

URBIS

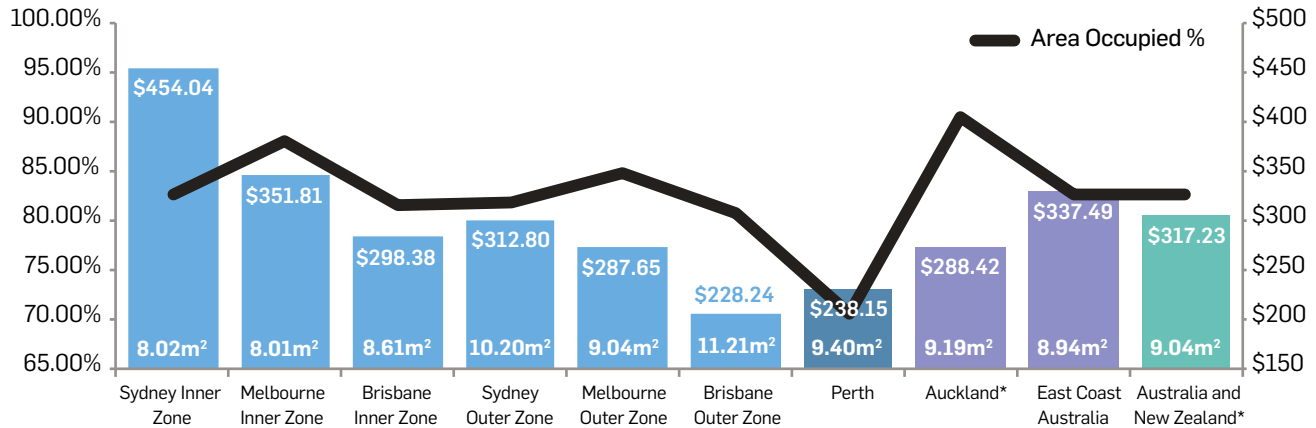
URBIS STORAGE INDEX

**AS AT 30 JUNE 2019
RELEASED AUGUST 2019**



THE RESULTS

Weighted average \$ rate/sq.m., weighted average unit size and area occupied (%) as at 30 June 2019



*NZD\$ adjusted for currency exchange rates as at 28 June 2019, where: AUD\$1 = NZL0.462
Source: RBA

AREA OCCUPIED

- Occupancy levels over the past six months have generally been flat in most markets. Auckland was the only exception, with occupancy increasing from 88.48% in December 2018 to 92.76% in June 2019. This growth demonstrates the continued strength of the Auckland zone, averaging 90.10% over the past five years.
- Brisbane Inner zone saw the largest decline in occupancy, falling from 83.09% in December 2018 to 81.25% in June 2019.
- The Perth zone saw a small increase in area occupied, increasing from 70.44% in December 2018 to 71.12% in June 2019.

AVERAGE STORAGE FEE RATES

- Results between the December 2018 and June 2019 show a fall in average storage fees in every monitored market. This is the first time in the history of the USI that we have seen negative storage fee rate growth in all markets.
- The largest fall in average storage fee rates was in the Melbourne Outer Zone, experiencing a decline of 3.37%.
- Overall the combined Australian and New Zealand markets experienced a 2.24% decline over the six months to June 2019.

CONCLUSIONS

Over the past 12 months, results in the USI show the largest slow-down in performance results with regards to fee rate and occupancy growth in the history of the Index.

