



Pipeline Report

Self Storage Development
Activity in the Top 25 MSAs

Introduction

STR, a global leader in data benchmarking and analytics, is tracking self storage development in the Top 25 United States metropolitan statistical areas as well as open and operating facilities in approximately 70 MSAs nationwide.

Our goal is simple: To provide accurate, thorough and actionable visibility into market performance to inform smarter operational and development decisions.

Data captured thus far suggests robust development activity in many MSAs compared with Expansion and Renovation. Among the most compelling observations:

- There are 1,068 projects in some phase of active development within the Top 25 MSAs.
- Dallas, Miami and Denver have the most facilities in the active development pipeline.
- Development activity is primarily concentrated on New Construction (840 facilities) compared with Expansion and Renovation (228).
- Denver, Miami and Nashville would see the largest increases to existing supply if all pipeline projects were to open.
- Houston, Dallas and Los Angeles are the three largest MSAs in terms of existing self storage footprint.
- Within the Top 25 MSAs, 56% of the existing supply is chain-affiliated, while 44% is independently-operated.

STR developed a Top 25 MSAs list based on adjusting the largest MSAs nationwide to reflect the markets most important to the self storage sector. This list comprises Atlanta, Austin, Boston, Charlotte, Chicago, Dallas, Denver, Houston, Los Angeles, Miami, Minneapolis, Nashville, New York City, Orlando, Philadelphia, Phoenix, Portland, Riverside, Sacramento, San Antonio, San Diego, San Francisco, Seattle, Tampa and Washington, D.C.

While data on the MSA level brings unprecedented insight into sector performance, further clarity will be gained as we work to evaluate the dynamics of the submarkets therein.

The Self Storage Footprint

Details on Existing Supply in the Top 25 MSAs

In order to evaluate the impact of new supply, it is necessary to have an understanding of existing, open and operating properties in each MSA. The Top 25 MSAs comprise 10,938 open and operating facilities, which represent 62% of the total existing self storage facilities tracked by STR. Within the Top 25 MSAs, 56% of the existing supply is chain-affiliated, while 44% is independently-operated.

Houston MSA (Houston-The Woodlands-Sugar Land, TX) is the largest MSA with 998 open facilities, which represent 9.1% of Top 25 MSA supply. More than half (51%) of Houston’s supply is independently-operated, and the metropolitan area accounts for approximately 11% of independently-managed self storage facilities in the Top 25 MSAs.

Dallas MSA (Dallas-Fort Worth-Arlington, TX) is the second-largest MSA with 932 open self storage facilities, which represent 8.5% of Top 25 supply. The Dallas self storage sector is mostly chain-affiliated (54% of total market supply).

Los Angeles MSA (Los Angeles-Long Beach-Anaheim, CA) is the third-largest MSA with 846 open self storage facilities, which represent 7.7% of the Top 25 MSA self storage facility count. Of these, 272 are independently-operated.

The table below shows the number of self storage facilities for the top three and bottom three MSAs and their share of the Top 25 in aggregate.

Top 3 MSAs	Existing Facility Count	Top 25 MSA Share
Houston - The Woodlands - Sugar Land, TX	 998	 9.1%
Dallas - Fort Worth - Arlington, TX	 932	 8.5%
Los Angeles - Long Beach - Anaheim, CA	 846	 7.7%
Bottom 3 MSAs		
Portland - Vancouver - Hillsboro, OR-WA	 251	 2.3%
Orland - Kissimmee - Sanford, FL	 241	 2.2%
San Diego - Carlsbad, CA	 236	 2.2%

Pipeline Projects

STR is tracking 1,106 self storage facilities currently in the pipeline in the Top 25 MSAs. This total includes projects in the earliest Unconfirmed phase of the pipeline through the latest In Construction phase, as well as existing facility Expansions and Renovations.

