

# SELF STORAGE MARKET OVERVIEW

## Second Quarter 2010

*An Analysis of the Industry's Public Companies*



**SELF STORAGE GROUP**

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# SELF STORAGE MARKET OVERVIEW

## Second Quarter 2010 Summary

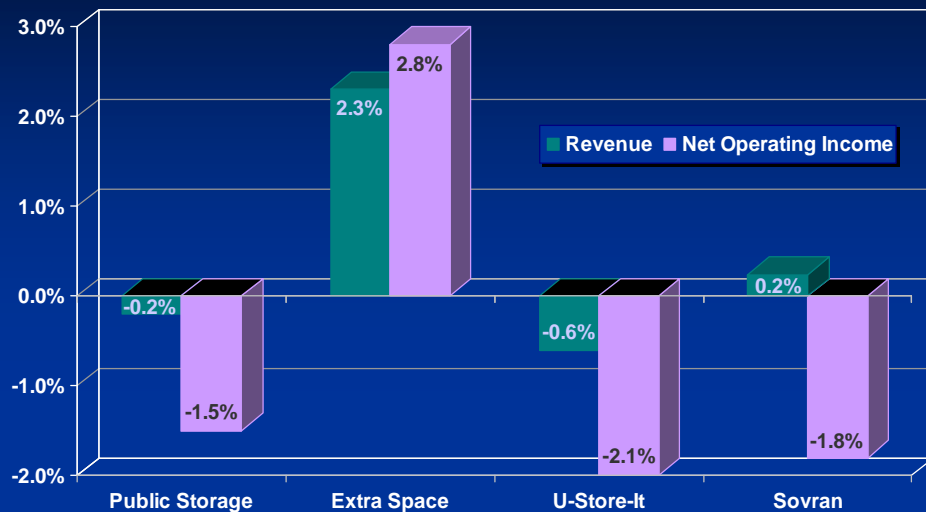
- **Three of the public companies continue to look for third-party management opportunities to full revenue growth, and add to the pipeline of potential acquisitions in future years.**
- **Physical occupancies continue to improve, albeit at reduced rents per square foot.**
- **Transaction activity increasing as lenders begin to offer and complete distressed properties for sale, and REITs strengthened balance sheets allowing to capitalize on opportunities.**
- **Top performing markets located on east coast and mid-atlantic, as well as midwest. Southeast and overbuilt residential markets in southwest continue to struggle on rental rates.**

# PUBLIC SELF STORAGE COMPANIES

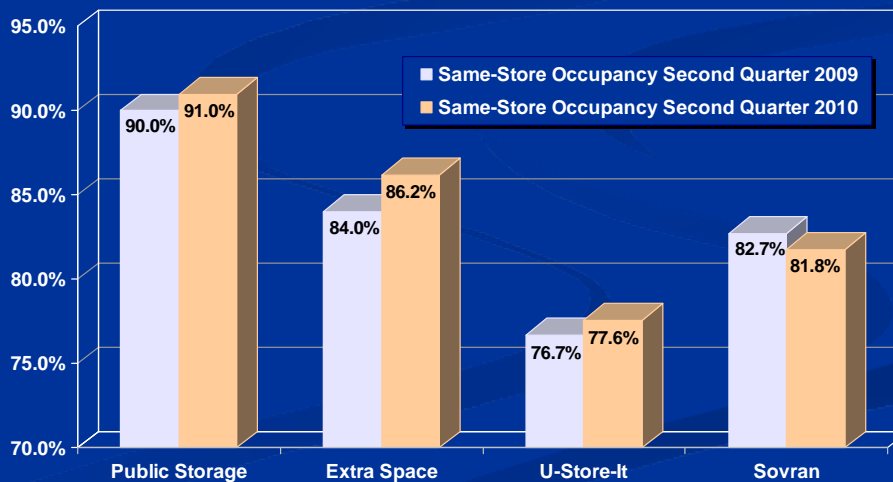
## Second Quarter 2010 Earnings Results

	<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 (148 3 <sup>rd</sup> party managed)	460 (119 3 <sup>rd</sup> party managed)	381
<b>Same-Store Revenue vs. Q2 2009:</b>	-0.2%	+2.3%	-0.6%	+0.24%
<b>Same-Store Net Operating Income vs. Q2 2009:</b>	-1.5%	+2.8%	-2.1%	-1.8%
<b>Occupancy:</b>				
Q2 2010	91.0%	86.2%	77.6%	81.8%
Q2 2009	90.0%	84.0%	76.7%	82.7%
<b>Average Rent Per Square Foot:</b>	\$12.32	\$13.87	\$10.93	\$10.16

