2018 SELF-STORAGE

U.S. Investment Forecast

Marcus & Millichap

To Our Valued Clients:

The impressive growth illustrated by the self-storage sector over the past several years has given way to the inevitable wave of construction currently coming to market, but the outlook remains particularly compelling. Strong economic growth, including robust job creation, rising wages and elevated confidence levels, will align with positive demographics to reinforce demand trends. The storage needs of the 80 million-strong millennial generation should support self-storage, particularly as this generation favors the flexibility and mobility of a rental lifestyle. In addition, the anticipated expansion of small businesses in the coming year could reinforce the need for self-storage space. Together, these positive demand drivers should nearly keep pace with construction on a macro level.

Self-storage construction has been concentrated in markets with vast population and employment growth, but numerous metros have yet to see a significant wave of development. While this has caused the investment climate to become increasingly tactical, a wide range of options remain available. Even within metros that have seen significant development, niche opportunities exist. Numerous service innovations and flexible storage solutions have begun to emerge that could reshape the sector. For hands-on investors who are willing to engage innovative ideas, the potential for outsize growth remains.

The new tax law could play a significant role in the outlook for self-storage investment. In addition to spurring economic growth and lifting sentiment among consumers and businesses alike, the finalization of the law has begun to alleviate the uncertainty that modestly slowed investor activity. With key provisions such as the 1031 tax-deferred exchange, mortgage interest deductibility and real estate depreciation changing little, investors will be well positioned to revive their strategies in 2018, supporting increased market liquidity and transaction velocity. This alignment of these positive factors portends a dynamic year for the sector.

Undoubtedly, new challenges will emerge in 2018, but numerous forward-looking metrics still point to additional runway for self-storage investments. As you recalibrate your investment strategies in this dynamic climate, our investment professionals stand ready to help you evaluate your options and implement your strategies.

Sincerely,

Joel Deis
Vice President, National Director | National Self-Storage Group

John Chang
First Vice President, National Director | Research Services

National Perspective

Market Overviews

Client Services

Developed by Marcus & Millichap Research Services. The Capital Markets section was co-authored by William E. Hughes, Senior Vice President, Marcus & Millichap Capital Corporation. Additional contributions were made by Marcus & Millichap market analysts and investment brokerage professionals nationwide.

National Economy

- The strength of the labor market will continue to drive the U.S. economy in 2018 as broad-based job gains and near 4 percent unemployment sustain growth. A lack of labor market slack, however, may weigh on overall job creation as employers struggle to find qualified workers. These tight labor conditions should place upward pressure on wages, potentially boosting inflationary pressures.
- Consumer confidence is strong entering 2018. General optimism surrounding the performance and outlook of the economy could spur increased consumption and the formation of new households in the near term.
- The recently enacted tax law could add fuel to an economic engine already burning strong. Increased business investment, stronger GDP growth and further employment gains may elongate the business cycle. Additionally, lower personal taxes will likely raise the average Americans' take-home pay, strengthening discretionary income and boosting household spending.

National Self-Storage Overview

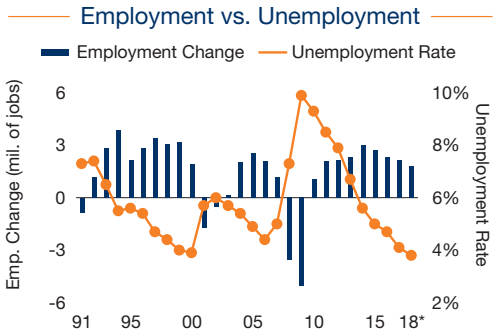
- The self-storage industry is entering a period of maturity as supply-side pressure begins to impact fundamentals. Underlying demand for storage space remains strong; however, aggressive development activity over the past two years is starting to overtake absorption. Moving forward, nationwide vacancy and rent growth may soften amid greater competition, particularly in construction-heavy metros.
- The retirement and downsizing of baby boomers coupled with the continued emergence of millennials will support the need for self-storage space in the coming years. This demand will only strengthen as these generational forces unfold, providing a positive long-term tailwind for the market.
- The strength of the apartment market could positively impact self-storage demand as the smaller average residence size offered by rentals encourages the use of storage space. Furthermore, strong small-business optimism may underpin additional commercial usage as lower tax obligations and high expectations about the future of the economy incentivize expansion.

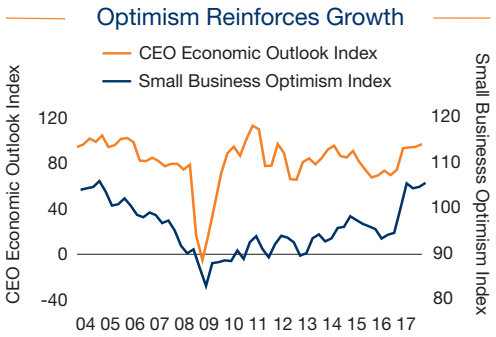
Investment Outlook

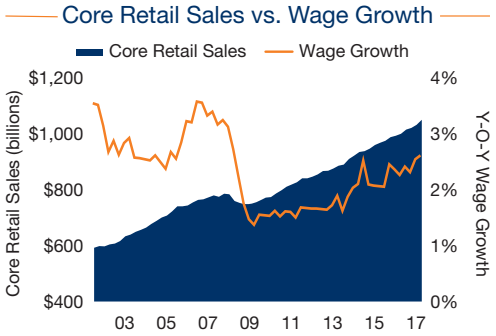
- The market is entering a period of transition as rising interest rates, elevated development and more historically normal property performance temper buyer aggression. Sellers, on the other hand, continue to expect peak pricing and are baking strong revenue growth forecasts into current values. As a result, a gap between buyer and seller pricing expectations remains open, weighing on transaction volume and elongating closing times.
- The major self-storage REITs have become more conservative on the acquisition front amid growing industry headwinds. While high-end properties in quality locations will still be actively pursued, REITs may shift their focus to expanding their third-party management business. Management partnerships with existing private owners and new development has been an effective strategy used by REITs to control more assets while avoiding direct upfront purchase.

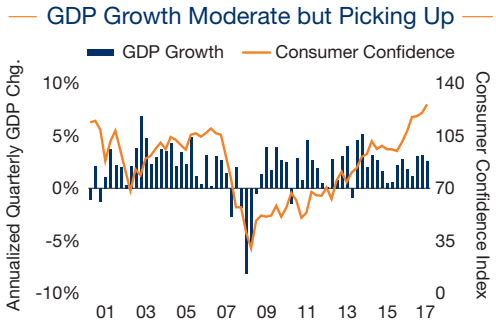
Capital Markets

- The Fed is widely expected to continue raising its overnight rate through 2018 to restrain potential inflation risk. Average self-storage cap rates remained relatively stable in the mid-6 percent range for the last couple years, with a yield spread above the 10-year Treasury of about 410 basis points. Many believe cap rates will rise in tandem with interest rates, but this has not been the case historically.
- Self-storage financing remains available; however, underwriting standards are tightening in the face of oversupply risk, lower revenue growth expectations and greater regulation. Construction loans will be especially scrutinized as lenders continue to show resistance to suboptimal deals and inexperienced sponsors.









* Forecast

2018 Economic Acceleration to Boost Population Growth and Household Spending

Economic optimism to invigorate consumption and demographic growth. The U.S. economy entered the year on solid footing as continued job gains and strong business optimism set the stage for healthy growth in 2018. The unemployment rate is at the lowest measure since 2000 and consumer confidence is near an 18-year high, supporting the formation of new households and increased spending activity. These factors along with steady population growth will underscore heightened demand for self-storage space this year. Core retail spending, a key economic driver that strips out automobile and volatile gasoline sales, rose roughly 6 percent during 2017, well ahead of the long-term average. Additionally, prospects for employment and wage growth will likely boost consumption and contribute to GDP growth of 2.9 percent this year. The Federal Reserve will keep a watchful eye on earnings data and may elect to raise interest rates ahead of schedule if overly strong inflation pressure begins to mount.

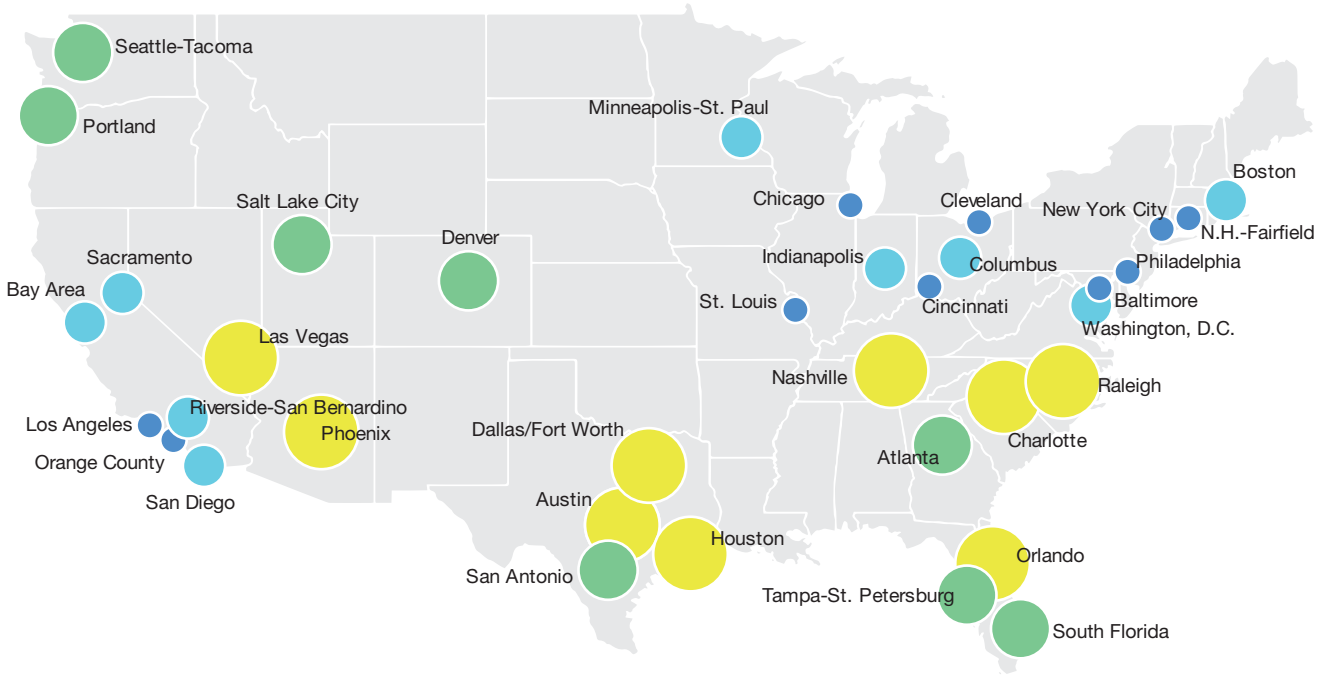
Revisions to tax code could support storage industry. The new tax law could play a significant role in shaping both the economy and self-storage demand in 2018. The growth-oriented policies will likely provide additional lift to an economy already performing well, sending the CEO optimism and consumer confidence indices higher. This economic optimism carried over to the small-business sector, where sentiment reached a 31-year high. Many small businesses use self-storage to store equipment, excess inventory or as an off-site location for paperwork storage. Additionally, lower personal taxes may act as a boon for the industry. While actual tax savings will vary, consensus expectations are that most people will receive additional take-home pay, increasing discretionary income and boosting consumption.

2018 National Economic Outlook

- **Lack of labor market slack tempers hiring.** Consistent and measured job growth throughout the current expansion absorbed most of the available workers and pushed unemployment to a 17-year low. Companies looking to add staff are tapping a smaller pool of potential employees and finding it difficult to acquire qualified candidates despite job openings being near a record high. As a result, these tight labor market conditions will moderate the pace of hiring to 1.8 million additions in 2018.
- **Wage growth primed to accelerate.** A diminishing supply of labor will pressure earnings as employers use competitive compensation packages to attract workers. Wage growth has been tepid during the majority of this growth cycle, creeping below the long-term average, though prospects for faster gains are rising. Low unemployment and positive corporate sentiment on top of the recent pro-business tax cuts will likely spark meaningful wage growth in 2018, though rising wages may trigger inflation.
- **Tax law could fuel economic growth.** Recently enacted tax legislation cut the corporate tax rate and took measures to encourage the repatriation of overseas holdings. Consensus expectations are of an increase in business investment and economic growth as corporations use a portion of their tax savings to expand operations and hire new workers. These factors may elongate the current growth cycle and add extra innings for commercial real estate investors. Downside risks include pushing economic growth to an unstable level or inducing over-the-top inflation.

Five-Year Population Growth Trends Reshape Demographic Backdrop

Population Change 2013-2018*



Population Change by Market 2013 to 2018*

Metro Population Growth

- Less than 3%
- 3%-6%
- 7%-9%
- 10% or more

Top 10 Markets by Population Change 2013-2018*

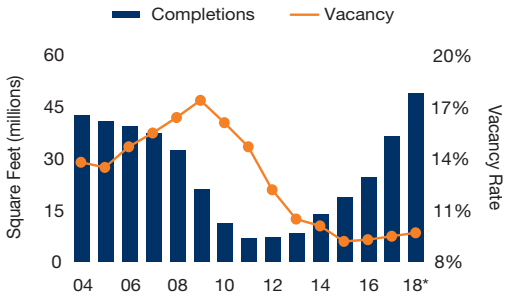
Largest Growth	Five-Year Population Change*	Five-Year Med. HH Income Growth*
Austin	15.0%	24%
Orlando	14.0%	23%
Las Vegas	12.0%	16%
Raleigh	11.7%	24%
Nashville	10.9%	26%
Houston	10.7%	15%
Charlotte	10.6%	24%
Dallas/Fort Worth	10.3%	20%
Phoenix	10.0%	23%
San Antonio	9.7%	16%
U.S.	**3.7%**	**19%**

Smallest Growth	Five-Year Population Change*	Five-Year Med. HH Income Growth*
Cleveland	-0.7%	17%
Chicago	-0.1%	19%
New Haven-Fairfield County	0.0%	19%
St. Louis	0.6%	21%
Philadelphia	1.2%	17%
Baltimore	1.4%	21%
Los Angeles	1.9%	19%
New York City	2.0%	17%
Orange County	2.1%	16%
Cincinnati	2.8%	22%
U.S.	**3.7%**	**19%**

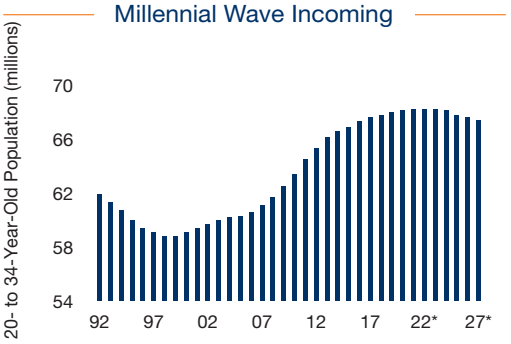
* Forecast

Sources: Marcus & Millichap Research Services; U.S. Census Bureau

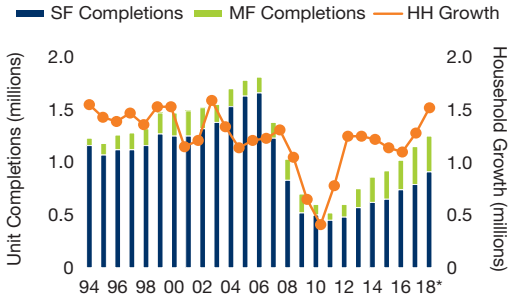
Self-Storage Supply and Demand



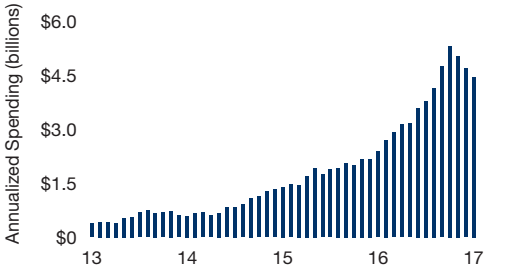
Millennial Wave Incoming



Household Growth Outpaces Construction



Self-Storage Construction Spending



* Forecast

Performance Gains Ease as Development Peaks; Millennials Emerge to Bolster Storage Demand

Performance softening amid construction boom. The self-storage industry remains well positioned entering 2018 as continued job gains and healthy population growth underpin underlying demand. Additionally, positive expectations about the future of the economy may spur increased consumption and the formation of new households, further driving the need for storage. Though demand remains strong, supply-side pressure continues to build with deliveries on pace to reach 48 million square feet in 2018, surpassing last year's robust level. The market as a whole is well positioned to handle the incoming construction slate with only minor softening of fundamentals expected on the national level. Vacancy will rise to 9.7 percent in 2018, while average rent climbs 1.7 percent to $1.21 per square foot. Specific markets facing a substantial pipeline, however, may see a more dramatic drop in performance as it takes time to digest the new development. Areas with an unfavorable supply/demand imbalance will have greater concession usage, rising vacancies and flattened rent growth in the short term. Within these markets, however, pockets of opportunity exist and investors with a diligent eye stand to capitalize.

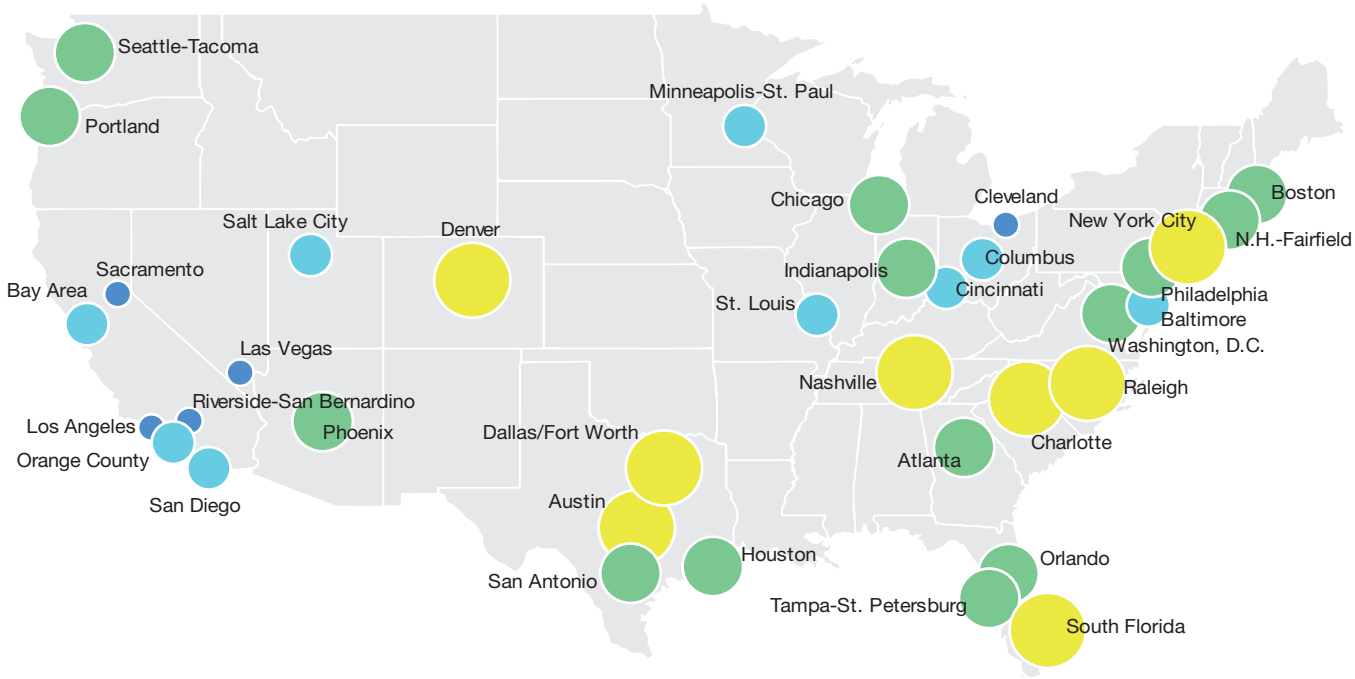
Millennials poised to lead next generation of storage users. Many in the industry assumed that student debt, at-home living and slower career acceleration would prohibit the millennial cohort from becoming a reliable tenant base. Although these macro trends may exist, many young people are obtaining full-time careers, purchasing homes, starting families and utilizing storage, just like previous generations. As of 2017, 28 percent of storage users are millennials and this number will likely trend higher as they age. The cohort views self-storage as a remote closet and often pursues smaller units on shorter lease terms that feature all the bells and whistles. They make site visits more frequently and therefore value accessibility and proximity. Moving forward, operators who offer a premium experience and can engage customers online and through mobile platforms will be most successful at courting the next generation of storage users.

2018 National Self-Storage Outlook

- **Small businesses a driver of demand.** Continued economic growth coupled with business-friendly tax cuts have boosted small-business optimism to a 31-year high. Storage operators may see a noticeable increase in commercial users as companies use a portion of their savings to expand and take on new storage space. Approximately, 9 percent of tenants cite business use as the main reason for renting. These tenants are highly sought after for their longer lease duration, consistent billing and stability.
- **Strength of apartment market supports storage industry.** Steady job creation, above-trend household formation and rising home costs converge to spur the absorption of 1.3 million apartments over the past five years with another 260,000 units forecast in 2018. This healthy and expanding multifamily market will support the need for storage as rentals typically do not offer enough space to house all a resident's belongings. Additionally, renters move more frequently and temporary storage during a move remains the primary reason for renting a unit.
- **Valet storage: fad or future?** Startups like Closetbox, Clutter and MakeSpace are gaining momentum and filling a niche many didn't know existed. These "valet storage" or "on-demand storage" companies will pick up a customer's belongings from his or her home, store them in their warehouse and deliver them upon request. The offer of convenience and lower commitment has made them a hit among millennials and urban dwellers. Whether these startups will disrupt the industry remains to be seen, though they do represent a rising source of competition. Either way, their emergence provides users more options, shines a light on self-storage and grows the industry.

Five-Year Development Wave Transforms Self-Storage Landscape

Inventory Growth 2013-2018*



Inventory Change by Market 2013 to 2018*

Self-Storage Inventory Growth

- Less than 6%
- 6%-10%
- 11%-19%
- 20% or more

Top 10 Markets by Inventory Change 2013-2018*

Largest Growth	Five-Year Inventory Change*	Five-Year Employment Growth*
Raleigh	37.8%	15%
Denver	36.4%	14%
Austin	34.9%	19%
New York City	22.6%	10%
Dallas/Fort Worth	22.2%	16%
Charlotte	21.9%	15%
Nashville	20.8%	17%
South Florida	20.3%	15%
Portland	19.9%	14%
San Antonio	19.6%	16%
U.S.	**12.1%**	**9%**

Smallest Growth	Five-Year Inventory Change*	Five-Year Employment Growth*
Riverside-San Bernardino	1.0%	20%
Cleveland	3.3%	3%
Sacramento	3.7%	14%
Los Angeles	5.1%	9%
Las Vegas	5.5%	17%
San Diego	6.0%	11%
Bay Area	6.8%	14%
Cincinnati	7.7%	8%
Salt Lake City	8.0%	17%
Orange County	8.9%	10%
U.S.	**12.1%**	**9%**

* Forecast

Sources: Marcus & Millichap Research Services; Yardi Matrix; BLS

Self-Storage Growth Moderating As Cycle Matures

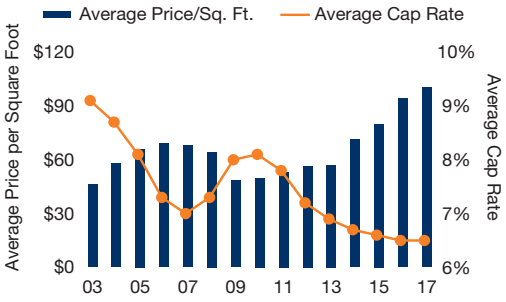
Investors recalibrate amid market normalization. Self-storage investors have capitalized on a long and sustained boom market, reaping gains from record property performance, the implementation of revenue management programs and historically affordable financing. The industry, however, is downshifting from a pace of rampant expansion to a more moderate and sustainable growth trajectory. Lower revenue growth expectations as a result of higher real estate taxes and increased competition have squeezed yield spreads and made transactions more difficult to close. Additionally, a gap between buyer and seller pricing expectations has slowed investment activity. Following peak performance in 2016, transaction volume took a step down last year amid government policy uncertainty and industry maturation. Despite the moderation, the investment market remains highly active compared with historical levels with buyers continuing to view self-storage as a reliable source of long-term yield.

