



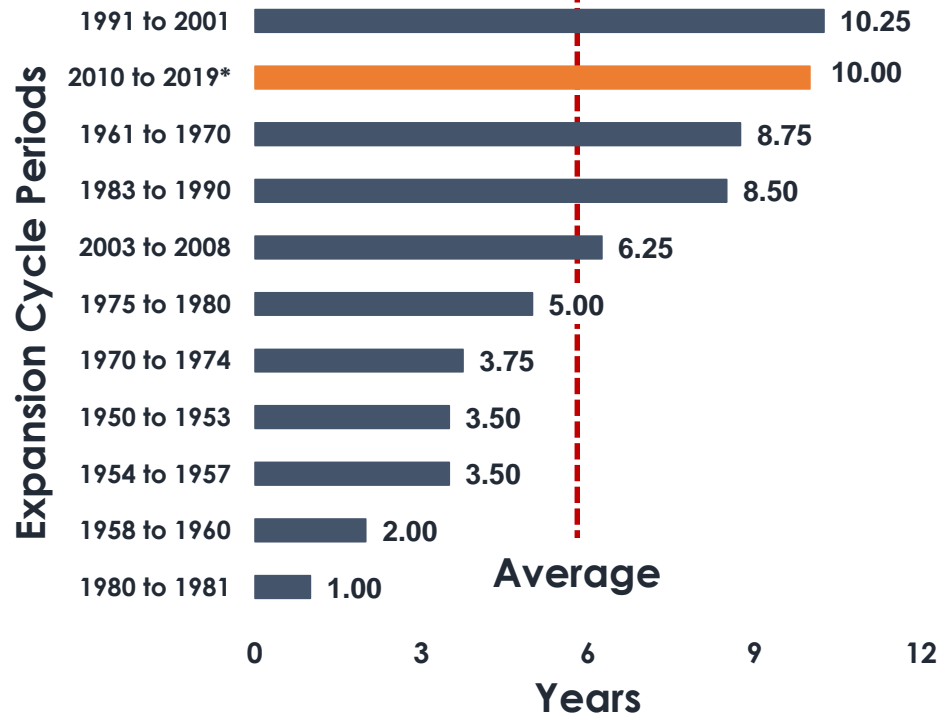
**THE STATE OF THE COLORADO
SELF STORAGE INDUSTRY**

