Marcus & Millichap

2016 U.S. SELF STORAGE INVESTMENT FORECAST

NYSE: MMI

To Our Valued Clients:

The U.S. economy once again demonstrated its rugged durability last year as it maintained forward traction amid a variety of headwinds. The harsh winter in the first quarter of 2015 restrained hiring, and weakening international economies joined China's currency devaluation to send shock waves through Wall Street. Some headwinds, however, worked to the advantage of the self-storage sector. Dramatically lower oil prices boosted households' discretionary income while the stronger dollar increased American purchasing power, and both placed downward pressure on inflation. These factors, together with steady job growth and modest wage gains, heightened self-storage demand.

The outlook for self-storage facilities in 2016 remains strong as broader economic momentum supports household formation and consumption — both positive demand drivers for these properties. The sector has also benefited from limited construction, but leading indicators point to additional development in the coming year. The favorable supply/demand balance tightened vacancy rates last year, and current forecasts point to a continuation of that trend, although the pace of contraction could ease. New hurdles undoubtedly await investors in 2016, but strengthening consumer balance sheets and still-positive economic momentum will favor self-storage performance.

Investor demand for self-storage assets has placed steady pressure on pricing cap rates through much of the country. The active investor pool together with readily available capital combined to lift transaction activity. Although Wall Street turbulence and the prospects of additional Federal Reserve rate hikes cloud the investment activity outlook, the market remains aligned for continued transactional momentum.

The new opportunities brought by the coming year will be reinforced by the spread of positive dynamics, offering investors a wide range of options. We hope this report provides useful insights on a variety of trends, markets and investment strategies. Our investment professionals look forward to assisting you in meeting your goals.

Sincerely,

Richard Bird
First Vice President | National Director

John Chang
First Vice President | Research Services

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National Self-Storage Performance Trends

- The self-storage expansion cycle will likely persist through 2016 as steady job growth supports unit-demand. Occupancy and rent levels are both expected to rise in the coming year.
- The positive economic environment and demographics sustaining multifamily demand is also boosting the self-storage sector. Temporary storage required by more transient residents remains one of the main demand drivers for the sector. Additionally, the tighter living spaces offered by rental housing, particularly in urban locales, often cannot accommodate all of a resident's belongings.
- While positive demand dynamics will remain in place, national vacancy rates will begin to face challenges as self-storage builders begin to fill the development pipeline.
- Property operators are aggressively growing rental rates as units continue to fill. The average asking rent will reach a five year high in 2016 for both climate controlled and non-climate controlled space.

Investment Overview

- Historically low rates have equipped self-storage investors with considerable purchasing power and positive leverage, supporting a steady rise in valuations. Despite substantial buyer interest, the limited volume of available assets has impeded deal flow.
- Public self-storage REITs have outperformed most other investment funds, pulling in consistent returns and steady stock appreciation.
- Intense investor demand has put downward pressure on first-year yields, particularly in blue-chip coastal markets. Cap rates may begin to flatten, however, as escalating values thin the buyer pool.
- A significant volume of pre-recession originated debt will come due over the next couple of years, causing property owners to consider their financing and capitalization plans. This could lead to additional assets reaching the market.

2016 Self-Storage Outlook

40 basis point
decrease in vacancy

Vacancy:

The strong employment outlook will bolster self-storage demand, putting downward pressure on national vacancy rates. This year vacancy will fall 40 basis points to 10.8 percent, following an 80-basis-point drop registered in 2015.

4.3%
increase in CC rents

Climate Controlled Rents:

As available units become increasingly hard to come by, rent growth for climate controlled space will reach a five-year high. Average asking rent rates climbed 3.2 percent last year and are expected to jump another 4.3 percent to $1.63 per square foot in 2016.

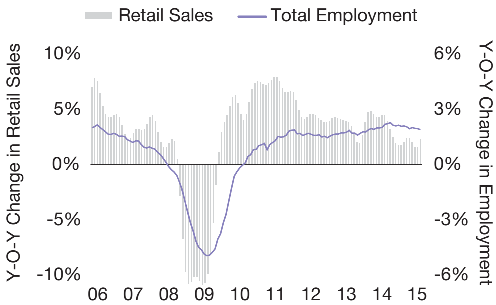
4.3%
increase in Non-CC rents

Non-Climate Controlled Rents:

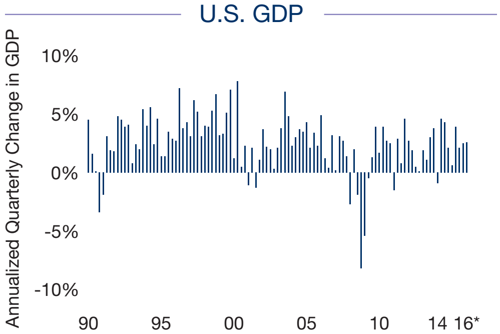
Tight market conditions and steady demand will boost rent for non-climate controlled units this year. The average asking rate for this subsector will rise to $1.29 per square foot, an increase of 4.3 percent year over year. This will match rent growth posted in 2015.

U.S. Economic Overview

Job Growth Driving Spending



U.S. GDP



* Forecast

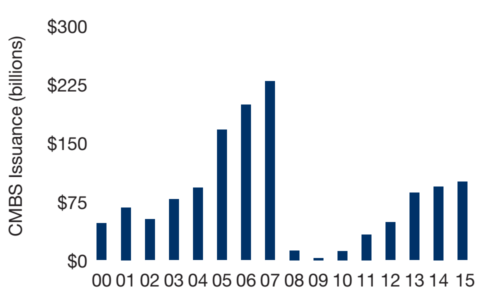
The United States economy maintained a steady pace of growth last year, displaying resiliency and registering solid improvement in several key indicators. Foremost, the domestic labor market remains in sound health, with job creation advancing for a record-setting 71 consecutive months through January, despite falling energy prices and volatility in foreign financial markets. The relative strength of the U.S. dollar coupled with wavering foreign demand for domestic goods have dampened U.S. exports, although these forces combined to restrain inflation and augment the purchasing power of the U.S. consumer. Choppy yet resilient GDP growth and positive economic fundamentals encouraged the Federal Reserve to lift its overnight lending rate at the close of 2015. The move was widely anticipated and will likely have a limited impact on broader interest rate activity; additional hikes in the central bank's benchmark are anticipated in 2016, however.

The waxing and waning pattern of the U.S. economy has mitigated the risk of overheating as periods of strong GDP growth are followed by a down round, creating a prolonged and sustained expansionary cycle. This trend is expected to continue through 2016, indicating another year of modest economic growth. Wage improvements and employment levels that have surpassed the pre-recession peak have left U.S. consumers poised to lead the economy in the coming year. Domestic spending on retail goods remains robust, generating new requirements for storage space when some older goods are replaced. Rising retail spending coupled with falling homeownership rates indicate a solid base of renters whose mobility and downsizing households will provide momentum for the self-storage sector this year.

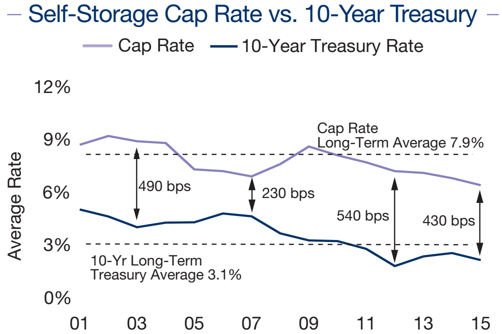
Capital Markets

Capital Markets

CMBS Issuance



Self-Storage Cap Rate vs. 10-Year Treasury



Consistent economic growth and strengthening property operations continue to encourage investment in self-storage properties and intensify competition among debt providers to supply acquisition financing. Self-storage assets in primary metros still receive funding and leverage of up to 75 percent from most sources, though loan terms and leverage can vary in secondary and tertiary metros. Investors seeking 10-year funding continue to tap CMBS lenders, where all-in rates typically start in the 5 percent range. Spreads here have widened recently, however, as mortgage bond investors and subordinate bond buyers, specifically, demand higher yields. Upward pressure on CMBS spreads may persist in the coming months as investors and ratings agencies continue to reassess credit risks in light of activity in lower-rated corporate bonds issued by energy-sector companies.

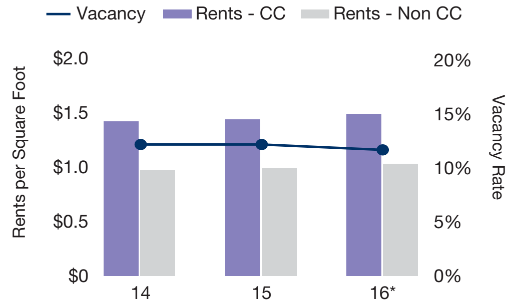
Local, regional and national banks remain commonly employed sources of three- and five-year debt for self-storage property owners and investors. Leverage tops out at 75 percent, while all-in rates vary over the appropriate lending benchmarks. First-time buyers, meanwhile, frequently utilize lending programs from the Small Business Administration, most notably the 7A. SBA loans are typically indexed to the prime rate, a short-term benchmark, and can run for a term up to 25 years. Overall, the interest rate environment remains favorable for commercial real estate borrowers. The 10-year U.S. Treasury yield remains well below long-term norms, and low interest rates will likely persist as foreign capital maintains a strong bid for the safe haven of U.S. government securities. At the short end of the yield curve, the Fed's recent hike in the overnight lending rate had minimal effect on lending spread over short-term benchmarks.

Midwest

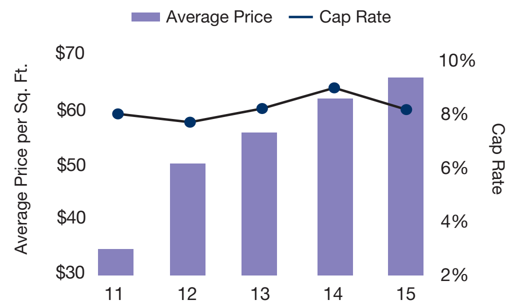
The steady Midwestern self-storage market will gather steam in 2016 as operations continue to improve and the regional economy strengthens. The area is generally characterized as being resistant to big swings in the national economy. The member states rarely experience an upsurge during strong expansions but also do not suffer as bad when recession hits. Other than the auto-heavy areas near the Great Lakes, the rest of the Corn Belt fared well during the last down cycle, leaning on the agriculture and manufacturing sectors while also avoiding the housing run-up. Despite regional stability, self-storage construction has been lackluster in recent years, although developers are beginning to show signs of confidence in the larger metros. Overall, vacancy continues to drop, priming the region for sizable rent improvements in the coming year.

Market stability coupled with cap rates that trend higher than those in the Sun Belt draw heavy investor interest to the region, particularly for buyers with long-term investment strategies. Institutional activity is still prevalent in many Midwestern metros, although REIT purchasing is wholly focused on best-in-class product in premier locations. When you move outside the urban core, cap rates jump as the influence of large equity groups begins to fade. In the Ohio metros, opportunities for non-institutional investors exist for assets in these first-tier tertiary markets that offer better equity returns compared with other more competitive MSAs. Detroit is poised for a solid year as the automotive industry is continuing to build momentum. Light vehicle sales nationwide are expected to grow in 2016, surpassing that of the prior cycle's peak. In Chicago, robust population density and intense urbanization have kept self-storage fundamentals strong, although a lack of available listings have stifled transaction velocity. Unremarkable development activity in St. Louis coupled with steady demand has enabled occupancy rates to see incremental improvements. The metro continues to boast the lowest vacancy of all the Midwestern markets observed.

Vacancy and Rent Trends



Average Price and Cap Rate Trends



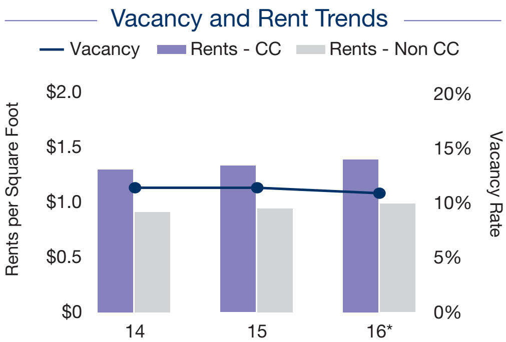
* Forecast

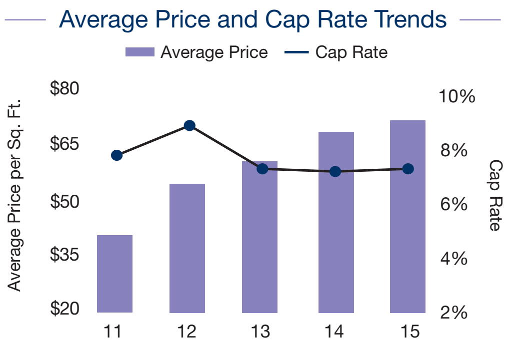
Midwest Region Sales Highlights

Property Name	City, State	NRSF**	Sales Price	Price per Sq. Ft.
Mini Storage Depot	Columbus, OH	418,020	$25,250,000	$60
A-A-A Storage	Champaign & Urbana, IL	164,167	$10,000,000	$61
Alsip Self Storage	Alsip, IL	103,400	$6,800,000	$66
Tyler Storage	Mentor, OH	62,750	$6,074,000	$97
1-800-Mini-Storage	Redford, MI	52,442	$5,000,000	$95
Compass Self Storage	River Grove, IL	70,000	$4,450,000	$64
All-American Storage	Minneapolis, MN	77,000	$3,100,000	$40
Outer Loop Storage	Louisville, KY	45,440	$1,840,000	$40

** Net Rentable Square Footage
Sources: Marcus & Millichap Research Services; CoStar Group Inc.; REIS Services LLC

Southwest





* Forecast
Note: CC stands for Climate Controlled

Southwestern property fundamentals continue to improve with positive net migration and steady job creation bolstering self-storage demand. Despite energy-sector dampening, the region boasts one of the lowest overall vacancy rates in the country with market conditions expected to tighten further in the coming year. The decline in oil prices is undoubtedly having an impact on energy-reliant markets in the Southwest, particularly Houston. What this means for the self-storage industry, however, is uncertain. The asset class is generally know for being resistant to economic contractions and may receive added use from downsizing households and businesses. The diversified economies of the other Texas metros have somewhat insulated themselves from energy-sector woes and are continuing to perform well. The availability of high-quality jobs in Austin, Dallas and Fort Worth is drawing workers to the state and intensifying household growth. Even the Oklahoma City market which has the greatest vacancy in the region is showing resiliency with rates on pace to achieve a drop of more than 100 basis points this year. Although regional development is beginning to ramp up, the Southwest will realize occupancy and rent increases in 2016.

Demand for self-storage assets in the region is overwhelming with intense buyer interest outweighing the supply of available listings. As property operations continue to improve, many owners are reluctant to list their assets and would rather rely on the steady cash flow their facilities provide. Yet, outsize pricing may encourage some investors to bring properties to market with valuations continuing to rise. Institutions are still aggressively pursuing self-storage assets in the Southwest, focusing on well-located Class A properties and are willing to pay top dollar for them. Economic uncertainty and the rising cost of capital present possible risk factors, although these threats have yet to significantly impact deal flow.

Southwest Region Sales Highlights

Property Name	City, State	NRSF**	Sales Price	Price per Sq. Ft.
A-Alamo Storage	Houston, TX	76,737	$14,400,000	$188
Blue Llama Storage Alamo Ranch	San Antonio, TX	77,930	$6,950,000	$89
All Star Self Storage	Celina, TX	66,215	$4,850,000	$73
Water Tower Storage	Cedar Park, TX	52,215	$4,320,000	$83
Southside Mini Storage	Spulpa, OK	78,267	$4,125,000	$53
StorageMaster USA Self Storage	Cedar Park, TX	48,385	$3,150,000	$65
Eagle Self Storage	Hobbs, NM	47,300	$2,570,000	$54
Storage Depot	Orange, TX	24,643	$2,000,000	$81

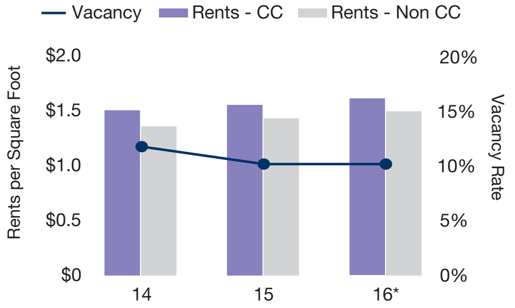
** Net Rentable Square Footage
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; REIS Services LLC

West

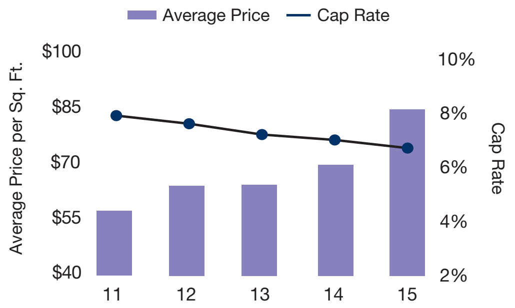
Properties in the Western region are benefiting from strong population growth and the robust influence of the technology sector. The availability of well-paid jobs and the favorable quality of life have drawn skilled workers to the region, fostering a favorable demographic backdrop for self-storage operations. Markets along the Pacific Coast lead the nation in terms of occupancy with high land costs acting as a barrier to new development. This is most evident in California, which is home to six of the top seven metros with the tightest vacancy. The Bay Area in particular has outstanding self-storage operations, benefiting from the surging IT sector and constrained housing environment. Other markets with growing tech hubs are also performing well. Seattle, Portland and Denver post above average occupancy numbers. Areas that were hit hard by the Great Recession are seeing improvements with self-storage vacancy in Phoenix and Las Vegas reaching five-year lows. These factors will contribute to rising rental rates in the West, although revenue growth is generally lagging that of the other regions.

The combination of healthy fundamentals, cheap debt and a general lack of supply-side pressure has created an active investment market. Buyers remain bullish in the region as equity-flushed investors look to deploy capital and capture yields. Cap rates in the self-storage sector, although highly compressed, remain above that of many other commercial real estate products, providing a steady, cash-flow-producing asset type. The strong performance of the public self-storage REITs is also piquing investor interest as non-institutional players look to take advantage of similar windfalls. Intense competition and outsize valuations in the multifamily sector is prompting many apartment owners to cash out and exchange into self-storage assets. The relative ease of operation and possibility for aggressive revenue management is a driving force for some apartment owners in search of more passive income.

Vacancy and Rent Trends



Average Price and Cap Rate Trends



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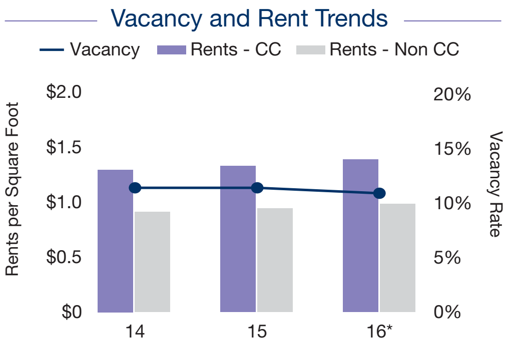
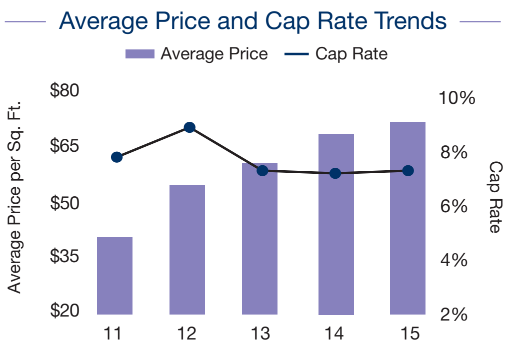
West Region Sales Highlights

Property Name	City, State	NRSF**	Sales Price	Price per Sq. Ft.
Double D Storage	Turlock, CA	88,488	$5,700,000	$64
EZ - Storage, Inc.	Kingsburg, CA	99,172	$5,400,000	$54
Stetson Hills Storage	Colorado Springs, CO	49,653	$5,000,000	$101
County Line Self Storage	Tacoma, WA	48,924	$4,500,000	$92
Plaza Storage	Las Vegas, NV	66,653	$3,900,000	$59
Sahara Mini Storage	Las Vegas, NV	52,672	$3,400,000	$65
Affordable Storage Solutions	Pueblo, CO	50,807	$3,050,000	$60
Basic Storage	Salt Lake City, UT	34,848	$1,900,000	$55

** Net Rentable Square Footage
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; REIS Services LLC

South Atlantic





* Forecast
Note: CC stands for Climate Controlled

Led by the strength of the Florida metros, the South Atlantic self-storage market remains one of the most robust regions in the nation. Positive net migration and a highly transient population drive demand in the area, keeping occupancy rates near 90 percent. Outside of the Sunshine State, growth markets in Georgia and the Carolinas are also bolstering self-storage operations, particularly in the dense urban cores where the concentration of apartments and condos is high. Outside the metro center, in the suburbs of Virginia and Maryland, revenue prospects are strong with these two markets registering the highest average rent throughout the region. Moving forward, although over construction prospects may be looming in 2017 and 2018, the current development pipeline is not having an effect on property operations or the investment market. Regionwide vacancy rates will likely compress further this year, reaching more than 850 basis points below 2011 levels. As market conditions continue to tighten, rent growth will intensify with average asking rates expected to see a mid-single-digit increase in 2016.

Demand for South Atlantic self-storage properties is vigorous with buyer sentiment remaining highly optimistic in the region. Cap rate compression is leveling off, which may be a sign that the market is at or approaching maturity, although this has not translated into a pullback from investors. Bullish buying activity coupled with affordable financing has pushed self-storage valuations to unprecedented levels. Property owners who were skeptical about selling in the past may cash out and take advantage of record pricing before the cost of capital rises. On the institutional side, REITs and other large equity funds are confident in the region, leveraging their war chests to aggressively pursue assets and expand portfolios. These groups have ventured into markets they would have avoided 18 months ago as they struggle to find quality listings in the premier metros. Overall, the self-storage investment market shows no signs of slowing in 2016, but may see some cooling further down the road.

South Atlantic Region Sales Highlights

Property Name	City, State	NRSF**	Sales Price	Price per Sq. Ft.
US 1 A/C Self Storage	Boynton Beach, FL	74,679	$17,900,000	$240
North Miami Storage	North Miami, FL	70,374	$11,050,000	$157
Surelock Self-Storage	Orlando, FL	61,000	$9,600,000	$157
Fayette Self Storage	Fayetteville, GA	151,916	$9,200,000	$61
My Neighborhood Storage Center	Orlando, FL	64,480	$8,500,000	$132
Mr. Store-It	Wilmington, NC	69,785	$8,500,000	$122
Riverdale Road Self Storage	Riverdale, GA	83,805	$5,300,000	$63
Fort Knox Self Storage	Greensboro, NC	118,986	$5,300,000	$45

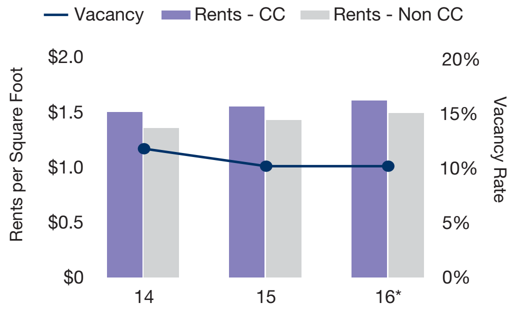
** Net Rentable Square Footage
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; REIS Services LLC

Northeast

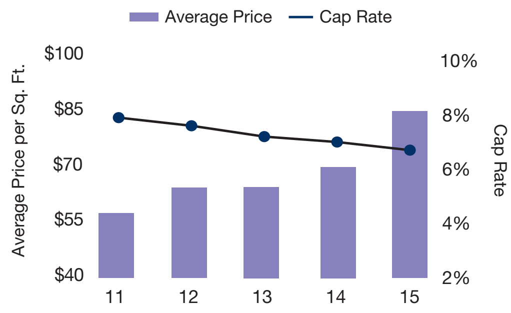
Intense population density and the rising cost of apartment rents is heightening demand in the Northeastern self-storage market. As multifamily rental rates continue to push forward, many urban residents are facing challenges in finding enough living space to house their belongings. The relative affordability of self-storage units when compared with a larger apartment has kept demand strong in the sector and will likely persist in the coming months. The average apartment rent has skyrocketed in many of the prominent Northeastern metros with New York, Northern New Jersey, Boston and New Haven-Fairfield County all in the top ten for most expensive rates. This, along with a high cost of living, has enabled the region to lead the nation in terms of self-storage rents. New York City in particular is the most pricey metro in the country with rent levels more than 15 percent greater than the next most expensive market. High rents and tight vacancy rates are emboldening developers to widen the planning pipeline. Recently, the self-storage market has experienced an extended period of muted development, causing some Northeastern metros to have significant pent-up demand. The eastern boroughs and areas in Washington, D.C., are beginning to see an uptick in construction activity, although these factors have yet to have a major impact on property fundamentals.