Category	Phase	Definition
Expansion & Renovation	Expansion	An increase in square footage for an existing facility.
	Renovation	An update to an existing facility that does not increase facility square footage.
New Construction	Unconfirmed	Potential projects that remain unconfirmed at this time. STR is unable to verify the existence of these projects through a verifiable source.
	Planning	A project that has been proposed to local planning authorities and is seeking permitting (e.g. zoning or obtaining Specific Use Permits) but has not yet received building permits.
	Final Planning	A project that is approved and has received building permits but is not yet In Construction.
	In Construction	A project that has started construction.
Abandoned & Deferred	Abandoned	A pipeline project that has been terminated with no future activity anticipated. This differs from a Closed facility in that an Abandoned facility was never open and operating.
	Deferred	A project that has been proposed for development and appears paused or stopped (for example, was denied at any stage of planning, zoning or permitting) but is expected to resume development in the future.
Closed		A facility that was open and operating and now is no longer open to the public for business.

Dallas, Miami, Denver, Chicago and Nashville represent more than 40% of all pipeline projects tracked by STR in the Top 25 MSAs. These metropolitan areas have an average of 91 projects under some phase of development versus 32 for the remaining Top 25 MSAs.

The table below lists project counts by MSA.

MSA	Expansion & Renovation ¹	New Construction ²	Active Projects ³	Abandoned & Deferred ⁴	Total Projects ⁵
Dallas-Fort Worth-Arlington, TX	23	102	125	15	140
Miami-Fort Lauderdale-West Palm Beach, FL	8	83	91	4	95
Denver-Aurora-Lakewood, CO	14	65	79	3	82
Chicago-Naperville-Elgin, IL-IN-WI	33	39	72	1	73
Nashville-Davidson-Murfreesboro-Franklin, TN	24	41	65	2	67
Boston-Cambridge-Newton, MA-NH	22	41	63	1	64
Washington-Arlington-Alexandria, DC-VA-MD-WV	6	39	45	1	46
Austin-Round Rock, TX	10	35	45	-	45
Houston-The Woodlands-Sugar Land, TX	14	29	43	2	45
Atlanta-Sandy Springs-Roswell, GA	9	31	40	-	40
Phoenix-Mesa-Scottsdale, AZ	4	34	38	-	38
Portland-Vancouver-Hillsboro, OR-WA	6	31	37	-	37
Orlando-Kissimmee-Sanford, FL	3	30	33	3	36
Los Angeles-Long Beach-Anaheim, CA	9	24	33	2	35
New York-Newark-Jersey City, NY-NJ-PA ⁶	2	32	34	-	34
Tampa-St. Petersburg-Clearwater, FL	5	28	33	-	33

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MSA	Expansion & Renovation ¹	New Construction ²	Active Projects ³	Abandoned & Deferred ⁴	Total Projects ⁵
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	6	25	31	-	31
Charlotte-Concord-Gastonia, NC-SC	6	22	28	-	28
San Diego- Calsbad, CA	-	25	25	-	25
Sacramento-Roseville-Arden-Arcade, CA	7	15	22	2	24
Riverside-San Bernardino-Ontario, CA	7	15	22	-	22
Seattle-Tacoma-Bellevue, WA	-	22	22	-	22
Minneapolis-St. Paul-Bloomington, MN-WI	3	14	17	2	19
San Antonio-New Braunfels, TX	4	9	13	-	13
San Francisco-Oakland-Hayward, CA	3	9	12	-	12
Total Top 25 MSAs	228	840	1,068	38	1,106

¹ Expansion & Renovation: existing facilities undergoing expansion or renovations.

² New Construction: Pipeline projects in any phase of construction including: Unconfirmed, Planning, Final Planning and In Construction.

³ Active Projects: All pipeline projects in the Expansion & Renovation and New Construction development categories. This excludes Abandoned & Deferred projects.

⁴ Abandoned & Deferred: proposed projects that are in the Abandoned or Deferred status.

⁵ Total Projects: All pipeline projects in the Expansion & Renovation, New Construction and Abandoned & Deferred development categories.

⁶ New York City data covers only the 5 boroughs: Manhattan, Brooklyn, Queens, the Bronx and Staten Island.

