total supply over the period. This year vacancy will remain near that low, ticking up just 20 basis points in 2022. The tight market will keep rents advancing at an average pace of 4.1 percent.

2022 Market Forecast

Inventory — 42 million square feet and 8.0 square feet per capita

Employment up 3.7% — Phoenix will build on the momentum carried over from 2021 with 83,000 new jobs this year.

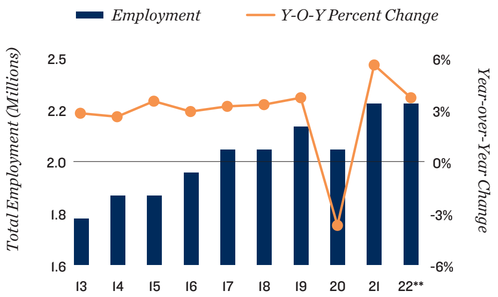
Population up 1.7% — As one of the fastest growing metros in the country, the population will increase by 85,000 individuals.

Construction 2.3 million sq. ft. — Responding to elevated demand, builders will increase inventory by 5.8 percent in 2022.

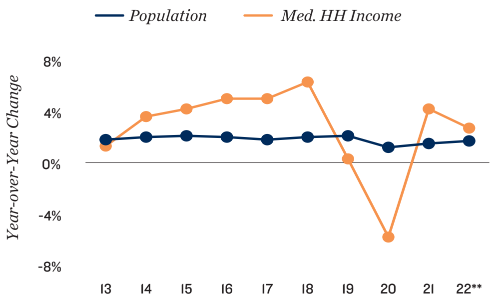
Vacancy up 20 bps — Vacancy will remain low in 2022, inching up just 20 basis points from the year-end 2021 level to 4.6 percent

Rent up 4.1% — Average rents will increase by 4.1 percent this year to $1.28 per square foot, following up on the 12.8 advance registered in 2021.

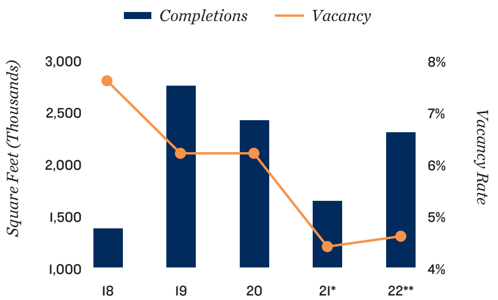
Employment Trends



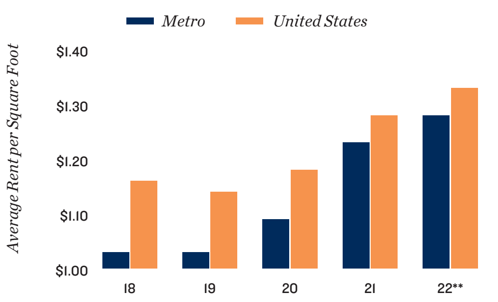
Demographic Trends



Supply and Demand Trends



Rent Trends

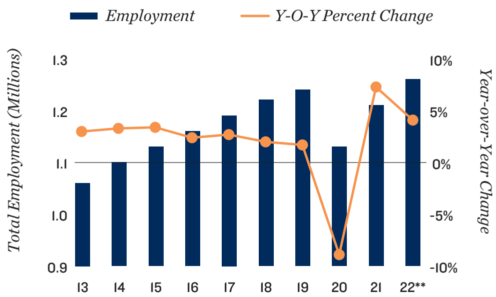


*Estimate; **Forecast

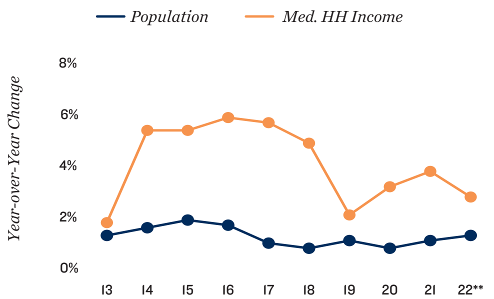
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Construction Moderates, Opening Door for Rent Growth

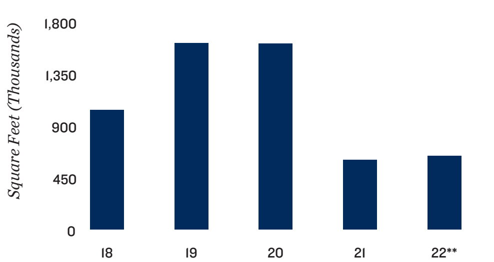
Employment Trends



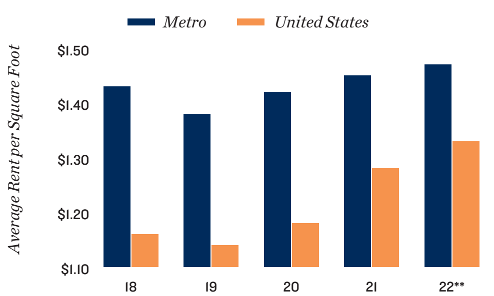
Demographic Trends



Supply Trends



Rent Trends



*Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

After losing nearly 180,000 jobs in March and April of 2020, surrendering six years of gains, total employment in Portland grew back to within 3 percent of the pre-pandemic peak by the end of 2021. A new high will be reached this year as economic activity stimulates open positions, and easing health-related policies limit social distancing.

Demographic Overview

Population growth slowed in 2020 to the lowest level in 20 years, but accelerated in 2021 back to a rate closer to the long-term average. The trend is expected to continue this year, as Portland attracts the younger and highly skilled workers that have been key to the metro's population growth and economic gains over the past decade. Apartment vacancy under 3 percent and home price growth exceeding 16 percent annually has supported home building permit activity, bouncing off recent lows and now trending up.

Construction Overview

From 2018 through 2020, builders brought 4.3 million square feet online, increasing inventory by 32 percent over the period. Since then, new deliveries dipped to 600,000 square feet in 2021, with similar levels anticipated this year. Despite the slowdown, completions are still about 40 percent above the long-term average.

Rent Overview

Rents hit a recent bottom in 2019, as the wave of construction put a limit on owner's pricing power. Since then, as construction levels waned, back-to-back years of growth have built momentum that will carry into 2022 and push rents back above the 2018 level.

2022 Market Forecast

Inventory — 19 million square feet and 7.3 square feet per capita

Employment up 4.1% — Job growth this year will crest 50,000 roles, lifting total employment by 4.1 percent.

Population up 1.2% — The population will increase by nearly 30,000 in 2022. Household growth will outperform, rising by 2.1 percent as more than 21,000 new households are formed. This will have a more direct impact on demand, as moves are a primary driver of self-storage leasing.

Construction 640,000 sq. ft. — Deliveries for 2022 are up slightly from the previous year when 600,000 square feet was built, but well below the three prior years, which averaged 1.4 million square feet annually.

Rent up 1.4% — Rents will continue on an upward trajectory in 2022, but the pace of growth will slow down. The average rate will increase to $1.47 per square foot. Last year, rents rose by 2.1 percent.

Industrial Growth Driving Jobs and Storage Demand

Economic Overview

The Inland Empire's travel and transportation sector, accounting for over a quarter of the region's jobs, was uniquely poised to benefit from the rise in direct-to-consumer delivery. The segment entered this year 30,000 positions above the February 2020 count, driving much of the market's employment recovery. As large conglomerates target the area, it has become a nationally ranked market for leasing activity involving larger warehouses.

Demographic Overview

As California's only metro expanding by over 1 percent this year, much of Riverside-San Bernardino's population gains stem from residents exiting nearby locales in search of affordable living space. A comparatively low-cost lifestyle has been supporting both the 20-to 34-year-old demographic and 65+ cohort, which is outpacing the national average.