Buyer motivation remains strong with occupancy and rent levels continuing to improve, although caution is beginning to seep into the market. Investors have started to show resistance to outsize pricing, which may cause a disconnect between buyer and seller expectations moving forward. In the interim, both institutional and private-equity money is highly active, pursuing available listings aggressively. Many of the same reasons investors want to enter the self-storage sector are causing some property owners to hold. However, as valuations reach unprecedented levels and cap rate compression levels off, many opportunistic owners may list assets and capitalize on outsize pricing.

Vacancy and Rent Trends



Average Price and Cap Rate Trends



* Forecast
Note: CC stands for Climate Controlled

Northeast Region Sales Highlights

Property Name	City, State	NRSF**	Sales Price	Price per Sq. Ft.
Affordable Self Storage	Norwalk, CT	78,355	$19,000,000	$242
Safeguard Self Storage - Ridgefield	Ridgefield, NJ	66,503	$12,907,960	$194
Safeguard Self Storage - Baldwin	Baldwin, NY	61,580	$11,915,040	$193
Lynn Storage	Lynn, MA	62,888	$10,125,000	$161
Willow Grove Self Storage	Willow Grove, PA	92,250	$8,500,000	$92
Tamarack Self Storage	Neptune, NJ	70,000	$4,950,000	$71
ABM Self Storage	Asbury, NJ	59,562	$4,675,000	$78
Waterbury Self-Storage	Waterbury, CT	49,232	$2,900,000	$59

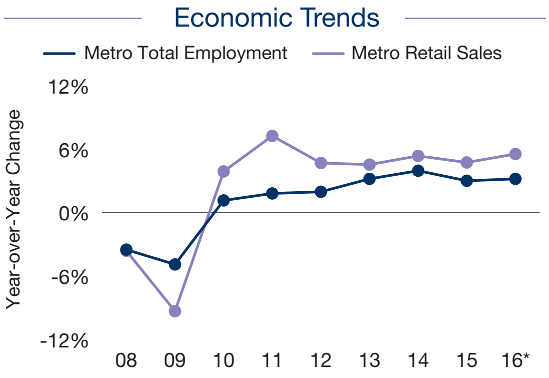
** Net Rentable Square Footage
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; REIS Services LLC

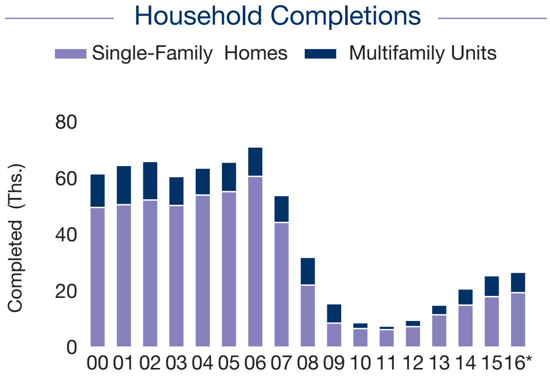
Economic Trends

The pace of job growth in the metro will climb 3.2 percent as employers add 84,000 positions. In 2015, payrolls expanded by 77,000 jobs, an annual gain of 3.0 percent. Retail sales will increase 5.6 percent in 2016, following a 4.7 percent gain last year.

Household Trends

In 2016, the number of new single-family homes will grow 8 percent year over year but will be 56 percent under pre-recession levels set in 2007. Over the same nine-year period, the number of total households will rise 14 percent, which will likely boost demand for self-storage space.



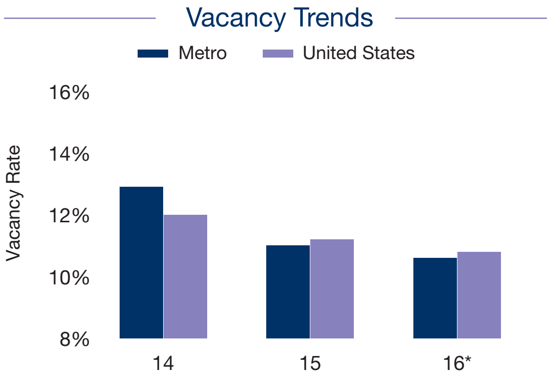


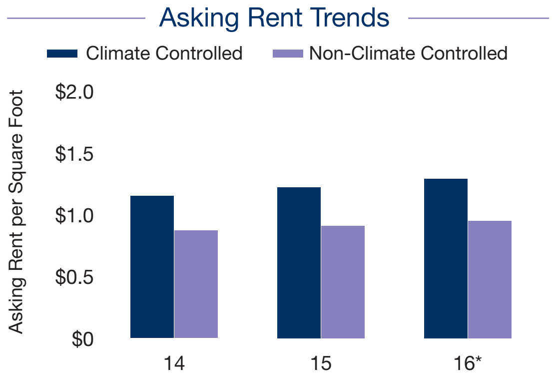
Vacancy Trends

This year, demand will fill available storage space as the metro's vacancy rate will rank lower than the national average. In 2016, vacancy will retreat 40 basis points to 10.6 percent, after plummeting 190 basis points in the previous year.

Rent Trends

Last year, rents for climate controlled and non-climate controlled facilities rose 6.0 percent to $1.22 per square foot and 4.7 percent to 91 cents per square foot, respectively. Asking rents will increase 5.7 percent for climate controlled space and 4.4 percent for non-climate controlled facilities in 2016.





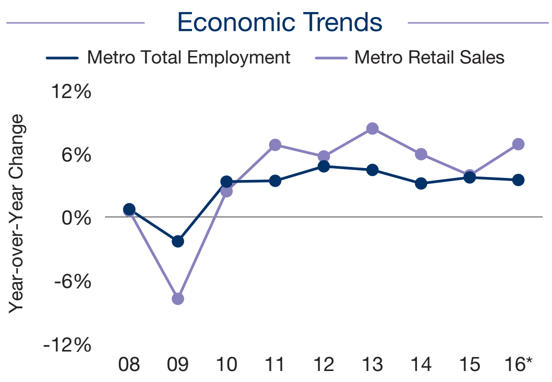
* Forecast
Vacancy and Rent Source: REIS Services, LLC

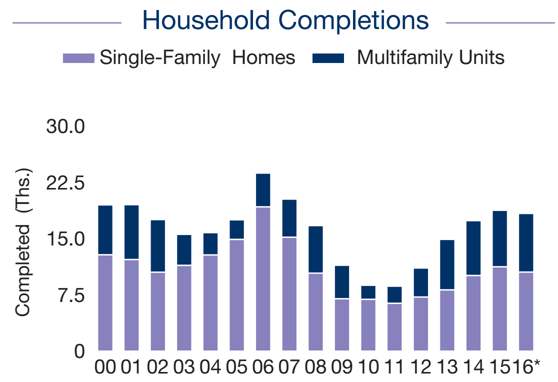
Economic Trends

Austin employers will create 37,500 positions, expanding the employment level by 3.9 percent in 2016. Last year, 34,600 additional workers were hired, representing an annual increase of 3.7 percent. This growth is supporting retail sales, which will expand by 6.9 percent this year after rising 3.9 percent in 2015.

Household Trends

In 2016, single-family home completions will decrease 6 percent while remaining 45 percent below the pre-recession peak set in 2006. Apartment completions in the metro are 54 percent above 2007 levels. Household formation has advanced 30 percent since 2007. As many move into smaller rental spaces, self-storage demand will rise.



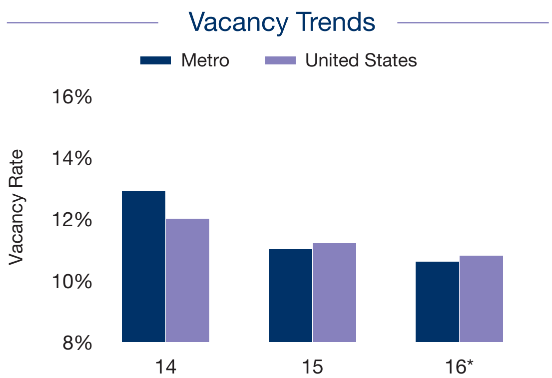


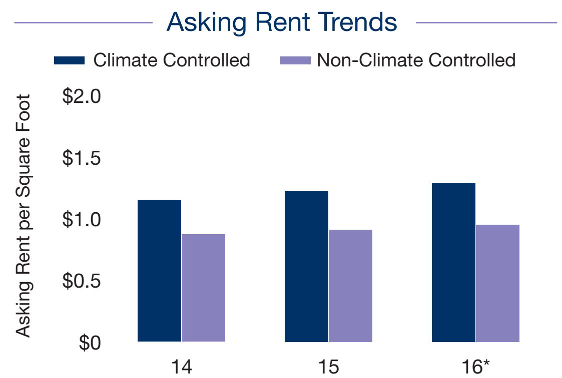
Vacancy Trends

Jobs and new households supported demand growth for self-storage facilities in the metro, lowering vacancy 40 basis points to 12.4 percent in 2015. Vacancy will decrease 100 basis points year over year in 2016, ending at 11.4 percent as new households form.

Rent Trends

Asking rents in climate controlled self-storage facilities rose 2.1 percent in 2015 to $1.44 per square foot on average, while non-climate controlled space gained 2 percent to $1.01 per square foot. In 2016, demand will support rent gains in climate controlled and non-climate controlled facilities of 4.4 percent for both subsectors.





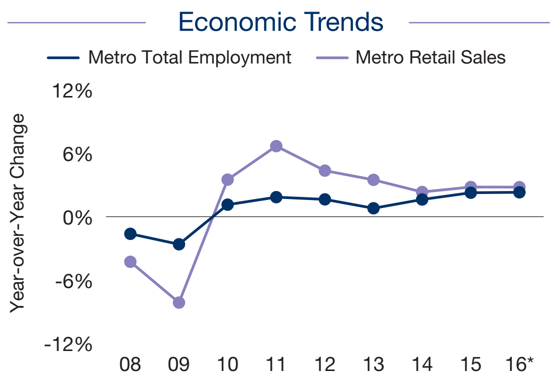
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

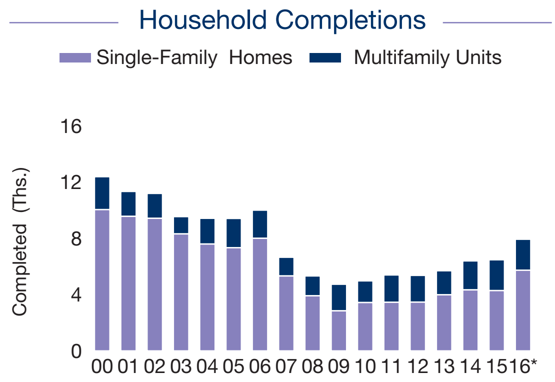
Economic Trends

Baltimore employment jumped 2.3 percent in 2015 as 30,800 additional workers joined the employment pool. Employers are set to generate 32,000 jobs this year, maintaining the 2.3 percent increase. This will support retail sales growth of 2.8 percent this year, after also gaining 2.8 percent year over year in 2015.

Household Trends

Household formation will rise 5 percent above 2007 levels. To meet housing needs, developers will expand annual single-family home completions 34 percent this year, remaining 28 percent below the 2006 peak. Completions of multifamily housing will remain flat at 1 percent growth, while simultaneously rising 10 percent above the 2006 high.



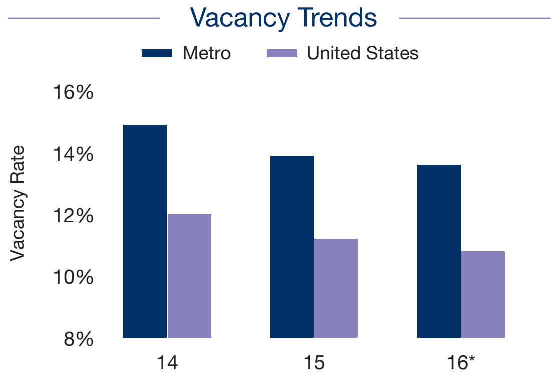


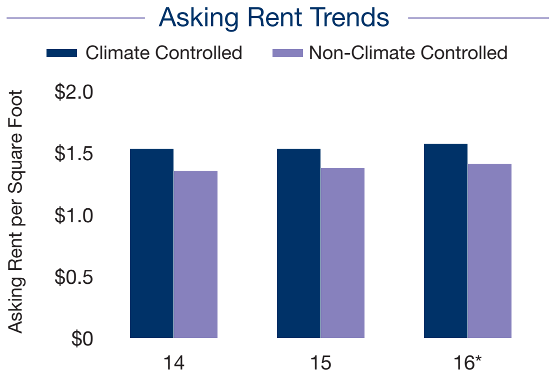
Vacancy Trends

Vacancy in self-storage spaces tumbled 100 basis points in 2015 as employers added jobs, which unbundled households in the metro. Many of these households moved into apartments, generating greater demand for storage space. During 2016, the vacancy rate will fall 30 basis points to 13.6 percent.

Rent Trends

Rising demand will accelerate rent gains this year in climate controlled and non-climate controlled spaces by 2.3 and 2.7 percent to $1.57 and $1.41 per square foot, respectively. This is an escalation from 2015 when rent in climate controlled facilities grew 0.4 percent and non-climate-controlled facilities advanced 1.8 percent.





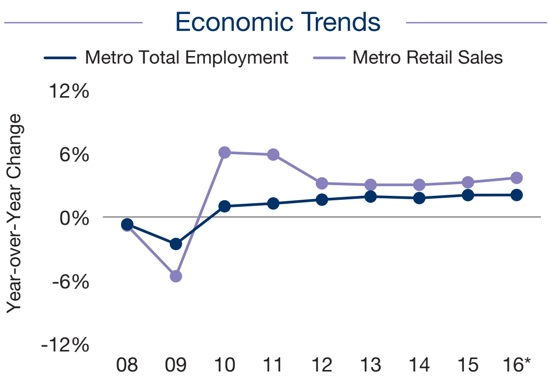
* Forecast
Vacancy and Rent Source: REIS Services, LLC

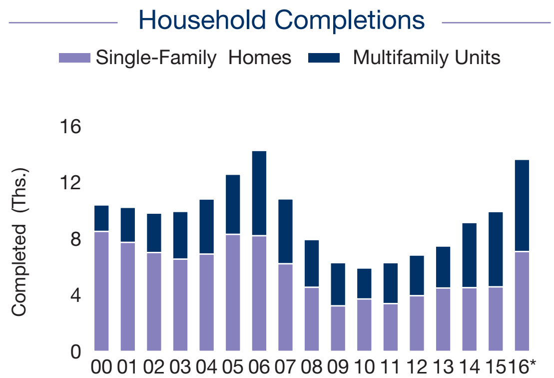
Economic Trends

Growth in Boston employment will support the addition of 55,000 workers, a 2.1 percent gain in 2016, on par with the prior year increase of 53,700 positions. Employees are spending paychecks, supporting a 3.7 percent gain in retail sales this year, up from the advance of 3.3 percent in 2015.

Household Trends

Though housing completions are 14 percent below 2006 levels, household formations have grown by 9 percent in the same period. A construction spree of multifamily units is closing the gap in completions, which will end the year 8 percent higher than the 2006 peak. As residents seek smaller spaces in rentals, self-storage demand is likely to increase.



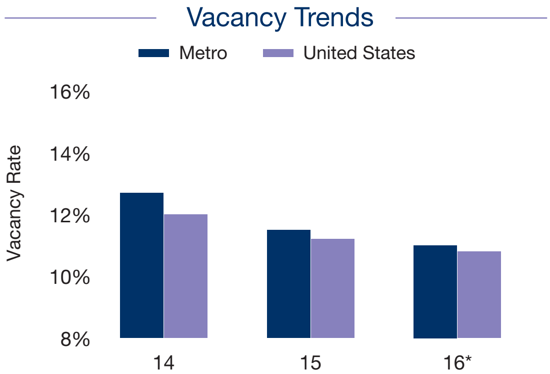


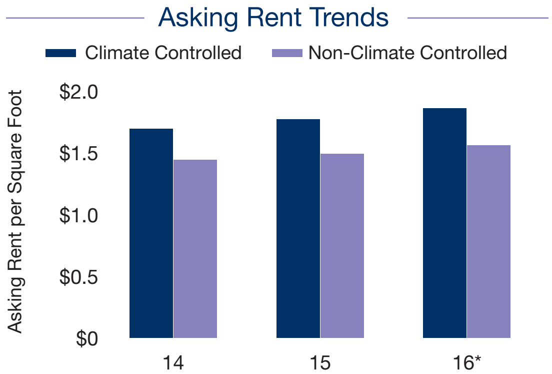
Vacancy Trends

This year, stronger job growth and demand for housing in apartments will reduce self-storage vacancy 50 basis points, ending the year at 11 percent, which is nearly on par with the national level of 10.8 percent. Boston area vacancy dropped 120 basis points in 2015, as demand was catching up with supply.

Rent Trends

Asking rent in climate controlled self-storage jumped 5.1 percent to $1.77 per square foot in 2015. This exceeded the 3.4 percent gain to $1.49 per square foot for non-climate controlled space. This year, demand will support increases of 5.1 and 4.7 percent in climate controlled and non-climate controlled spaces, respectively.





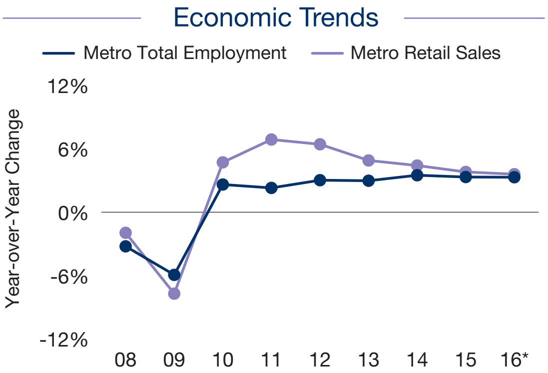
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

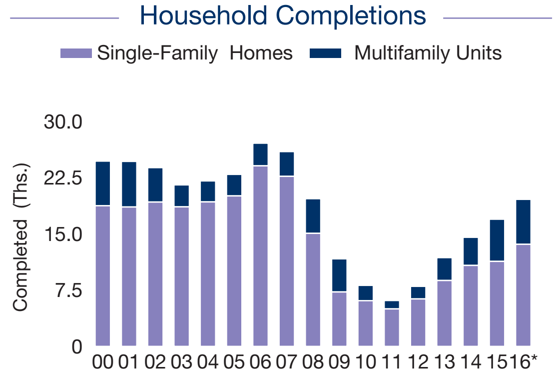
Economic Trends

Approximately 37,000 jobs will be created in 2016, expanding employment 3.3 percent, which will help support retail sales growth of 3.6 percent. In 2015, employment in Charlotte climbed 3.3 percent as employers added 36,100 individuals to payrolls, increasing retail sales by 3.8 percent.

Household Trends

Single-family home completions will rise 20 percent in 2016 as Charlotte's housing market continues to build steam since bottoming out in 2011. Annual apartment completions will also rise, albeit at a slower pace, with builders accelerating development 6.6 percent. Household formations will grow 20 percent from 2007, supporting demand for self-storage as more residents seek apartments.



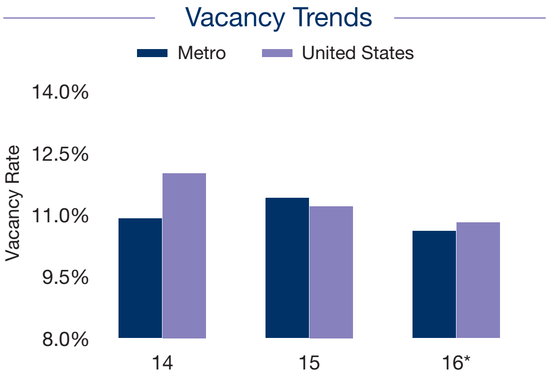


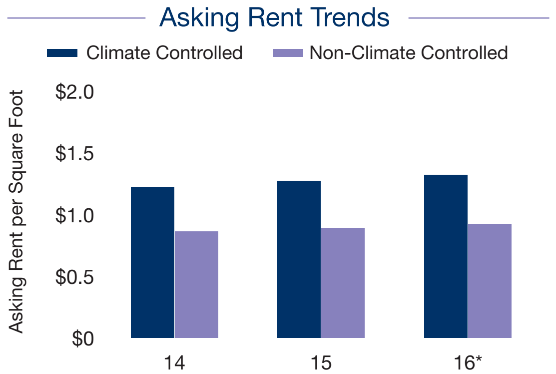
Vacancy Trends

An increasing number of new households in the metro will drive demand for self-storage, supporting an 80-basis-point drop in the vacancy rate to 10.6 percent in 2016. In the prior year, the vacancy rate rose 50 basis points, erasing the drop seen in 2014. Vacancy will dip below national levels on job and household growth.

Rent Trends

In 2015, rent increased by 3.9 and 3.8 percent in climate controlled and non-climate controlled facilities, respectively. These gains will continue, as climate controlled facility rent rises 4.2 percent to an average of $1.32 per square foot, followed by 3.6 percent growth to 92 cents per square foot for non-climate controlled spaces.





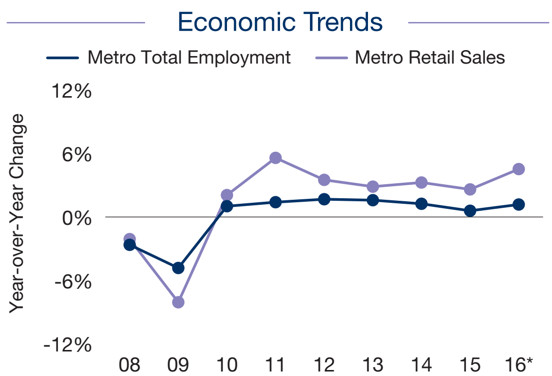
* Forecast
Vacancy and Rent Source: REIS Services, LLC

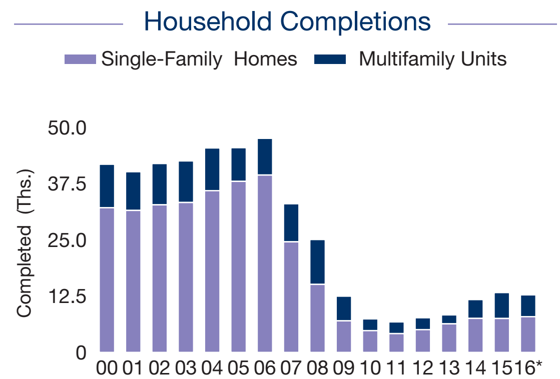
Economic Trends

This year, employers will generate 54,000 jobs, enhancing payrolls 1.2 percent. This will support a gain in retail sales of 4.5 percent in 2016, after adding 2.6 percent in 2015. Last year, total employment gained just 0.6 percent as 26,900 positions were created in the Chicago metro.

Household Trends

From 2007 to year-end 2016, 4.6 percent new households will be formed in Chicago. Multifamily completions will drop 16 percent year over year and remain 51 percent below the 2008 peak level. Single-family completions will grow 5 percent this year. As household formation grows, particularly in smaller rental space, self-storage demand will expand.



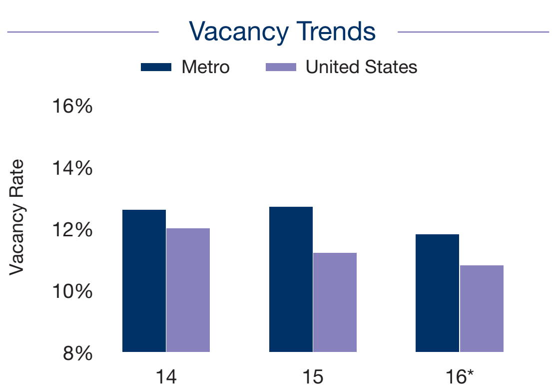


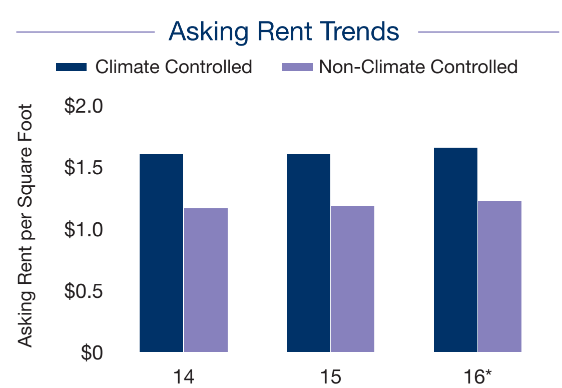
Vacancy Trends

Chicago metro vacancy remained level last year, ending 2015 10 basis points higher than the prior year at 12.7 percent. This year, the rate is projected to accelerate downward by 90 basis points on increased job additions and growing retail sales, ending 2016 at 11.8 percent.