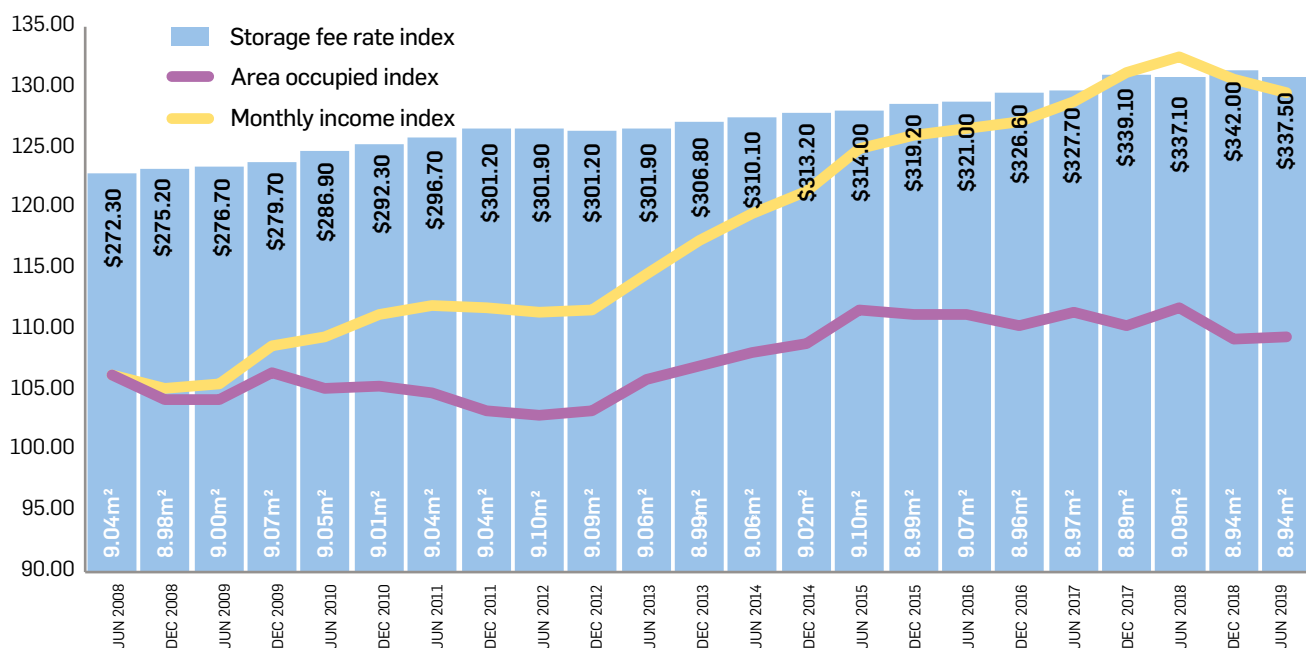
There are a number of reasons that we believe have contributed to the slowdown in the performance of the monitored facilities. These include:

- Continued high levels of new self storage supply and competition within the areas monitored;
- Low wage growth across the markets resulting in more constrained levels of discretionary income; and
- A fall in residential auction clearance rates in some markets. This is typically associated with lower levels of household moves and flows through in the form of lessened demand for self storage.

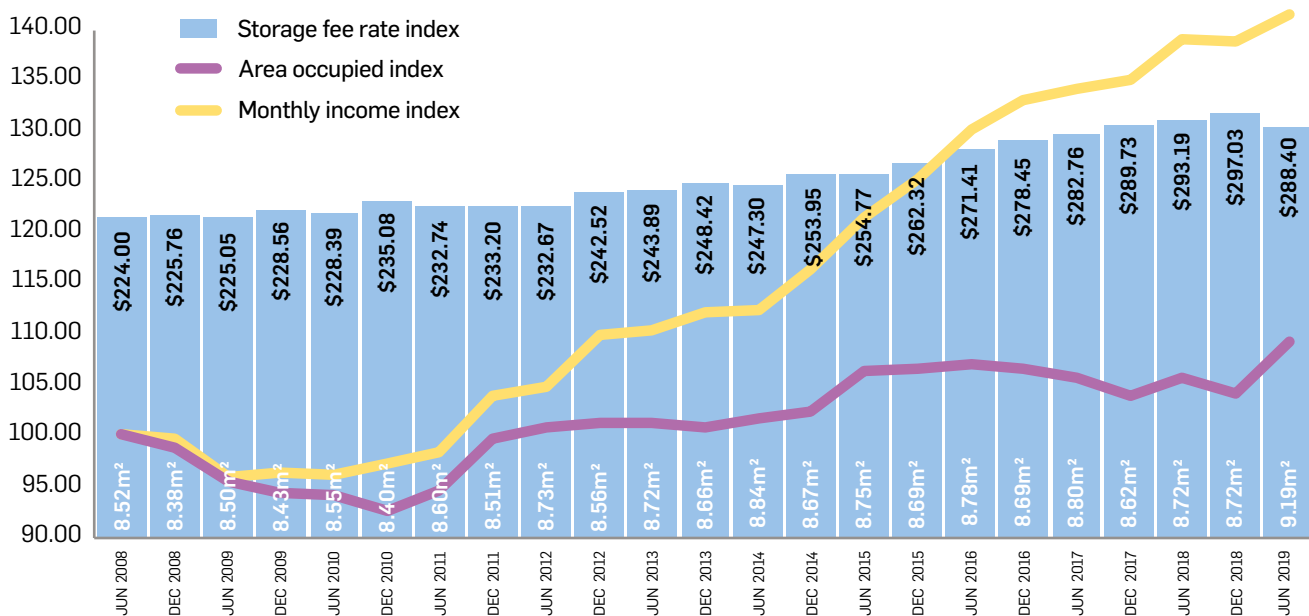
While results in this release of the USI show generally negatives performance metrics, when compared with other asset classes, the self storage industry has been able to sustain modest long term revenue growth and stability in the major metropolitan regions that we track.