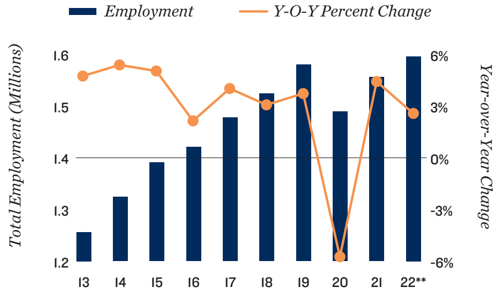
Construction Overview

Riverside-San Bernardino's storage market was characterized by sluggish stock growth prior to the health crisis, averaging just over 114,000 square feet annually from 2010 through 2019. Builders have since taken notice of high area demand, and have delivered a quarterly average of more than 100,000 square feet since the start of 2021.

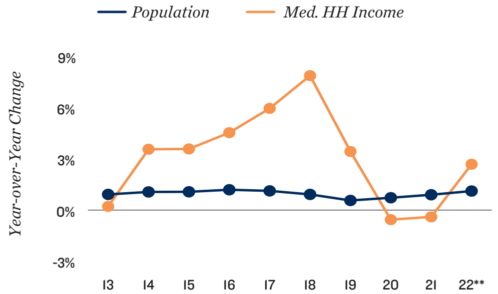
Vacancy/Rent Overview

Supply constrictions during the last decade kept vacancy solidly below 7 percent, maintaining consistent upward momentum on rent before demand and monthly rates flourished during the pandemic. Deliveries this year should alleviate some undersupply pressure and drive vacancy back above 3 percent, with rents still climbing rapidly.

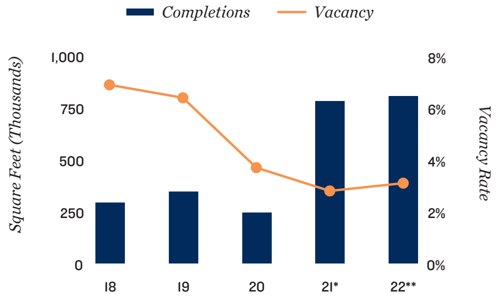
Employment Trends



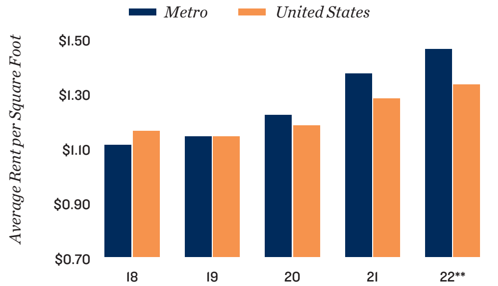
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

2022 Market Forecast

Inventory — 36 million square feet and 7.5 square feet per capita

Employment up 2.6% — Growing by 40,000 roles this year, the Inland Empire's job count fully recovers pandemic losses.

Population up 1.1% — Riverside-San Bernardino is California's fastest growing metro. The 23,200 people new to the area this year contribute to an overall population gain of just under 53,000.

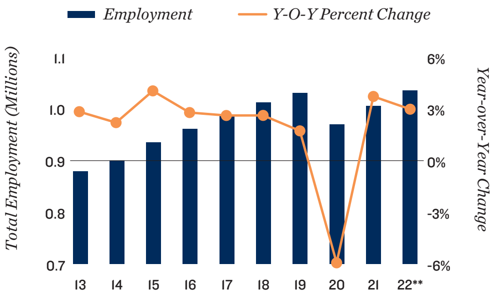
Construction 805,000 sq. ft. — Construction ticks up 23,000 square feet from last year. Combined 2021 and 2022 deliveries exceed the square footage delivered during the entire trailing decade.

Vacancy up 30 bps — Availability rises to 3.1 percent, which is nevertheless among the lowest availability rates of any major market in the country.

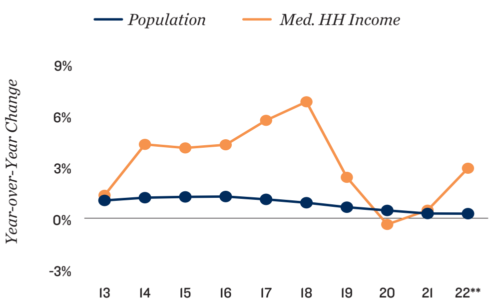
Rent up 6.6% — Rent growth continues for a sixth consecutive year. The average asking rent hits a record $1.46 per square foot.

Government Jobs Stabilize Metro Incomes

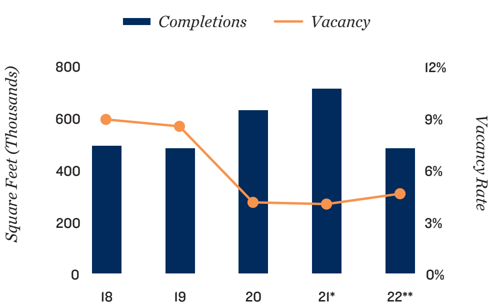
Employment Trends



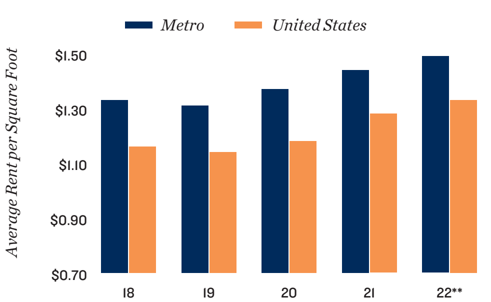
Demographic Trends



Supply and Demand Trends



Rent Trends



*Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

The seat of the state government, Sacramento's substantial public sector employment helped shield the metro from the full recessionary effects of the pandemic. Even more notably, the transportation and utilities sector has already recouped all 2020 losses, and upward trends in the area's hospitality industry should accelerate, as tourism and business travel intensify. A small gap between pre-pandemic and year-end 2022 levels should put full employment recovery within the first months of 2023.

Demographic Overview

Population gains have slowed in recent years, though household formation still continues at a 1 percent clip. In-migration could be accelerated by home prices at under half of those in nearby metros, drawing residents seeking Northern California lifestyles at more affordable prices.

Construction Overview

Easing off a supply wave that delivered a two-year total of over 1.3 million square feet, development this year will be closer to pre-pandemic levels; 2.1 million square feet, however, are currently in the planning phase. If all projects move forward, it would expand current stock by over 10 percent, and could herald a surge in projects breaking ground.

Vacancy/Rent Overview

Lifestyle changes stemming from the pandemic spurred elevated leasing activity, driving vacancy down to half-decade lows in 2021. Rents hit new highs as a result, and will reach $1.49 per square foot on average before this year ends. Beyond 2022, a potentially rapid stock gain could put excess downward pressure on rents.

2022 Market Forecast

Inventory
21 million square feet and 8.7 million square feet per capita

Employment up 3.0%
Companies fill 30,000 openings, bringing the metro within 3,000 positions of pre-pandemic employment levels.

Population up 0.3%
Recent population growth has decelerated, but the Sacramento metro is still expanding. California's capital region enlarges by nearly 6,300 residents in 2022.

Construction 480,000 sq. ft.
Construction comes in at 230,000 square feet under last year. Over 2 million square feet of space in planned projects could indicate higher supply pressure further out.

Vacancy up 60 bps
Space frees up slightly in the wake of a 450-basis-point free fall in availability during the health crisis. Vacancy reaches 4.6 percent.

Rent up 3.5%
Demand for space drives enthusiastic renting. The average asking rent will achieve a metro record at $1.49 per square foot.

Hot Labor Market Creates Positive Outlook

Economic Overview

Salt Lake City fared better than most markets after the economic disruption from the health crisis. The jobs market nearly made a full recovery in 2020 and built on momentum throughout the next year. The pace of hiring will remain elevated moving forward, with new positions this year expected at above-average levels.

Demographic Overview

Favorable employment prospects have resulted in robust population growth, particularly among the 20 to 34-year-old age cohort. This segment will post a 1.9 percent increase in Salt Lake City this year, while nationally, the population of young adults is flat and transitioning to a period of decline. This bodes well for both the local economic and storage outlooks, as this demographic tends to occupy rental housing and moves more often.

Construction Overview

Deliveries have slowed in recent years, following a bout of construction in 2018 and 2019 that resulted in nearly 3 million square feet of additional space — a 13 percent inventory gain. As strong demographic drivers help demand catch up, developers are facing headwinds ranging from higher materials prices, labor shortages and competition for sites.