Rent Trends

Average asking rent in climate controlled and non-climate controlled facilities will each add 3.3 percent year over year, ending 2016 at $1.65 per square foot and $1.22 per square foot, respectively. Last year rents rose by 0.2 percent and 1.6 percent for climate controlled and non-climate controlled facilities, respectively.





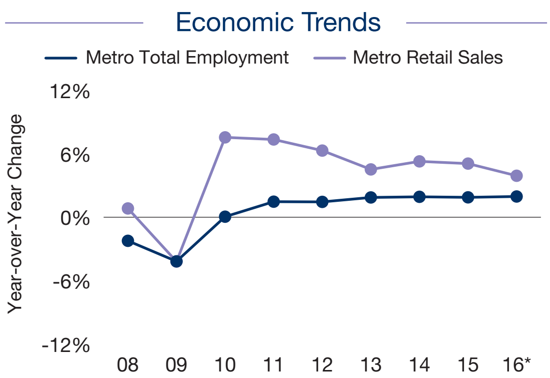
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

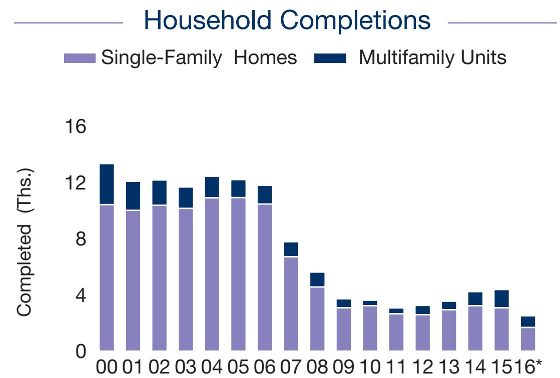
Economic Trends

In 2015, employment in Cincinnati climbed 1.9 percent as employers added 19,800 workers to payrolls. Approximately 21,000 positions will be created in 2016, expanding employment 2.0 percent. Retail sales will increase 3.9 percent this year, slowing from the 5.1 percent rise in 2015.

Household Trends

In 2016, the pace of single-family home construction will drop to its lowest level this century with only 1,700 completions, sliding 75 percent from pre-recession levels. The pace of multifamily completions will also wane, dropping 36 percent from 2015. The rate of household formation will finish 2016 up 1.5 percent, on pace with the national rate.



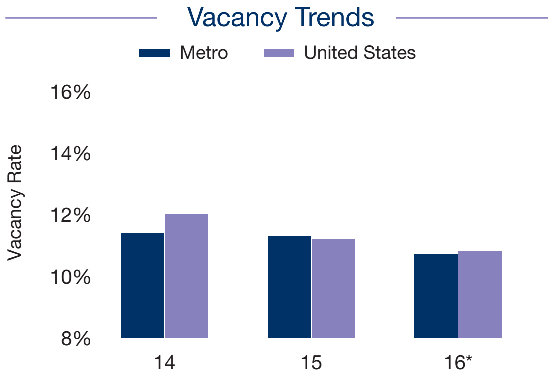


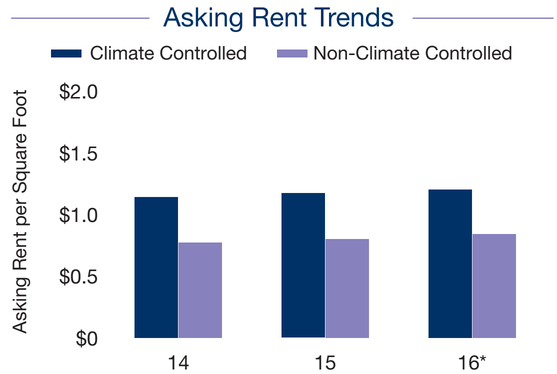
Vacancy Trends

Cincinnati is expected to see a 60-basis-point drop in the vacancy rate, ending the year at 10.7 percent, on par with the national average. Over the past five years vacancy has been trending down on improved economic conditions, filling up 36 percent of available self-storage space.

Rent Trends

As vacancy tightens, asking rents will rise at climate controlled and non-climate controlled facilities an expected 3.1 percent to $1.20 per square foot and 4.3 percent to 84 cents per square foot, respectively. Last year, rents jumped 2.8 percent for climate controlled spaces and 4.4 percent for non-climate controlled units.





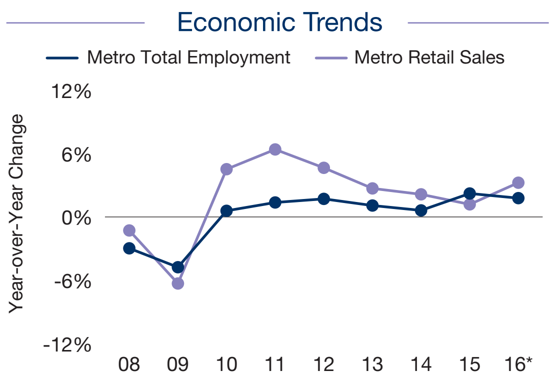
* Forecast
Vacancy and Rent Source: REIS Services, LLC

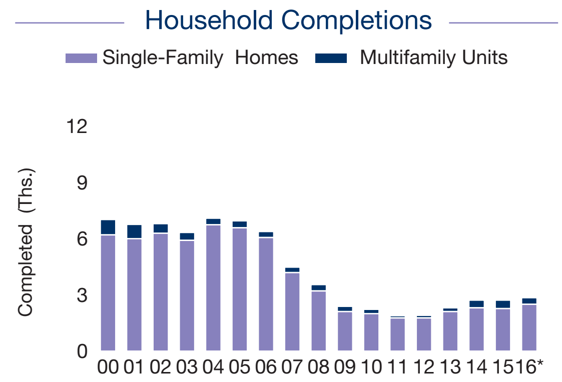
Economic Trends

This year, employers will generate jobs for 19,000 new workers, adding 1.8 percent to the employment level and supporting a 3.2 percent gain in retail sales. Last year, Cleveland's unemployment rate plummeted 120 basis points, based on job gains of 2.2 percent, which added 23,100 positions to the metro.

Household Trends

Single-family housing completions will increase 10 percent in 2016 while still remaining well below the pre-recession peak. Builders will bring 22 percent less multifamily units online this year than in 2015. The number of households in the metro has remained steady over the past 15 years and will see a 0.8 percent gain this year.



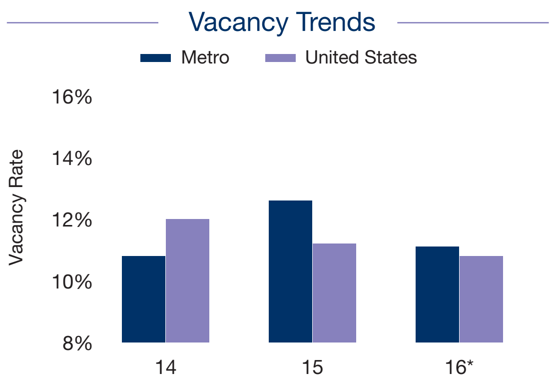


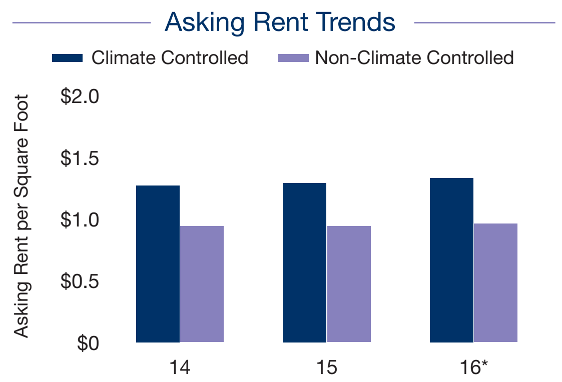
Vacancy Trends

Vacancy will plummet 150 basis points year over year to 11.1 percent in 2016, supported by employment gains. Last year, the rate jumped 180 basis points to 12.6 percent. Demand for self-storage will increase as job growth and retail numbers improve in the local market this year.

Rent Trends

Last year's strong job growth increased rent by 1.4 percent in climate controlled spaces and 0.6 percent in non-climate controlled facilities. Continued job gains in 2016 will support advances of 2.9 percent and 2.3 percent to $1.33 and 96 cents per square foot in climate and non-climate controlled facilities, respectively.

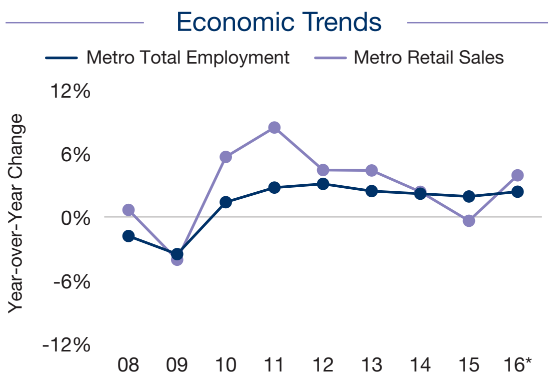




* Forecast
Vacancy and Rent Sources: REIS Services, LLC

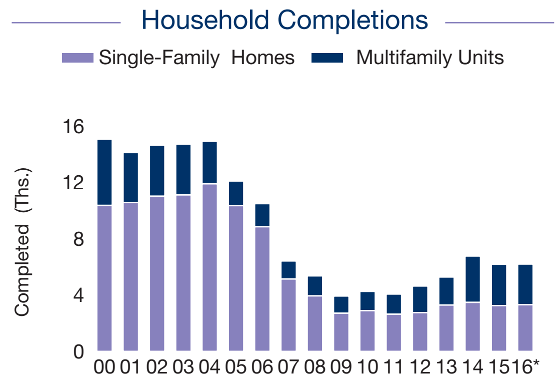
Economic Trends

Employment gains will accelerate in the Columbus metro this year as businesses expand payrolls 2.4 percent, or by 25,000 workers. During 2015, employers added 19,900 positions to the local economy, representing growth of 1.9 percent. Employment will support retail sales gains of 3.9 percent in 2016 after dropping 0.4 percent in 2015.



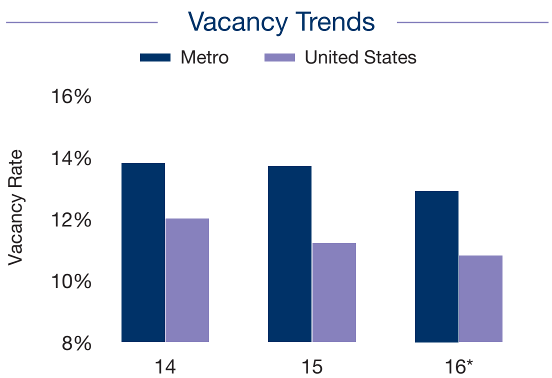
Household Trends

In 2016, Columbus single-family completions will register a year-over-year increase of 2.0 percent. Multifamily development will slow with annual completions decreasing 1.8 percent during the same period. With a rate of household formation of 2.0 percent, Columbus will experience greater household growth than the rest of the nation, ending the last nine years up 11.6 percent.



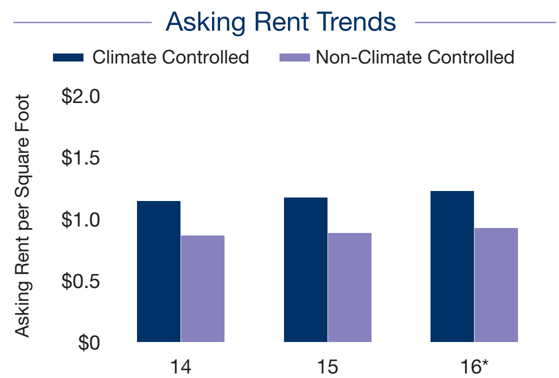
Vacancy Trends

Job gains and household formation this year will boost demand, filling available storage space, though the metro vacancy rate will rank higher than the national rate. In 2016, vacancy will shrink 80 basis points to 12.9 percent, after dropping a nominal 10 basis points in the previous year.



Rent Trends

Average rent for climate controlled units rose 2.6 percent to $1.17 per square foot, while non-climate controlled rents also jumped 2.6 percent to 88 cents per square foot in 2015. This year, operators will leverage demand to raise rents for climate controlled and non-climate controlled space 4.6 percent and 4.0 percent, respectively.



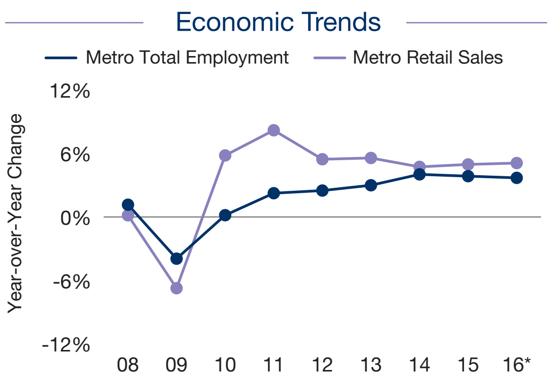
* Forecast
Vacancy and Rent Source: REIS Services, LLC

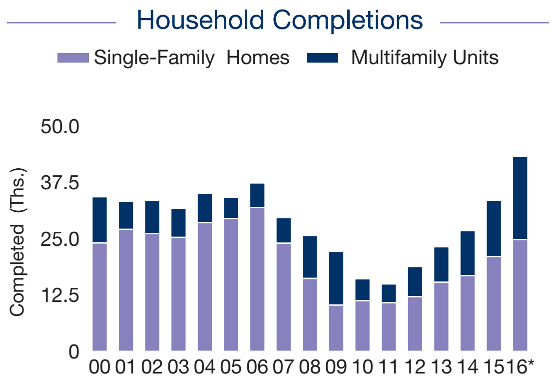
Economic Trends

Employers in Dallas will add 88,300 workers to their payrolls in 2016, representing a 3.7 percent year-over-year gain. In 2015, job growth reached 3.9 percent with 88,750 positions added, nearly the highest amount added in the country. Retail spending will rise 5.1 percent in 2016 an uptick from last year's 5.0-percent gain.

Household Trends

In 2016, single-family home completions in Dallas will rise 17.8 percent year over year, while multifamily completions will increase 48 percent. During the seven-year period from the pre-recession peak in 2009, multifamily completions will expand by 54 percent. As rentals are filled, demand for self-storage facilities will likely strengthen.



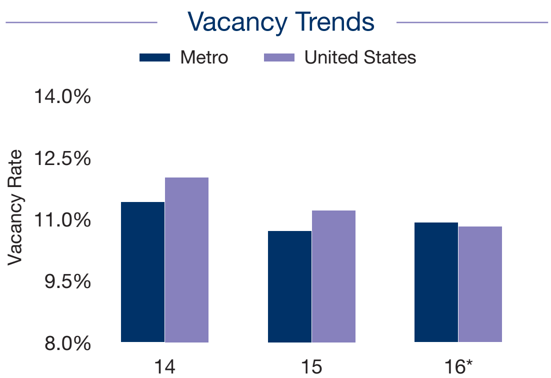


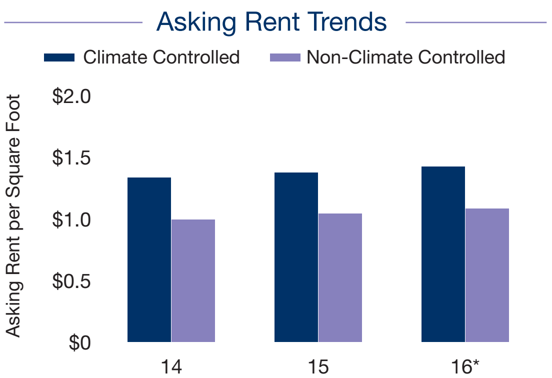
Vacancy Trends

Vacancy will increase 20 points in 2016 to 10.9 percent, placing the rate nearly on par with the national rate. Last year, strong employment gains and steady population growth slashed vacancy 70 basis points. Expanding employment and robust consumer spending will intensify demand for Dallas self-storage units.

Rent Trends

This year, average asking rents at climate controlled and non-climate controlled facilities will rise 3.8 percent to $1.42 per square foot and 4.6 percent to $1.08 per square foot, respectively. Asking rents in 2015 for climate controlled spaces rose 2.7 percent, and rents for non-climate controlled units climbed 4.4 percent.





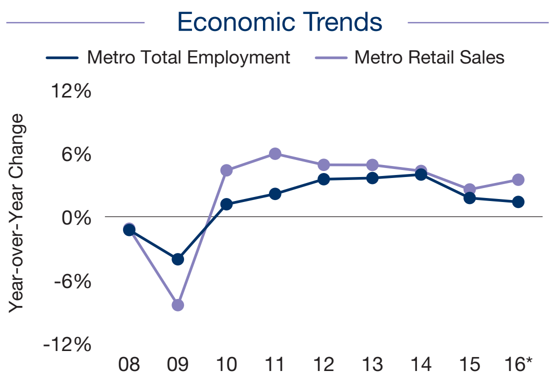
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

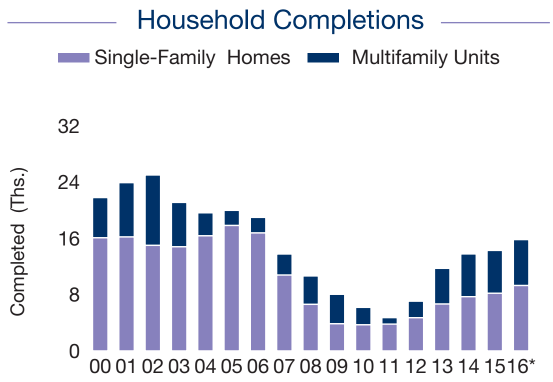
Economic Trends

The Denver metro gained 24,200 new employees last year, bringing unemployment down 80 basis points to 3.3 percent. In 2016, employers will add 26,000 workers to payrolls, a year-over-year increase of 1.9 percent. Strong job creation will lift retail sales growth to 3.5 percent this year, following a 2.6 percent increase in 2015.

Household Trends

Single- and multifamily completions have recovered well in Denver as the amount of households increased 20.5 percent since the beginning of the recession. Single-family completions are expected to grow 13.5 percent year over year and multifamily growth will be 7.2 percent. As the number of households grows, self-storage demand will continue to increase, particularly near new rental properties.



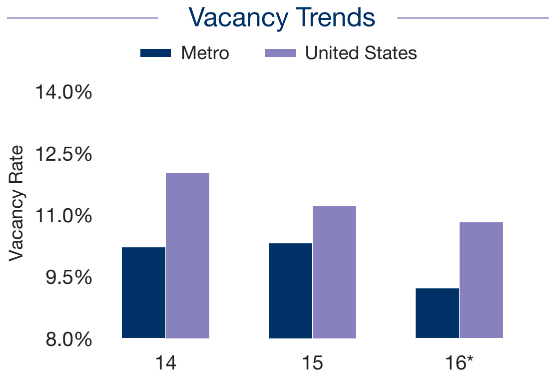


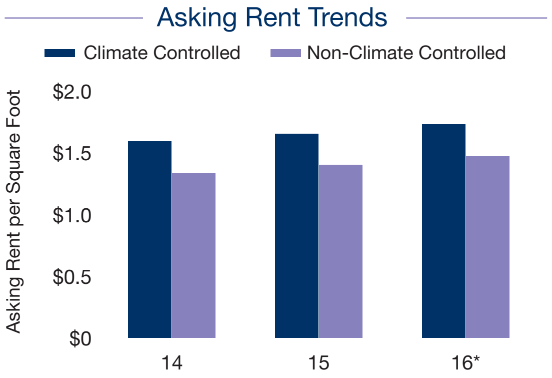
Vacancy Trends

After three years of near-level vacancy, a drop of 110 basis points to 9.2 percent is expected by the end of 2016. Employment advances will support household demand for storage facilities. Tightening conditions will place the metro's self-storage vacancy more than 160 basis points below the national vacancy rate.

Rent Trends

Asking rent climbed for climate controlled and non-climate controlled facilities by 3.8 percent to $1.65 per square foot and 4.8 percent to $1.40 per square foot, respectively, in 2015. Average rents will increase 4.7 percent for climate controlled space and 5.6 percent for non-climate controlled facilities in 2016.





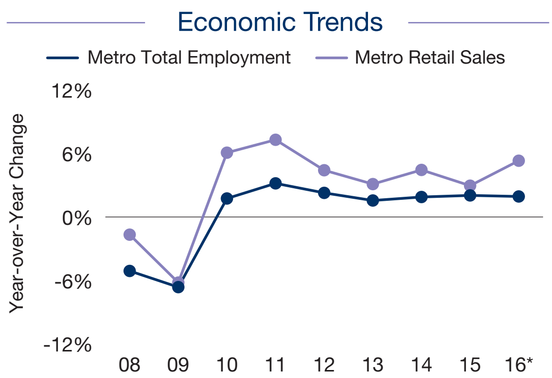
* Forecast
Vacancy and Rent Source: REIS Services, LLC

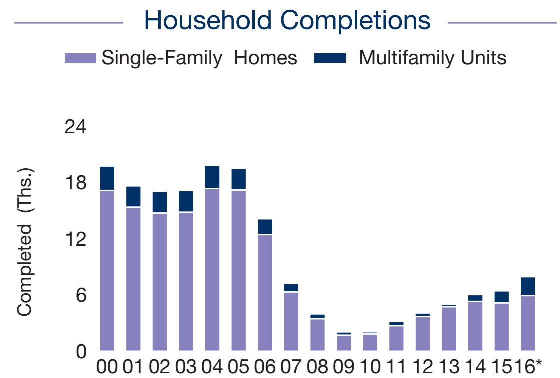
Economic Trends

Following the addition of 39,100 new jobs in 2015, the metro's unemployment rate shrank 150 basis points to 6.2 percent. This year, a total of 38,000 positions will be created, a 1.9 percent gain of total metro employment. Retail sales will grow 5.3 percent in 2016, up from 3.0 percent registered in 2015.

Household Trends

Single-family residences have grown at an average rate of 21 percent since the low of 2009; multifamily completions have increased an average of 57 percent since their low in 2010. A 1.1 percent rise in households this year will be the greatest amount so far this century. Rising multifamily completions, which typically consist of smaller living spaces, will generate the need for self-storage space.



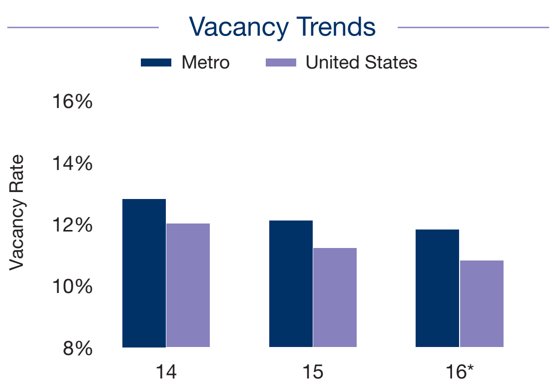


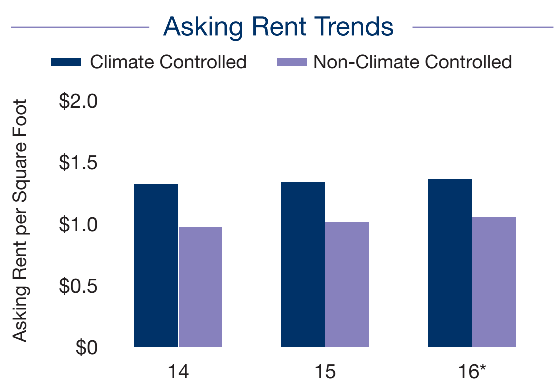
Vacancy Trends

In Detroit, self-storage vacancy declined 70 basis points in 2015. This year, improving employment and household formation will continue to support demand for space, reducing vacancy 30 basis points to 11.8 percent. Still, the metro's end of the year vacancy rate is forecast to be 100 basis points above the national level.

