



## **Public Storage**

### **First Quarter 2026 Earnings Call**

**April 28, 2026**

#### **C O R P O R A T E   P A R T I C I P A N T S**

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**Tom Boyle**, *Chief Executive Officer*

**Joe Fisher**, *President and Chief Financial Officer*

#### **C O N F E R E N C E   C A L L   P A R T I C I P A N T S**

**Michael Goldsmith**, *UBS Investment Bank*

**Samir Khanal**, *BofA Securities*

**Todd Thomas**, *KeyBanc Capital Markets*

**Nick Joseph**, *Citigroup*

**Nicholas Yulico**, *Scotiabank Global Banking*

**Brendan Lynch**, *Barclays Bank*

**Juan Sanabria**, *BMO Capital Markets*

**Caitlin Burrows**, *Goldman Sachs*

**Michael Griffin**, *Evercore ISI*

**Spenser Allaway**, *Green Street Advisors*

**Ravi Vaidya**, *Mizuho Securities*

**Michael Mueller**, *JPMorgan Chase*

**Eric Luebchow**, *Wells Fargo*

## PRESENTATION

### Operator

Greetings and welcome to Public Storage First Quarter 2026 Earnings Conference Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If you'd like to gain access to the queue, please use the command star, one on your telephone keypad. If anyone should require operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Brand Reagan. Thank you. You may begin.

### Brandon Reagan

Thank you, Operator. Hello everyone and thank you for joining us for our first quarter 2026 earnings call. I'm here with the Public Storage leadership team, Tom Boyle and Joe Fisher.

Before we begin, we want to remind you that certain matters discussed during this call may constitute forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are subject to certain economic risks and uncertainties. All forward-looking statements speak only as of today, April 28, 2026, and we assume no obligation to update, revise, or supplement statements that become untrue because of subsequent events.

A reconciliation to GAAP of the non-GAAP financial measures we provide on this call is included in our earnings release. You can find our press release, supplement report, SEC reports, and an audio replay of this conference call at our Investor Relations website, [investors.publicstorage.com](https://investors.publicstorage.com).

We ask that you initially limit yourself to two questions. However, if you have additional questions, please feel free to jump back into queue.

With that, I'll turn the call over to Tom Boyle.

### Tom Boyle

Good morning everyone and thank you for joining us.

I'll frame my comments this morning around four points. First, the PS4.0 era is now underway with the new team in place and Own-It culture is gaining momentum.

Second, the announced acquisition of NSA is an important early milestone in that strategy.

Third, our operating platform PS Next is strengthening the customer experience while also improving how we run the business with first quarter results in line to a touch better than expectations.

And fourth, even ahead of the forthcoming storage recovery in fundamentals, we're continuing to invest behind a broader value creation engine that we believe can drive stronger per-share growth over time.

Let me start with PS4.0.

What PS4.0 is really about is building the next phase of Public Storage around a simple idea: we have a unique opportunity to create value by combining the scale of our platform, the strength of our brand, the

quality of our portfolio, our unique Own-it culture, and increasingly, the advantage of our data and analytics capabilities.

We hosted our 160-person leadership team a few weeks ago to kick off the new era with an enthusiastic response internally. Our teams have embraced the strategic vision, and there is real energy across the organization around what comes next. That matters, because strategy only creates value if the organization is aligned behind it. Right now, that alignment is getting tighter. The energy is being translated into urgency for execution.

That takes me to point number two, NSA. The announced acquisition of National Storage Affiliates is a major step forward for us and a very clear example of PS4.0 in action. When we discussed the transaction in March, we highlighted three things.

One, the portfolio combination is compelling. The two portfolios deepen our brand, scale and operating presence across the national opportunity set.

Two, there is meaningful upside from bringing that portfolio onto our platform. On the M&A call, we discussed the customer experience opportunity with managing the properties under the PS brand and PS Next operating model. This will also lead to revenue potential and margin upside.

And three, we structured the transaction with a win-win joint venture that optimizes portfolio structure for Public Storage and preserves financial strength. Public Storage will wholly own 46% of the over 1,000 assets in the portfolio with the remaining in joint ventures. Importantly, the transaction maintains our industry-leading balance sheet.

When I step back and look at NSA, I don't see a bigger company; I see a stronger platform, a deeper portfolio, and a broader opportunity set for value creation. This will drive differentiated per-share earnings growth.

And importantly, integration planning is progressing well. The teams are engaged, the workstreams are moving, and we're preparing the business to execute well upon closing. I also want to take a moment to thank both the NSA and Public Storage teams. Transactions like this require an enormous amount of focus, coordination and professionalism, and we appreciate the strong collaboration we're already feeling across both organizations. There's obviously more to come as we work toward completion of the transaction, but I'm encouraged by the work that's underway.

That leads to point number three, the operating platform.

