

Supply and Saturation Levels

Florida has over 134 million rentable square feet (RSF) of self-storage in 2,563 facilities, according to the Self-Storage Almanac. The current national saturation level for self-storage is 6.82 square feet (SF) per capita, Florida is below the average at 6.62 SF per capita. The below analysis provides a high level view, but market saturation will always be best measured by analyzing the local market by industry professionals.

Market Equilibrium

Market	# of Facilities	Existing RSF	Existing RSF Per Capita	Additional Supply Required	Facilities Required by 2020
Miami-Ft Lauderdale-WPB	563	29,474,176	4.90	1,209,826	20
Tampa-St Pete-Clearwater	353	18,480,256	6.21	1,107,117	18
Orlando-Kissimmee-Sanford	270	14,135,040	5.92	1,246,624	21
Jacksonville	183	9,580,416	6.61	673,480	11
North Port-Sarasota-Bradenton	100	5,235,200	6.81	343,034	6
Cape Coral-Ft Myers	90	4,711,680	6.71	395,597	7
Lakeland-Winter Haven	83	4,345,216	6.68	212,257	4
Deltona-Daytona-Ormond	87	4,554,624	7.31	Over Saturated	
Palm Bay-Melbourne-Titusville	108	5,654,016	9.95	Over Saturated	
Florida	2,563	134,178,176	6.62	12,540,082	209

Source: Self Storage Almanac, Site To Do Business, Beshears & Associates

In the above chart we have projected the four-year demand for self-storage facilities in Florida's major markets based on population projections and current demand levels. Based on an average facility size of 60,000 square feet we have projected a need for 209 new facilities by 2021. With the majority of the facilities required in the Miami, Tampa, Orlando and Jacksonville MSAs. Two of Florida's MSAs have become oversupplied, with the Lakeland-Winter Haven, North Port-Sarasota-Bradenton, and Cape Coral-Ft Myers MSA requiring limited new supply.

The 2016 Census Bureau Population Report ranked Florida second behind Texas in numerical population growth for the second year in a row and first as a percentage of population growth. Over the last five years, Florida's population has grown by over 1.5 million people which has supported a demand for self storage facilities. According to CoStar Analytics there has been 74 new multifamily buildings with a total of 13,678 units constructed in the first half of 2017. There has also been an increase in apartment buildings in Florida. Households residing in apartments have a disproportionate demand for extra storage options due to the limited storage provided by apartments.

Top 5 U.S. Growth States (2016)

Rank	State	Population Growth	Percentage Growth
1	Texas	432,957	1.58%
2	Florida	367,525	1.82%
3	California	256,077	0.66%
4	Washington	127,710	1.78%
5	Arizona	113,506	1.66%

Source: U.S. Census

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Largest Self-Storage Companies (Nationwide)

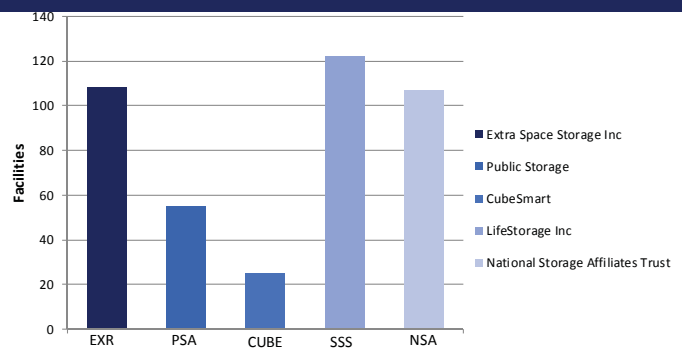
Company	# Facilities	RSF	Average Unit Size	US Market Share by RSF	2017 Q1 Acquisitions
Public Storage	2,310	151,000,000	N/A	6.9%	4
Extra Space	1,412	106,320,931	112	4.8%	2
U-Haul	1,407	49,473,661	102	2.3%	N/A
Cube Smart	762	50,460,000	91	2.3%	0
Sovran	654	45,928,000	112	2.1%	15

