

Extra Space Storage Inc. Stock Pitch Report

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Company Overview

Extra Space Storage Incorporated was founded in 1977 in Utah, USA, by its founder, Kenneth Woolley. It is a public limited company listed on the NYSE as EXR. The company deals in the real estate business. Extra Space Storage is ranked as the second-largest real estate company in the USA and is a self-managed and self-administered real estate investment trust (REIT). The company is a highly profitable and rapidly growing organisation; in 2019, it had about 1,800 self-storage stores in 40 states. At December 31, 2025, Extra Space Storage owned, operated, or managed 4,281 stores across 43 states and Washington, D.C.; by March 31, 2026, the portfolio had reached 4,344 stores. The company's initial offering of stock was held in 2004 publicly on the New York Stock Exchange with the ticker symbol EXR. Initially, the company was registered as a limited partnership firm with the title of Extra Space Development Co in 1977. Most of the real estate property is owned by the company, about 180 sites are owned by joint venture partnerships, and about 450 of the total sites are owned by third parties. However, these are managed by Extra Space Storage. In return, they charge a certain amount as their fee. The company is basically constructing its own buildings and then renting them out to earn money. The company owns and operates more than 1400 facilities. Extra Space Storage Inc. owns, manages, operates, develops, and maintains all its facilities and buildings.

The company is one of the top self-storage companies; it offers rental facilities to its customers. The \$1.1 billion figure is historical. Extra Space Storage reported total revenues of approximately \$3.38 billion for 2025. The company is providing distinctive services to its valued customers. It provides discounted rental trucks and offers various storage unit options. All its facilities are well-equipped, and most of its customers are highly satisfied with its services. All the storage units have electronic gates with security codes, there are climate controlled storages, covered and uncovered vehicle storage. There are individual door alarms, and every site has a manager to deal with the queries and complaints of the customers and provide the best services. It provides an online reservation facility and an online rental discount. The company is the second-largest and fastest-growing company after Public Storage Inc. It has outclassed all its competitors; its major competitor is Public Storage, with above 5000 employees and \$3.1 billion in revenue. Other competitors include CubeSmart Self Storage, Life Storage, Strong Express, Metro Self Storage, MiniCo, and Strong Post.

Investment Thesis

The Extra Self Storage company is rapidly growing at a pace of 3.2 %, yielding dividends. The company's growth is positive in the first quarter of 2019 due to its extraordinary performance,

packages, and services. Due to the favourable market trend and customer flow, this industry has the potential to flourish. According to the graph below, the company has continuously grown during the last three years.

The above-given graph shows the revenue of the Extra Space Storage company; the growth during the first quarter of 2018 was 4.2 %. Its net operating income also rose to 4.8 % every year despite the fact that 20 basis points have declined in the occupancy ratio, which is 91 %. During the first quarter of 2018, the company acquired two new stores through a joint venture partnership and planned to invest in 12 more stores with an investment of \$222.3 million. In 2018 and onward, the company added 46 new stores through third-party management platforms. The third-party management is also highly profitable, and the company is managing these stores against its specific management fee.

The storage units in urban areas are more expensive than those in small towns. The average cost of urban stores is \$ 100 per month per 10X20 area. The highest price in urban areas is up to \$ 200, and in small towns, it can go down up to \$40. It also depends on the covered area; a small space is cheaper than a large-sized storage. The 5X5 units are as low as \$ 5, while the 20' X 25' storage units are \$ 300 per month in the same unit.

The company is offering tenants to both individuals and businesses; it is a US-based industry. This industry is flourishing in the USA, and currently, there are over 52000 storage facilities across the country. On the basis of revenue, the company holds the 2nd position in the industry with \$1.1 billion, while the top company is Public Storage, with its revenue of \$3.1 billion. Other closest competitors are Life Storage with \$6.21 million, CubeSmart has \$558.5 million, and Storage Express has \$6.5 million.