Marcus & Millichap

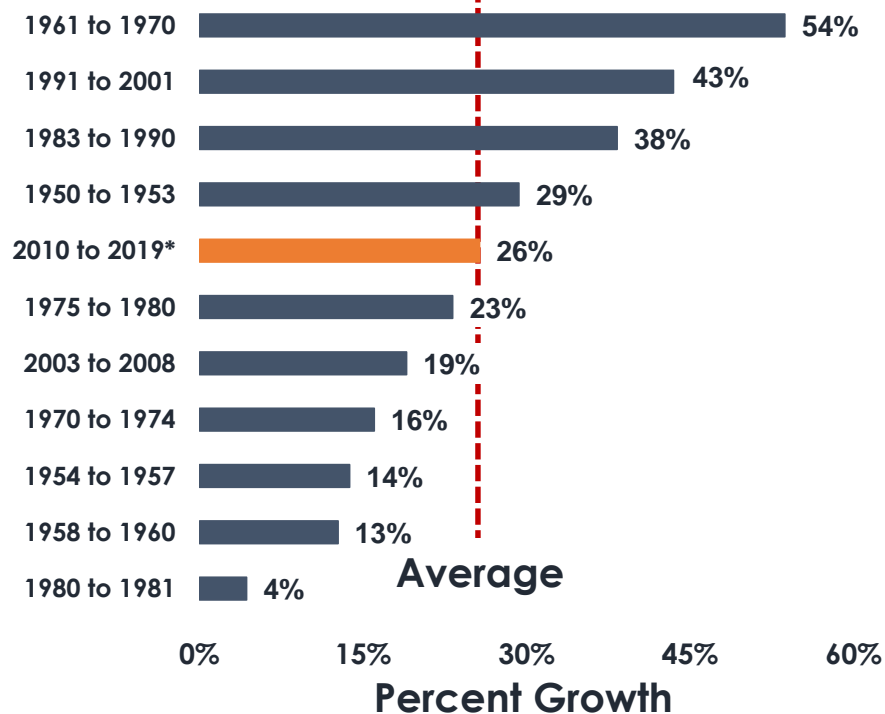
ECONOMIC OUTLOOK

Economic Cycle Approaching Record Duration; Investors Begin Shift to Hard Assets

Expansion Cycle Duration

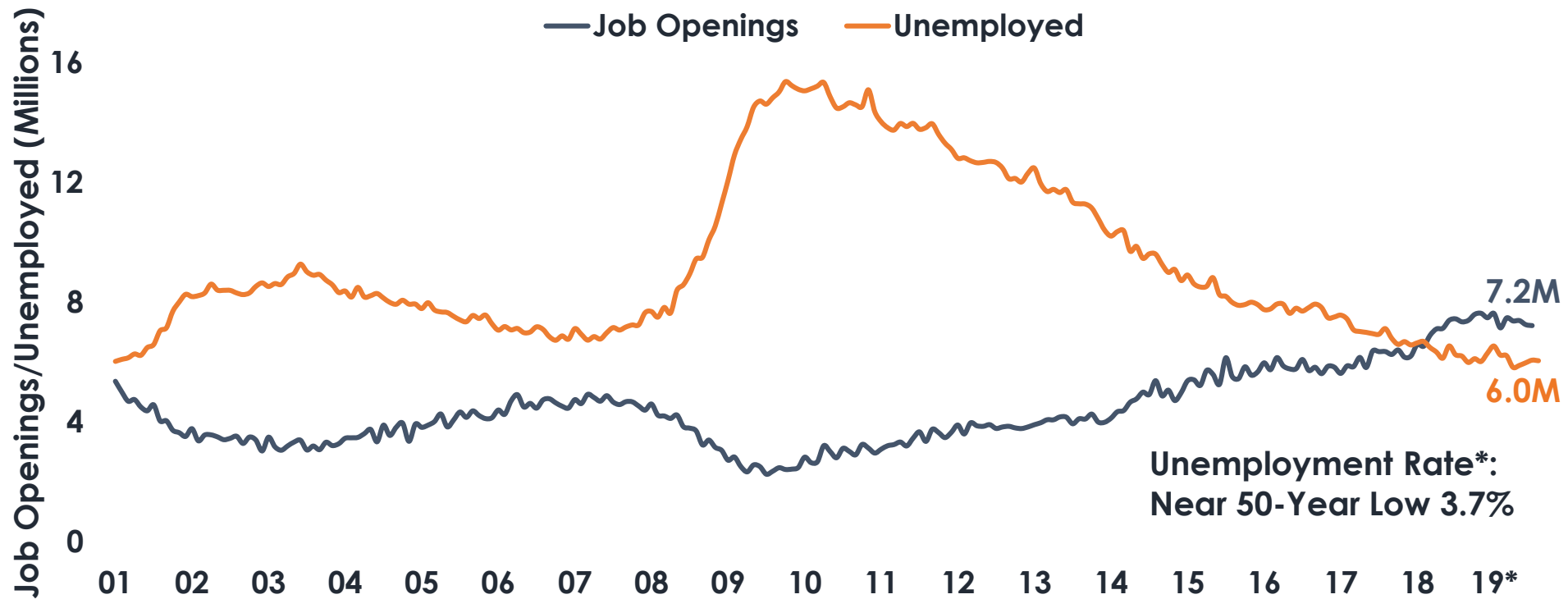


Percent GDP Growth



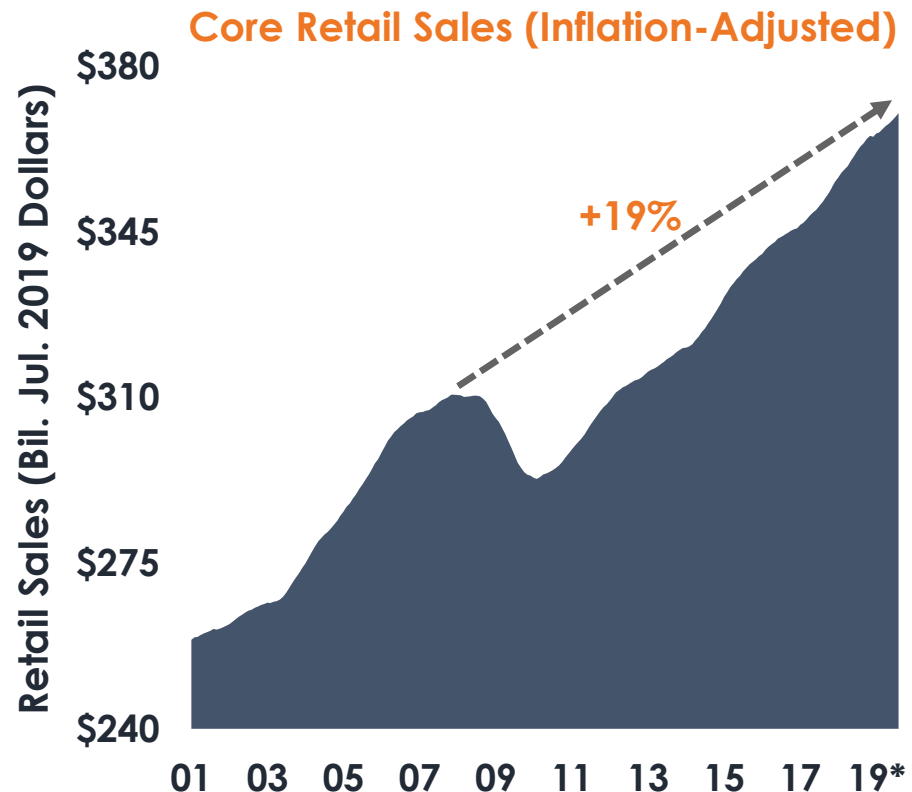
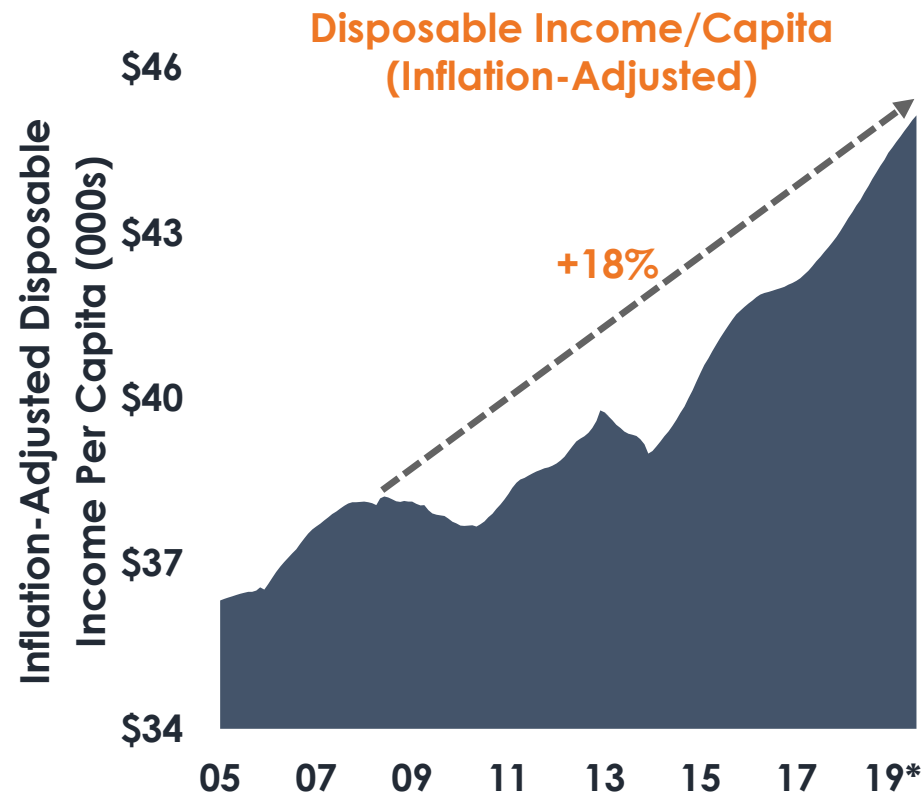
* Through 2Q
Sources: Marcus & Millichap Research Services, BEA

U.S. Has More Job Openings Than People Seeking Work – Challenge of Skills Mismatch



* Unemployed/unemployment rate through August; job openings through July
Sources: Marcus & Millichap Research Services, BLS