New Construction

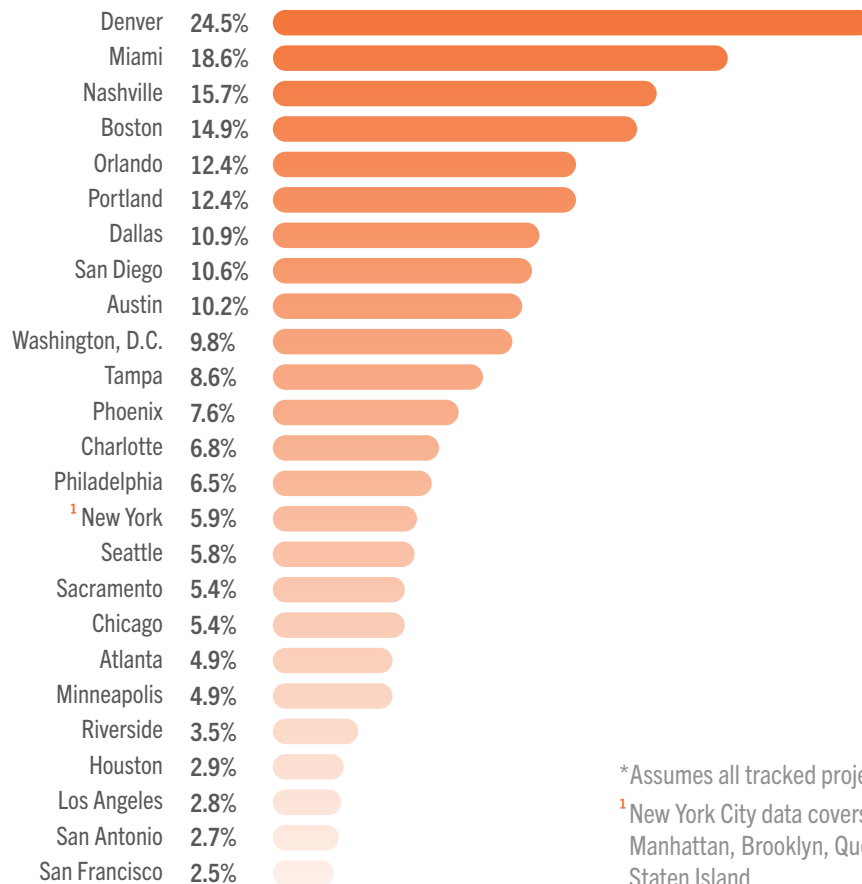
There are 840 new self storage facilities under construction in the Top 25 MSAs, which would represent a 7.7% increase in total existing supply if all projects were completed.

The average New Construction pipeline facility in the Top 25 is 79,000 net rentable square feet (NRSF) and consists of 750 units spread across an average of three buildings per facility. Twelve percent of Top 25 New Construction projects are in zip codes without an existing self storage facility.

Dallas, Denver and Miami are the top MSAs for self storage New Construction projects. These MSAs have experienced some of the largest population growth rates and housing price increases in the U.S. during the past few years, which has created a favorable self storage macroeconomic operating environment. Dallas-Arlington-Fort Worth has the most facilities under construction (102). Denver has the highest projected increase to existing supply if all facilities under all pipeline phases were to open.

Projected Facility Count Growth*

Percent Increase to Existing Supply



*Assumes all tracked projects are completed.

¹New York City data covers only the 5 boroughs: Manhattan, Brooklyn, Queens, the Bronx and Staten Island.

Thirty-two new construction projects are in Deferred status, and six projects tracked by STR have been Abandoned. Dallas-Fort Worth-Arlington has the largest share of Deferred projects with 15, primarily as a result of local planning board zoning issues or delays in permit applications.