The company is highly profitable, and most of its storage units are owned by the business; some are through JVs, and others are third-party owned on the basis of its management fee. The gross margin of the company was 73.3 % in 2019, and it was 73.5 % in 2018. It is a significant value, and it shows the profitability of the company. The operating margin of the company is slowly increased in the past five years from 46.5 per cent in 2015 to 49.4 % in 2019; however, the growth was consistent during this period. Return on Assets of the company is 5.35 % in 2019, which has increased continuously within the last five years from 3.61 % in 2015. The return on equity of Extra Self Storage in 2019 was 18.01 per cent, which is a significant value, and it attracts investors to invest in the company. ROE in 2015 was 9.87 %, which has rapidly soared during the last five years. The major strength of the company is its competent management team, its distinguished services, and its loyal customers. The loyalty of the customers is based on the satisfaction of the customers. The company is rapidly growing in terms of its revenue, storage units, and number of employees. So, the company has outclassed all its competitors, and soon, it will become the market leader in the storage industry. (Extra Space Storage Inc., n.d.)

The company is financially strong and pays a higher dividend to its shareholders. Its dividend price is \$0.90, and its rate is 3.1 %, which is a significant value. Moreover, the revenue of the company was \$1.1 billion in 2018. As we discussed earlier, the ROA and ROE of the company are also increasing,

which shows the financial stability and profitability of the company. The current capital structure of the company includes both debt financing and equity financing. The total debt of the company is \$2490 million, and the total equity financing is \$1737 million. The capital structure includes 41 % debt-equity financing and 59 % debt financing. (U.S. Securities and Exchange Commission, n.d.)

Here, we will discuss the capital structure of the company. We have complete data for the fiscal year 2019; all the values in the table below are in million US\$. The interest coverage ratio of the company is 3.45, which shows that the company can easily pay its interest expenses. The company's financial position is much stronger than its competitors; it has higher revenue and net profit than most of its competitors.

Total Assets	4249
Total liabilities	2490
Total stockholders' equity	1737
Total liabilities and stockholders' equity	4227

The storage industry is rapidly growing, and the market trend is in an upward direction, so there are a lot of business opportunities, and the company can increase its revenue. Online booking and the involvement of e-commerce can provide endless opportunities for the growth of the company. Moreover, the third-party ownership of storage unit partnerships is highly profitable as it doesn't require any investment in the company.

The high interest rates could affect the business because the capital structure of the company includes about 60 % debt financing. Moreover, the interest rate can also affect the net profit of the company. Another risk factor is market saturation; there are many competitors, which can affect the prices and the profit margin of the company.

Extra Self Storage is a public limited company, including the board of directors and management. The top management team includes the CEO, CFO, and the heads of other departments, as shown in the following organogram of the company.

The income statement of the company reflects that the company is highly profitable. The DCF analysis shows the NPV of the future cash flow of the company's stock. The intrinsic value of EXR is \$ 71.24 to the current share price of the company, which is \$80.46. The multiple valuations of the company are 22.39, while the industry median is 17.40. The company is ranked 72 % lower among 572 companies within this industry. The beta value of EXR is 0.44, which shows that the share price of the company is fairly sensitive to the volatility of the market for the last 5 years. If this value remains

the same in the future, the share price of the company will be raised from the market. However, it will fall rapidly if the market goes down. Investment in the real estate business has a low risk in a number of ways. EXR usually has short-term leases, so the risk is mitigated to a greater extent. However, the weak economic conditions and intense competition in the market make it sensitive. The major risks for investors to invest in this industry include oversupply and financial risks. The oversupply refers to the excess supply of storage units over the market demand. Oversupply is common in the REIT industry. Most of the REIT companies have higher debt financing, so higher interest is paid, which can lower the net income of these companies. The higher interest rates and the oversupply have affected many companies in this industry. (Greenlaw et al., 2022)

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