Source: Self Storage Almanac, Beshears & Associates

Self-Storage REIT Activity

2017 has seen movement among the top five national self-storage companies. CubeSmart has overtaken U-Haul International in the amount of rentable square feet but has fewer facilities. Sovran recently purchased LifeStorage Inc and Uncle Bob's for a total of \$1.3 billion which added 123 facilities and 9.5 million square feet to its inventory. With this expansion Sovran will now operate under the name of LifeStorage Inc. Public Storage remains the largest Self-Storage REIT despite a decrease of 156 facilities and 6 million square feet since last year. National Storage Affiliate (NSA) struck a deal with WWinter Haven, FL based iStorage to acquire a 66-facility portfolio for an acquisition price of \$630 million. The portfolio contained 36,000 units and was 86 percent occupied. The deal came in the fourth quarter of 2016 and had a reported capitalization rate of 5.3 percent. With this acquisition NSA now owns a portfolio of 415 facilities with 4.5 million square feet that span twenty-four markets in twelve states.

2016 Acquisitions



Rental Rates and Other Income

Self-Storage facilities continue to see rental rates increase across the nation. According to the self-storage almanac, national rental rates have increased in all unit sizes by at least 1.6% in the first half of 2016. The lack of supply has been the primary catalyst for rental rate increases. The target occupancy for most self-storage facilities is generally 85 to 95 percent. In order to produce additional revenue self-storage facilities have begun to offer ancillary products and services in order to increase profits. Common sources of other income include late fees, on-site retail stores, and tenant insurance. Some facilities are offering specialized services such as RV detailing services and moving services.

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Sales Transactions

Year to date in 2017 the number of self-storage sales transactions has slowed relative to 2016 in the state of Florida. The graph below includes all of the Self-Storage Sales in the state of Florida as of July 2017 found on CoStar Analytics. The graph reflects a slow down in the volume of transactions. The table below reflects the sales in the state of Florida that have been confirmed through an appraisal or through broker verification.

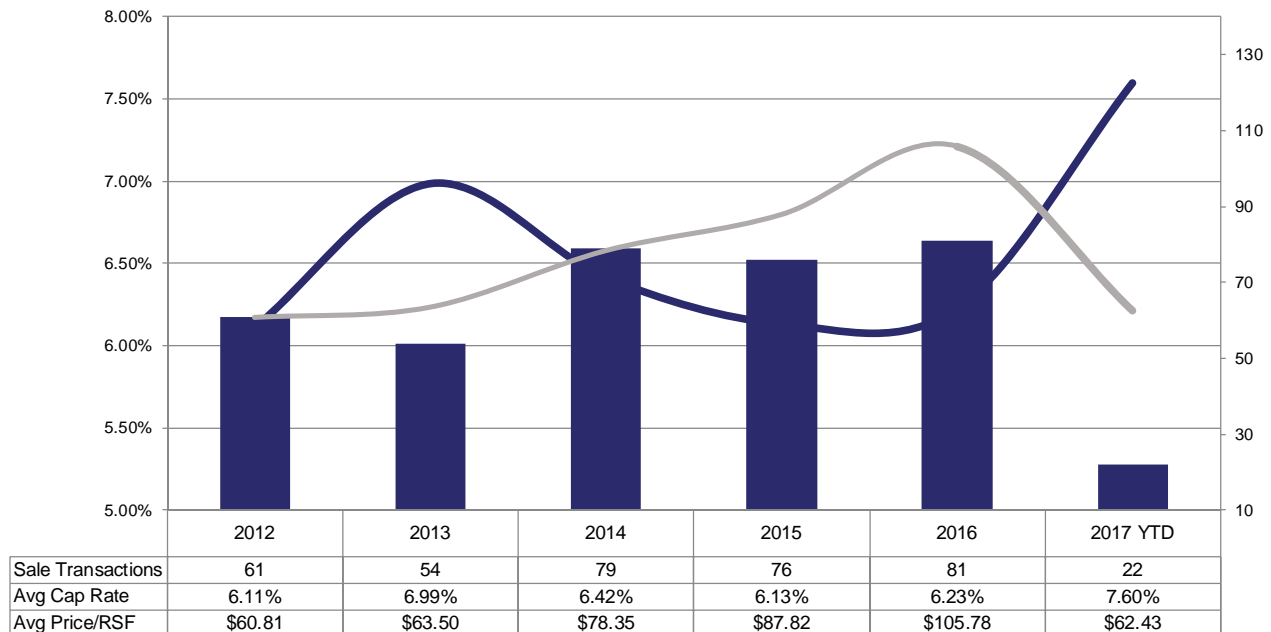
In 2017 this data reflects an average capitalization rate of 7.60% and an average price per rentable square foot of \$62.43. This data reflects an increase in average capitalization rate from the 2016 average of 6.23% and a significant decrease in price per square foot from the previous average of \$105.78. However, it is important to note that our sample size is small and is subject to becoming skewed.