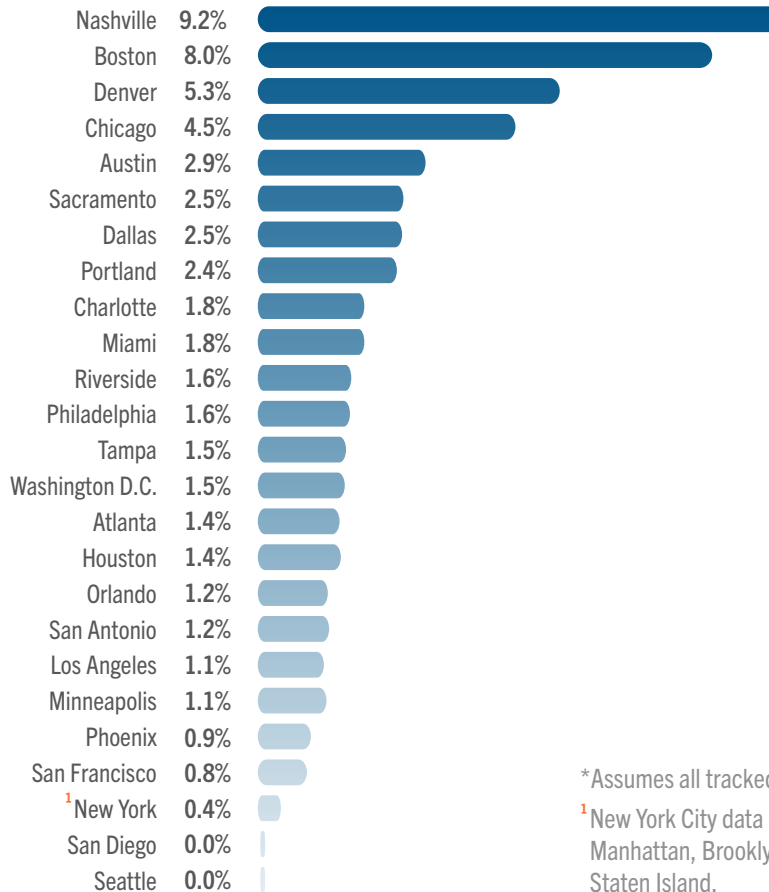
Abandoned projects are not concentrated in any one MSA. Similar to the Deferred projects, new self storage construction developments have been abandoned due to significant zoning challenges.

Expansion and Renovation

An additional 228 existing facilities in STR’s growing database are undergoing Expansion or Renovation. This represents 2.1% of all existing self storage properties in the Top 25 MSAs. Ninety-five percent of projects in the Expansion and Renovation category are expansions. Fifty-three percent of properties undergoing Expansion and Renovation are chain-affiliated, while forty-seven percent are operated independently.

Percent of Existing Facilities Undergoing Renovation or Expansion*

Percent of Existing Supply



* Assumes all tracked projects are completed.

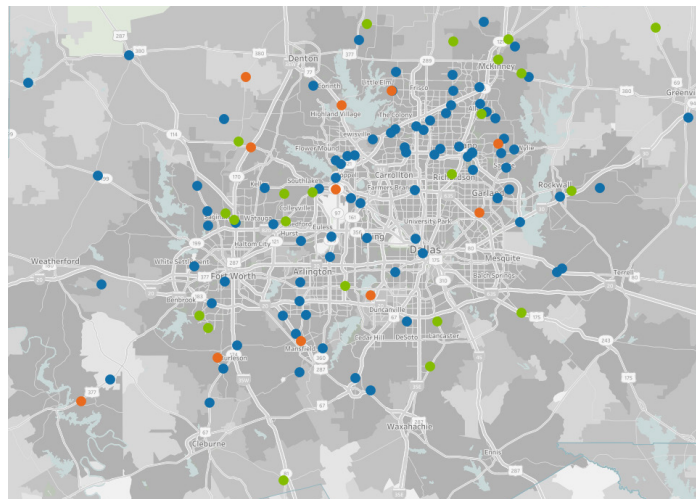
¹ New York City data covers only the 5 boroughs: Manhattan, Brooklyn, Queens, the Bronx and Staten Island.

Chicago is by far the top MSA for Renovation and Expansion with 33 active projects tracked by STR. Nashville, Dallas and Boston are experiencing significant Renovation and Expansion efforts with 22 or more projects in each metropolitan area.

In Focus: Dallas, Denver, Chicago and Nashville

While data for the Top 25 MSAs in the aggregate provides good holistic context, additional nuance is gleaned by diving into to pipeline activity on an MSA-by-MSA basis. Here we highlight four markets with notable pipeline activity.

Dallas-Fort Worth-Arlington



Category

- Abandoned & Deferred
- Expansion & Renovation
- New Construction

2017 Population

- 0 to 766
- 766 to 2,160
- 2,160 to 6,210
- 6,210 to 20,000
- 20,000 to 122,000

Pipeline projects with inexact addresses are not plotted on the maps.

Dallas-Fort Worth-Arlington is the fourth-largest MSA in the U.S. with 7.2 million people, according to 2016 Census Bureau estimates. It's also one of the fastest growing, with a 12.6% spike in population since 2010, and is expected by the Texas State Data Center to continue to grow to more than 7.9 million residents by 2020. The fact that such growth occurred against a backdrop of strong economic activity should not come as a surprise. Dallas-Fort Worth-Arlington is home to some of the country's most profitable companies and boasts the sixth-largest gross domestic product of any U.S. metro since 2015.