| Zone | Occupancy by Area |
|-----------------|-------------------|
| Sydney Inner | 83.11% |
| Sydney Outer | 81.58% |
| Sydney | 82.40% |
| Melbourne Inner | 88.42% |
| Melbourne Outer | 85.38% |
| Melbourne | 86.55% |
| Brisbane Inner | 81.25% |
| Brisbane Outer | 80.72% |
| Brisbane | 81.01% |
| Perth | 71.12% |
| Auckland | 92.76% |

East Coast Australia Zone: SFR index, AO index, MR index and average unit size occupied



Auckland Zone: SFR index, AO index, MR index and average unit size occupied



PERFORMANCE INDICES

Storage fee rate index area

| Date | Sydney Inner Zone | Sydney Outer Zone | Melbourne Inner Zone | Melbourne Outer Zone | Brisbane Inner Zone | Brisbane Outer Zone | Auckland Zone | Perth Zone |
|------------------|-------------------|-------------------|----------------------|----------------------|---------------------|---------------------|---------------|--------------|
| 30-Jun-08 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | - |
| 31-Dec-08 | 100.66 | 103.03 | 101.75 | 99.73 | 103.93 | 100.05 | 100.79 | - |
| 30-Jun-09 | 100.86 | 101.64 | 103.09 | 102.99 | 103.84 | 100.73 | 100.47 | - |
| 31-Dec-09 | 102.15 | 103.78 | 103.89 | 103.22 | 106.66 | 101.27 | 102.04 | - |
| 30-Jun-10 | 103.57 | 106.66 | 110.42 | 106.34 | 108.10 | 102.04 | 101.96 | - |
| 31-Dec-10 | 105.76 | 108.23 | 112.24 | 111.21 | 108.72 | 101.74 | 104.94 | - |
| 30-Jun-11 | 107.64 | 109.37 | 115.43 | 112.09 | 109.67 | 102.73 | 103.90 | - |
| 31-Dec-11 | 109.95 | 110.02 | 117.91 | 115.65 | 111.33 | 104.11 | 104.11 | - |
| 30-Jun-12 | 111.66 | 111.02 | 117.11 | 113.58 | 110.71 | 102.76 | 103.87 | - |
| 31-Dec-12 | 111.27 | 110.53 | 118.76 | 113.55 | 110.68 | 103.95 | 108.27 | - |
| 30-Jun-13 | 111.95 | 109.86 | 117.10 | 113.04 | 112.34 | 105.62 | 108.88 | - |
| 31-Dec-13 | 115.66 | 111.04 | 116.63 | 116.33 | 113.86 | 104.56 | 110.90 | - |
| 30-Jun-14 | 116.78 | 113.09 | 115.90 | 119.80 | 113.30 | 105.91 | 110.40 | - |
| 31-Dec-14 | 117.53 | 115.32 | 116.47 | 120.61 | 114.07 | 106.96 | 113.37 | - |
| 30-Jun-15 | 117.62 | 118.00 | 115.86 | 120.08 | 112.72 | 107.68 | 113.73 | - |
| 31-Dec-15 | 119.69 | 119.80 | 117.18 | 123.08 | 114.70 | 107.67 | 117.11 | - |
| 30-Jun-16 | 120.77 | 120.31 | 117.77 | 124.83 | 116.27 | 106.11 | 121.16 | - |
| 31-Dec-16 | 123.41 | 123.89 | 119.13 | 127.62 | 116.14 | 105.63 | 124.31 | - |
| 30-Jun-17 | 124.31 | 123.44 | 121.44 | 128.65 | 113.88 | 105.41 | 126.23 | - |
| 31-Dec-17 | 129.51 | 127.22 | 126.63 | 132.55 | 115.24 | 110.13 | 129.34 | 100.00 |
| 30-Jun-18 | 129.02 | 126.91 | 124.64 | 133.89 | 112.61 | 113.89 | 130.89 | 97.25 |
| 31-Dec-18 | 128.78 | 128.54 | 127.21 | 136.42 | 115.18 | 113.19 | 132.60 | 96.13 |
| 30-Jun-19 | 128.01 | 126.08 | 127.00 | 131.82 | 114.47 | 112.13 | 128.76 | 96.03 |