Opportunities abound in shifting market. Investors remain motivated to acquire properties and expand portfolios as long-term drivers of self-storage demand stay in place. Mounting headwinds, however, have heightened investor caution as rising interest rates, a deceleration of revenue growth and elevated construction inject uncertainty into the market. Well-located assets facing a subdued development pipeline will be heavily sought after, though demand in suboptimal locations may weaken. Moving forward, transaction activity could be consistent as some participants look to take profits and cash out at the end of a tremendous growth cycle. Additionally, certificate of occupancy deals might see an uptick as would-be development groups look to cash out early instead of waiting the two to three years it would normally take to achieve lease-up. At a broad level, cap rates have plateaued and property appreciation has slowed as investors reassess value. These trends may continue in 2018 if interest rates climb significantly, reducing leveraged returns and widening the investor expectation gap.

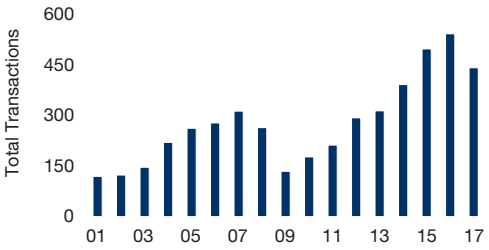
2018 Investment Outlook

- **Self-storage REITs proceeding with caution.** Many REITs have softened their buyer appetite as rising interest rates, stock performance volatility and oversupply risk narrow acquisition parameters. Class A properties in prime locations will still garner aggressive buyer demand; however, marginal deals in secondary and tertiary markets may receive diminished buyer demand. As a result, many of these institutions are focusing on their large pipeline of managed properties. Moving forward, they may start expanding outside of primary markets through third-party management and joint ventures rather than outright acquisition.
- **Tax law clarity could reduce investor indecision.** Unpredictability stemming from new tax policies weighed heavy in the mind of self-storage investors for much of 2017. Now that the new tax law is in place, additional clarity should alleviate some of the uncertainty that was holding back decision-making and may spur investment activity as participants reengage.
- **Bid/ask spread persists.** A divide between buyer and seller pricing expectations persists entering 2018 as property owners continue to demand top of the market pricing. Buyers, meanwhile, have lowered their risk appetite amid incoming headwinds. This gap may widen further moving forward as investors soften revenue growth expectations and become increasingly cautious about underwriting to past performance.

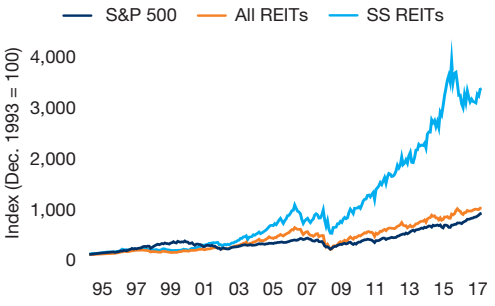
Price and Cap Rate Trends



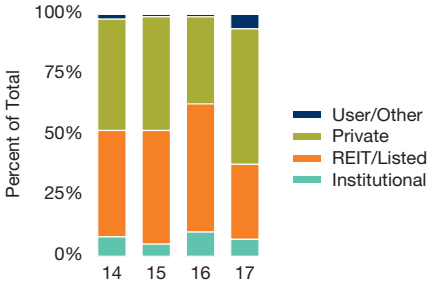
U.S. Self-Storage Investment Transactions Moderating



Self-Storage REITs Outperforming



Self-Storage Buyer Composition



Sales figures for $1 million and greater.

Fed Normalization Portends Rising Interest Rates; Lenders Take Disciplined Approach

Fed carefully considers tighter policies. The Federal Reserve has hinted at three to four increases of the fed funds rate during 2018 as it hedges against inflation risk amid accelerated economic growth. The potential for higher inflation could prompt a more aggressive approach; however, the Fed will be cautious about pushing rates up too quickly as it does not want to stall the economy. Inflationary concerns and higher interest rates have driven a recent surge of volatility in the equity markets. Investors are worried that rising interest rates will reduce their stock market returns as higher costs of borrowing could cut into corporate profits. Additional uncertainty regarding the new untested leadership of Fed Chairman Jerome Powell contributed to the volatility. His policies have yet to be clarified, though he will likely continue reducing the balance sheet in an effort to move long-term rates higher. Despite increased concerns, the economy remains on strong footing and after several years of steady growth in equity markets, a correction was likely. Investors will remain cautious, however, realigning their strategies as necessary to meet their needs. Commercial real estate will offer some of these investors a compelling alternative with relatively less volatility and competitive yields.

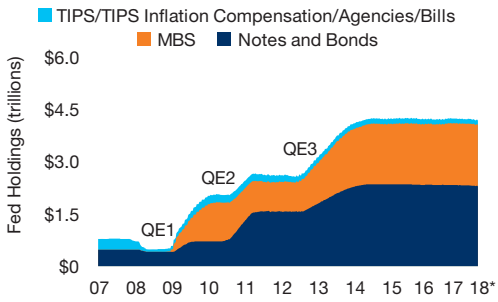
Self-storage lending environment shifts amid sector uncertainty. Lenders remain motivated to provide self-storage financing and will aggressively pursue opportunities. However, underwriting standards are tightening amid the risk of overconstruction, softer revenue growth and increased regulation. Properties in secondary and tertiary markets will face heightened scrutiny with many sources of capital focusing primarily on experienced sponsors in high-demand areas. This is even more evident for development loans where the availability and cost of labor have made deals outside marquee projects in prime locations difficult to pencil out.

2018 Capital Markets Outlook

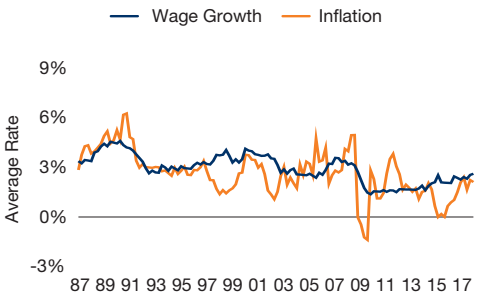
- **Tighter yield spreads may benefit self-storage demand.** Average national self-storage cap rates have remained relatively steady in the mid-6 percent range for the last four years, with a yield spread above the 10-year Treasury of about 400 to 450 basis points. Many investors believe cap rates will rise in lockstep with interest rates, but that has not been the case historically. Yield-driven self-storage buyers may pursue opportunities in secondary or tertiary markets where cap rates of up to 8 percent persist.
- **Inflation restrained but could emerge.** Inflation has been nominal throughout the current growth cycle, but pressure could mount as the tight labor market spurs rising wages. Elevated wages and accelerating household wealth could boost consumption, creating additional economic growth and inflation. The Fed has become increasingly proactive in its efforts to head off inflationary pressure, but the stimulating effects of tax cuts could overpower the Fed's efforts.
- **New tax law could drive long-term interest rates higher.** The new tax cuts are expected to raise the government deficit by over $1 trillion in the next decade. A rise in the budget deficit could place upward pressure on longterm interest rates. As the spread between the two-year and 10-year Treasury rates remain tight, rising long-term rates could push out an inversion of the yield curve.

10-Year Treasury vs. 2-Year Treasury Yield Spread Tightens

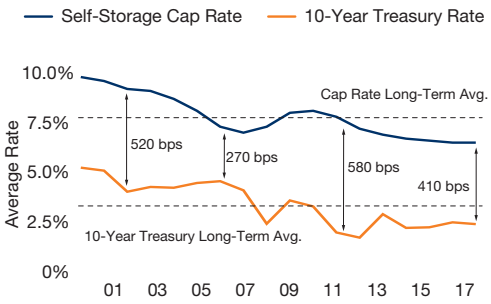
Fed to Begin Balance Sheet Normalization



Wage Growth Trending Ahead of Inflation



U.S. Self-Storage Cap Rate Trends



* Through January

Strong Population Inflows Buoy Atlanta Rents

Economic Overview

The Atlanta economy enters the year on a high note, boasting annual employment growth of 56,000 jobs in 2017, one of the strongest absolute gains in the country. The professional and business services and education and health services sectors remain the primary engines of growth, adding nearly 30,000 workers alone. Moving forward, the Atlanta workforce is on pace to expand again in 2018 with a 1.9 percent increase.

Demographic Overview

Employment opportunities and an affordable cost of living will contribute to another year of healthy household growth. Following a 2.1 percent increase in 2017, the Atlanta household base will expand 2.2 percent in 2018, a rate nearly double that of the national level. Additionally, retail spending is set to climb 5.9 percent this year, building on a 5.3 percent gain in 2017.

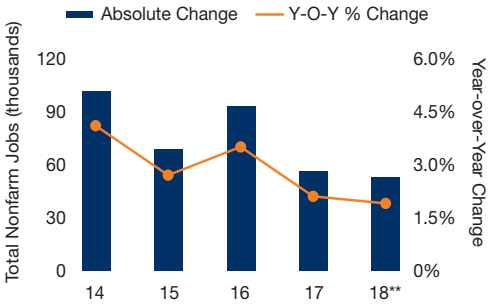
Construction Overview

Aggressive self-storage construction activity will persist in Atlanta with developers poised to deliver at least 1 million square feet of new space to the market for the third consecutive year. Completions are focused near Midtown and Buckhead, where the growing population of high earners supports the need for storage.

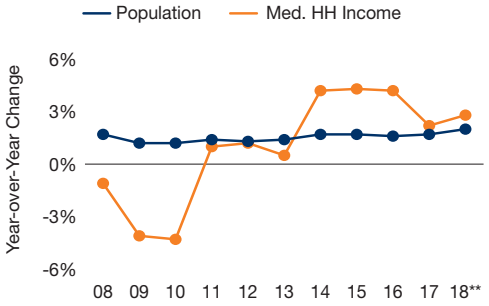
Vacancy/Rent Overview

The self-storage sector continues to grapple with elevated development in this market. Metrowide vacancy is forecast to reach 10 percent this year, up 310 basis points since 2015. Rent growth, however, remains unaffected by weakening occupancy with 2018's gain of 1.7 percent on pace to match that of the U.S.

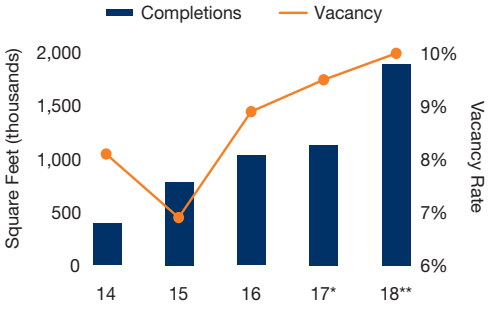
Employment Trends



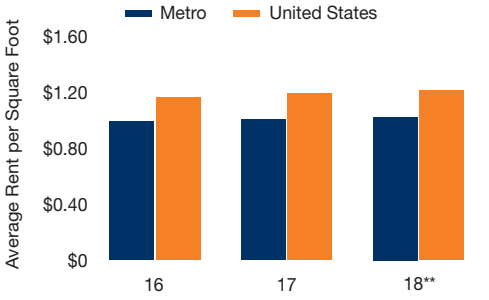
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

2018 Market Forecast

Inventory — 36.2 million square feet and 6.0 square feet per capita

Employment up 1.9% — Following a 2.1 percent increase last year, the Atlanta employment base is on pace to expand by 53,000 jobs in 2018.

Population up 2.0% — The addition of 116,900 residents will drive metrowide population growth in 2018, beating last year's 1.7 percent expansion rate.

Construction 1.9 million sq. ft. — Following the completion of more than 1.1 million square feet of storage space in 2017, developers will deliver almost twice that this year.

Vacancy up 50 bps — Metrowide vacancy will climb to 10 percent in 2018, extending last year's 60-basis-point rise.

Rent up 1.7% — The average rent will increase in 2018 to $1.02 per square foot. Last year, Atlanta recorded a rent increase of 1.2 percent.

Elevated Development Weighs on Rent Growth

Economic Overview

Austin employers expanded payrolls 2.7 percent in 2017, representing an increase of 27,500 jobs. Gains came from 10 out of the 11 employment sectors as the metro's diverse and expanding economy continues to support job creation. As the metro's unemployment rate continues to tighten, the availability of a skilled workforce thins. Yet, here job growth will remain strong as employers work to lift the employment base 2.4 percent in 2018.

Demographic Overview

A steady flow of net migration and a positive economic outlook will spur the formation of 24,000 households in 2018. Additionally, median household income growth is set to accelerate to 3.9 percent, supporting a 6.8 percent increase in retail sales. New residents buying more goods will have a positive impact on underlying self-storage demand.

Construction Overview

Rising incomes and robust population growth encouraged the completion of more than 2.3 million square feet of self-storage space over the past two years. Developers will finalize another 1.35 million square feet in 2018, focusing mainly on the urban area just south of downtown Austin.

Vacancy/Rent Overview

Heightened development levels are beginning to negatively impact fundamentals as operators cut rents to keep units occupied. Austin's average rent will fall in 2018, though the pace of decline is slowing. These discounts will allow vacancy to reach 9.9 percent this year, representing a 490-basis-point decline since 2014.

2018 Market Forecast

Inventory — 17.7 million square feet and 8.0 square feet per capita

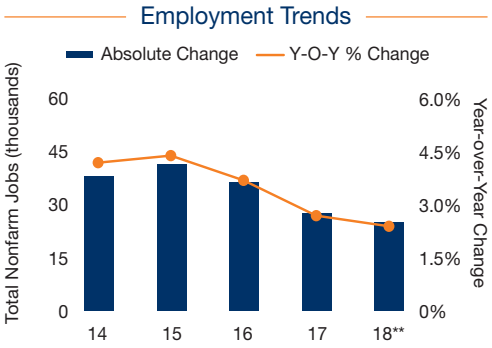
Employment up 2.4% — With the metro firmly at full employment, Austin employment growth will result in the addition of 25,000 workers to staffs in 2018.

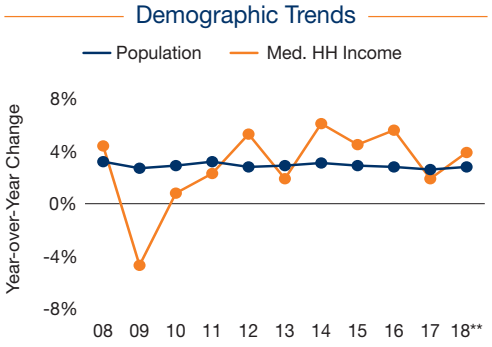
Population up 2.8% — In 2017, the Austin population grew by 53,600 people, a 2.6 percent increase. This year, the metro is expected to add another 59,700 residents.

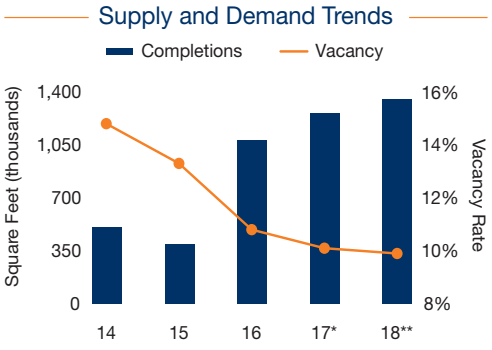
Construction 1.3 million sq. ft. — Austin self-storage developers in 2018 will outpace last year's delivery total by roughly 100,000 square feet.

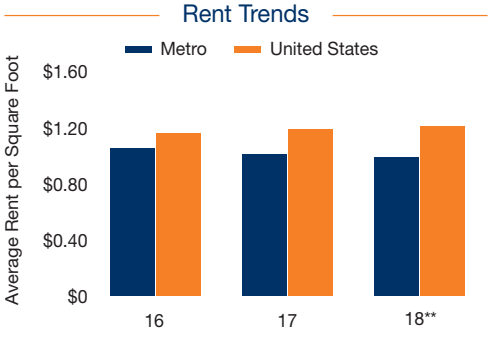
Vacancy down 20 bps — Vacancy is on pace to compress to 9.9 percent in 2018. Last year, Austin registered a 70-basis-point vacancy rate improvement.

Rent down 1.8% — After sliding 3.9 percent in 2017, average rent will fall to 99 cents per square foot this year.





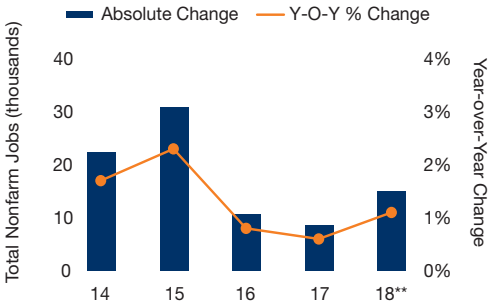




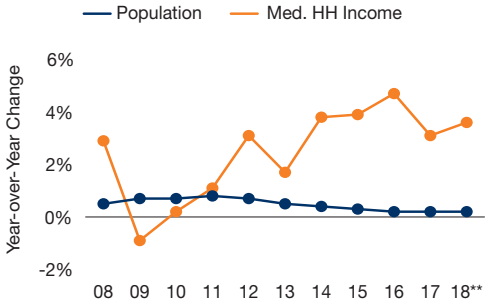
* Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

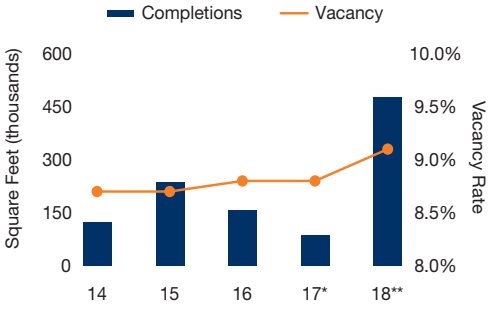
Employment Trends



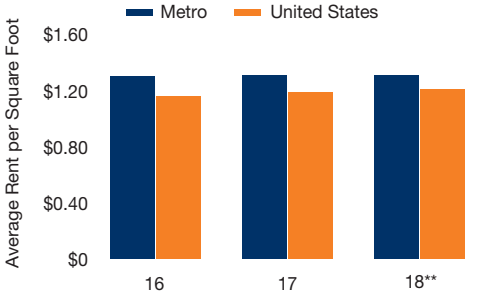
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Span of Stable Vacancy Encourages Development

Economic Overview

The Baltimore metro enters the year boasting a cycle-low unemployment rate of 4 percent, aided by the creation of 8,500 positions in 2017. Organizations will ramp up their recruitment efforts in 2018, supporting the strongest rate of employment growth in the past three years. Increased hiring by education, health, retail and professional service-related firms drives the overall boost in job growth.

Demographic Overview

Employment opportunities and steady income growth support the creation of 10,000 households in 2018. The metro's median household income is slated to eclipse $83,000 this year, representing annual growth of 3.6 percent. Improved earnings and increased job creation spur a 5.2 percent rise in retail sales, comparable to last year's 5.4 percent gain.

Construction Overview

Development activity reaches its highest point this cycle as 476,000 square feet of self-storage space is completed in 2018. A 110,000-square-foot facility adjacent to The Shops at Canton Crossing represents the largest delivery.

Vacancy/Rent Overview

Positive population growth and increasing incomes have contributed to stable demand for self-storage space over the past four years, with vacancy hovering just below 9 percent. In 2018, vacancy rises slightly amid a bump in development. The minimal increase in availability won't shake rents, with the metro's average remaining at $1.31 per square foot.

2018 Market Forecast

Inventory — 12.6 million square feet and 4.5 square feet per capita

Employment up 1.1% — Following a 0.6 percent increase last year, the Baltimore employment base is on pace to expand by 15,000 jobs in 2018.

Population up 0.2% — In 2017, the Baltimore population expanded by 6,900 people, a 0.2 percent increase. This year, the metro is slated to grow at a similar pace, adding 6,400 residents.

Construction 476,000 sq. ft. — After delivering 85,000 square feet of storage space last year, developers greatly expand on that in 2018.

Vacancy up 30 bps — The metro's vacancy rate will inch up to 9.1 percent this year following stable conditions in 2017.

Rent no change — The average rent will hold steady at $1.31 per square foot in 2018. Last year, Baltimore recorded a 0.8-percent bump.

Cycle-High Vacancy Impacts Rents

Economic Overview

The Bay Area's employment base expanded by 57,300 jobs in 2017 as employers in the San Francisco and San Jose metros each created more than 22,000 positions. The region's leisure and hospitality sector is also to credit for last year's hiring velocity, adding 16,800 workers. Low unemployment throughout most of the region, including Oakland, slows hiring velocity in 2018.

Demographic Overview

Home to the lowest housing costs in the region, Oakland attracts millennials and households priced out of San Francisco and San Jose. This year, the East Bay metro accounts for half the region's new households and millennial relocations. Overall, the Bay Area's 20- to-34-year-old cohort is slated to expand by 5,300 people in 2018, with household formations totaling 24,000. A rising populace and steadily growing incomes bode well for overall retail sales.

Construction Overview

The boost in household formations motivates developers to finalize 1.1 million square feet of storage space in 2018, marking an acceleration in construction activity over last year. The overall increase is driven by deliveries in San Jose and Milpitas, with minimal completions slated for the East Bay and San Francisco.

Vacancy/Rent Overview

The Bay Area's vacancy rate increases slightly to 8.0 percent this year amid heightened development, yet the uptick marks an improvement in self-storage demand over last year. The metro's average rent declines nominally this year, following positive rate growth in 2017.

2018 Market Forecast

Inventory — 39 million square feet and 6.0 square feet per capita

Employment up 1.2% — The region adds 40,000 jobs in 2018, following last year's 1.7 percent gain.

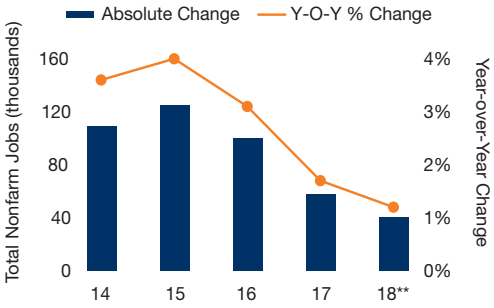
Population up 0.5% — The region's populace expands by roughly 35,000 residents this year, driven by positive net migration in the Oakland metro.

Construction 1.1 million sq. ft. — Delivery volume surpasses 1 million square feet for the first time in five years. In 2017, developers finalized 637,000 square feet of space.

