

2007 Self-Storage Market Survey

***Third Annual
Survey and Analysis
of
Industry Conditions***

Presentation by

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Texas Self Storage Association
Conference & Trade Show
October 16, 2006

A grayscale map of Texas and its neighboring states and countries. The map shows major cities like Albuquerque, Amarillo, Austin, Dallas, Fort Worth, Houston, San Antonio, and El Paso. It also labels states such as Oklahoma, Missouri, Arkansas, Louisiana, New Mexico, and Mexico (with sub-regions like Chihuahua, Coahuila de Zaragoza, Durango, Nuevo León, and Tamaulipas). The Gulf of Mexico is visible at the bottom. Overlaid on the map is a white text agenda with three items.

Agenda

1. Analysis of Supply

2. Operating Performance

3. Investment Market

Survey Sample Size

	State of Texas	25 MSAs	Rural Areas
# Fac.	5,704	4,626	1,078
% Distribution	100%	81%	19%
# of Survey Respondents	537	433	104
Sample %	9%	9%	10%

Summary of Findings - 2007

- Total 5,704 Facilities Statewide +1%
- Ratio of Households to Self-Storage Units is 8:1
- Self-Storage Penetration Statewide 12%
- Agree or Strongly Agree Profits Will Be Better This Year than Last Year 80%
- Plan to Expand Next Year 43%
- Rent Collected per Occupied Sq Ft +1.6%

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Texas Inventory Characteristics

As of June 30, 2007

	2007	Difference	% Chg
• Total Facilities ⁽¹⁾	5,704	+ 77	+1%
• Total Number of Units ⁽¹⁾	1,539,000	-12,000	-8%
• Total Rentable SF ⁽¹⁾	208,952,000	3,394,000	+1.7%
• Ratio of Households to Units		7.8 7.6	- 2.6%

Note: (1) Current inventory reflects the elimination of duplicate facilities, facilities found not to exist or to be something other than self-storage plus the addition of facilities previously missed and newly constructed facilities.

Typical Facility Characteristics State of Texas

- Facility Size 36,634 sq. ft.
- Number of Units 270
- Unit Size (Average) 136 sq. ft.
- Unit Size (Median) 142 sq. ft.

Sample Size

- 2006 Survey 537 Facilities
- SSDS Database 4,477 Facilities

RV & Parking Characteristics

	Covered Spaces	Un-Covered Spaces	Total Spaces	Average per Facility
RV & Boat	45%	55%	100%	32
Parking	16%	84%	100%	17
Sample Size	235 Facilities 4%	92 Facilities 2%		

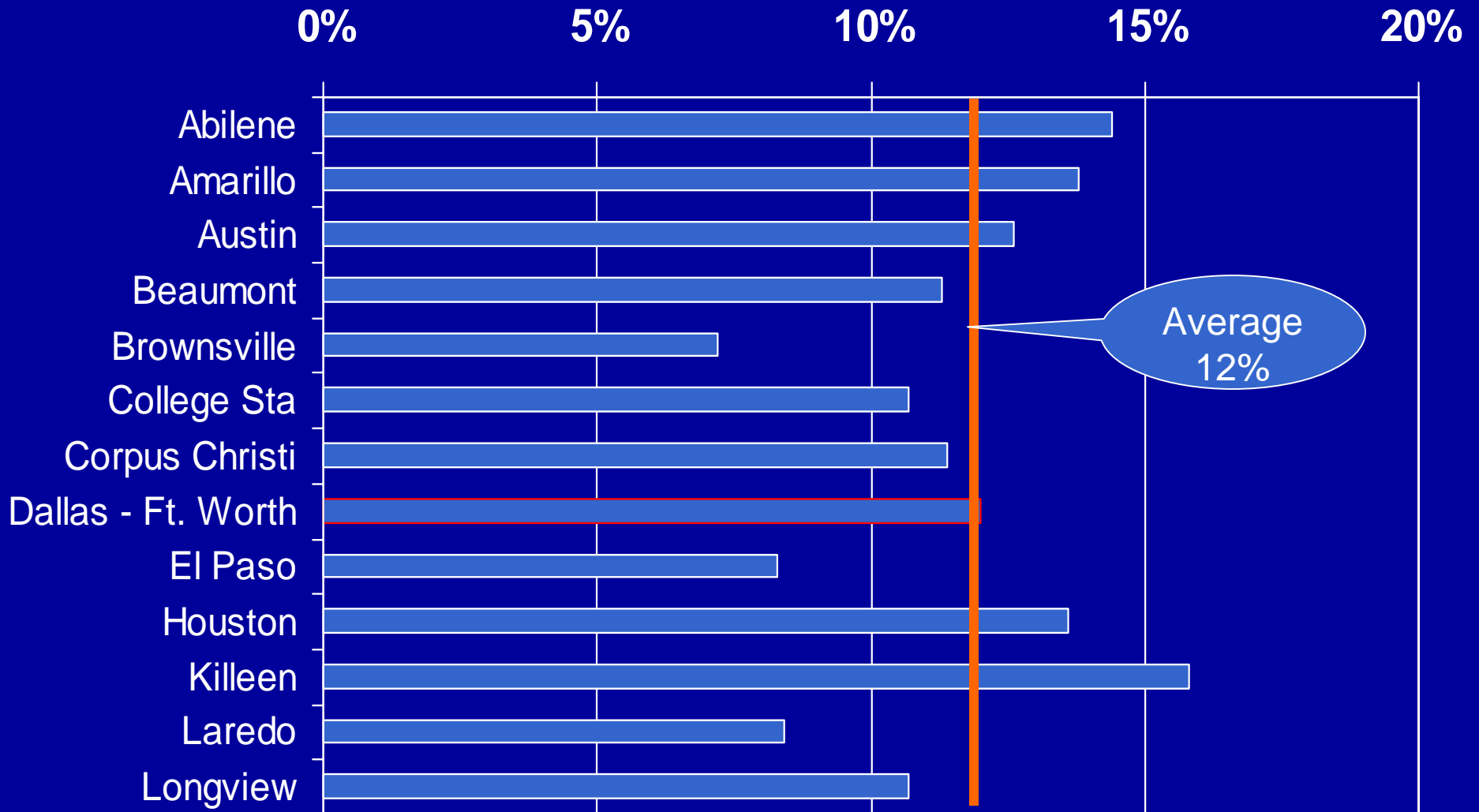
Measuring Self-Storage Penetration

(Level of Supply)

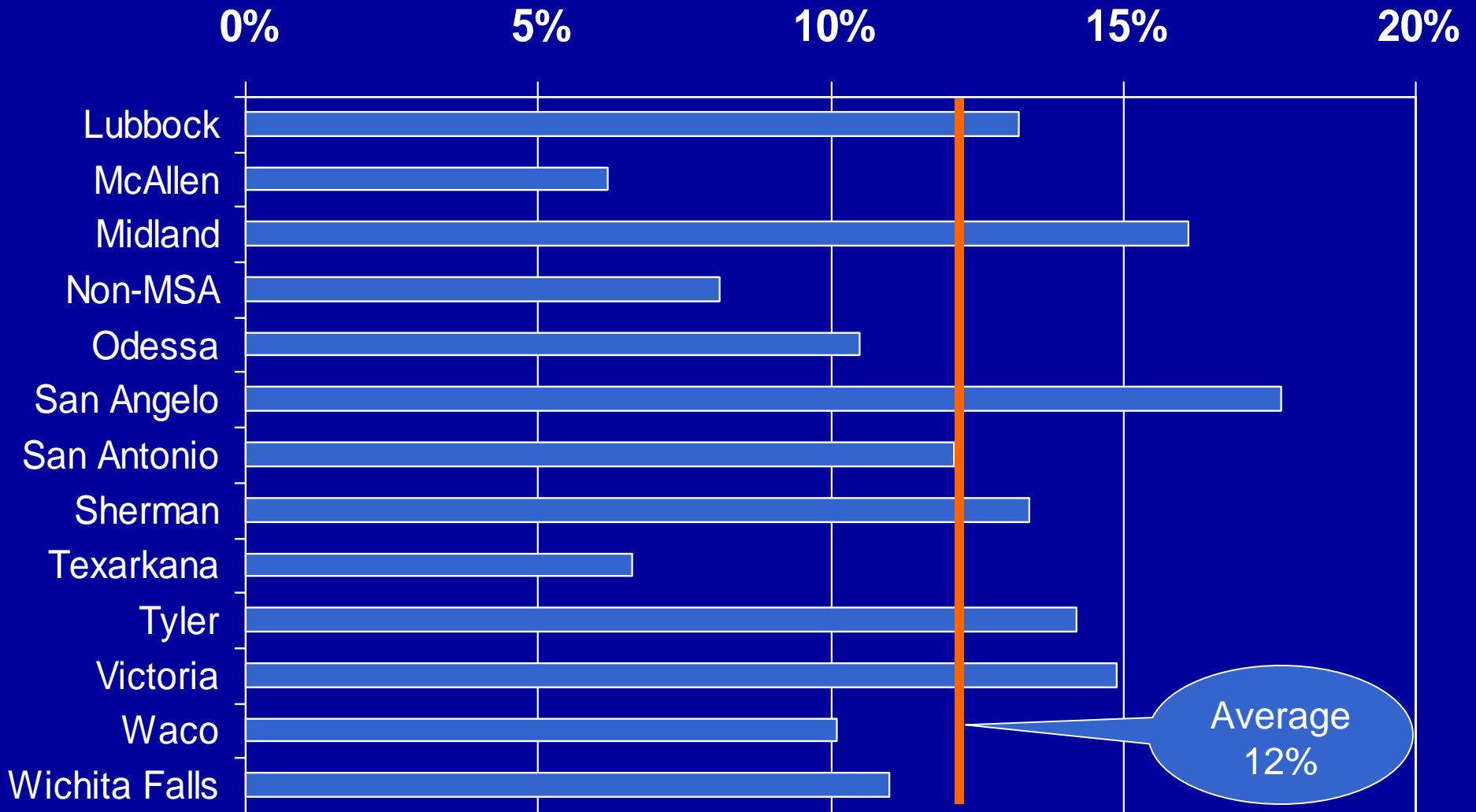
- Total Households 2,094,429
- Total Self-Storage Units 407,000
- Physical Occupancy 88%
- Assumption of 70% Residential Tenants
- Calculation of Penetration:

