

# SELF STORAGE MARKET OVERVIEW

## First Quarter 2010

*An Analysis of the Industry's Public Companies*



**SELF STORAGE GROUP**

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# SELF STORAGE MARKET OVERVIEW

## First Quarter 2010 Summary

- **Self Storage market fundamentals improved as demand returned and tenant move-outs declined with marginal gains in occupancy as compared to First Quarter 2009.**
- **Same store revenue growth and net operating income down slightly as average rents per square foot decreased compared to the same period last year.**
- **The ability of self storage REIT's to stabilize their balance sheets has strengthened their position to capitalize on future acquisition opportunities.**
- **Transaction activity highlights a strong demand for stabilized assets in core markets. There is capitalization rate compression due to a "scarcity premium" commanded for a dearth of stabilized "best-in-class" asset offerings.**
- **Top performing markets continue to be the urban centers of the East Coast and Mid-Atlantic states. Prospects are limited for growth in overbuilt residential markets like Phoenix, Las Vegas, and Florida.**

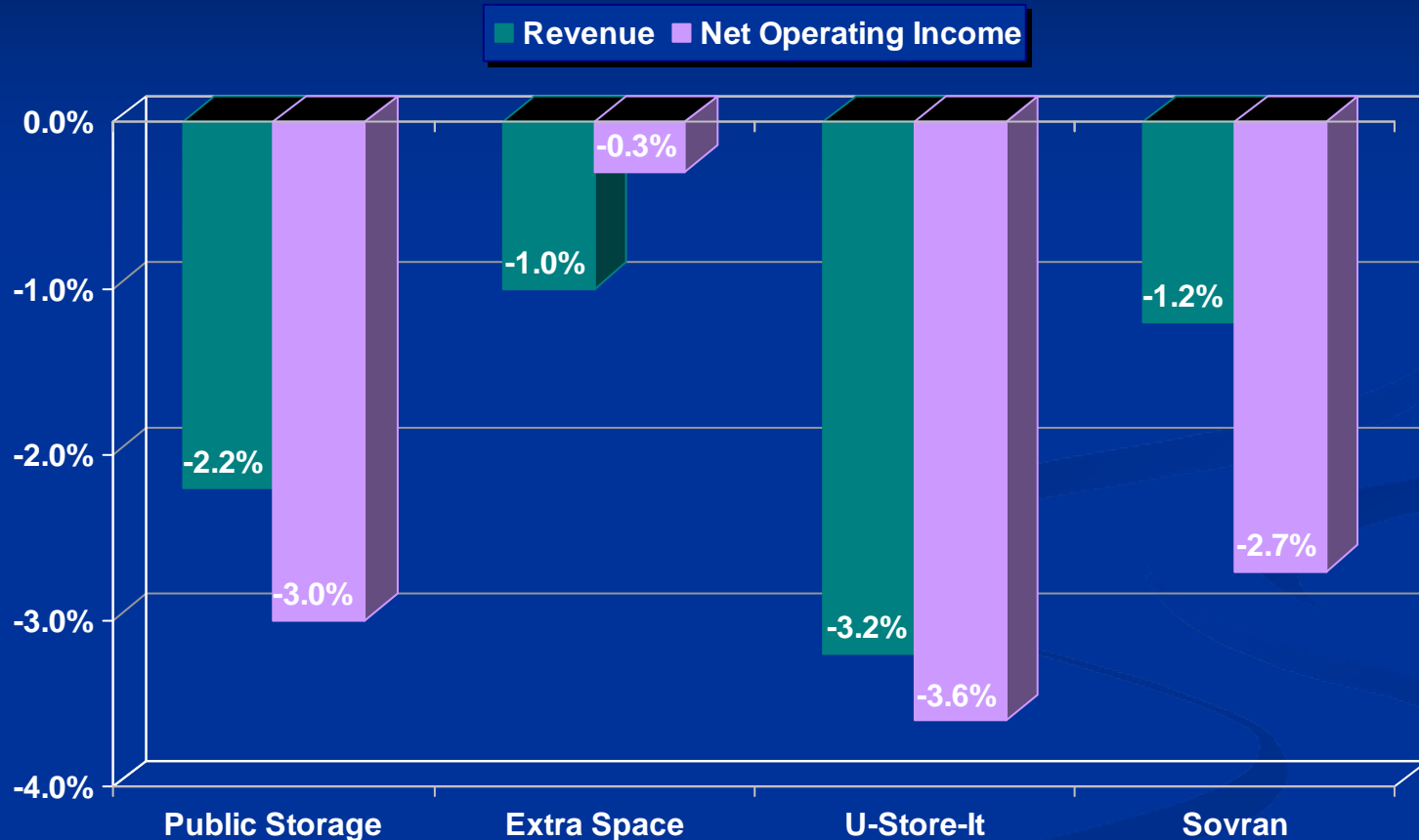
# PUBLIC SELF STORAGE COMPANIES

## First Quarter 2010 Earnings Results

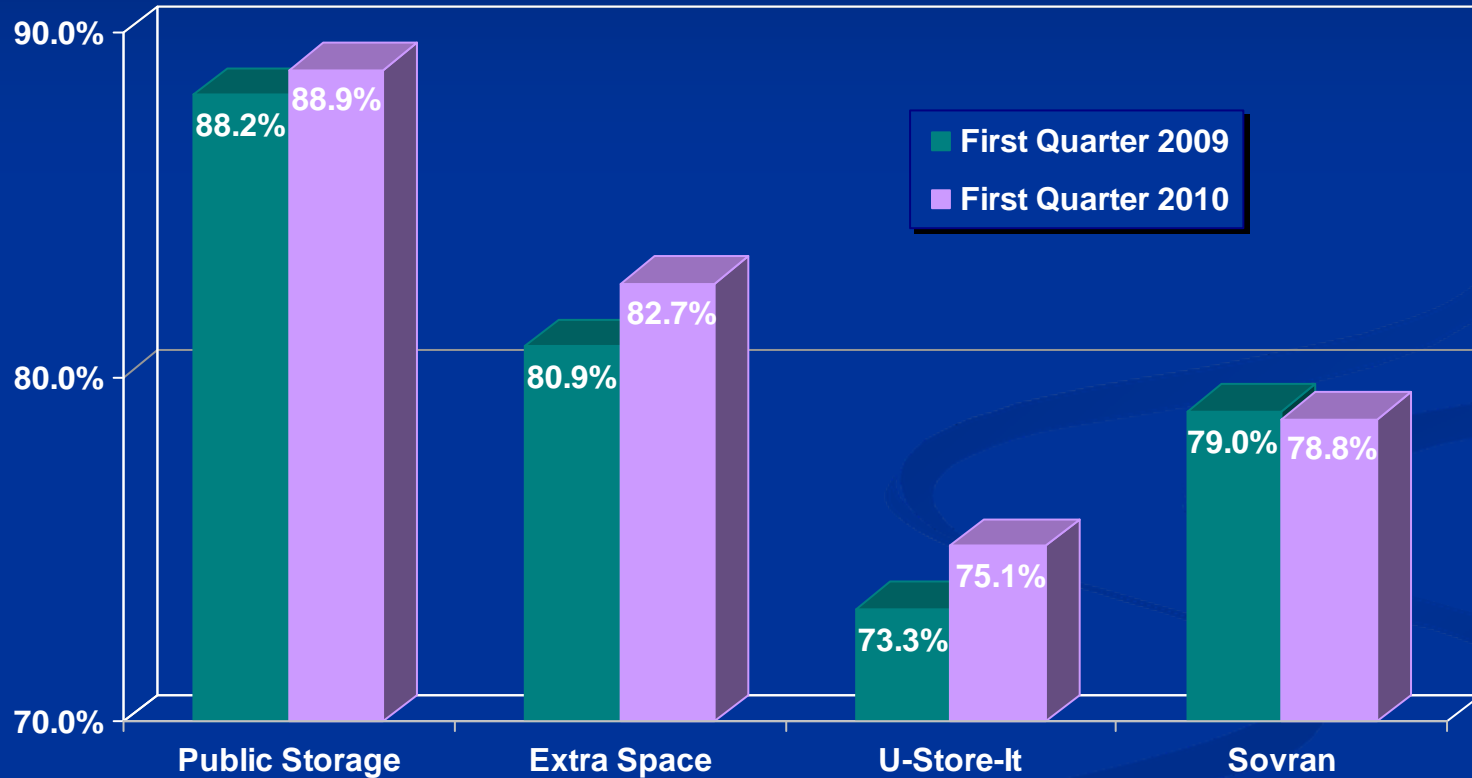
	<u>Public Storage</u>	<u>Extra Space</u>	<u>U-Store-It</u>	<u>Sovran</u>
<b>Number of Properties:</b>	2,009 U.S. 188 Europe	768 (125 3 <sup>rd</sup> party managed)	460 (93 3 <sup>rd</sup> party managed)	381
<b>Same-Store Revenue vs. Q1 2009:</b>	-2.2%	-1.0%	-3.2%	-1.2%
<b>Same-Store Net Operating Income vs. Q1 2009:</b>	-3.0%	-0.3%	-3.6%	-2.7%
<b>Occupancy:</b>				
Q1 2010	88.9%	82.7%	75.1%	78.8%
Q1 2009	88.2%	80.9%	73.3%	79.0%
<b>Average Rent Per Square Foot:</b>	\$12.46	\$13.87	\$11.01	\$10.36