Vacancy/Rent Overview

After jumping in the second half of 2020 to more than 10 percent, vacancy began to tighten in 2021 just as quickly. By year-end the vacancy rate stood at 7.5 percent, unchanged from 2019. Rents, meanwhile, eked out a 2.1 percent gain in 2020 and built on that with a growth of 6.2 percent the following year, breaching the $1.00 per square foot threshold.

2022 Market Forecast

Inventory — 27 million square feet and 9.9 square feet per capita

Employment up 3.5% — Beginning 2022 with an unemployment rate of 1.9 percent, the tightest among major markets, Salt Lake City will still manage to add 48,000 to employment totals this year.

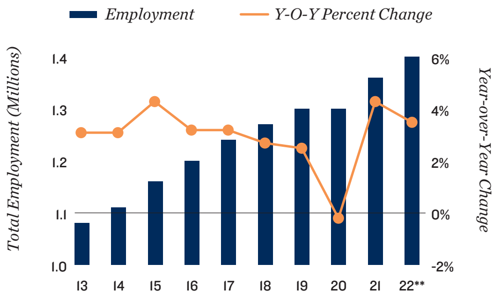
Population up 1.4% — Population gains will reach nearly 38,000 in 2022, a 1.4 percent increase. This puts the metro well above the national growth rate of 0.6 percent.

Construction 380,000 sq. ft. — This year, 380,000 square feet of self-storage space will be built, adding 1.5 percent to the total stock.

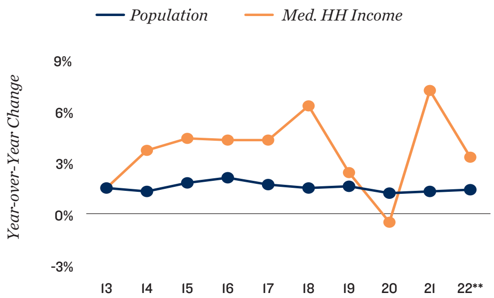
Vacancy up 40 bps — Vacancy will increase in 2022 to 7.9 percent, only marginally paring the 280-basis-point decline registered last year.

Rent up 3.9% — Rents will increase again this year, marking three consecutive years of gains. Growth in 2022 will land at 3.9 percent, lifting asking rents to $1.07 per square foot on average.

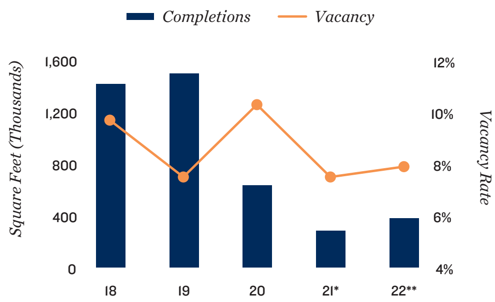
Employment Trends



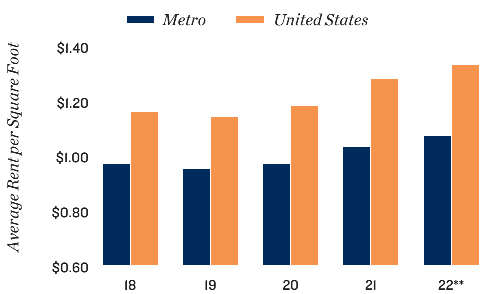
Demographic Trends



Supply and Demand Trends



Rent Trends

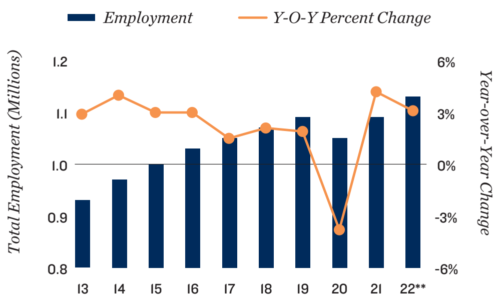


* Estimate; ** Forecast

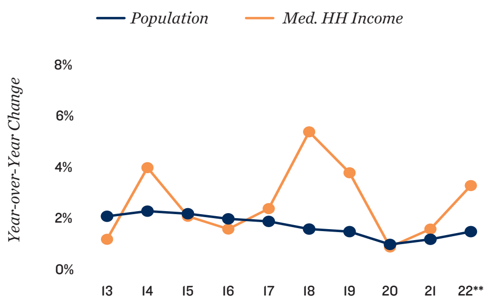
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Cuts to Construction Puts Pressure on Rents

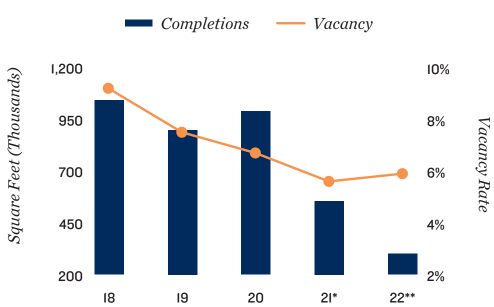
Employment Trends



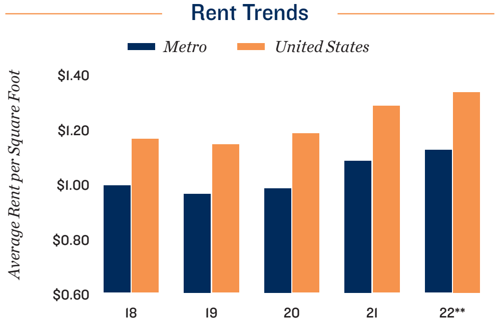
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Corporate relocations and expansions, including fast growing tech-focused firms, such as Skipcart and SafeRide Health, as well as more established businesses like Pabst Blue Ribbon, are helping boost worker counts. Total employment came within 1 percent of the pre-pandemic high at the end of 2021, a threshold that will easily be surpassed this year.

Demographic Overview

Domestic movers, many from higher-cost primary markets, have been a key driver of population gains. While this trend has aided growth for many years, the pandemic accelerated relocation decisions as work-from-home policies allowed employees to prioritize lower-cost areas with lower density and higher quality of life. The influx has boosted local retail spending, rising this year to more than 26 percent above the 2019 level.

Construction Overview

Despite positive demographic demand drivers, new construction in 2021 fell to about half of the levels seen over the three years prior. Deliveries will dip again this year, with just 300,000 square feet expected to hit the market. Since 2001, average annual additions to stock totaled 580,000 square feet.

Vacancy/Rent Overview

With a slowdown in completions coinciding with positive demand trends, the vacancy rate has experienced a steady downward trajectory. Vacancy has nearly halved from 10.7 percent in 2014 to 5.6 percent at the end of 2021. The tighter market is lifting rental rates, with a sizable 10.2 percent gain registered last year.

2022 Market Forecast

Inventory — 24 million square feet and 8.8 square feet per capita

Employment up 3.1% — Job gains this year will hit 34,000, increasing the total headcount by 3.1 percent.

Population up 1.4% — With nearly 36,000 new residents expected this year, the housing market will be pressured further. Median home prices have pushed above $300,000 for the first time, and apartment vacancy is anticipated to move below 2 percent this year.

Construction 300,000 sq. ft. — Deliveries will continue the downtrend from last year, with only 300,000 square feet of new builds representing an increase of 1.3 percent to existing stock.

Vacancy up 30 bps — The vacancy rate will tick up 30 basis points to 5.9 percent in 2022, only marginally offsetting the 360-basis-point decline recorded over the past three years.

Rent up 3.7% — The average asking rent will increase for the third year in a row, moving up 3.7 percent in 2022 to $1.12 per square foot.

Tightest Vacancy Rate in U.S. Underpins Rent Growth

Economic Overview

A diverse source of job growth will support self-storage demand this year. The fast-growing biotech space will result in more positions at the high end of the income spectrum, while international trade spawns additional demand for labor in the transportation and shipping-related fields. Meanwhile, the bruised leisure and hospitality sectors will continue to advance, as visitor counts make positive headway.