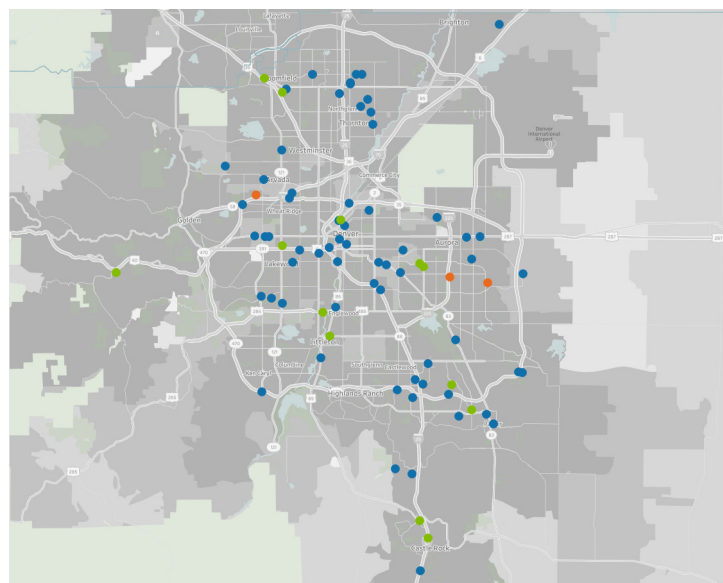
With 140 total projects and 102 projects under construction, Dallas-Fort Worth-Arlington has the largest number of facilities in the pipeline among the Top 25 MSAs. Assuming all projects tracked by STR were to open, this would represent a 10.9% increase in facilities in the area. On average, facilities in the Dallas metro area pipeline are approximately 80,000 NRSF and have approximately 820 units. A regional self storage operator is constructing the largest new facility—the 211,000 NRSF facility is scheduled to open in Fort Worth in 2017.

Most pipeline projects are located in the more densely populated suburbs in Collin and Tarrant Counties, both of which grew by more than 150,000 residents from 2010 to 2016. Construction activity is most prevalent in the city of Fort Worth, which is located in Tarrant County. More than 70% of New Construction projects are focused in the wealthier neighborhoods in the northern part of the MSA, where household incomes skew higher than the metropolitan average.

STR also is monitoring 23 self storage properties undergoing Expansions, which accounts for 2.5% of the 900+ existing Dallas-Arlington-Fort Worth facilities in STR's database. The majority of the 23 properties undergoing Expansions are operated by independent regional firms. Fort Worth and McKinney have the most facilities undergoing Expansion in the area.

The market also has 15 projects categorized as Deferred, which is the largest number in any Top 25 MSA. Many of these projects have received preliminary approval from the local zoning boards but have not had further action taken by the developers or permit applicants. Two deferred projects in the cities of Murphy and Garland have faced neighborhood opposition and rezoning challenges.

Denver



Category

- Abandoned & Deferred
- Expansion & Renovation
- New Construction

2017 Population

- 0 to 766
- 766 to 2,160
- 2,160 to 6,210
- 6,210 to 20,000
- 20,000 to 122,000

Pipeline projects with inexact addresses are not plotted on the maps.

Denver had 2.8 million residents in 2016, up 12.2% from the 2.5 million residents recorded in the 2010 census. The Colorado State Demography office expects the Denver MSA's population to grow to more than 3.0 million residents by 2020. Driven by one of lowest unemployment rates in the country, personal per capita income in Denver has increased drastically by more than 30% from 2010 to 2015, according to the Bureau of Economic Analysis. However, this income and population growth has not fully benefited all Denver residents. U.S. Census data shows that new housing supply growth has not stayed on par with the sizable demand increase. Home prices and rents in Denver have risen to record highs, limiting residents' ability to move to larger dwellings and creating a favorable environment for self storage growth.

