

PUBLIC STORAGE (PSA)

Company Snapshot



Company Overview

Profile

Public Storage (PSA) is by far the largest self-storage operator with a ~\$68 billion portfolio. In '06, PSA acquired its largest competitor, Shurgard, for \$5.5 billion in a "win-win" deal that remains the largest ever in self-storage. PSA owns 35% of Shurgard Europe and 42% of PS Business Parks (PSB), a flex industrial REIT. PSA's predecessor came public in '80 and became a fully integrated REIT in '95.

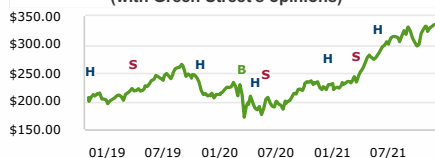
Key Investment Themes

- + "Bullet-Proof" Balance Sheet:** PSA has one of the lowest leverage ratios (12% comprehensive leverage) in Green Street's U.S. coverage universe. The company has diversified away from preferred equity as its sole source of debt financing in the past two years as the company has issued \$2.5 billion (>50% of total liabilities ex-preferred) of unsecured notes at a very attractive price (~2% average rate for 7-10 year average term), lowering the cost of its fortress balance sheet. That said, PSA intends to increase its leverage target from 4.0x net debt and preferred equity/EBITDA to a range of 4-5x, with flexibility to fleetingly surpass 5x for attractive opportunities.
- Platform / Track Record:** PSA has the largest platform in the industry and generated attractive total returns throughout most of its history. More recently however, the company has struggled to keep pace with its smaller, and at times more nimble, competition. That said, the company appears to be effectively utilizing its balance sheet and the extensive data provided by operating the largest portfolio in the sector.
- PSB Investment:** PSA's 42% equity ownership of PS Business Parks is rooted in the firms' shared history, administrative functions, and an extremely low tax basis for PSA. The stake hampers the liquidity of PSB shares and fails to recognize that PSA shareholders can simply buy PSB to gain exposure. The tax burden makes it very unlikely that PSA will reduce its stake.

Current Market Info (11/30/2021)

Recommendation: **HOLD**
Last Price: \$327.38
52-Wk Range: \$ 213.82 - 337.71
Market Cap (MM): \$57,896
Div Pace/Yield: \$8.00 / 2.4%
AFFO Multiple: 23.8x (12 Mo Fwd)

PSA's Price Performance (with Green Street's opinions)



Executive Team

Ronald L. Havner Jr. Chairman
 Joe Russell CEO
 Tom Boyle CFO

Portfolio

Top-10 Markets

Market	# of Assets	Square Feet	% of Total Sq Ft
1. Los Angeles	213	15,200	8.2%
2. San Francisco	130	8,100	4.4%
3. Chicago	129	8,100	4.4%
4. Dallas	102	6,600	3.5%
5. Atlanta	98	6,400	3.4%
6. Houston	92	6,400	3.4%
7. New York	90	6,400	3.4%
8. Seattle	87	5,900	3.2%
9. Miami	83	5,800	3.1%
10. District of Columbia	89	5,500	3.0%
Top-10 Markets:	1,113	74,400	40%
PSA Totals:	2,678	186,000	100%

Other Key Metrics

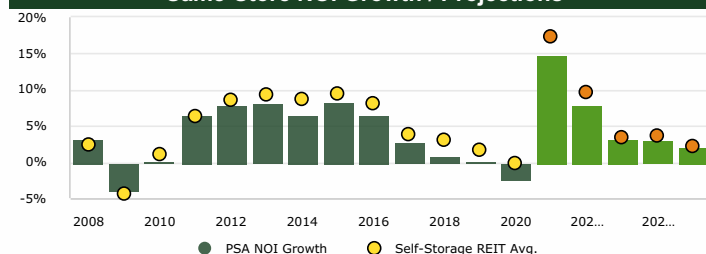
Cap-ex Reserve % NOI: 3.7%

Portfolio Statistics

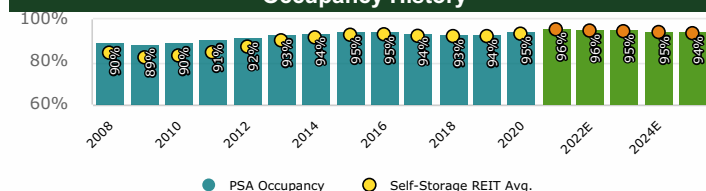
Properties / NRSF: 2,678 / 186,000
 SS Occupancy Growth: N/A bps
 Occupancy: N/A
 SS Revenue Growth: N/A
 Rent PSF: N/A
 SS Expense Growth: N/A
 SS NOI Growth: N/A