A big part of why we're excited about NSA is that PS Next is built for this. PS Next is an operating platform that is increasingly shaping how we serve customers, price inventory, manage demand, and drive efficiency across the business. Customers are increasingly interacting through digital channels, whether through our website, app, agents, and over time more through large language model-driven interfaces. We're building our operating model around those shifting customer expectations. That customer focus is central to PS4.0. The team is aligning in this direction.

Let's connect that strategy to what we're seeing in the business today.

The operating environment remains challenging. We are seeing lower customer move-in activity overall in the first quarter with some weather impacts and modest demand. But at the same time, we have driven better rental rates than expected, and importantly, our existing customer base remains very healthy. Move-out activity was meaningfully lower in the quarter, leading to better occupancy than last year.

This is not a one-speed environment. It's a market where execution matters and that is where the operating model transformation becomes so important. We're improving customer experience in a way that supports performance on both the revenue side and the expense side. We're seeing that playbook continue to

develop, and that gives us confidence, not just in integrating NSA, but in improving the performance of the broader portfolio over time.

Now let me go to point number four, the value creation engine. We're not waiting for the environment to get easier; we're acting now. We have confidence in the long-term fundamentals of storage and have the opportunity to invest today to benefit the platform over time.

That mindset is important because while the near-term environment remains uneven, the longer-term setup is compelling. Several longer-term drivers support that optimism: self-storage adoption has increased over the last decade; participation has broadened across customer cohorts with strong participation from younger generations.

Our units also present an affordable space solution in a high cost-of-living environment, and competitive supply is slowing as new developments become harder and more expensive. We like that backdrop. But more importantly, we're positioning the Company now to outperform as that backdrop improves.

NSA is the first major milestone of our value-creation engine, but it's not the only one. We continue execute upon value creation through multiple levers. That is a year-in and year-out opportunity given our capital resources in Public Storage across four different levers: acquisitions, development, expansion efforts, and our lending platform. Our capital resources will be allocated across those levers in order to: one, improve our portfolio; two, accelerate per-share earnings and cash flow; and three, compound our returns.

Our external growth and capital allocation capabilities continue to build. In March, we announced a strategic data science partnership with Welltower. That partnership brings together Welltower's capital allocation-oriented data science platform and Public Storage's operational, pricing, and customer analytics capabilities to better our micro market targeting and portfolio construction over time. Our value creation engine is driven by a combination of our PS Next operating platform advantages, enhanced data science approach and team investments.

So, if I put it all together, here's how I'd summarize the quarter.

One, we launched PS4.0 and aligned the organization towards a new strategic vision.

Two, we announced the NSA acquisition, which, with a unique structure strengthens our scale, our platform, our portfolio and our value creation opportunity.

Three, we continued advancing PS Next and our operating model transformation, with a strong focus on customer experience.

And four, we expanded the reach of our value creation engine through both external growth and the Welltower data science partnership.

We're realistic about the operating environment. It remains uneven, but we're also optimistic: optimistic about the demand and supply setup over the next several years, optimistic about the capabilities we're building, and optimistic about our ability to translate those investments into stronger per-share earnings growth over time.

With that, let me turn it over to Joe.

**Joe Fisher**

Thank you, Tom, and good morning everyone.

The topics I will cover today include our first quarter results, a summary of recent transactions, and a balance sheet and capital markets update.

Core FFO in the quarter was \$4.22 per share, up \$0.10 per share or 2.4% year-over-year. These results were driven by better than expected same-store NOI and significant growth from both our non-same store portfolio and ancillary income initiatives.

Same-store revenue and NOI growth in the quarter were flat and positive 0.4%, respectively. Move-in rents, while still negative, came in better than expected at minus 2.4% versus full-year expectations of down mid-single digits, which had been expected to start the year lower and improve throughout the year. Occupancy was positive year-over-year by 0.4% versus guidance assumed at flat for the year. Lastly, our existing customers continue to perform well as demonstrated by a material reduction in churn.

We continue to see a market that is mixed by geography. In a number of Sunbelt markets, new supply continues to weigh on performance and pressure revenues. But at the same time, we are seeing strong growth in many of our Coastal and Midwest markets. Lastly, Los Angeles continues to be hindered by the state of emergency with the most recent extension through the end of May. As a reminder, we have assumed the state of emergency remains in place all year at a negative 80 basis point impact for same-store performance. But given the quality of our portfolio, low supply, high occupancy and strong performance in other Southern California markets, LA will be a strong tailwind for performance in the future.

Expense growth performed very well at minus 1.1% for the quarter, Property tax, we did see earlier than expected appeals wins of approximately \$3 million in the quarter, which we had previously expected in the second quarter. Away from property tax, PS Next helped drive negative growth in payroll, R&M, utilities, and marketing.