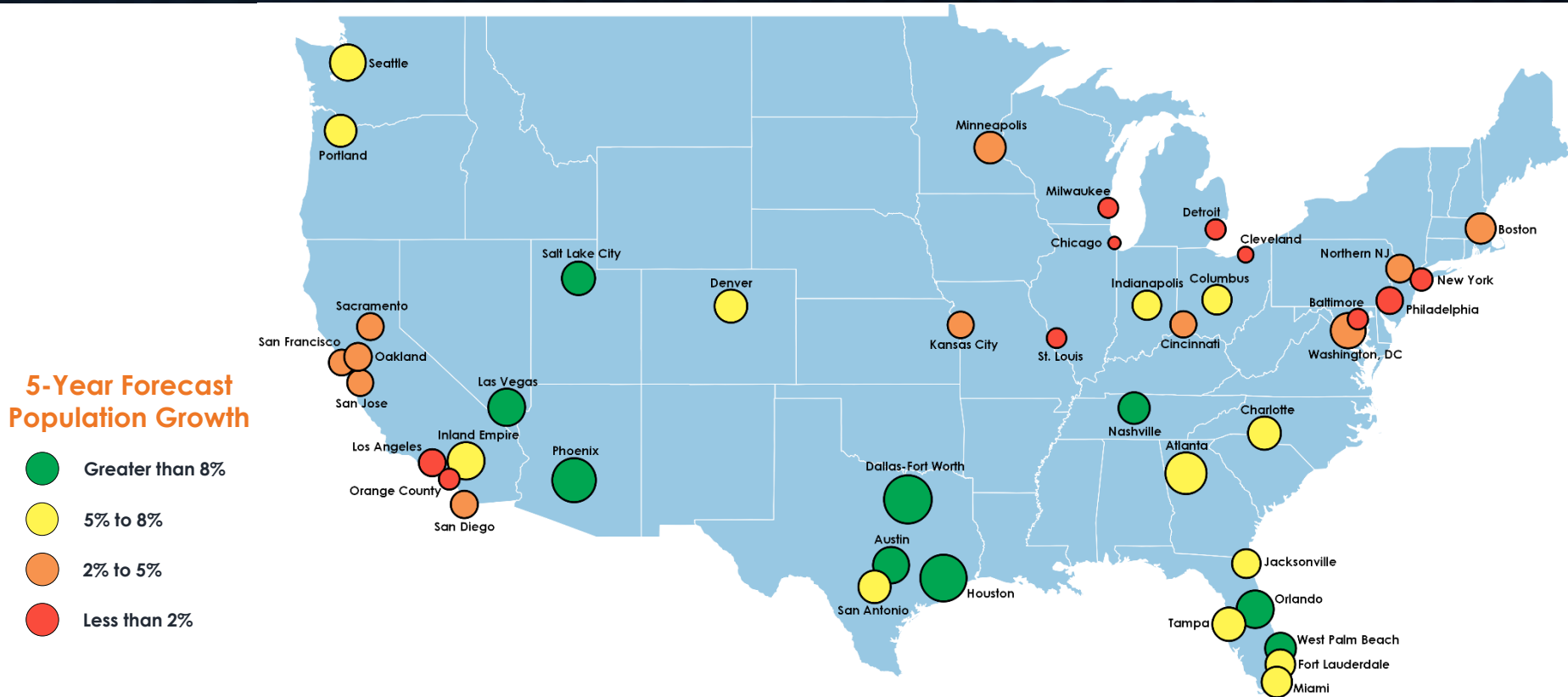
Strengthened Household Balance Sheets Support Self Storage Demand



* Through July; core retail sales through August
 Trailing 12-month average; adjusted for inflation using core PCE
 Core retail sales exclude auto and gasoline sales
 Sources: Marcus & Millichap Research Services, BEA, U.S. Census Bureau

EMERGING HOUSING AND DEMOGRAPHIC PATTERNS INFLUENCE SELF-STORAGE

Forecast Population Patterns Fuel Self Storage Absorption in Mountain Region

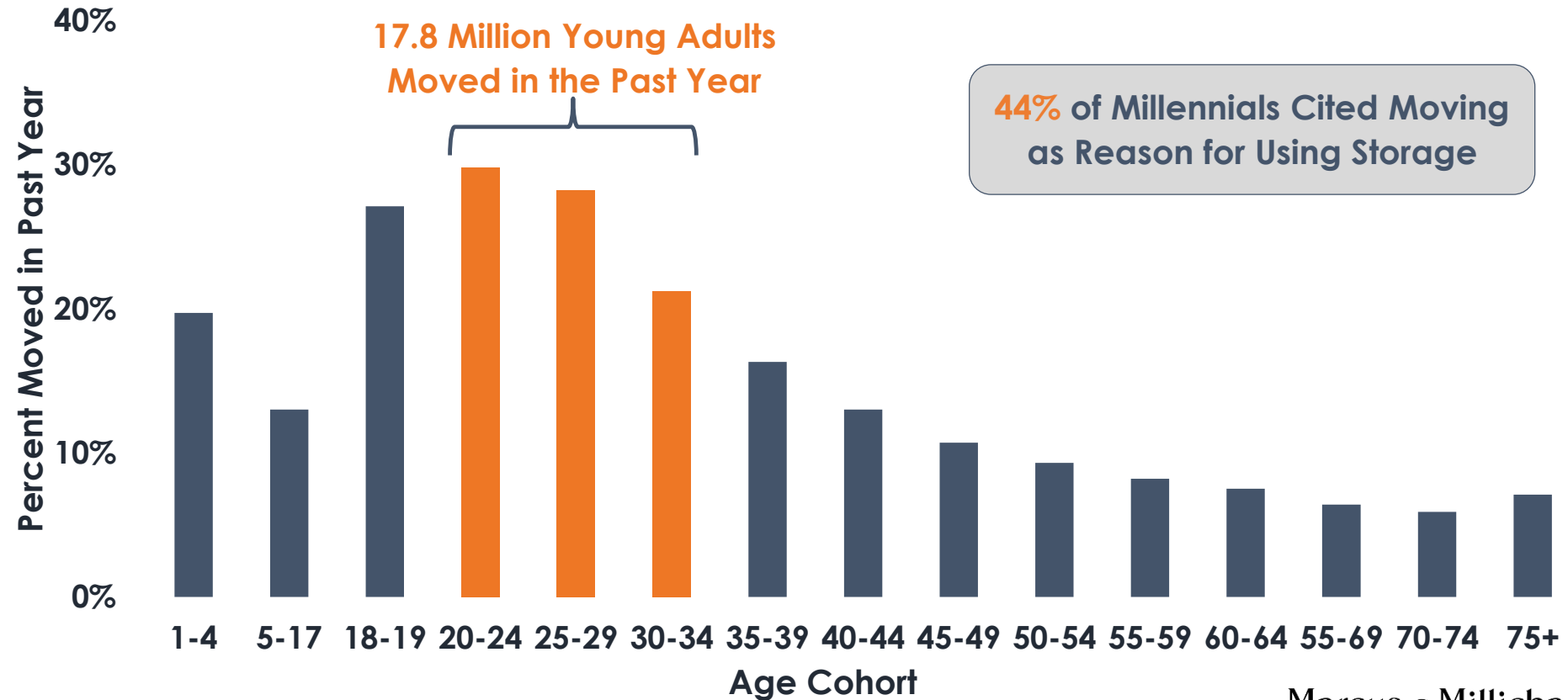


Five-year period from 2018 to 2023

Bubble size correlates to absolute population growth

Sources: Marcus & Millichap Research Services, U.S. Census Bureau, Moody's Analytics