Rent Trends

Last year, owners bolstered asking rents for climate controlled facilities 0.8 percent to $1.33 per square foot, while rents for non-climate controlled space flourished 4.1 percent to $1.01 cents per square foot. By year-end 2016, climate controlled and non-climate controlled rents will rise 2.4 percent and 4 percent, respectively.





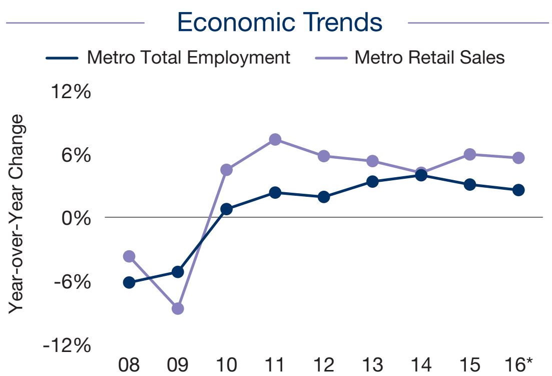
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

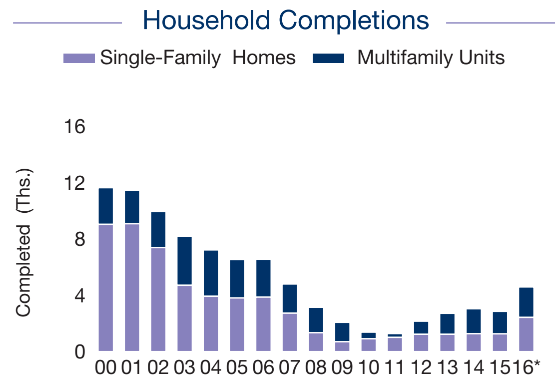
Economic Trends

Fort Lauderdale employment advanced 3.1 percent in 2015 as 24,500 jobs were generated. Strong hiring pushed the unemployment rate down 80 basis points to 4.6 percent, the lowest rate since 2007. The metro will gain 21,000 positions during 2016, representing a growth rate of 2.6 percent and supporting a 5.6 percent gain in retail sales.

Household Trends

In 2016, the number of new single-family homes will grow 92 percent year over year. Multifamily housing will gain 35 percent on the prior year as the number of households continues to grow in the area, increasing 2.7 percent this year. The number of total households has risen 16 percent since 2007.



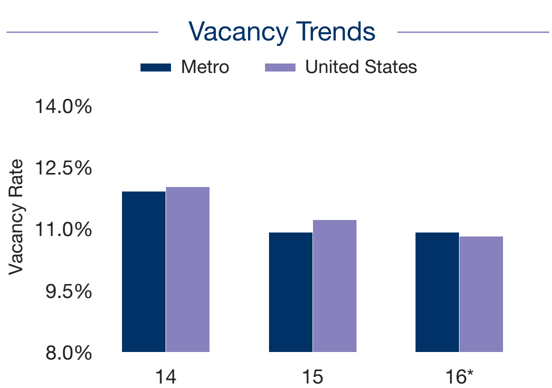


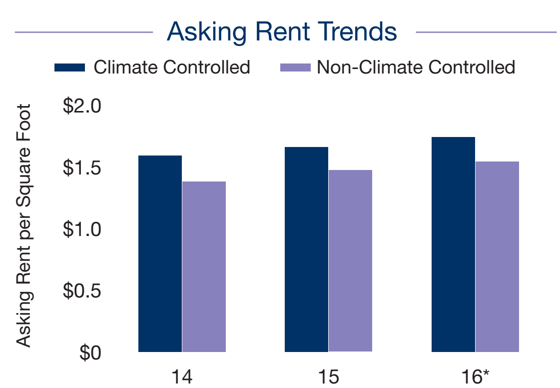
Vacancy Trends

Growth in jobs and households last year buoyed demand for storage space in the metro, as the vacancy rate fell 100 basis points to 10.9 percent. This year vacancy will remain unchanged, placing the Fort Lauderdale vacancy rate at just 10 basis points above the national rate.

Rent Trends

In 2015, tightening vacancy lifted market rental rates for climate controlled and non-climate controlled facilities 4.6 percent to $1.74 per square foot and 6.2 percent to $1.47 per square foot, respectively. Climate controlled rents will jump 4.6 percent, while rents for non-climate controlled space will rise 5.2 percent during 2015.





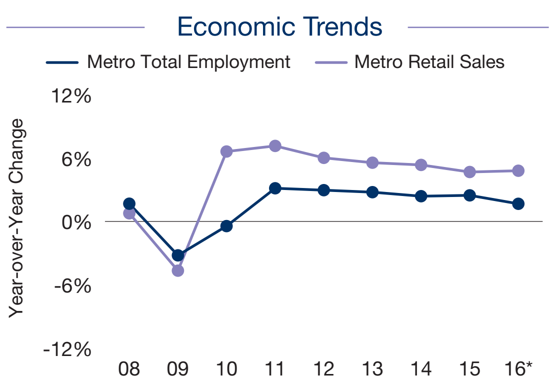
* Forecast
Vacancy and Rent Source: REIS Services, LLC

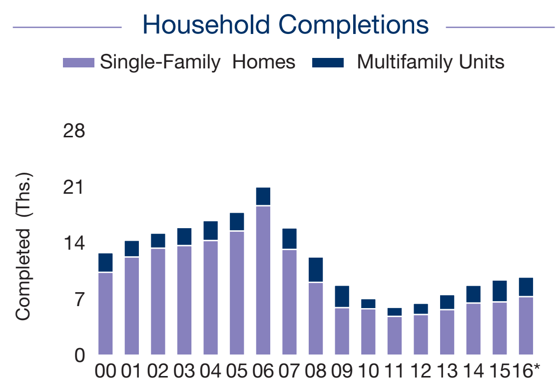
Economic Trends

More than 14,400 jobs will be added to the local workforce this year, representing a gain of 1.4 percent. Over the same time period, retail sales will grow 4.8 percent. The employment level in Fort Worth expanded 2.4 percent in 2015 through the creation of nearly 23,400 jobs.

Household Trends

The number of multifamily units generated will decrease 11 percent this year. Completions of single-family homes will grow 10 percent year over year. Over the last nine years, the number of total households will rise 19 percent in 2016, which will likely increase demand for self-storage space.



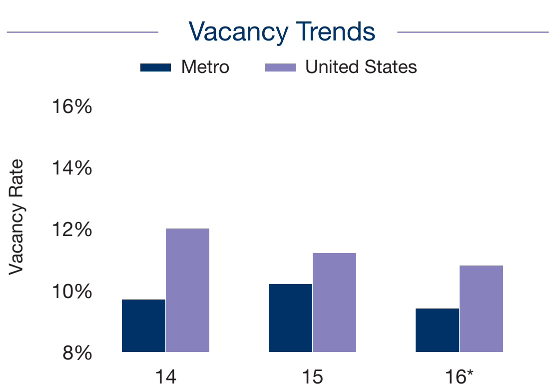


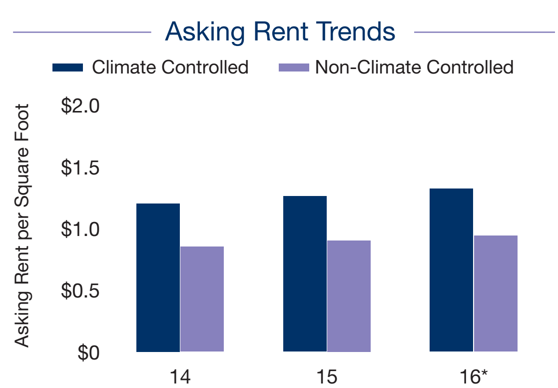
Vacancy Trends

Job growth and household formation in recent years have generated demand for storage space in the metro. Last year the vacancy rate increased 50 basis points, ending the year at 10.2 percent. In 2016, market demand will cut vacancy 80 basis points to 9.4 percent, placing the rate 140 basis points below the national level.

Rent Trends

Last year's tightened vacancy supported escalating rents. Climate controlled and non-climate controlled rents rose 4.7 percent to $1.26 per square foot and 5.7 percent to 90 cents per square foot, respectively. Climate controlled rents will jump 5 percent, while rents for non-climate controlled space will rise 4.9 percent during 2016.





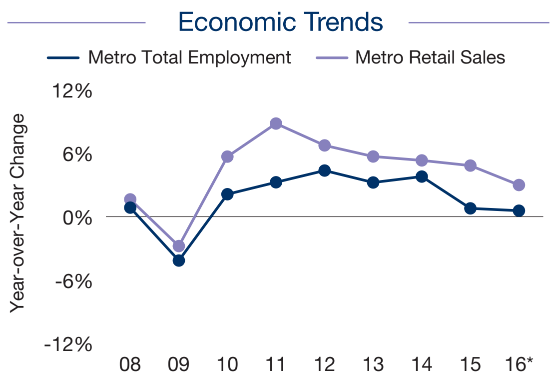
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

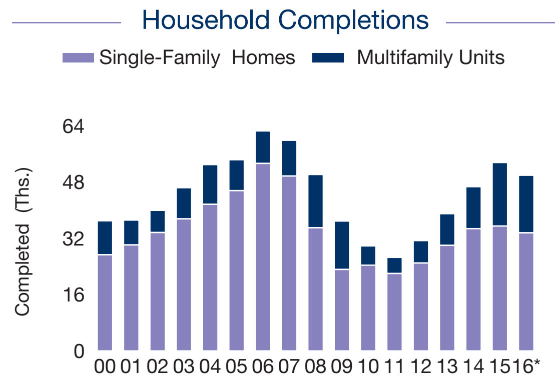
Economic Trends

Total employment in the Houston Area market is expected to expand 0.6 percent in 2016 with the creation of 17,000 jobs. This slowdown mirrors last year's changes, when employers generated 23,600 new positions, a 0.8 percent increase. Retail spending is set to rise 3.0 percent this year following a 4.8 percent gain in 2015.

Household Trends

Multifamily residential completions will slow in 2016 after five years of strong construction, posting a 9 percent year-over-year decrease. Single-family deliveries will also falter, down 5 percent this year. Household formation on the other hand will rise 3 percent in 2016, helping drive demand for both climate and non-climate controlled self-storage space.



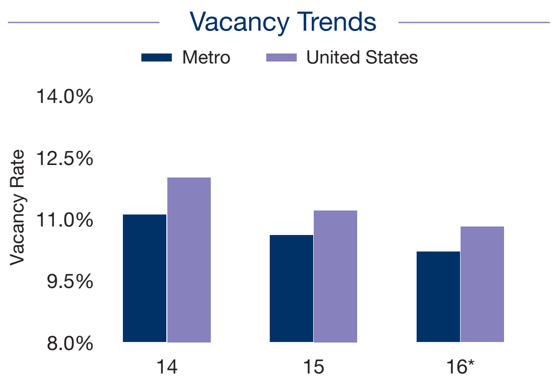


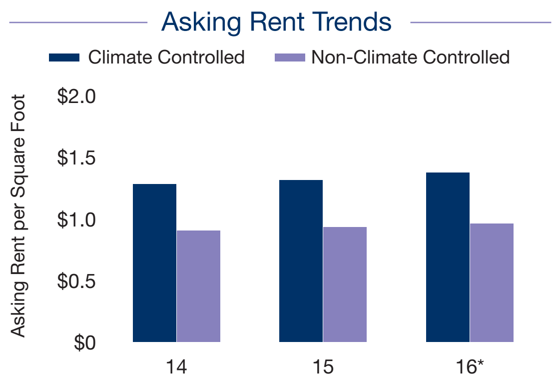
Vacancy Trends

As more people move into multifamily units, the need for self-storage units will increase through 2016. Heightened demand this year will push vacancy down 40 basis points to 10.2 percent, well below the national vacancy rate. In 2015, vacancy fell 50 basis points, continuing a five-year trend of metrowide tightening.

Rent Trends

Rents for climate controlled and non-climate controlled facilities will jump 4.2 percent to $1.37 per square foot and 4.1 percent to 96 cents per square foot, respectively, in 2016. Last year, asking rents rose 2.3 percent for climate controlled space and 2.9 percent for non-climate controlled space.





* Forecast

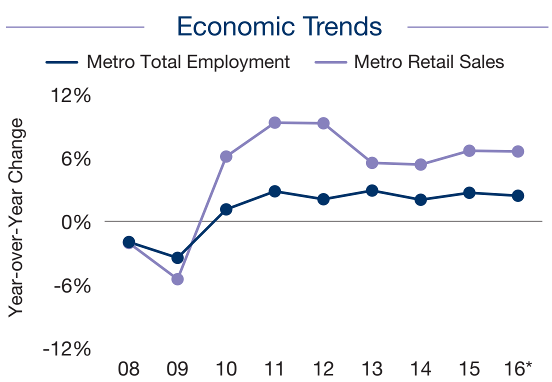
Vacancy and Rent Source: REIS Services, LLC

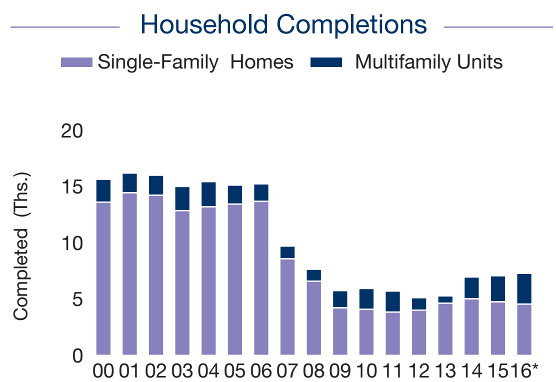
Economic Trends

Indianapolis employers generated 27,100 jobs in 2015, expanding payrolls by 2.7 percent. This year, workforce headcount in the metro will increase 2.4 percent, or by 25,000 positions. Retail sales will increase 6.6 percent in 2016 after recording a 6.7 percent gain last year.

Household Trends

Multifamily completions in 2016 will continue to grow at 18.5 percent year over year. Developers will decrease the number of single-family homes completed this year by 4 percent. Household formation in the metro will be 11 percent above the 2007 level, generating demand for self-storage.



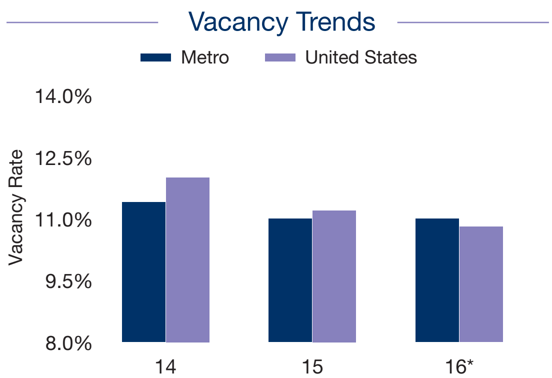


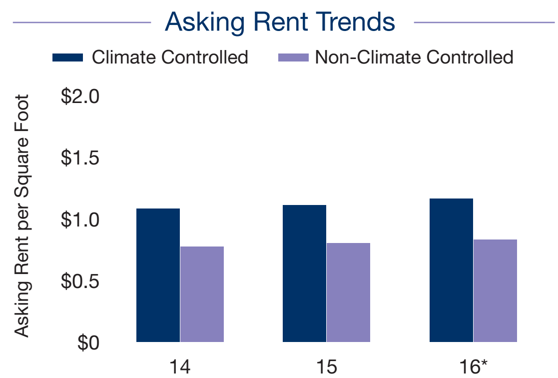
Vacancy Trends

Indianapolis vacancy fell 40 basis points in 2015 to 11 percent. This drop was primarily by strengthening household formation and the need for additional self-storage space. This year, the metrowide vacancy rate will hold firm at 11 percent, resting slightly above that of the rest of the nation.

Rent Trends

Asking rents for climate controlled and non-climate controlled units will each rise 4.2 percent this year to $1.16 per square foot and 83 cents per square foot, respectively. Last year, asking rents at climate controlled and non-climate controlled facilities in the metro rose 3 percent and 3.8 percent, respectively.





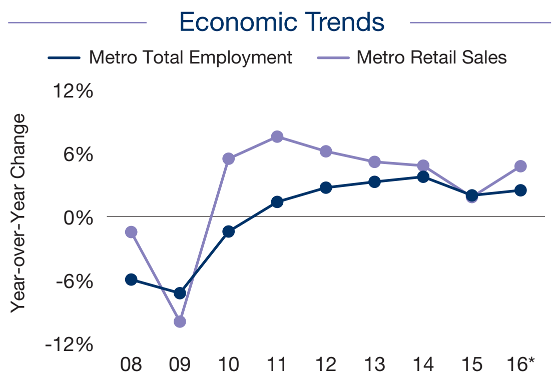
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

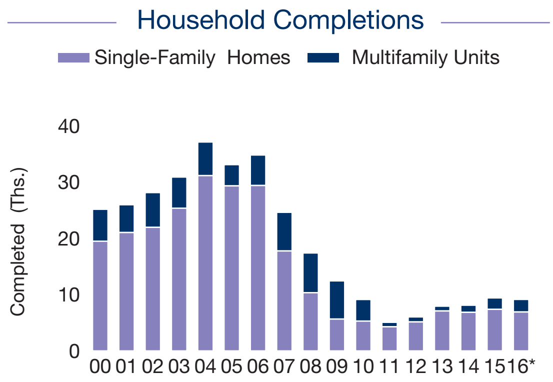
Economic Trends

Job growth will accelerate this year as employers generate 29,500 positions, a 3.2 percent increase in total employment. In 2015, 18,100 jobs were added in the Las Vegas area, a 2 percent growth rate. Retail sales in 2016 will increase 4.8 percent, up from 1.9 percent last year.

Household Trends

Multifamily completions will have continued growth from their 2011 low, posting a 10 percent increase by the end of this year. Single-family homes will be down 6 percent year over year as growth remains to be slow since the onset of the recession. Household formations will remain robust, adding 3 percent year over year, stimulating self-storage demand.



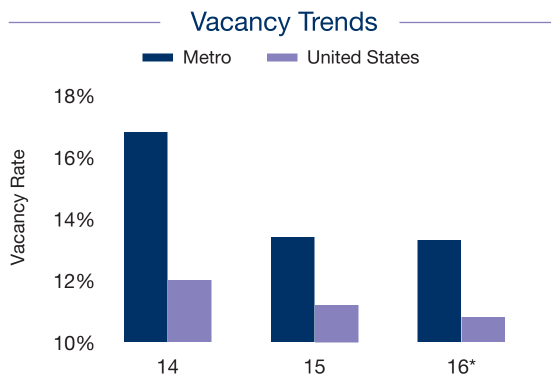


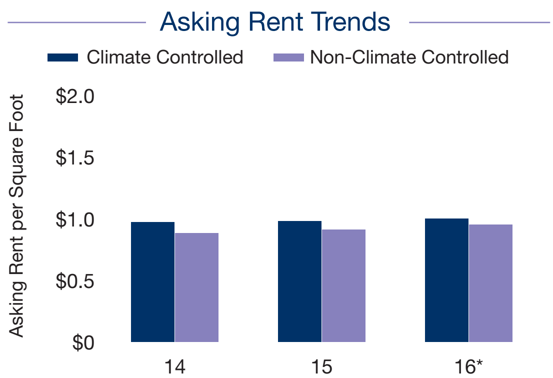
Vacancy Trends

Vacancy will decline in the Las Vegas market by 10 basis points from 13.4 percent in 2015 and will remain far above the national rate of 10.8 percent. Rates last year declined a staggering 340 basis points to close out the year, demonstrating a heightened demand for self-storage space.

Rent Trends

Employment growth in 2016 will push up asking rents at climate controlled and non-climate controlled facilities by 1.7 percent to $1.00 per square foot and 3.6 percent to 95 cents per square foot, respectively. In 2015, climate controlled and non-climate controlled rents lifted by 1.2 percent and 4.5 percent, respectively.

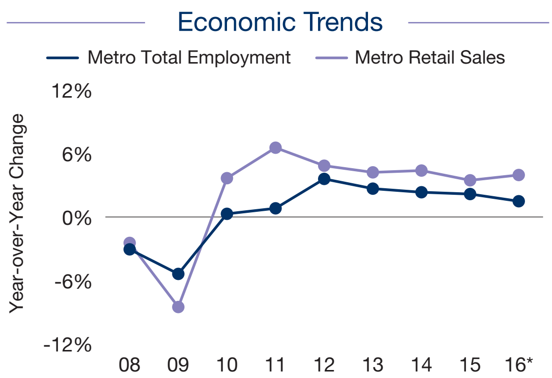




* Forecast
Vacancy and Rent Source: REIS Services, LLC

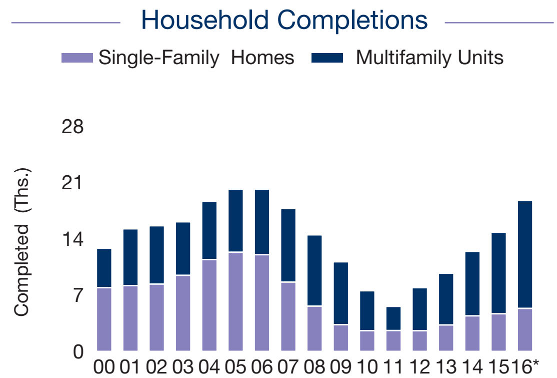
Economic Trends

Employers added 92,700 positions to payrolls last year, representing a 2.2 percent expansion. In 2016, an additional 65,000 jobs will be generated, a 1.5 percent increase, the slowest rate of growth since 2011. Retail sales will rise 4 percent in 2016, a 50-basis-point rise from 2015.



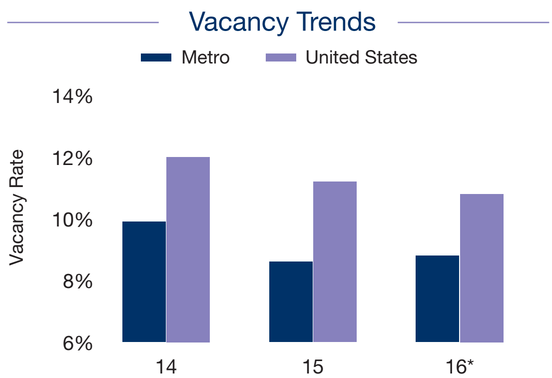
Household Trends

Single-family home completions will rise 14 percent year over year, while multifamily construction will increase 32 percent. Total completions in the Los Angeles market are expected to end the year just 7 percent below the pre-recession peak in 2006. Yet, during the same time period, household formation will have risen by 6 percent, indicating strengthening demand for storage.



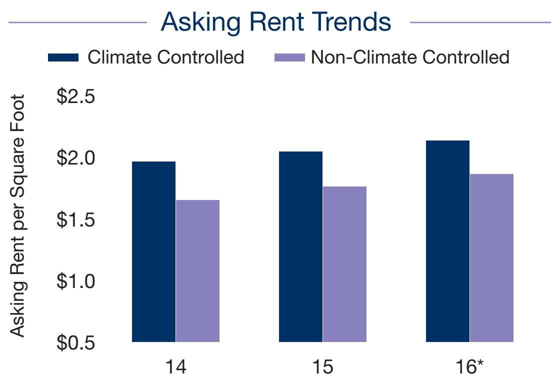
Vacancy Trends

Vacancy fell 130 basis points to 8.6 percent in 2015 on strong demand, remaining more than 260 basis points lower than the national level. In 2016, vacancy of self-storage space will remain tight as the rate will rise only 20 basis points to 8 percent helped along by continued growth in the housing market.



Rent Trends

Rent growth for climate controlled and non-climate controlled facilities last year was at 3.9 and 6.7 percent, respectively. As demand continues to grow, climate controlled asking rents will increase 4.2 percent to $2.13 per square foot in 2016. Non-climate controlled rents will increase 5.4 percent to $1.86 per square foot.