$$\frac{407,000 \times 88\% \times 70\%}{2,094,429} = 12.0\%$$

Penetration Level



Penetration Level



Operating Performance

2006 vs. 2007

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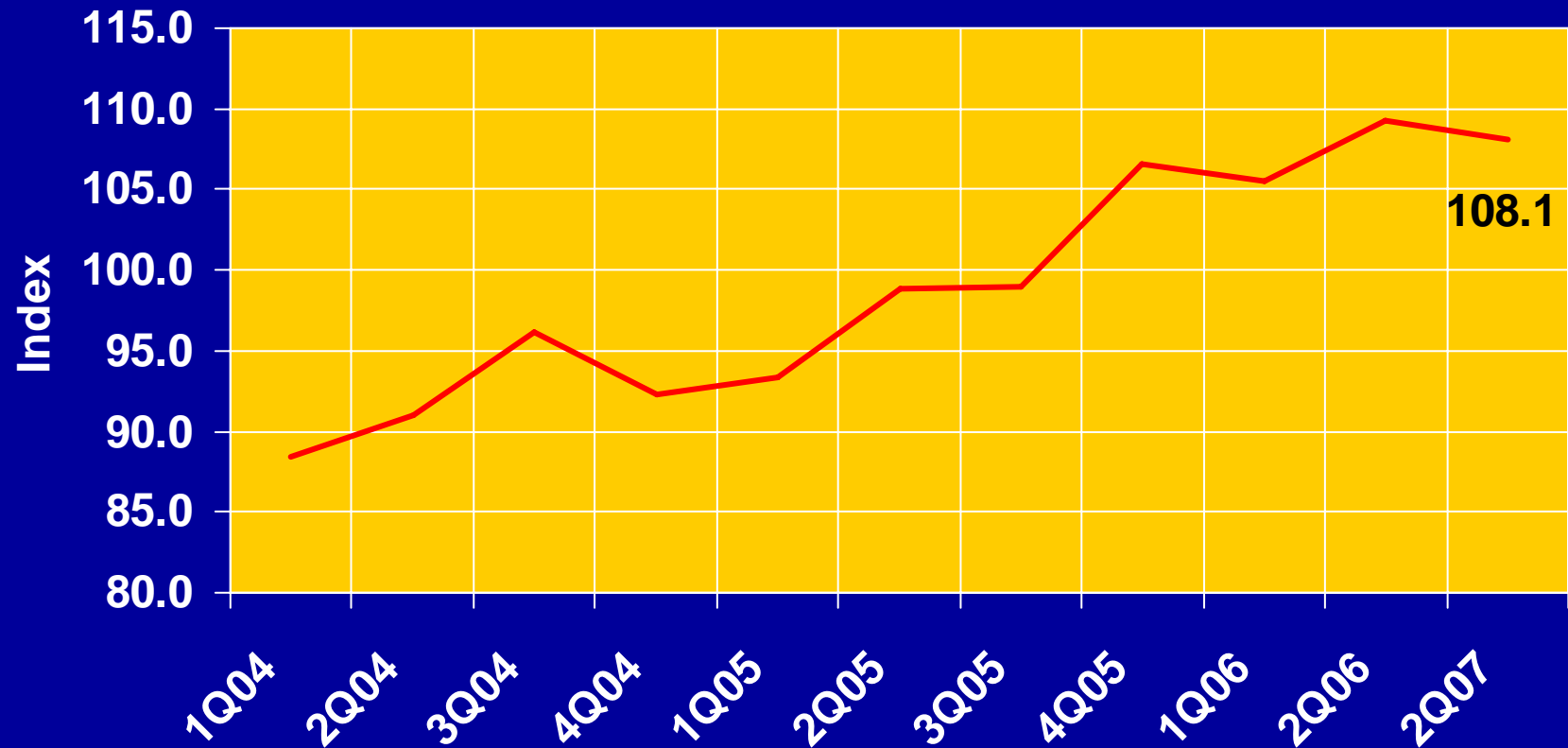
Performance-At-A-Glance

State of Texas

As of June 30, 2007

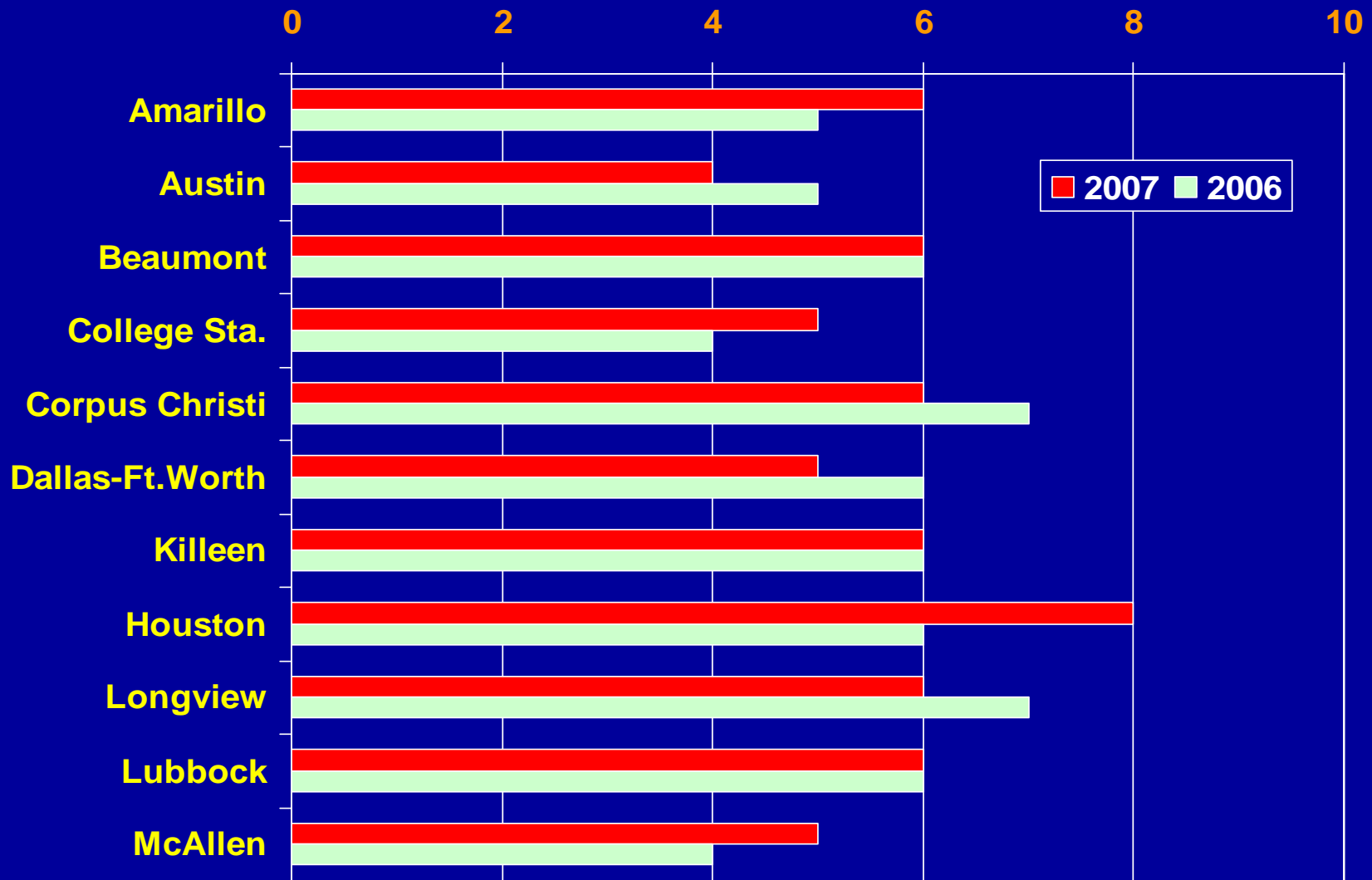
	2006		2007	
Rental Rate		-2.4%		+1.6%
Occupancy		5.0%		0.0%
Estimate Revenue		3.3%		+1.6%