Area occupied index

| Date | Sydney Inner Zone | Sydney Outer Zone | Melbourne Inner Zone | Melbourne Outer Zone | Brisbane Inner Zone | Brisbane Outer Zone | Auckland Zone | Perth Zone |
|------------------|-------------------|-------------------|----------------------|----------------------|---------------------|---------------------|---------------|---------------|
| 30-Jun-08 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | - |
| 31-Dec-08 | 94.96 | 95.77 | 97.81 | 100.43 | 101.80 | 98.64 | 98.77 | - |
| 30-Jun-09 | 94.94 | 98.93 | 98.08 | 97.42 | 99.69 | 99.32 | 95.47 | - |
| 31-Dec-09 | 96.08 | 100.21 | 101.72 | 103.70 | 101.57 | 103.01 | 94.49 | - |
| 30-Jun-10 | 95.95 | 98.01 | 96.27 | 102.46 | 102.06 | 100.32 | 94.18 | - |
| 31-Dec-10 | 94.68 | 98.85 | 97.55 | 103.56 | 104.35 | 98.01 | 92.59 | - |
| 30-Jun-11 | 94.58 | 97.13 | 97.05 | 103.03 | 103.51 | 97.43 | 94.54 | - |
| 31-Dec-11 | 92.44 | 98.42 | 94.26 | 98.66 | 100.06 | 97.77 | 99.67 | - |
| 30-Jun-12 | 90.46 | 97.77 | 93.54 | 98.37 | 101.07 | 99.93 | 100.74 | - |
| 31-Dec-12 | 89.44 | 97.49 | 91.46 | 99.92 | 104.66 | 103.10 | 101.14 | - |
| 30-Jun-13 | 93.02 | 99.75 | 95.72 | 103.58 | 106.85 | 105.54 | 101.12 | - |
| 31-Dec-13 | 92.59 | 101.99 | 100.41 | 105.57 | 107.09 | 107.51 | 100.78 | - |
| 30-Jun-14 | 93.38 | 103.11 | 103.63 | 105.95 | 108.09 | 110.93 | 101.46 | - |
| 31-Dec-14 | 94.35 | 102.97 | 106.28 | 107.67 | 110.64 | 108.71 | 102.14 | - |
| 30-Jun-15 | 97.62 | 105.25 | 110.20 | 114.30 | 113.08 | 109.89 | 106.19 | - |
| 31-Dec-15 | 96.81 | 104.58 | 112.69 | 114.08 | 111.97 | 107.48 | 106.41 | - |
| 30-Jun-16 | 95.35 | 107.87 | 112.85 | 114.76 | 107.06 | 108.74 | 106.76 | - |
| 31-Dec-16 | 93.99 | 105.33 | 113.35 | 113.45 | 106.84 | 108.12 | 106.38 | - |
| 30-Jun-17 | 95.26 | 107.92 | 111.58 | 114.28 | 110.88 | 108.18 | 105.54 | - |
| 31-Dec-17 | 93.88 | 105.52 | 113.68 | 111.89 | 109.68 | 107.12 | 103.76 | 100.00 |
| 30-Jun-18 | 93.22 | 109.18 | 114.19 | 114.13 | 112.10 | 113.34 | 105.45 | 102.65 |
| 31-Dec-18 | 93.81 | 101.96 | 113.43 | 109.05 | 109.68 | 107.51 | 103.97 | 101.14 |
| 30-Jun-19 | 93.61 | 103.77 | 112.72 | 110.66 | 107.44 | 106.05 | 109.02 | 104.96 |