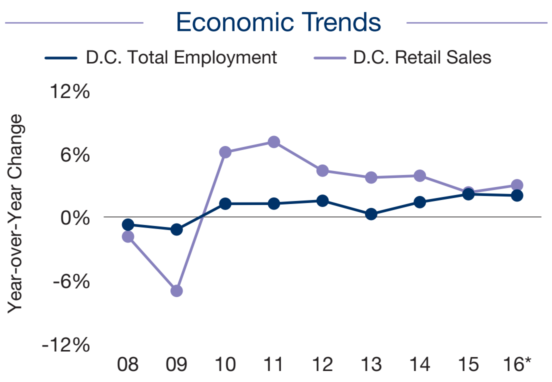
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

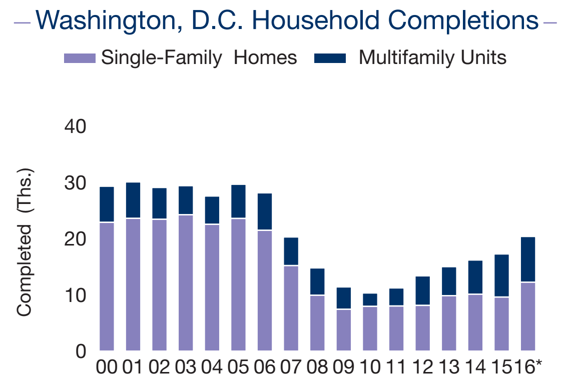
Economic Trends

Employment growth was steady in 2015, with the creation of 67,400 jobs, a 2.1 percent increase year over year. This year, organizations will maintain their pace of hiring, expanding the Washington, D.C., metro workforce by 2.0 percent, or 65,000 new positions. Employment gains will boost retail sales 3.0 percent year over year.

Household Trends

The multifamily market has expanded in recent years with forecast completions in 2016 up 6 percent year over year. The single-family market will grow at a higher rate this year, up 27.5 percent from 2015. Household formation has remained steady, increasing 1.8 percent in the past year.



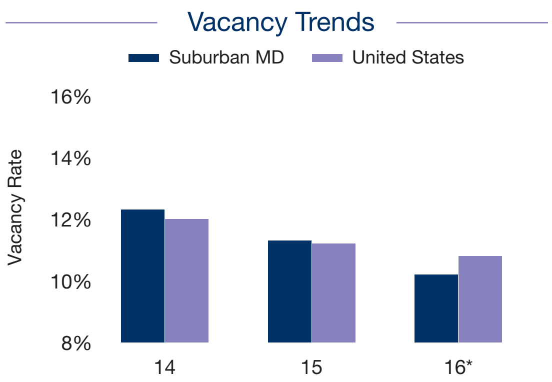


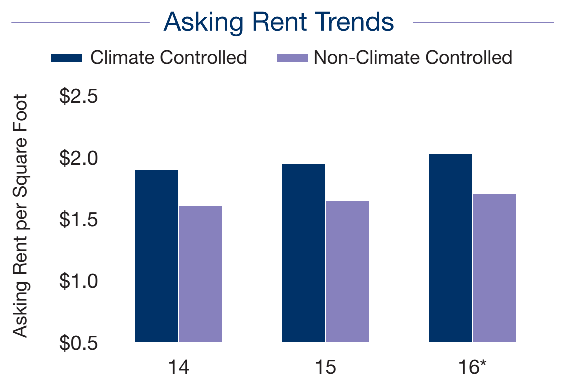
Vacancy Trends

In Suburban Maryland, self-storage vacancy dropped 100 basis points in 2015. This year, demand for space will spur further tightening, pushing vacancy down another 110 basis points to 10.2 percent. The metro's end of the year vacancy rate is forecast to be below the national average.

Rent Trends

This year, owners will increase asking rents for climate controlled facilities 3.9 percent to $2.02 per square foot, while rents for non-climate controlled space will gain 3.6 percent to $1.70 per square foot. In 2015, climate controlled and non-climate controlled rents rose 2.5 percent each.





* Forecast
Vacancy and Rent Source: REIS Services, LLC

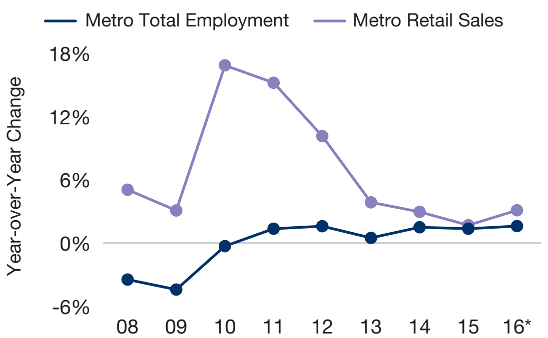
Economic Trends

Total employment in the Memphis market is expected to expand 1.6 percent in 2016, or by nearly 10,100 jobs. This is up from last year, when employers generated 8,400 new positions, a 1.4 percent increase. Retail spending is set to rise 3.1 percent this year following a 1.7 percent gain in 2015.

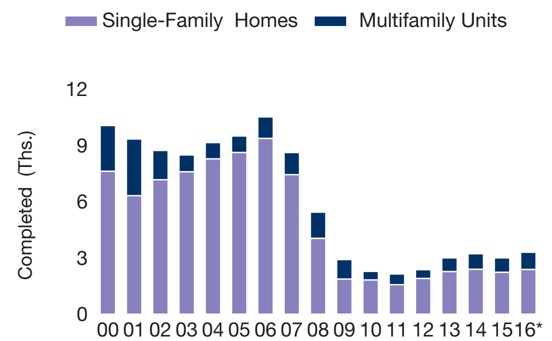
Household Trends

Single-family and multifamily completions in Memphis will remain 52 percent and 61 percent higher than the 2011 bottom, respectively. Household formations will rise a modest 4 percent, over the same time period. As households continue to grow at a steady pace, self-storage demand will rise also.

Economic Trends



Household Completions



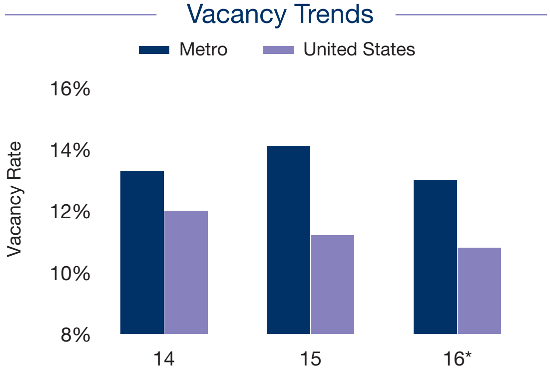
Vacancy Trends

Continued employment and household growth will increase demand for self-storage units across the Memphis metro. Vacancy will fall 110 basis points this year to 13 percent, placing the rate 220 basis points above the national level. In 2015, the metro vacancy rose 80 basis points to 14.1 percent.

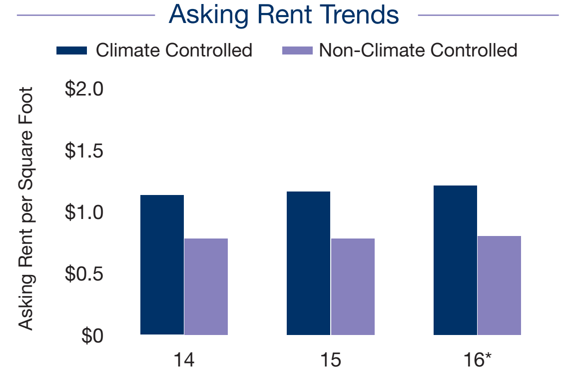
Rent Trends

As vacancy tightens this year, operators will raise asking rents at climate controlled and non-climate controlled facilities 3.9 percent to $1.21 per square foot and 2.6 percent to 80 cents per square foot, respectively. Last year, rents jumped 2.9 percent for climate controlled spaces and 0.7 percent for non-climate controlled units.

Vacancy Trends



Asking Rent Trends



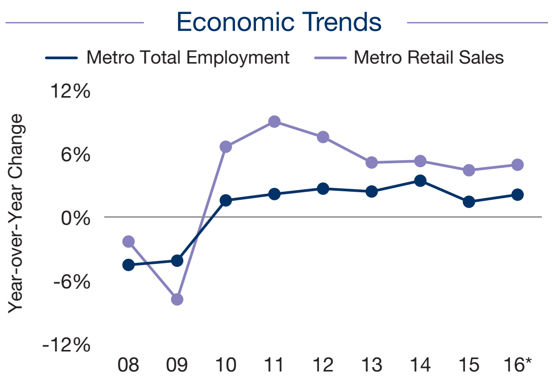
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

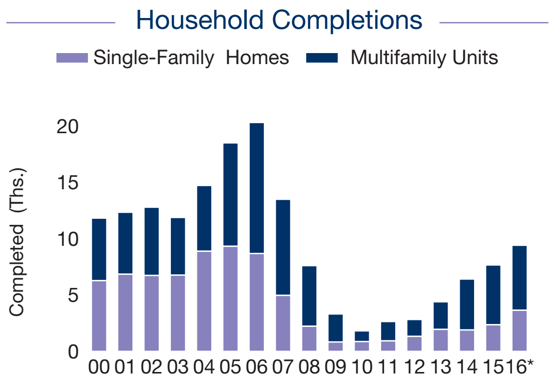
Economic Trends

In 2015, employers will add 23,700 workers to payrolls, a 2.1 percent increase to the Miami workforce. During the last year, Miami gained 15,900 new employees. Retail spending in the market is projected to be up 4.9 percent for 2016. Last year, retail sales expanded by 4.4 percent.

Household Trends

Year-over-year, single- and multifamily completions will expand by 55 percent and 9 percent, respectively. Yet, total household completions will remain 50 percent below the pre-recession peak of 2006. Household formation is set to rise 2 percent this year, increasing the need for self-storage units.



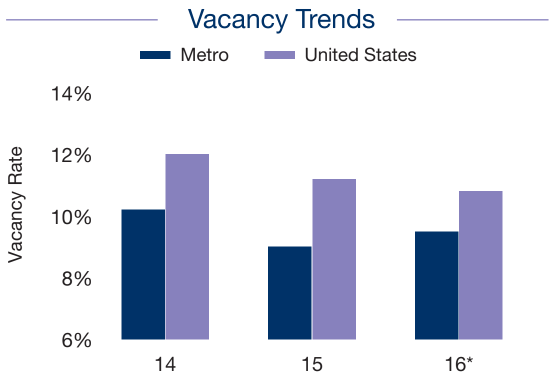


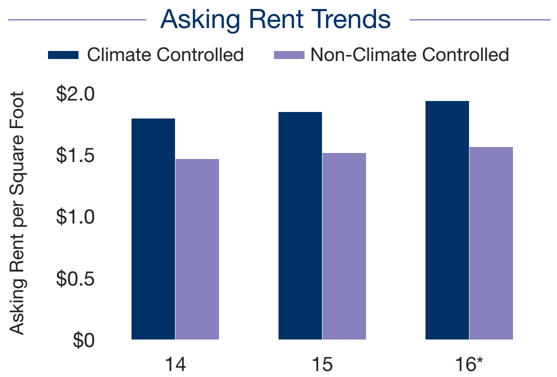
Vacancy Trends

Following a 120-basis-point trim in 2015 from a 10.2 percent metrowide vacancy rate, operations will slow modestly this year as the rate rises by 50 basis points to 9.5 percent. The metro's self-storage vacancy will remain 130 basis points below the national vacancy rate.

Rent Trends

Last year, rents rose for climate controlled and non-climate controlled facilities 2.7 percent to $1.84 per square foot and 3.3 percent to $1.51 per square foot, respectively. Asking rents will increase 5 percent for climate controlled space and 3.7 percent for non-climate controlled facilities in 2016.





* Forecast

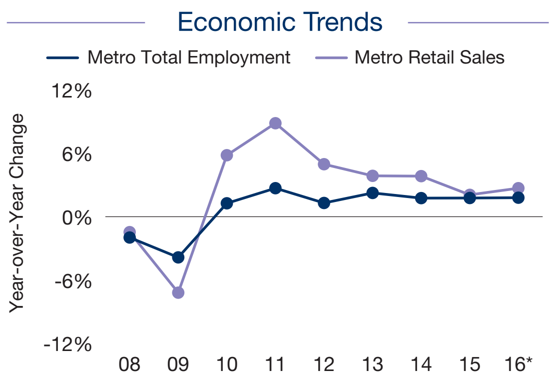
Vacancy and Rent Source: REIS Services, LLC

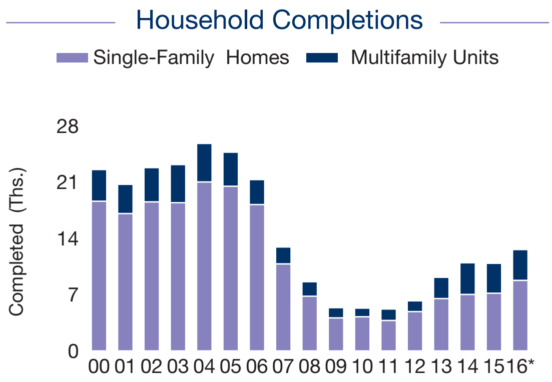
Economic Trends

Minneapolis-St. Paul employers will again create 1.8 percent more positions as they add 35,000 staff to the local workforce. Last year payrolls expanded by 33,700 workers. Rising employment will lift retail sales by 2.7 percent to close out the year while in 2015 sales grew by 2.1 percent.

Household Trends

Developers completed 22 percent more single-family homes last year and are on track to add another 22 percent this year. Multifamily builders will increase the pace of completions this year by 3 percent. Household formation will stand 12.6 percent above 2007 levels, spurring additional demand for self-storage space.



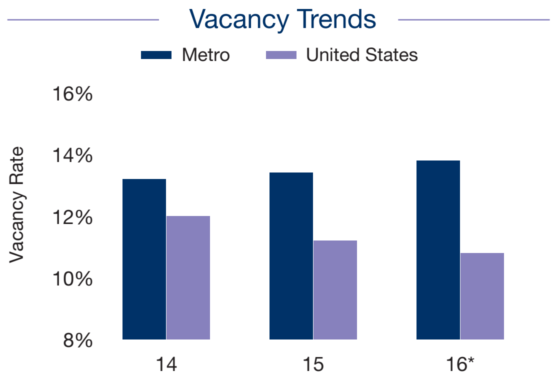


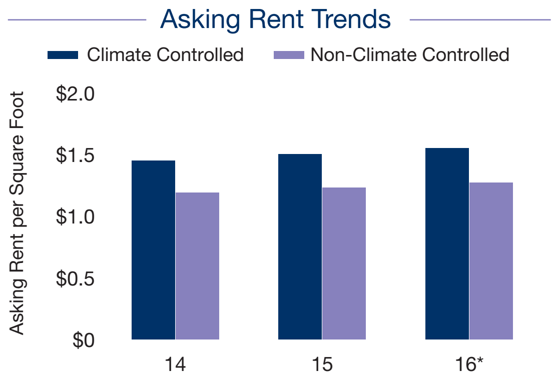
Vacancy Trends

As households are added to the metro, self-storage demand will remain strong, though it won't keep pace with supply. Headwinds will add 40 basis points to vacancy this year, ending 2016 at 13.8 percent. The change was nominal in 2015, increasing by only 20 basis points to end the year at 13.4 percent.

Rent Trends

Asking rents at climate controlled and non-climate controlled facilities will rise 3 percent to $1.55 per square foot and 3.4 percent to $1.27 per square foot, respectively. Last year, rents grew by 3.5 percent for climate controlled spaces, while asking rents rose 2.9 percent for non-climate controlled units.





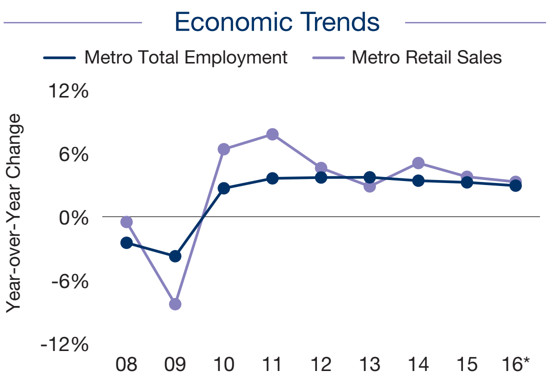
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

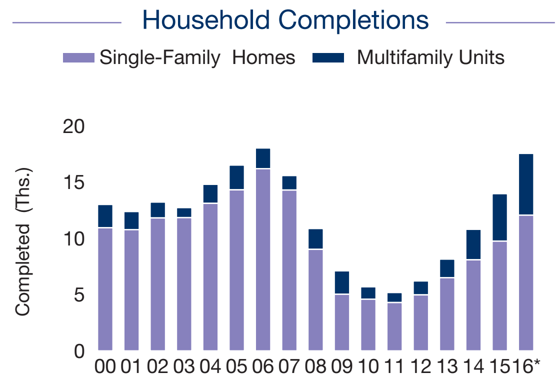
Economic Trends

During 2015, local employers added 28,900 workers to payrolls, signifying growth of 3.2 percent. Employers will slow down the rate of hiring to 2.9 percent this year through the creation of 27,000 positions. In 2016, retail sales will grow 3.3 percent compared with 3.8 percent last year.

Household Trends

Household formation in the Nashville market has grown 17 percent from its 2007 pre-recession level. In the same nine-year period, single-family completions have decreased by 15.6 percent, while multifamily completions have skyrocketed with annual completions up 326 percent. This growth will intensify demand for metro self-storage space.



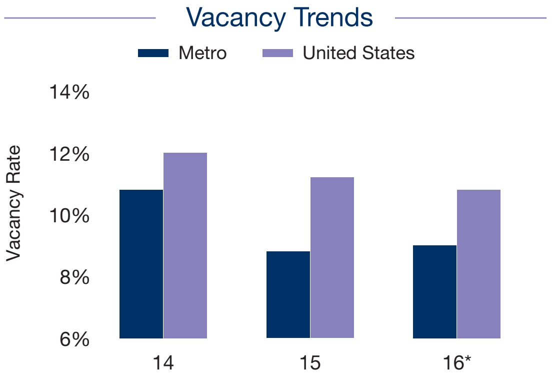


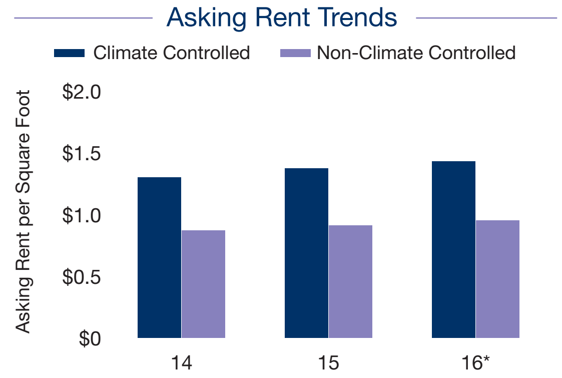
Vacancy Trends

In 2015, Nashville's self-storage vacancy fell 200 basis points to 8.8 percent due to steady growth in employment and households. This year, demand will level out, causing vacancy to rise 20 basis points to 9 percent, keeping the metro's vacancy rate below the national level.

Rent Trends

Asking rents for climate controlled facilities increased 5.5 percent to $1.37 per square foot while rents for non-climate controlled jumped 4.8 percent to 91 cents per square foot in 2015. In 2016, improving conditions will support rent growth of 4.6 and 3.9 percent in climate controlled and non-climate controlled facilities, respectively.





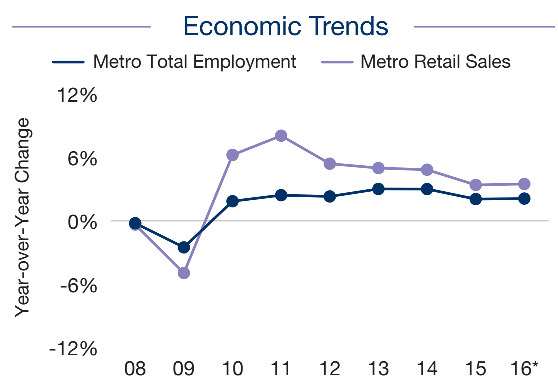
* Forecast
Vacancy and Rent Source: REIS Services, LLC

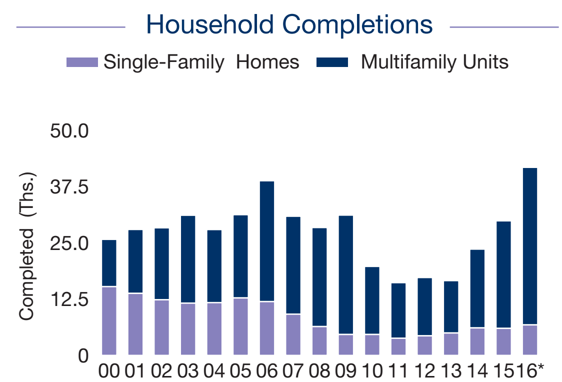
Economic Trends

Payrolls in the New York City metro will expand 2.1 percent this year with the addition of 90,000 jobs. In 2015, total employment also grew 2.1 percent as 86,100 positions were created. Retail sales are expected to rise 3.5 percent in 2016 following a 3.4 percent gain in the previous year.

Household Trends

Multifamily unit completions will rise 47 percent in 2015, while single-family home completions will expand by 12.9 percent. Household formations have been increasing, with a 1.1 percent expansion year over year. As this growth continues, new demand for self-storage space will increase.



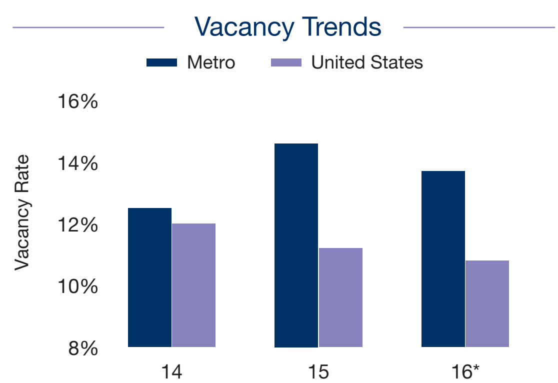


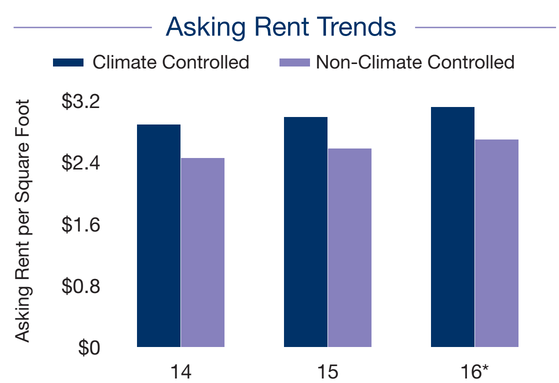
Vacancy Trends

Self-storage demand is expected to pick up in 2016 as vacancy is projected to drop 90 basis points to 13.7 percent during the year. This trend is expected to continue as space is leased by the growing demand created from new households moving into smaller multifamily units.

Rent Trends

Asking rents at climate controlled and non-climate controlled facilities will climb 4.6 percent to $3.11 per square foot and 4.8 percent to $2.69 per square foot, respectively. In 2015, rents for climate controlled spaces increased 3.3 percent while non-climate controlled units climbed 4.9 percent.





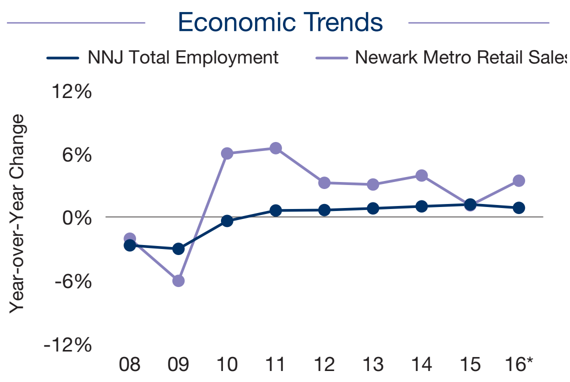
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

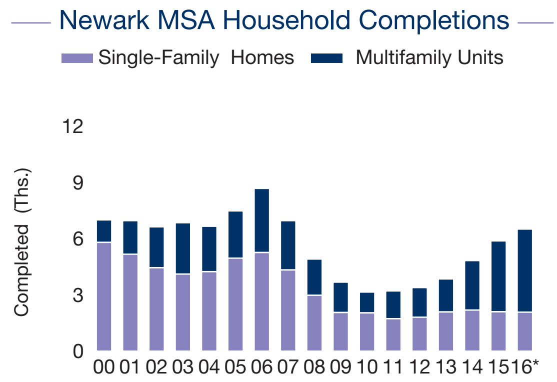
Economic Trends

Employment in the Northern New Jersey area will rise by 0.9 percent this year as 18,000 positions are generated. Last year, 24,400 jobs were created, resulting in a 1.2 percent rise in total employment. Retail spending in the Newark metro will rise to 3.4 percent in 2016, after a 1.1 percent gain last year.