# Same Store Revenue and Net Operating Income

## First Quarter 2010 vs. First Quarter 2009



# Same-Store Occupancy



# PUBLIC SELF STORAGE COMPANIES

## First Quarter 2010 Earnings Results

	<u>Public Storage</u>	<u>Extra Space</u>	<u>U-Store-It</u>	<u>Sovran</u>
<b>Market Capitalization:</b>	\$15.5 billion	\$1.3 billion	\$815 million	\$1 billion
<b>Quarterly Funds From Operations:</b>	\$1.15/share	\$0.19/share	\$0.12/share	\$0.29/share
<b>Quarterly Dividend:</b>	\$0.80/share (\$0.15 increase)	\$0.10/share	\$0.025/share	\$0.45/share (\$0.19 decrease)
<b>Stock Price:</b>				
March 2009	\$45.35	\$4.93	\$1.34	\$16.40
Closing June 3, 2010	\$91.89	\$14.59	\$8.70	\$35.61

## **PUBLIC SELF STORAGE COMPANIES**

### **Recent Investment Activity**

- Public Storage:** \$189 million acquisition of 30 A-American facilities  
28 in L.A. area, 2 in Chicago area  
\$100 million debt assumption  
(\$89 million cash and \$12 million capital expenditures)
- Extra Space:** January 21<sup>st</sup> closed joint venture with Harrison Street Real Estate  
50% interest 19 properties in 8 states  
JV assumed \$101 million debt  
Harrison Street contributed \$15.8 million
- U-Store-It:** Acquired United Stor-All Management, LLC on April 28<sup>th</sup>  
11<sup>th</sup> largest operator, adding 85 facilities in 16 states and DC  
Paid \$4.1 million up front, can increase an additional \$1.8 million  
with earn-out over next 3 years
- Sovran:** Sold two facilities in Holland, Michigan for \$2.4 million

# PUBLIC SELF STORAGE COMPANIES

## Balance Sheets

### Public Storage:

- \$720 million cash on hand
- \$300 million line of credit
- \$95 million corporate notes
- Total outstanding debt \$516.1 million

### Extra Space:

- \$108 million cash on hand
- \$50 million line of credit
- 61 unencumbered properties with \$236 million potential loan proceeds
- Leverage ratio 47%
- Total debt \$1.2 billion compared to \$1.4 billion on 12/31/09

### U-Store-It:

- Used cash to pay \$83.3 million CMBS loan
- Repaid \$17.6 million note receivable
- \$41.5 million cash on hand

### Sovran:

- \$125 million line of credit
- Current leverage ratio 44.3%



# **PUBLIC SELF STORAGE COMPANIES**

## **Additional Notes**

### **Extra Space:**

- **9 development projects remaining to complete**
- **Top performing markets in revenue growth:**
  - Baltimore / Washington, DC
  - Boston
  - New York / Northern New Jersey
- **Markets performing below average:**
  - Las Vegas
  - Phoenix
  - Tampa / St. Petersburg

### **Sovran:**

- **No acquisitions in 2009 or 2010**
- **40% of revenue from Texas and Florida**
- **Completed new facility in Richmond, Virginia**
- **No new construction planned in 2010**
- **Plan to expend \$20 million to expand and enhance existing**
- **Expect to sell eight additional facilities for \$22 million**
  - Average 8.5% cap rate
  - Smaller markets
- **Good markets: cap rates low-to-mid 7%'s**