

NATIONAL SELF STORAGE OVERVIEW

Despite recessions, demographic shifts and changing consumer demand, few CRE property types have flourished like self-storage over the last seven years. This once second tier asset class has become a \$38 billion industry. One in 11 Americans pays an average of \$91.14 per month to use self-storage with more than 45,000 facilities and roughly 2.31 billion square feet of rentable space. The industry, as a whole, has seen 7.7 percent annual growth since 2012, according to analysts at IBISWorld and now employs 144,000 people nationwide.

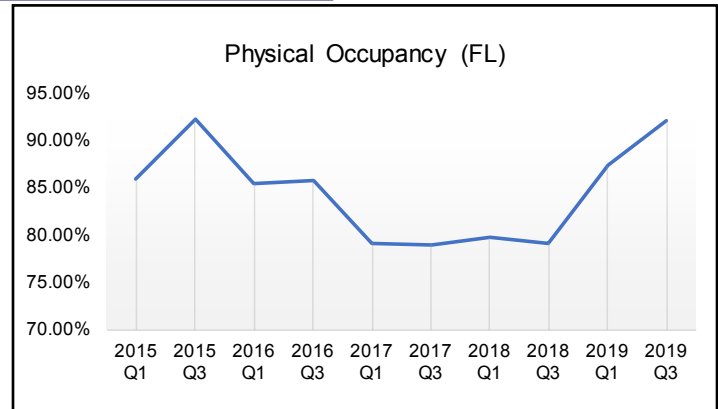
The self-storage boom mirrors the larger, macro shifts in demographics and real estate trends over the last few decades with relocating Americans from the Midwest and Northeast to Sunbelt cities needing space to store old-gear. Millennials moving to increasingly crowded, expensive and high demand downtowns require extra space and a wave of downsizing baby boomers need extra space to store a lifetime's worth of accumulated memories. Florida, in particular, is a market that continues to show strong demand for self-storage, fueled by the lack of basements and explosive population growth. Small businesses are leading the economic expansion, and, in doing so, they have become a major source of demand. Self-storage offers a cost-effective option compared with office and retail rents.

INVESTMENT

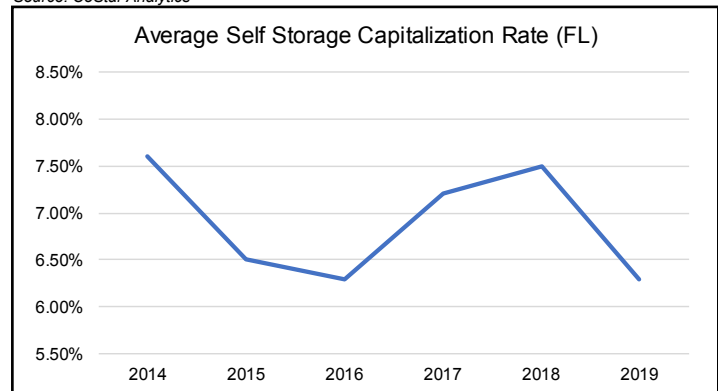
The last few years have seen record-setting investment in self-storage expansion, including almost \$4 billion alone in 2017 which continued to balloon in 2018 with the US Census recording just over \$5.25 billion in construction spending, while the research team at Marcus & Millichap put that number at over \$6 billion. Unsurprisingly, self-storage assets in certain markets have been feeling the impact of this excess supply which has been putting downward pressure on occupancy rates and market rents while concessions are on the rise. Overall, self-storage properties still report high occupancies as demand for self-storage space continues to grow, particularly in underserved markets and markets with significant population growth, such as Florida.

Self-storage has attracted buyers from other commercial property types for the limited management needs and positive yield arbitrage. Private investors have begun to pursue more self-storage properties in smaller markets, where yields are generally higher than in the major metros. Institutional and REIT buyers remain active in larger cities, however; scouring the local submarkets for neighborhoods with fewer deliveries and positive demographics.

