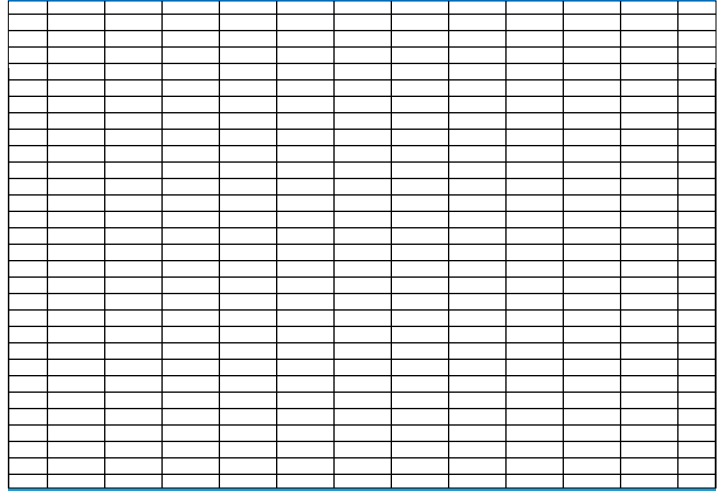


CAPITAL MARKETS

# Self Storage Group

1Q 2022 REIT Report



**NEWMARK**

## Self Storage 1Q22 REIT Report

The self storage sector again posted an impressive quarter (1Q22) with average non-weighted NOI growth of 22.48% and average non-weighted revenue growth of 17.06%. This marked the 6th consecutive quarter of above trendline growth and further substantiates the strength and resiliency of the sector. Quarter-end sector occupancy of 94.4% marks another period of elevated customer demand, maintaining the pricing power pendulum in favor of operators. The REITs anecdotally reported existing customer rate increase percentages (ECRIs) in the teens and street rate growth anywhere from roughly 10% to 22%. A few of the REITs reported signs of marginally increased vacate rates from historical lows, but the sustained demand and transition into the peak leasing season are mitigating the anticipated increase in price sensitivity. Exceedingly healthy operating fundamentals heading into the spring and summer uniquely positions storage with additional runway for growth, a rare prospect amid the macroeconomic uncertainty.

Wholly owned acquisition activity for the quarter totaled 55 properties worth approximately \$829.1 million. The transaction volume is 5.8% higher than the same period in 2021, but well below the record high \$6.71 billion seen in 4Q21. Acquisitions through joint ventures equaled roughly \$42.5 million. Pending transactions at quarter-end totaled just under \$1.1 billion. Despite the increased cost of capital, pent up acquisition demand kept cap rates compressed, maintaining pricing consistent with what was seen in the 2nd half of 2021.

To date, there has not been a meaningful change with the new supply trend. One of the REITs noted that only 20% of their portfolio was facing the threat of new supply; much lower than the 50-60% in 2018. The intense competition for acquisitions, and the macro attraction to storage, has kept cap rates compressed below historical norms but as interest rates continue to rise there is an expectation that cap rate pressure will ease as buyers avoid negative leverage. The REITs seem largely neutral against a rising interest rate environment given their strong balance sheets and minimal debt maturing before 2024, with most existing debt in fixed rate debt instruments.

Sustained elevated occupancy continues to support the notion that customers introduced to storage over the past 2 years are long term users and there may be a structural change in the way consumers think about the utility of storage. Earnings calls universally noted the extended length of stay, 66% of customers are staying longer than a year and the average is now around 15-16 months. Such strong occupancy paved the way for record-high operating fundamentals that continue to surpass expectations and persist well into the 2nd quarter.

In addition to this quarterly REIT summary, a weekly email from Newmark Group, Inc.'s Self Storage Group delineates key benchmark rates for the capital markets, near-term expectations for transactions, and interpretive opinions of broader market questions.

The following pages summarize the information for the first quarter of 2022, reported by the five publicly traded self storage REITs, along with some comparisons between the industry and macro-market benchmarks. Links to the investor relations page of each REIT's website are also included.