Young Adults Move Frequently, Driving Need for Storage Space



As of 2015

Sources: Marcus & Millichap Research Services, U.S. Census Bureau, 2019 Self-Storage Almanac

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National Young Adult Population Rank by Metro Five-Year Absolute Change

Top 10 Metros	Absolute Change	Percent Change
Dallas-Fort Worth	140,400	8.7%
Houston	126,900	8.4%
Atlanta	107,900	8.7%
Phoenix	90,600	8.9%
Salt Lake City	69,900	11.6%
Austin	66,800	12.6%
Las Vegas	64,300	13.4%
Charlotte	54,900	10.4%
Orlando	52,600	9.2%
Denver	47,800	7.2%
U.S. Total	201,400	0.3%

Bottom 10 Metros	Absolute Change	Percent Change
Los Angeles	-54,800	-2.3%
New York	-53,700	-2.6%
Chicago	-31,300	-1.6%
Detroit	-21,400	-2.6%
Baltimore	-20,900	-3.6%
Orange County	-19,100	-2.8%
Philadelphia	-17,000	-1.3%
Milwaukee	-12,300	-3.9%
Cleveland	-11,200	-2.9%
San Diego	-9,700	-1.2%
U.S. Total	201,400	0.3%

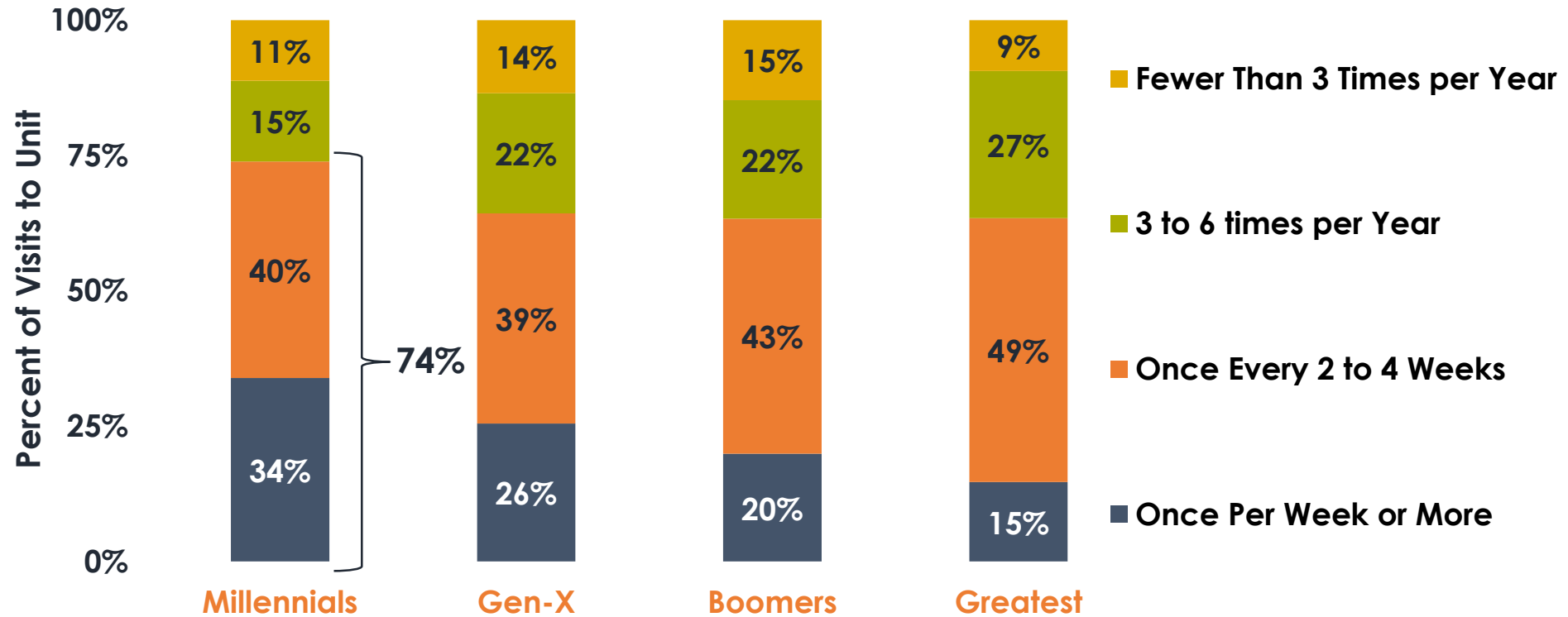
Five-year period: 2018 to 2023

Young adult includes 20 to 34 year olds

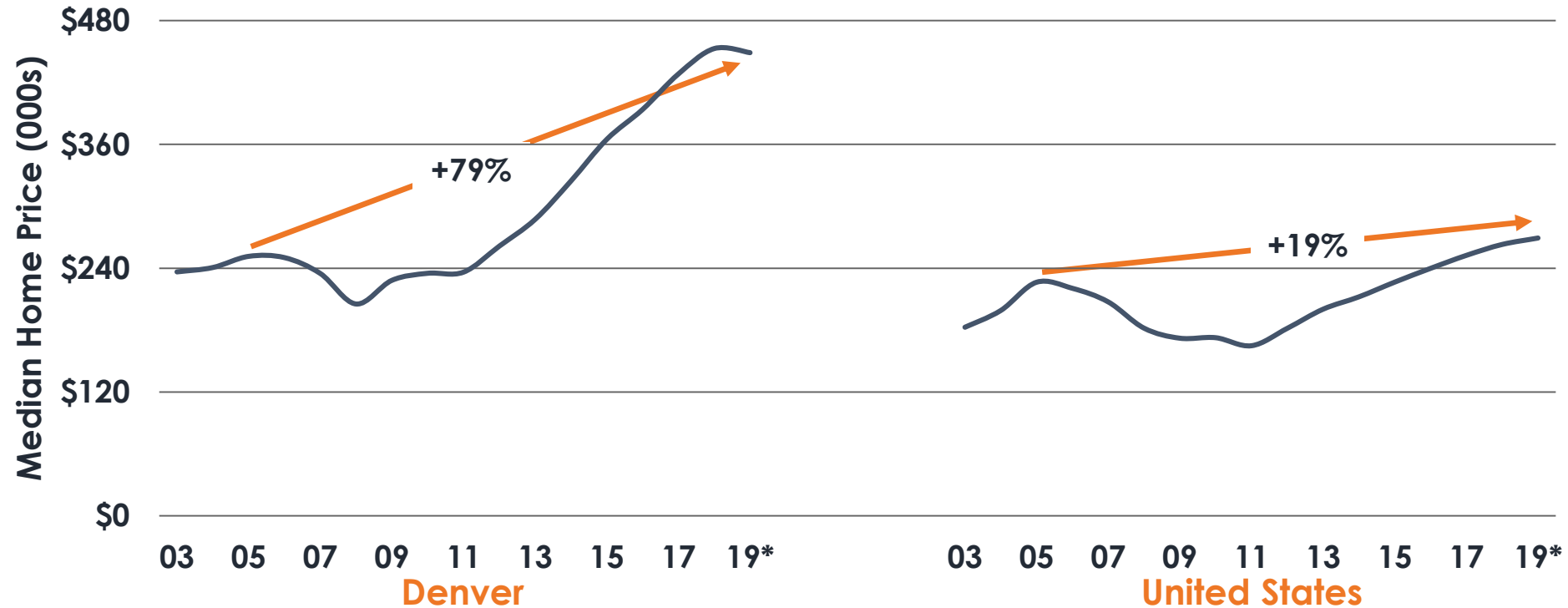
Sources: Marcus & Millichap Research Services, U.S. Census, Moody's Analytics