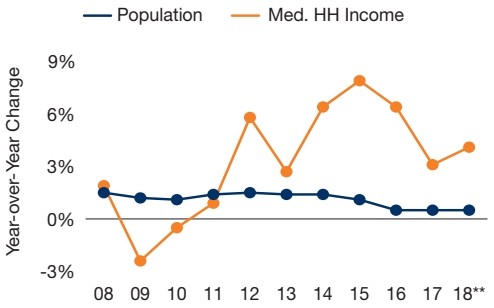
Vacancy up 40 bps — Following an increase of 70 basis points last year, the Bay Area's vacancy rate climbs again, to 8 percent, in the coming year.

Rent down 0.6% — The metro's average rent dips minimally to $1.88 per square foot in 2018 after a 2.0 percent rise was recorded last year.

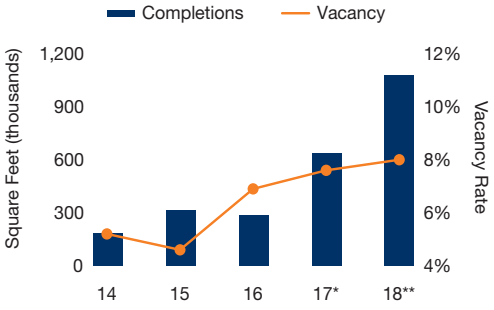
Employment Trends



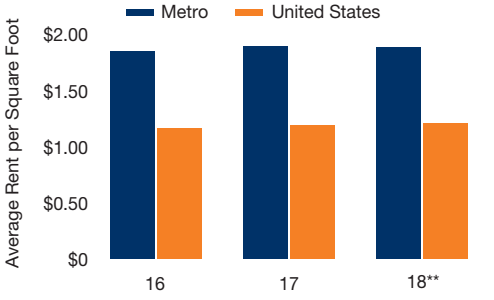
Demographic Trends



Supply and Demand Trends

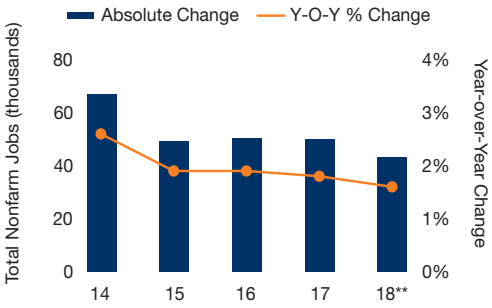


Rent Trends

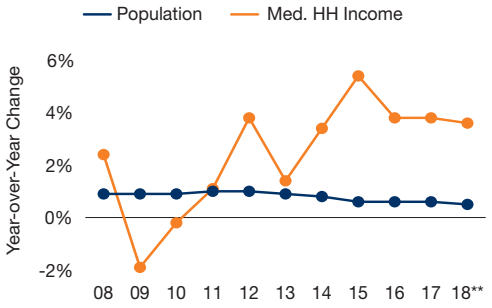


* Estimate; ** Forecast
Bay Area includes San Francisco, San Jose and Oakland
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

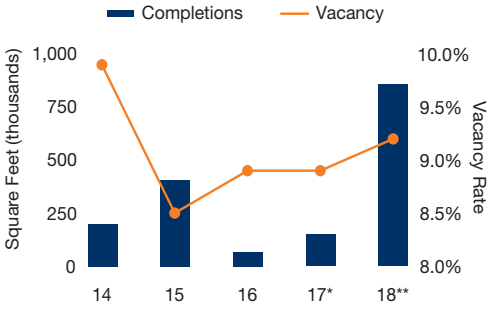
Employment Trends



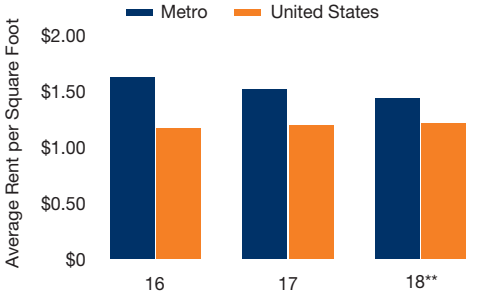
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Rent Dips for Second Consecutive Year

Economic Overview

Led by robust professional services-related hiring, Boston employers expanded payrolls by nearly 50,000 people in 2017, holding metro unemployment below 4 percent for a third straight year. A comparable pace of job growth is expected during 2018, led by education, health-related firms and the retail trade sector.

Demographic Overview

The metro's diverse job market continues to drive incomes with the median household earning more than $90,000 in 2018. Rising wages support the formation of 19,000 households this year. Additionally, the availability of higher-paying positions also attracts more millennials, with this cohort expanding by more than 10,500 people. Net migration of more than 13,000 residents coupled with rising incomes translates to a 6.4 percent bump in retail spending this year.

Construction Overview

Four straight years of stable self-storage vacancy have encouraged more developers to break ground on new facilities in Boston, with 853,000 square feet slated for completion in 2018. Steered by projects near Interstates 95 and 495, this delivery volume notably exceeds last year's construction activity.

Vacancy/Rent Overview

Positive net migration preserves overall demand for storage space in Boston, yet the metro's vacancy rate rises slightly in 2018. A lack of vacancy compression requires more operators to cut rents for a second year to fill space, reducing the metro's average rent by 5 percent.

2018 Market Forecast

Inventory — 14.1 million square feet and 2.9 square feet per capita

Employment up 1.6% — Boston job growth will result in organizations adding 43,000 workers to staffs this year. That's on par with 2017, when a 1.8 percent increase was recorded.

Population up 0.5% — Following growth of roughly 29,800 residents in 2017, Boston's population expands by more than 26,000 people this year.

Construction 853,000 sq. ft. — Completions increase by more than 700,000 square feet in 2018, the highest level of self-storage construction in the past five years.

Vacancy up 30 bps — After remaining unchanged last year, the metro's vacancy rate increases to 9.2 percent in 2018.

Rent down 5.0% — Average rent declines this year to $1.43 per square foot. In 2017, a 7.2 percent reduction was registered.

Developers Respond to Robust Net Migration

Economic Overview

Charlotte employers bolstered payrolls by 17,800 positions last year, dropping the local unemployment rate to 4.1 percent entering 2018. Moving forward, a lack of available workers influences more employers to recruit from outside the area when filling open positions, supporting a bounce-back year for job growth. The retail trade and business services sectors will likely be the primary source of employment gains.

Demographic Overview

An influx of millennials and new households helped increase the local population by more than 50,000 people in 2017. A positive economic outlook and strong income growth continue to attract more young professionals and families to the metro this year, translating to net migration of more than 40,000 residents. This population boost coupled with robust residential development will heighten retail spending by 8.3 percent in 2018, one of the largest spikes nationally.

Construction Overview

Following the finalization of nearly 1.3 million square feet of storage space last year, construction activity will moderate in 2018. Facilities along Interstate 485 and in northern suburbs account for most of this year's new supply.

Vacancy/Rent Overview

A second consecutive year of above-average development increases the metro's vacancy rate by triple-digit basis points in 2018, ending the year at 10 percent. Five-year-high vacancy weighs on rent growth this year, with the average rate declining for a third straight period.

2018 Market Forecast

Inventory — 16.3 million square feet and 6.2 square feet per capita

Employment up 1.7% — Job growth rebounds in 2018 as Charlotte employers create 20,000 positions. Last year, a cycle-low increase of 1.5 percent was recorded.

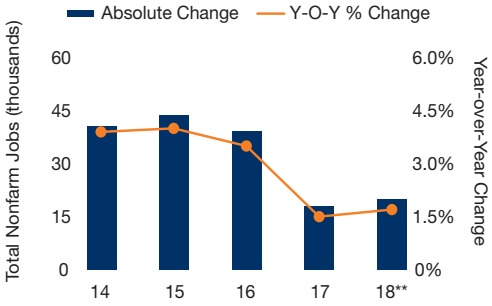
Population up 2.1% — Roughly 53,500 new residents call Charlotte home in 2018, including 16,300 millennials. This volume of growth outpaces the 2 percent gain registered in 2017.

Construction 712,000 sq. ft. — Construction activity decreases by more than 40 percent year over year in 2018.

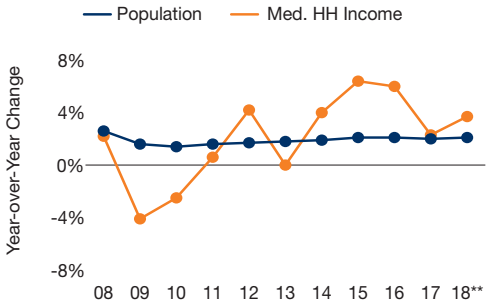
Vacancy up 100 bps — Vacancy increases by triple-digit basis points for a second straight period, reaching 10 percent in 2018. Last year, storage availability rose by 210 basis points.

Rent down 3.5% — The average rent declines to 89 cents per square foot after dipping 4.5 percent in 2017.

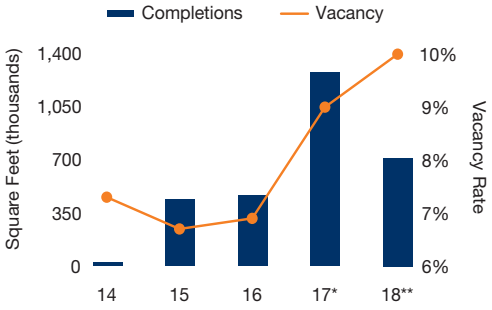
Employment Trends



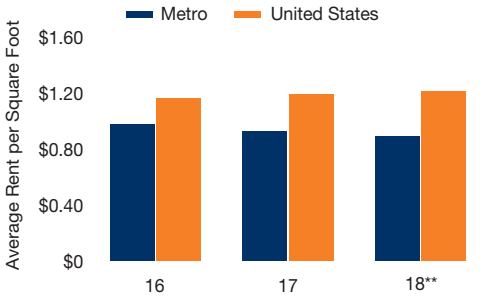
Demographic Trends



Supply and Demand Trends

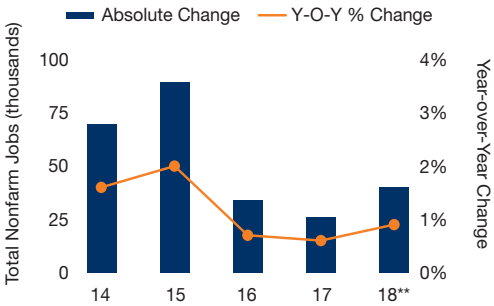


Rent Trends

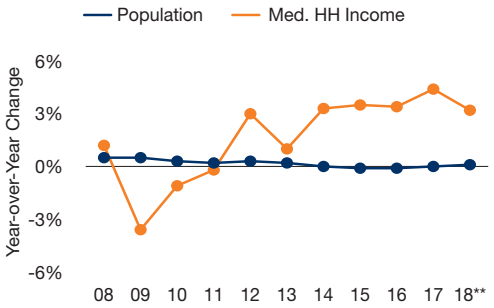


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

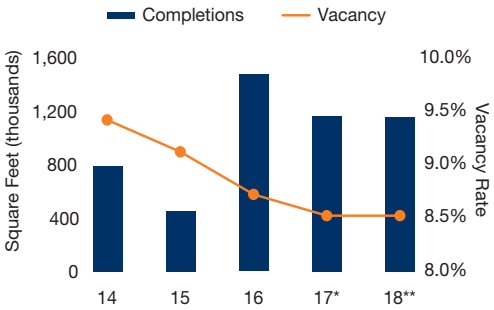
Employment Trends



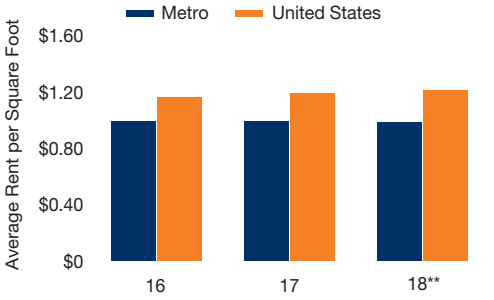
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Influx of Households Supports Strong Construction

Economic Overview

The labor market added 26,100 workers in 2017 led by healthy gains in the professional and business services, financial activities and construction sectors. Chicago employers are slated this year to drive the strongest rate of job growth in three years. This uptick in hiring velocity should hold local unemployment below 5 percent.

Demographic Overview

A recent 4.4 percent rise in median household income coupled with an improving job market supports an uptick in household formations by 29,000 during 2018. Continued earnings growth and a third year of historically strong apartment construction bode well for retail spending, which increases by 4 percent this year. New residences buying more goods will have a positive impact on underlying self-storage demand.

Construction Overview

Encouraged by positive job projections, developers complete more than 1 million square feet of space for a third consecutive period. Most of this year's deliveries are concentrated in urban Chicago, including the 270,000-square-foot CubeSmart Self Storage near Guaranteed Rate Field.

Vacancy/Rent Overview

Demand for storage space matches this year's delivery volume, maintaining the metro's vacancy rate at 8.5 percent. Steady absorption does not translate into rent growth. Instead, the metro's average rent declines nominally for a second straight period.

2018 Market Forecast

Inventory — 41 million square feet and 4.3 square feet per capita

Employment up 0.9% — In 2017, Chicago's employment base expanded by 0.6 percent. Hiring activity increases in 2018 as 40,000 workers are added to payrolls.

Population up 0.1% — After four straight years of stagnant population growth, Chicago expands by nearly 7,500 people in 2018.

Construction 1.2 million sq. ft. — Developers complete roughly 1.2 million square feet of storage space for a second consecutive year.

Vacancy no change — Chicago's vacancy rate holds at 8.5 percent in 2018 after compressing by 20 to 40 basis points in each of the past three years.

Rent down 0.8% — Following last year's nominal decline of 0.1 percent, the metro's average rent falls to 98 cents per square foot.

Operators Benefit from Rebounding Economy

Economic Overview

The addition of nearly 8,000 leisure and hospitality workers in 2017 was offset by job declines in the professional services, education and healthcare industries, equating to a slow year for overall employment growth. The creation of nearly 14,000 positions this year is likely to reduce Cincinnati's unemployment rate to below 4 percent.

Demographic Overview

A boost in higher-paying job openings increases the metro's median household income by nearly 4 percent in 2018. Budding earnings influence the formation of 10,000 households this year while also attracting millennials. Positive net migration and a recent span of historically strong apartment development create demand for self-storage space and support a 3.8 percent rise in retail sales.

Construction Overview

Facilities in northern Cincinnati suburbs account for most of this year's new supply, which totals 127,000 square feet. This delivery volume is on par with the previous four-year average yet represents a nearly 100,000-square-foot dip in completions when compared with 2017.

Vacancy/Rent Overview

An expanding populace of families supports stable self-storage demand with the metro's vacancy rate increasing by 10 basis points for a third consecutive year. Hovering around 8 percent, Cincinnati's vacancy supports a 2.9 percent uptick in rent this year, raising the average rate to 90 cents per square foot.

2018 Market Forecast

Inventory — 9.2 million square feet and 4.2 square feet per capita

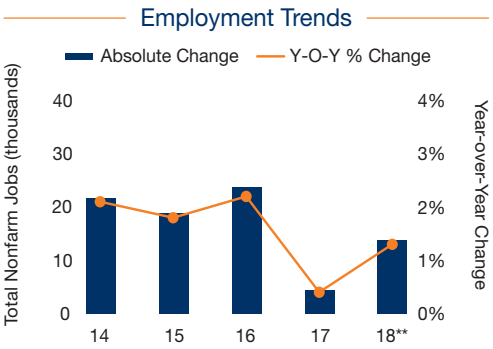
Employment up 1.3% — The metro's job market rebounds as employers create 13,800 positions in 2018. Last year, organizations grew staffs by 0.4 percent.

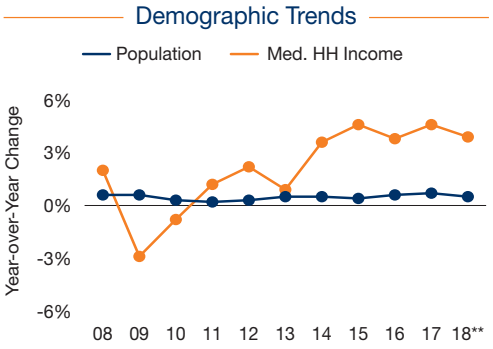
Population up 0.5% — After expanding by more than 16,000 people in 2017, the Cincinnati's population grows by 12,000 residents this year.

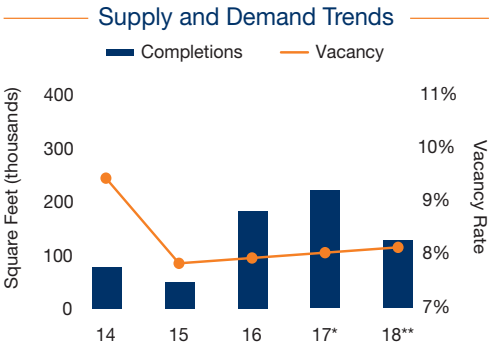
Construction 127,000 sq. ft. — This year's completions total follows the finalization of 221,000 square feet of space in 2017 and 183,000 square feet in 2016.

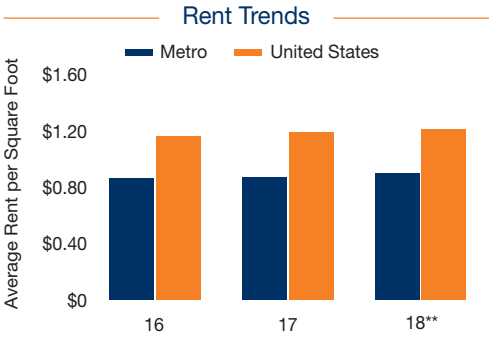
Vacancy up 10 bps — The metro's vacancy rate inches up to 8.1 percent in 2018, matching last year's increase.

Rent up 2.9% — The average rent advances by more than 2 percent for a second consecutive year to 90 cents per square foot, building on last year's 2.2 percent increase.



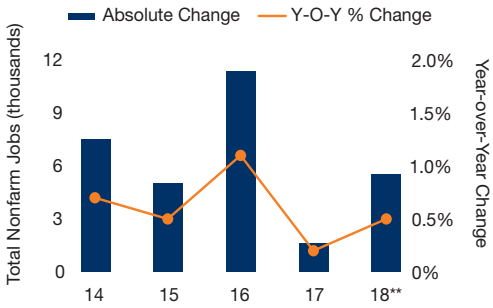




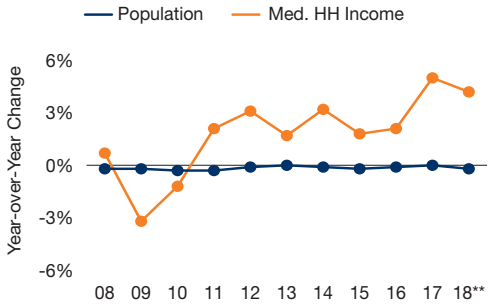


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

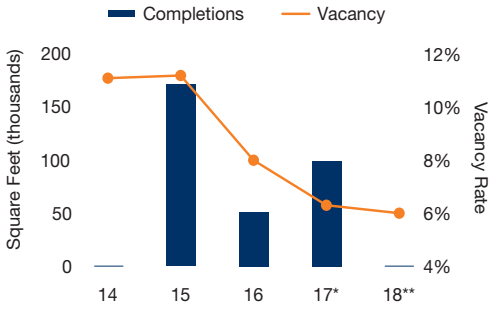
Employment Trends



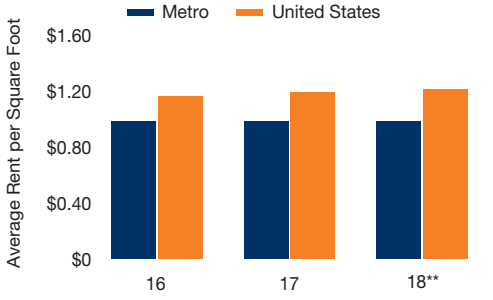
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Lack of Construction Enables Low Vacancy

Economic Overview

Job creation was subdued in Cleveland during 2017, yet the area's unemployment rate dipped 30 basis points year over year to 5.4 percent. A moderate uptick in hiring velocity is expected this year as organizations continue to create jobs. A sizable portion of this growth will likely stem from the education and health services sector.

Demographic Overview

Historically strong apartment development and steady household growth persist in 2018, creating demand for self-storage space amid a period of negative net migration. The formation of 4,000 households this year is driven by an improving job market and steadily rising earnings, as the metro's median household income increases by 4.2 percent. Higher wages and positive employment growth across nearly all sectors boost retail spending by 3.4 percent.

Construction Overview

Developers will avoid finalizing new storage facilities in Cleveland during 2018 despite two consecutive periods of triple-digit vacancy compression. Last year, development activity was also subdued as roughly 100,000 square feet was finalized in western suburbs.

Vacancy/Rent Overview

A lack of new development allows the metro's vacancy rate to compress further in 2018, reaching a five-year low of 6 percent. The 30-basis-point drop registered this year ranks Cleveland among the tightest metros nationally, yet its average rent remains stagnant.

2018 Market Forecast

Inventory — 10.1 million square feet and 4.9 square feet per capita

Employment up 0.5% — Hiring velocity more than triples year over year as companies add 5,500 positions in 2018. In 2017, employers created 1,600 jobs.

Population down 0.2% — The metro's resident base declines by nearly 4,600 people in 2018, continuing a 20-year stretch of negative or unchanged population growth.

Construction 0 sq. ft. — No storage facilities are completed in Cleveland for the second time in the past five years.

Vacancy down 30 bps — After compressing by 170 basis points in the previous year, the metro's vacancy rate drops again, to 6 percent, in 2018.

Rent no change — The average rent holds at 98 cents per square foot for a third straight year amid minimal fluctuation in 2018.

Metro Leads Nation in Vacancy Compression

Economic Overview

Expansions by logistics, tech and healthcare firms supported the creation of 15,000 jobs in 2017, reducing Columbus' unemployment rate to a cycle low of 3.9 percent. In 2018, organizations will recruit from outside the metro or lower qualification standards to fill open positions.

Demographic Overview

Home to Ohio's capital and Ohio State University, the metro continues to steadily attract both new households and millennials, many seeking degreed positions during a span of above-average income growth. Overall, the cohort of 20- to-34-year-olds should increase by 5,200 individuals in 2018 while household formations total 13,000, a 1.6 percent boost. Steady population growth and robust apartment development will bolster retail sales by 4.2 percent this year.

Construction Overview

Two straight years of significant vacancy compression and minimal finalizations influence developers to deliver more than 300,000 square feet of new space in 2018. Roughly half of this year's new supply is in Grandview Heights or the Harrison West neighborhood.

Vacancy/Rent Overview

A steady stream of new residents heighten demand for storage space this year, supporting the largest vacancy compression nationwide, 50 basis points. At 6.7 percent, Columbus' year-end vacancy rate will represent a five-year low translating to a 4.6 percent boost in average rent, the third-largest rise among major metros.

2018 Market Forecast

Inventory — 10.1 million square feet and 4.8 square feet per capita

Employment up 1.6% — The metro's employment base expands again in 2018, translating to 17,000 new positions and building on a 1.4 percent rise last year.

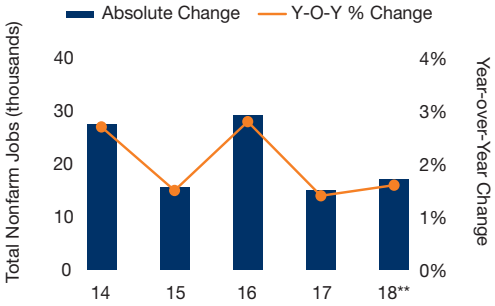
Population up 1.1% — Columbus' population climbs by more than 20,000 people for a seventh straight year, bolstering metrowide consumption trends.