Household Trends

Single-family construction has been moderate since the recession. This year single-family deliveries will decrease 1.2 percent while multifamily properties continue to see growth, increasing completions by 17 percent year over year. As more rentals are filled, the demand for self-storage facilities will strengthen.



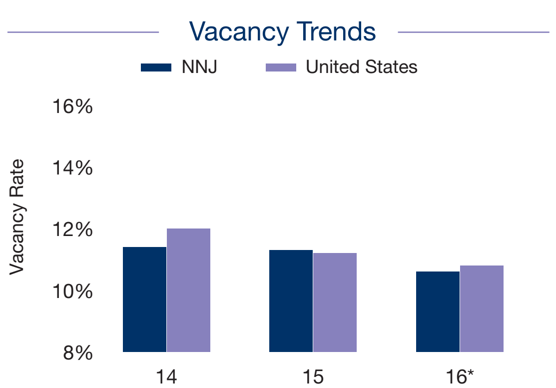


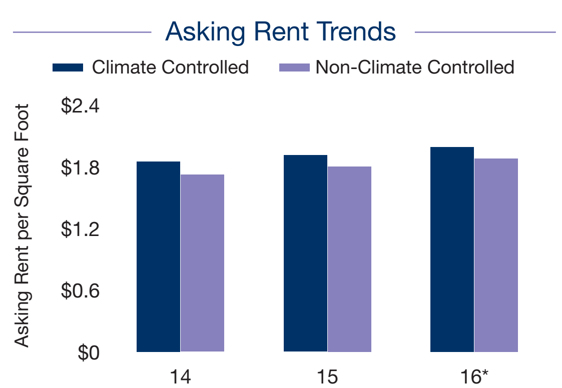
Vacancy Trends

Vacancy in the Northern New Jersey market will continue a downward trend by tightening even further than last year. Vacancy will drop by 70 basis points to 10.6 percent to close 2016. The rate will remain 20 basis points below the national level. In 2015, vacancy declined 10 basis points.

Rent Trends

In 2016, rents for climate controlled and non-climate controlled units will rise 4 percent to $1.99 per square foot and 4.6 percent to $1.88 per square foot, respectively. Last year, rents at climate controlled facilities increased 3.2 percent, while at non-climate controlled locations rents ticked up 4.6 percent.





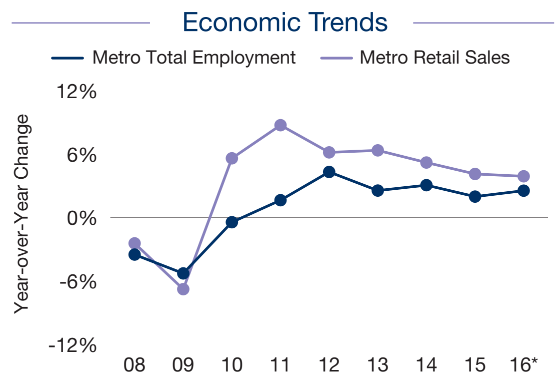
* Forecast
Vacancy and Rent Source: REIS Services, LLC

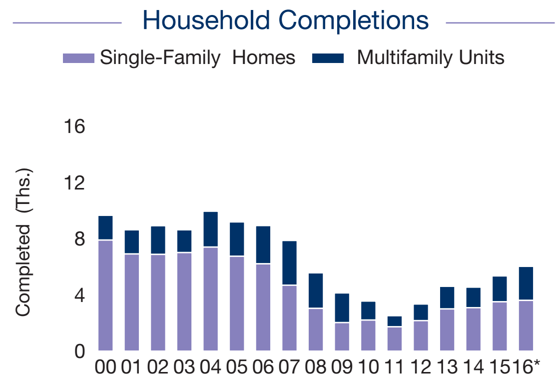
Economic Trends

In 2016, the East Bay market is projected to expand by 2.5 percent as it adds 27,600 more people to the local workforce. This is up from last year when 21,100 jobs were generated. Following suit, retail spending is set to rise 3.9 percent this year following a 4.1 percent gain in 2015.

Household Trends

Household formation in Oakland has increased by 12 percent from pre-recession levels in 2007. In the same time period, total single- and multifamily completions have dropped by 24 percent. Yet, year over year, multifamily unit completions will grow 31.6 percent in 2016, which will result in strong demand for self-storage space.



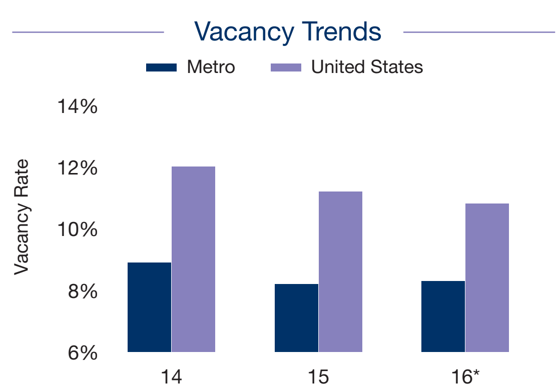


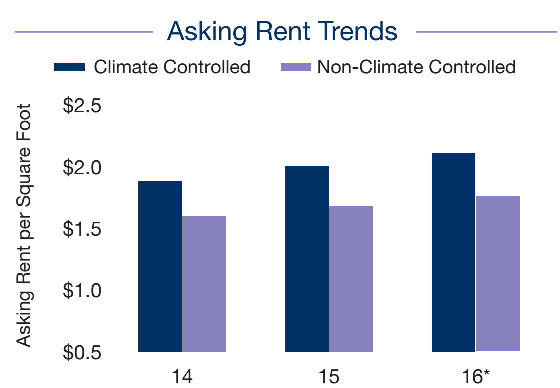
Vacancy Trends

Vacancy has remained very tight in the Oakland area since 2014 on high demand for space. The vacancy rate fell 70 basis points to 8.2 percent in 2015. Vacancy will rise 10 basis points to 8.3 percent this year, keeping the metro vacancy well below the national rate of 10.8 percent.

Rent Trends

In 2015, climate controlled facilities posted rent growth of 6.6 percent. Rents at non-climate controlled facilities grew 4.9 percent. This year, rents for climate controlled facilities will increase another 5.4 percent to $2.11 per square foot, while non-climate controlled facilities will climb 4.7 percent to $1.76 per square foot.





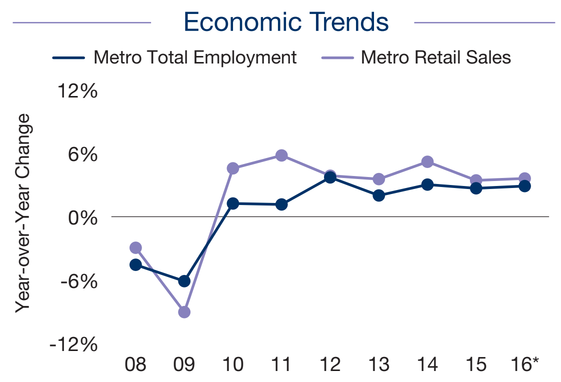
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

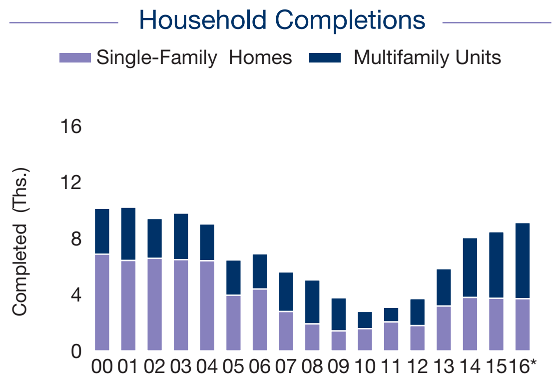
Economic Trends

Employment in the Orange County market will increase by 2.9 percent this year as 45,200 positions are generated. Last year, employment grew by 2.7 percent with the addition of 40,800 jobs. In 2016, retail sales are anticipated to increase 3.6 percent, following a gain of 3.4 percent last year.

Household Trends

Total housing completions are 32 percent above the pre-recession peak of 2006. In the same time period, multifamily unit completions increased dramatically, by 115 percent, while single-family completions decreased by 16 percent. Household formation will remain steady, expanding 2 percent year over year.



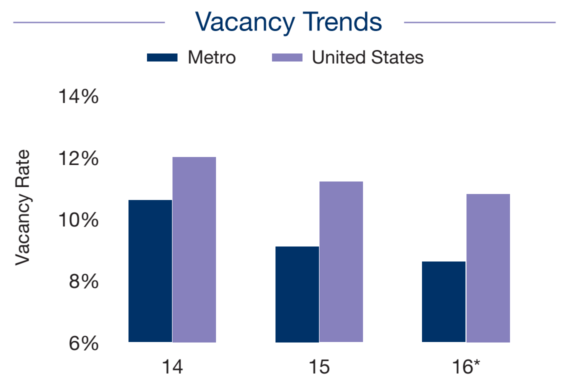


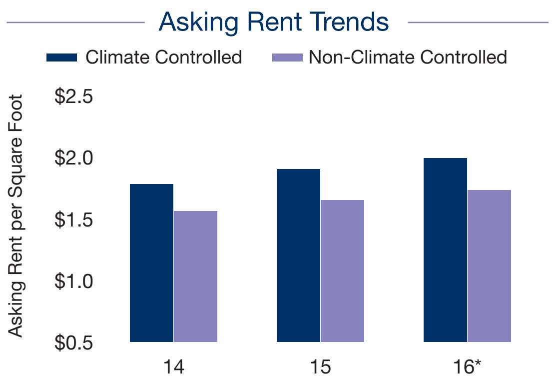
Vacancy Trends

Vacancy fell 150 basis points to 9.1 percent in 2015 on strong demand, remaining 210 basis points lower than the national level of 11.2 percent. In 2016 vacancy will continue to decrease, dropping by 50 basis points to 8.6 percent as the housing market continues to grow.

Rent Trends

Rent growth for climate controlled and non-climate controlled facilities last year increased by 6.8 percent and 5.5 percent, respectively. As demand continues to grow, climate controlled asking rents will increase 4.3 percent to $1.99 per square foot in 2016. Non-climate controlled rents will advance 4.9 percent to $1.73 per square foot.





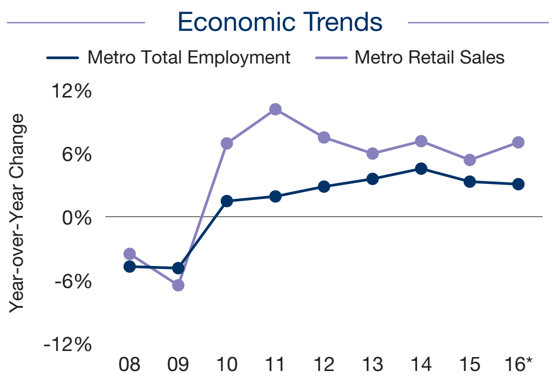
* Forecast
Vacancy and Rent Source: REIS Services, LLC

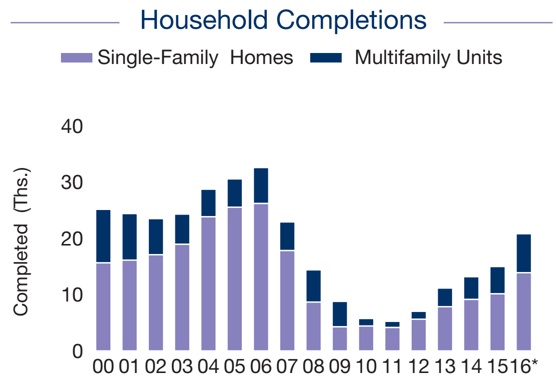
Economic Trends

Total employment in the Orlando metro will increase by 3.1 percent with the addition of 36,000 individuals to the workforce. Last year 37,600 positions were generated, a 3.3 percent rise. Retail sales will increase 7 percent in 2016, up from the 5.4 percent gain recorded last year.

Household Trends

Household formation in Orlando has risen by 24 percent since 2007. In the same nine-year time period, single-family home completions have dropped by 22 percent, while multifamily unit completions have increased by 36 percent. The growing number of households bode well for self-storage demand.



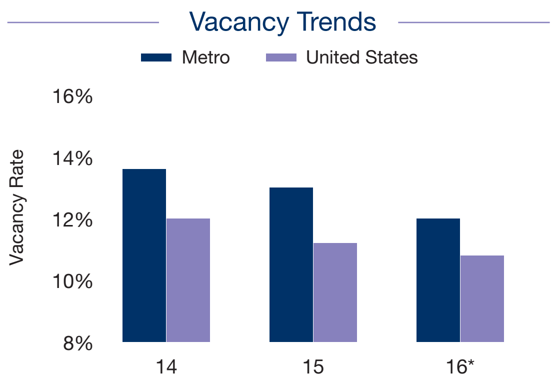


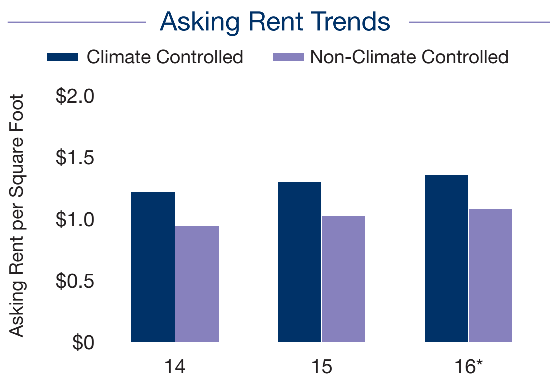
Vacancy Trends

Strong demand for storage space in the metro last year supported a 60-basis-point drop in the vacancy rate to 13 percent. In 2016, market demand will cut vacancy an additional 100 basis points to 12 percent, placing the rate 120 basis points higher than the national vacancy rate.

Rent Trends

Last year, tighter vacancy lifted market rental rates for climate controlled and non-climate controlled facilities 6.8 percent to $1.29 per square foot and 8.2 percent to $1.02 per square foot, respectively. Climate controlled rents will jump 4.9 percent, while rents for non-climate controlled space will rise 5.1 percent during 2016.

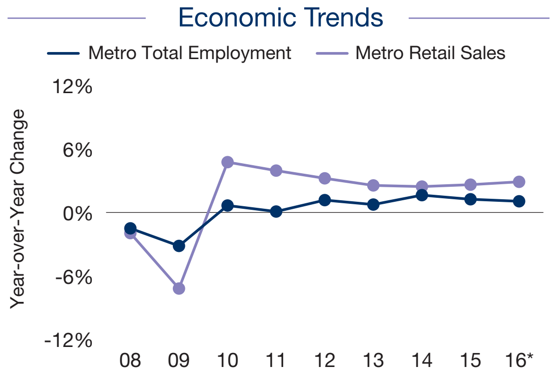




* Forecast
Vacancy and Rent Sources: REIS Services, LLC

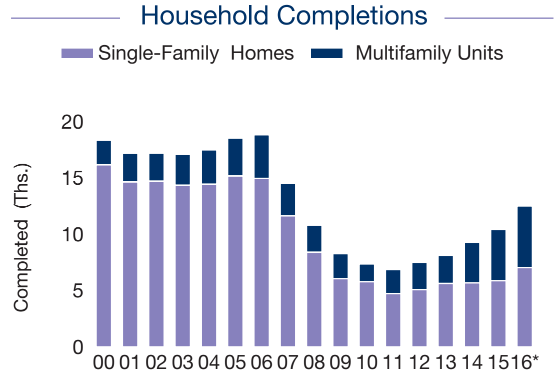
Economic Trends

Staffing in the Philadelphia market will rise by 1.1 percent this year with the addition of 30,000 jobs. Last year, employment increased by 1.3 percent with the creation of 35,100 positions. Retail spending will increase 2.9 percent this year, up from the 2.6 percent growth recorded last year.



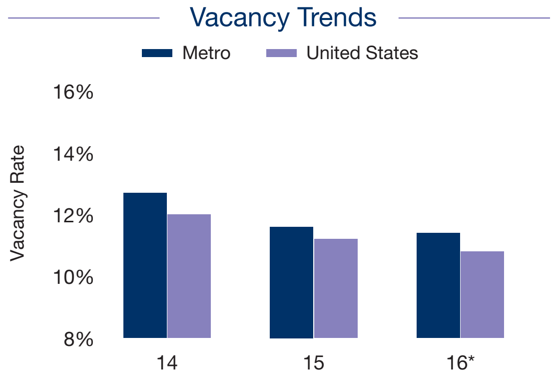
Household Trends

Single-family and multifamily completions will increase by 20 percent each this year. Though the total number of new residences is 34 percent below its pre-recession peak in 2006, multifamily unit completions have risen by 41 percent during this time frame. Simultaneously, household formation increased 5 percent since 2006, reflecting a strong self-storage demand as apartments are occupied.



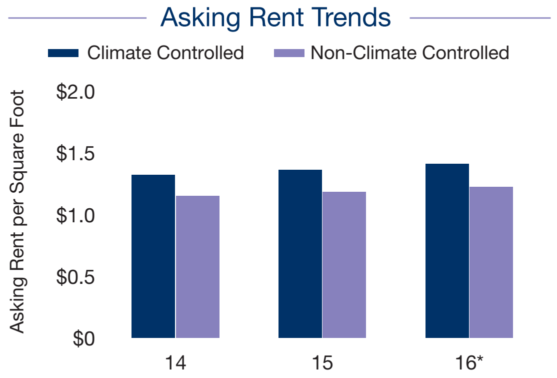
Vacancy Trends

Last year, the vacancy rate in Philadelphia dropped 110 basis points from 12.7 percent in 2014 on continued demand growth. Vacancy is forecast to fall 20 basis points this year, closing out 2016 at 11.4 percent, 60 basis points above the national vacancy rate of 10.8 percent.



Rent Trends

Asking rental rates for climate controlled and non-climate controlled facilities increased 2.8 and 2.9 percent, respectively, last year. As demand rises, climate controlled rents will climb 3.8 percent to $1.41 per square foot, while non-climate controlled rents will rise 3.5 percent to $1.22 per square foot this year.



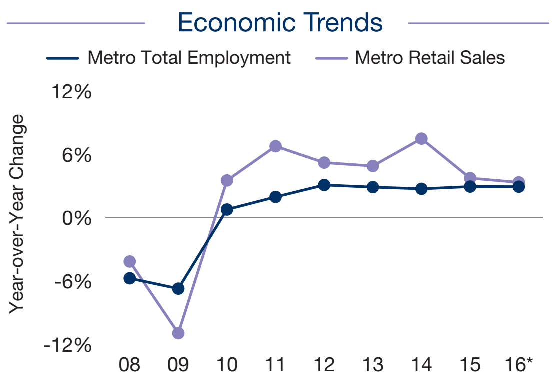
* Forecast
Vacancy and Rent Source: REIS Services, LLC

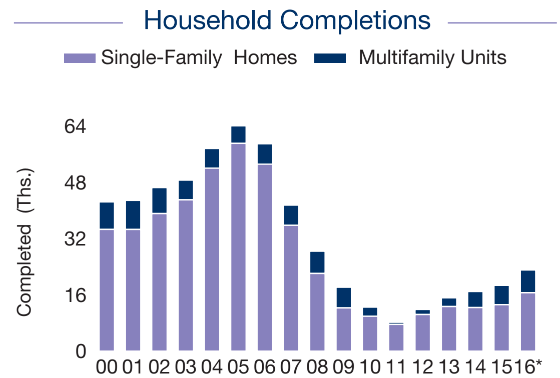
Economic Trends

In 2016, payrolls in the metro will increase 2.9 percent with the creation of 56,000 positions. Employers in the Phoenix metro generated 54,600 jobs in 2015, expanding payrolls 2.9 percent. Retail sales will rise 3.3 percent in 2016, after recording a 3.7 percent gain last year.

Household Trends

Multifamily completions will grow in 2016, with forecasted completions up nearly 18 percent year over year. Single-family homes will also post strong completion numbers, increasing 26 percent this year. Household formation has advanced at a steady pace in recent years and will finish 2016 up 3.5 percent year over year.



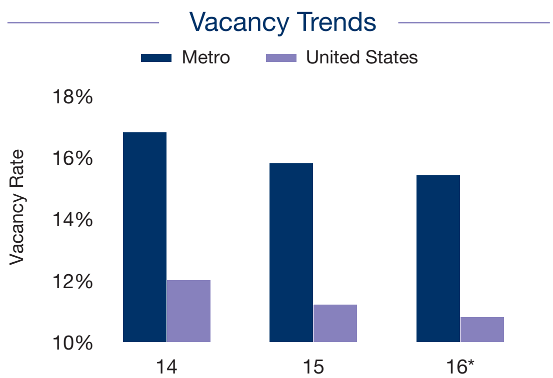


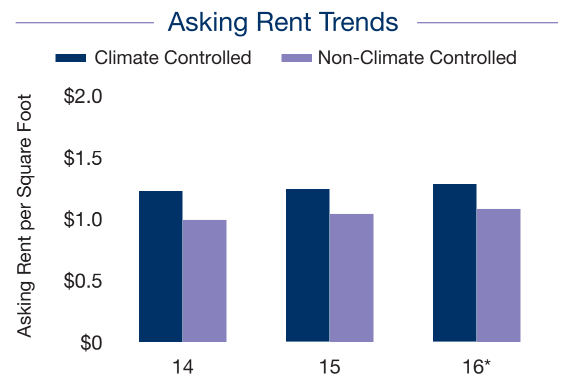
Vacancy Trends

Steady job growth and healthy multifamily construction have put downward pressure on vacancy. After falling 100 basis points in 2015, vacancy in Phoenix will slide another 40 basis points this year to 15.4 percent. This year's vacancy rate is well above the U.S. metro average.

Rent Trends

Asking rents for climate controlled units will rise 2.9 percent this year to $1.28 per square foot. Meanwhile, non-climate controlled rents will rise 4 percent to $1.08 per square foot. Last year, asking rents at climate controlled and non-climate controlled facilities in the metro rose 1.6 percent and 4.2 percent, respectively.





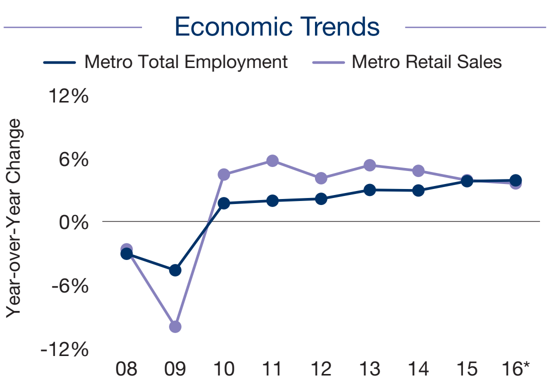
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

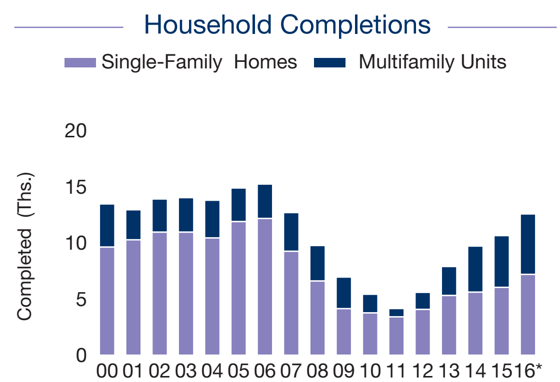
Economic Trends

Employers in the Portland metro will boost payrolls by 44,000, or 3.9 percent, as more individuals are added to the workforce in 2016. Last year, a 3.8 percent increase brought 41,600 jobs to the metro. Rising employment will increase retail sales volume by 3.6 percent in 2016, a slight drop from 3.9 percent last year.

Household Trends

Despite a 19 percent increase in single-family home completions this year, deliveries are down nearly 41 percent from their pre-recession peak in 2006. Multifamily properties are expected to realize a 76 percent gain over the same ten-year period, a good indicator for the self-storage market. Household formation will grow 2.4 percent year over year.