Monthly revenue index

| Date | Sydney Inner Zone | Sydney Outer Zone | Melbourne Inner Zone | Melbourne Outer Zone | Brisbane Inner Zone | Brisbane Outer Zone | Auckland Zone | Perth Zone |
|------------------|-------------------|-------------------|----------------------|----------------------|---------------------|---------------------|---------------|---------------|
| 30-Jun-08 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | - |
| 31-Dec-08 | 95.59 | 98.67 | 99.52 | 100.16 | 105.81 | 98.68 | 99.54 | - |
| 30-Jun-09 | 95.76 | 100.56 | 101.11 | 100.34 | 103.52 | 100.05 | 95.92 | - |
| 31-Dec-09 | 98.14 | 104.00 | 105.67 | 107.03 | 108.33 | 104.31 | 96.41 | - |
| 30-Jun-10 | 99.37 | 104.54 | 106.30 | 108.96 | 110.33 | 102.36 | 96.03 | - |
| 31-Dec-10 | 100.13 | 106.99 | 109.49 | 115.17 | 113.45 | 99.72 | 97.17 | - |
| 30-Jun-11 | 101.80 | 106.23 | 112.02 | 115.49 | 113.52 | 100.09 | 98.22 | - |
| 31-Dec-11 | 101.63 | 108.28 | 111.15 | 114.10 | 111.40 | 101.79 | 103.76 | - |
| 30-Jun-12 | 101.00 | 108.54 | 109.55 | 111.72 | 111.90 | 102.68 | 104.64 | - |
| 31-Dec-12 | 99.52 | 107.76 | 108.61 | 113.46 | 115.84 | 107.18 | 109.50 | - |
| 30-Jun-13 | 104.13 | 109.59 | 112.09 | 117.08 | 120.03 | 111.47 | 110.10 | - |
| 31-Dec-13 | 107.09 | 113.25 | 117.10 | 122.82 | 121.93 | 112.41 | 111.77 | - |
| 30-Jun-14 | 109.05 | 116.60 | 120.10 | 126.93 | 122.46 | 117.48 | 112.01 | - |
| 31-Dec-14 | 110.89 | 118.74 | 123.78 | 129.85 | 126.22 | 116.27 | 115.80 | - |
| 30-Jun-15 | 114.82 | 124.20 | 127.68 | 137.26 | 127.46 | 118.33 | 120.77 | - |
| 31-Dec-15 | 115.86 | 125.29 | 132.05 | 140.41 | 128.43 | 115.72 | 124.61 | - |
| 30-Jun-16 | 115.15 | 129.78 | 132.90 | 143.25 | 124.48 | 115.38 | 129.35 | - |
| 31-Dec-16 | 115.99 | 130.49 | 135.04 | 144.78 | 124.08 | 114.21 | 132.24 | - |
| 30-Jun-17 | 118.42 | 133.23 | 135.50 | 147.02 | 126.27 | 114.04 | 133.23 | - |
| 31-Dec-17 | 121.59 | 134.24 | 143.95 | 148.32 | 126.40 | 117.97 | 134.20 | 100.00 |
| 30-Jun-18 | 120.28 | 138.56 | 142.33 | 152.82 | 126.23 | 129.07 | 138.02 | 99.83 |
| 31-Dec-18 | 120.81 | 131.06 | 144.30 | 148.77 | 126.33 | 121.69 | 137.86 | 97.23 |
| 30-Jun-19 | 119.84 | 130.84 | 143.15 | 145.87 | 122.98 | 118.92 | 140.36 | 100.80 |

Due to operational changes, we have excluded five facilities across various markets in this edition of the Urbis Storage Index. Long term results associated with these facilities have been removed from the Index so as not to impact upon longer term trend results.



THE URBIS STORAGE INDEX

Urbis has been monitoring the self storage industry in Australia and New Zealand since 2008.

The USI has monitored the movement of the self storage industry through three (3) primary performance measurement indices. These indices include:

- **Storage fee rate (SFR) index** – The total accrued monthly revenue (ex GST) as at the respective index date for all facilities included in the zone, divided by the total area of occupied storage space measured in square metres for all facilities included in that zone. The monthly SFR is then annualised to produce a weighted average annual SFR as at the index date.
- **Area occupied (AO) index** – The total storage area occupied in square metres for all facilities within each zone.
- **Monthly revenue (MR) index** – The total accrued monthly revenue (ex GST) as at the index date. The MR Index is effectively a function of the above two (2) indices, as it represents the total amount of storage area occupied and the achieved SFR's. The results of the above primary performance measurements are converted to an index, where the base point of 100 is set as at 31 December 2008.

GEOGRAPHICAL STRUCTURE

Recognising that there are significant variations in average storage fee rates, occupancy and monthly revenue in different geographic locations, the indices have been prepared for a series of geographic zones. These are:

- Sydney Inner Zone
- Sydney Outer Zone
- Melbourne Inner Zone
- Melbourne Outer Zone
- Brisbane Inner Zone
- Brisbane Outer Zone
- Perth Zone
- Auckland, New Zealand Zone
- Total East Coast Australia Zone (combined Sydney, Melbourne and Brisbane).
- Total Australia and New Zealand

The Urbis Storage Index incorporated the Perth Zone from 31 December 2017.