Construction 316,000 sq. ft. — New facilities in 2018 notably exceed the 47,000 square feet delivered last year.

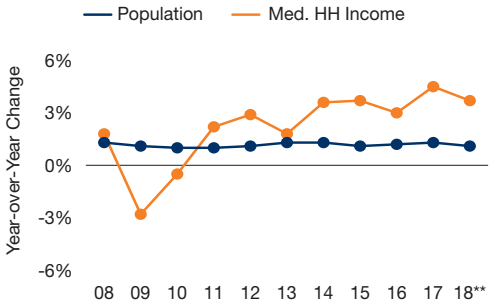
Vacancy down 50 bps — The metrowide vacancy rate drops below the 7 percent level in 2018, following a compression of 120 basis points last year.

Rent up 4.6% — After rising by 5.4 percent in 2017, Columbus' average rent climbs to 89 cents per square foot.

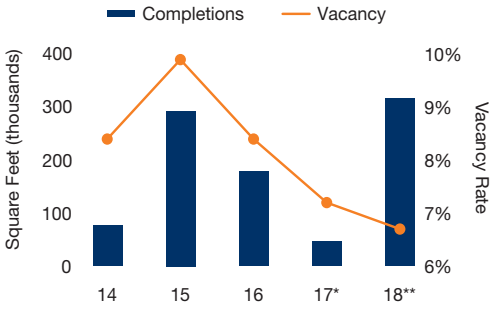
Employment Trends



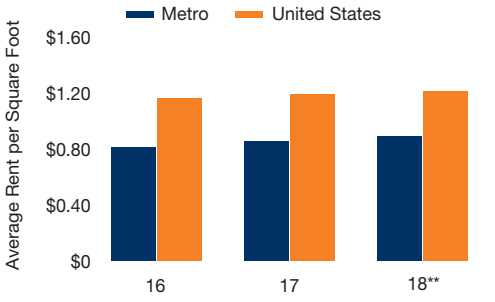
Demographic Trends



Supply and Demand Trends

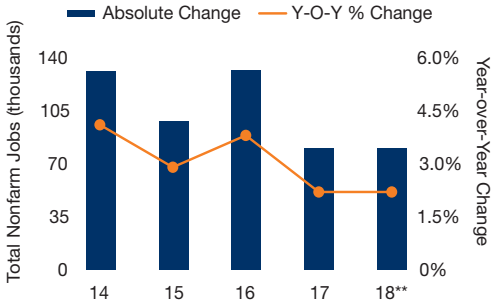


Rent Trends

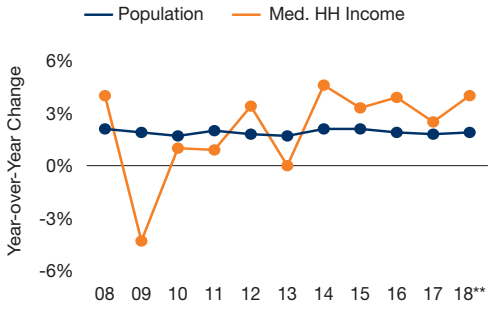


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

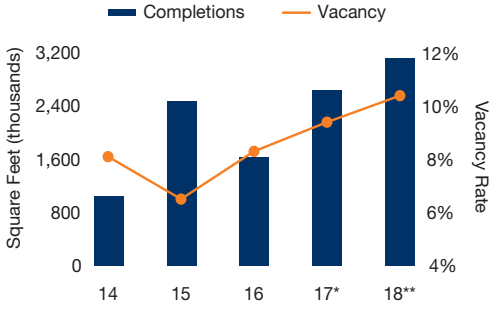
Employment Trends



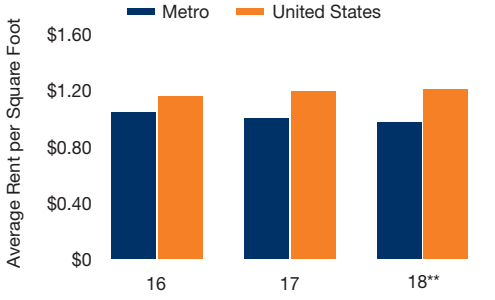
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Stout Population Growth Supports Influx of Space

Economic Overview

Dallas/Fort Worth enters this year with a 3.2 percent unemployment rate following the creation of 80,000 positions in 2017, half of which were hospitality or business services-related. A comparable rate of job growth will occur in 2018, driven by increased retail trade hiring and an influx of higher-paying job openings.

Demographic Overview

A diverse economy and a variety of affordable housing options attract new residents to Dallas/Fort Worth. In 2018, the metro's populace of millennials is slated to spike by roughly 26,800 individuals, with household formations totaling 61,000. These gains equate to robust net migration and increased demand for conveniently located retail. The continued influx of new apartments also boosts consumer sales and generates underlying demand for self-storage space.

Construction Overview

Stout population growth in 2018 influences the completion of 3.1 million square feet of space, the largest total among major metros. Deliveries this year are concentrated in the northern Dallas suburbs of Plano, McKinney and Irving, along with the city of Fort Worth.

Vacancy/Rent Overview

After bottoming out at 6.5 percent in 2015, the metro's vacancy rate climbed by triple-digit basis points in successive years. This trend persists in 2018 with a 100-basis-point rise occurring. Steadily increasing vacancy requires more operators to ease rents this year, equating to a more than 3 percent dip for a second straight period.

2018 Market Forecast

Inventory — 60 million square feet and 7.9 square feet per capita

Employment up 2.2% — Consistent organizational expansions equate to the creation of 80,000 positions for a second consecutive year.

Population up 1.9% — Dallas/Fort Worth leads the nation in population growth, adding 144,600 people in 2018. Last year, the metro's populace rose by nearly 131,000 individuals.

Construction 3.1 million sq. ft. — Metroplex finalizations total 3.1 million square feet of space in 2018 following the delivery of more than 2.6 million last year.

Vacancy up 100 bps — Heightened construction elevates Dallas/Fort Worth's vacancy rate by 100 basis points to 10.4 percent, nearly matching last year's 110-basis-point increase.

Rent down 3.4% — Operators reduce rates by 3.4 percent in 2018, dropping the metro's average rent to 97 cents per square foot. In 2017, a comparable 3.3 percent decline was noted.

Surge of Deliveries Impacts Rents

Economic Overview

The addition of 14,000 hospitality and professional service-related jobs in 2017 helped lower Denver's unemployment rate to 2.8 percent. In 2018, increased government hiring and the creation of business service and financial positions will drive a rate of employment growth comparable to 2017. The metro's lack of available workers suggests employers will recruit from outside the area this year.

Demographic Overview

Steadily growing incomes and a diverse job market translate to consistent population growth in Denver. The formation of 21,000 new households and the influx of 9,100 millennials drive positive net migration this year, supporting a 5.9 percent uptick in retail sales. Developers respond to a growing resident base by completing more than 25,000 apartments over the past three years, generating underlying demand for self-storage units.

Construction Overview

Developers bolster Denver's construction pipeline despite a 480-basis-point increase in vacancy over the past three years. In 2018, delivery volume totals 2.5 million square feet, underpinned by activity in the city of Denver. Additionally, the suburbs of Arvada, Lakewood, Parker and Bloomfield each welcome more than 100,000 square feet.

Vacancy/Rent Overview

Amid strong population growth, demand for storage space is outpaced by increased development activity with the metro's vacancy rate expanding by triple-digit basis points. A fourth straight year of rising availability negatively impacts rents as Denver's average rate drops by 4.4 percent.

2018 Market Forecast

Inventory — 24.5 million square feet and 8.3 square feet per capita

Employment up 1.6% — The metro enters 2018 at full employment, yet organizations will add 24,000 positions, a 1.6 percent increase. In 2017, employers bolstered staffs by 1.9 percent.

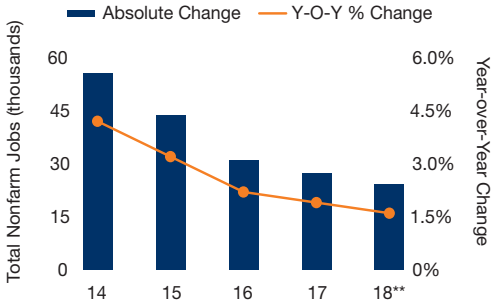
Population up 1.3% — Denver's population expands by 1.3 percent for a second straight year via the addition of 37,000 people.

Construction 2.5 million sq. ft. — Delivery volume nearly triples year over year in 2018 as developers complete 2.5 million square feet of storage space, the fourth largest total among major metros.

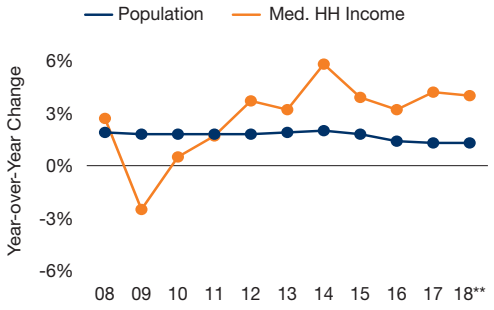
Vacancy up 110 bps — Elevated construction increases the metro's vacancy rate by 110 basis points to 12.9 percent. This year's gain outdoes the 70-basis-point rise registered in 2017.

Rent down 4.4% — The metro's average rent falls by more than 4 percent for a second straight period, ending the year at $1.26 per square foot.

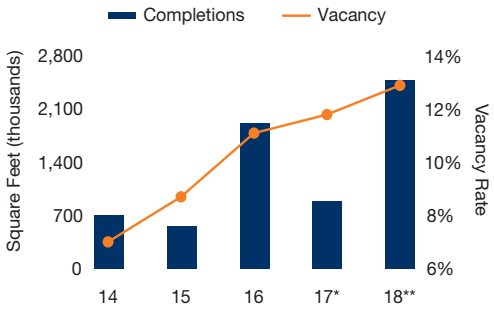
Employment Trends



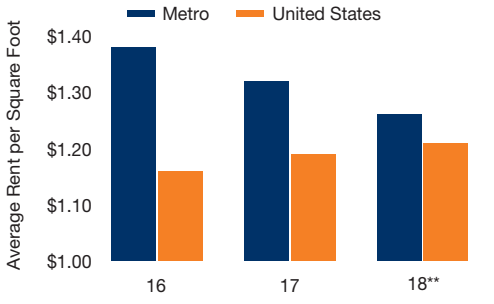
Demographic Trends



Supply and Demand Trends

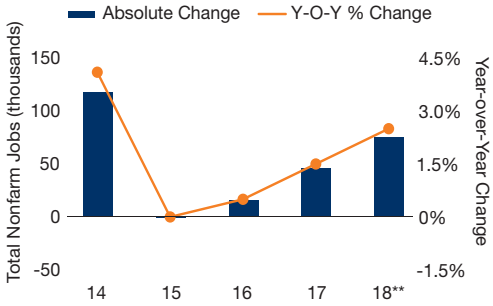


Rent Trends

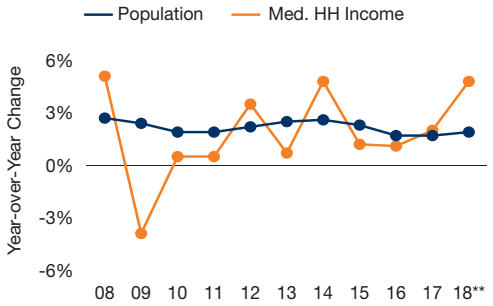


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

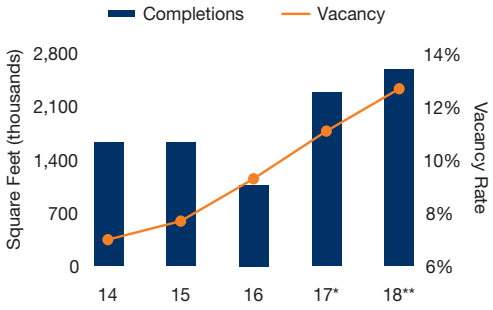
Employment Trends



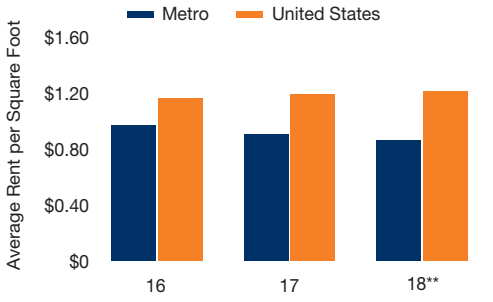
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Inflow of New Residents Stokes Construction

Economic Overview

The recovery of the oil, gas and energy sectors coupled with robust professional and business services-related hiring drove an encouraging rate of job growth in 2017, as employers bolstered payrolls by 45,500 workers. Amid low-4 percent unemployment, higher-paying organizations and retail-related firms will expand at a faster pace in 2018, driving the creation of 75,000 positions.

Demographic Overview

An increasing number of job openings in Houston attract more young professionals in 2018, bolstering the metro's millennial population by more than 24,000 individuals, the largest influx of any primary market. Influenced by strong income growth, household formations should also rise, totaling 53,000 by year end. This robust net migration occurs following the delivery of 41,400 apartments during the past two years. These factors support a 6.4 percent spike in retail spending.

Construction Overview

The influx of more than 130,500 residents prompts a second year of elevated construction with developers finalizing 2.6 million square feet of space, the third highest total nationally. Completions are concentrated in East Houston and areas surrounding the Sam Houston Parkway.

Vacancy/Rent Overview

A wave of new supply increases Houston's vacancy rate by triple digits for a third consecutive year with availability reaching 12.7 percent in 2018. A 160-basis-point increase in vacancy requires more operators to lower rents, driving down the metro's average rent by nearly 5 percent.

2018 Market Forecast

Inventory — 59.1 million square feet and 8.3 square feet per capita

Employment up 2.5% — Houston's employment base will expand by 2.5 percent in 2018, double the national rate. In 2017, a 1.5 percent gain was registered.

Population up 1.9% — After advancing by 1.7 percent in 2017, the metro's population will rise by 1.9 percent this year, representing an increase of 130,500 residents.

Construction 2.6 million sq. ft. — After completing 2.3 million square feet of space last year, developers will finalize 2.6 million square feet in 2018.

Vacancy up 160 bps — Heightened development will raise Houston's vacancy rate 160 basis points this year to 12.7 percent. This increase is comparable to last year's 180-basis-point escalation.

Rent down 4.8% — The metro's average rent declines for a second straight year, falling 4.8 percent to 86 cents per square foot in 2018. Last year, rent dropped 7.0 percent.

Millennial Cohort, Low Vacancy Sway Developers

Economic Overview

Education, health and financial-related hiring drove employment growth in 2017, combining to account for more than half of the 17,500 positions created. This recent job growth reduced the metro's unemployment rate to 3.4 percent, the lowest level since 2000. Aided by an uptick in retail and professional service-related additions, organizations will bolster staffs by 25,500 workers in 2018, exceeding the previous five-year average.

Demographic Overview

Local retail spending is slated to increase by more than 5 percent for a fifth straight year, supported by steady income growth and the continuation of cycle-strong net migration. Affordable housing options and a growing economy also raise the rate of millennial population growth for a fifth consecutive year as this age cohort advances by more than 6,200 people.

Construction Overview

Last year the Indianapolis vacancy rate fell below 6 percent for several quarters, motivating developers to break ground on new facilities. This increase in building activity equates to the completion of 747,000 square feet of space in 2018 with deliveries largely concentrated in the northern suburbs of Fishers and Noblesville.

Vacancy/Rent Overview

Steady population growth fuels demand for additional storage units, allowing the absorption of new space. By year end, Indianapolis' vacancy rate will reach 7 percent, supporting a nominal rise in average rent.

2018 Market Forecast

Inventory — 14 million square feet and 6.8 square feet per capita

Employment up 2.4% — Hiring velocity returns to 2015 and 2016 levels as employers expand payrolls by 25,500 positions in 2018. Last year, a 1.7 percent rise occurred.

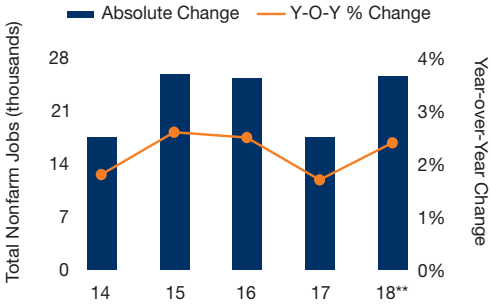
Population up 1.0% — Indianapolis' population expands by 19,900 residents in 2018, a moderate reduction from the 22,100-person gain registered in 2017.

Construction 747,000 sq. ft. — A total of 747,000 square feet of storage space will be finalized in 2018, a spike in construction activity following the delivery of 78,000 square feet last year.

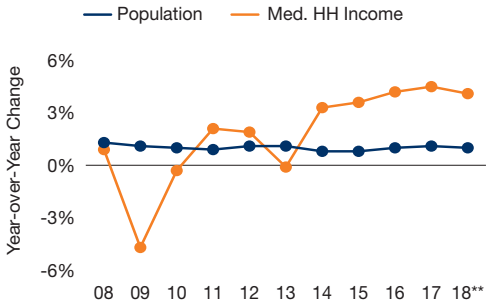
Vacancy down 10 bps — The metro's vacancy rate compresses for a fourth straight year, dipping 10 basis points to 7 percent. In 2017, a decline of 50 basis points was recorded.

Rent up 0.8% — The average rent rises nominally for a second straight year, inching up 0.8 percent to 84 cents per square foot.

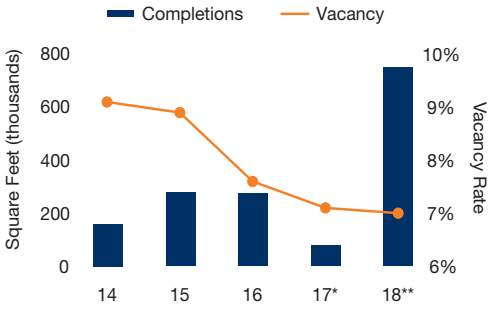
Employment Trends



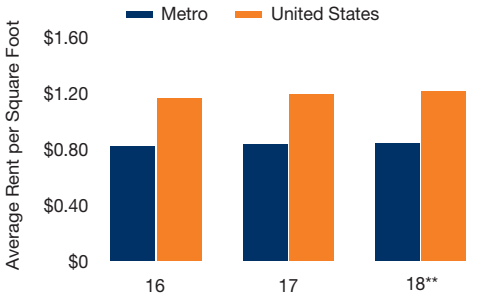
Demographic Trends



Supply and Demand Trends

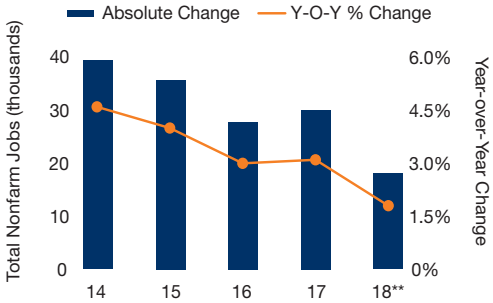


Rent Trends

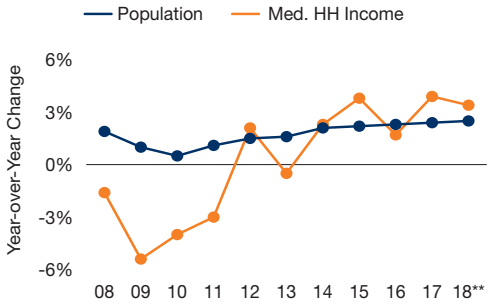


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

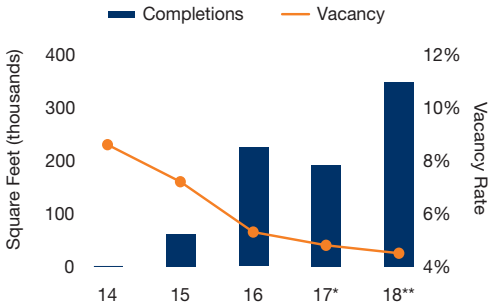
Employment Trends



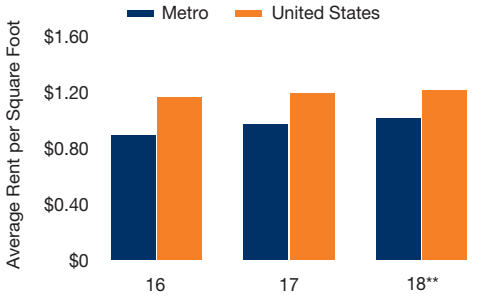
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Limited Availability Backs Healthy Rent Gains

Economic Overview

Las Vegas' employment base expanded by at least 3 percent for a fifth straight year in 2017, driven by the creation of more than 10,600 construction jobs. Strong apartment, warehouse and office development coupled with the commencement of highway-widening, stadium and hotel projects supported increased demand for building professionals. Amid 10-year-low unemployment, overall job creation will moderate in 2018.

Demographic Overview

A lower cost of living attracts individuals from West Coast markets to Las Vegas, underpinning another year of steady population growth. The metro's millennial cohort balloons by nearly 12,900 people in 2018, with household formations totaling 23,000 for a second straight period. Positive net migration and a sizable tourism industry boost retail sales by 5.6 percent.

Construction Overview

Self-storage construction will reach a five-year high in 2018 amid low vacancy and a consistently growing population. Most of the 348,000 square feet completed this year is in the southern part of the metro, including two facilities in Henderson area.

Vacancy/Rent Overview

Las Vegas entered the year with a sub-5 percent vacancy rate. The volume of available space will decline further in 2018, compressing an additional 30 basis points. Cycle-low vacancy allows a modest rate increase as the metro's average rent surpasses $1 per square foot.

2018 Market Forecast

Inventory — 15.7 million square feet and 6.9 square feet per capita

Employment up 1.8% — Employers will bolster staffs by 18,000 positions in 2018, a 1.8 percent gain following last year's 3.1 percent uptick.

Population up 2.5% — The metro's population will advance by 54,900 people in 2018, a 2.5 percent boost. This gain slightly outpaces last year's 2.4 percent rise.

Construction 348,000 sq. ft. — The metro's inventory of storage space increases by 348,000 square feet this year, up from 191,000 square feet finalized in 2017.

Vacancy down 30 bps — Las Vegas' vacancy rate drops 30 basis points to 4.5 percent in 2018, ranking the metro as one of the top markets nationally for compression.

Rent up 3.9% — Following a more than 9 percent spike last year, the metro's average rent climbs 3.9 percent to $1.01 per square foot in 2018.

Pockets of Development Minimally Impact Vacancy

Economic Overview

Four employment sectors each added more than 7,000 workers in 2017, fueling the creation of 46,700 jobs. A boost in construction positions was supported by the metro's high volume of infrastructure, apartment and office developments. This year, hiring velocity is more diverse, led by an increase in retail, health, tech and financial job openings.

Demographic Overview

The metro's stock of higher-paying job opportunities is steadily driving incomes, influencing the formation of 38,000 more households in 2018. This increase supports overall population growth as millennial relocations slow. The influx of new apartments and office space bodes well for retail sales and underlying self-storage demand, namely in Downtown Los Angeles and Westside Cities.

Construction Overview

For a metro of its size, Los Angeles County will see largely subdued development activity this year with total inventory on pace to expand just 2.1 percent. Of the 647,000 square feet slated for delivery in 2018, most is in the South Bay or South Los Angeles, with minimal finalizations in either downtown Los Angeles or Westside Cities.