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Millennials Most Active Users of Self-Storage



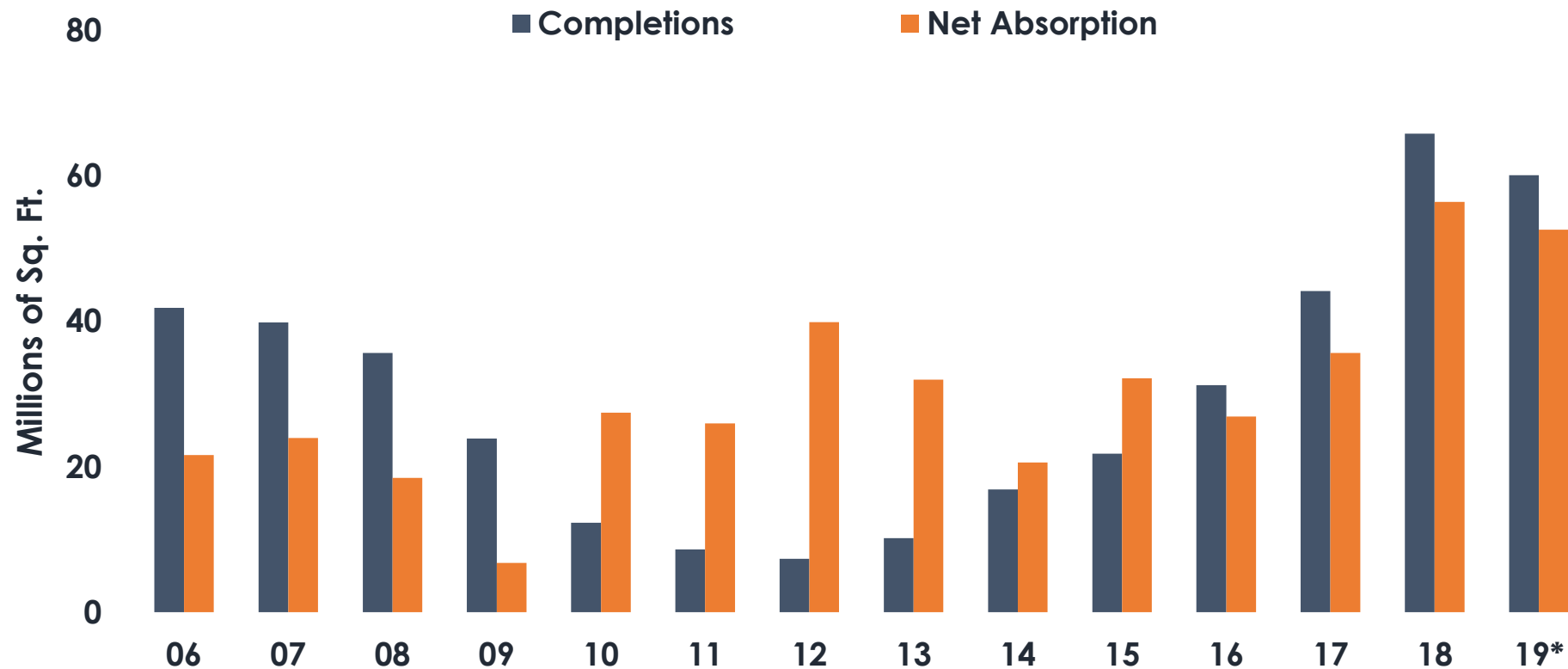
Single-Family Home Price Trends



* Through 2Q
Sources: Marcus & Millichap Research Services, National Association of Realtors