Demographic Overview

Household formation in San Diego will reach the highest levels seen in nearly a decade this year as close to 13,000 new households will form. With the median home price closing in on $900,000, many will funnel into the rental market where vacancy rates are already near all-time lows, boosting the need for storage space.

Construction Overview

Building activity continues to gain steam with deliveries generally trending up over the past decade. The amount of space expected to be built this year marks the highest level since 2003, and only the second time on record where new space surpassed 1 million square feet. Over the long term, new construction has averaged about 380,000 square feet per year.

Vacancy/Rent Overview

Despite climbing construction totals, vacancy will remain below 3 percent in 2022, logging the lowest rate among major metros. As recently as 2019, vacancy clocked in at 7.3 percent. The need for additional storage space to clear room for home offices, makeshift classrooms and other uses positively impacted demand. Rents have responded to the lack of slack in the market, jumping more than 15 percent over the past two years.

2022 Market Forecast

Inventory — 23 million square feet and 6.9 square feet per capita

Employment up 3.9% — This year, 56,000 new jobs will be created in San Diego, with a full recovery of all jobs lost to the pandemic occurring in 2023.

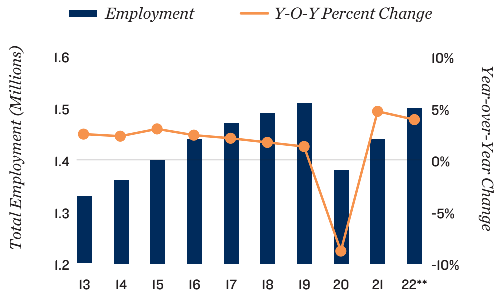
Population up 0.5% — The population will grow by almost 14,000 people in 2022. More people and more jobs translates to greater spending, as retail sales are expected to reach 24 percent above the 2019 level.

Construction 1.1 million sq. ft. — Construction totals will more than double in 2022, with openings set to increase inventory levels by 5.0 percent.

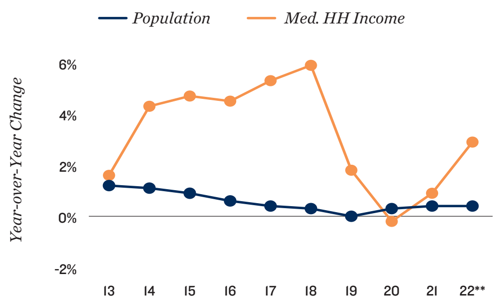
Vacancy up 30 bps — The vacancy rate will notch a minor uptick this year, moving 30 basis points higher to 2.8 percent, a level still 450 basis points below 2019.

Rent up 4.5% — Rents will respond to the impact of limited available space growing 4.5 percent to $1.86 per square foot on average.

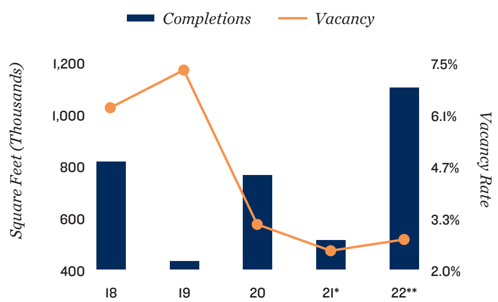
Employment Trends



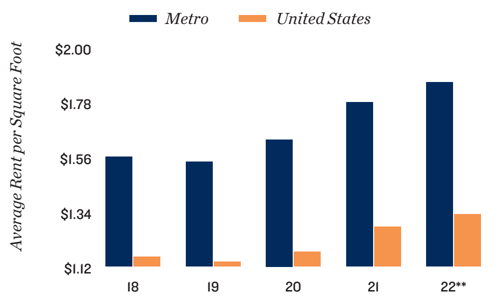
Demographic Trends



Supply and Demand Trends



Rent Trends

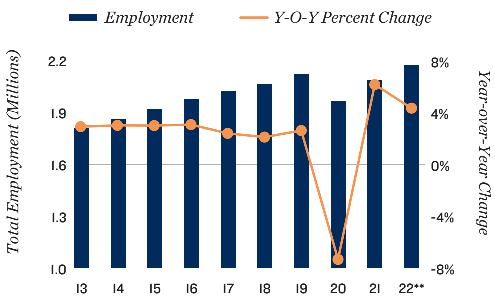


* Estimate; ** Forecast

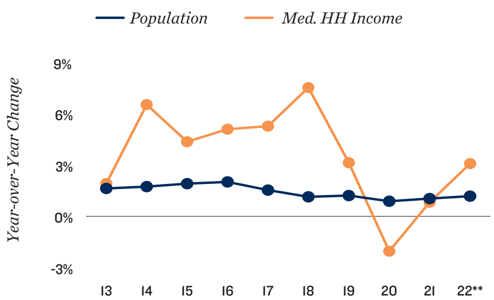
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

High-Tech Employment Bolsters Puget Sound Economy

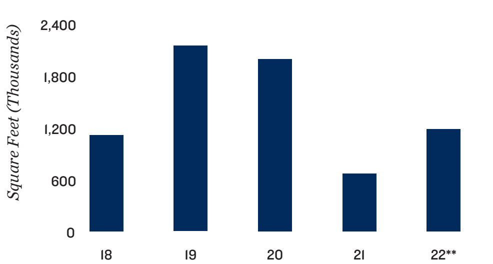
Employment Trends



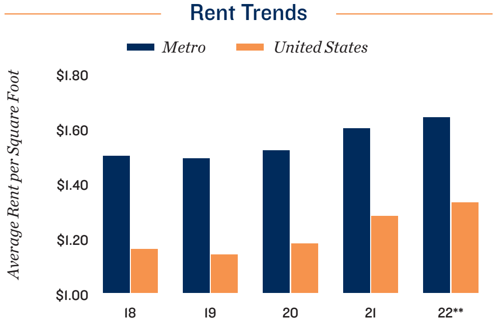
Demographic Trends



Supply Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

Seattle's status as an innovation hub helped the market weather the effects of the pandemic. Boosted by the tech industry's performance, office-using employers closed out last year elevated with more than 30,000 positions above 2019 levels of employment. The logistics sector also made a full recovery, thanks to the metro's e-commerce links. Other high-skilled labor segments are also expanding to new highs, boosting incomes.

Demographic Overview

Growth in the 20-to 34-year-old demographic has slowed in recent years, but remains above the national average, as the city's vibrant culture and economy continue to support a large population of young professionals. Median home prices exceeding eight times the typical income will force much of this cohort into a renting situation and create a favorable environment for storage demand.

Construction Overview

Annual development activity pushes back above the 1 million square foot benchmark, as developers react to rising storage demand. Supply growth on the south side of the metro will slow to a half-decade low, growing by just 2 percent in Tacoma and nearby areas. Seattle stock expands with several large-scale facilities, including a Bellevue complex topping out at 275,000 feet.

Rent Overview

The market's current stock has failed to keep up with leasing activity, driving up asking rents to new highs across the metro. Rent growth will pull ahead in Seattle, where square footage costs have jumped 17 cents over the pandemic to an average of $1.75.

2022 Market Forecast

Inventory — 36 million square feet and 8.8 square feet per capita

Employment up 4.3% — Hiring velocity decelerates after a 2021 surge, but 90,000 jobs drive the Puget Sound past full employment recovery.

Population up 1.2% — The Seattle-Tacoma area gains 48,100 residents this year, the fastest rate of growth since 2017. The metro has expanded by over 450,000 people over the past decade.

Construction 1.2 million sq. ft. — Development accelerates past the 669,000 square feet added to the market in 2021. Tacoma observes a sharp slowdown in stock expansion, growing by just 290,000 square feet this year.

Vacancy up 40 bps — After achieving pandemic nadirs as low as 3.7 percent in mid-2021, vacancy decompresses to 4.9 percent. While up slightly, availability is still about half that of the pre-pandemic measure.

Rent up 2.5% — Asking rents climb to an average of $1.64 per square foot. Record highs are recorded in both Seattle and Tacoma.