Outside of the same-store pool, NOI growth of 27% in our non-same-store pool and ancillary growth of 12% lifted results. Non-same store performance and our external value creation engine continue to be a substantial and repeatable driver of shareholder value. If we utilized a same-store definition similar to that of our peers, NOI would've been 50 basis points better in the quarter

While we are pleased with our results having started the year ahead of our expectations, we have not adjusted our guidance at this time with busy season still ahead of us. As a reminder as we spoke about in our initial guidance, the leading indicators of our business remain positive, but year-over-year revenue growth as a lagging indicator will soften mid-year.

On to transactions.

Year-to-date, we acquired or are under contract for \$186 million. The first quarter is typically a slow quarter for external growth, however, we do continue to see opportunities that are a great fit for our PS Next operating platform and expect to have more activity to discuss in the second quarter.

On the development and expansion front, we had openings of \$45 million during the quarter. The development pipeline stands at \$618 million, with stabilized yields targeting 8% and remaining amounts unfunded of \$416 million.

And for our lending business, we had \$143 million outstanding at a current rate of approximately 7.9%.

Lastly, our fortress balance sheet remains in excellent position from both a metric and liquidity perspective. At quarter end, we had available liquidity of \$1.3 billion between our line of credit and cash on hand, plus approximately \$600 million of annual free cash flow. Subsequent to quarter end, we issued \$500 million of well-priced 10-year unsecured notes at 5.0%, with proceeds being utilized to paydown our revolving credit facility and improve liquidity.

Our balance sheet remains one of the strongest in the REIT sector, with debt to EBITDA of just 2.9X, debt plus preferred equity-to-EBITDA of 4.2X and debt plus preferred equity to enterprise value in the low 20% level.

In summary, we're encouraged by our start to the year and by the opportunities we see ahead. We delivered solid results, maintained a fortress balance sheet, and continued to execute against our capital allocation priorities. We remain disciplined on deployment, constructive on the long-term fundamentals of the business, and confident in our ability to drive per-share value creation.

With that, I'd like to turn the call back to the operator to open up for Q&A. Thank you.

### **Operator**

Thank you. At this time we'll be conducting a question-and-answer session. If you'd like to ask a question, please press star, one on your telephone keypad. As a reminder, please limit yourself to two questions. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Our first question comes from Michael Goldsmith with UBS. Your line is now live.

### **Michael Goldsmith**

Good morning, good afternoon. Thanks a lot for taking my questions.

Joe, in your prepared remarks, you talked a little bit about a material reduction in churn during the quarter. Can you talk a little bit more about that specifically? Was that just in the month of March? Was that throughout the quarter? What do you think is driving that? What is the impact on the financials of a material reduction in churn?

### **Joe Fisher**

Hey Michael, good afternoon. Good question and definitely a good statistic to highlight for us as we've been very encouraged by the existing customer dynamic and them staying with us longer. So we did see a pretty material reduction in that churn number and move-outs coming down in the quarter.

In terms of what's driving that, I think it's a multitude of factors. One, we're seeing good pay rates and minimal delinquency coming off of the existing customer and an ability to continue to pay those ECRIs as they come through. So the health of the overall customer is strong at this point in time.

At the same time, from a customer experience and focus on that experience and length of stay, as part of PS 4.0 we've talked a lot about the customer obsession and the teams are really laser-focused right now on customer experience, making sure we deliver a good product and a good experience overall, and hopefully that results in a longer length of stay for us.

From an economic perspective, obviously, that existing customer is a little bit more profitable for us. So the more that we can hold on to that individual and have less inventory available to sell going forward, that helps pricing on the new side as well, which you saw that move-in rate clearly come up pretty materially and ahead of expectations there in the first quarter.

### **Michael Goldsmith**

Thanks for that. As a follow-up question, can you talk about what you've seen—we're almost at the end of April now, but what you've seen through April, and we're lapping Liberation Day, so just trying to get a sense of the latest and greatest operating metrics.

**Tom Boyle**

Yes. Sure, Michael. It's Tom. We saw similar trends in April to what we saw really through the first quarter. So similar to what Joe was just highlighting in terms of better churn year-over-year, so lower move-out volume, lower move-in volume with occupancy kind of flat to a touch better and improving trends as it relates to move-in rates, move-in rates flat to a touch positive through the month of April.

Busy season is here, just getting started. We have a busy month ahead of us here in May, June and July. Teams ready and look forward to updating you on that further second quarter activity as we move forward.

**Michael Goldsmith**

Thank you very much. Good luck in the second quarter.

**Tom Boyle**

Thanks, Michael.

**Operator**

Next question comes from Samir Khanal with Bank of America. Your line is live.

**Samir Khanal**

Good morning everybody.

I guess, Joe, how should we think about the cadence of revenue growth here as we think about the next few quarters. When you look at the first quarter, you're certainly tracking well above the midpoint here. Just help us kind of unpack kind of revenue growth. Thanks.