SELF-STORAGE PERFORMANCE

U.S. Self-Storage Net Absorption At Record Levels

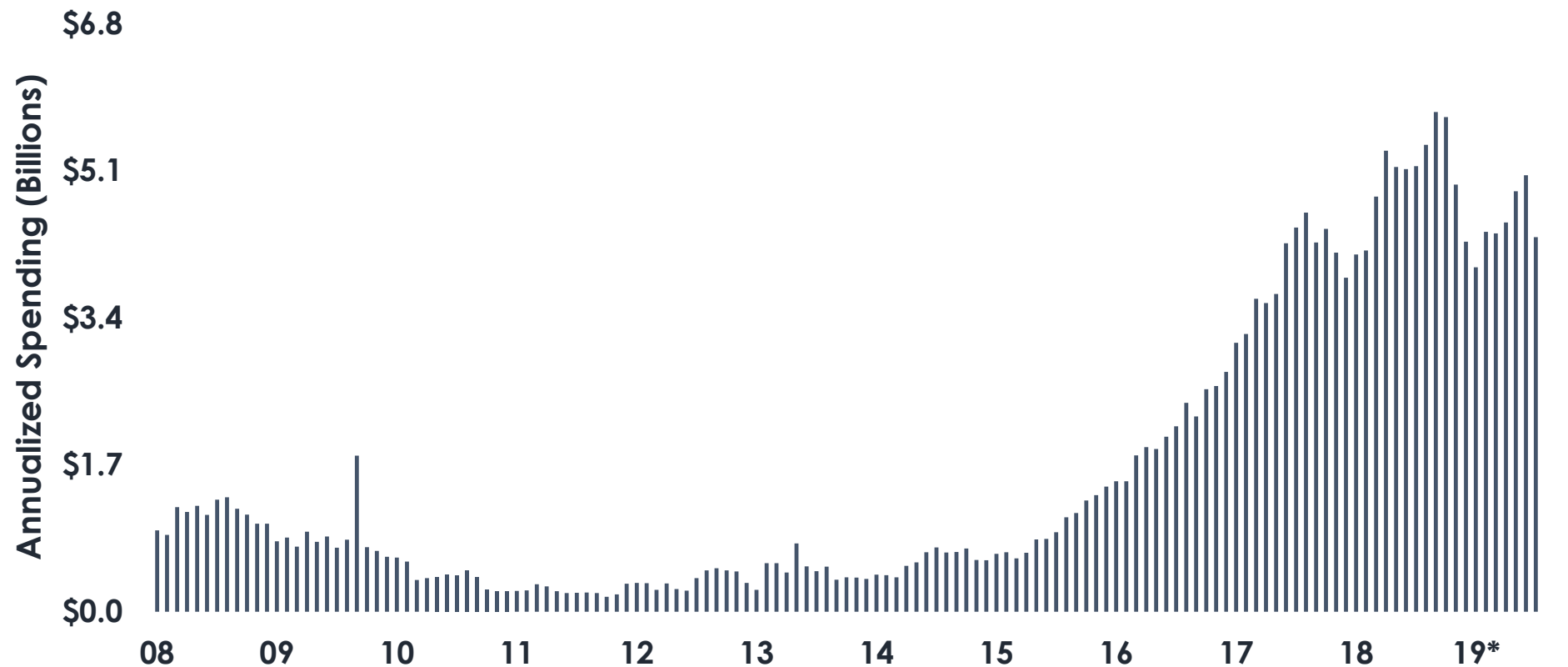


* Forecast

Sources: Marcus & Millichap Research Services, Yardi Matrix, Union Realtime LLC

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U.S. Construction Spending on Self-Storage



* Through July
Sources: Marcus & Millichap Research Services, U.S. Census Bureau

Storage Forecast Summary - National

Property Forecasts	2019	2020	2021	2022
New Build	560	531	483	471
Conversion	113	85	107	102
Expansion	152	139	154	157
Total	825	755	744	730

NRSF Forecasts (Millions)	2019	2020	2021	2022
New Build	42	40	36	35
Conversion	8	8	8	8
Expansion	6	6	6	6
Total	56	54	51	49
NRSF as a % of Stock	4.2%	3.8%	3.4%	3.2%

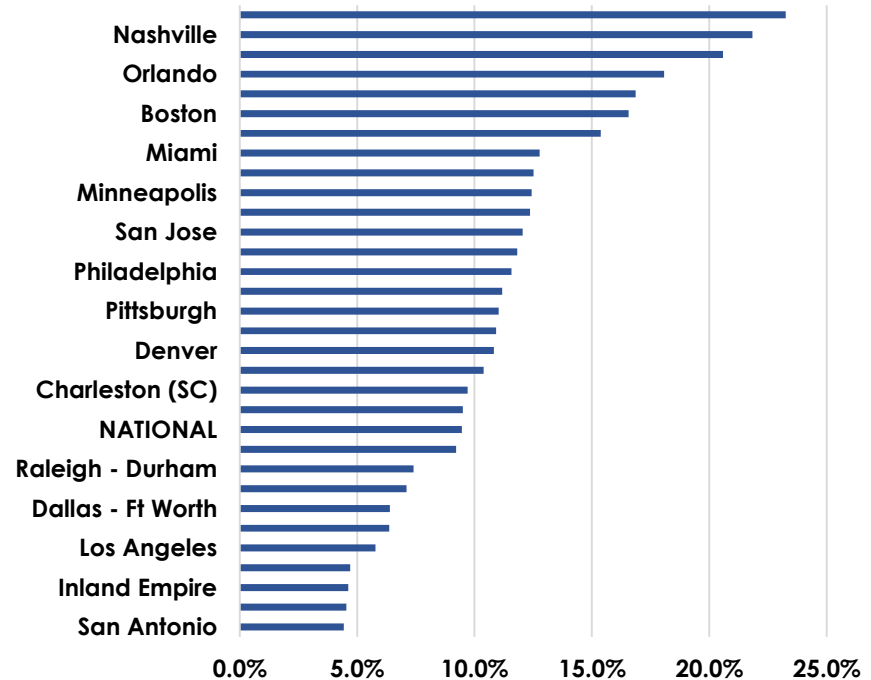
There is Not Enough Demand to Absorb New Supply, Even in Low New Supply Markets

Market	Population 2018	Domestic Migration 2017-2018	Forecast New Stores 2019	Estimated Demand	Supply - Demand Difference
Phoenix	4,858,000	62,169	31	17	14
Portland	2,478,810	6,657	16	4	12
Denver	2,932,415	17,145	18	6	12
Nashville	1,931,000	16,439	16	5	11
Dallas-Fort Worth	5,007,000	46,316	21	14	7
Las Vegas	2,231,647	35,318	5	9	(4)

New Construction Pipeline Slows in Denver

Metro	UC + Planned % of Completed Jul 2019	Metro	UC + Planned % of Completed Jul 2019
Portland	23.3%	Columbus (OH)	10.9%
Nashville	21.8%	Denver	10.8%
Seattle	20.6%	Atlanta	10.4%
Orlando	18.1%	Charleston (SC)	9.7%
New York	16.9%	Austin	9.5%
Boston	16.6%	NATIONAL	9.5%
Phoenix	15.4%	San Diego	9.2%
Miami	12.8%	Raleigh - Durham	7.4%
Charlotte	12.5%	Las Vegas	7.1%
Minneapolis	12.4%	Dallas - Ft Worth	6.4%
Sacramento	12.4%	SF & East Bay	6.4%
San Jose	12.1%	Los Angeles	5.8%
Tampa	11.8%	Chicago	4.7%
Philadelphia	11.6%	Inland Empire	4.6%
Washington DC	11.2%	Houston	4.5%
Pittsburgh	11.0%	San Antonio	4.4%