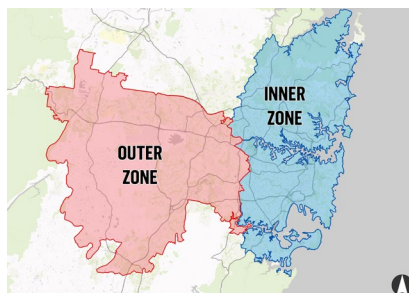
AUSTRALIAN ZONE BOUNDARIES

The Urbis Storage Index monitors over 80 mature self storage facilities over eight (8) core zones, representing a sample size in excess of 10% of the overall self storage market in each zone.

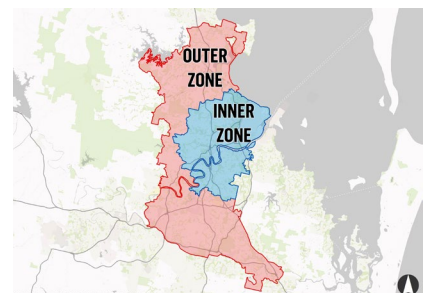
The geographical structure of the Sydney, Melbourne, Brisbane and Perth Zones can be seen in the map extracts below.



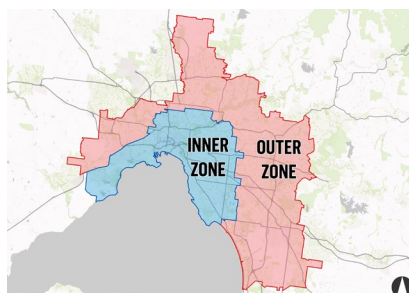
SYDNEY ZONE BOUNDARIES



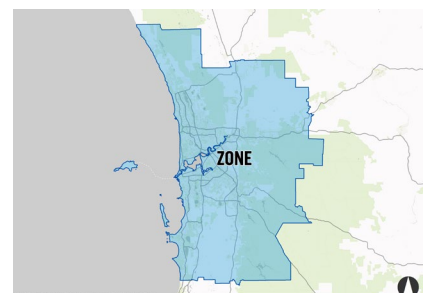
BRISBANE ZONE BOUNDARIES



MELBOURNE ZONE BOUNDARIES



PERTH ZONE BOUNDARY



A CLEARER SENSE OF VALUE

In today's dynamic and complex markets, putting a value on property involves much more than local knowledge and simple sums.

Our valuations take account of everything likely to impact the value of a property, now and in the future. Drawing on extensive experience across every sector, we look at property from more angles to give institutional and private investors, corporate clients and government more insightful analysis, more nuanced advice plus a clearer sense of value – and how to maximise it.

With consultants specialising in the industrial, residential, retail, commercial and self storage sectors, we provide insightful analysis and accurate reporting to help minimise risk and maximise opportunities.

Our national business model ensures our clients get access to the right people to deliver timely and reliable advice. Work is shared amongst consultants in our Sydney, Melbourne and Brisbane offices to make sure we deliver optimum results within the required timeframes.

Our team of self storage experts live and breathe self storage. We are registered to value facilities in every state and region across Australia and New Zealand. We have the people, the expertise and the coverage to deliver the best advice every time.

The Urbis Storage Index has been monitoring the self storage industry in Australia and New Zealand since 2008. This substantial data series is the first of its kind in the Australasian self storage industry. Urbis has established itself as the industry leader, providing our clients with a measured approach and proven expertise in: Valuation, Feasibility Analysis, Transaction Management and Specialised Research.

“We analyse the data and produce this Index to help you make the best decisions.”

Linda Sharkey
Director

CONTACTS



David Blackwell
Director

T +61 2 8233 7627
M +61 409 771 310
E dblackwell@urbis.com.au



Linda Sharkey
Director

T +61 2 8233 9924
M +61 410 902 116
E lsharkey@urbis.com.au



Hugh Davies
Senior Valuer

T +61 2 8233 7691
M +61 401 445 483
E hdavies@urbis.com.au



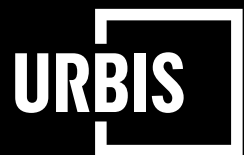
Patrick Mulcahy
Valuer

T +61 2 8233 7684
M +61 433 139 006
E pmulcahy@urbis.com.au



Stephanie Vella
Assistant Valuer

T +61 2 8233 9923
E svella@urbis.com.au



Urbis Valuations Pty Ltd

Australian Business Number (ABN): 28 105 273 523

Australian Company Number (ACN): 105 273 523

Registration Date: 26 June 2003

Registered Address: Level 12, 120 Collins Street, Melbourne VIC 3000