**Joe Fisher**

Hi, Samir. So I guess I'd bifurcate that into two different pieces. You have your leading indicators and your lagging indicators. On the leading side, I think inherent in the question is obviously we started off the year really well from a leading indicator perspective across the board, whether that's those move-in rates, the churn, occupancy, etc. So feel really good on that front. What we did communicate going back to the original guidance call was that year-over-year revenue as a lagging indicator does get a little bit worse before it gets better. And so we had some pressures in third quarter and fourth quarter of last year flow into that year-over-year number as we get into 2Q and 3Q. So we do expect year-over-year revenue to come down a little bit on a year-over-year basis, but sequentially we continue to be positive in terms of those trends that Tom just talked about going through April.

**Samir Khanal**

Got it. I guess my second question is around kind of how should we think about your investment activity this year, excluding NSA. Maybe expand on kind of the opportunities you're seeing out there and maybe also comment on kind of the lending platform. Thanks.

**Tom Boyle**

Sure. So I'll maybe take the first piece of that, and Joe can take the second piece.

I think stepping back on the transaction market, we're seeing similar trends than what we saw last year, which was encouraging. A broadening of the seller set, a combination of single one-off transactions, as well

as some smaller portfolios that we were more active—and I'll get to that in a moment—on single asset transactions in the first quarter.

In terms of the first quarter itself, it tends to be a little bit quieter seasonally so we'd expect that transaction volume picks up as we move through the year. But I think a more stable interest rate environment, more stable operating trends and a broadening seller set all point to encouraging trends for transaction activities overall.

As Joe highlighted just a few moments ago, we've acquired or under contract around \$200 million in acquisition activity. That's really being driven by a couple of factors. We, on our last call, spoke specifically to investments we're making into our capital allocation capabilities and I reiterated those a few moments ago: building a team, enhancing our data science capabilities and utilizing the PS Next operating platform to drive differentiated cash flow. So were built for the small one-off transactions, which has really been where we've been active year-to-date. About three-quarters of the activity has been off market as well. So as we continue to find those micro market opportunities that we think fit really well for the portfolio.

So teams are executing. The balance sheet is certainly poised to support that level of activity and we'll keep going from here.

The second part of your question on lending, Joe?

### **Joe Fisher**

Yes. Hi, Samir. I guess first off, Tom mentioned the capacity and obviously the PS Next advantage we have across all forms of capital allocation to drive that outsized and compounding return piece.

From a guidance perspective, I'd just highlight, there really is no implication to this year, whether or not we're more aggressive or less aggressive from an external growth perspective. It really has to do with compounding that per share earnings growth into '27 and '28 and setting up the growth profile there. So not a big swing factor for '26.

As it relates to lending, this continues to be a growing part of the business. It was a slow start to the year but we do expect that to continue to grow over time and significantly enhance both the value creation and the size of that platform.

I'd say there's some puts and takes to why we were a little bit slower. From a demand for lending, it is a little bit lighter right now, which, given the backdrop of lower development starts and lower supply that shouldn't be unexpected and is actually a net long-term positive, obviously, for us from an industry perspective.

The other piece is that it's a pretty competitive dynamic in terms of individuals and groups trying to make new loans, and we are remaining disciplined in terms of keeping to our rate, keeping to the metrics that we all underwrite to and have not deviated from that to date. So if we miss out on a few deals because of that, so be it, but we think that's in the long-term interest of shareholders.

### **Samir Khanal**

Got it. Thank you.

### **Operator**

Our next question comes from Todd Thomas with KeyBanc Capital Markets. Your line is now live.

### **Todd Thomas**

Hi, thanks. First question for me. I just wanted to follow up on the revenue cadence in response to Samir's question. With the pressure that you're anticipating on same-store revenue growth in 2Q and 3Q, I guess absent LA, if you did not have LA in the portfolio, would revenue growth still be pressured like the guidance implies, or do you think that the mix of stronger Coastal and Midwest markets would carry the recovery more evenly throughout the balance of the year?

### **Joe Fisher**

Hey Todd, it would come off a little bit when you look at both Coastal and Sunbelt in 2Q and 3Q. Again, you kind of saw some broader-based weakness back in 3Q and 4Q when you looked at some of the new move-in rates going a little bit more negative than where we're at today. So it is a little bit more broad-based there in 2Q and 3Q. It's not material, but is expected to be slightly lower than where we're at here in the first quarter.

Then you called out a good point there. From an L.A. perspective, the state of emergency is still in place, at least at this point in time through end of May. From a guidance perspective, we did factor that in through the entire year and that minus 80 basis point impact to same-store rev for the full year. But because of the timing and the comps, L.A. on a same-store revenue basis does continue to get worse throughout the year, assuming that the state of emergency remains in place, which we don't have insights one way or the other, and as I said in my upfront comments, we do think that's going to be a pretty material tailwind to recapture that market rent growth at some point in the future. But for now, it does remain a drag here as we move throughout the year.

### **Todd Thomas**

Okay. That's helpful.