Nationwide Self-Storage Performance Index (SSPI)[©]

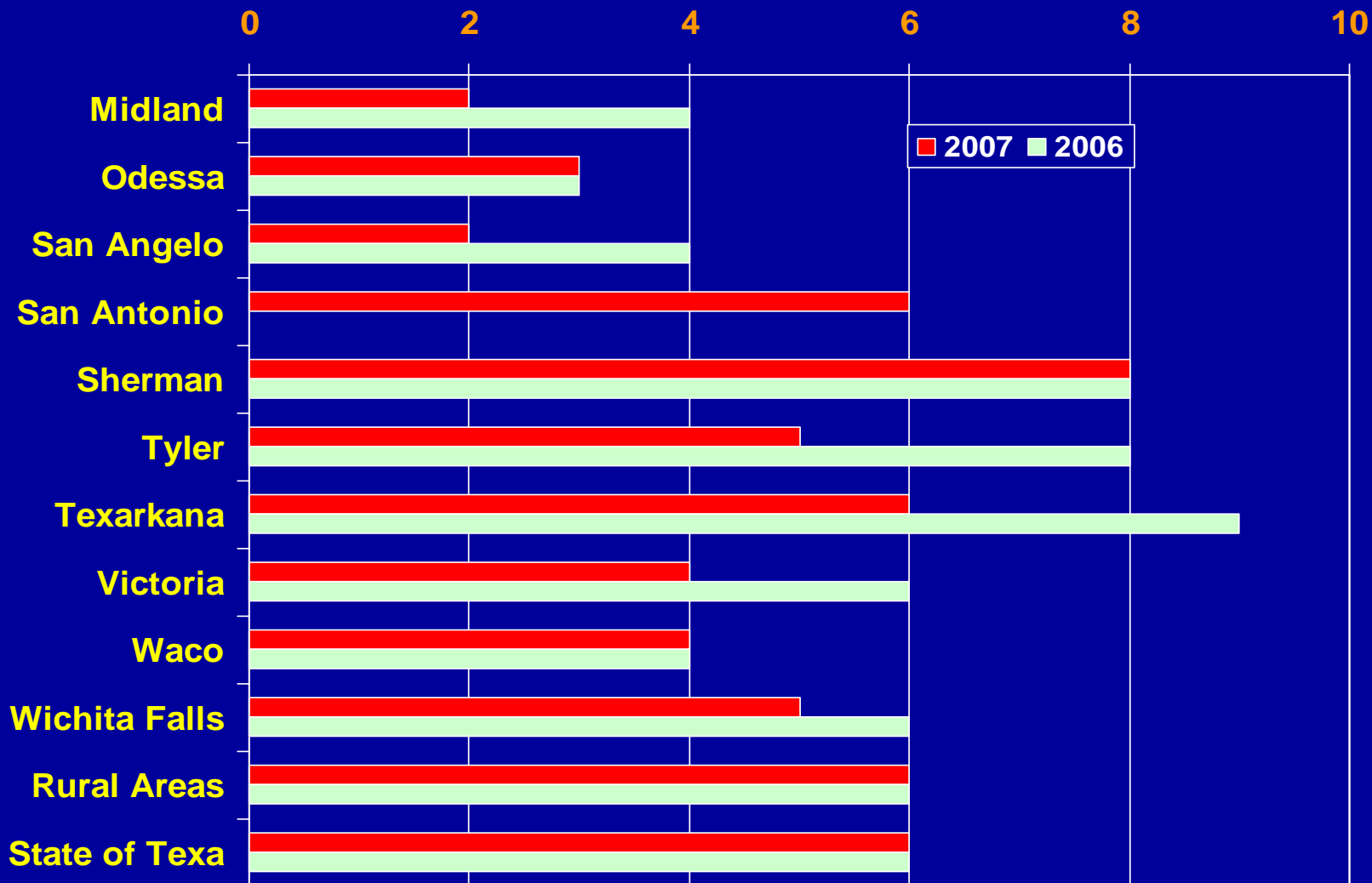


Note: Base 4th Quarter 2003 = 100

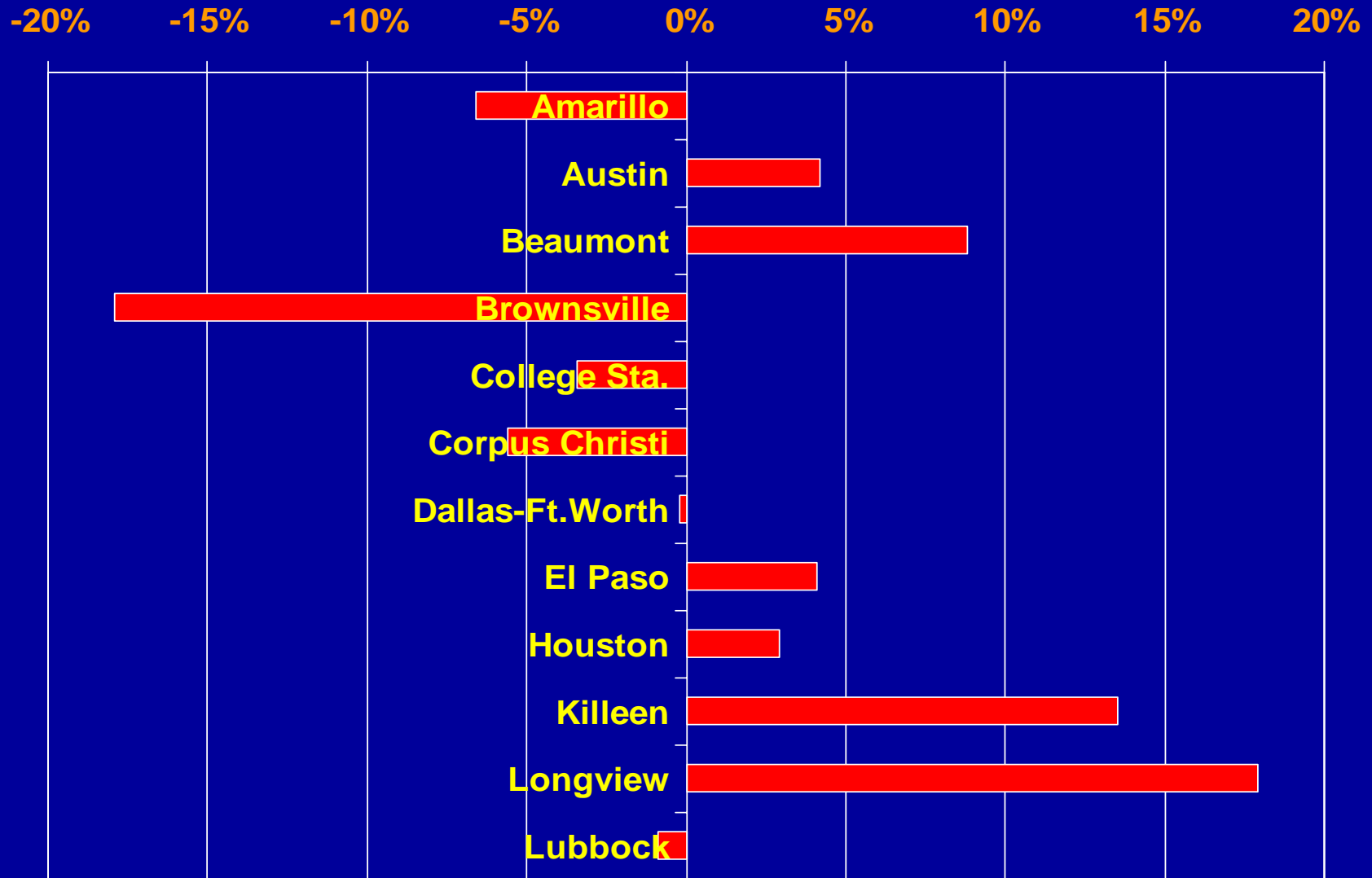
Reported Number of Competitive Facilities In Neighborhood