Performance (3Q21)

Same-Store NOI Growth / Projections

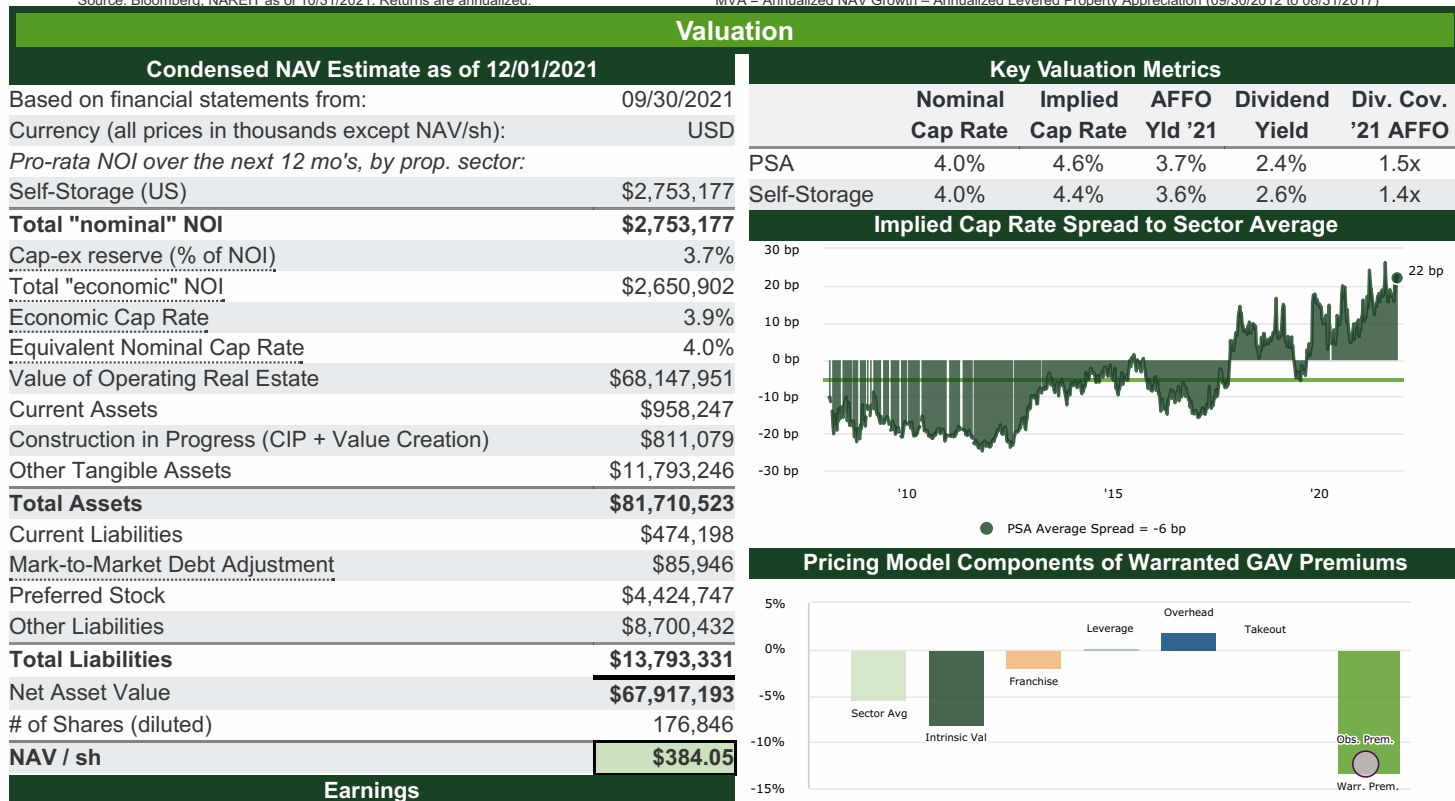
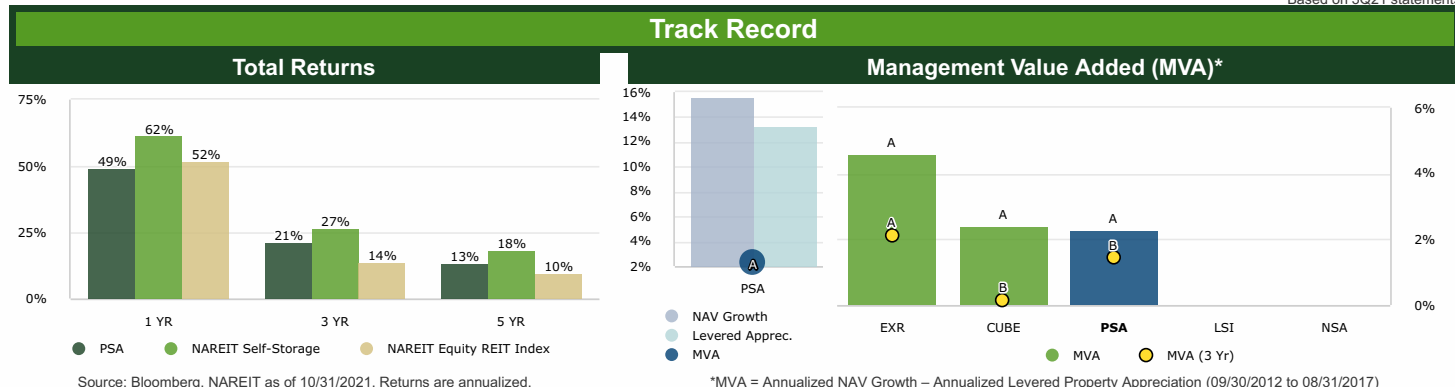
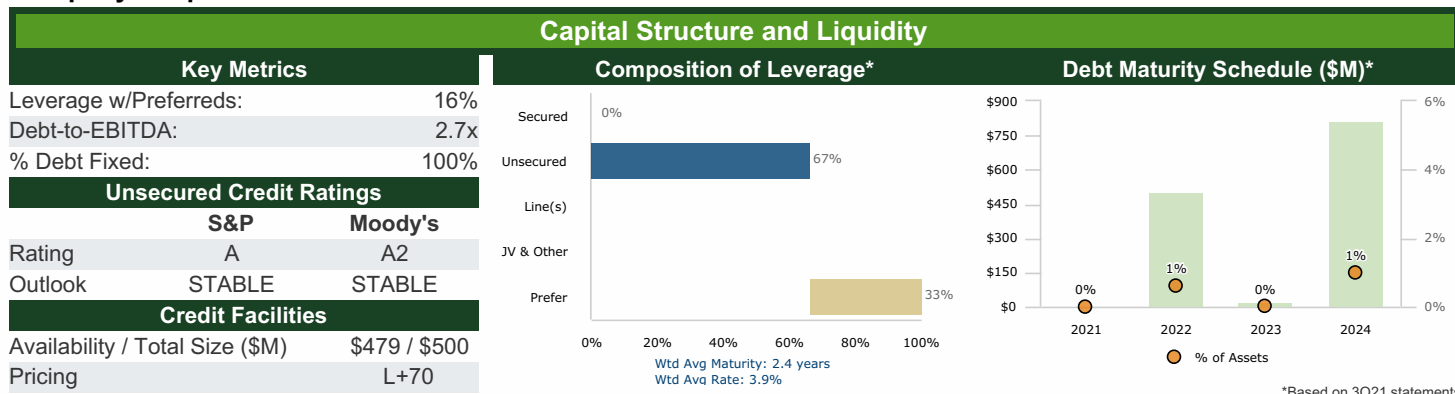


Occupancy History



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Earnings			
	2021	2022	2023
GS FFO /sh	\$13.17	\$14.77	\$15.98
Consensus FFO/sh*	\$12.38	\$13.32	\$14.16
GS AFFO/sh	\$12.03	\$14.10	\$15.21
GS AFFO Yield	3.7%	4.3%	4.6%

*Source: Bloomberg

	PSA	Sector-Peers
Comprehensive Leverage Ratio	12%	18%
Overhead (as a % of assets)	0.12%	0.22%

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