Self-Storage Demand Heating up in Palm Beach County

Economic Overview

Due to the state's few health restrictions, Southeast Florida has observed a swift recovery from the pandemic's economic effects. While Miami leads in job creation, economic growth is surging to the north. Multiple national financial firms, including Goldman Sachs and Colony Capital, Inc., are targeting West Palm Beach for expansion. Employee transfer requests to Southeast Florida are at an all-time high, as well-compensated employees follow national migration trends to warmer climates.

Demographic Overview

Net in-migration to Southeastern Florida is rising across the board. Palm Beach County is leading, but all three regional metros outpace the national rate of growth in the 65+ demographic, as northeastern retirees leave colder regions for warmer abodes. The lack of a state income tax will also stimulate extra spending among this segment.

Construction Overview

Development has flourished in Southeast Florida over the past half-decade, with the nearly 11 million square feet added from 2018 constituting over a fifth of market inventory. Booming construction in the West Palm Beach-Boca Raton corridor is driven by high in-migration there, but builders appear to be tapering activity in Broward County, where annual stock expansions have slowed to 515,000 square feet this year from 1.2 million in 2018.

Vacancy/Rent Overview

Historically tight vacancy in Southeast Florida was compressed even further during the nationwide storage demand boom. Enthusiastic leasing activity drove availability as low as 2.9 percent in mid-2021, and space usage is projected to remain in the low-3 percent zone this year. Asking rents jump again to record levels in all three metros.

2022 Market Forecast

Inventory — 51 million square feet and 8.0 square feet per capita

Employment up 4.3% — Southeast Florida metros gain 116,000 jobs, as local cities surpass all pandemic job losses.

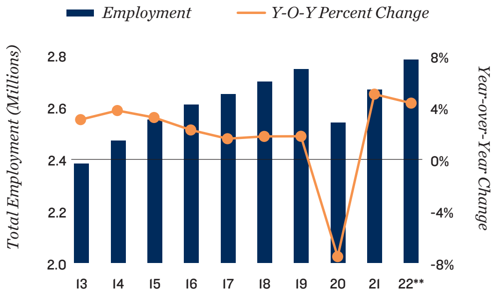
Population up 1.1% — The region grows by 72,000 new residents, as Americans look to the Sun Belt. These metros observe above-national average growth from prime storage using demographics.

Construction 2.2 million sq. ft. — The delivery pace returns to the 2 million-plus square foot range. Palm Beach County marks record development, as builders finalize 820,000 square feet of storage space.

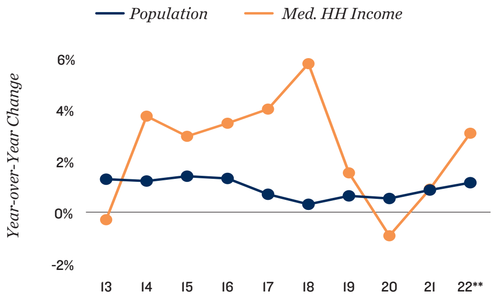
Vacancy up 20 bps — Having hit all-time lows last year as leasing activity peaked, vacancy ticks up marginally to 3.3 percent.

Rent up 7.4% — After soaring 19 percent in 2021, rents continue to grow at a solid pace. The average asking rent climbs to $1.80 per square foot.

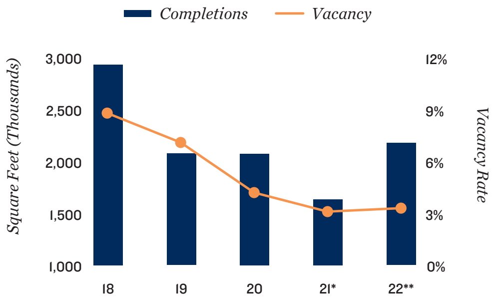
Employment Trends



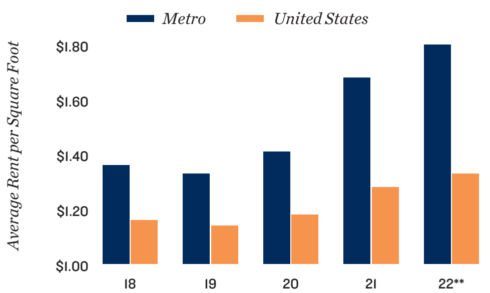
Demographic Trends



Supply and Demand Trends



Rent Trends



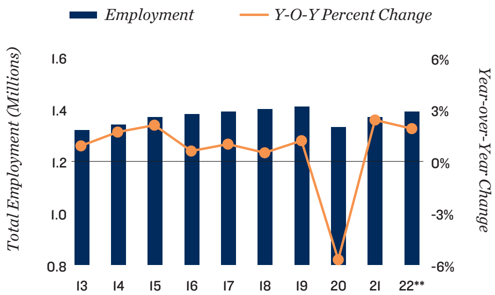
*Estimate; **Forecast

Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

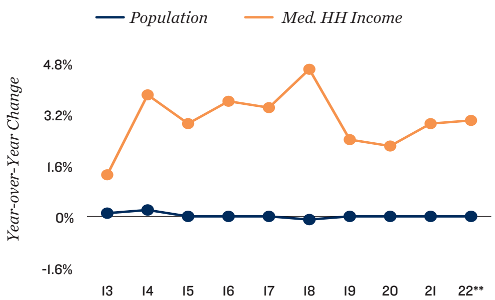
The Southeast Florida region encompasses Fort Lauderdale, Miami-Dade, and West Palm Beach.

Historically Low Vacancy Supports Added Supply

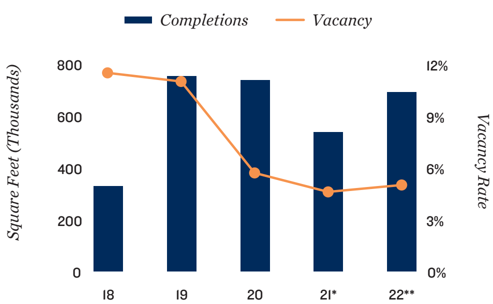
Employment Trends



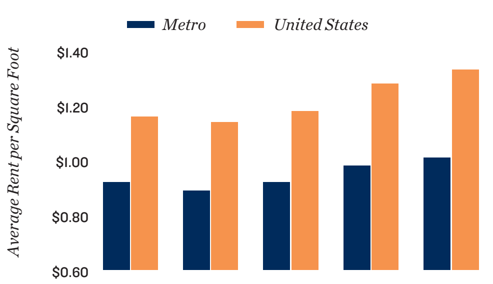
Demographic Trends



Supply and Demand Trends



Rent Trends



*Estimate; **Forecast

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Economic Overview

After a spike in 2020, St. Louis' unemployment has been steadily decreasing, which will slightly temper job creation through the end of 2022. The 32,300 positions added in 2021 will moderate to about 26,000 new roles in 2022, as the falling unemployment rate leaves employers struggling to fill positions.

Demographic Overview

The declining local unemployment is reflected in the city's median household income rising by 3.0 percent this year, following a 2.9 percent gain in 2021. This increase puts St. Louis' incomes slightly over the national median. The number of households in the city will also grow by 0.7 percent year-over-year, marking continued recovery after a dip in the metric in 2020. This year's additions will surpass the pre-pandemic household total by almost 16,000 households.

Construction Overview

Development will climb this year, with approximately 690,000 square feet to be delivered after a reduction in completions in 2021. This will be a 4.2 percent increase in total inventory from the previous year. The two largest facilities scheduled to finish construction in 2022 are located in Edwardsville and Florissant.

Vacancy/Rent Overview

Vacancy will minimally increase by 40 basis points this year to 5.0 percent, the second lowest year-end vacancy rate since at least 2014. As a result of tight availability, the average asking rent will continue to rise, and is expected to grow 3.1 percent from last year.

2022 Market Forecast

Inventory — 17 million square feet and 6.1 square feet per capita

Employment up 1.9% — The pace of hiring will slow down from last year, as employers add 26,000 new jobs in 2022.

Population no change — Similar to the past decade, St. Louis' population will remain stable. Despite this, there will be a slight net out-migration, a trend that is expected to continue for the near future.

Construction 690,000 sq. ft. — St. Louis has averaged 600,500 new square feet annually over the past five years, with an increase in deliveries of 153,800 square feet from 2021 to 2022.