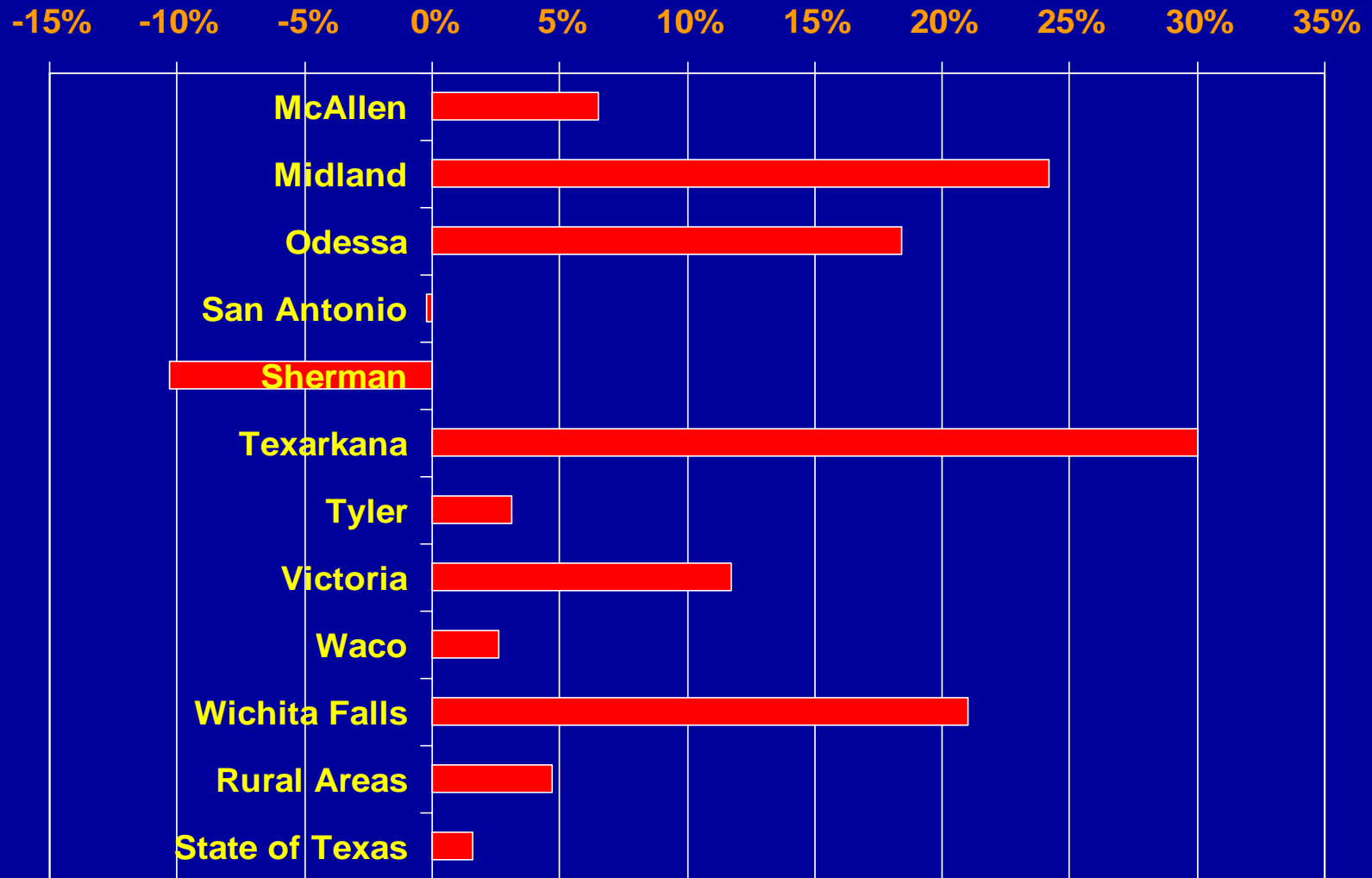
Reported Number of Competitive Facilities In Neighborhood



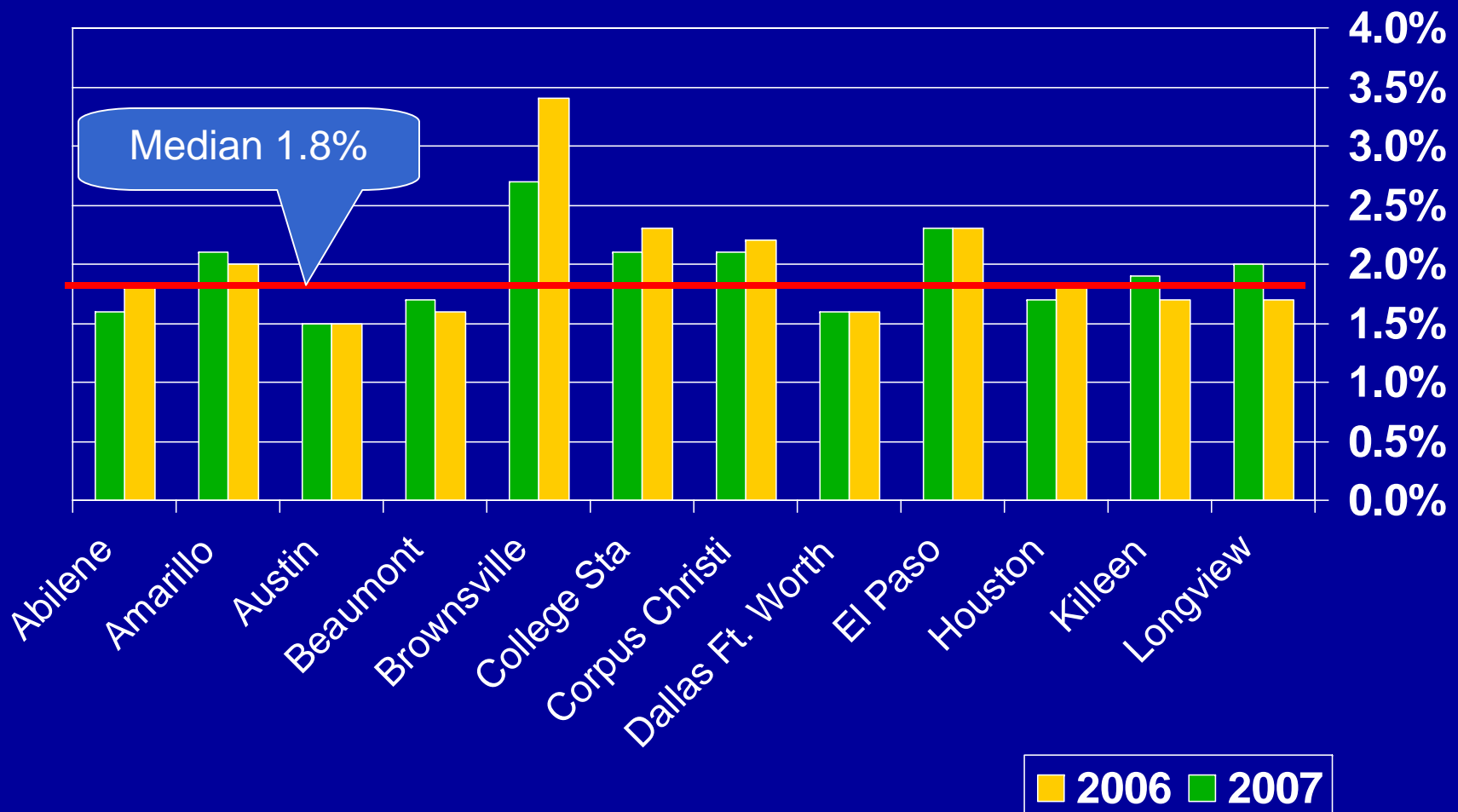
Percentage Change in Asking Rental Rates 2006 vs. 2007