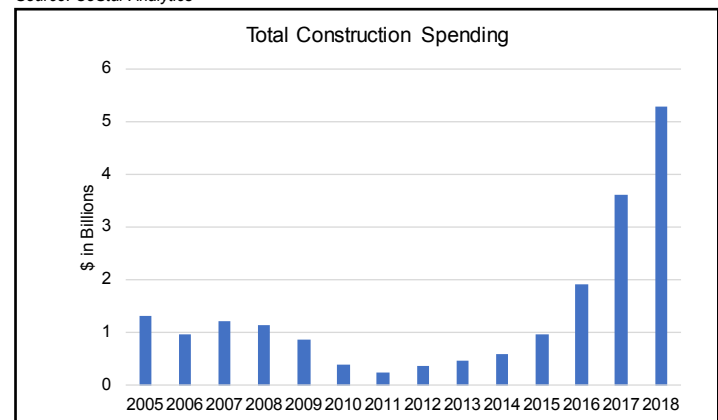
The so-called retail apocalypse has encouraged the re-use of vacant big boxes into climate controlled self-storage. The locations are often very strong, and the low cost of redevelopment helps make these deals work. These sites are often a good fit with the changing needs of self-storage properties, which often rely on being highly visible to potential customers. Of the new self-storage properties that have opened since 2015, Yardi Matrix estimates 14 percent had once been retail properties. Costar Group estimates 23 percent were converted from industrial buildings, while roughly 65 percent were constructed from the ground up.



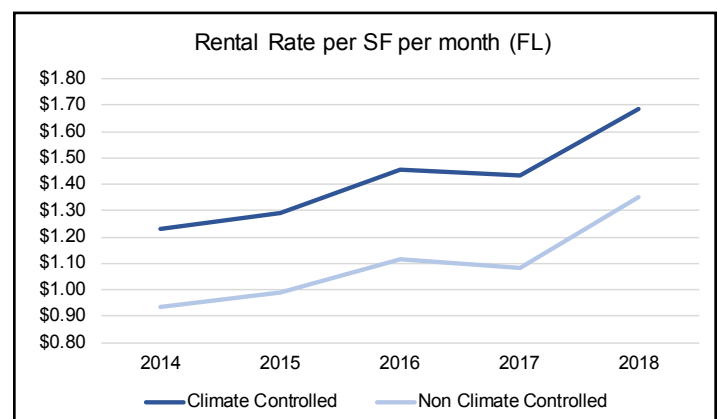
Source: CoStar Analytics



Source: CoStar Analytics



Source: US Census



Source: CoStar Analytics

DEMAND ANALYSIS

As Florida continues to be one of the fastest growing states in the nation, there is an increase in demand for self-storage units. Orlando, Tampa, and Jacksonville are projected to have the highest population growth adding 155,484, 132,036, and 77,211 people, respectively, to the population over the next three years. Further, these three metros are expected to have the highest growth in net employment over the same time period. Orlando, Tampa, and Jacksonville are expected to add 99,900, 76,100, and 43,100 new jobs, respectively. According to U-Haul's annual U.S. migration trends report, Florida ranked #2 on the Top 25 U.S. growth states and the metropolitan areas of Orlando, Tampa, Jacksonville and Miami ranked #3, #11, #14 and #21, respectively, on Uphauls Top 25 Destination Cities. According to CoStar data, Florida has over 144 million rentable square feet of self-storage housed in 2,999 facilities. In our analysis, we have used a combination of data from various sources to create a market equilibrium analysis for the primary Florida markets as well as the state as a whole. We used the current rentable square footage per capita, the average size of newly constructed self-storage facilities, population figures and projected growth rates for various metros to come to an approximation of how many self-storage facilities will be required in those areas by 2024.

We have projected an oversaturation of approximately 36 facilities statewide although, some markets are more overserved than others. Leading the pack on supply side pressure is Jacksonville with an as-is over saturation of 47 facilities, not considering the construction pipeline of 8 proposed or under construction projects. Interestingly, Tampa and Orlando are significantly under served and the data shows a need for over 35 facilities in each metro with only 5 proposed projects in the pipeline for each city. The current national saturation level for self-storage according to the Self-Storage Almanac is 5.40 square feet per capita although, for Florida the statistic is slightly higher at 6.29 square feet per capita. We have used the Florida benchmark for our analysis. This analysis provides a basic overview, but market saturation will always be best measured by analyzing the local market by industry professionals.