Vacancy/Rent Overview

A lack of new space during the past two years allowed vacancy to hover in the low-5 percent range. In 2018, a slight uptick will be witnessed as the metro's vacancy rate reaches 5.4 percent. Limited availability continues to warrant rate gains with operators increasing the average rent by nearly 4 percent this year.

2018 Market Forecast

Inventory — 31 million square feet and 3.0 square feet per capita

Employment up 1.2% — Amid historically low unemployment, organizations will create 53,000 jobs in 2018, a 1.2 percent bump. In 2017, an increase of 1.1 percent occurred.

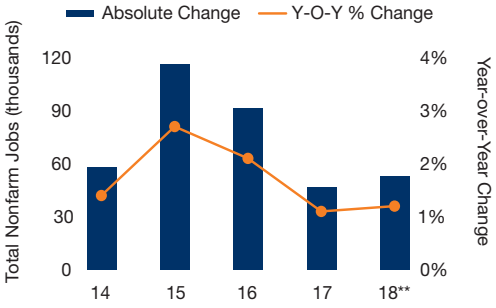
Population up 0.4% — Los Angeles' population grows at its fastest pace in three years, swelling by nearly 38,000 residents. Last year, a 0.3 percent gain was registered.

Construction 647,000 sq. ft. — Developers complete a five-year high volume of space in 2018 as 647,000 square feet is finalized. Last year witnessed the delivery of 275,000 square feet.

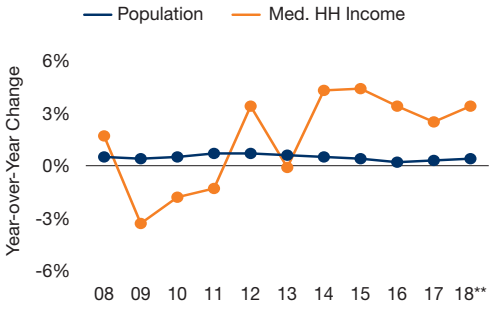
Vacancy up 30 bps — After being relatively unchanged the past two years, vacancy will inch up 30 basis points to 5.4 percent in 2018.

Rent up 3.9% — Los Angeles County experiences a second straight year of healthy rate growth with the average rent climbing 3.9 percent to $1.85 per square foot.

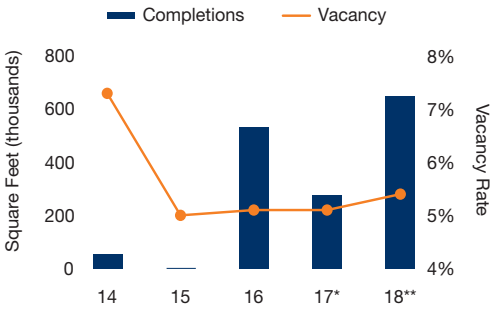
Employment Trends



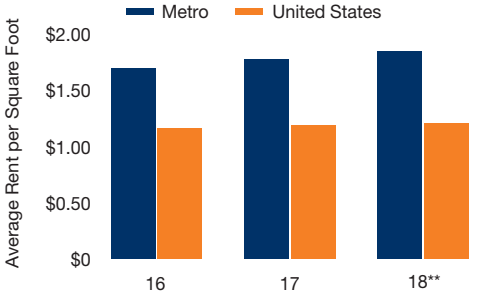
Demographic Trends



Supply and Demand Trends

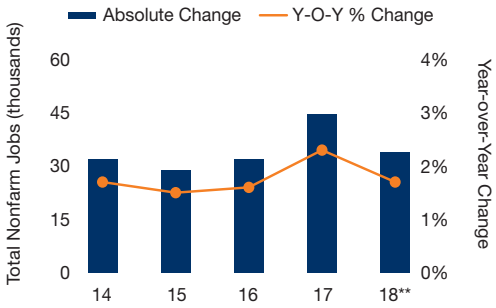


Rent Trends

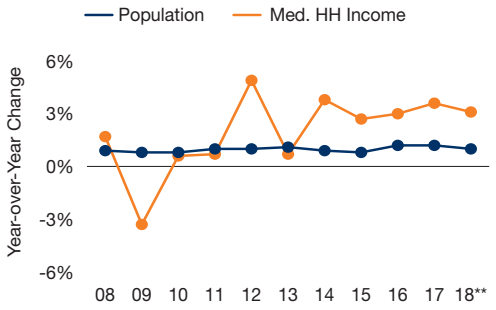


* Estimate; ** Forecast
Vacancy for Los Angeles-Long Beach-Anaheim, CA MSA
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

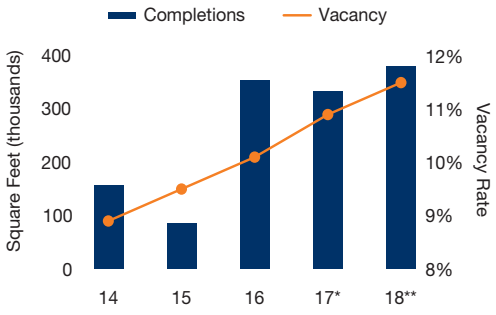
Employment Trends



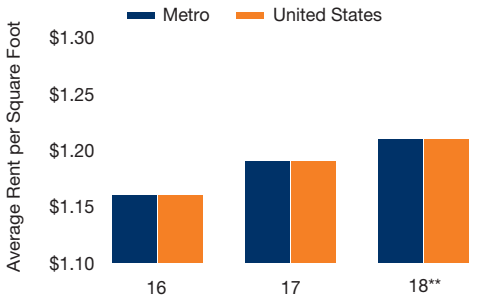
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Rising Vacancy Unable to Halt Rent Growth

Economic Overview

Minneapolis-St. Paul experienced six-year-high job creation in 2017. The addition of 44,500 positions reduced the metro's unemployment rate to 2.7 percent. The education, health and retail trade sectors accounted for nearly half of last year's hiring velocity. In 2018, more employers will recruit from outside the area to fill open positions, highlighted by an increased number of professional and business service-related opportunities.

Demographic Overview

Positive net migration and healthy income growth of more than 3 percent spur the formation of 18,000 households in 2018. New, higher-earning residences buying more goods support a 4.6 percent boost in retail sales. Elevated consumer spending and a continued influx of new apartments generate underlying demand for self-storage units this year.

Construction Overview

Development activity in the Twin Cities will remain consistent in 2018 as deliveries surpass 300,000 square feet for a third straight year. Suburban facilities near major freeways are responsible for bolstering the metro's inventory of storage space this year.

Vacancy/Rent Overview

Minneapolis-St. Paul's vacancy rate rises 60 basis points this year, similar to increases from the previous three years. While 11.5 percent of storage space will be available by year end, operators will moderately boost the average rent by nearly 2 percent.

2018 Market Forecast

Inventory — 14.4 million square feet and 3.9 square feet per capita

Employment up 1.7% — Organizations will create 34,000 positions in 2018 as extremely low unemployment prevents a larger gain. The metro's worker base expanded 2.3 percent last year.

Population up 1.0% — Minneapolis-St. Paul's population advances by at least 1 percent for a third straight year via the addition of 34,500 new residents.

Construction 380,000 sq. ft. — Deliveries total 380,000 square feet of space this year following the completion of 332,000 square feet in 2017.

Vacancy up 60 bps — Vacancy rises for a fourth straight year, increasing to 11.5 percent. Last year, availability expanded by 80 basis points.

Rent up 1.9% — After climbing 2.5 percent in 2017, the metro's average rent elevates by 1.9 percent to $1.21 per square foot.

Expanding Metro Met With Development Spike

Economic Overview

The recent addition of 17,300 jobs in 2017 dropped Nashville's unemployment rate below 2.3 percent, ranking the metro as the nation's second tightest labor market. Employers will add another 19,500 positions in 2018, supported by increased retail trade hiring and steady demand for tech professionals.

Demographic Overview

The lack of available workers requires more employers to recruit from outside the metro this year, fueling a high volume of net migration. Nashville's millennial cohort is slated for robust growth in 2018, expanding by more than 10,700 people. A growing younger population coupled with the formation of 18,000 new households support a 6.2 percent rise in retail sales.

Construction Overview

Four consecutive periods of 2 percent-plus population growth motivate developers to more than double delivery volume in 2018 when compared with last year. Projects in urban Nashville, namely within outskirts of downtown, account for most of this year's nearly 1.3 million square feet of new supply.

Vacancy/Rent Overview

Elevated development during a fifth straight year of stout population growth translates to a 40-basis-point rise in vacancy, negating last year's moderate compression. The influx of new space this year pushes the average rent up by at least 2 percent for a second consecutive period.

2018 Market Forecast

Inventory — 11.1 million square feet and 5.6 square feet per capita

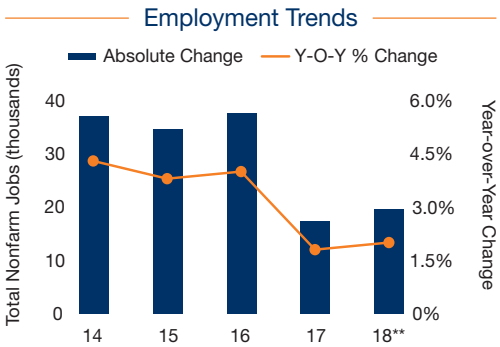
Employment up 2.0% — At full employment, Nashville organizations will expand the local workforce by 2 percent this year following a 1.8 percent gain in 2017.

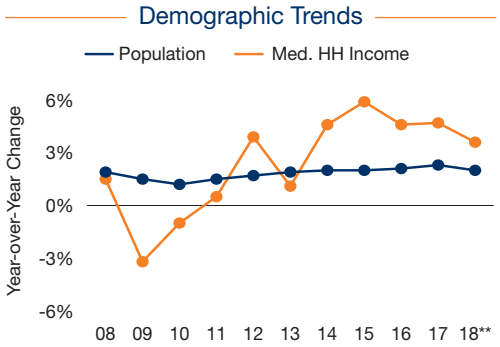
Population up 2.0% — The metro's population enlarges by at least 2 percent for a fifth consecutive year on the addition of more than 39,000 residents.

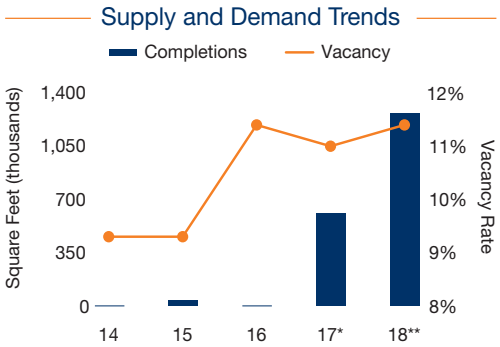
Construction 1.3 million sq. ft. — Construction activity spikes in 2018. Last year, developers completed 609,000 square feet.

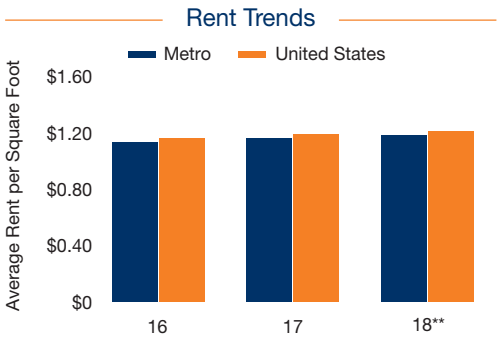
Vacancy up 40 bps — A 40-basis-point increase to the metro's vacancy rate pushes overall storage availability to 11.4 percent. In 2017, compression of 40 basis points was witnessed.

Rent up 2.0% — The average rent climbs to $1.18 per square foot this year following a 2.5 percent bump in 2017.



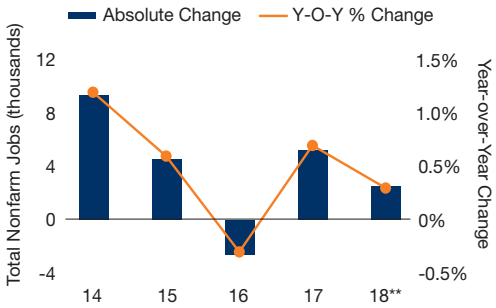




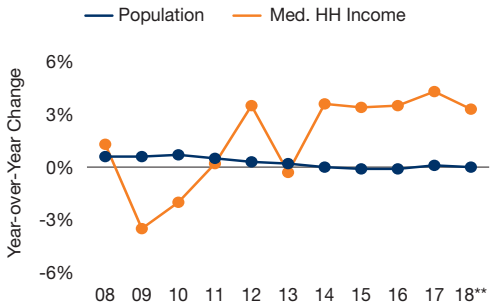


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

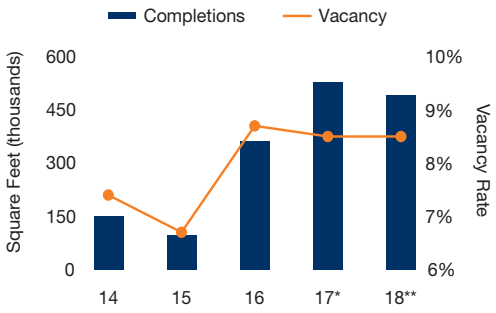
Employment Trends



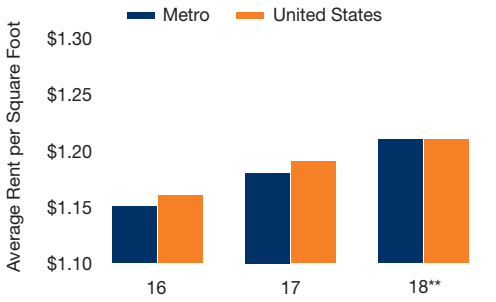
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Supply-Demand Balance Elevates Rents

Economic Overview

A surge in financial-related jobs last year translated to the creation of nearly 5,200 positions, lowering the metro's unemployment rate to roughly 2.4 percent. While a limited available labor force holds back overall hiring activity in 2018, the New Haven-Fairfield County employment base will expand 0.3 percent through the addition of 2,500 workers.

Demographic Overview

New Haven-Fairfield County's population remains relatively stagnant for a fifth straight year, yet retail sales are primed to increase by 4.9 percent in 2018. The metro's volume of higher-earning households coupled with a 3.3 percent rise in median household income are the factors in this uptick.

Construction Overview

Tight vacancy motivates developers to finalize an above-average volume of space for a second consecutive year, bringing 490,000 square feet to market in 2018. Upcoming deliveries are spread throughout the metro, with neither New Haven or Fairfield welcoming new supply.

Vacancy/Rent Overview

Demand for storage units matches construction activity as vacancy is unchanged this year at 8.5 percent. The metro's ability to absorb new supply supports a rent increase of at least 2.5 percent for a second straight period.

2018 Market Forecast

Inventory — 13.3 million square feet and 7.3 square feet per capita

Employment up 0.3% — Employers grow staffs by 2,500 positions in 2018, marking a slowdown in hiring velocity compared with the 0.7 percent rise recorded last year.

Population no change — Following the addition of more than 1,900 residents in 2017, population growth slows to less than 600 people.

Construction 490,000 sq. ft. — Consistent construction activity follows the delivery of 528,000 square feet last year.

Vacancy no change — The metro's vacancy rate holds at 8.5 percent this year after compression of 20 basis points was noted in 2017.

Rent up 2.5% — Rent growth nearly mirrors 2017 when a 2.7 percent boost was witnessed. This year's 2.5 percent gain elevates the average rent to $1.21 per square foot.

Duo of Boroughs Steer Construction Activity

Economic Overview

An influx of tech, financial and health-related positions supported the creation of 56,000 jobs in 2017, reducing the metro's pool of available, degreed professionals. Hiring velocity is set to nearly cut in half during 2018 as low unemployment weighs on potential job growth.

Demographic Overview

Employment growth driven by higher-paying sectors advances New York City's median household income by 2.8 percent this year, encouraging the formation of 32,000 households. Household creation and a third year of millennial population growth increase consumer demand for conveniently located retail. The completion of 43,000 apartments in 2017 and 2018 complements demand for self-storage space.

Construction Overview

An increase in Brooklyn self-storage construction supports the completion of more than 1.3 million square feet throughout the metro, a five-year high volume of space. Additionally, the Bronx welcomes more than 300,000 square feet of new supply this year.

Vacancy/Rent Overview

Finalizations total more than 900,000 square feet for a second straight period, pushing the metro's vacancy rate up to 9.4 percent. A 100-basis-point increase in vacancy over a 24-month span equates to a modest decline in rents.

2018 Market Forecast

Inventory — 18.7 million square feet and 2.2 square feet per capita

Employment up 0.7% — Following last year's 1.3 percent rise, the metro's employment base expands by 30,000 jobs in 2018.

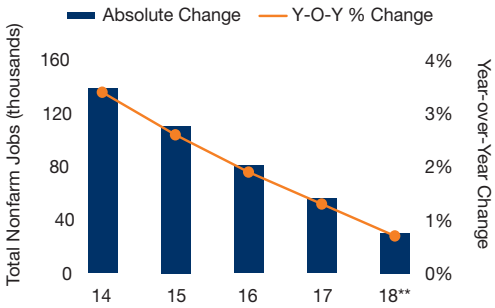
Population up 0.4% — New York City's populace will grow 0.4 percent for a second consecutive year, translating to an increase of more than 33,600 residents.

Construction 1.3 million sq. ft. — Delivery volume totals more than 1.3 million square feet of space this year after 915,000 square feet of new supply was finalized in 2017.

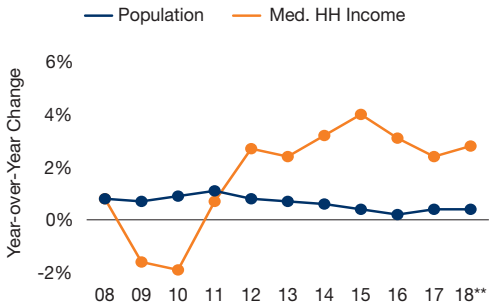
Vacancy up 60 bps — The metro's vacancy rate rises moderately for a second straight year, expanding to 9.4 percent. In 2017, an increase of 40 basis points was noted.

Rent down 0.7% — Growing vacancy translates to a 0.7 percent dip in rates, with rent reaching $2.40 per square foot by year end.

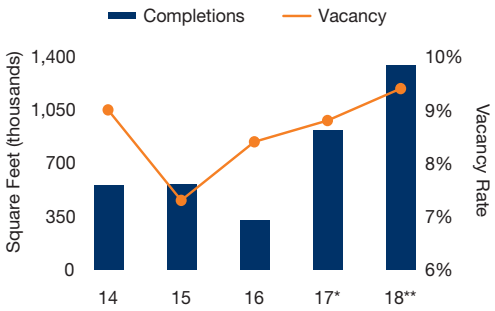
Employment Trends



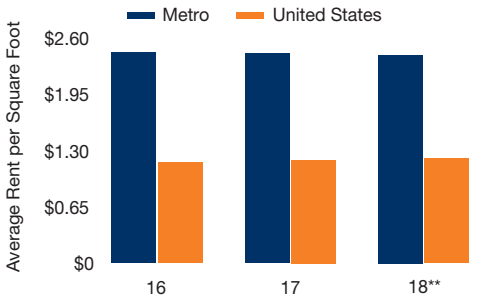
Demographic Trends



Supply and Demand Trends

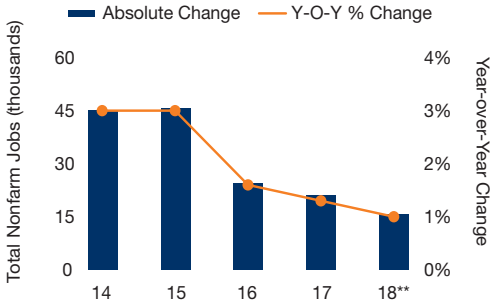


Rent Trends

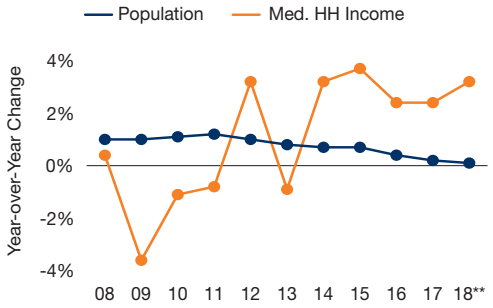


* Estimate; ** Forecast
Vacancy for New York-Newark-Jersey City, NY-NJ-PA MSA
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

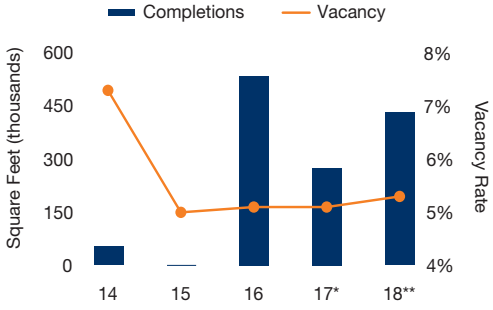
Employment Trends



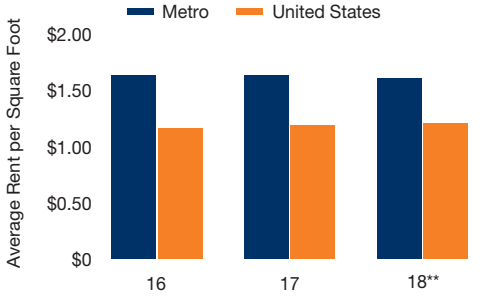
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Vacancy for Los Angeles-Long Beach-Anaheim, CA MSA
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

High Incomes, More Apartments Keep Vacancy Low

Economic Overview

Orange County entered this year boasting a sub-4 percent unemployment rate, aided by the creation of 20,900 positions in 2017. This year, organizations will bolster staffs at a slightly slower rate, highlighted by the continued establishment of professional service-related positions.

Demographic Overview

Home to a host of higher-earning households and steady income growth, the metro is in line for a 3.2 percent boost in retail sales this year. The creation of 9,000 households will be offset by a declining millennial cohort, holding back overall population growth in 2018. Yet, the delivery of more than 11,100 apartments over a two-year span should up demand for self-storage space, largely in the central portion of the county.

Construction Overview

Finalizations in the northern portion of Orange County will elevate overall construction in 2018 as central and southern-located development is minimal. The college town of Fullerton gains a 136,000-square-foot facility while a property containing nearly 157,000 square feet is completed in the city of Orange.

Vacancy/Rent Overview

Home to low-5 percent vacancy, the area represents the tightest metro in Southern California, yet operators are unable to raise rents for a third straight period. This year's 20-basis-point uptick in availability equates to a 1.2 percent decrease in average rent.

2018 Market Forecast

Inventory — 15.8 million square feet and 4.9 square feet per capita

Employment up 1.0% — Low unemployment will slow job creation in 2018. Last year, a 1.3 percent rise occurred.

Population up 0.1% — After expanding by 0.2 percent in 2017, Orange County's population climbs by nearly 3,700 people this year, the lowest resident growth total in 12 years.

Construction 431,000 sq. ft. — Two larger deliveries drive completions in 2018, a rise in volume compared with the 275,000 square feet finalized in 2017.

Vacancy up 20 bps — The metro's vacancy rate rises slightly to 5.3 percent following a 12-month period of supply-and-demand balance.

Rent down 1.2% — Tight vacancy will not translate to rent growth in 2018 as the metro's average rent regresses 1.2 percent to $1.61 per square foot.