Then, Tom, I wanted to ask about the integration of NSA, which you touched on in your prepared remarks. Can you talk about the steps or the measures being taken to ensure that NSA's operations during the peak leasing season through closing here are sort of intact. I guess, that leasing revenue management, everything is moving along according to plan? And then, any incremental thoughts about the expected revenue or expense synergies from the transaction as you work toward closing?

### **Tom Boyle**

Yes, I'll take the first part of that, and Joe can cover the second piece.

On the first part, we've been really encouraged by the dialogue and collaboration between the National Storage team and the Public Storage team as we've gotten together here and are developing deep plans to be able to integrate the properties together as we move into the third quarter here. And over the interim, to your point, they're running their business and they're running the business well. We're doing the same and look forward to the opportunity to bringing them together here in the third quarter. We'll obviously share some more on that as we get closer, but as we spoke about on the M&A call last month, the plan is to integrate those assets immediately onto the PS Next platform, start the rebranding process, welcome all their customers and their employees and really going here in the third quarter.

### **Joe Fisher**

Hey Todd, it's Joe. Just to close that out, just from a synergy timing and value creation perspective, no changes at this point in time in terms of what we put out in early March from that presentation that we put together. We still expect \$110 million to \$130 million of synergies over time. From an accretion perspective, 2026, we had commented that we do expect that to be breakeven in 2026, but by the time we get to stabilization out in '28 and '29, we do think we'll have \$0.35 to \$0.50 of per share earnings to compound on top of our existing profile, which I think at the time we had talked about the total value creation coming from

that at our multiple, that's over \$1.5 billion value creation coming off of a \$10 billion transaction. So very excited to get going on the integration and go out there and prove the upside that we put together.

**Todd Thomas**

All right, great. Thank you.

**Operator**

Our next question comes from Eric Wolfe with Citi. Your line is now live.

**Nick Joseph**

Thanks. It's Nick Joseph here with Eric. Just as part of the structure of JV and certain properties and retaining ownership of others, is there a difference in occupancy between those properties that are going into the JV versus what will be wholly-owned?

**Tom Boyle**

No. No, there isn't. They're pretty similar occupancies between the different pools today.

**Nick Joseph**

So just in terms of the high cash flow JV, there's no difference of stabilization or anything that would drive different return profiles?

**Tom Boyle**

Both sets of those assets have been owned by NSA for a period of time and occupancies are in a pretty similar place. As we thought about that formation of that joint venture, really creating that win-win and different return profile for the joint venture compared to on balance sheet, some of the market mix compositions and the like, but occupancy wasn't the driver of the selection of assets one way or the other.

**Nick Joseph**

Got it. Thank you.

**Operator**

Our next question comes from Nicholas Yulico with Scotiabank. Please proceed with your question.

**Nicholas Yulico**

Thanks. I guess if we look at sort of the average occupancy in same-store versus where you ended on occupancy, the year-over-year delta is different there, sort of not as much occupancy growth on the period-end versus year-over-year versus in the fourth quarter. Is there something that happened in March? We're trying to push prices, and you dealt with some occupancy loss because of it? Can you just unpack that a little bit?

**Joe Fisher**

Hey Nick. Yes, just from an occupancy perspective, we did come in quite a bit better than expected there in the first quarter given some of that lower move-out activity that we saw.

I think one thing that you might be referring to is just the change, if you look at same-store occupancy in fourth quarter '25 versus first quarter of '26, it did come down a little bit sequentially, but I'd highlight that we did add about 17 million square feet into the same-store pool from '25 to '26 and the predominance of that was a little bit more heavily weighted towards our Sunbelt markets, which are running a little bit lower from an occupancy perspective. So if you're thinking about 4Q versus 1Q, I really wouldn't read into that much; focus on that year-over-year momentum that we're seeing.

**Nicholas Yulico**

Okay. Yes. I guess the follow-up on that was I was also looking at some of the year-over-year delta in terms of the ending occupancy in the first quarter versus what that growth was year-over-year in the fourth quarter, and it was a lower year-over-year on the ending, and that's why I wasn't sure if there was anything that happened late in the quarter that might have impacted the ending occupancy in March.

**Tom Boyle**

There wasn't anything in particular towards the end, but as Joe just mentioned, we were really encouraged by churn being lower through the first part of this year and certainly, the models adapted to that and predicted that moving forward, which led to a little bit more pricing power as we moved through the through the quarter.

You look at the statistics through the quarter, churn really being a really helpful component, but rates improving through the quarter, promos down, marketing down and occupancy up on a year-over-year basis, an encouraging kind of leading indicators as we move forward from here.

**Nicholas Yulico**

All right. That's helpful. Thanks, guys.

**Operator**

Our next question is from Brendan Lynch with Barclays Bank. Your line is now live.

**Brendan Lynch**

Great. Thanks for taking my questions.

Tom, I just wanted to follow up on churn being lower year-over-year. Could you kind of discuss some of the initiatives that are driving that outcome and how much of that is actually in your control given most customers aren't generally moving out to go to a competitor?