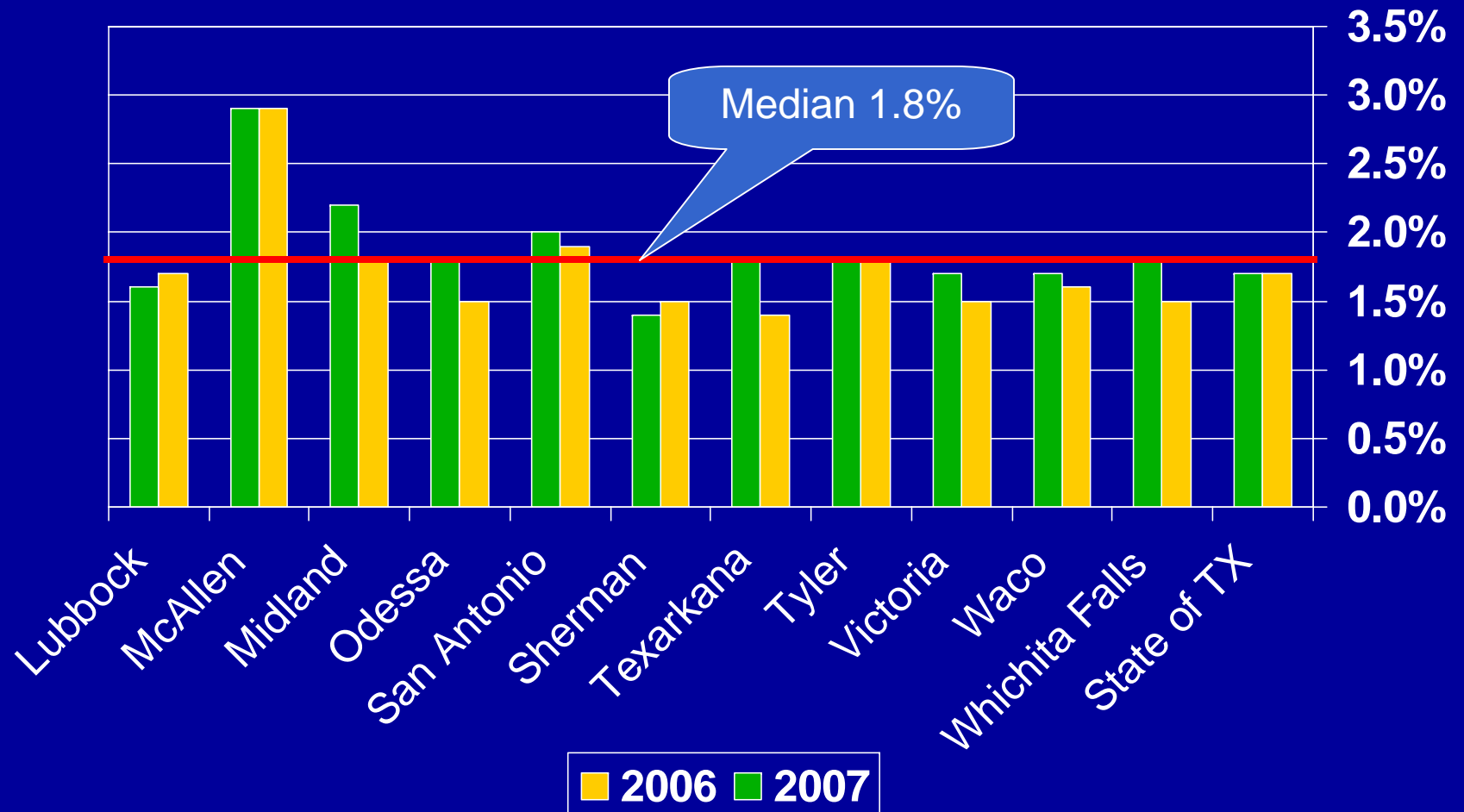
Percentage Change in Asking Rental Rates 2006 vs. 2007



Asking Rental As a Percentage of Disposable Household Income



Asking Rental As a Percentage of Disposable Household Income



Asking Rental Rates - Statewide Climate vs. Non-Climate Controlled Upper Level Units

Unit Size	Non-Climate	Climate	Premium
50	\$53.36	\$73.50	38%
	\$44.38	\$69.68	57%
	+20%	+6%	-19%
100	\$78.38	\$113.94	45%
	\$65.46	\$116.37	78%
	+20%	-2%	-33%
200	\$175.50	\$195.23	11%
	\$138.00	\$203.25	47%
	+27%	-4%	-36%

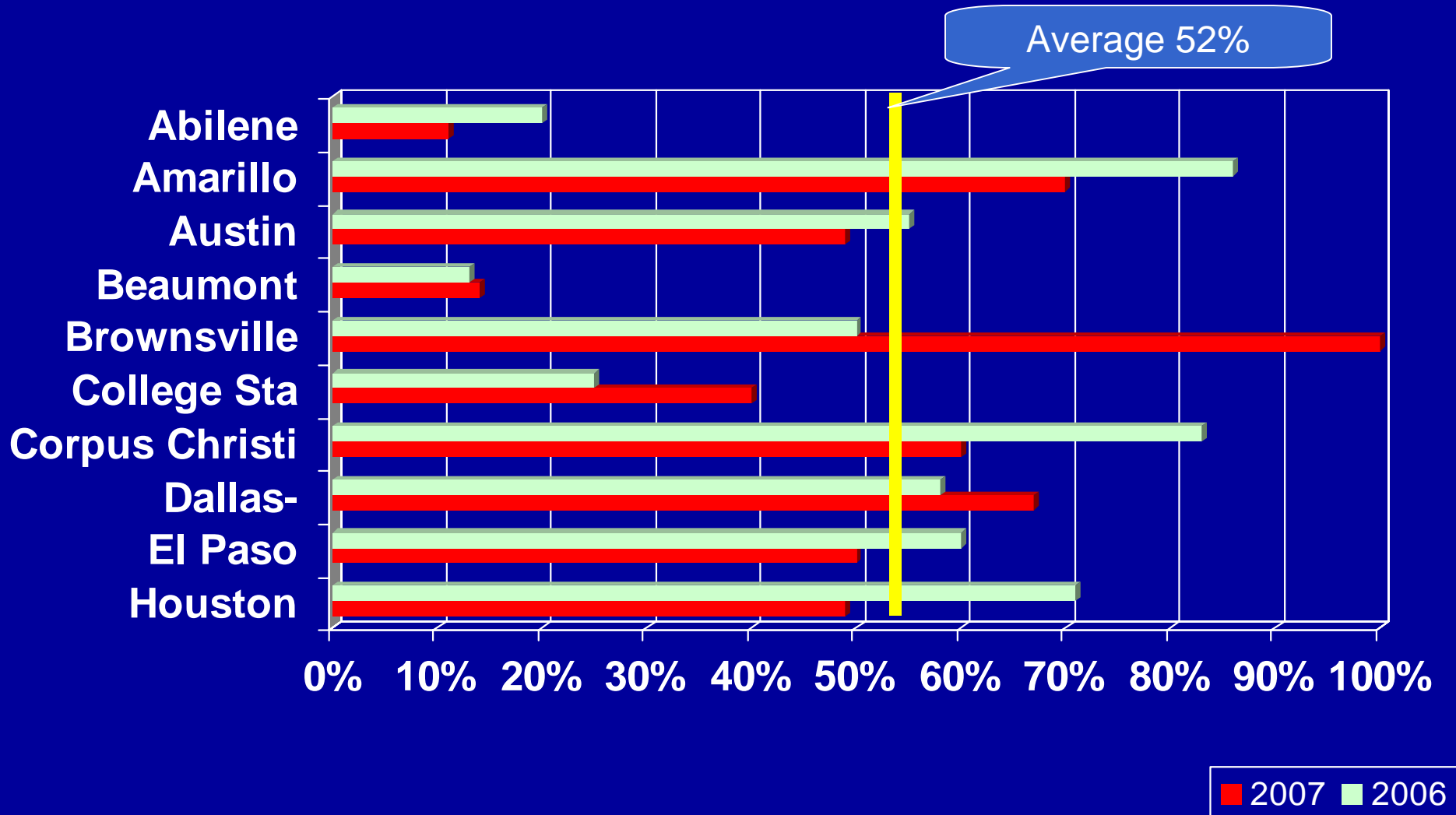
Climate-Control Premium – Selected Markets