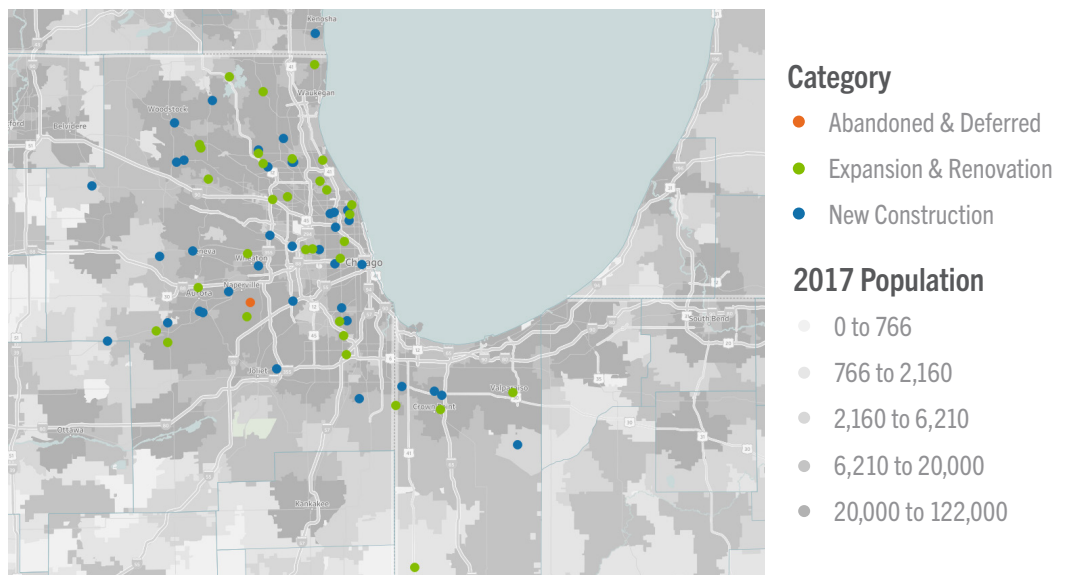
Sixty-five properties make up Denver's New Construction pipeline, creating one of the fastest growing self storage MSAs in the U.S. If all projects were to be completed, the number of self storage facilities in the MSA would increase by 24.5%, a significantly higher rate than the 7.7% average growth rate in the Top 25 MSAs.

Twenty-six percent of all New Construction projects in the MSA are located in the city of Denver, while 63% of New Construction projects are in areas with larger proportions of renter households and 18- to 24-year-olds than the MSA average.

Most New Construction is planned for areas with an existing self storage footprint. The majority (95%) of all New Construction projects in the metropolitan area are in zip codes with at least one existing facility. More than 30% of New Construction projects are in zip codes with more than five existing properties.

Approximately 5% of existing Denver properties are undergoing an Expansion. This represents the third-highest percentage of properties in the Expansion and Renovation category of any Top 25 MSA. Denver Expansion projects are located throughout the more densely populated parts of the metropolitan area, typically near the New Construction pipeline facilities.

Chicago



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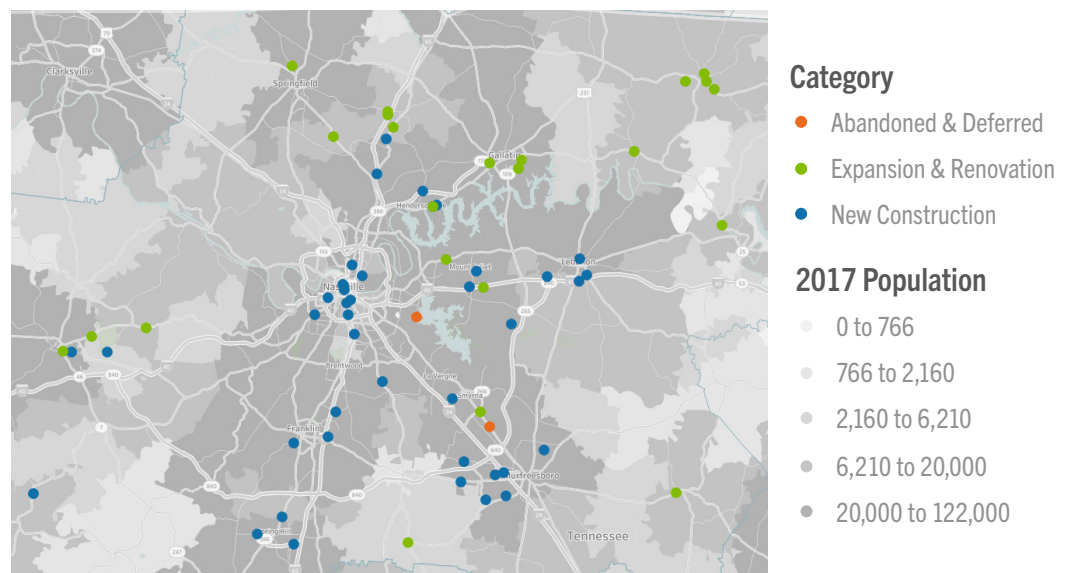
Chicago may be the third-largest U.S. metropolitan area with its 9.5 million residents, but the market's stagnant population growth has netted only 40,000 additional residents from 2010 to 2016, according to Census Bureau estimates. High crime and poor economic conditions have been the primary culprits, although the latter has shown signs of improvement. As of March, Chicago had the largest drop in unemployment rate of any large U.S. MSA, according to the Bureau of Labor Statistics.

