



*“Value creation and sustainable business practices can go hand-in-hand, and as we’ve seen in recent years, are complementary goals.” – Extra Space Storage<sup>1</sup>*

<b>Ticker</b>	EXR (NYSE) <sup>2</sup>
<b>Headquarters</b>	Salt Lake City, UT
<b>Market Cap</b>	USD \$24.3 billion
<b>Company History</b>	1977 Founded 2004 Becomes a REIT
<b>Properties</b>	2,327 properties 1.6 million units 175 million square feet of rentable space
<b>Green Building Features</b>	16 properties are LEED certified Gold 53% properties have solar installations

\*Data as of September 30, 2022.



Irvine Self-Storage at 66 Tesla, California  
Source: Extra Space Storage [www.extraspace.com](http://www.extraspace.com)

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## What roles does self-storage play in American Society?

Extra Storage Space is one of the largest self-storage management companies in the United States. The company owns rentable storage

space across the country in 41 states, offering services including self-storage, vehicle storage, business storage, boat storage, and car storage.<sup>3</sup>

Self-storage may not be the first thing that comes to mind when we think about commercial real estate. However, it plays a significant role in our society, one often characterized by consumerism. Roughly 40% of Americans have used self-storage.<sup>4</sup> The need for extra storage grows along with the accumulation of stuff. Furniture is the most commonly stored thing in the US.<sup>5</sup> The self-storage industry provides necessary services for individuals and corporations to help them go through transitions such as downsizing, dislocation, and divorce.<sup>6</sup>

### Self-storage as an Investment Asset

Self-storage has distinct differences to other real estate sectors. A self-storage facility requires less capital expenditures and ongoing operating expense as it requires less maintenance and labor than many other kinds of real estate buildings such as office buildings or apartment complexes. Self-storage generally only requires a 65% occupancy rate to cover operating and debt expenses. Pandemic-driven demand boosted the industrywide occupancy rate to 91.7% in 2020.<sup>7</sup> Over the last five years, Extra Space reports their occupancy levels have ranged between 90-97%.<sup>8</sup>

On average the self-storage industry is relatively low-cost but high profit. Extra Space uses 60% less energy consumption compared to other types of real estate.<sup>9</sup> Self-storage properties can generate additional income by selling insurance, locks, and moving supplies.

Self-storage leases are somewhat shorter term than other property types. Most leases are month-to-month whereas retail leases tend to be

7 to 12 years. Extra Space reports that 62% of tenants stay for 12 months or more and approximately 47% of tenants stay for 24 months or more.<sup>10</sup>

Self-storage can do well in a recession. Research shows in periods where delinquency rates across all real estate sectors rise, especially for hotel and retail, self-storage receives less impact.<sup>11</sup> The global self-storage market was valued at \$48.02 billion in 2020 and is expected to reach a value of \$64.71 billion by 2026.<sup>12</sup>

### Climate Resilience: Focus on Solar

The cost of solar has been declining for the past several years. In the US, over 4% of national electricity comes from solar energy which is more than 80 times what it was only 10 years ago.<sup>13</sup> American businesses are driving demand for solar and now accounts for 14% of the US solar market.<sup>14</sup>

Extra Space Storage has been installing solar for over a decade. Solar panels are installed at 53% of the company's properties.<sup>15</sup> Extra Space achieved a 14.8% reduction in Greenhouse Gas (GHG) emissions per square foot of its properties.<sup>16</sup> Producing solar on-site increases the company's energy security and reduces their demand on grid-supplied energy.

The company has managed a 5.7% reduction in energy use per square foot.<sup>17</sup> Extra Space replaces storefront lighting with energy-efficient lighting such as LED. Reducing energy use saves the company money on energy bills.

**Notes and Sources:**

- <sup>1</sup> Extra Space Storage. (2021). Sustainability Report 2021. *Extra Space Storage*. <https://ir.extraspace.com>
- <sup>2</sup> Extra Space Storage is 2.98% of the Vert Global Sustainable Real Estate Fund (VGSRX) as of September 30, 2022.
- <sup>3</sup> Extra Space Storage. (n.d.). About Extra Space Storage. *Extra Space Storage*. <https://www.extraspace.com/help/about/>
- <sup>4</sup> Mohan, M. (n.d.). "Survey: Almost 40% of People Use Self Storage." *StorageCafe*. <https://www.storagecafe.com/blog/self-storage-use-and-main-demand-drivers/>
- <sup>5</sup> Mooallem, J. (2009, September 2). "The Self-Storage Self: Storing All the Stuff We Accumulate." *The New York Times*. <https://www.nytimes.com/2009/09/06/magazine/06self-storage-t.html>
- <sup>6</sup> Meyers, S. (2020, December 1). "A Look at Self-Storage Growth Trends Now and Post-Pandemic." *Forbes*. <https://www.forbes.com/sites/forbesrealestatecouncil/2020/12/01/a-look-at-self-storage-growth-trends-now-and-post-pandemic/?sh=5c52f5b82165>
- <sup>7</sup> Egan, J. (2021, September 13). "Is a Self-Storage Business Profitable?" *Storable*. <https://www.storable.com/resources/learn/is-a-self-storage-business-profitable/>
- <sup>8</sup> Extra Space Storage. (2022). REITWorld 2022 Company Presentation. *Extra Space Storage*. <https://ir.extraspace.com/>
- <sup>9</sup> *ibid.*
- <sup>10</sup> *ibid.*
- <sup>11</sup> Johnson, K. (2020, October 15). "Self-storage seemingly recession resistant." *Mortgage Professional America MPA*. <https://www.mpamag.com/us/specialty/commercial/self-storage-seemingly-recession-resistant/236329>
- <sup>12</sup> Rusignola, D. (n.d.). "Broad, Diverse Portfolio Helps Extra Space Storage Weather Market Volatility." *Nareit*. <https://www.reit.com/news/video/broad-diverse-portfolio-helps-extra-space-storage-weather-market-volatility>
- <sup>13</sup> SEIA. (2021). Solar Data Cheat Sheet. *Solar Energy Industries Association*. <https://www.seia.org/research-resources/solar-data-cheat-sheet>
- <sup>14</sup> SEIA. (2022, November 29). "Corporate Solar Adoption Soars, Accounts for 14% of US Solar Market." *Solar Energy Industries Association*. <https://www.seia.org/news/solarmeansbusiness2022>
- <sup>15</sup> Extra Space Storage. (2021). Sustainability Report 2021. *Extra Space Storage*. <https://ir.extraspace.com>
- <sup>16</sup> *ibid.*
- <sup>17</sup> *ibid.*

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