

THE REITs

As an asset class, self-storage continues to offer superior returns compared to alternative investments in both the public and private markets. The focus of this analysis is on self-storage Real Estate Investment Trusts (REITs). A REIT is publicly traded stock with real estate as the core business. Returns on self-storage REITs are summarized in the table below.

The dividend reflects the quarterly return (calculated on an annual basis) on investment. The total yield is a function of dividend and change in stock price. This is more difficult to track,

because price appreciation or depreciation depends on when the stock was purchased. However, compare the changes in average price of self-storage REITs with your stock portfolio over the past three years. If you can beat these returns, please write me in care of this publication!

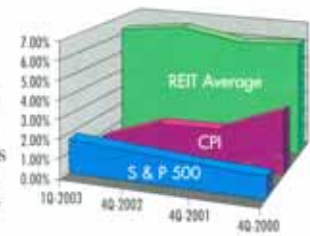
To illustrate the strong returns associated with self-storage, the dividends of alternative investments and the consumer price index are compared to the REIT dividend. As shown in the chart to the right, self-storage REITs outperform alternative investments.

The variances are remarkable. For example, in the first quarter of this year the self-storage REIT average was

6.18 percent compared to the S&P 500 average dividend of 1.81 percent, a variance of 437 basis points. Stated plainly, the self-storage REIT dividend was 241 percent higher than the S&P 500 average dividend.

Past performance does not predict the future. But real estate economists utilize tools, such as historical dividends, to determine the strength of an industry. The steady stock price, even during bear market conditions, combined with superior dividends make a strong case for investment in the self-storage asset class. ■

This REIT report is presented by R. Christian Sonne, principal of Self-Storage Economics, a data, research, and analysis firm in Huntington Beach, California.



Self-Storage REIT Statistics and Performance

Stock:	Ticke	1Q-2003		4Q-2002		4Q-2001		4Q-2000	
		Price	Dividend	Price	Price	Price	Dividend	Price	Dividend
PS Business Parks Inc.:	PSB	\$30.23	3.84%	\$30.75	3.77%	\$32.00	3.70%	\$23.50	5.78%
Public Storage, Inc.:	PSA	\$31.48	5.72%	\$31.05	7.44%	\$35.60	5.31%	28.00	3.14%
Shurgard Storage Centers:	SHU	\$31.82	6.66%	\$28.50	7.44%	\$32.50	6.40%	\$27.75	7.06%
Sovran Self Storage:	SSS	\$28.30	8.48%	\$25.80	9.30%	\$30.51	7.70%	\$28.25	7.64%
Storage USA, Inc.:	SUS	N/A	N/A	N/A	N/A	\$42.00	6.80%	\$35.00	7.31%
Averages		\$30.45	6.18%	\$29.03	6.58%	\$34.52	5.98%	\$28.50	6.19%