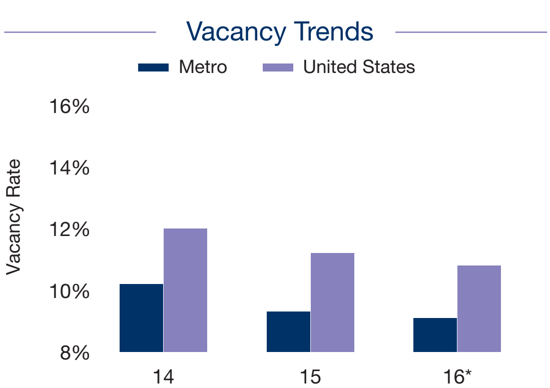


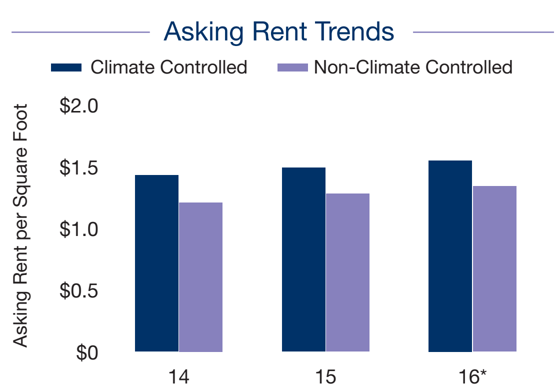
Vacancy Trends

An increase in demand for self-storage units in the Portland market will drive vacancy down 20 basis points to 9.1 percent by year-end 2016. The metro's vacancy rate will be 190 basis points tighter than the nationwide rate. In 2015, the metro vacancy rate recorded a 90-basis-point drop year over year.

Rent Trends

As vacancy drops this year, asking rents at climate controlled and non-climate controlled facilities will rise 4.1 percent to $1.55 per square foot and 4.2 percent to $1.34 per square foot, respectively. Last year, rents grew by 4.3 percent for climate controlled spaces, while asking rents rose 5.5 percent for non-climate controlled units.





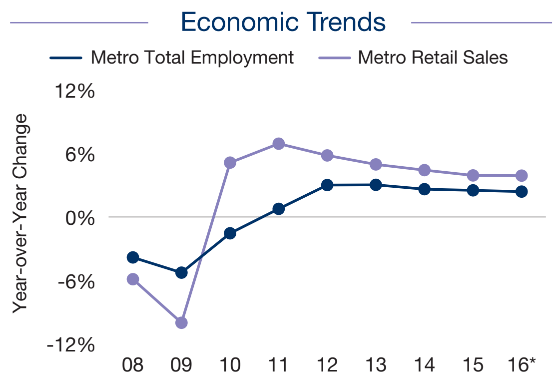
* Forecast
Vacancy and Rent Source: REIS Services, LLC

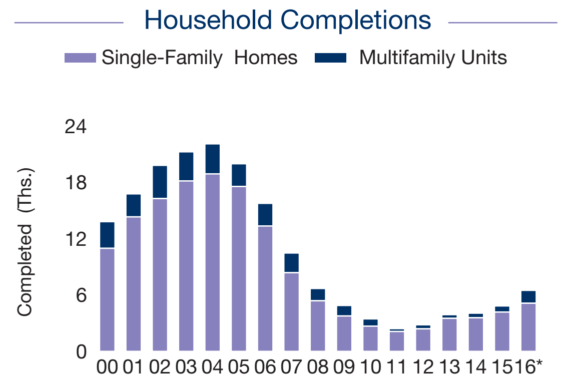
Economic Trends

Job growth will accelerate in the Inland Empire this year as employers boost hiring 3.8 percent with the addition of 52,000 positions. In 2015, employment grew 3.6 percent as 46,800 jobs were created. Retail sales will increase 2.7 percent in 2016, after recording a 2.1 percent rise the previous year.

Household Trends

A surge of single-family completions was registered in 2015, up 12 percent year over year. Multifamily followed suit, with a year-over-year increase of 25 percent. However, multifamily growth will end 2016 at half of what it was at the pre-recession peak set in 2005. Household formation, however, is expected to be up 17 percent during the same 11-year period.



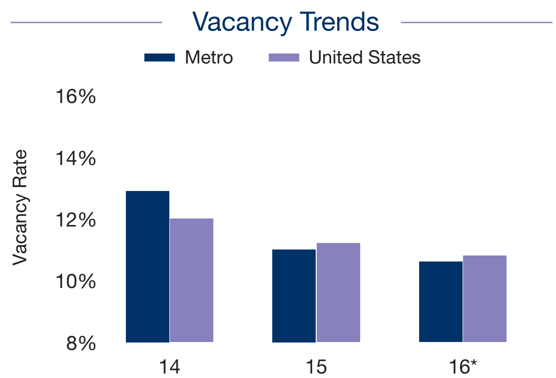


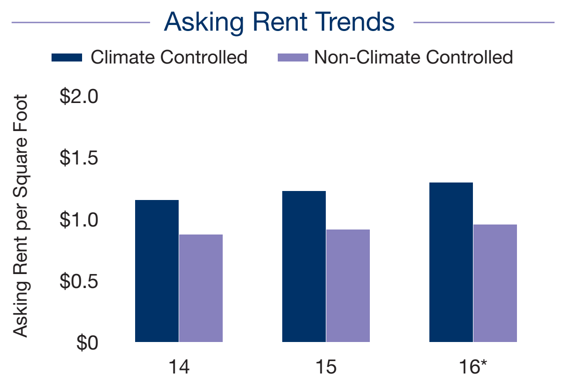
Vacancy Trends

Vacancy in the market will finish 2016 well above the national vacancy level of 10.8 percent. After a strong performance in 2015, with vacancy dropping 310 basis points to 12.1 percent, 2016 is expected to level out, showing a slight rise of 30 basis points to close the year.

Rent Trends

Housing completions will push up asking rents at non-climate controlled and climate controlled facilities by 3.6 percent this year to $1.03 per square foot and $1.39 per square foot, respectively. Last year, non-climate controlled rents increased 3.2 percent, and rents for climate controlled spaces rose 2.6 percent.





* Forecast
Vacancy and Rent Sources: REIS Services, LLC

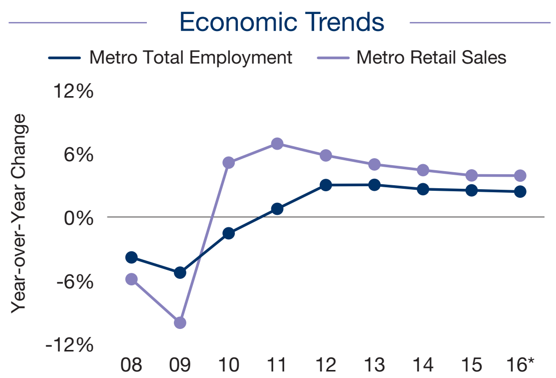
Marcus & Millichap

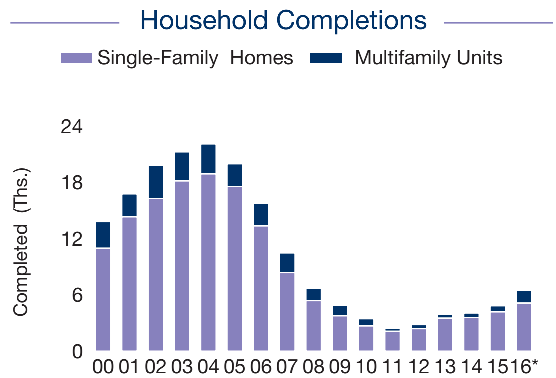
Economic Trends

During the last year, 22,700 jobs were created in the metro, representing growth of 2.5 percent in the local workforce. Payrolls are expected to expand 2.9 percent during 2016, adding 27,000 new positions. Retail sales growth will be 3.9 percent in 2016, the same rate of growth as the previous year.

Household Trends

Single- and multifamily completions are set to increase at greater amounts than in the previous eight years. Multifamily production will rise 112 percent year over year and single-family deliveries will increase 23 percent annually. Households are expected to grow by 1.9 percent in 2016.



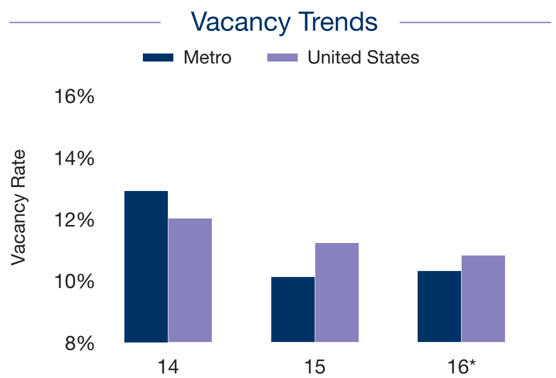


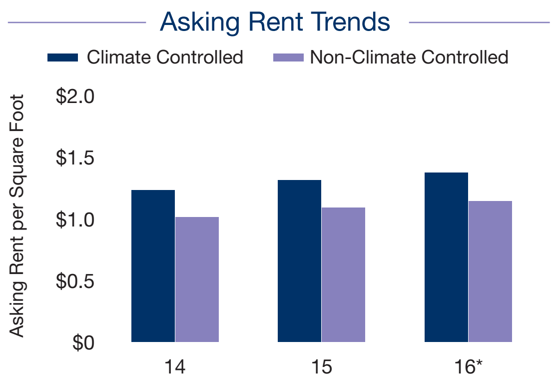
Vacancy Trends

Strong demand in the Sacramento area for self-storage space pulled the vacancy rate down 280 basis points last year to 10.1 percent. This year, vacancy will rise by 20 basis points to end 2016 at 10.3 percent. Sacramento's vacancy rate will remain below the national level of 10.8.

Rent Trends

In 2015, operators increased asking rents 6.5 percent for climate controlled facilities, while rents for non-climate controlled units advanced 7.2 percent. This year, rents will rise 4.4 percent to $1.37 per square foot and 5.1 percent to $1.14 per square foot for climate controlled and non-climate controlled facilities, respectively.





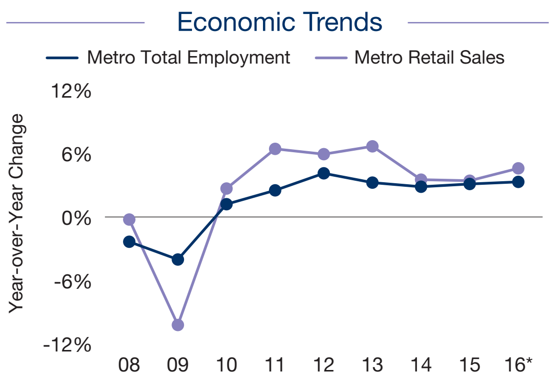
* Forecast
Vacancy and Rent Source: REIS Services, LLC

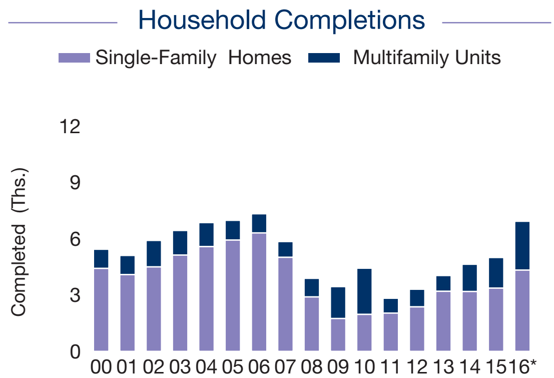
Economic Trends

Employment levels along the Wasatch Front will expand by 3.3 percent this year with the creation of 38,100 jobs. In 2015, staffing rose by 3.1 percent as 34,772 positions were added. Retail sales will increase 4.6 percent in 2016, after recording a 3.4 percent rise the previous year.

Household Trends

Single-family completions will grow 29 percent in 2016 as multifamily units increase by 59 percent. Household formations will end the year with a 2 percent gain. Multifamily unit completions have risen 211 percent in the past nine years, boding well for self-storage facility demand.



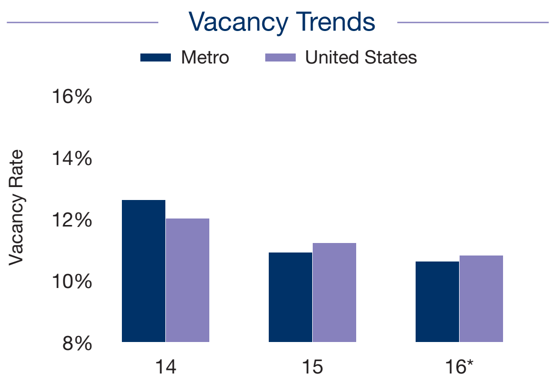


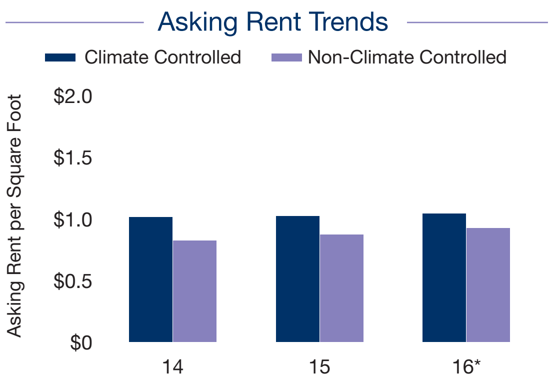
Vacancy Trends

Vacancy of self-storage spaces in Salt Lake City dropped metrowide from 12.6 to 10.9 percent in 2015, a 170-basis-point decline. This year the vacancy rate will drop 30 basis points, closing out 2016 at 10.6 percent, 20 basis points below the national average of 10.8 percent.

Rent Trends

As vacancy tightens, asking rents at non-climate controlled facilities will rise 4.7 percent this year to 92 cents per square foot, while rents at climate controlled facilities rise 2.3 percent to $1.04 per square foot. Last year, non-climate controlled rents increased 6.7 percent, and rents for climate controlled spaces advanced 1.1 percent.





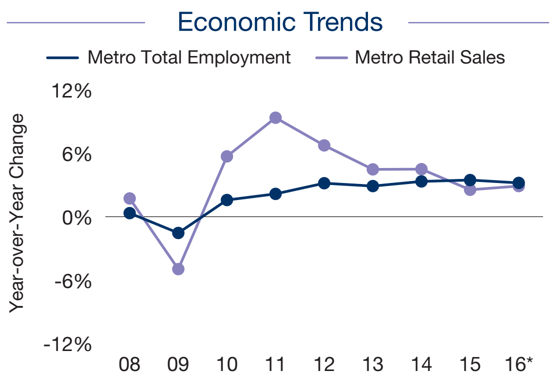
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

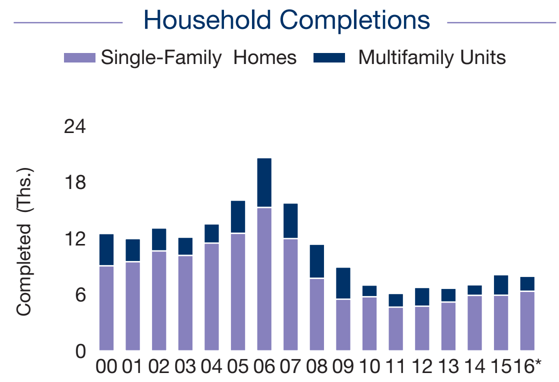
Economic Trends

Job growth will accelerate in 2016 as employers expand staffing 3.6 percent, or by 36,000 positions. Last year, employment jumped 3.5 percent on 33,300 new hires. Retail spending this year will increase 2.9 percent. A rise in consumer spending on retail goods will positively impact the self-storage market.

Household Trends

Single-family home completions will jump 7 percent from the previous year. Multifamily housing will decrease completions in 2016 by 27 percent after strong growth in 2015. Household formation will advance 2.6 percent this year, up from 1.9 percent in 2015. An increase in these trends the past year will support new self-storage demand across the metro.



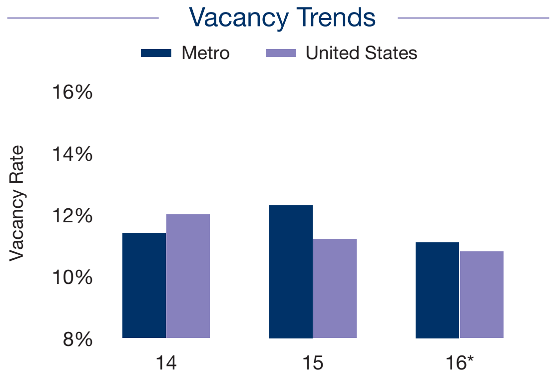


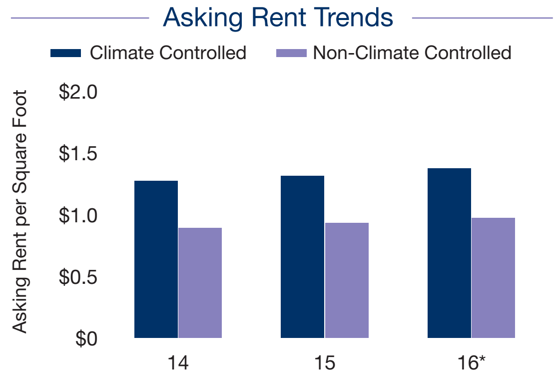
Vacancy Trends

Healthy job growth and heightened residential construction activity will decrease vacancy in the San Antonio metro this year, with an expected drop of 120 basis points to 11.1 percent, slightly above the national average. In 2015, the rate climbed 90 basis points to end the year at 12.3 percent.

Rent Trends

Average asking rent will grow 4.1 percent to $1.37 per square foot and 4.3 percent to 97 cents per square foot at climate controlled and non-climate controlled facilities, respectively. In 2015, asking rents rose 3.6 percent for climate controlled spaces and 4.1 percent for non-climate controlled units.





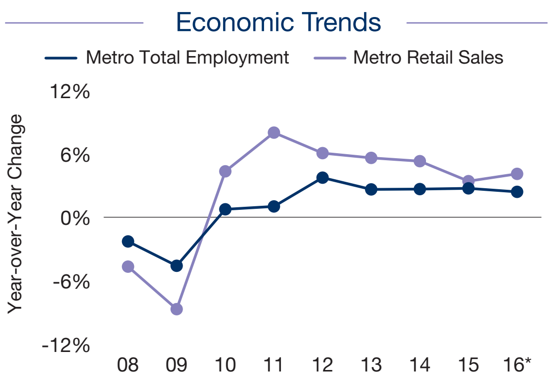
* Forecast
Vacancy and Rent Source: REIS Services, LLC

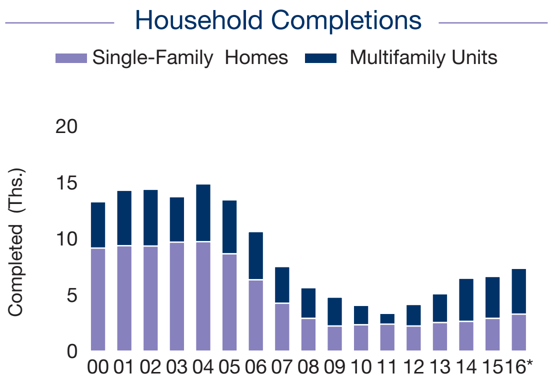
Economic Trends

In 2016, employment levels in the San Diego metro will rise 2.8 percent with the addition of 39,000 individuals to the workforce. Last year, total employment increased by 37,400 workers, or 2.7 percent. Retail spending in the metro will jump 4.1 percent this year after rising 3.4 percent in 2015.

Household Trends

Household formation will continue to climb steadily with an increase of 2 percent in 2016. Single-family home completions will expand by 13 percent, while multifamily unit completions will rise by 9 percent. As metro residents increasingly pursue renter lifestyles, demand for self-storage space will likely strengthen.



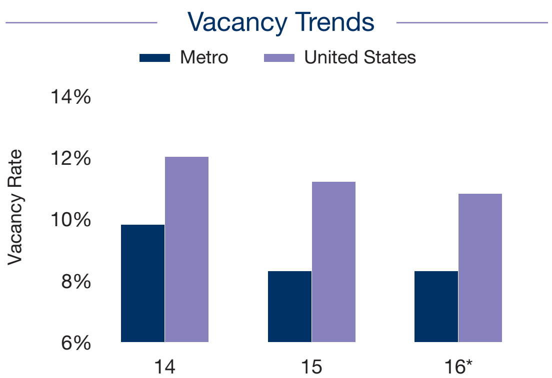


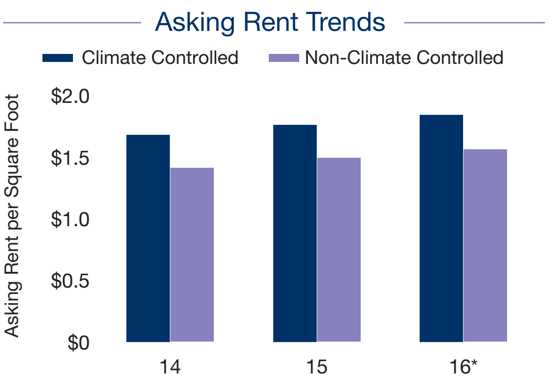
Vacancy Trends

San Diego's steady climb in population will maintain demand for self-storage units in the market, holding vacancy unchanged in 2016 at 8.3 percent. Vacancy will be 250 basis points below the national rate of 10.8 percent. Last year, vacancy tumbled by 150 basis points.

Rent Trends

As occupancy rises, asking rents will push up this year at climate controlled and non-climate controlled facilities 4.4 percent to $1.84 per square foot and 4.6 percent to $1.56 per square foot, respectively. In 2015, asking rents for climate controlled units rose 4.9 percent, while non-climate controlled units climbed 5.9 percent.





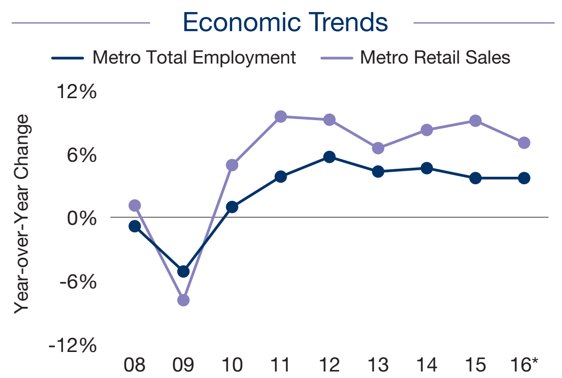
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

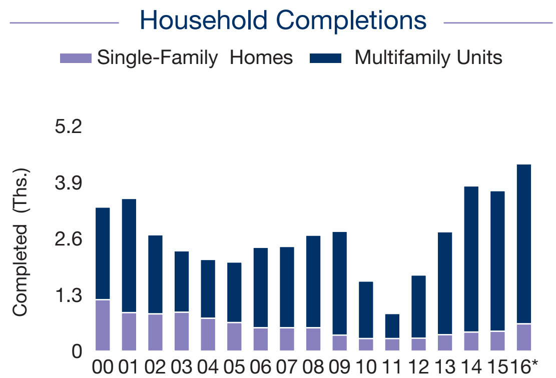
Economic Trends

Employers in San Francisco will add 42,000 workers to payrolls during 2016, representing a 3.9 percent year-over-year gain. Staffing rose 3.7 percent last year on 38,100 new hires. In 2015, retail sales rose 9.1 percent, but spending growth is anticipated to slow this year to 7,0 percent.

Household Trends

Multifamily completions will grow by 14 percent this year, rising 54 percent above the previous peak in 2009. A robust multifamily market bodes well for the self-storage industry. Single-family homes will jump 37 percent in 2016. Household formation is forecast to post a 1 percent year-over-year increase.



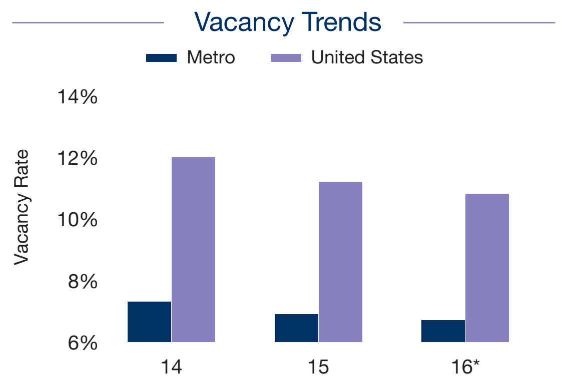


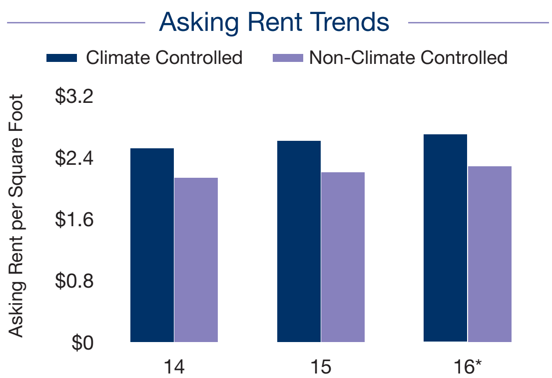
Vacancy Trends

Strengthening demand for self-storage space will cause vacancy to fall 20 basis points this year to 6.7 percent, one of the tightest metros in the nation. Last year, strong employment gains and heavy consumer spending on retail goods slashed vacancy 40 basis points.