Influx of New Residents Drives Building Activity

Economic Overview

Orlando's employment base swelled by 20 percent over the past five years, led by the continued expansion of the local hospitality and professional services sectors. In 2017 alone, companies added more than 46,000 workers, reducing the area's unemployment rate to a statewide low of 3.2 percent. The recent pace of hiring persists in 2018 as organizations add 40,000 positions to payrolls.

Demographic Overview

A tight labor market will force employers to recruit from outside the metro when filling open positions in 2018, supporting the strongest rate of net migration in more than 10 years. The influx of nearly 15,000 millennials and 37,000 households this year coincides with a span of aggressive apartment development, enabling a 7.2 percent jump in retail sales.

Construction Overview

Robust net migration projections influence developers to deliver 1.1 million square feet of space this year, marking a five-year high. Finalizations will be concentrated in the central portion of the metro with most new facilities comprising more than 90,000 square feet.

Vacancy/Rent Overview

Heightened development moderately impacts storage availability for a second consecutive year with the metro's vacancy rate climbing 60 basis points. Rent growth is not hindered by this rise; rather, the average rent advances by nearly 4 percent after a slightly larger gain was experienced last year.

2018 Market Forecast

Inventory — 20.7 million square feet and 7.9 square feet per capita

Employment up 3.1% — The metro's employment base expands by more than 3 percent for a sixth consecutive year after a 3.8 percent rise was recorded in 2017.

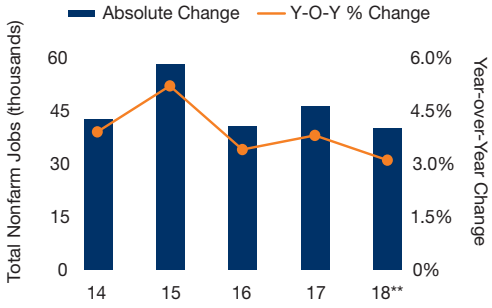
Population up 3.0% — Orlando's population grows at a record rate in 2018, increasing by more than 77,000 residents. In 2017, a 2.5 percent gain was registered.

Construction 1.1 million sq. ft. — Delivery volume exceeds 1 million square feet of space in 2018 following the completion of 743,000 square feet last year.

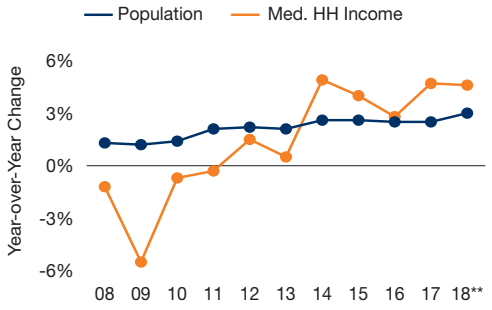
Vacancy up 60 bps — After rising 20 basis points in 2017, the metro's vacancy rate climbs to 8.6 percent.

Rent up 3.9% — Last year's strong 5.4 percent rent boost is followed by a 3.9 percent uptick in 2018 with the metro's average rent reaching $1.10 per square foot.

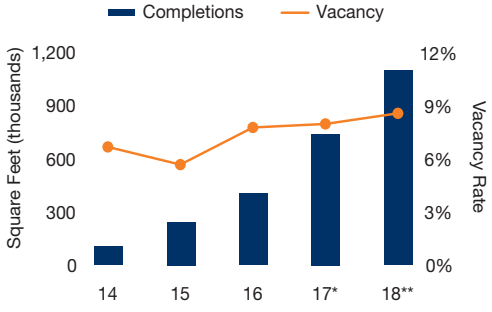
Employment Trends



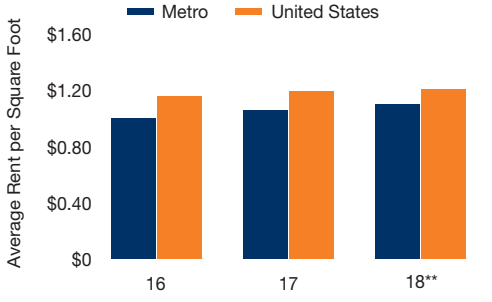
Demographic Trends



Supply and Demand Trends



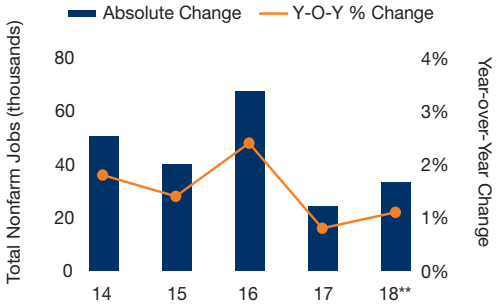
Rent Trends



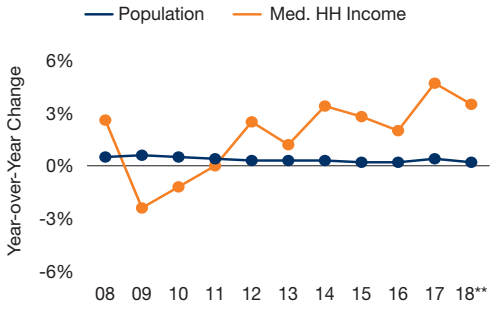
* Estimate; ** Forecast

Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

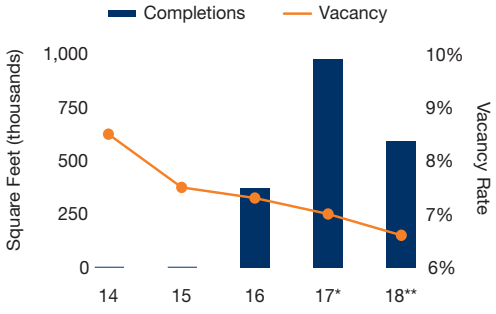
Employment Trends



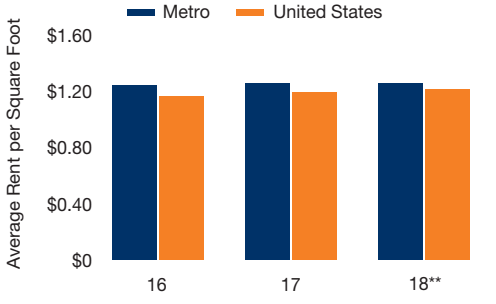
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Household Formations Limit Storage Vacancies

Economic Overview

Strong health, education and professional service-related hiring buoyed employment growth last year while the number of government and retail workers declined. Job creation will improve in 2018 as Philadelphia employers add 33,000 positions, including a host of higher-paid office workers. Positive job growth will further reduce local unemployment.

Demographic Overview

A rise in job growth drives the median household income up 3.5 percent in 2018, supporting a steady rate of household formations. Net migration will remain positive while the metro's millennial cohort begins to decline. The creation of 19,000 households this year also backs a 5.2 percent rise in retail sales and increased demand for self-storage space.

Construction Overview

An equal distribution of urban and suburban storage projects comprises 2018's pipeline. A 275,000-square-foot U-Haul Moving & Storage facility in south Philadelphia represents the largest completion.

Vacancy/Rent Overview

The metro's vacancy rate continues to moderately decline on an annual basis, falling 40 basis points in 2018 to a five-year low. This reduction ranks Philadelphia as the second best performing market in the nation, supporting stable rents throughout the year.

2018 Market Forecast

Inventory — 17.7 million square feet and 2.9 square feet per capita

Employment up 1.1% — Organizations bolster payrolls by 1.1 percent in 2018, a rebound following last year's 0.8 percent gain.

Population up 0.2% — Philadelphia's populace grows by roughly 9,500 people this year, subdued growth compared with the more than 22,300-resident boost recorded in 2017.

Construction 591,000 sq. ft. — The metro's construction pipeline decreases this year from the 975,000 square feet finalized in 2017.

Vacancy down 40 bps — Vacancy compresses for a fourth straight year, falling 40 basis points to 6.6 percent. In 2017, a dip of 30 basis points was noted.

Rent up 0.3% — The average rent inches up 0.3 percent to $1.25 per square foot amid tight vacancy. This gain is comparable to last year's 0.7 percent uptick.

Rents Soar Amid Strong Absorption

Economic Overview

A surging construction industry and a thriving education and health services sector stoked the creation of more than 37,000 positions last year, reducing Phoenix's unemployment rate to 3.7 percent. Job growth is set to heat up in 2018 as companies boost their recruitment efforts outside the metro.

Demographic Overview

A lower cost of living and diverse job market attract new residents at a robust rate this year, ranking Phoenix as one of the fastest-growing metros in the nation. The area's millennial population will expand by 20,500 people, with 41,000 total household formations. These factors drive strong net migration, translating to a sizable 7.5 percent uptick in retail sales.

Construction Overview

A top metro for self-storage construction last year, Phoenix welcomes a reduced volume of space in 2018, yet deliveries still exceeds 800,000 square feet. The completion of roughly 300,000 square feet in and around Scottsdale steers this year's finalizations.

Vacancy/Rent Overview

The metro absorbs a wave of new supply for a fourth consecutive year, slightly reducing vacancy to a 7.4 percent, a five-year low rate. Consistent demand for storage units stems from continued population growth, allowing operators to increase the average rent by nearly 6 percent following a double-digit gain in 2017.

2018 Market Forecast

Inventory — 28 million square feet and 5.7 square feet per capita

Employment up 2.6% — Amid low unemployment, employers increase staffs by 2.6 percent, or 53,100 positions, outpacing the 1.9 percent gain recorded last year.

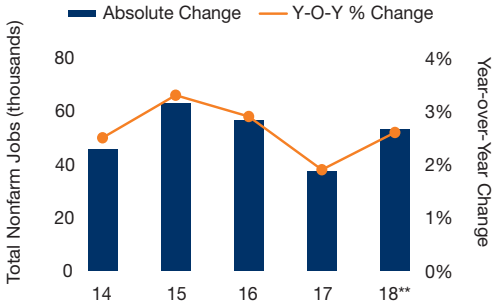
Population up 2.1% — The influx of more than 100,000 people raises Phoenix's population by 2.1 percent. This growth outpaces every West Coast and Southwest metro.

Construction 809,000 sq. ft. — Supply additions are cut in half this year after the delivery of 1.6 million square feet of space in 2017.

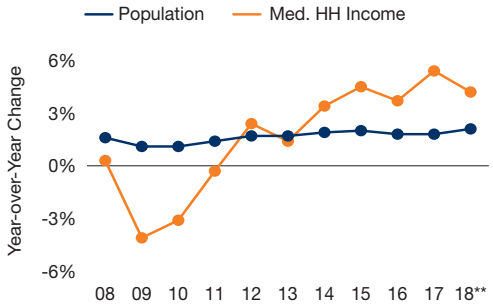
Vacancy down 10 bps — Demand continues to outpace new supply, dropping Phoenix's vacancy rate by 10 basis points to 7.4 percent. In 2017, a decline of 30 basis points occurred.

Rent up 5.8% — Following a sizable 10.7 percent boost last year, the metro's average rent elevates an additional 5.8 percent to $1.10 per square foot.

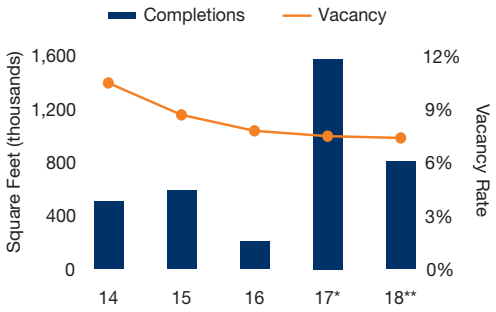
Employment Trends



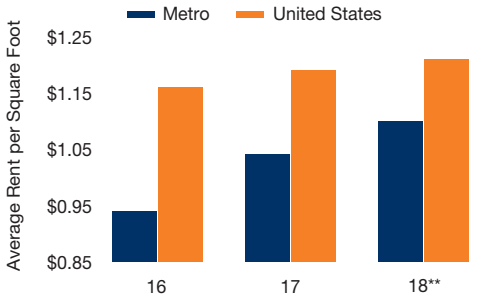
Demographic Trends



Supply and Demand Trends

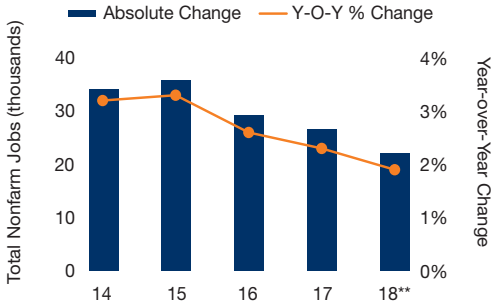


Rent Trends

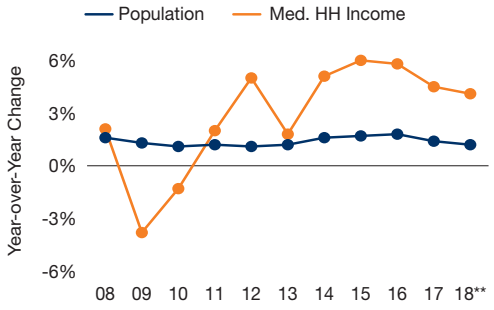


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

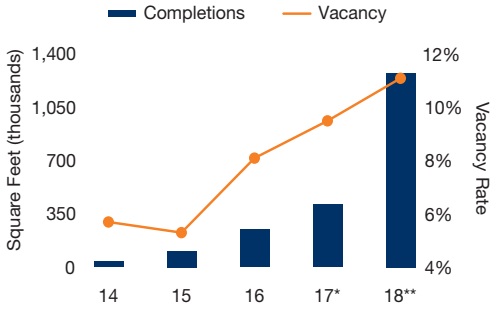
Employment Trends



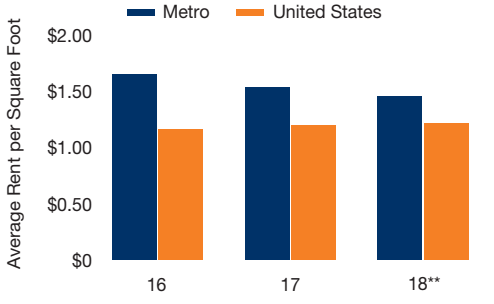
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Development Spike Leads West Coast Metros

Economic Overview

A heightened period of apartment and office development inflated demand for construction workers in 2017 as the employment sector grew by 6,700 jobs for a second straight year. This hiring coupled with education- and health-related expansions reduced Portland's unemployment rate to 4 percent. The large base of well-educated young people moving into the metro supports the creation of 22,000 jobs in 2018.

Demographic Overview

Retail sales volume in Portland will surge by 7 percent this year, underpinned by the creation of 18,000 households and annual median income growth of $3,000. A continually increasing millennial cohort also bodes well for consumer spending. The addition of more than 3,900 people from age 20 to 34 and another wave of apartment deliveries generate underlying demand for self-storage units.

Construction Overview

The metro is home to robust overall construction activity in 2018 including the delivery of 1.3 million square feet of storage space, a total that surpasses the volume of new supply completed during the previous four years combined. Facilities in Portland's northwest and eastern sections account for a sizable chunk of this year's finalizations.

Vacancy/Rent Overview

The wave of completions slated for 2018 inflates the metro's vacancy rate by triple-digit basis points for a third straight period. A rate of availability of more than 11 percent requires more operators to lower rents, dropping the average rate by more than 5 percent for a second straight year.

2018 Market Forecast

Inventory — 12.5 million square feet and 5.0 square feet per capita

Employment up 1.9% — Amid nearly full employment, Portland organizations advance staffs by 1.9 percent this year following a 2.3 percent rise in 2017.

Population up 1.2% — The metro's population climbs at a slightly slower pace in 2018, growing by more than 28,600 people. The previous two years registered 1.4 and 1.8 percent gains.

Construction 1.3 million sq. ft. — Nearly 1.3 million square feet of space will be delivered in 2018, a significant boost following the completion of 411,000 square feet last year.

Vacancy up 160 bps — An influx of new space pushes the metro's vacancy rate up 160 basis points to 11.1 percent, comparable to last year's 140-basis-point bump.

Rent down 5.1% — A triple-digit increase in vacancy translates to declining rents in 2018 as a 5.1 percent reduction drops the metro's average rent to $1.45 per square foot.

Builders Ignore Rapidly Rising Vacancy

Economic Overview

An influx of tech-related positions bolstered the number of professional service employees in 2017, with the sector accounting for nearly half of the 19,400 jobs added in Raleigh. All 11 employment sectors notched positive gains in 2017, a testament to the metro's economic strength and diversity. Overall employment growth will improve this year amid a shortage of labor.

Demographic Overview

Raleigh's millennial population expands by 3.5 percent in 2018, the largest annual gain of any major metro. The growing number of higher-paying positions is one factor that influences waves of younger professionals with degrees to relocate to the area. Developers responded by delivering nearly 10,000 apartments over a two-year span. Nearby retailers and shopping centers should benefit as these rooms fill up, supporting a nation-leading 8.6 percent boost in consumer spending.

Construction Overview

Improving job growth and a swelling millennial population motivate developers to bolster the metro's storage inventory by 1.4 million square feet this year, following the completion of 970,000 square feet in 2017. New facilities are primarily located in Raleigh and Durham.

Vacancy/Rent Overview

Over the past two years, the metro's vacancy rate ballooned by a combined 450 basis points. This trend continues in 2018 as availability increases another 250 basis points amid a spike in development activity. Rapidly rising vacancy hinders the possibility of rent growth with the metro's average rate falling nearly 3 percent this year.

2018 Market Forecast

Inventory — 13.6 million square feet and 6.9 square feet per capita

Employment up 2.7% — Hiring velocity matches the previous five-year average as Raleigh's employment base rises by 2.7 percent, an improvement over last year's 2.1 percent increase.

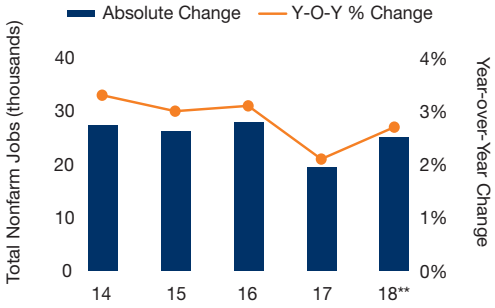
Population up 2.4% — This year's rate of population growth exceeds the 2.2 percent gain recorded in each of the previous two years.

Construction 1.4 million sq. ft. — The metro witnesses a second straight year of strong storage construction.

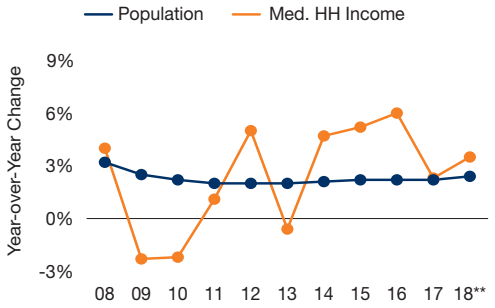
Vacancy up 250 bps — New supply noticeably outpaces demand in 2018, driving the metro's vacancy rate up 250 basis points to 14 percent. A similar uptick was recorded in 2017.

Rent down 2.7% — A growing inventory of available space reduces the metro's average rent by 2.7 percent this year to 93 cents per square foot.

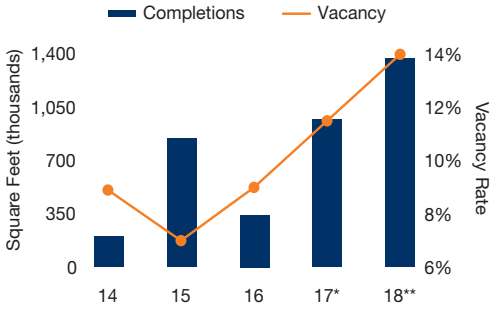
Employment Trends



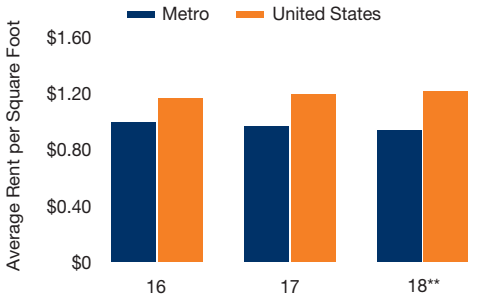
Demographic Trends



Supply and Demand Trends

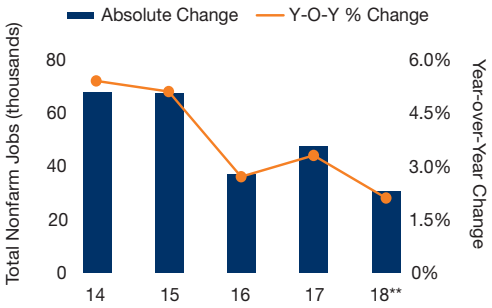


Rent Trends

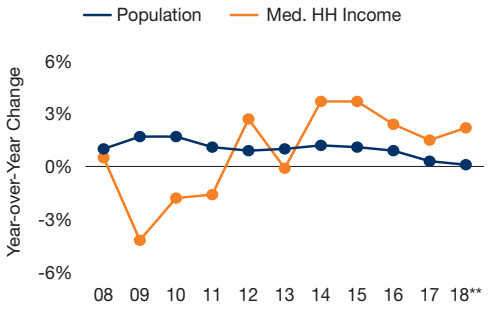


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

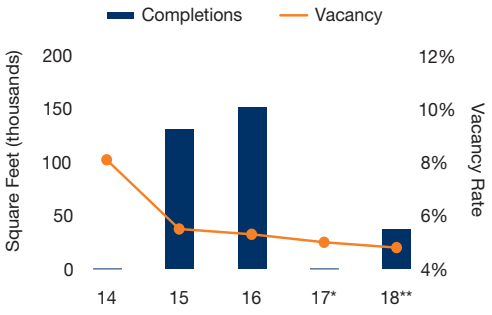
Employment Trends



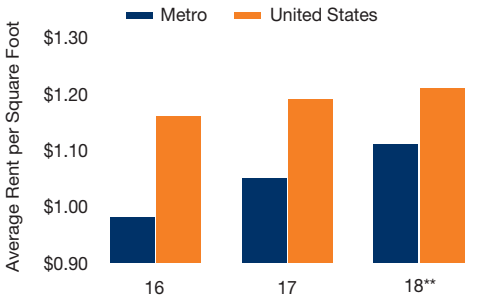
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Limited Vacancy Warrants Stout Rent Gains

Economic Overview

Elevated infrastructure and warehouse development translated to the creation of nearly 14,500 construction positions in 2017. This job growth, coupled with the metro's enlarging hospitality and health sectors, supported the addition of 47,300 workers last year. Hiring velocity will dip in 2018 amid sub-5 percent unemployment, yet the Inland Empire's logistics industry will witness a heightened rate of expansion.

Demographic Overview

Providing residents with a lower cost of living and more affordable housing options than other Southern California metros, Riverside-San Bernardino continues to register a consistent uptick in new households. In 2018, the formation of 14,000 households offsets a decline in the metro's millennial populace while supporting a moderate boost in retail sales.

Construction Overview

Limited self-storage vacancy has yet to trigger new development within the Inland Empire. In 2018, a 37,000-square-foot project in Fontana accounts for the lone finalization.

Vacancy/Rent Overview

A lack of new facilities allows vacancy to further compress amid already-tight conditions. By year end, Riverside-San Bernardino will represent one of four metros nationwide with a vacancy rate below 5 percent. Limited availability supports a 5.6 percent boost in average rent, the second largest rise in the country.

2018 Market Forecast

Inventory — 31.4 million square feet and 6.9 square feet per capita

Employment up 2.1% — Job growth moderates in 2018 as organizations grow staffs by 30,700 workers following the 3.3 percent gain witnessed last year.