## Same Store Revenue / Net Operating Income Second Quarter 2010 vs. Second Quarter 2009



## Same-Store Occupancy Second Quarter 2010 vs. Second Quarter 2009



# PUBLIC SELF STORAGE COMPANIES

## Second Quarter 2010 Earnings Results

	<u>Public Storage</u>	<u>Extra Space</u>	<u>U-Store-It</u>	<u>Sovran</u>
<b>Market Capitalization:</b>	\$17.37 billion	\$1.47 billion	\$823 million	\$1.10 billion
<b>Quarterly Funds From Operations:</b>	\$0.92/share	\$0.22/share	\$0.11/share	\$0.61/share
<b>Quarterly Dividend:</b>	\$0.80/share	\$0.10/share	\$0.03/share	\$0.45/share
<b>Stock Price:</b>				
March 2009	\$45.35	\$4.93	\$1.34	\$16.40
Closing November 3, 2010	\$102.10	\$16.80	\$8.79	\$39.70

# **PUBLIC SELF STORAGE COMPANIES**

## **Recent Investment Activity**

- Public Storage:** Acquired facility in Atlanta for \$4 million, or about \$50/sq. ft. Seven Properties proposed for acquisition for about \$27 million in California, Hawaii, Illinois, and Louisiana
- Extra Space:** Acquired 4 properties in Georgia and New York for \$17.2 million  
Acquired minority interest two properties in lease-up in New Jersey  
31 properties added to third-party management program in 2010 (18 in second quarter), bringing total under management to 148  
Twenty properties under contract to purchase at cap rates from high 7s to low 8s
- U-Store-It:** In April acquired United Stor-All Management adding 85 facilities containing 5.4 million square feet. On July 1, awarded contract to manage 25 facilities. July 30<sup>th</sup> acquired facility in Dallas for \$6 million, now own 17 in Dallas Area
- Sovran:** Sold eight properties consisting of 439,000 sq. ft. rentable in May 2010 for \$22.1 million. Three in Jacksonville, NC; two each in Augusta and Macon, GA; one in Dansville, VA  
No properties currently under contract

# PUBLIC SELF STORAGE COMPANIES

## Balance Sheets

### Public Storage:

- \$474 million cash on hand
- \$300 million line of credit
- \$95 million short-term corporate notes
- Total outstanding debt \$593.3 million

### Extra Space:

- Retired \$160.4 million in debt Q2
- Company total debt \$1.2 billion
- \$28.4 million cash on hand
- \$29 million lines of credit
- \$280 million loan potential from unencumbered properties

### U-Store-It:

- Repaid \$83.3 million CMBS loan and \$15.5 million additional loans
- Was repaid \$19.9 million in notes receivable as part of portfolio disposition in 2009

### Sovran:

- \$28 million cash on hand
- Up to \$175 million available on line of credit
- \$400 million unsecured term note and \$80.1 million mortgage debt outstanding. No significant debt matures until mid-2012
- Debt to Enterprise Value (at \$36/share): 32.3%

# PUBLIC SELF STORAGE COMPANIES

## Additional Notes

### Public Storage:

- Redevelopment of 5 to 10 properties at any time
- Top performing markets in revenue growth:
  - New York / New Jersey, Philadelphia, Baltimore / Washington, DC
- Markets performing below average:
  - Southeast U.S., Charlotte down 4.4%, L.A. down 2.2%

### Extra Space:

- Completed two developments in Baltimore and Oakland for cost of \$21.3 million. Seven projects remain to be completed by Q2 2011, totaling \$30.6 million
- Top performing markets in revenue growth:
  - Baltimore / Washington, DC, Chicago, Dallas, Denver, New York City, New England
- Markets performing below average:
  - Atlanta, Las Vegas, Phoenix, Tampa / St. Petersburg

### Sovran:

- Identified 20 properties to add or improve, 500,000 sq. ft. of storage space in 2010 at estimated cost of \$20 million
- No properties currently under contract
- Revenue growth in Georgia, Maryland, Michigan, Alabama, most of New England
- Revenue declines in Florida, Louisiana, Houston