**Tom Boyle**

Yes, a great question. I do think there's a number of factors at play here. Joe touched on some of them earlier. And just to reiterate, I do think there's some macro factors at play here, right? As you think about activity levels across the economy, GDP growth, job growth, housing transaction activity all slowing as we moved into 2026. I think that has an impact both on the ins and the outs. But overall, net-net, we'd prefer less churn within the portfolio.

In terms of initiatives that we have underway, I highlighted earlier around one of the key components of the Own-It culture and PS 4.0 is customer obsession and the focus on customer experience. And that alignment amongst the teams is growing, and it's really top to bottom, from targeting new customers and conversion into the platform, as well as a heightened focus on customer experience at the property as well, including new incentive programs targeted towards churn. So overall, lots of different initiatives internally targeting that customer experience, which we think is also benefiting churn levels into the first quarter.

**Brendan Lynch**

Great. Thanks. That's helpful. And then maybe just touching base on some of your more challenged markets like Tampa and Atlanta and Phoenix, do you anticipate the dynamics in these markets to continue to improve, or is there new supply or any other challenges that are still—potentially could still emerge going forward?

**Tom Boyle**

Yes, it's a good question. I think overarching, we continue to expect that new supply will taper down and that is impacting many of those markets. Tampa you highlighted, in particular, was related to some storm activity and the comps associated with that as we lap those. But away from that, we've seen encouraging trends in markets like Dallas, for instance, Atlanta, Phoenix, where new supply is being absorbed. Revenue growth is still negative on a year-over-year basis but improving sequentially and that speaks to the overall trajectory of that Sunbelt group over time, which we expect kind of modest improvement as we move through '26 and forward.

**Joe Fisher**

I think, Brendan, one of the things we've been keeping an eye on is just, Tom talked upfront about the secular backdrop and the positivity there for the industry as a whole, but going through this cyclical disruption right now. And when you look at third-party data out there from both an occupancy and a rate perspective, we do seem to be leveling out and stabilizing. And so that's a really good sign in terms of what the go-forward trajectory is going to be coming out of this. So as supply continues to come down, and then we go out there and put our initiatives in place to capture more than our fair share, definitely optimistic from a cyclical perspective that we've kind of found this period of stabilization.

**Tom Boyle**

Yes. I think stepping back, obviously, the recovery in some of those markets has taken longer than what we would have liked, but that absorption is taking place. And you've got strength in some of the Coastal markets that it frankly continues to build, such that the recovery is on its way; the timing of it continues to come but is a little slower than maybe what we would have liked a couple of years ago. But in the meantime, we're investing in the platform and focused around where we can deploy capital, improve operations to take advantage of that opportunity set moving forward.

**Brendan Lynch**

Great. Thank you both.

**Operator**

Our next question is from Juan Sanabria with BMO Capital Markets. Your line is now live.

**Juan Sanabria**

Hi. Good morning. Just a question with regards to the churn and the interplay with ECRIs. If I look at the implied contribution of ECRIs, it seems to have come down, so just curious, kind of piggybacking off the last question, is there, I guess, a greater ability for local or corporates to kind of soften those ECRIs if the customer complains to try to keep them on board and reduce churn? Or if you could talk a little bit more about that the interplay of ECRIs and churn and what we should just expect given the moderating macro environment.

**Tom Boyle**

Yes. Good question, Juan. The encouraging thing is we've seen really steady customer behavior and that goes across the board. Joe highlighted earlier, lower delinquency, payment patterns, things like that, vacate activity clearly, but I would put price elasticity on that list as well, which is we haven't seen a shift in terms of price elasticity. In fact, the replacement cost component of the ECRI modeling is improving as well. So as we think about the customer reaction to rental rate increases, they've been encouraging year-over-year.

What you're seeing in terms of overall contribution on a year-over-year comp basis, a big component of that is Los Angeles, right, where this year, we don't have the ability to descend rental rate increases at all, whereas last year, we had the ability to send modest increases. I'd say that's probably the primary component of that year-over-year comp.

But stepping back, that price elasticity remains healthy. Customers continue to place a lot of value on the product we're offering. Our rents continue to be affordable versus other space alternatives. And I think all of that is leading towards lower vacate activity from that program and overall.

### **Juan Sanabria**

Great. Then just kind of a bigger picture question. Given the long history and data that you have, what lessons or takeaways do you have from previous times when oil or energy prices have spiked and what that may or may not mean for storage and the stickiness of the customer or potential churn as a result? I'm not sure if there's a lag or any insights you're making from the past data.

### **Tom Boyle**

Yes. What we've seen over time, stepping back, is in periods of macro stress, so if you look back at prior recessions with the exception of the COVID environment, what you really saw was vacate activity starting to tick higher. Encouragingly, obviously we've spoken about it a number of times on this call, we've seen the opposite taking place, and that's continued through April as well. So very encouraging existing customer trends.