Vacancy up 40 bps — Vacancy in St. Louis will grow to 5 percent in 2022, following a three-consecutive-year drop.

Rent up 3.1% — The average asking rent will increase to $1.01 per square foot this year. Urban rates have been steadily increasing since 2019.

Rising Retail Sales Bolster Self-Storage Demand

Economic Overview

In 2021, Tampa-St.Petersburg's unemployment remained above the national level; increasing employment, however, suggests a lower rate moving into 2022. The metro added 69,300 new positions in 2021. This year the number will nearly match that at 64,000 new positions, as the return to pre-pandemic job levels is solidified. Increasing household creation also follows this economic recovery, as 27,900 households will be added in 2022, in addition to a net in-migration of 34,900 residents.

Demographic Overview

Along with job creation, median household income will increase in 2022 by 3.1 percent, recovering losses from 2020 and 2021. The metro will see elevated retail sales into 2022, which implies an increase in demand for self-storage in the near future, particularly because older cohorts are drawn to the area due to the state lacking an income tax.

Construction Overview

Deliveries will drop in 2022, falling from 1.2 million square feet in 2021 to 965,000 square feet, helping keep this year's vacancy rate low. Of the 18 new facilities that will be completed this year, the largest completion will be in Spring Hill, with an estimated 112,000 square feet of rentable space.

Vacancy/Rent Overview

The vacancy rate in Tampa-St. Petersburg for 2022 will be the metro's second lowest measure since 2015 by 140 basis points. Rents have reversed course compared to the recent past, spiking 11.2 percent in 2021. Monthly rates in 2022 will stabilize, as they rise by 2.5 percent from 2021 and inch closer to the national average of $1.33.

2022 Market Forecast

Inventory — 32 million square feet and 9.9 square feet per capita

Employment up 4.5% — While hiring velocity decelerates from 2021, employment levels will grow faster than trailing-decade norms.

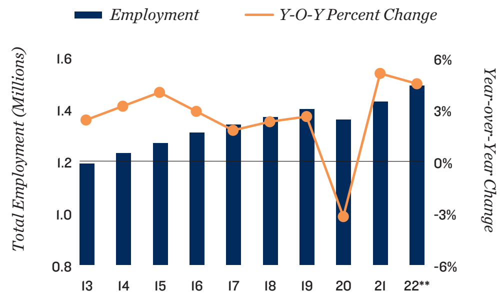
Population up 1.1% — The metro will add approximately 35,000 residents this year. Tampa's population has increased by 31 percent over the past decade, with older age cohorts growing the fastest.

Construction 965,000 sq. ft. — Completions will diminish by almost 258,000 square feet from 2021 into 2022. Over the past five years, Tampa has averaged 1.6 million deliveries; the completions in 2022, however, will be about 597,000 less.

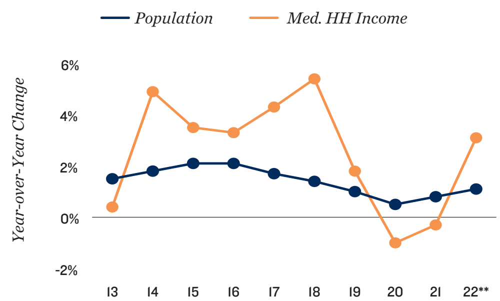
Vacancy up 50 bps — Following a 620-basis-point drop in vacancy over the pandemic, availability perches at 4 percent this year.

Rent up 2.5% — The average asking rent will climb up to $1.22 per square foot, a mild change compared to the fluctuation in rents since 2017.

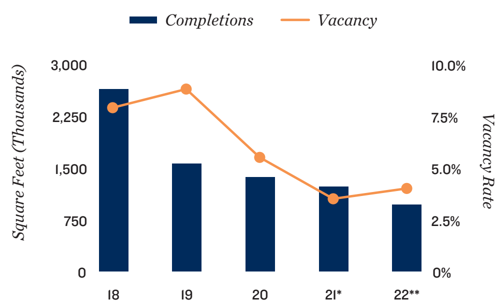
Employment Trends



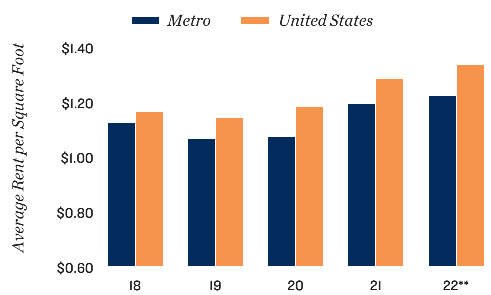
Demographic Trends



Supply and Demand Trends



Rent Trends

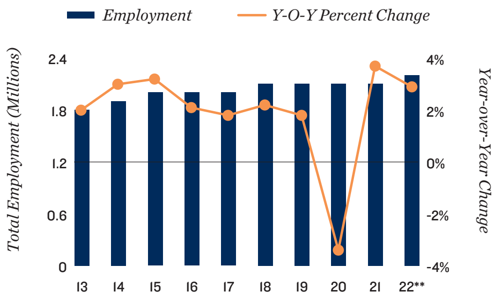


*Estimate; **Forecast

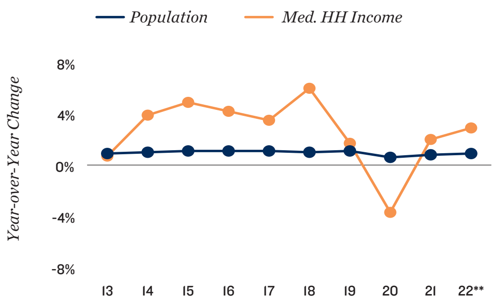
Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Construction Rises as Vacancy Rates Remain Low

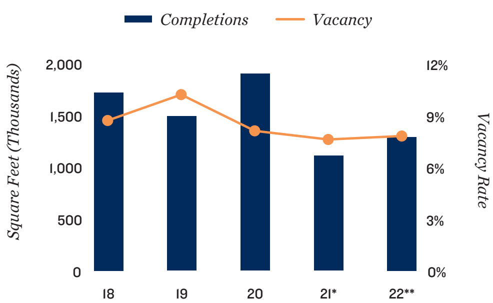
Employment Trends



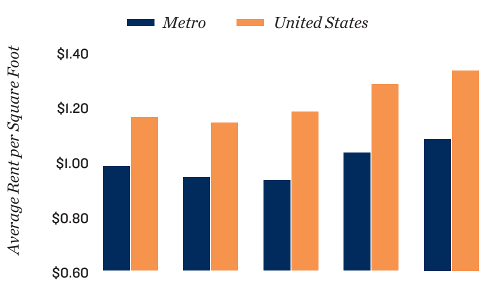
Demographic Trends



Supply and Demand Trends



Rent Trends



** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius+ Yardi Matrix

Tennessee encompasses Knoxville, Memphis, and Nashville.

Economic Overview

In 2022, the employment base of the state's three major metros will continue to grow. Nashville welcomes fewer positions than in 2021, while Memphis will add almost 3,000 more jobs than the previous year. The city will surpass the number of jobs existing pre-pandemic, signifying a strong employment recovery. This suggests that Memphis' unemployment rate will continue to shrink in 2022, potentially joining Knoxville and Nashville, which are hovering around the national unemployment rate.

Demographic Overview

High net in-migration continues to drive strong population gains in Nashville, as 17,000 residents enter the metro this year. The median income in Nashville also rose to $70,400. Incomes in all three metros are rising on par with the national rate of growth, though Memphis and Knoxville continue to be below the national median income.

Construction Overview

After beginning to taper in 2021, new deliveries will be back on the rise in 2022. The majority of space will come online in Knoxville, where six new facilities are scheduled to be completed this year. The new supply is well-positioned to benefit rising demand in a market with only 6.1 million square feet of inventory.

Vacancy/Rent Overview

Vacancy in Nashville will remain above the national level as availability stabilizes following two years of sharp decreases. Asking rents in Tennessee will improve compared to 2021, as rates increase by 4.9 percent on average. This increase is a significant turnaround compared to years preceding the health crisis when rents were decreasing.