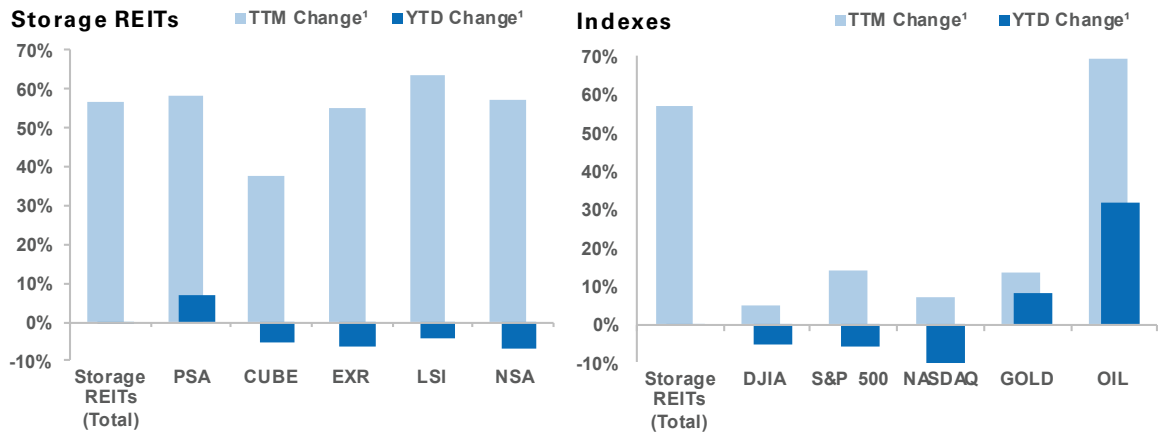
Thank you for taking the time to review the Quarterly REIT Report. We trust you will find it valuable.

[nmrkstorage.com](http://nmrkstorage.com)

## SELF STORAGE 1Q22 REIT REPORT HIGHLIGHTS

### Market Index

	03/31/21	01/03/22	03/31/22	YTD Change <sup>1</sup>	TTM Change <sup>1</sup>
Storage REITs (Total)	\$543.02	\$853.13	\$851.10	-0.24%	56.73%
PSA	246.76	365.28	390.28	6.84%	58.16%
CUBE	37.83	54.82	52.03	-5.09%	37.54%
EXR	132.55	219.23	205.60	-6.22%	55.11%
LSI	85.95	146.46	140.43	-4.12%	63.39%
NSA	39.93	67.34	62.76	-6.80%	57.18%
DJIA	32,981.55	36,585.06	34,678.35	-5.21%	5.14%
S&P 500	3,972.89	4,796.56	4,530.41	-5.55%	14.03%
NASDAQ	13,246.87	15,832.80	14,220.52	-10.18%	7.35%
GOLD	1,713.80	1,799.40	1,949.20	8.32%	13.74%
OIL	59.16	76.08	100.28	31.81%	69.51%
U.S. 10 YEAR	1.74%	1.63%	2.32%	42.33%	33.33%
10 YEAR SWAP	1.75%	1.56%	2.38%	52.56%	36.00%



<sup>1</sup> Excludes dividends

Sources: Yahoo! Finance, U.S. Department of the Treasury, U.S. Energy Information Administration, Barchart (SWAADY10.RT), Bloomberg, World Gold Council

## PUBLIC STORAGE (NYSE: PSA)

- Reported net income allocable to common shareholders of \$2.63 per diluted share.
- Reported core FFO allocable to common shareholders (Core FFO) of \$3.65 per diluted share, an increase of 29.4% relative to the same period in 2021.
- Increased same store direct net operating income by 19.3%, resulting from a 15.8% increase in same store revenues.
- Achieved 78.8% same store direct net operating income margin, an increase of 3.0% relative to the same period in 2021.
- Acquired ten self storage facilities with 0.8 million net rentable square feet for \$127.7 million. Subsequent to March 31, 2022, we acquired or were under contract to acquire eleven self storage facilities with 0.9 million net rentable square feet, for \$147.2 million.
- Completed various expansion projects with 0.1 million net rentable square feet costing \$19.4 million. At March 31, 2022, we had various facilities in development and expansion with 4.8 million net rentable square feet estimated to cost \$833.8 million.
- Raised \$250 million in a public offering of our preferred shares.