Self-Storage Sale Trends, Florida

	2017 YTD			2016			2015			2014			2013		
	# Sales	Cap Rate	Price/RSF	# Sales	Cap Rate	Price/RSF	# Sales	Cap Rate	Price/RSF	# Sales	Cap Rate	Price/RSF	# Sales	Cap Rate	Price/RSF
All Comparables	6	7.60%	\$62.43	12	6.23%	\$105.78	37	6.13%	\$87.82	37	6.32%	\$78.35	36	6.99%	\$63.50
Based on Total # of Units															
< 500 units	6	7.60%	\$62.43	5	7.17%	\$63.55	14	6.30%	\$77.14	14	6.30%	\$77.14	16	6.81%	\$60.53
> 500 units	N/A	N/A	N/A	7	5.69%	\$135.94	23	6.05%	\$94.33	21	6.07%	\$91.92	14	6.53%	\$82.74
Based on Total RSF															
< 60,000 SF	6	7.60%	\$62.43	6	7.58%	\$65.03	14	6.49%	\$75.09	14	6.92%	\$65.33	15	7.99%	\$46.18
> 60,000 SF	N/A	N/A	N/A	6	5.10%	\$146.53	23	5.95%	\$95.57	23	6.06%	\$86.27	21	6.05%	\$75.86
Based on Population															
< 50,000 3 mile population	5	7.68%	\$65.14	6	5.93%	\$99.00	25	6.44%	\$84.70	21	6.63%	\$76.33	22	7.27%	\$52.20
> 50,000 3 mile population	1	7.20%	\$48.88	6	6.47%	\$112.55	12	5.52%	\$94.34	16	6.01%	\$80.99	14	6.44%	\$81.24
> 100,000 3 mile population	N/A	N/A	N/A	1	9.22%	\$72.46	6	4.86%	\$105.92	6	4.86%	\$105.92	4	4.92%	\$118.32
Based on Year Built															
Built after 2000	3	6.81%	\$67.70	5	6.83%	\$93.95	21	6.15%	\$79.94	19	6.06%	\$67.63	15	8.06%	\$50.03
Built on or before 2000	3	8.39%	\$57.16	7	5.88%	\$114.23	16	6.11%	\$98.18	18	6.63%	\$89.65	21	5.99%	\$73.11

Source: Beshears & Associates

Florida Self-Storage Sale Trends



Source: CoStar; Beshears & Associates

Backlash on Self-Storage Construction

Miami passed a new ordinance in April 2017 which restricts the distance between two self-storage facilities. The ordinance requires at least 2,500 feet between self storage facilities in every direction and the ground floor of the structure is required to have retail space not related to the storage facility. This ordinance was reportedly put into place in order to mitigate the adverse impacts and to encourage a design that is in a manner that is keeping with the character and scale of the surrounding areas. In Collier County, there has been an 11-month ban, starting in January, on all self storage units along U.S. 41. The seven mile ban put in place looks to draw in more retail and restaurants along the highway from Commercial Drive to Price Street in Naples. Collier County officials want to set a plan to bring more multifamily housing, retail centers and restaurants to East Naples for their current residents and for future growth.

New Construction

Once again South Florida, specifically Miami, is the main target for developers in the state of Florida. Of the 39 self storage facilities that are either proposed or under construction, 25 of them will be in the South Florida market (Miami-Ft. Lauderdale-West Palm Beach). By the end of 2017, we are projected to have 18 new storage facilities adding a total of 1,168,807 SF to the market. With the new ordinance in place, we will see if these proposed projects will be able to break ground or will be delayed.

Design

More self storage facilities are being developed in residential and retail districts. As a result, city officials and developers are moving toward creating more integrated buildings that serve as mixed uses. A great example of this movement is seen in Delray Beach, Florida, where Kaufman Lynn Construction is developing a mixed use building that will contain 132,000 square feet of self-storage and 23,000 square feet of class-A office Space that will serve as the companies national headquarters.