In terms of gas prices, specifically, we've seen gas prices and oil prices go higher at several different points over the last 10 to 15, 20 years and we haven't seen a material impact on storage activity. I think that goes back to the needs-based nature of our product and the fact that folks aren't waking up on a Saturday morning dreaming of moving their stuff into storage, there's something that's going on in their life, right, and there's a change that's occurring and we're a solution for that change. So we don't tend to see short-term moves in gas prices materially impacting the customer base.

That all said, teams are laser-focused on watching customer behavior and seeing if there's any shifts; it's just been encouraging to date.

### **Juan Sanabria**

Thank you.

### **Operator**

Our next question comes from Caitlin Burrows with Goldman Sachs. Your line is now live.

### **Caitlin Burrows**

Hi everyone. Maybe just first, it seems like a number of the 1Q metrics came in better than expected, so I'm wondering if the reason for no change to guidance is just that it's too soon in the busy seasons ahead, or are there some known issues that we should take note of? Like the timing of the one-off acquisitions, timing or rate of debt raise or anything else to offset the strength so far or not necessarily?

**Joe Fisher**

Hey, Caitlin, it's definitely the former. Hopefully, you're picking up in our tone and commentary of the positivity that we have around the start to the year. Very encouraged by everything we're seeing, but to your point, we are still early in the year with a busy season ahead of us, we still have NSA to get closed and integrated. So our thought process is simply stay focused on the task at hand, focus on how we're going to finish the year, not how we're going to start it from a guidance perspective, and we'll report back in 2Q with hopefully a positive update for everyone.

**Caitlin Burrows**

Got it. Okay. Then maybe just on the supply side, you mentioned how you continue to see new supply competition in Sunbelt markets in particular. How long do you think that's going to take to dissipate and what makes you confident that those sorts of headwinds don't just pop up again as you think about your comments on the confidence in long-term kind of, I don't know, strength in supply demand that you mentioned earlier?

**Tom Boyle**

Yes. The Sunbelt markets have pretty good demand trajectory, and you think about population growth trends, job growth, income growth and so there's really encouraging trends that are taking place in many of the markets that we spoke to earlier, be it Tampa, West Coast of Florida, Atlanta, Dallas, Fort Worth, etc. So we're encouraged by the longer-term trajectory there.

There is the impact of new supply periodically in a real estate cycle that occurs in those markets and we're in that. I think the encouraging thing is new supply is tapering down and, frankly, being absorbed in those markets. And the sequential trends on a quarter-over-quarter basis have been improving in many of those markets that I just highlighted. So it does feel like from a second derivative standpoint, we're headed the right direction. I think that just relates to the fact that development business continues to be more challenging, and that's not just a Sunbelt element, that's a nationwide component.

You look at timelines and city processes continue to get longer, not easier. Financing costs are obviously higher than they were several years ago. Construction costs are more elevated and not dropping from here. And obviously in many of the Sunbelt markets, for instance, rents have been coming down, right? Revenues are going lower. And so you think about the economic barriers to entry that are coming through in some of those markets as well.

So we're anticipating that supply takes another leg lower this year and probably further into next year, and you will see that occur in some of the Sunbelt markets as well as elsewhere.

**Joe Fisher**

I think it's important, too, to add on that, just in terms of Tom's commentary on the challenges around supply broadly and those economics, that is very different than what you see out of us.

We've talked about wanting to continue to lean into our development platform. But that's really a byproduct of the quality of the team, the benefits of being one of the largest, if not the largest developers in the space, and very importantly, benefits of PS Next. The fact that we're getting 8% stabilized yield on our platform is not representative of what's taking place in the broader marketplace. That value creation is to us alone. That's why we continue to lean into that area while the rest of the market is pulling back.

**Caitlin Burrows**

Thanks for those details.

**Operator**

Our next question is from Michael Griffin with Evercore. Your line is now live.

**Michael Griffin**

Great. Thanks. Maybe just circling back on the PS Next initiatives and as it relates to your marketing spend and sort of targeted marketing. Tom, can you maybe quantify or give some examples of how the framework around either customer acquisition or marketing spend, leveraging data from Google or AI that you might have might have changed with the PS Next relative to how Public was doing it previously?

**Tom Boyle**

There's a lot there to unpack. We'll take it piece by piece.

I will say we welcome the new Chief Revenue and Marketing Officer Ayash Basu here earlier this year, and he's getting his fingerprints on our revenue and marketing strategies moving forward.

I think working with the team that's in place, we've had the ability to lean in through the first quarter around some of our targeting initiatives, be it through Google, as well as our conversion of initiatives on our website target customers that we think have an attractive lifetime value. I think they're working very closely with Natalie Johnson and her data science team around what it is that we can do and utilize our data to be able to be more refined so that when a customer drops on our website we have an expectation of what the lifetime value is going to be, what the right potential pricing and promotion mix is. And then your point on Google, how do we go out and find more customers like that?