100 Sq. Ft. Upper Level Units

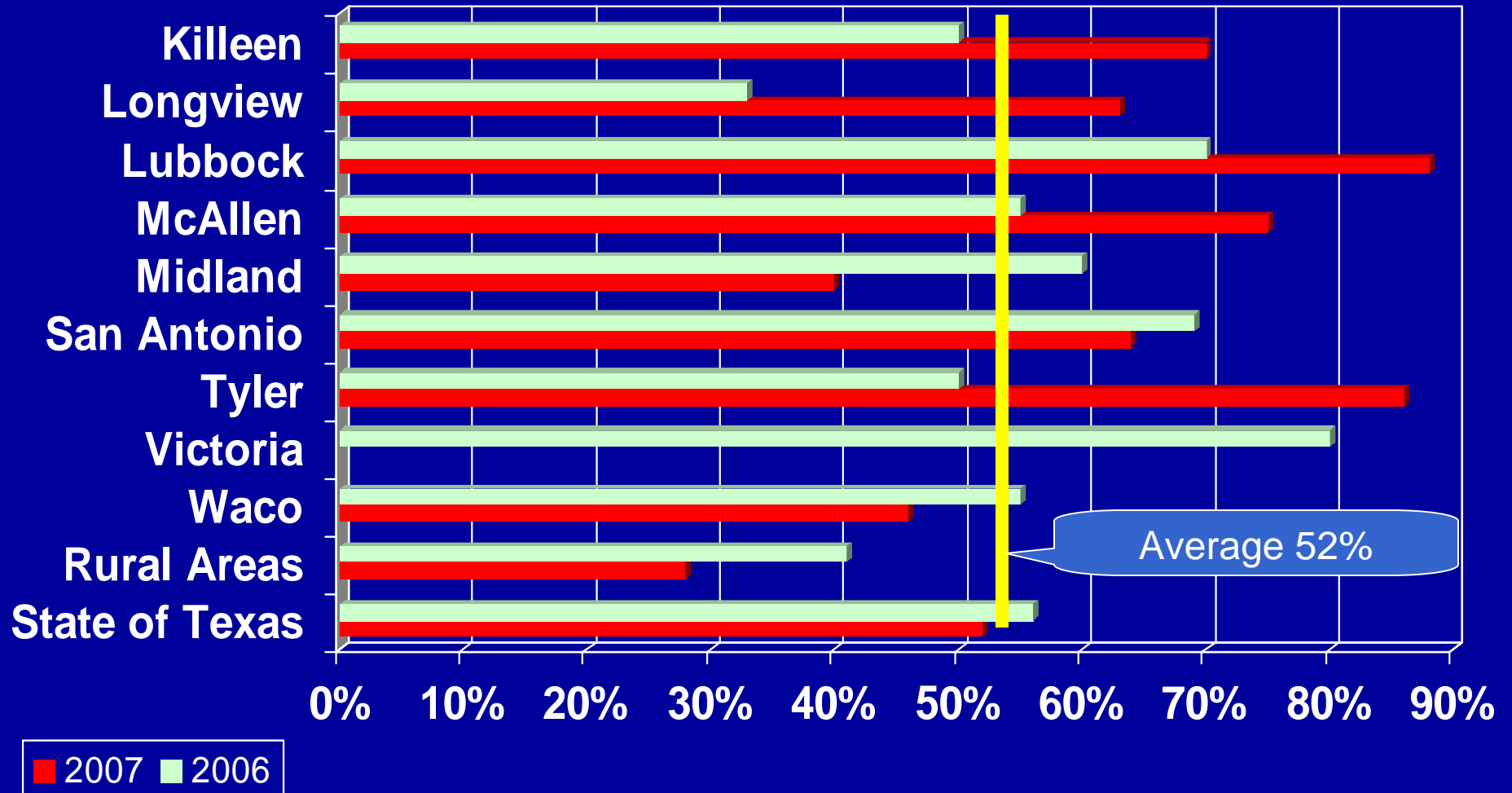
	Non-Climate	Climate	Premium
Austin	\$66.19	\$102.20	54%
	\$63.52	\$97.33	53%
	+4%	+5%	+1%
Dallas – Ft. Worth	\$81.67	\$111.56	+37%
	\$69.37	\$104.67	51%
	+18%	+7%	-14%
Houston	\$71.32*	\$124.14*	74%
	\$68.48	n/a	n/a
	+4%		

* Supplemental data
from SSDA

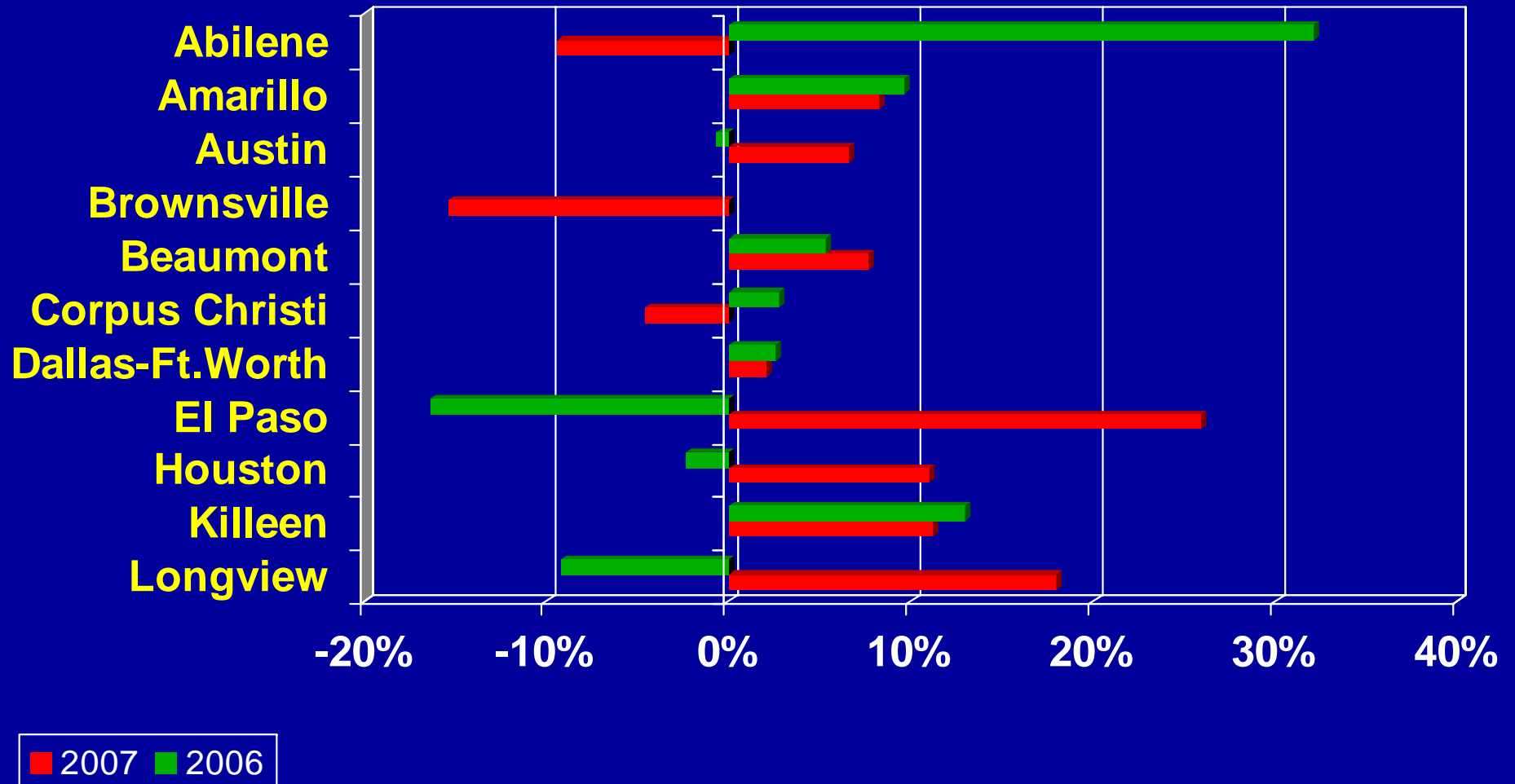
Percentage of Facilities Offering Concessions