Market Equilibrium Table									
Market	# of Facilities	Existing RSF	Existing RSF Per Capita	2019 Population	Proj 2024 Population	Additional Supply Required	Facilities Required by 2024	Facilities in Pipeline	Potential Saturation Level by 2024
Miami/ Miami-Dade County	193	15,058,924	5.48	2,746,790	2,897,556	3,166,703	61	13	Under Served
Fort Lauderdale/ Broward County	216	15,129,572	7.93	1,907,040	2,003,356	(2,528,463)	(49)	21	Over Served
West Palm Beach/ Palm Beach County	152	10,536,333	7.21	1,460,733	1,549,092	(792,544)	(15)	9	Over Served
Tampa-St Pete-Clearwater	411	18,825,479	5.96	3,160,627	3,376,417	2,412,184	46	5	Under Served
Orlando-Kissimmee-Sanford	316	15,969,439	6.22	2,567,010	2,834,269	1,858,113	36	5	Under Served
Jacksonville	215	13,100,446	8.37	1,565,102	1,697,206	(2,425,020)	(47)	8	Over Served
North Port-Sarasota-Bradenton	116	6,031,243	7.31	825,162	899,174	(375,439)	(7)	2	Near Equilibrium
Cape Coral-Ft Myers	139	6,184,229	8.45	731,911	804,795	(1,122,068)	(22)	7	Over Served
Lakeland-Winter Haven	99	3,870,235	5.66	683,954	735,267	754,594	15	-	Under Served
Naples	61	3,157,562	8.43	374,752	408,710	(586,776)	(11)	2	Over Served
Tallahassee	70	2,795,659	7.16	390,503	404,569	(250,920)	(5)	1	Near Equilibrium
Florida (Statewide)	2,999	144,833,703	6.82	21,239,528	22,730,808	(1,856,921)	(36)	73	Over Served

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

Top 10 Markets by Net Migration Change in 2015-2019			Top 10 Markets by Inventory Change in 2019		
Market	Net Migration	Population Growth	Market	Inventory Growth	SF per Capita
Dallas/Fort Worth	444,800	8.00%	Portland	9.50%	8.2
Southeast Florida	343,300	6.00%	Seattle-Tacoma	9.10%	8.2
Houston	337,600	7.00%	Minneapolis-St. Paul	7.80%	5.1
Phoenix	336,100	8.40%	Nashville	7.30%	6.7
Atlanta	331,900	7.50%	Phoenix	6.50%	6.9
Orlando	275,900	11.40%	Washington, D.C.	6.40%	5.1
Tampa-St. Petersburg	273,600	7.20%	Boston	6.20%	5.1
Austin	203,700	11.30%	Raleigh	6.10%	7.8
Las Vegas	192,600	9.70%	New York City	6.00%	3.1
Charlotte	192,000	8.40%	Austin	5.60%	9.1
U.S.		2.80%	U.S.	3.80%	6.5

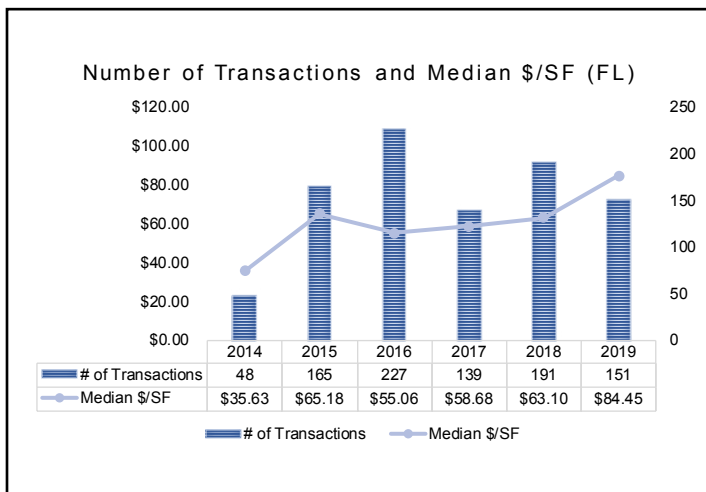
Source: Marcus & Millichap

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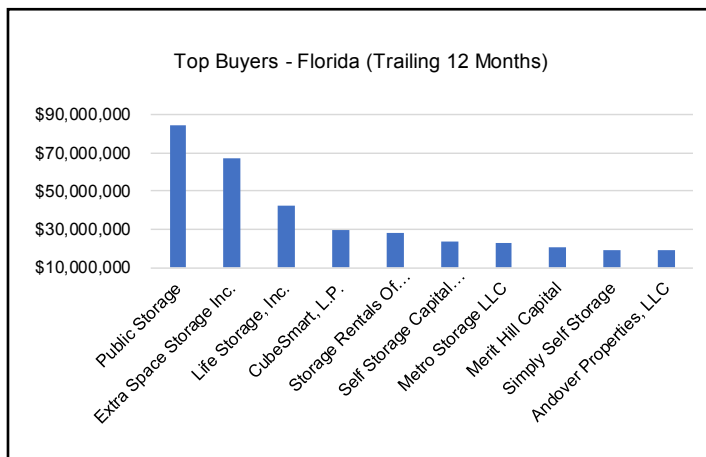
SALES

The number of self-storage transactions has continued at a steady pace throughout the state, with average prices per rentable square foot steadily increasing although at a more modest pace than in previous years. In the near future, capitalization rates are expected to either remain stable or increase slightly due to buyer's concerns of oversupply in the market, as we have noted in the demand analysis.