2022 Market Forecast

Inventory — 33 million square feet and 7.7 square feet per capita

Employment up 2.9% — The pace of hiring will decrease as total employment increases, particularly in Nashville where 40,000 new jobs will be added.

Population up 0.9% — The state will see a growing population and greater net in-migration. Memphis, in particular, will see twice as many people moving into the market as last year.

Construction 1.3 million sq. ft. — Deliveries will continue to increase in the region from 2021 levels, but will remain about 174,000 square feet under the trailing five-year construction average.

Vacancy up 20 bps — Nashville's vacancy will increase to 7.8 percent — a relatively minor change compared to the tightening rates in 2020 and 2021.

Rent up 4.9% — The asking rent across the three metros will increase to $1.08 per square foot, continuing upward trends that began in 2021.

Rising Consumer Spending Enhances Storage Needs

Economic Overview

The local employment base will increase this year, building upon the sharp recovery in 2021. The unemployment rate, while shrinking, also remains just above the national average and the market's pre-pandemic level. Despite this, the total number of local jobs will surpass the number recorded in 2019 by the end of the year.

Demographic Overview

Although unemployment remains higher than in 2019, the local median household income is well above pre-pandemic norms, reflecting new high-wage job opportunities. In 2022, incomes will increase by approximately 3.0 percent from the previous year. Following with the diminishing unemployment rate, surging retail sales and the growing number of households also indicate confidence in the metro's economic recovery and future need for storage.

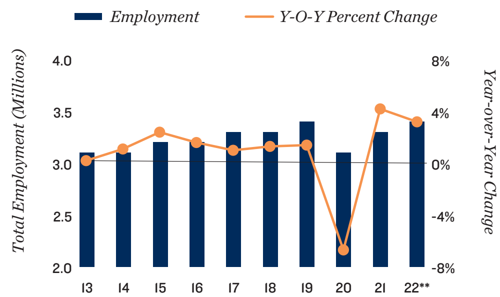
Construction Overview

Since 2016, the metro has seen an average of 1.5 million completions per year. This year shows a notable decrease in construction with only 1.0 million square feet of deliveries. Of these, 600,000 square feet will be located in suburban Maryland across six new facilities.

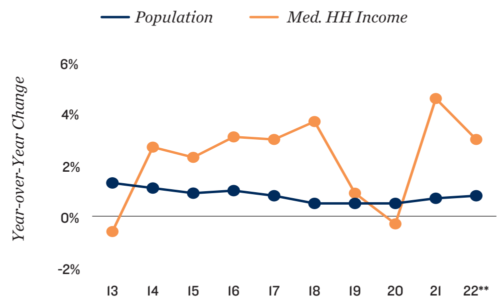
Vacancy/Rent Overview

Despite an increase from 2021, vacancy remains below the high pre-pandemic rates. Elevated retail sales and growing median incomes indicate that availability will remain low for the near future. Washington, D.C. rents will also continue to rise and stay above the average asking rent in nearby metros.

Employment Trends



Demographic Trends



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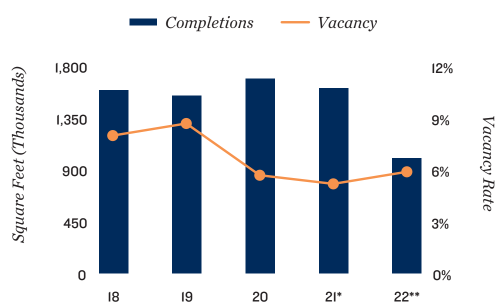
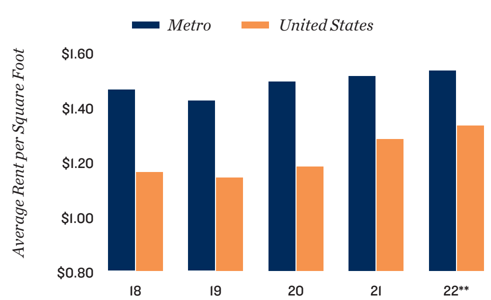


Rent Trends



2022 Market Forecast

Inventory — 37 million square feet and 5.7 square feet per capita

Employment up 3.2% — The pace of hiring will slow from 2021 to 2022, as 105,000 new jobs are created in the metro area.

Population up 0.8% — Washington, D.C. will continue to grow this year, as the population increases by 51,200. Net in-migration accounts for 8,600 new residents in the metro area.

Construction 1.0 million sq. ft. — This year will record a 38 percent decrease in completions from 2021, representing almost 606,000 fewer square feet. Overall, this will lead to a 3.0 percent increase from last year's inventory.

Vacancy up 70 bps — The vacancy rate will increase to 5.9 percent in 2022, following two large drops in 2020 and 2021.

Rent up 1.5% — The average asking rent will increase to $1.53 per square foot, taking rents 1.5 percent higher than the previous year, but will remain below suburban Maryland's $1.57 rent level.

** Estimate; ** Forecast*

Sources: BLS; U.S. Census Bureau; Radius +; Yardi Matrix

Note: Vacancy metric covers the Washington-Arlington-Alexandria area.

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John Vorsheck | Senior Vice President, Division Manager

Statistical Summary Note: Metro-level employment, vacancy and asking rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at $1,000,000 and greater unless otherwise noted. Forecasts for employment and self-storage data are made during the first quarter and represent estimates of future performance. Average asking rent is based on a standard 10-foot by 10-foot non-climate controlled unit. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; Blue Chip Economic Indicators; Bureau of Economic Analysis; Capital Economics; CoStar Group, Inc.; Experian; Federal Reserve; Moody's Analytics; Mortgage Bankers Association Commercial/Multifamily Quarterly DataBook; National Federation of Independent Business; Real Capital Analytics; 2022 Self-Storage Almanac; TWR/Dodge Pipeline; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Securities and Exchange Commission; U.S. Treasury Department; Radius+; Yardi Matrix

