

July 23, 2025

## 20th Annual California Self Storage Owners Summit Overview

### “Addressing Regulatory Risks”

The California Self Storage Association (CSSA) recently held its annual Self Storage Owners Summit at the Balboa Bay Resort in Newport Beach, California. Over 500 industry leaders nationwide included public and private owner-operators, developers, institutional investors and capital providers. Keynote speaker tech visionary Palmer Luckey, founder of Oculus VR and CEO of Anduril Industries, discussed a range of his revolutionary company's defense technologies focused on transforming capabilities through AI and autonomous systems within the U.S. military and allied forces.

The CEO Super Session included Joe Margolis, CEO, Extra Space Storage; H. Michael Schwartz, Chairman and CEO, SmartStop Self Storage REIT; Bill Hobin, CEO, William Warren Group/StorQuest; and, Brian Caster, CEO, Caster Properties/A-1 Self Storage.

The Capital Markets panel included Angela Azizian, Met Life; Keith Williams, Wells Fargo Bank; Dan Rosen, Ares Management; and, Kristin Millington, Crow Holdings. Conference founder and co-chairman Jim Davies was memorialized and honored with heartfelt appreciation. The following represents conference highlights:

#### CEO Super Session

Joe Margolis signaled positive demand trends highlighting Extra Space Storage's overall portfolio currently enjoying a 15-year low in customers vacates. And, company same-store pool of properties occupancy reaching 94.5%. Mr. Margolis noted that currently about 58% of their new customers originated from some type of moving process (housing, apartments, dorms, etc.) down from a peak of 63%.

Bill Hobin, StorQuest, remains positive regarding long-term industry trends. Fortunately, millennials have emerged as the largest percentage of self storage users. This younger demographic protends well for many years of future use. Mr. Hobin encouraged owners and others in the industry to promote positive attributes of the business – instead of simply reacting to new regulatory concerns.

Michael Schwartz, Smartstop Self Storage, talked about his company's initial public offering (IPO) on April 2, 2025 raising approximately \$875 million. He noted sluggish customer demand seemed to have bottomed out and now witnessing a rebound in demand. SmartStop remains active with about two million square feet of new self storage in various stages of development throughout Canada. This volume represents about one-half of total pipeline throughout Canada. Development yields range from about 7% to 8%. The company's largest market, Toronto, only has 2.5 square feet of self storage supply per capita. This is down from about 3 square feet per capita due to the rise in population from immigration into greater Toronto.

SmartStop raised \$500 Canadian dollars in a recent Maple Bond Offering at an effective interest rate of 3.85%, to fund property acquisitions and address modest debt maturities.

#### Capital Markets

Kristin Millington, Crow Holdings, described the company's capital deployment of nearly \$500 million in equity for new self storage development since 2016. Crow has invested in 85 deals, although only four deals within the past two years due to more challenging development environment. She expects developers to accumulate local data to help support investment analysis.

Dan Rosen, Ares Capital, highlighted the company's full return to providing capital for self storage investment. Ares recently acquired the InSite Self Storage private company platform with plans to fuel continued growth.

#### Regulatory Risks and Responses

A video presentation featured California Senate Bill 709 (SB-709) introducing a rent control bill on February 21, 2025 brought forth by California State Senator Caroline Menjivar (Burbank/San Fernando Valley) and co-author Nick Shultz. The original bill directed towards California self storage operators to limit rental increases to no more than once every three months, and to limit the amount of each rent increase. Those parts were removed from the bill. Although, the bill requires operators to disclose the maximum amount that the tenant could be charged during the first 12 months.

# Self Storage Market Overview

## **Regulatory Risks and Responses**

The National Self Storage Association (SSA) and California Self Storage Association (CSSA) have employed lobbyists to defeat or mitigate the bill. According to Steve Mirabito, CSSA Chairman Legal & legislative Committee, the bill would unfairly target self storage businesses and ultimately hurt consumers as well. Responses and educational efforts will need to continue, impacting the California self storage business and potentially acting as a percussor to regulatory risks and responses in other states.

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