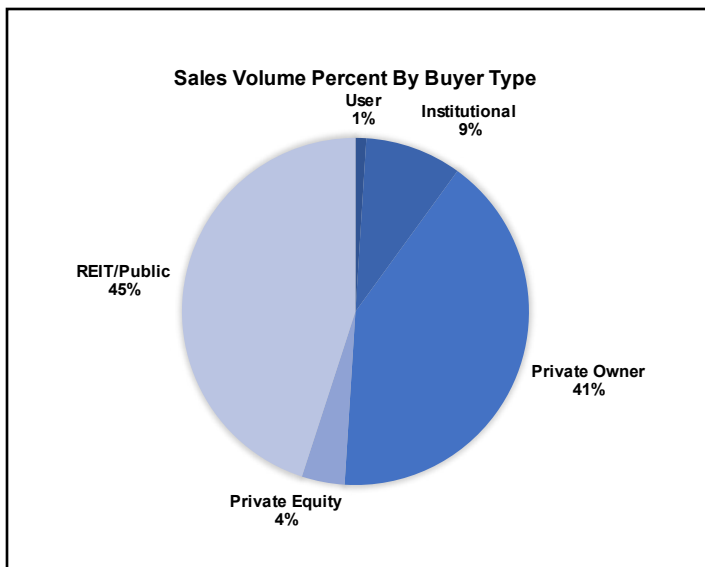
Private apartment investors in particular have been attracted to self-storage assets because the yields are often 50 to 100 basis points higher and they tend to be less management intensive. In addition, as cap rates on self-storage properties have compressed in recent years, private investors have begun to pursue more self-storage properties in smaller markets as they can offer yields 150-200 basis points higher than primary metros. Institutional and REIT buyers, however, remain more focused on the safety major metros provide, but they are scouring the local sub-markets for areas with fewer deliveries and positive demographics. An important consideration among all self-storage investors is development, and properties that are proximate to substantial new self-storage locations will face challenges in acquiring a buyer. Investment activity in Florida has remained elevated in 2019 and so far, this trend shows no sign of slowing. Sales volume for this year is sitting at just over \$431 million and close to surpassing the \$562 million figure for the 2018 year. Buyers have primarily been REIT's, accounting for 45% of all purchases while 78% of sellers are private investors. As we continue to navigate towards a looming recession, it is assumed this trend is likely to continue with REIT's putting their cash in a relatively recession-proof assets.



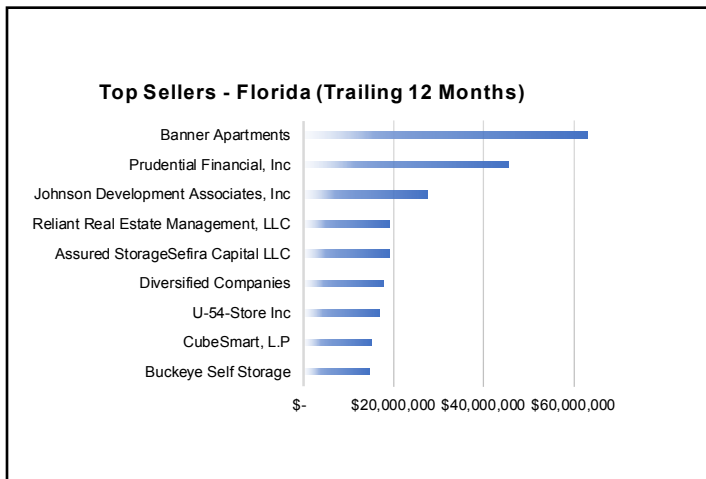
Source: CoStar Analytics



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DEVELOPMENT PIPELINE

The table on the next page shows the current development pipeline for the major metropolitan markets in Florida.

