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## Self-storage sector supported by continued strong demand

BY LORETTA CLODFELTER

The self-storage sector is facing elevated demand, and that will support industry growth continuing in the latter half of 2022, according to Mark Winmill, CEO of Global Self Storage (NASDAQ: SELF), a REIT focused on the self-storage industry.

"The key industry growth drivers for the U.S. self-storage market include high average occupancy rates, job growth and population growth," said Winmill. He says industry-wide demand remains high, with average occupancy rates still above 94.5 percent in 2021. In addition, the occupancy rate

remains elevated despite an increased supply of approximately 62 million new net rentable square feet, according to the 2022 Self Storage /

Yardi Matrix recently reported that street rates for self-storage rents ticked up in April (the most recent data available) and reached the all-time high set in fall 2021.

"Demand remains strong and is shifting to cities where cost of living is lower as population and migration growth increase in secondary markets," added Winmill.

According to Winmill, REITs, especially self-storage REITs, are well positioned versus broader equities in an inflationary environment, such as the one we are currently in.

"In times of moderate to high inflation, public REITs have historically outperformed the S&P 500 in terms of higher returns and financial performance," said Winmill. "This has been especially true for the self-storage sector of the real estate market, which can maintain a hedge against inflation because of its ability to quickly adapt its pricing to market conditions by virtue of its month-to-month rentals. Self-storage has also historically performed well during periods of economic growth and recession."

Winmill expects the self-storage segment to continue to perform well, although the impact of the COVID-19 pandemic may continue to be felt in the sector.

"We currently anticipate the elevated demand for self-storage to continue in 2022, supported by the ongoing suburban relocation trend and use of home offices," said Winmill. "With these favorable industry fundamentals, we believe the stage is set for 2022 to be another successful year for Global Self Storage."

But, Winmill also struck a note of caution. "We are remaining cautious in 2022 due to the continuing uncertainty related to the impacts of the COVID-19 pandemic," added Winmill, "including the potential for future stay-at-home orders, uncertain economic climate, and potential impact on rentals, vacancies, pricing, receivables, auctions and existing customer rent increases. However, the company continued to demonstrate resiliency during COVID-19 pandemic, and benefited from contactless technology deployed pre-COVID-19 that provides tenants online leasing and payment options, as well as on-site kiosks that facilitate contactless rentals, lock purchases and payments 24/7."

As an example, Winmill said Global Self Storage's tailored lease-up programs produced better than expected results despite COVID-19. "We have been able to optimize each store's occupancy, rental revenue and NOI by dynamically managing move-in street rates and existing tenant rent increases," said Winmill. "We believe our unique approach to self-storage management has contributed to our strong performance, even during adverse economic times."

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