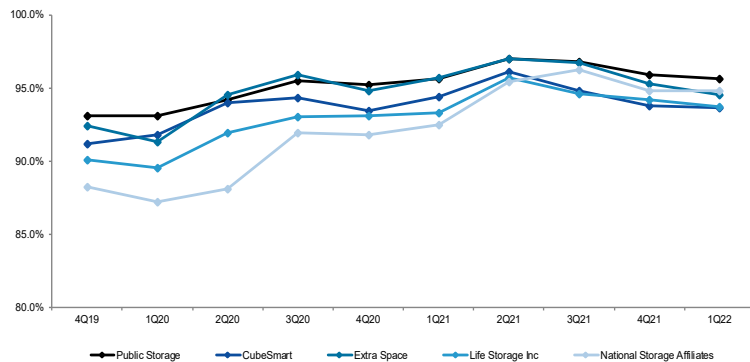
[CLICK HERE TO VIEW PUBLIC STORAGE INVESTOR RELATIONS](#)

## CUBESMART (NYSE: CUBE)

- Reported earnings per share (EPS) attributable to the company's common shareholders of \$0.17.
- Reported funds from operations (FFO) per share, as adjusted, of \$0.58.
- Increased same store (523 stores) net operating income (NOI) 21.4% year over year, driven by 15.6% revenue growth and a 2.9% increase in property operating expenses.
- Same store occupancy during the quarter averaged 93.6% and ended the quarter at 94.1%.
- Closed on one property acquisition for \$32.0 million.
- Added 33 stores to the third-party management platform during the quarter, bringing the total third-party managed store count to 664.

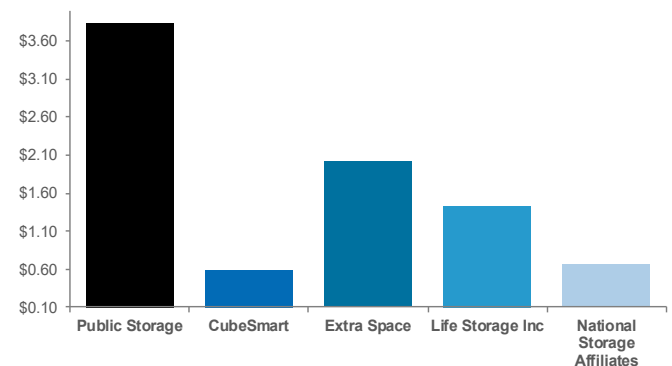
[CLICK HERE TO VIEW CUBESMART INVESTOR RELATIONS](#)

### HISTORICAL QUARTERLY OCCUPANCY



Note: PSA, Cube, LSI and NSA are based on period-average occupancy. EXR is based on period end.  
 Note: Historical occupancy is based on original occupancy reported each quarter.  
 Source: PSA, LSI, Cube, EXR and NSA Investor Relations

### ADJUSTED FUNDS FROM OPERATIONS PER DILUTED SHARE



Source: PSA, Cube, EXR, LSI and NSA Investor Relations

## EXTRA SPACE (NYSE: EXR)

- Achieved net income attributable to common stockholders of \$1.51 per diluted share, representing a 1.3% decrease compared to the same period in the prior year, which included a \$63.9 million gain.
- Achieved funds from operations attributable to common stockholders and unit holders (FFO) of \$2.01 per diluted share. FFO, excluding adjustments (Core FFO), was also \$2.01 per diluted share, representing a 34.0% increase compared to the same period in the prior year.
- Increased same store revenue by 21.7% and same store net operating income (NOI) by 27.6% compared to the same period in the prior year.
- Reported same store occupancy of 94.5% as of March 31, 2022, compared to 95.3% as of March 31, 2021.
- Acquired 11 operating stores and three stores at completion of construction (a Certificate of Occupancy store or C of O store) for a total cost of approximately \$225.0 million.
- In conjunction with joint venture partners, acquired two operating stores for a total cost of approximately \$42.5 million, of which the company invested \$4.3 million.
- Originated \$137.7 million in mortgage and mezzanine bridge loans and sold \$41.0 million in mortgage bridge loans.
- Issued 0.2 million shares of common stock at a sales price of \$219.34 per share, resulting in net proceeds of \$41.0 million, in conjunction with the acquisition of two stores.
- Added 37 stores (gross) to the company's third-party management platform. As of March 31, 2022, the company managed 847 stores for third parties and 288 stores in joint ventures, for a total of 1,135 managed stores.
- Paid a quarterly dividend of \$1.50 per share, a 20% increase over the previous quarter's dividend and a 50% increase over the first quarter 2021 dividend.