Chicago has 72 self storage properties categorized as Active Development, including 39 in New Construction. Its footprint would increase by 5.4% if all projects were to open. The average facility in the New Construction pipeline is 90,000 NRSF and 800 units. The largest pipeline facility is an 832-unit property with 138,855 NRSF in Skokie, IL.

The market's 33 facilities undergoing Renovation or Expansion are by far the most in the country, while 4.5% of existing facilities in Chicago are undergoing Expansion or Renovation as compared to 2.1% of all existing facilities in the Top 25 MSAs.

Projects are located in densely-populated, high-income areas with larger retiree populations. One-third of all projects are located in Cook County, the second-most populous county in the U.S. and home to the city of Chicago. Eight percent of New Construction projects are in zip codes without an existing self storage facility, while 67% of all projects are in areas with higher median household income than the MSA average.

Nashville



Pipeline projects with inexact addresses are not plotted on the maps.

The Nashville metropolitan area has grown 11.6% to 1.86 million residents since 2010, an uptick largely attributable to inbound migration lured by low unemployment rates. The market is now expected to have more than 2.0 million residents by 2020, which exceeded initial estimates and should result in a flurry of widespread commercial and residential development.

The Nashville MSA has 65 self storage projects categorized as Active Development, 41 of which are New Construction. Market supply would increase 15.7% if that entire pipeline were to open. Five percent of New Construction projects are in zip codes without an existing self storage facility. Twenty-four projects are Expansions or Renovations. The average New Construction project is smaller than similar projects in other Top 25 MSAs with only 550 units and 63,000 NRSF.

While 13 New Construction projects are in the city of Nashville, overall development activity is geographically and demographically agnostic. Davidson County, the area's most populous county, is home to 37% of metro residents but accounts for less than 20% of all new projects. The suburb of Murfreesboro, located in Rutherford County, has the second-largest amount of pipeline activity in the Nashville MSA with seven projects in various phases of New Construction. Murfreesboro is the sixth-largest city in Tennessee and home to Middle Tennessee State University, the second-largest university in the state.

Nearly one in 10 existing self storage facilities in the Nashville MSA are undergoing Expansion and Renovation. Most Expansion activity is located in more rural, small towns in counties bordering Davidson County. More than 83% of all Nashville metro Expansion projects are in areas with greater proportions of residents over age 62 than the MSA average.

Closing

STR's database is growing and evolving daily, and we consistently are adding new and valuable information on each facility. Additionally, STR will be collecting performance data on the self storage sector with the goal to present a holistic picture of supply, demand and financial performance in the industry.

Please contact ssinfo@str.com for more information.



About STR

STR provides clients from multiple market sectors with premium, global data benchmarking, analytics and marketplace insights. Founded in 1985, STR maintains a presence in 16 countries with a corporate North American headquarters in Hendersonville, Tennessee, and an international headquarters in London, England. For more information, please visit [str.com](https://www.str.com).

Disclaimer

STR collects self storage data from a variety of sources. We use a combination of several data collection methods to grow our supply and pipeline database. We have taken great care in obtaining and verifying the accuracy of our data. However, we cannot guarantee the current status, accuracy and completeness of the data, nor can we represent that it is suitable for any particular purpose. The data changes daily, particularly with regard to supply, so we are continuously updating the data points in order to provide the most complete set of data available.