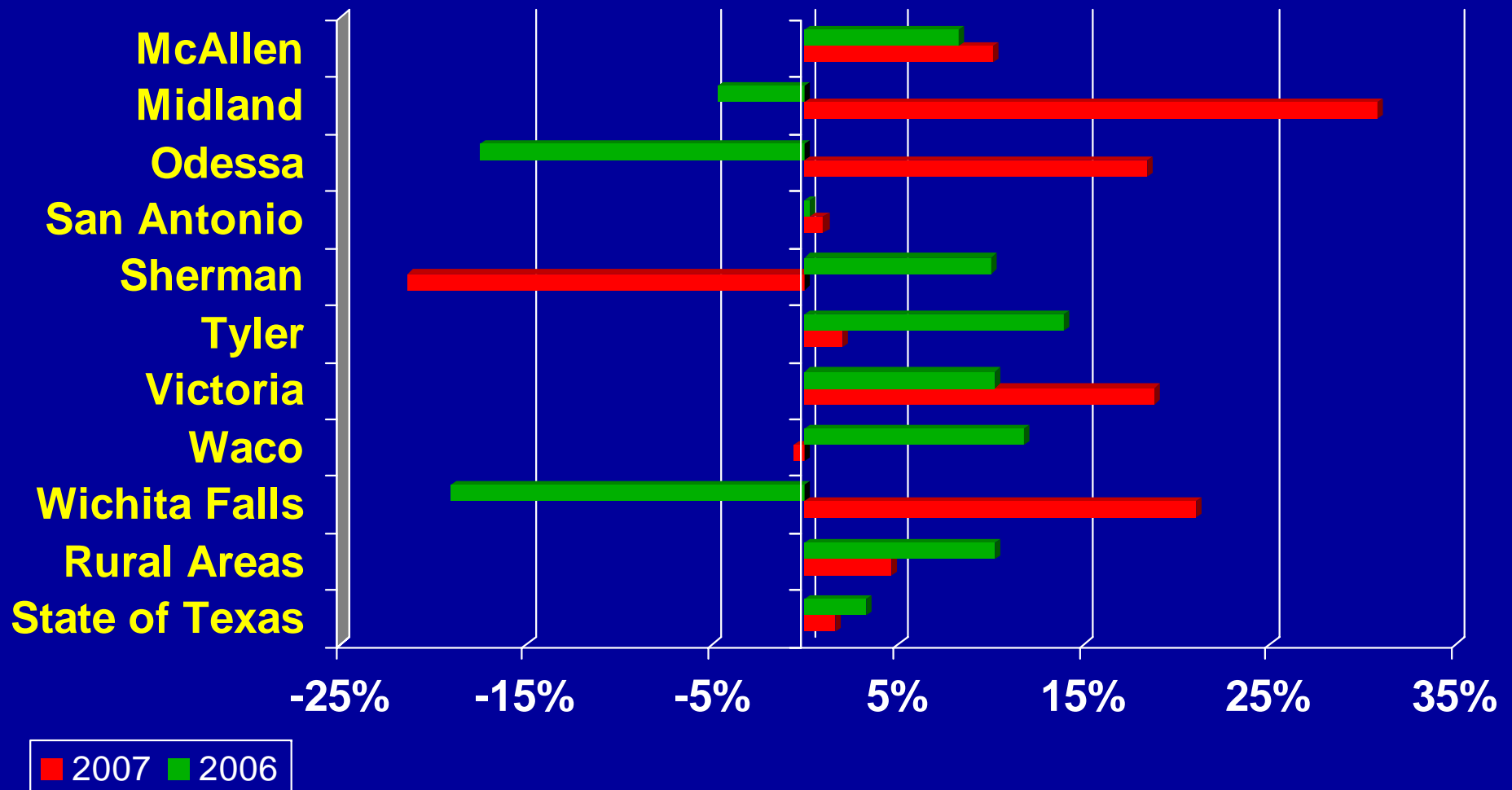
Percentage of Facilities Offering Concessions



Percentage Change in Calculated Revenue



Percentage Change in Calculated Revenue



Rent Collected per Occupied Square Foot

Austin – Round Rock, MSA

2Q 2007

- Asking Rental Rates Up 5.3%% (\$0.7900)
- Physical Occupancy Declined 2% (90%)
- Revenue per Occupied Square Foot After Accounting for the Cost of Concessions Down -1.4% (\$0.6495)



Rent Collected per Occupied Square Foot Dallas- Ft. Worth, MSA

2Q 2007

- Asking Rental Rates Up 5.7% (\$0.7400)
- Physical Occupancy Remained Level 86.0%
- Revenue per Occupied Square Foot After Accounting for the Cost of Concessions Increased 6.7% (\$0.5733)

Rent per Occupied SF



Rent Collected per Occupied Square Foot San Antonio, MSA

2Q 2007

- Asking Rental Rates Up 13.9% (\$0.7400)
- Physical Occupancy decreased -3% to 88.0%
- Revenue per Occupied Square Foot After Accounting for the Cost of Concessions Increased 4.9% (\$0.5963)