SELF STORAGE | 2019



Florida Development Pipeline

Property Name	Market	Address	City	RSF	Status	Delivery Date
CubeSmart	Tampa Bay	4625 W Gandy Blvd	Tampa	90,000	Under Construction	2020
Self Storage Facility	Tampa Bay	7014 Gunn Hwy	Tampa	25,000	Proposed	2020
Self Storage Facility	Tampa Bay	Selmon Expy	Tampa	99,875	Proposed	2020
Self Storage Facility	Tampa Bay	County Line Rd	Spring Hill	115,000	Under Construction	2019
Self Storage Facility	Tampa Bay	1511 E Fowler Ave	Tampa	108,000	Under Construction	2019
Self Storage Facility	Tallahassee	2314 Capital Cir	Tallahassee	170,000	Proposed	2020
Self Storage Facility	Sarasota	3708 manatee Ave	Bradenton	87,000	Proposed	2021
Self Storage Facility	Sarasota	490 Jacaranda Blvd	Venice	90,000	Under Construction	2020
Self Storage Facility	Palm Beach	9660 W Atlantic Ave	Delray Beach	120,000	Proposed	2020
Self Storage Facility	Palm Beach	8521 Boynton Beach Blvd	Boynton Beach	130,000	Proposed	2021
Value Store It Boca	Palm Beach	8210 Congress Ave	Boca Raton	97,099	Proposed	2021
Gardens Self Storage	Palm Beach	9055 Roan Ln	West Palm Beach	83,613	Proposed	2021
Self Storage Facility	Palm Beach	7375 Atlantic Ave	Delray Beach	103,453	Proposed	2020
Self Storage Facility	Palm Beach	7021 N Federal Hwy	Boca Raton	121,004	Proposed	2020
Self Storage Facility	Palm Beach	10384 Riverside Dr	Palm Beach Gardens	99,183	Under Construction	2020
Extra Space Self-Storage	Palm Beach	1520 Belvedere Rd	West Palm Beach	112,191	Under Construction	2019
Self Storage Facility	Palm Beach	1400 W Indiantown Rd	Jupiter	97,500	Under Construction	2019
Self Storage Facility	Orlando	1470 Celebration Blvd	Kissimmee	41,000	Proposed	2020
Self Storage Facility	Orlando	292 W Central Pky	Altamonte Springs	100,000	Proposed	2020
Self Storage Facility	Orlando	44 CR	Grand Island	86,400	Proposed	2020
Self Storage Facility	Orlando	3101 S Orlando Dr	Sanford	138,206	Proposed	2020
Self Storage Facility	Orlando	Seidel Road & Seton Creek Boulevard	Winter Garden	100,000	Proposed	2020
Lock-It-Up Self Storage	Naples	11187 Tamiami Trl E	Naples	68,000	Under Construction	2020
Public Storage	Naples	13100 Tamiami Trl E	Naples	99,000	Proposed	2020
135th St Storage	Miami-Dade	255 NE 135th St	Miami	125,368	Proposed	2021
SROA self-storage	Miami-Dade	1040 Sunnybrook Rd	Miami	112,500	Under Construction	2021
Spare Space Storage	Miami-Dade	2451 NW 7th Ave	Miami	70,000	Proposed	2020
Self Storage Facility	Miami-Dade	120 NW 27th Ave	Miami	96,295	Under Construction	2020
Self Storage Facility	Miami-Dade	3095 SW 39th St	Miami	82,461	Under Construction	2020
Ontime Moving System	Miami-Dade	14888 SW 46th Ct	Miramar	120,000	Proposed	2020
Self Storage Facility	Miami-Dade	10762 NW 89th Ave	Hialeah Gardens	100,000	Proposed	2020
Self Storage Facility	Miami-Dade	30215 S Dixie Hwy	Homestead	124,165	Proposed	2020
Public Storage	Miami-Dade	NE 8th St	Homestead	167,225	Under Construction	2020
Megacenter Brickell	Miami-Dade	420 SW 7th St	Miami	145,674	Under Construction	2019
Self Storage Facility	Miami-Dade	650 NW 30th St	Miami	143,080	Under Construction	2019
CubeSmart	Miami-Dade	4250 SW 8th St	Coral Gables	73,224	Under Construction	2019
Miami City Self Storage Grove	Miami-Dade	2600 SW 28th Ln	Miami	147,600	Under Construction	2019
Self Storage Facility	Jacksonville	1700 Blanding Blvd	Middleburg	90,000	Proposed	2020
Self Storage Facility	Jacksonville	8451 Collins Rd	Jacksonville	50,000	Proposed	2020
Don Scott Storage	Jacksonville	2840 Mayport Rd	Jacksonville	26,572	Proposed	2020