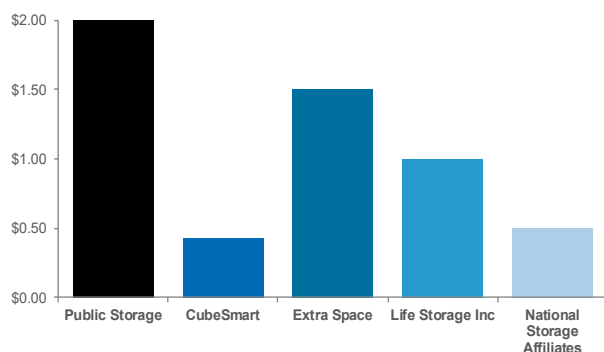
[CLICK HERE TO VIEW EXTRA SPACE INVESTOR RELATIONS](#)

## LIFE STORAGE INC. (NYSE: LSI)

- Generated net income attributable to common shareholders of \$73.6 million, or \$0.88 per fully diluted common share.
- Achieved funds from operations (FFO) per fully diluted common share of \$1.44, a 33.3% increase over the same period in 2021.
- Increased same store revenue by 15.6% and same store net operating income (NOI) by 21.9%, year-over-year.
- Acquired 18 stores for \$351.5 million, including one store from the company's third-party management platform.
- Added 25 stores (gross) to the company's third-party management platform.
- Subsequent to March 31, 2022, the company completed the acquisition of five self storage facilities for \$88.5 million and are under contract to acquire another 13 facilities.

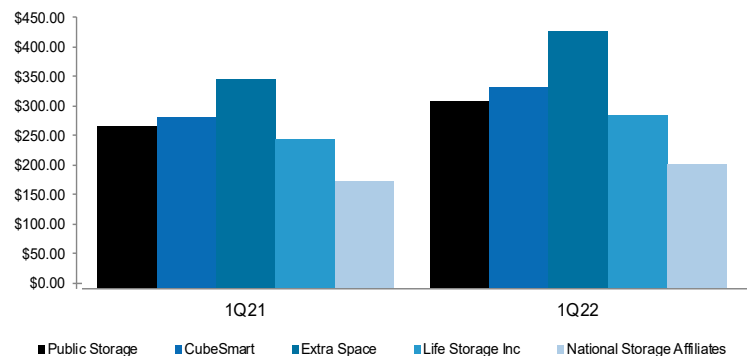
[CLICK HERE TO VIEW LIFE STORAGE INC. INVESTOR RELATIONS](#)

### DIVIDEND PER SHARE



Source: PSA, Cube, EXR, LSI and NSA Investor Relations

### SAME-STORE REVENUE PER STORE



Note: EXR includes tenant reinsurance revenue. Source: PSA, Cube, EXR, LSI and NSA Investor Relations

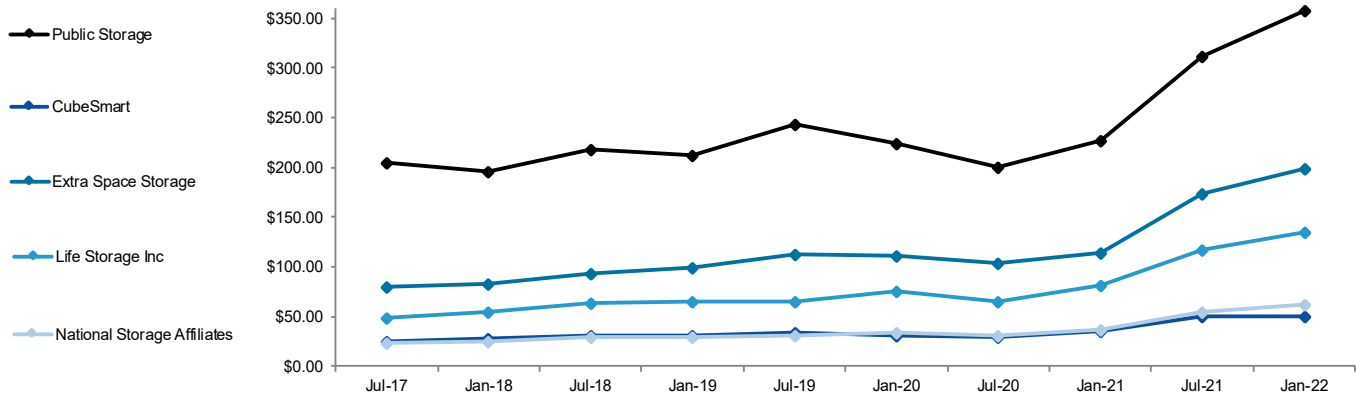
## NATIONAL STORAGE AFFILIATES (NYSE: NSA)