Population up 0.1% — The rate of population growth slows in Riverside-San Bernardino for a third straight year, rising just 0.1 percent in 2018 after a 0.3 percent increase last year.

Construction 37,000 sq. ft. — One storage facility is scheduled to be completed in 2018 following a year that witnessed no deliveries.

Vacancy down 20 bps — The Inland Empire represents the only major California metro to experience a decline in vacancy this year as availability dips to 4.8 percent.

Rent up 5.6% — The metro's average rent climbs 5.6 percent to $1.11 per square foot this year, the second highest growth rate in the nation. A 7.1 percent gain was noted in 2017.

California's Tightest Market Lacks New Supply

Economic Overview

The creation of nearly 22,000 jobs in 2017 reduced Sacramento's unemployment rate to 4.1 percent, its lowest mark since 2000. More than a third of last year's job creation was fueled by the leisure and hospitality sector, with another chunk of jobs stemming from government and health-related hiring. A notable improvement in professional services-related growth highlights the addition of 20,000 positions in 2018.

Demographic Overview

The number of households in Sacramento rises by more than 1 percent for a third straight year, supporting positive net migration. The formation of 11,000 households in 2018 stems from consistent job growth and a cost of living that is significantly lower than the Bay Area. A $2,000 boost to the metro's median household income enables retail sales to grow by 3.4 percent.

Construction Overview

Construction activity slows this year as a lone 97,000-square-foot facility near Rancho Cordova is completed. During the previous four years, a combined 481,000 square feet was finalized.

Vacancy/Rent Overview

The metro's vacancy rate reaches 4.6 percent by year end as the result of a nominal increase. Sacramento's limited storage availability ranks the market as the third tightest metro in the nation. Tight conditions warrant another year of healthy rent growth, with the average rate advancing 2 percent.

2018 Market Forecast

Inventory — 16.2 square feet and 6.9 square feet per capita

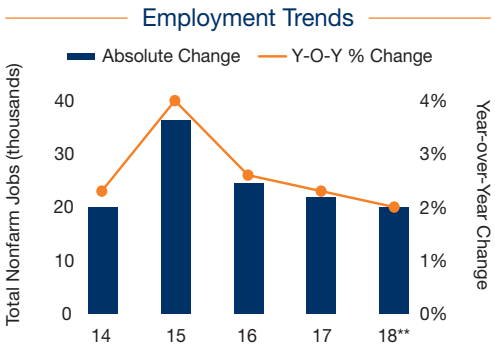
Employment up 2.0% — Employers bolster payrolls in 2018 at a rate comparable to last year's 2.3 percent rise.

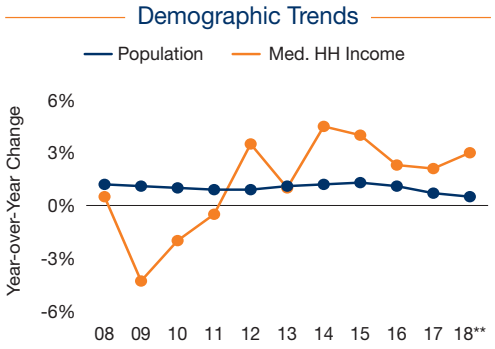
Population up 0.5% — The rising pace of household formations are driven by population growth of 0.5 percent in 2018, down slightly from last year's 0.7 percent boost.

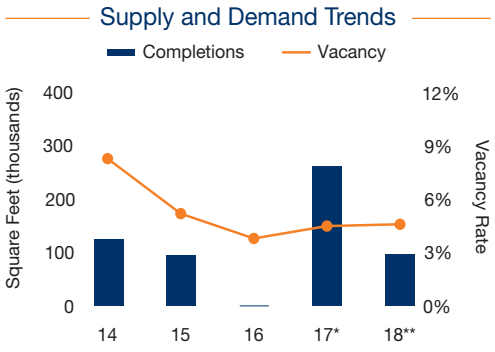
Construction 97,000 sq. ft. — Following the completion of 262,000 square feet in 2017, delivery volume totals 97,000 square feet this year.

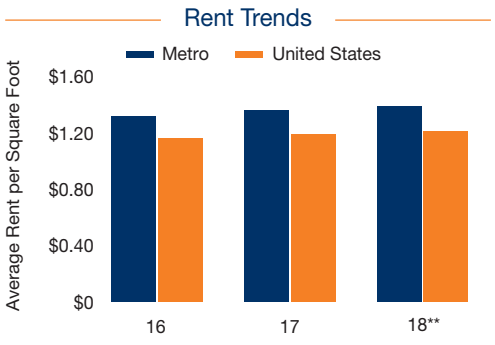
Vacancy up 10 bps — After bottoming out at 3.8 percent in 2016, the metro's vacancy rate rose 70 basis points in 2017. This year, a modest increase will push Sacramento's vacancy rate to 4.6 percent.

Rent up 2.0% — A 2.0 percent uptick in the rate elevates the metro's average rent to $1.39 per square foot this year. In 2017, a 3.4 percent rise was experienced.



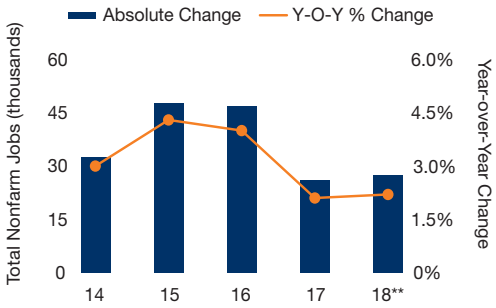




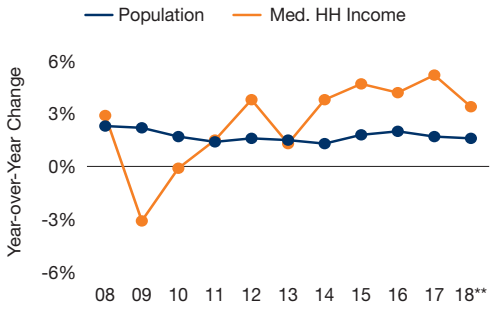


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

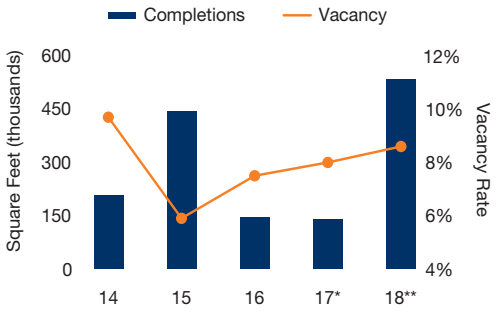
Employment Trends



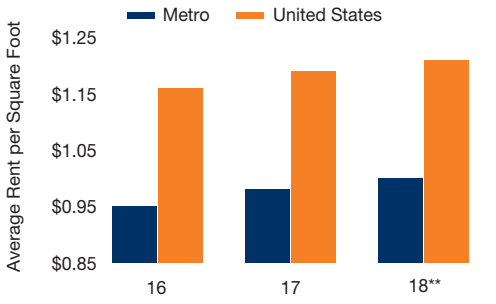
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Expanding Populace Preserves Rent Growth

Economic Overview

Salt Lake City's unemployment rate has hovered below 4 percent for the past five years. This shortage of available labor has not hindered hiring velocity as employers created 187,000 positions during that span. Steady employment growth persists during 2018, marked by the metro's increasing number of office-using jobs, namely within the government, professional services and health sectors.

Demographic Overview

For a second straight year, the metro's expanding economy and growing wages boost the local millennial population by at least 2 percent. This progression and the formation of 16,000 households support a 7.2 percent rise in retail sales after a 9.3 percent boost was noted in 2017. Increased consumer spending and a second year of robust apartment development provide underlying demand for self-storage space.

Construction Overview

Suburban population growth translates to heightened development activity in the metro's south and northern regions this year. Delivery volume exceeds 530,000 square feet of space this year, a notable uptick compared with the previous two years' completion totals.

Vacancy/Rent Overview

After dipping below 6 percent three years ago, the metro's vacancy rate has continued to climb. In 2018, self-storage availability will rise by 60 basis points, an increase on pace with last year's level. The rise in vacancy has yet to deter rent growth with the metro's average rate advancing by nearly 2 percent this year.

2018 Market Forecast

Inventory — 19.8 million square feet and 7.8 square feet per capita

Employment up 2.2% — Even as the metro is at full employment, organizations bolster staffs by more than 27,000 positions. In 2017, a comparable 2.1 percent gain was recorded.

Population up 1.6% — Salt Lake City's population expands by more than 40,000 residents for a fourth consecutive year.

Construction 532,000 sq. ft. — A consortium of deliveries outside the core drive the completion of 532,000 square feet of space in 2018. Less than 150,000 square feet was finalized in each of the past two years.

Vacancy up 60 bps — The metro's vacancy rate reaches 8.6 percent by year's end on an increase of 60 basis points. In 2017, an increase of 50 basis points occurred.

Rent up 1.9% — Average rent advances to $1.00 per square foot following a 3.4 percent gain in 2017.

Developers Respond to Vacancy Trend

Economic Overview

Spikes in the number of education, health and construction positions translated to the creation of nearly 33,000 jobs last year, reducing San Antonio's unemployment rate to 3 percent. Moving forward, a lack of available local labor could force employers to recruit from outside the metro with greater frequency. Job gains in 2018 will be highlighted by the retail trade and government sectors.

Demographic Overview

Annual household formations total 17,000 for a second consecutive year, spurred by healthy rates of income and job growth. These factors also support the influx of more than 7,000 millennials in 2018. Positive net migration and a wave of apartment and office deliveries bode well for local retailers as consumer spending is slated to rise by 5.1 percent.

Construction Overview

A 150-basis-point rise in vacancy over the past two years has influenced developers to reduce the metro's construction pipeline. The finalization of more than 450,000 square feet in 2018 represents the lowest delivery volume in five years with projects along Highway 281 accounting for a notable chunk of new supply.

Vacancy/Rent Overview

San Antonio's vacancy rate rises for a third consecutive period, approaching 11 percent by year end, yet nominal rent growth persists. This uptick is regionally notable, as Texas' other major metros all witness rent reductions in 2018.

2018 Market Forecast

Inventory — 17.9 million square feet and 7.1 square feet per capita

Employment up 2.4% — Employers will add 25,000 positions this year amid extremely low unemployment. The 2.4 percent gain set for 2018 trails last year's 3.2 percent rise.

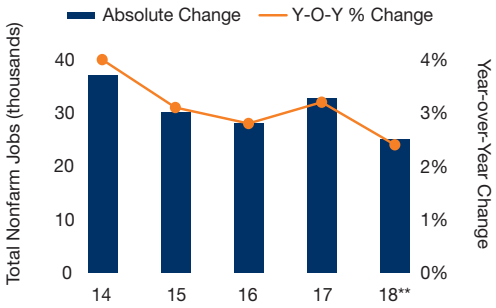
Population up 1.6% — San Antonio's population continues to steadily climb, increasing by nearly 41,000 new residents in 2018 following last year's 1.5 percent uptick.

Construction 458,000 sq. ft. — After completing 803,000 square feet in 2017, developers finalize 458,000 square feet this year.

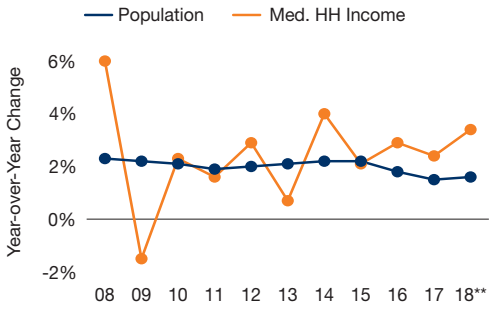
Vacancy up 50 bps — A 50-basis-point increase in vacancy pushes the metro's rate to 10.7 percent by year end. Last year, an expansion of 90 basis points was recorded.

Rent up 1.0% — The metro's average rent inches up by 1 percent for a second straight year, reaching $1.03 per square foot.

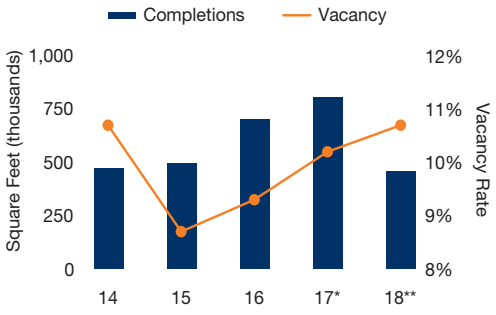
Employment Trends



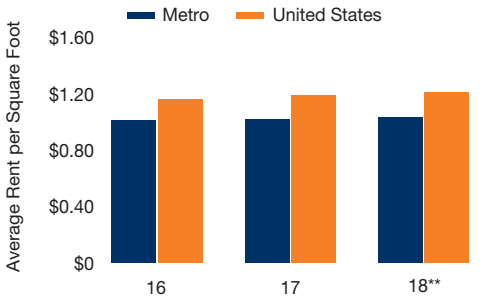
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast

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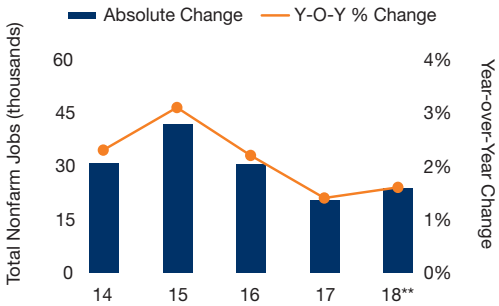
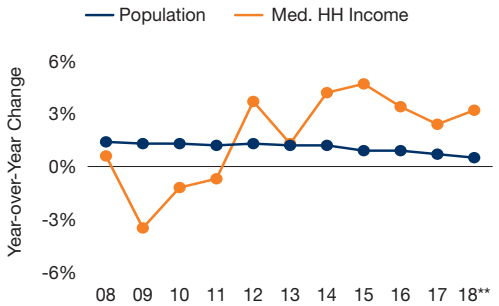
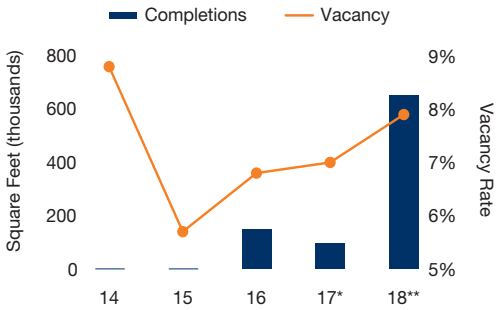
Employment Trends



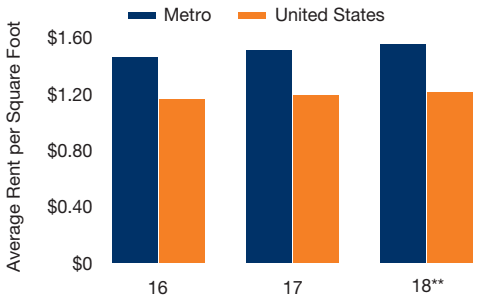
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Metro Emerges From Construction Drought

Economic Overview

San Diego is home to the lowest unemployment rate among Southern California metros following the addition of 20,500 workers in 2017. The leisure and hospitality sector along with education and health services related hiring spearheaded growth. The more diverse distribution of job openings allows overall hiring to inch up this year, as 23,800 positions are added to staffs.

Demographic Overview

The metro's quality of life continues to influence relocations and the formation of new households, supporting demand for self-storage units. In 2018, the number of new households will grow by 15,000 while median household earnings advance by 3.2 percent. These factors largely impact suburban retail spending as core consumer sales are heightened by a wave of downtown multifamily deliveries this year.

Construction Overview

Developers respond to four years of subdued development by completing more than 650,000 square feet of space in 2018. This total ranks San Diego as the top Southern California metro for self-storage deliveries this year, driven by larger finalizations in North San Diego, East County and South County.

Vacancy/Rent Overview

Expansion of the metro's storage inventory nearly increases vacancy by triple-digit basis points, yet positive rent growth occurs for a second straight year, pushing the average rate to $1.55 per square foot.

2018 Market Forecast

Inventory — 15.9 million square feet and 4.7 square feet per capita

Employment up 1.6% — Amid low unemployment, San Diego employers bolster payrolls by 1.6 percent this year, a rise from the 1.4 percent gain witnessed in 2017.

Population up 0.5% — The metro's population climbs by nearly 18,000 residents following a 0.7 percent uptick in 2017.

Construction 651,000 sq. ft. — Annual delivery volume notably elevates in 2018 as developers finalize 651,000 square feet of space. About 100,000 square feet was completed in 2017.

Vacancy up 90 bps — As construction rises, so does vacancy, climbing 90 basis points to 7.9 percent this year. In 2017, an increase of 20 basis points occurred.

Rent up 2.4% — The metro's average rent advances by 2.4 percent following last year's 3.8 percent bump.

Unwavering Demand Persists in Tightest Market

Economic Overview

The continued strength of Seattle's job market has reduced area unemployment to 4 percent, the lowest annual rate in 18 years. Diversified employment growth highlighted 2017, as five different sectors each added more than 5,000 workers. This trend will hold up in 2018, led by an inflow of tech and health positions coupled with a rise in logistics and warehouse-related jobs.

Demographic Overview

Seattle represents the top West Coast market for net migration in 2018, supported by its diverse economy and stock of higher-paying jobs. Annual median income growth of more than $3,000 this year encourages the formation of 30,000 households and attracts millennials. The metro's expanding populace underpins a 5.7 percent gain in retail sales this year. Additionally, the delivery of more than 11,000 apartments generates an underlying need for self-storage space.

Construction Overview

A thriving economy and extremely low vacancy motivate developers to increase construction activity this year. The 729,000 square feet slated for completion marks the highest delivery total in five years, with finalizations concentrated in northern portions of Seattle and Tacoma.

Vacancy/Rent Overview

Robust demand for storage units this cycle has reduced the metro's vacancy rate to 3.2 percent entering this year. Demand for space remains strong in 2018 amid a rise in development, maintaining Seattle's limited availability. A lack of vacant space allows operators to bump the average rent by more than 4 percent this year, the fourth highest increase nationally.

2018 Market Forecast

Inventory — 16.9 million square feet and 4.3 square feet per capita

Employment up 2.4% — The metro's employment base will expand by more than 2 percent annually for a seventh straight year as organizations add 48,000 positions in 2018.

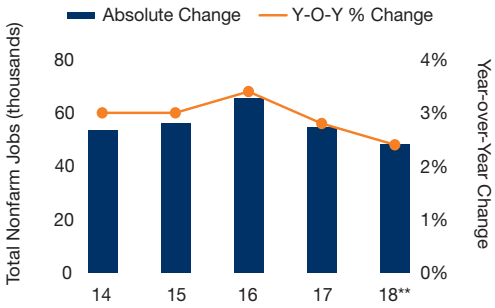
Population up 1.5% — Seattle's population advances by nearly 60,000 residents in 2018 following last year's 1.9 percent rise.

Construction 729,000 sq. ft. — Developers will bolster the metro's inventory of storage space by nearly 729,000 square feet this year, an increase over the 578,000 square feet finalized in 2017.

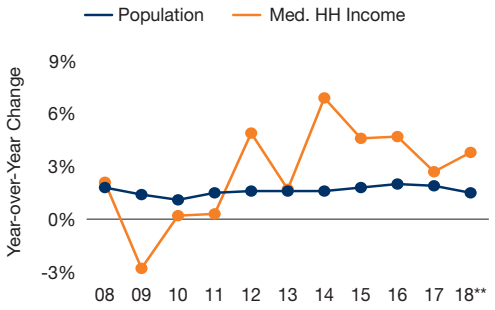
Vacancy no change — The metro's vacancy rate holds at 3.2 percent in 2018 following a decrease of 20 basis points last year.

Rent up 4.1% — The average rent climbs to $1.63 per square foot on an annual gain of 4.1 percent. In 2017, a 5.9 percent spike was registered.

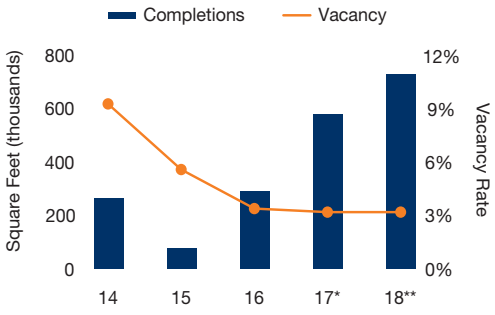
Employment Trends



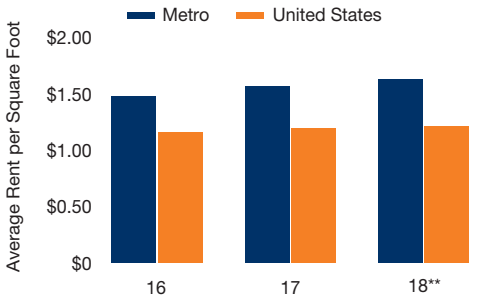
Demographic Trends



Supply and Demand Trends

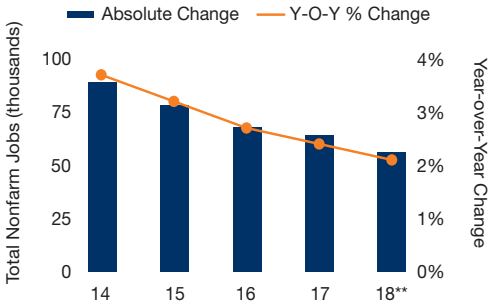


Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Employment Trends



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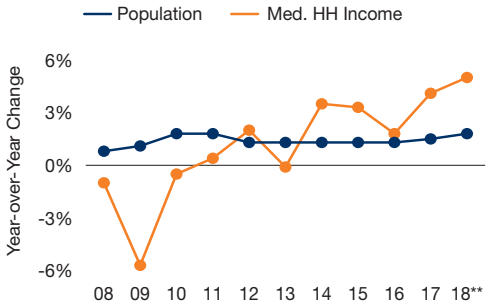
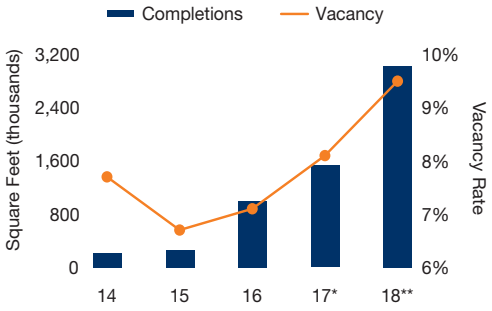


Supply and Demand Trends



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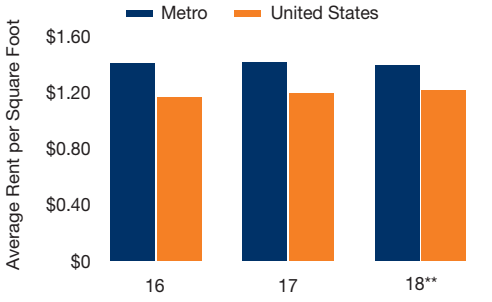


* Estimate; ** Forecast
South Florida includes Miami, West Palm Beach and Fort Lauderdale
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Multifamily Expansion Sparks Storage Projects

Economic Overview

The number of education, health and business service-related professionals ballooned by 22,500 workers in 2017, steering the overall creation of 63,800 positions. This year, steady hiring by Fort Lauderdale and West Palm Beach employers combined with a subdued rate of job growth in Miami translate to an overall moderation in employment additions.