Self Storage Facility	Jacksonville	775 Mill Creek Rd	Jacksonville	3,000	Proposed	2020
Self Storage Facility	Jacksonville	5017 Bowden Rd	Jacksonville	101,418	Under Construction	2019
Self Storage Facility	Jacksonville	5735 Philips Hwy	Jacksonville	20,000	Under Construction	2019
Fleming Storage	Jacksonville	4665 Us 17	Orange Park	162,696	Under Construction	2019
Classic Car Storage	Jacksonville	4730 US Highway 1 S	Saint Augustine	30,000	Under Construction	2019
Self Storage Facility	Fort Myers	4340 Kernel Cir	Fort Myers	22,000	Proposed	2021
Acorn Storage	Fort Myers	SW 8th Pl	Cape Coral	80,000	Proposed	2020
Self Storage Facility	Fort Myers	2670A Colonial Blvd	Fort Myers	30,000	Under Construction	2020
Self Storage Facility	Fort Myers	11997 Sr 82	Fort Myers	60,000	Under Construction	2020
Public Storage	Fort Myers	11995 State Road 82	Fort Myers	115,000	Under Construction	2020
Self Storage Facility	Fort Myers	4337 SW 9th Pl	Cape Coral	14,217	Under Construction	2019
Self Storage Facility	Fort Myers	4414 Chiquita Blvd S	Cape Coral	100,000	Under Construction	2019
Self Storage Facility	Broward	10100 Pines Blvd	Pembroke Pines	120,000	Proposed	2022
Public Storage	Broward	910 S Dixie Hwy	Hollywood	135,000	Proposed	2021
Self-Storage on 5th	Broward	199 NW 5th Ave	Fort Lauderdale	125,000	Proposed	2020
Self Storage Facility	Broward	NW 23rd Ter	Oakland Park	110,000	Proposed	2020
Riverbend Self Storage	Broward	2401 W Broward Blvd	Fort Lauderdale	130,000	Under Construction	2020
Safe and Secure Storage	Broward	SW Coral Ridge Dr & NW 41st St	Coral Springs	106,586	Proposed	2020
Self Storage Facility	Broward	4101 SW Davie Rd	Davie	79,815	Under Construction	2020
U-Haul Storage and Rental Facility	Broward	5431 Johnson Rd	Coconut Creek	10,000	Proposed	2020
McNab Road Self Storage	Broward	950 E McNab Rd	Pompano Beach	92,560	Proposed	2020
Safe & Secure Self Storage	Broward	8301 W McNab Rd	Tamarac	91,000	Proposed	2020
Self Storage Facility	Broward	NE Corner Of US-441 And Griffin Road	Hollywood	25,950	Proposed	2020
Self Storage Facility	Broward	18900 Pines Blvd	Pembroke Pines	151,812	Proposed	2020
Self Storage Facility	Broward	1375 Progresso Dr	Fort Lauderdale	99,173	Proposed	2020
Self Storage Facility	Broward	10550 W State Road 84	Davie	134,000	Under Construction	2020
ExtraSpace Self Storage	Broward	14901 SW 30th St	Miramar	111,050	Under Construction	2019
Extra Space Storage	Broward	231 SW 125th Ave	Plantation	86,727	Under Construction	2019
Self Storage Facility	Broward	2020 Coolidge St	Hollywood	123,156	Under Construction	2019
Top Self Storage	Broward	2851 Hammondville Rd	Pompano Beach	189,000	Under Construction	2019
Self Storage Facility	Broward	4181 W Hillsboro Blvd	Coconut Creek	120,000	Under Construction	2019
Easy Self Storage -McNab	Broward	7600 W McNab Rd	North Lauderdale	100,000	Under Construction	2019
Self Storage Facility	Broward	750 S State Road 7	Margate	104,180	Under Construction	2019
Total				7,039,028		73

Source: CoStar Analytics, Beshears & Associates Market Research

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.

The primary sources of information for this newsletter were derived from CoStar Realty Information, Beshears and Associates market research, and other published sources. The information contained in this newsletter was derived from sources we believe are reliable. We have not independently verified this information and we make no warranty or representation of its accuracy.

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