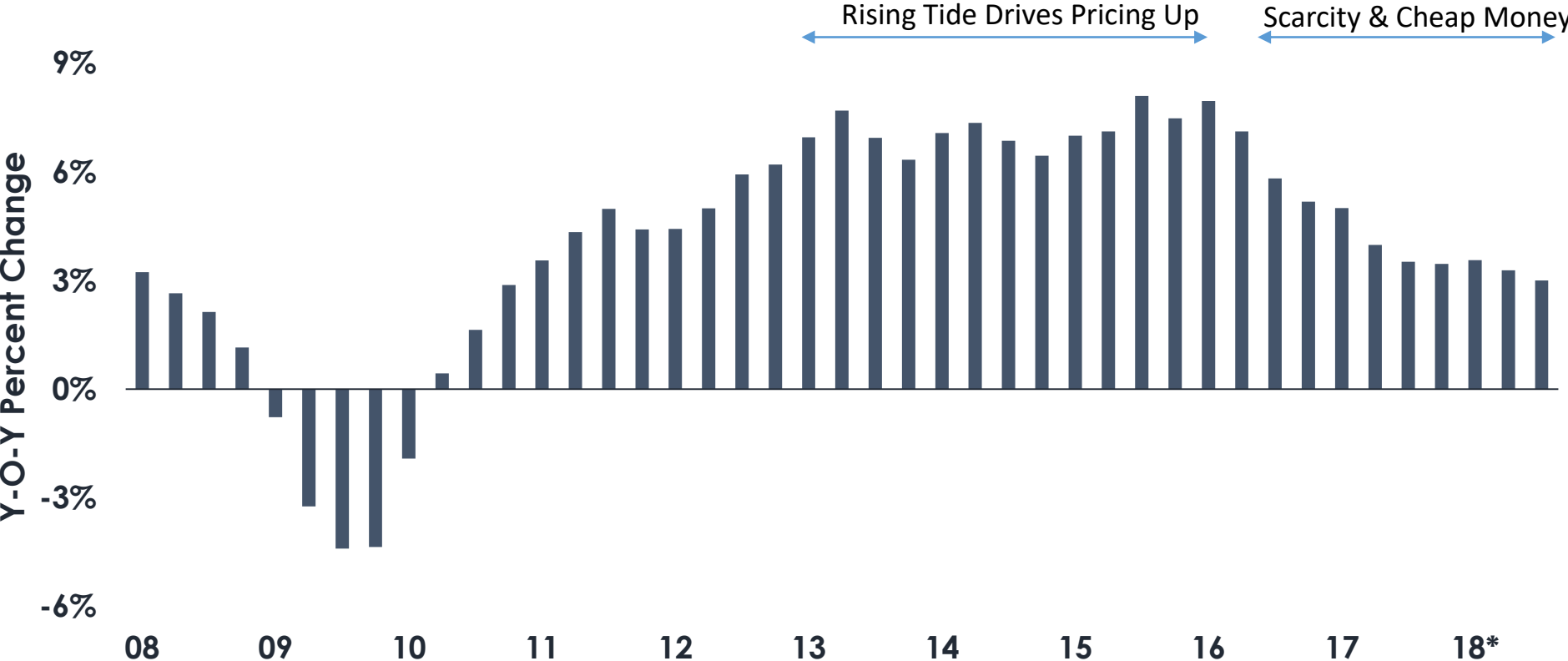
Under Construction and Planned as a % of Existing Inventory



* Drawn from our national database of 27,368 stores, including 2,111 projects in the new supply pipeline as well as 25,257 completed stores
Source: Yardi Matrix, data as of July 2019

