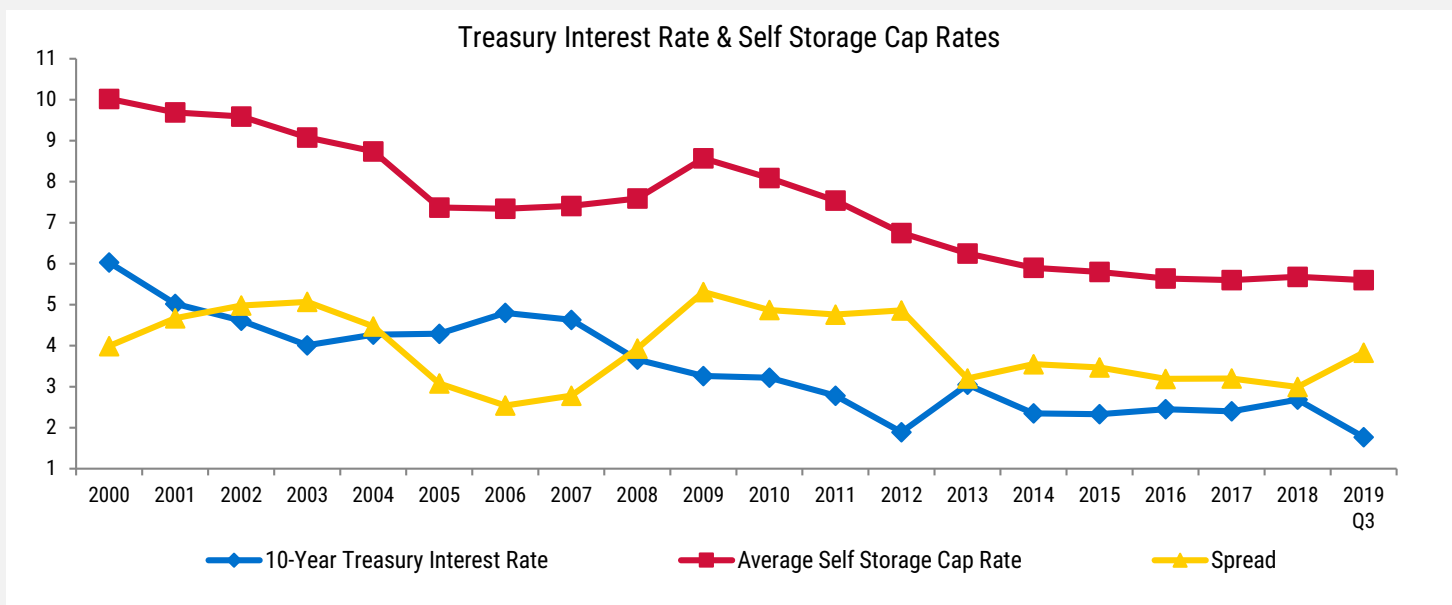


SELF STORAGE MARKET REPORT 2020: SUMMARY

KEY TAKEAWAYS

- With 10-year Treasuries at an all time low, the spread to cap rates is at an all time high. For example, the spread as of the first week of March 2020 would be approximately 450 basis points, an increase of 14% over the 20-year average and an increase of 17.5% over 3Q 2019. This results in significant increases to equity dividends or suggests downward pressure on cap and yield rates in the near term.
- Brokers are reporting continued interest and capital flow into the self storage asset class. The long term, steady cash flow characteristics and performance in dynamic (even recessionary) economic conditions indicate market sentiment that self storage is a safe haven, or a hedge against market turbulence. As a result, transaction activity remains robust.
- The public markets reflect market sentiment overall for the sector, although concentrated in A and B product. Secondary and tertiary markets are experiencing stronger cash flow growth due to revenue enhancement and less concern of new supply.