- Reported net income of \$44.8 million for the first quarter of 2022, an increase of 62.1% compared to the first quarter of 2021. Reported diluted earnings per share of \$0.24 for the first quarter of 2022 compared to \$0.19 for the first quarter of 2021.
- Reported core funds from operations (Core FFO) of \$87.4 million, or \$0.68 per share for the first quarter of 2022, an increase of 38.8% per share compared to the first quarter of 2021.
- Reported an increase in same store net operating income (NOI) of 22.2% for the first quarter of 2022 compared to the same period in 2021, driven by a 16.6% increase in same store total revenues partially offset by an increase of 3.1% in same store property operating expenses.
- Reported same store period-end occupancy of 94.8% as of March 31, 2022, an increase of 140 basis points compared to March 31, 2021.
- Issued the previously announced \$125.0 million of 2.96% senior unsecured notes due November 30, 2033 in a private placement.
- Acquired 12 wholly-owned self storage properties for approximately \$92.9 million during the first quarter of 2022. Consideration for these acquisitions included the issuance of \$16.6 million of OP equity.
- As previously announced, one of the Company's largest participating regional operators (PROs), Kevin Howard Real Estate, Inc., d/b/a Northwest Self Storage and its controlled affiliates (Northwest), retired effective January 1, 2022. As a result of the retirement, on January 1, 2022, management of the Company's properties in the Northwest managed portfolio was transferred to NSA and the Northwest brand name and related intellectual property were internalized by the Company. In addition, NSA no longer pays supervisory and administrative fees or reimbursements to Northwest and all subordinated performance units related to Northwest's managed portfolio were converted into OP units.

[CLICK HERE TO VIEW NATIONAL STORAGE AFFILIATES INVESTOR RELATIONS](#)

## SELF STORAGE REIT HISTORICAL STOCK PRICE

	Jul 17	Jan 18	Jul 18	Jan 19	Jul 19	Jan 20	Jul 20	Jan 21	Jul 21	Jan 22
Public Storage	\$205.57	\$195.76	\$217.83	\$212.52	\$242.76	\$223.76	\$199.88	\$227.62	\$312.48	\$358.53
CubeSmart	\$24.66	\$27.53	\$30.36	\$30.95	\$33.95	\$31.67	\$29.67	\$34.84	\$49.66	\$50.74
Extra Space Storage	\$79.50	\$83.48	\$93.97	\$98.61	\$112.39	\$110.68	\$103.34	\$113.79	\$174.14	\$198.19
Life Storage Inc	\$48.69	\$55.40	\$63.97	\$65.51	\$64.99	\$75.45	\$65.42	\$81.58	\$117.36	\$134.95
National Storage Affiliates	\$22.96	\$25.37	\$28.83	\$29.10	\$30.29	\$34.15	\$30.82	\$36.54	\$54.17	\$61.56



Source: Yahoo! Finance

---

*For more information:*

**Houston Headquarters**  
1700 Post Oak Blvd  
2BLVD Place, Suite 250  
Houston, TX 77056

**Aaron Swerdlin**  
*Vice Chairman*  
t 713-599-5122  
aaron.swerdlin@nmrk.com

**Kenneth Cox**  
*Vice Chairman*  
t 901-302-4312  
kenneth.cox@nmrk.com

**Taucha Hogue**  
*Senior Managing Director*  
t 713-599-5191  
taucha.hogue@nmrk.com

**nmrkstorage.com**

If you would like to be added to our distribution list, please contact Alex Fernandez at alex.fernandez@nmrk.com. If there are topics you would like to see covered, or if you would like to work with us on survey or white paper idea, please contact Taucha Hogue at taucha.hogue@nmrk.com.

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.

**NEWMARK**