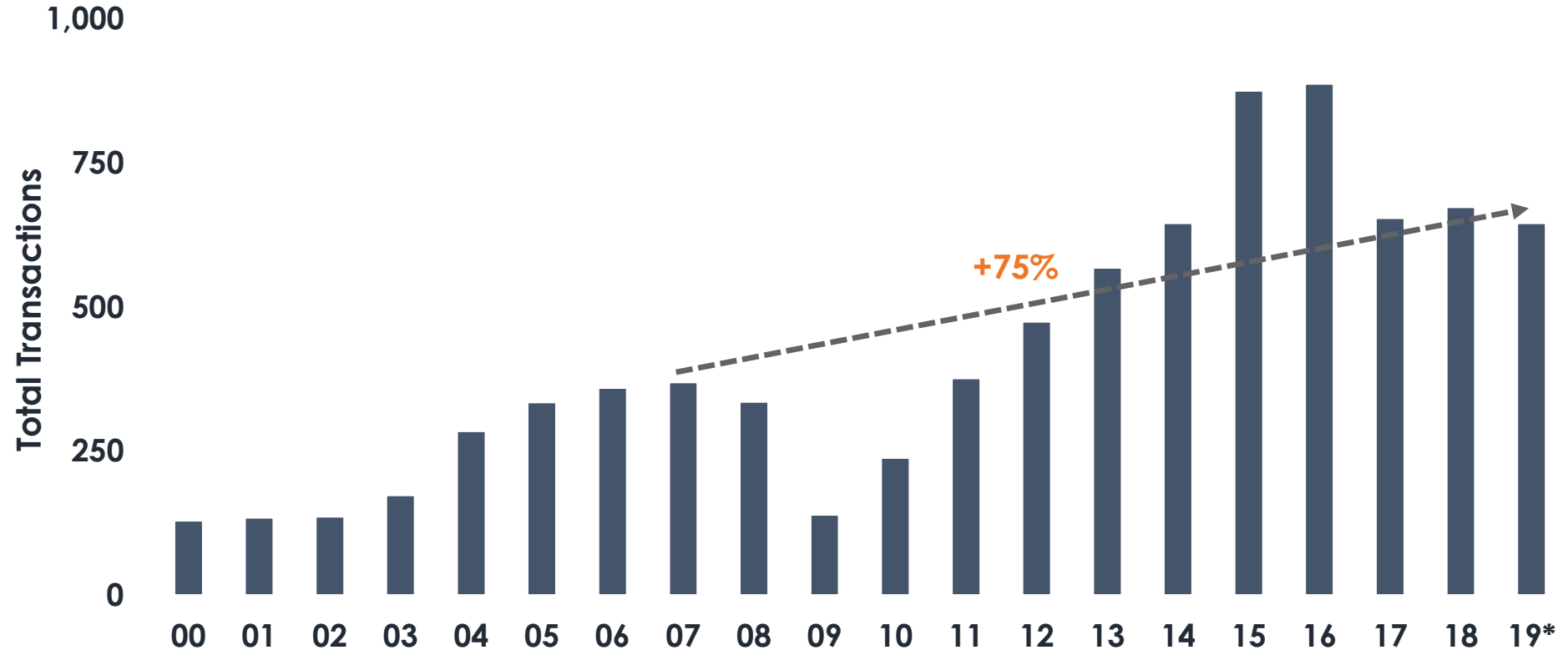
SELF-STORAGE INVESTMENT TRENDS

Revenue Trends Influence Investor Behavior



* Through 3Q
Sources: Marcus & Millichap Research Services, SNL Financial

U.S. Self-Storage Sales Remain at Elevated Levels

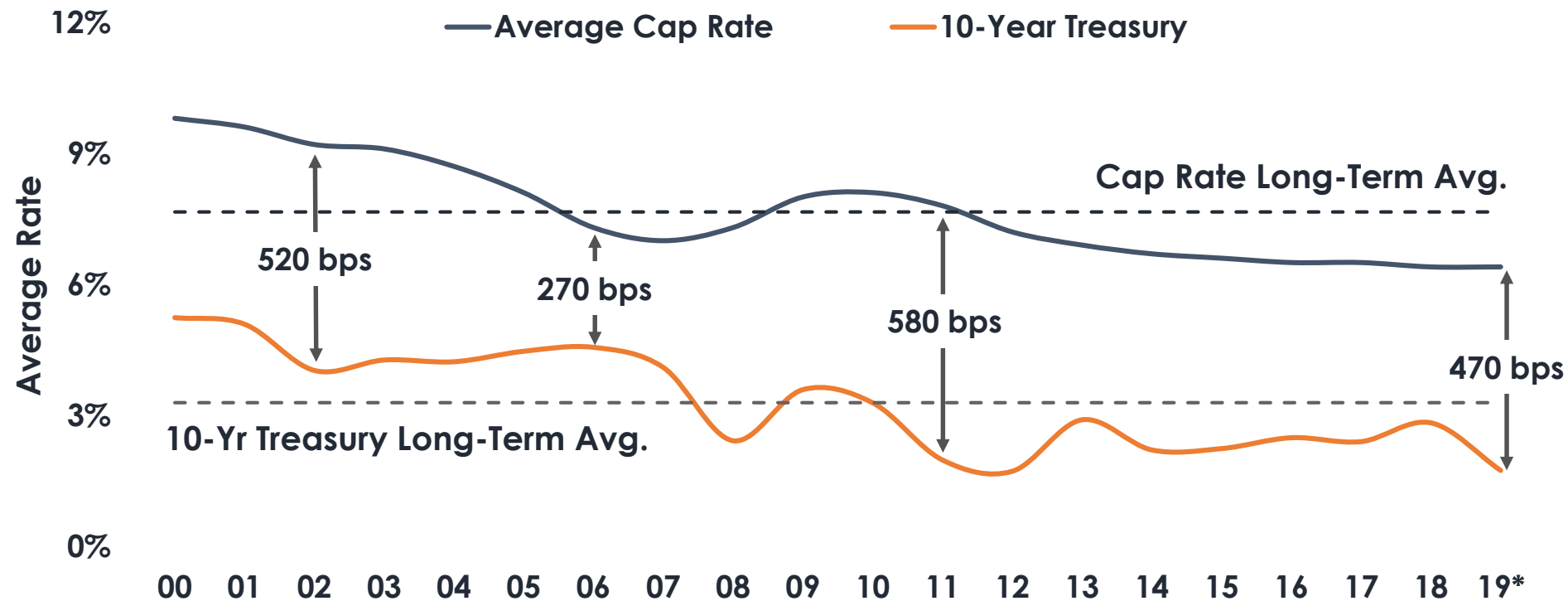


* Trailing 12 months through 2Q
Includes sales \$1 million and greater
Sources: Marcus & Millichap Research Services, CoStar Group, Inc.

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Self-Storage Cap Rate vs. 10-Year Treasury

Recent Interest Rate Drop Creates “Buy” Window



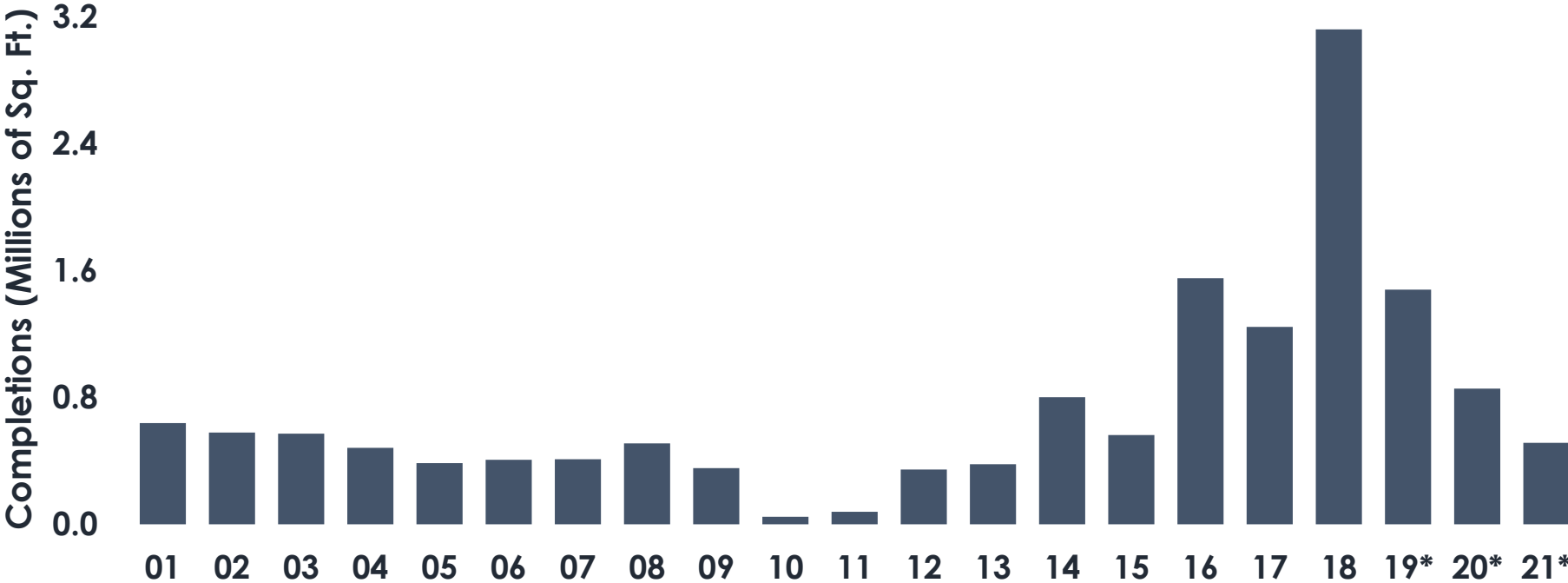
* Through September 20

Includes sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Federal Reserve

DENVER SELF-STORAGE MARKET TRENDS

Denver Self-Storage Construction Trends



* Forecast
Sources: Marcus & Millichap Research Services, Yardi Matrix

Denver Self Storage Performance Trends

- Absorption is surprisingly high in many overbuilt areas
 - Demand is there but we need time
 - Will we stall out?
- NOI's remain under pressure
 - Race to the bottom on rates
 - Operating cost on the rise
- Rates in most submarkets have bottomed out
 - Front end development pipeline drying up
 - Many new stores well into their second and third years of operation

Denver Self Storage Investment Trends

- How are investors approaching the Front Range right now?
- Sales velocity down
- Off market transactions on the rise
- Stabilized vs Lease Up pricing evaluations
- Developers attempt to off load nonperforming projects
 - Opportunistic buyers emerge
- Where do we go from here?



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