2022 U.S. Self-Storage Investment Forecast

Market Name	Employment Growth[2]				Population Growth[2]				Completions (000 of Sq. Ft.)[2]				Vacancy Rate[2]				Asking Rent per Sq. Ft.[2]				Market Name
	2019	2020	2021	2022**	2019	2020	2021	2022**	2019	2020	2021	2022**	2019	2020	2021*	2022**	2019	2020	2021	2022**	
Atlanta	2.3%	-5.5%	5.0%	3.1%	1.3%	1.0%	1.1%	1.2%	2,500	1,700	1,800	1,500	8.9%	5.8%	3.0%	3.5%	$0.97	$0.98	$1.14	$1.18	Atlanta
Austin	4.0%	-2.9%	7.0%	5.0%	2.5%	1.6%	1.9%	2.3%	1,500	1,100	300	600	8.0%	6.5%	4.2%	4.4%	$0.97	$0.98	$1.11	$1.16	Austin
Baltimore	1.1%	-5.9%	2.5%	2.2%	-0.1%	0.0%	0.1%	0.2%	800	900	1,100	1,200	9.1%	5.8%	5.6%	6.2%	$1.28	$1.31	$1.38	$1.41	Baltimore
Bay Area	2.0%	-10.4%	5.9%	4.2%	0.2%	0.5%	0.5%	0.6%	900	900	800	1,800	6.9%	3.3%	4.0%	5.0%	$1.88	$1.98	$2.03	$2.06	Bay Area
Boston	1.5%	-9.8%	7.0%	2.6%	0.2%	0.2%	0.3%	0.5%	1,600	1,100	900	1,400	9.8%	6.1%	5.4%	5.8%	$1.40	$1.48	$1.55	$1.60	Boston
Chicago	0.6%	-8.5%	4.3%	3.6%	-0.4%	-0.2%	-0.1%	-0.1%	2,100	1,800	400	1,000	7.6%	5.3%	4.3%	4.8%	$1.01	$1.06	$1.18	$1.24	Chicago
Cincinnati	1.2%	-5.8%	3.8%	2.3%	0.4%	0.3%	0.5%	0.5%	300	600	400	500	5.3%	5.2%	3.7%	4.5%	$0.88	$0.93	$0.97	$0.99	Cincinnati
Cleveland	0.5%	-7.1%	2.5%	1.6%	-0.3%	-0.4%	-0.3%	-0.2%	500	400	400	400	8.4%	6.9%	6.6%	7.3%	$0.94	$0.97	$1.05	$1.10	Cleveland
Columbus	1.8%	-4.3%	2.0%	1.7%	0.9%	0.9%	1.0%	1.1%	100	300	400	300	8.2%	6.9%	5.4%	6.0%	$0.86	$0.87	$0.93	$0.96	Columbus
Dallas-Fort Worth	3.1%	-3.2%	5.1%	3.8%	1.5%	1.1%	1.4%	1.6%	3,200	2,700	2,700	1,900	7.0%	6.0%	4.8%	5.1%	$0.93	$0.95	$1.02	$1.05	Dallas-Fort Worth
Denver	2.6%	-6.7%	6.5%	3.2%	1.2%	0.8%	1.0%	1.1%	1,900	200	900	800	7.1%	3.9%	3.4%	4.2%	$1.18	$1.20	$1.28	$1.33	Denver
Detroit	0.5%	-9.7%	6.0%	3.1%	-0.2%	-0.2%	-0.2%	-0.1%	700	600	800	600	6.9%	-	-	-	$1.08	$1.11	$1.20	$1.25	Detroit
Houston	1.7%	-6.6%	5.2%	3.4%	1.4%	1.1%	1.3%	1.6%	2,100	1,300	1,000	700	9.0%	6.8%	5.0%	5.4%	$0.84	$0.86	$0.95	$1.00	Houston
Indianapolis	1.9%	-3.3%	2.3%	2.0%	1.0%	0.8%	0.9%	1.0%	600	700	600	800	5.9%	5.5%	3.3%	4.0%	$0.82	$0.83	$0.90	$0.92	Indianapolis
Las Vegas	3.3%	-14.0%	8.7%	6.6%	2.1%	1.3%	1.7%	2.0%	500	900	1,100	1,200	6.5%	6.3%	3.6%	4.0%	$1.07	$1.11	$1.25	$1.29	Las Vegas
Los Angeles	0.8%	-11.6%	7.1%	5.1%	-0.2%	0.1%	0.1%	0.2%	900	500	700	1,200	7.5%	4.7%	3.7%	4.1%	$1.92	$2.01	$2.13	$2.20	Los Angeles
Minneapolis-St. Paul	0.7%	-9.5%	5.4%	2.8%	0.8%	0.7%	0.8%	0.8%	2,200	1,500	1,000	1,100	-	-	-	-	$1.12	$1.09	$1.11	$1.14	Minneapolis-St. Paul
New Haven-Fairfield County	-0.6%	-7.6%	3.3%	2.1%	-0.3%	-0.1%	0.0%	0.1%	700	500	600	700	10.6%	4.6%	4.0%	4.3%	$1.16	$1.22	$1.35	$1.41	New Haven-Fairfield County
New York City	1.8%	-13.5%	5.8%	3.7%	-0.4%	-0.1%	-0.2%	0.3%	1,200	900	1,200	2,100	9.0%	5.2%	4.3%	5.0%	$2.57	$2.65	$2.66	$2.67	New York City
North Carolina	2.3%	-3.7%	3.4%	2.9%	1.5%	0.8%	1.1%	1.3%	1,900	1,900	1,100	1,500	10.9%	8.0%	-	-	$0.85	$0.87	$0.95	$0.98	North Carolina
Orange County	1.1%	-10.0%	7.0%	4.4%	-0.1%	-0.1%	0.0%	0.1%	300	700	100	300	7.5%	4.7%	3.7%	4.1%	$1.75	$1.81	$1.92	$1.98	Orange County
Orlando	2.3%	-12.5%	7.8%	6.3%	1.2%	0.9%	1.4%	1.9%	2,600	1,100	1,100	1,000	9.6%	6.9%	4.7%	5.0%	$1.01	$1.03	$1.15	$1.24	Orlando
Philadelphia	1.5%	-7.9%	4.7%	3.0%	0.1%	0.1%	0.3%	0.3%	600	1,300	2,400	1,300	8.3%	6.0%	4.7%	5.4%	$1.22	$1.30	$1.44	$1.49	Philadelphia
Phoenix	3.7%	-3.7%	5.6%	3.7%	2.1%	1.2%	1.5%	1.7%	2,700	2,400	1,600	2,300	6.2%	6.2%	4.4%	4.6%	$1.03	$1.09	$1.23	$1.28	Phoenix
Portland	1.7%	-8.9%	7.3%	4.1%	1.0%	0.7%	1.0%	1.2%	1,600	1,600	600	600	6.1%	-	-	-	$1.38	$1.42	$1.45	$1.47	Portland
Riverside-San Bernardino	3.7%	-5.7%	4.4%	2.6%	0.6%	0.7%	0.9%	1.1%	300	200	800	800	6.4%	3.7%	2.8%	3.1%	$1.14	$1.22	$1.37	$1.46	Riverside-San Bernardino
Sacramento	1.7%	-5.9%	3.7%	3.0%	0.6%	0.5%	0.3%	0.3%	500	600	700	500	8.5%	4.1%	4.0%	4.6%	$1.31	$1.37	$1.44	$1.49	Sacramento
Salt Lake City	2.5%	-0.2%	4.3%	3.5%	1.6%	1.2%	1.3%	1.4%	1,500	600	300	400	7.5%	10.3%	7.5%	7.9%	$0.95	$0.97	$1.03	$1.07	Salt Lake City
San Antonio	1.9%	-3.8%	4.2%	3.1%	1.4%	0.9%	1.1%	1.4%	900	1,000	600	300	7.5%	6.7%	5.6%	5.9%	$0.96	$0.98	$1.08	$1.12	San Antonio
San Diego	1.3%	-8.8%	4.7%	3.9%	0.0%	0.3%	0.4%	0.4%	400	800	500	1,100	7.3%	3.2%	2.5%	2.8%	$1.54	$1.63	$1.78	$1.86	San Diego
Seattle-Tacoma	2.6%	-7.4%	6.1%	4.3%	1.2%	0.9%	1.0%	1.2%	2,100	2,000	700	1,200	8.4%	-	4.5%	4.9%	$1.49	$1.52	$1.60	$1.64	Seattle-Tacoma
Southeast Florida	1.8%	-7.5%	5.0%	4.3%	0.6%	0.5%	0.9%	1.1%	2,100	2,100	1,600	2,200	7.1%	4.2%	3.1%	3.3%	$1.33	$1.41	$1.68	$1.80	Southeast Florida
St. Louis	1.2%	-5.7%	2.4%	1.9%	0.0%	0.0%	0.0%	0.0%	800	700	500	700	11.0%	5.7%	4.6%	5.0%	$0.89	$0.92	$0.98	$1.01	St. Louis
Tampa-St Petersburg	2.6%	-3.2%	5.1%	4.5%	1.0%	0.5%	0.8%	1.1%	1,600	1,400	1,200	1,000	8.8%	5.5%	3.5%	4.0%	$1.06	$1.07	$1.19	$1.22	Tampa-St Petersburg
Tennessee	1.8%	-3.4%	3.7%	2.9%	1.1%	0.6%	0.8%	0.9%	1,500	1,900	1,100	1,300	10.2%	8.1%	7.6%	7.8%	$0.94	$0.93	$1.03	$1.08	Tennessee
Washington, D.C.	1.4%	-6.7%	4.2%	3.0%	0.5%	0.5%	0.7%	0.8%	1,500	1,700	1,600	1,000	8.7%	5.7%	5.2%	5.9%	$1.42	$1.49	$1.51	$1.53	Washington, D.C.
United States	1.3%	-6.1%	4.7%	2.5%	0.4%	0.3%	0.5%	0.6%	70,500	64,000	52,200	53,000	9.5%	7.2%	6.0%	6.5%	$1.14	$1.18	$1.28	$1.33	United States

** Estimate ** Forecast [2] See Statistical Summary Note on Page 48.*

** Estimate ** Forecast [2] See Statistical Summary Note on Page 48*

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