Demographic Overview

South Florida's diverse economy supports median income growth of 5 percent and positive net migration this year. The equal distribution of new millennials and households throughout the metro allows widespread increases in consumer spending, led by a 7.8 percent bump in West Palm Beach retail sales. The completion of 10,800 apartments in 2018 following the delivery of more than 14,500 units last year generates additional demand for self-storage space.

Construction Overview

Delivery volume rises for a fourth consecutive year as developers complete 3 million square feet of space. Miami and Fort Lauderdale both witness an influx of 1.3 million square feet in 2018. Core-located facilities are responsible for Miami's new supply, with projects in Hollywood and Pembroke Pines steering development in Fort Lauderdale.

Vacancy/Rent Overview

Heightened development in two metros boosts the region's vacancy by triple-digit basis points for a second straight year. At 9.5 percent, South Florida's vacancy hinders rent growth in 2018, with the average rate falling by 1.4 percent.

2018 Market Forecast

Inventory — 35.6 million square feet and 5.6 square feet per capita

Employment up 2.1% — Regional employers create 56,000 jobs in 2018, a 2.1 percent boost following last year's 2.4 percent gain.

Population up 1.8% — Comparable population growth among the region's three metros equates to an influx of 111,300 new residents in 2018, up from last year's 90,000-person rise.

Construction 3 million sq. ft. — Delivery volume doubles on a year-over-year basis, totaling 3 million square feet in 2018.

Vacancy up 140 bps — Heightened development exceeds demand, pushing the region's vacancy rate up to 9.5 percent. Last year an increase of 100 basis points was recorded.

Rent down 1.4% — After rising marginally last year, South Florida's average rent dips 1.4 percent to $1.39 per square foot.

Subdued Population Growth Weighs on Vacancy

Economic Overview

Supported by an influx of hospitality, education and health-related positions, St. Louis employers added nearly 10,000 positions last year despite significant government-related layoffs. These gains drove the metrowide unemployment rate to 3.5 percent by the end of 2017, the lowest level since 1999. In 2018, organizations hire 8,700 workers.

Demographic Overview

Job growth and low unemployment support a 3.8 percent rise in median household income this year. Increased earnings influence the formation of 9,000 households, offsetting a slight decline in the metro's millennial population. The broader population base drives a 4.8 percent boost in retail sales.

Construction Overview

After reaching a cycle-high level in 2017, development activity slows this year as developers finalize 137,000 square feet of space. A lone project near the Central West End accounts for nearly all this year's new supply.

Vacancy/Rent Overview

Since bottoming out at 7.8 percent in 2015, St. Louis' vacancy rate has been on a steady rise. This trend persists in 2018 with availability increasing by 60 basis points. Double-digit vacancy requires more operators to lower rates, dropping the metro's average rate below $1 per square foot.

2018 Market Forecast

Inventory — 11.3 million square feet and 4.0 square feet per capita

Employment up 0.6% — Organizations will expand staffs by 0.6 percent in 2018 as cycle-low unemployment prevents a larger gain. Last year, a 0.7 percent rise was registered.

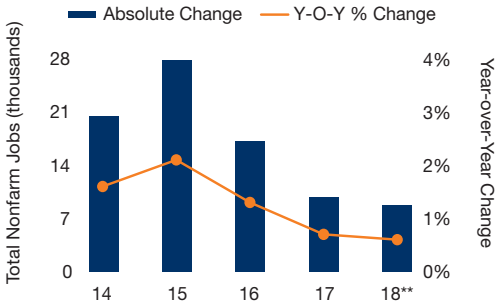
Population up 0.1% — St. Louis' populace grows by 0.1 percent for a second straight year, climbing by nearly 3,700 residents.

Construction 137,000 sq. ft. — Subdued construction activity will be witnessed this year following the completion of 528,000 square feet in 2017.

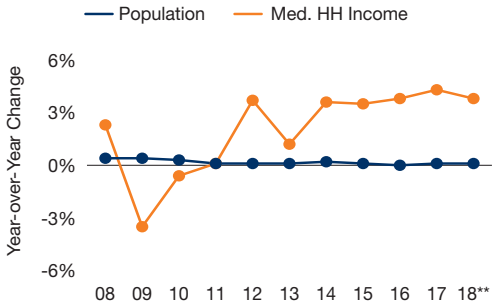
Vacancy up 60 bps — The metro's vacancy rate reaches 10.6 percent in 2018 on an increase of 60 basis points. Last year, availability rose by 90 basis points.

Rent down 3.6% — Average rent declines for a second consecutive year, falling 3.6 percent to 98 cents per square foot.

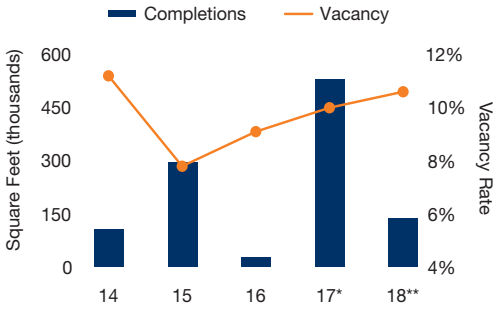
Employment Trends



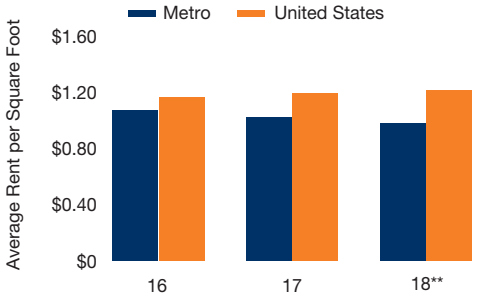
Demographic Trends



Supply and Demand Trends

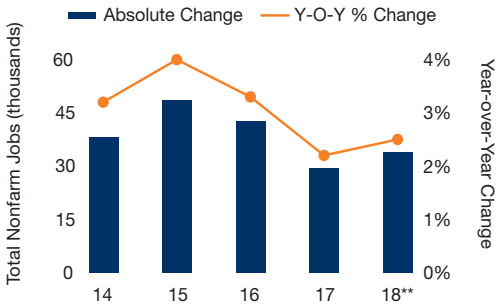


Rent Trends

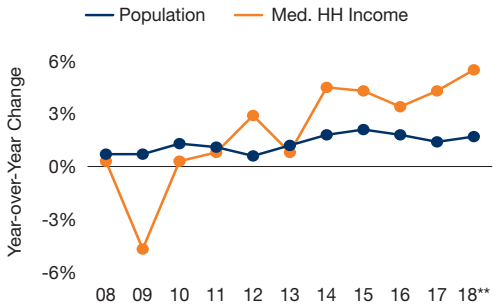


* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

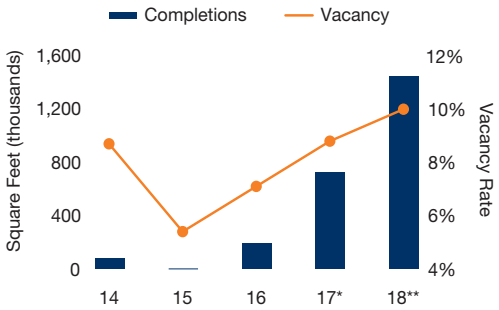
Employment Trends



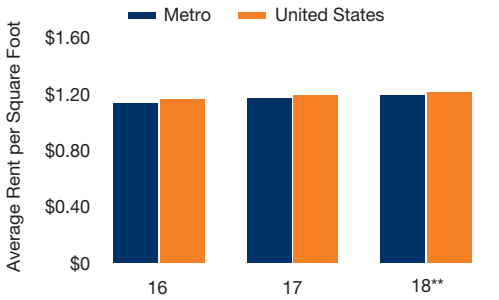
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

Robust Net Migration Triggers Development

Economic Overview

The strength of Tampa's professional services and health industries has buoyed overall job growth throughout this cycle with the two sectors combining to add 13,000 positions in 2017. Recent hiring in these fields has also played a part in reducing the metro's unemployment rate to 3.3 percent at year end. Amid a labor shortage, employers are slated to bolster staffs at an increased pace in 2018 as Tampa organizations continue to expand.

Demographic Overview

The metro ranks as the sixth-best market nationwide for net migration in 2018 as job opportunities foster population growth. Tampa's millennial cohort is slated to expand by more than 6,800 people this year as demand for degreed professionals rises. A nearly $3,000 boost to the metro's median household income this year encourages the creation of 29,000 households, supporting a 6.5 percent boost in retail sales.

Construction Overview

A strong rate of household formations underpins the delivery of 1.4 million square feet of space in 2018. New facilities in St. Petersburg and Tampa drive this year's spike in construction.

Vacancy/Rent Overview

An influx of new storage units increases the metro's vacancy rate by triple-digit basis points for a third consecutive year. Elevated availability has yet to negatively impact rates, as operators raise the average rent by 2 percent this year.

2018 Market Forecast

Inventory — 23.3 million square feet and 7.4 square feet per capita

Employment up 2.5% — Following a 2.2 percent expansion of the local employment base in 2017, organizations bolster payrolls by 34,000 jobs this year.

Population up 1.7% — Tampa's populace expands by 53,000 residents in 2018, a 1.7 percent gain after last year's rise of 1.4 percent.

Construction 1.4 million sq. ft. — Completions doubles on year-over-year basis with developers finalizing more than 1.4 million square feet of space in 2018.

Vacancy up 120 bps — After increasing by 170 basis points during each of the previous two years, the metro's vacancy rate climbs an additional 120 basis points to 10 percent.

Rent up 2.0% — The average rent advances by at least 2 percent for a second straight year, reaching $1.19 per square foot.

Population Growth Prevents Sizable Vacancy Rise

Economic Overview

Of the 53,700 jobs added in Washington, D.C., last year, more than half were professional services, education or health-oriented. In 2018, additions by these sectors and increased government hiring support a rate of employment growth that matches the previous four-year average. A cycle-low volume of available workers suggests employers will recruit from outside the area more frequently.

Demographic Overview

The metro's millennial population expands at a strong pace for a second consecutive year, supported by consistent job growth. A healthy rate of hiring in 2018 also supports the formation of 34,000 households and positive net migration. A growing populace and a robust apartment construction translate to a 5.3 percent rise in retail sales.

Construction Overview

Delivery volume has steadily risen in each of the past four years. This trend continues in 2018 with developers slated to complete 580,000 square feet of space. Finalizations are primarily concentrated in northern D.C. and suburban Maryland this year.

Vacancy/Rent Overview

Demand outpaces new supply for a fourth straight year, reducing the metro's vacancy rate to 8 percent in 2018. Surprisingly, the increase in construction coupled with tightening vacancy does not correlate to rent growth. Instead, the metro's average rent dips by nearly 2 percent.

2018 Market Forecast

Inventory — 11.5 million square feet and 1.8 square feet per capita

Employment up 1.5% — Organizations create 50,000 positions in 2018 following the 1.7 percent increase recorded last year.

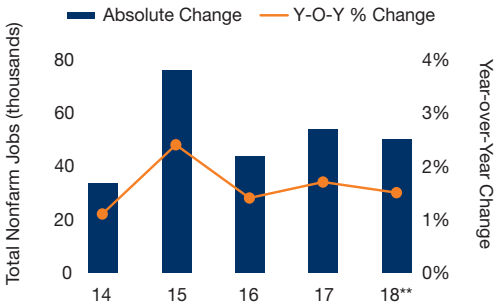
Population up 0.9% — The metro's population expands by more than 58,000 people for a second straight year.

Construction 580,000 sq. ft. — Developers finalize 580,000 square feet of space in 2018, after adding 405,000 square feet to the metro's inventory last year.

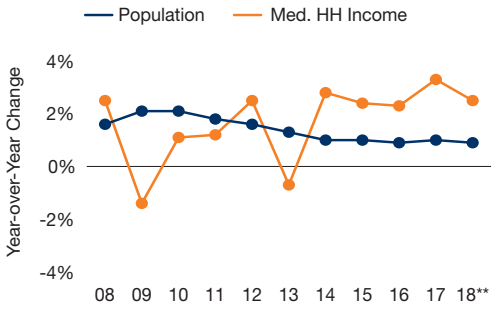
Vacancy down 20 bps — The Washington, D.C. vacancy rate compresses minimally for a second consecutive year, falling 20 basis points to 8 percent.

Rent down 1.8% — After declining by 2.2 percent in 2017, Washington, D.C.'s average rent regresses another 1.8 percent to $1.40 per square foot.

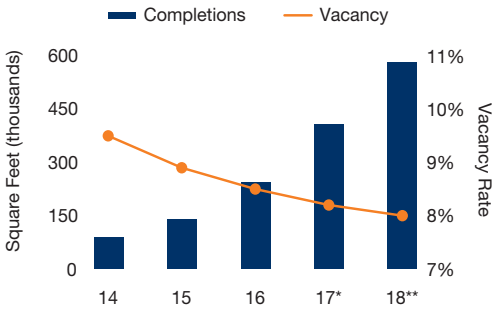
Employment Trends



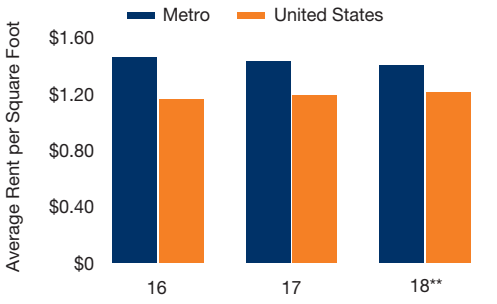
Demographic Trends



Supply and Demand Trends



Rent Trends



* Estimate; ** Forecast
Sources: BLS; U.S. Census Bureau; Yardi Matrix; Union Realtime, LLC

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Statistical Summary Note: Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2018. 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 fourth quarter and represent estimates of future performance. 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; American Council of Life Insurers; Blue Chip Economic Indicators; Bureau of Economic Analysis; Capital Economics; Commercial Mortgage Alert; CoStar Group, Inc.; Experian; Fannie Mae; Federal Reserve; Freddie Mac; Moody's Analytics; Mortgage Bankers Association; RealPage, Inc.; National Association of Realtors; Real Capital Analytics; RealFacts; Standard & Poor's; The Conference Board; Trepp; TWR/Dodge Pipeline; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Securities and Exchange Commission; U.S. Treasury Department; Union Realtime LLC; Yardi Matrix; 2017 Self-Storage Demand Study (SSA); National Federation of Independent Business; Business Roundtable

2018 U.S. Self-Storage Investment Forecast

Market Name	Employment Growth				Population Growth				Completions (000s of Sq. Ft.)				Vacancy Rate				Asking Rent per Sq. Ft.			Market Name
	2015	2016	2017	2018**	2015	2016	2017	2018**	2015	2016	2017	2018**	2015	2016	2017*	2018**	2016	2017	2018**	
Atlanta	2.7%	3.5%	2.1%	1.9%	1.7%	1.6%	1.7%	2.0%	790	1,030	1,130	1,900	6.9%	8.9%	9.5%	10.0%	$0.99	$1.00	$1.02	Atlanta
Austin	4.4%	3.7%	2.7%	2.4%	2.9%	2.8%	2.6%	2.8%	390	1,080	1,250	1,350	13.3%	10.8%	10.1%	9.9%	$1.05	$1.01	$0.99	Austin
Baltimore	2.3%	0.8%	0.6%	1.1%	0.3%	0.2%	0.2%	0.2%	240	160	90	480	8.7%	8.8%	8.8%	9.1%	$1.30	$1.31	$1.31	Baltimore
Bay Area	4.0%	3.1%	1.7%	1.2%	1.1%	0.5%	0.5%	0.5%	310	290	640	1,070	4.6%	6.9%	7.6%	8.0%	$1.85	$1.89	$1.88	Bay Area
Boston	1.9%	1.9%	1.8%	1.6%	0.6%	0.6%	0.6%	0.5%	410	70	150	850	8.5%	8.9%	8.9%	9.2%	$1.62	$1.51	$1.43	Boston
Charlotte	4.0%	3.5%	1.5%	1.7%	2.1%	2.1%	2.0%	2.1%	440	470	1,280	710	6.7%	6.9%	9.0%	10.0%	$0.97	$0.92	$0.89	Charlotte
Chicago	2.0%	0.7%	0.6%	0.9%	-0.1%	-0.1%	0.0%	0.1%	450	1,480	1,160	1,150	9.1%	8.7%	8.5%	8.5%	$0.99	$0.99	$0.98	Chicago
Cincinnati	1.8%	2.2%	0.4%	1.3%	0.4%	0.6%	0.7%	0.5%	50	180	220	130	7.8%	7.9%	8.0%	8.1%	$0.86	$0.87	$0.90	Cincinnati
Cleveland	0.5%	1.1%	0.2%	0.5%	-0.2%	-0.1%	0.0%	-0.2%	170	50	100	0	11.2%	8.0%	6.3%	6.0%	$0.98	$0.98	$0.98	Cleveland
Columbus	1.5%	2.8%	1.4%	1.6%	1.1%	1.2%	1.3%	1.1%	290	180	50	320	9.9%	8.4%	7.2%	6.7%	$0.81	$0.85	$0.89	Columbus
Dallas/Fort Worth	2.9%	3.8%	2.2%	2.2%	2.1%	1.9%	1.8%	1.9%	2,470	1,630	2,640	3,120	6.5%	8.3%	9.4%	10.4%	$1.04	$1.00	$0.97	Dallas/Fort Worth
Denver	3.2%	2.2%	1.9%	1.6%	1.8%	1.4%	1.3%	1.3%	560	1,910	890	2,480	8.7%	11.1%	11.8%	12.9%	$1.38	$1.32	$1.26	Denver
Houston	0.0%	0.5%	1.5%	2.5%	2.3%	1.7%	1.7%	1.9%	1,630	1,070	2,290	2,590	7.7%	9.3%	11.1%	12.7%	$0.97	$0.90	$0.86	Houston
Indianapolis	2.6%	2.5%	1.7%	2.4%	0.8%	1.0%	1.1%	1.0%	280	270	80	750	8.9%	7.6%	7.1%	7.0%	$0.82	$0.83	$0.84	Indianapolis
Las Vegas	4.0%	3.0%	3.1%	1.8%	2.2%	2.3%	2.4%	2.5%	60	220	190	350	7.2%	5.3%	4.8%	4.5%	$0.89	$0.97	$1.01	Las Vegas
Los Angeles	2.7%	2.1%	1.1%	1.2%	0.4%	0.2%	0.3%	0.4%	0	530	270	650	5.0%	5.1%	5.1%	5.4%	$1.70	$1.78	$1.85	Los Angeles
Minneapolis-St. Paul	1.5%	1.6%	2.3%	1.7%	0.8%	1.2%	1.2%	1.0%	90	350	330	380	9.5%	10.1%	10.9%	11.5%	$1.16	$1.19	$1.21	Minneapolis-St. Paul
Nashville	3.8%	4.0%	1.8%	2.0%	2.0%	2.1%	2.3%	2.0%	40	0	610	1,260	9.3%	11.4%	11.0%	11.4%	$1.13	$1.16	$1.18	Nashville
New Haven-Fairfield County	0.6%	-0.3%	0.7%	0.3%	-0.1%	-0.1%	0.1%	0.0%	100	360	530	490	6.7%	8.7%	8.5%	8.5%	$1.15	$1.18	$1.21	New Haven-Fairfield County
New York City	2.6%	1.9%	1.3%	0.7%	0.4%	0.2%	0.4%	0.4%	559	325	915	1,342	7.3%	8.4%	8.8%	9.4%	$2.43	$2.42	$2.40	New York City
Orange County	3.0%	1.6%	1.3%	1.0%	0.7%	0.4%	0.2%	0.1%	0	530	270	430	5.0%	5.1%	5.1%	5.3%	$1.63	$1.63	$1.61	Orange County
Orlando	5.2%	3.4%	3.8%	3.1%	2.6%	2.5%	2.5%	3.0%	250	400	740	1,100	5.7%	7.8%	8.0%	8.6%	$1.00	$1.06	$1.10	Orlando
Philadelphia	1.4%	2.4%	0.8%	1.1%	0.2%	0.2%	0.4%	0.2%	0	370	970	590	7.5%	7.3%	7.0%	6.6%	$1.24	$1.25	$1.25	Philadelphia
Phoenix	3.3%	2.9%	1.9%	2.6%	2.0%	1.8%	1.8%	2.1%	590	210	1,580	810	8.7%	7.8%	7.5%	7.4%	$0.94	$1.04	$1.10	Phoenix
Portland	3.3%	2.6%	2.3%	1.9%	1.7%	1.8%	1.4%	1.2%	110	250	410	1,270	5.3%	8.1%	9.5%	11.1%	$1.65	$1.53	$1.45	Portland
Raleigh	3.0%	3.1%	2.1%	2.7%	2.2%	2.2%	2.2%	2.4%	840	340	970	1,370	7.0%	9.0%	11.5%	14.0%	$0.99	$0.96	$0.93	Raleigh
Riverside-San Bernardino	5.1%	2.7%	3.3%	2.1%	1.1%	0.9%	0.3%	0.1%	130	150	0	40	5.5%	5.3%	5.0%	4.8%	$0.98	$1.05	$1.11	Riverside-San Bernardino
Sacramento	4.0%	2.6%	2.3%	2.0%	1.3%	1.1%	0.7%	0.5%	90	0	260	100	5.2%	3.8%	4.5%	4.6%	$1.32	$1.36	$1.39	Sacramento
Salt Lake City	4.3%	4.0%	2.1%	2.2%	1.8%	2.0%	1.7%	1.6%	440	150	140	530	5.9%	7.5%	8.0%	8.6%	$0.95	$0.98	$1.00	Salt Lake City
San Antonio	3.1%	2.8%	3.2%	2.4%	2.2%	1.8%	1.5%	1.6%	490	700	800	460	8.7%	9.3%	10.2%	10.7%	$1.01	$1.02	$1.03	San Antonio
San Diego	3.1%	2.2%	1.4%	1.6%	0.9%	0.9%	0.7%	0.5%	0	150	100	650	5.7%	6.8%	7.0%	7.9%	$1.46	$1.51	$1.55	San Diego
Seattle-Tacoma	3.0%	3.4%	2.8%	2.4%	1.8%	2.0%	1.9%	1.5%	80	290	580	730	5.6%	3.4%	3.2%	3.2%	$1.48	$1.57	$1.63	Seattle-Tacoma
South Florida	3.2%	2.7%	2.4%	2.1%	1.3%	1.3%	1.5%	1.8%	260	1,000	1,530	3,010	6.7%	7.1%	8.1%	9.5%	$1.40	$1.41	$1.39	South Florida
St. Louis	2.1%	1.3%	0.7%	0.6%	0.1%	0.0%	0.1%	0.1%	300	30	530	140	7.8%	9.1%	10.0%	10.6%	$1.07	$1.02	$0.98	St. Louis
Tampa-St. Petersburg	4.0%	3.3%	2.2%	2.5%	2.1%	1.8%	1.4%	1.7%	0	190	730	1,440	5.4%	7.1%	8.8%	10.0%	$1.13	$1.17	$1.19	Tampa-St. Petersburg
Washington, D.C.	2.4%	1.4%	1.7%	1.5%	1.0%	0.9%	1.0%	0.9%	140	240	400	580	8.9%	8.5%	8.2%	8.0%	$1.46	$1.43	$1.40	Washington, D.C.
United States	1.9%	1.6%	1.5%	1.2%	0.8%	0.7%	0.7%	0.7%	18,500	24,500	36,100	48,000	9.2%	9.3%	9.5%	9.7%	$1.16	$1.19	$1.21	United States

* Estimate ** Forecast, See Statistical Summary Note on Page 48.

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