Treasury Interest Rate & Self Storage Cap Rates

	Year 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Q3	Average
10-Year Treasury Interest Rate	6.03	5.02	4.61	4.01	4.27	4.29	4.80	4.63	3.66	3.26	3.22	2.78	1.89	3.05	2.35	2.33	2.45	2.40	2.69	1.77	3.48
Avg. Self Storage Cap Rate	10.02	9.69	9.59	9.08	8.74	7.37	7.34	7.41	7.59	8.57	8.09	7.54	6.75	6.25	5.90	5.80	5.64	5.60	5.68	5.60	7.41
Spread	3.99	4.67	4.98	5.07	4.47	3.08	2.54	2.78	3.93	5.31	4.87	4.76	4.86	3.20	3.55	3.47	3.19	3.20	2.99	3.83	3.94

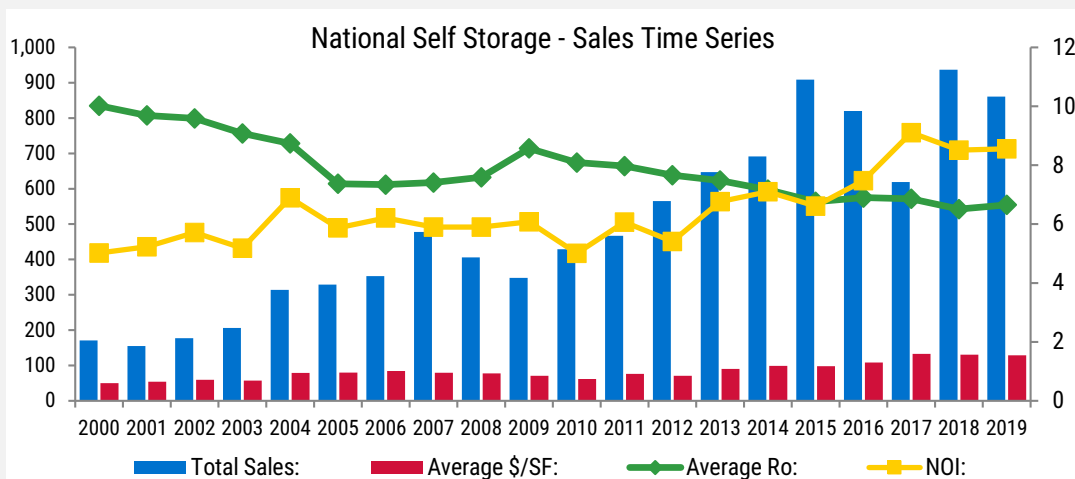
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SELF STORAGE MARKET REPORT 2020: SUMMARY

Annual Returns by Property Sector					
	Office	Industrial	Retail	Apartments	Self Storage
5 Year Avg Return 2014 - 2018	6.01	14.49	4.68	13.27	14.13
5 Year Standard Deviation	13.41	12.43	12.02	14.11	18.61
10 Year Avg Return 2009 - 2018	10.30	13.70	12.48	15.99	16.93
10 Year Standard Deviation	13.62	12.28	14.13	16.67	15.09
15 Year Avg Return 2004 - 2018	8.30	9.89	9.45	13.24	16.45
15 Year Standard Deviation	21.11	24.09	22.21	21.60	18.24
20 Year Avg Return 1999 - 2018	9.91	11.94	12.31	13.65	16.77
20 Year Standard Deviation	20.35	21.92	22.06	20.06	18.75
25 Year Avg Return 1994 - 2018	12.13	12.73	12.03	12.94	16.71
25 Year Standard Deviation	21.82	20.89	20.67	18.88	18.80

Source Data: NAREIT / Compiled By: Newmark Knight Frank



Weekly Rate Information: Market Index

	1/2/19	1/2/20	1/3/20	YTD Change	TTM Change
Storage REITs (Total)	\$426.09	\$487.06	\$494.50	1.53%	16.06%
PSA	195.06	211.42	213.7	1.08%	9.56%
CUBE	28.07	31.28	31.63	1.12%	12.68%
EXR	87.44	104.73	106.52	1.71%	21.82%
LSI	90.24	106.26	108.47	2.08%	20.20%
NSA	25.28	33.37	34.18	2.43%	35.21%
DJIA	23,346.24	28,868.80	28,634.88	-0.81%	22.65%
S&P 500	2,510.03	3,257.85	3,234.85	-0.71%	28.88%
NASDAQ	6,665.94	9,092.19	9,020.77	-0.79%	35.33%
GOLD	1,290.50	1,528.10	1,552.40	1.59%	20.29%
OIL	46.54	61.18	63.05	3.06%	35.47%
U.S. 10-YEAR	2.66%	1.88%	1.80%	-4.26%	-32.33%
10 YEAR SWAP	2.65%	1.85%	1.77%	-4.32%	-33.21%

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