Florida Self Storage Development

Building Address	City	Stage of Construction	RBA	Delivery	Building Name
812 NW 1st St	Fort Lauderdale	Under Construction	117,174	2018	CubeSmart
3498 SW 8th St	Miami	Under Construction	115,000	2017	Extra Space Storage
51 NE 10th St	Pompano Beach	Under Construction	96,954	2017	My Storage Bin
3725 NW 27th Ave	Miami	Under Construction	88,000	2017	SafeGuard Storage
13301 SW 87th Ave	Miami	Under Construction	169,712	2018	US Storage
2645 NE 186th Ter	Aventura	Under Construction	117,330	2018	Got Room Storage
2781 Alexis Ln	Tallahassee	Under Construction	12,478	2017	Uptown Storage Center
633 Alton Rd	Miami Beach	Under Construction	22,000	2017	Urban Box Self Storage
4912 S John Young Blvd	Orlando	Under Construction	24,000	2017	My Neighborhood Storage Center
1705 W Kennedy Ave	Tampa	Under Construction	81,005	2017	Life Storage
13165 N Main St	Jacksonville	Under Construction	2,000	2017	We Stor of Oceanway
10904 Moss Park Rd	Orlando	Under Construction	40,379	2017	N/A
1781 S Park Rd	Pembroke Park	Under Construction	85,000	2017	Miami City Self Storage
18460 Pines Blvd	Pembroke Pines	Under Construction	47,403	2018	CubeSmart Self Storage
2150 W Sample Rd	Pompano Beach	Under Construction	23,296	2017	U-Haul Moving & Storage
2057 Taft St	Hollywood	Under Construction	80,535	2017	Value Store It
1548 Tamiami Trl S	Venice	Under Construction	25,000	2017	N/A
3803 White Lake Blvd	Naples	Under Construction	30,000	2017	City Gate Self-Storage
3521 NW 5th Ave	Miami	Under Construction	100,000	2017	Miami City Self Storage
91 SW 3rd St	Miami	Proposed	40,000	2018	Extra Space Storage
11451-11451 NW 7th Ave	Miami	Proposed	125,649	2018	Safeguard Self Storage
420 SW 7th St	Miami	Proposed	74,790	2018	Megacenter
4250 SW 8th St	Coral Gables	Proposed	73,224	2018	CubeSmart
5601 NE 14th Ave	Fort Lauderdale	Proposed	106,544	2018	CubeSmart
1100 NE 79th St	Miami	Proposed	100,000	2018	Miami City Self Storage
231 SW 125th Ave	Plantation	Proposed	86,727	2018	Extra Space Storage
1700 Blanding Blvd	Middleburg	Proposed	90,000	2018	U-Stor
Fowler Ave	Thonotosassa	Proposed	108,000	2018	Self Storage
16998 McGregor Blvd	Fort Myers	Proposed	108,817	2018	N/A
1301 Mercer Ave	West Palm Beach	Proposed	110,900	2018	StorAll
2911 S Military Trl	West Palm Beach	Proposed	204,135	2018	Matthews Mini-Storage
775 Mill Creek Rd	Jacksonville	Proposed	3,000	2018	N/A
1180 SE Monterey Rd	Stuart	Proposed	8,160	2017	RV, Boat & Self Storage
500 NW Stadium Dr	Port Saint Lucie	Proposed	40,000	2018	N/A
4550 W Sunrise Blvd	Plantation	Proposed	101,533	2018	ExtraSpace Self Storage
7795 W Sunrise Blvd	Plantation	Proposed	86,727	2019	ExtraSpace Storage
5650 S University Dr	Davie	Proposed	68,000	2018	CubeSmart Self Storage
7018 US Highway 301 S	Riverview	Proposed	335,000	2017	Extra Space Storage
1620 N Congress Ave	West Palm Beach	Proposed	101,150	2018	Presidential Self Storage

Source: CoStar, Beshears and Associates

BESHEARS & ASSOCIATES | A commercial appraisal firm with offices in Tampa and Orlando. In addition to covering apartments, office, industrial, land, and retail, we have specialty practices in gas stations, self-storage, hotels and mobile home parks. Our staff of 10 appraisers with over 150 years of combined experience complete over 500 appraisals annually in Florida and Georgia.

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