Rent Trends

As vacancy tightens this year, asking rents at climate controlled and non-climate controlled facilities will rise 3.2 percent to $2.69 per square foot and 3.6 percent to $2.28 per square foot, respectively. Last year, rents jumped 3.8 percent at climate controlled space and 3.1 percent in non-climate controlled units.

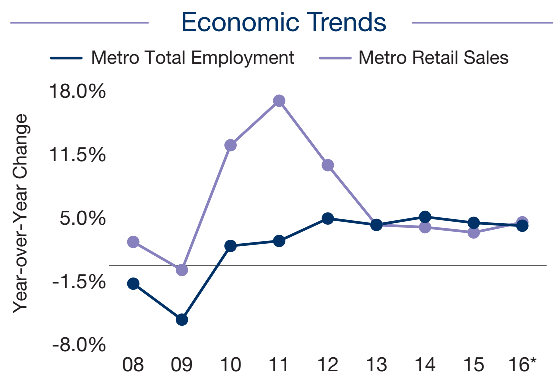




* Forecast
Vacancy and Rent Source: REIS Services, LLC

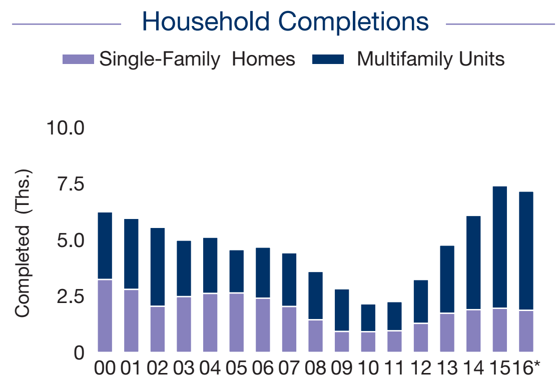
Economic Trends

Employment in the San Jose area accelerated 4.4 percent last year as 45,300 jobs were created, pushing the unemployment rate down to 4 percent. The market will gain 48,000 positions in 2016, a 4.5 percent year-over-year jump. Retail sales will advance 4.5 percent this year, an increase from 2015 when a 3.4 percent boost was registered.



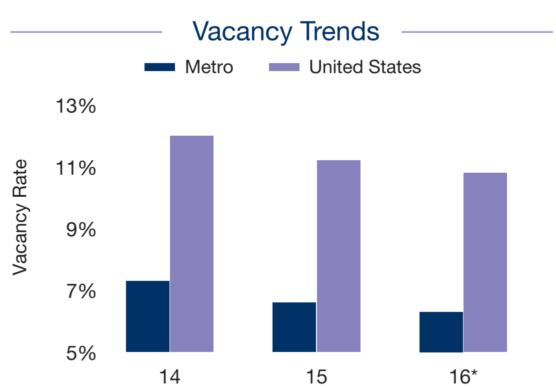
Household Trends

Multifamily completions surged over the last few years, indicating a bright outlook for self-storage space. In 2016, apartment completions will slow, down 2.7 percent year over year, while simultaneously more than doubling the number of completions that occurred in 2007. Single-family growth will also decline, down 4.8 percent year over year. Household growth will hit 1.5 percent this year.



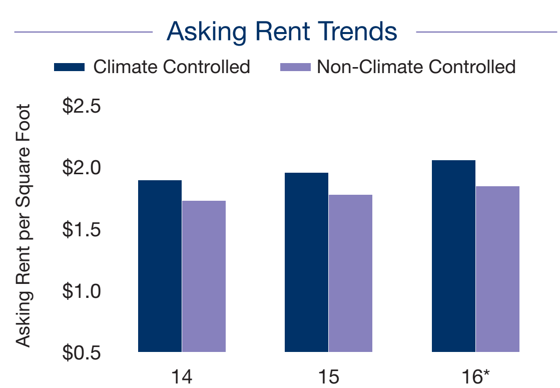
Vacancy Trends

This year, steady demand for storage space will pull down vacancy 30 basis points to close out 2016 at 6.3 percent, positioning the metro 450 basis points below the national rate of 10.8 percent. Operations in San Jose posted solid improvements in 2015 as vacancy fell 70 basis points.



Rent Trends

Last year, asking rents for climate controlled facilities rose 3.4 percent while non-climate controlled units jumped 2.6 percent. In 2016, rents for climate controlled facilities and non-climate controlled space will rise 4.9 percent to $2.05 and 4.0 percent to $1.84 per square foot, respectively.



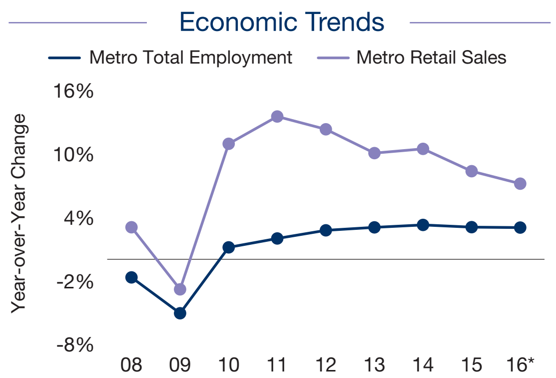
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

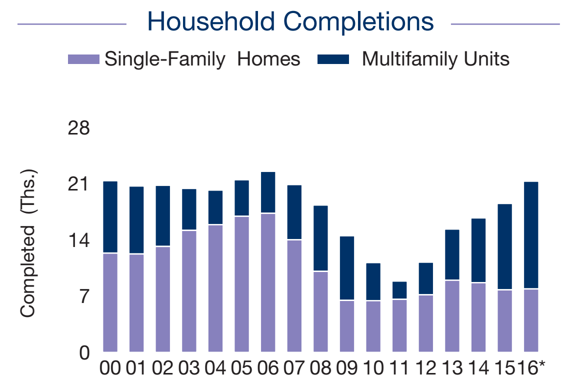
Economic Trends

In 2016, Seattle employment will expand 3 percent for the second year in a row as local employers create 57,750 jobs. Last year 56,800 positions were added to the metro. Consumer spending on retail goods will grow 7.2 percent this year, a deceleration from 2015 when an increase of 8.3 percent was measured.

Household Trends

The single-family housing market will grow in 2016, with completions up 1.4 percent year over year. The multifamily market on the other hand, will take off with nearly 25 percent more deliveries expected this year compared with last year. Household formation will accelerate more than 2 percent year over year.



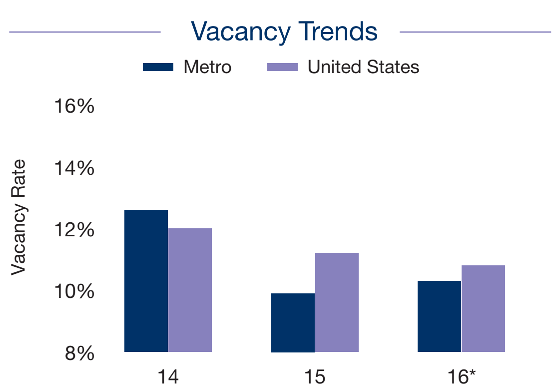


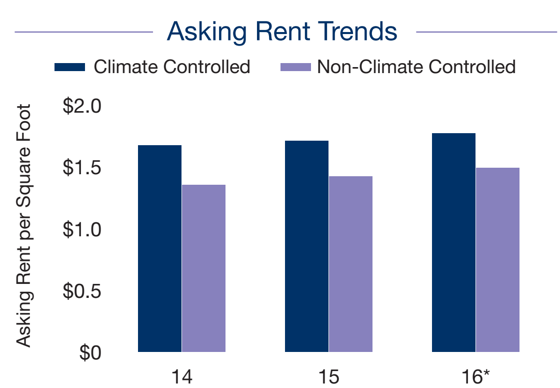
Vacancy Trends

Strong demand in the metro pushed down vacancy 270 basis points in 2015. Vacancy will increase this year, rising 40 basis points annually to 10.3 percent. The Seattle market performs well; its vacancy will end the year 50 basis points below the national vacancy rate of 10.8 percent.

Rent Trends

In 2016, asking rents will climb 3.7 percent to $1.77 per square foot for climate controlled facilities and surge 4.8 percent to $1.49 per square foot for non-climate controlled space. Last year, operators increased climate controlled and non-climate controlled rents by 2.3 and 5.3 percent, respectively.





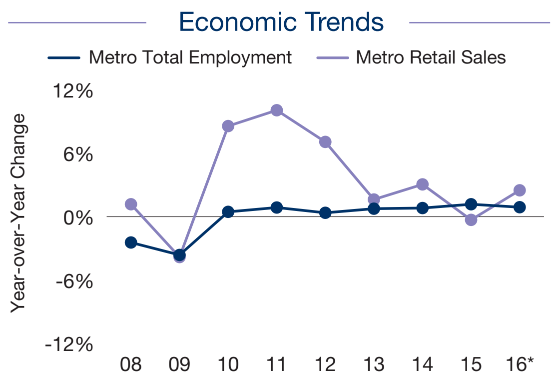
* Forecast
Vacancy and Rent Source: REIS Services, LLC

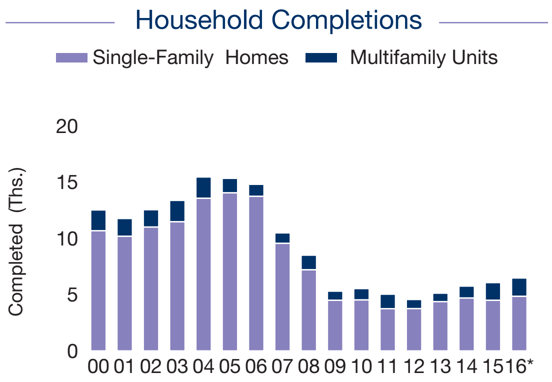
Economic Trends

In 2016, approximately 12,000 jobs will be created, representing a 0.9 percent expansion of the workforce. Employment growth in 2015 was slightly better, as the metro gained 15,600 new positions, marking a 1.2 percent year-over-year increase. Retail sales growth is expected to increase 2.5 percent this year, up from a 0.3 percent contraction in 2015.

Household Trends

The multifamily market will register moderate growth in 2016, with completions up 4.3 percent year over year. Single-family housing construction will increase by 8 percent to close out the year. Household formation will climb by 1 percent this year, the greatest gain since 2006.



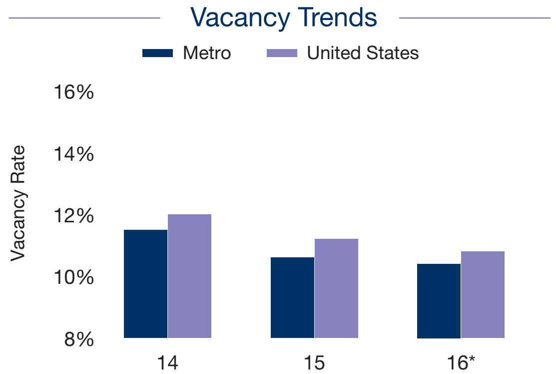


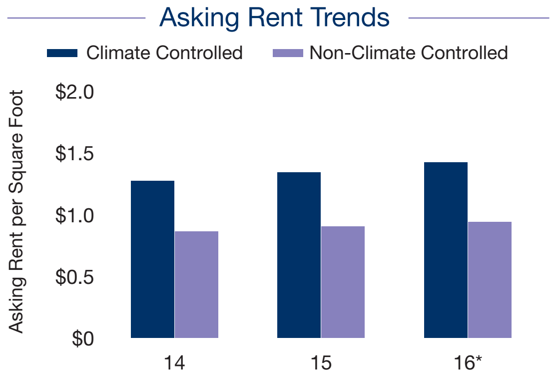
Vacancy Trends

Vacancy fell by 90 basis points in 2015, dropping the year-end vacancy rate to 10.6 percent. Behind continued demand for self-storage space, vacancy will drop 20 basis points to 10.4 percent in 2016, placing the metro's vacancy 40 basis points below the national level of 10.8 percent.

Rent Trends

This year, asking rents for climate controlled facilities will grow 5.7 percent to $1.42 per square foot and average rent will climb 4.4 percent to 94 cents per square foot for non-climate controlled space. In 2015, operators lifted rents for climate controlled and non-climate controlled units 5.7 percent and 4.0 percent, respectively.





* Forecast
Vacancy and Rent Sources: REIS Services, LLC

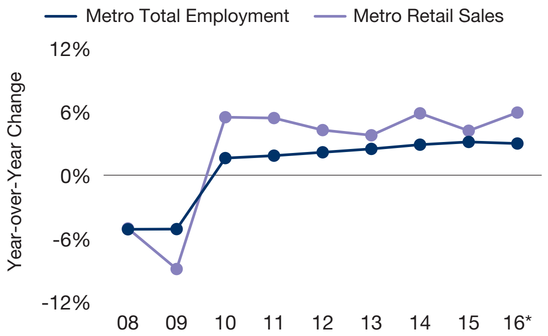
Economic Trends

Employment in Tampa Bay increased 3.1 percent in 2015 as employers added 38,500 workers. In 2016, the metro will post 3.3 percent job growth, expanding payrolls through the creation of 42,000 jobs. Retail sales grew 4.2 percent in 2015 and will continue expanding at 5.9 percent in 2016 as employers ramp up hiring.

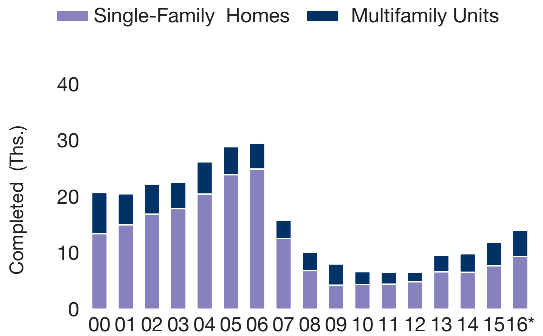
Household Trends

Both single-family and multifamily housing completions will realize sizable year-over-year gains in 2016, up 21.6 percent and 13.5 percent, respectively. Meanwhile, household formation will also grow at a healthy clip, expanding 2.6 percent. Strong residential construction and the formation of new living units will drive self-storage demand in 2016.

Economic Trends



Household Completions



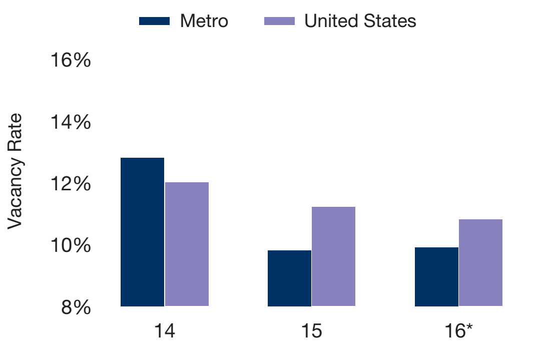
Vacancy Trends

Heavy demand for self-storage space pushed vacancy down 300 basis points in 2015 from 12.8 percent. Need will continue through 2016 as the Tampa market remains steady, increasing only 10 basis points to 9.9 percent. The metro will close 2016 below the national average, sitting 90 basis points lower than the U.S. rate.

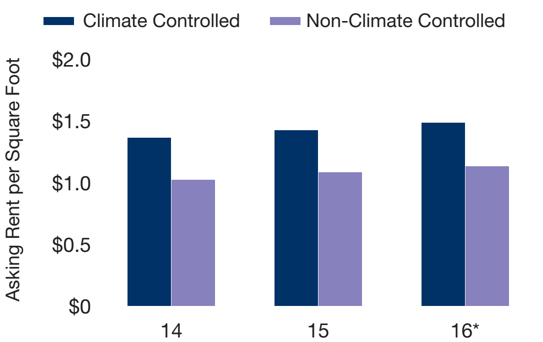
Rent Trends

In 2015, asking rents for climate controlled facilities will rise 4.1 percent higher to $1.48 per square foot, while non-climate controlled rents will climb 4.4 percent to $1.13 per square foot. Last year, operators lifted rents for climate controlled and non-climate controlled facilities 4.6 percent and 5.6 percent, respectively.

Vacancy Trends



Asking Rent Trends



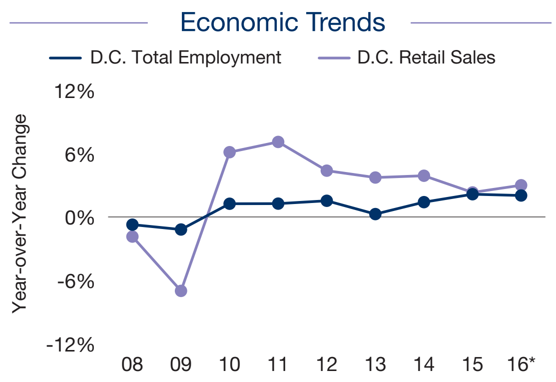
* Forecast
Vacancy and Rent Source: REIS Services, LLC

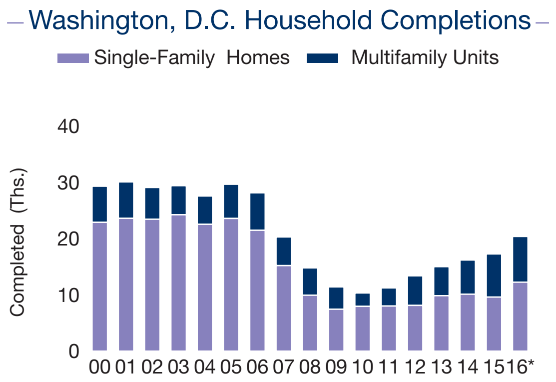
Economic Trends

Additions of 67,400 jobs fostered employment growth of 2.1 percent in 2015. This year, organizations will maintain their pace of hiring in the metro, expanding the Washington, D.C., workforce by 2.0 percent, or 65,000 new positions. Employment gains will boost retail sales 3.0 percent year over year.

Household Trends

Single-family home completions will remain below pre-recession highs but will increase by 27.5 percent from 2015. Multifamily completions will be 22 percent higher than the previous peak in 2006 as apartment builders ramp up construction efforts. The rate of household formation will reach 1.8 percent this year.



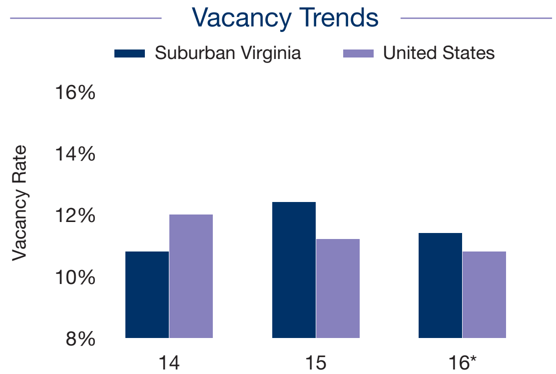


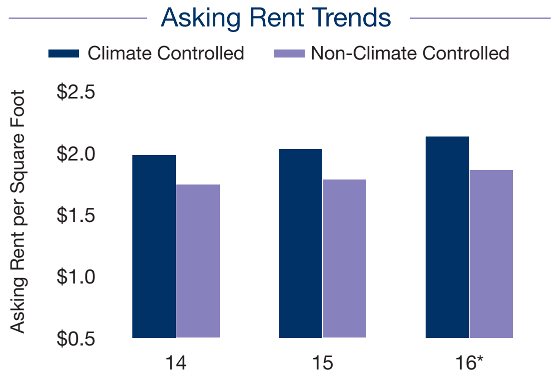
Vacancy Trends

In 2015, Suburban Virginia's self-storage vacancy climbed 160 basis points to 12.4 percent. This year, demand will rise, causing vacancy to drop 100 basis points to 11.4 percent, keeping the metro's vacancy rate above the national level of 10.8 percent by 60 basis points.

Rent Trends

This year continued growth will support rent hikes of 4.8 and 4.5 percent in climate controlled and non-climate controlled facilities, respectively. In 2015, asking rents for climate controlled facilities increased 2.5 percent to $2.03 per square foot, while rent for non-climate controlled units jumped 2.3 percent to $1.78 per square foot.





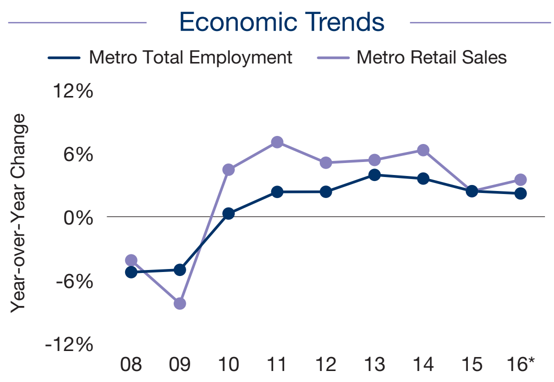
* Forecast
Vacancy and Rent Sources: REIS Services, LLC

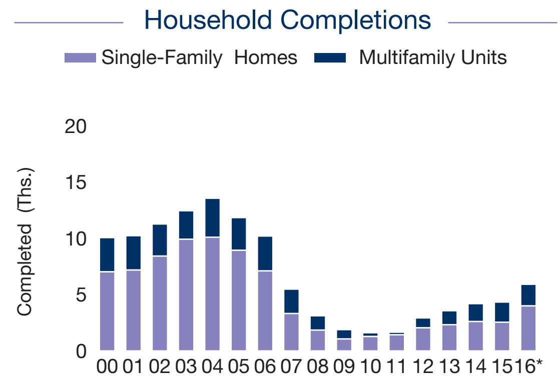
Economic Trends

Job growth will remain steady through 2016 with the creation of 15,100 jobs, expanding the workforce 2.6 percent. Last year, total employment grew 2.4 percent, when roughly 13,800 people were added to payrolls. Retail sales will increase 3.5 percent in 2016 after a 2.4 percent advance was registered last year.

Household Trends

Both single-family and multifamily home construction will stay robust through 2016, rising 57 percent and 7 percent, respectively. Though the number of new residential completions remains well below previous peaks, the total number of household is up 17.4 percent since 2007.



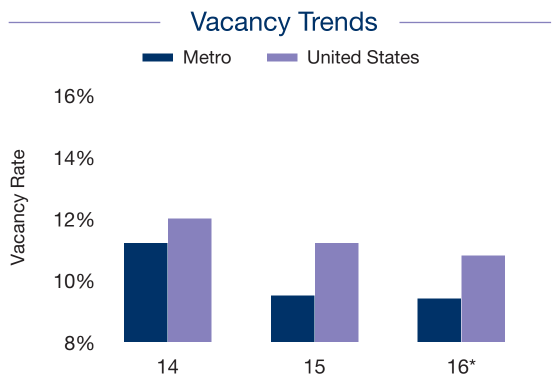


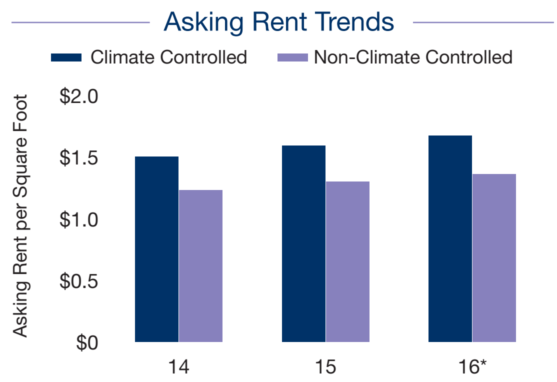
Vacancy Trends

Tenant demand for self-storage space in the West Palm Beach market will push vacancy down 10 basis points to 9.4 percent this year. The rate will remain 140 basis points below the national rate of 10.8 percent. In 2015, vacancy declined 170 basis points from 11.2 percent in 2014.

Rent Trends

In 2016, rents for climate controlled and non-climate controlled units will rise 5.3 percent to $1.67 per square foot and 4.5 percent to $1.36 per square foot, respectively. Last year, rents at climate controlled facilities increased 6.2 percent, while at non-climate controlled locations rents jumped 5.6 percent.





* Forecast
Vacancy and Rent Source: REIS Services, LLC

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Statistical Summary Note: Metro-level data are year-end figures and are based on the most up-to-date information available as of February 2016. 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. Forecasts for employment data is made during the first 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.

Sources: Marcus & Millichap Research Services; Bureau Labor Statistics; Economy.com; Moody Analytics; CoStar Group, Inc.; REIS Services, LLC.; U.S. Census Bureau.

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