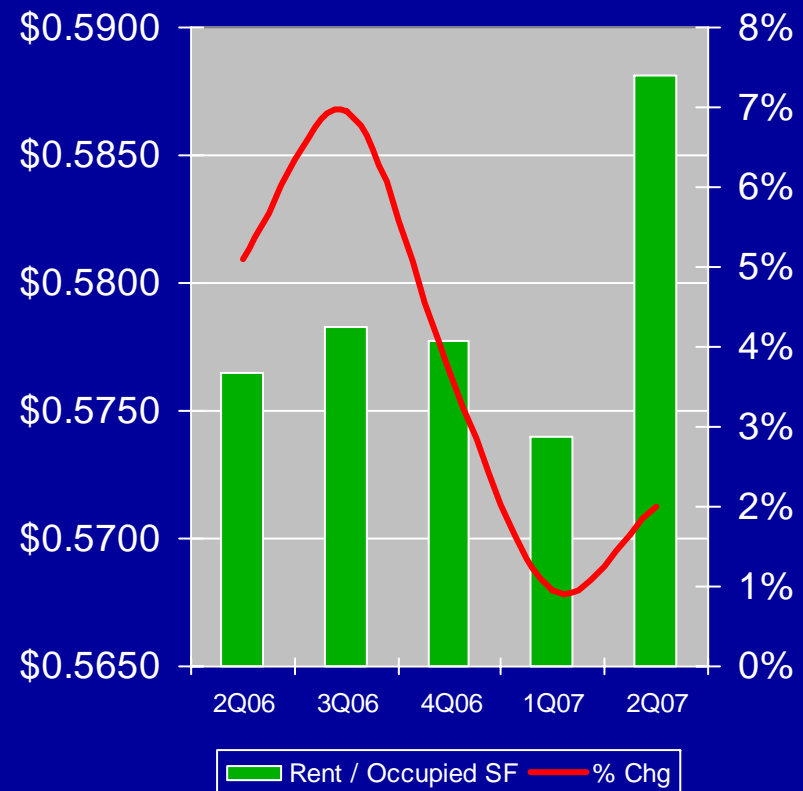


Rent Collected per Occupied Square Foot Houston-Baytown-Sugar Land, MSA

2Q 2007

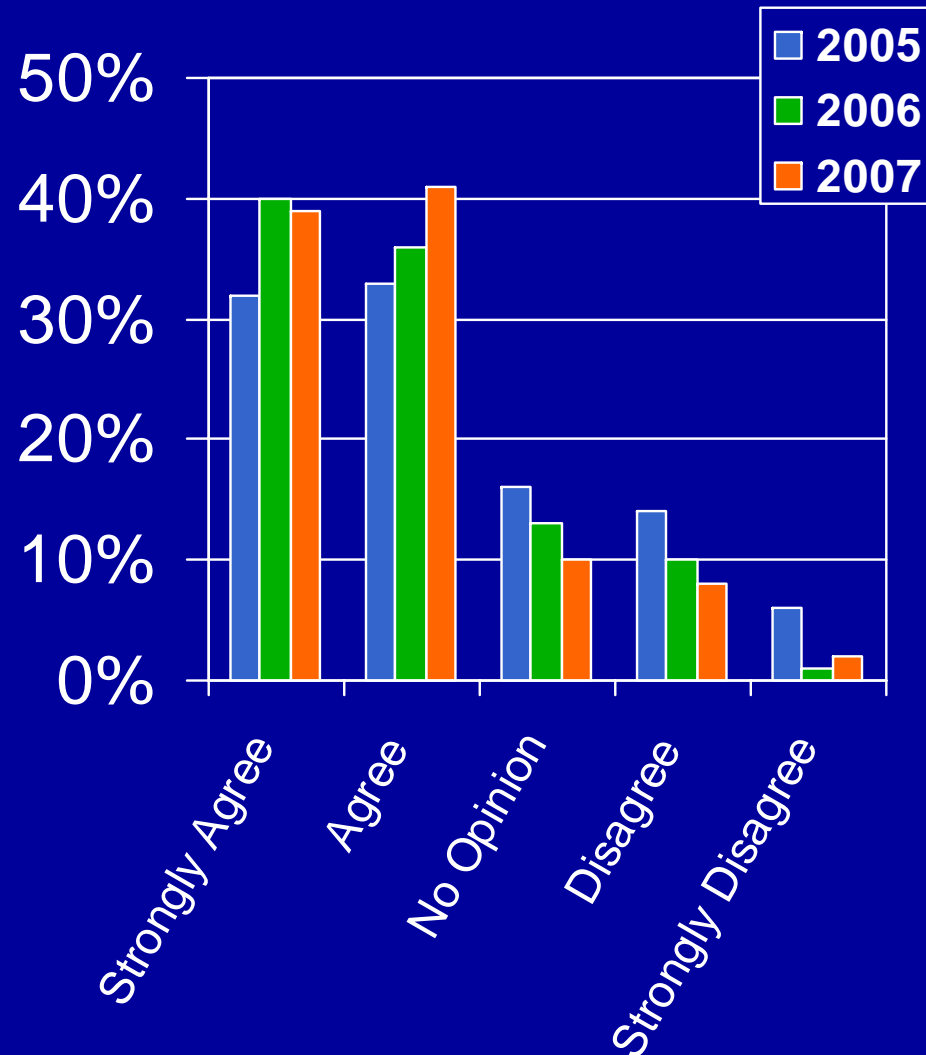
- Asking Rental Rates Up 8.6% (\$0.7495)
- Physical Occupancy Declined -3% to 87.0%
- Revenue per Occupied Square Foot After Accounting for the Cost of Concessions Increased 2.0% (\$0.5881)

Rent per Occupied SF



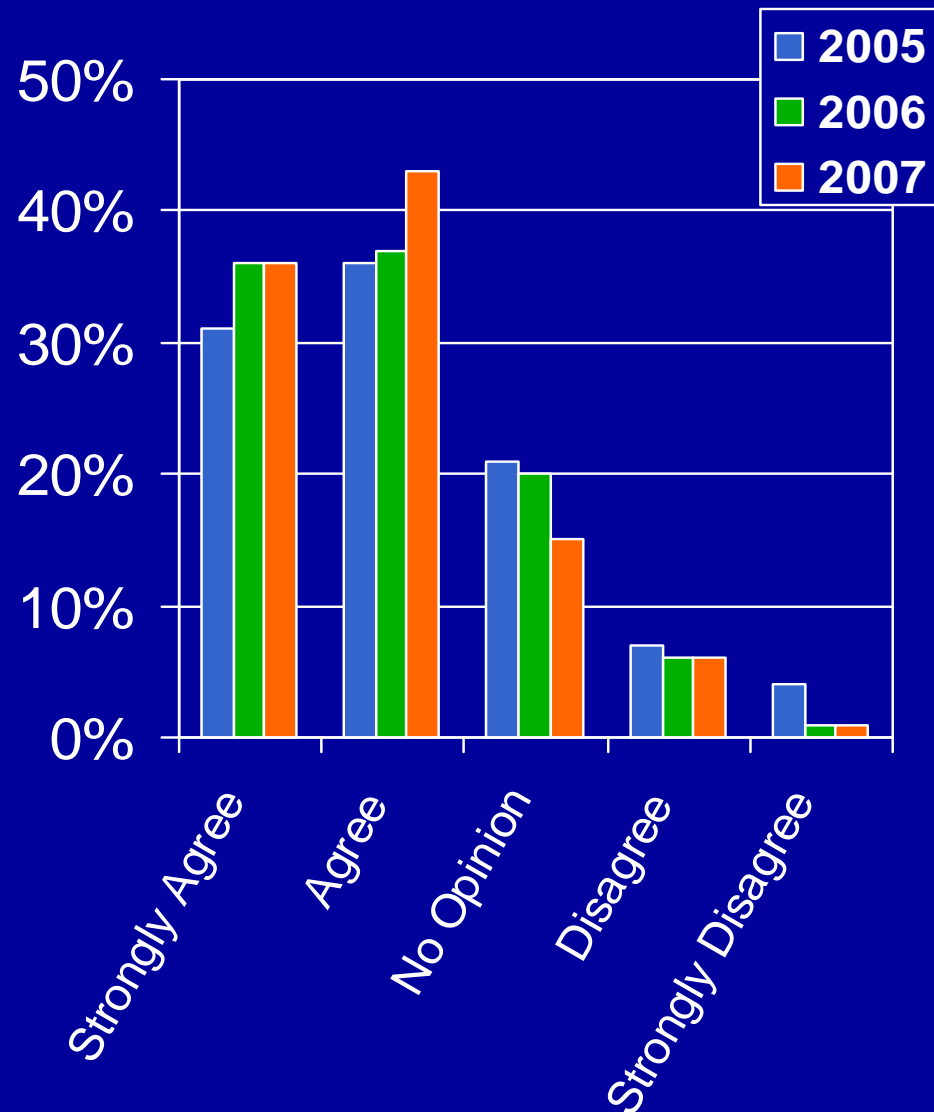
My Facility Will Be More Profitable This Year Than Last Year

- 80% Either Strongly Agreed or Just Agreed



My Facility Will Be More Profitable Next Year Than This Year

- 79% Either Strongly Agreed or Just Agreed



Performance Characteristic of Small Facilities

(Less Than 100 Units – 1,279 Facilities Statewide)

Average:

– Number of Units	51
– Facility Size	10,261 sq. ft.
– Unit Size	201 sq. ft.

- Ground Level Non-Climate-Controlled Unit 92%
- Plan to Expand *This Year* 48%
- 35% Plan to Expand *Next Year* 35%
- % Offering Concessions 30%
- Small Facilities Account for 22% of the State's Total

Performance Characteristic of Medium Facilities

(Having 100 to 299 Units – 2,864 Facilities Statewide)

Average:

– Number of Units	367
– Facility Size	48,333 sq. ft.
– Unit Size	132 sq. ft.

- Ground Level Non-Climate-Controlled Unit 76%
- Plan to Expand *This Year* 40%
- 35% Plan to Expand *Next Year* 25%
- % Offering Concessions 61%
- Medium Sized Facilities Account for 50% of the State's Total

Performance Characteristic of Large Facilities

(Having > 299 Units – 1,561 Facilities Statewide)

Average:

– Number of Units	523
– Facility Size	65,554 sq. ft.
– Unit Size	125 sq. ft.

- Ground Level Non-Climate-Controlled Unit 72%
- Plan to Expand *This Year* 25%
- 35% Plan to Expand *Next Year* 18%
- % Offering Concessions 75%
- Large Facilities Account for 27% of the State's Total

Investment Market Conditions

Average Capitalization Rates

2nd Quarter 2007 ⁽¹⁾

Property Type	Cap Rate
<i>National Strip Shopping Centers</i>	7.35%
<i>Suburban Office Market</i>	7.29%
<i>Flex / R & D Warehouses</i>	7.60%
<i>Warehouses</i>	6.58%
<i>Apartments</i>	5.80%
<i>Self-Storage</i> ⁽²⁾	7.65%

Source: PriceWaterhouseCoopers & Self-Storage Data Services, Inc.

Note: ⁽¹⁾ Rate on unleveraged, all-cash transactions.

⁽²⁾ All Self-storage facilities cap rates for 1st half 2007

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Conclusions

1. Fundamentals Remain Strong and the Housing Crisis Has Not Severally Impact Operating Performance
2. Market Conditions Vary Market By Market and Assessing Market Conditions is Becoming Much More Complicated.

Thank You
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