Akl of those things are in the mix and excited to see what those leaders can drive as we move forward from here.

**Michael Griffin**

Thanks, Tom. That's certainly helpful. Then maybe just a point of clarification. On the \$185 million of deals that closed subsequent to quarter end, were any of these in relation to the new data science partnership you have with Welltower or was this stuff that was already in the hopper that just happened to close this month?

**Tom Boyle**

Yes. That stuff was more in the hopper. So that's all to come.

**Michael Griffin**

Great. Thanks so much.

**Operator**

Our next question comes from Spenser Glimcher with Green Street Advisors. Your line is now live.

**Spenser Allaway**

Thank you. In terms of the LA market, can you just remind us of how long it has historically taken you to get those customers up to market rents after periods of rent freezes? Do you think that this catch-up could take longer this go around just due to weaker demand landscape?

**Tom Boyle**

Yes. Great question, Spenser. First thing I'd say is that the demand landscape in Los Angeles continues to be very healthy. If you look at Orange County activity and the other counties around L.A. County, San Diego continue to see strong demand, high occupancies, good rental rate trends. So we've got a lot of confidence in terms of the overall macro backdrop around L.A. and the performance that we're seeing there.

Then on the ground, we have a differentiated, attractive portfolio that's really irreplaceable in Los Angeles that we've owned for decades and continue to improve. And so we're optimistic as it relates to the upside from a demand standpoint moving forward from here.

As it relates to the ability to charge market rental rates, obviously, that's not within our control today, but we would look to charge those market rental rates over time and it will partially depend on how long the state of emergency is in place in terms of how long it takes to get back. If you look back at the Hills & Woolsey Fire and the COVID emergencies, it probably took us 18 to 24 months to get back to the levels of rents that we were charging. That state of emergency was obviously in place for a longer period of time than where we sit today, so that gives you a guidepost, but we're certainly not going to go rush out and do it immediately either given the breadth of the platform and the brand in L.A. But we do have a lot of confidence and track record in our ability to accelerate those rents to market rents over, call it, a 12- to 18- to 24-month period.

**Spenser Allaway**

Okay. Thank you. That's very helpful color. then maybe just switching gears, just in regards to the transaction market, obviously, you guys have been pretty active and you guys see—I would assume everything that's coming across being marketed. Can you just comment on what you're seeing in terms of assets on the market today? Where is the bid-ask spread generally, and can you comment broadly on cap rates?

**Tom Boyle**

Sure. As I highlighted earlier, we've been encouraged by a broadening of the seller set. So we've got activity in the first quarter from institutional sellers, from mom-and-pop sellers and everything in between. So that's been an encouraging development in terms of the breadth. And I do think the stability that we've seen both operationally as well as within interest rates has led to a narrowing of that bid-ask spread, ie., there's less of a gap between what a seller thinks rental rates be versus what we think rental rates should be. Interest rates are more stable, all those sorts of things, all helpful.

In terms of cap rates, they've been reasonably consistent with stabilized product trading in the 5s, getting into the 6s as we put them on our platform, and we really have that PS Next opportunity to take the assets, put it on our platform and earn more cash flow, which is attractive. But overall, that's a sense of where cap rates are across the industry.

I think our team is really built, again, that one-off activity. About three-quarters of the activity year-to-date has been off-market and really targeted micro market activity, and certainly NSA on the other end of the spectrum, certainly a large portfolio opportunity. So we're interested in the full spectrum and have different tactics and team investments to try to attack those opportunities.

**Spenser Allaway**

Okay, great. Thank you. That's all for me.

**Operator**

As a reminder, if you'd like to ask a question, please press star, one on your telephone keypad. One moment while we poll for questions.

Our next question comes from Ravi Vaidya with Mizuho. Please proceed with your question.

**Ravi Vaidya**

Hi there. Thank you for taking my question. I know you guys offered some comments on how you expect revenue to trend throughout '26. But how do you expect expenses to trend, given that we're off to such a strong start?

**Joe Fisher**

Hi, Ravi, it's Joe. Yes, we did have a lot of success coming through 1Q, even probably better than expected as you saw: p-tax, personnel, marketing, utilities R&M all down year-over-year. I think I highlighted in my upfront comments, we did have about a \$3 million onetime benefit in p-tax, which was really an appeal win that we thought we would have coming through in 2Q. So no change to full-year guidance from that, just a timing implication.

So if you look at where our midpoint is on a go forward, still really constrained expense growth overall as well as relative to the peers, but we do think it will tick higher as we track closer towards that midpoint that we've previously laid out. So you'll see some of those numbers going higher, but still a lot of initiatives in place to keep that number constrained and below inflation.

**Ravi Vaidya**

Got it. That's really helpful. Just one more here. Can you comment on the decision to have maybe less promotional activity this quarter than a year ago. Is this something that we could expect going forward? How do you consider promotions as a tool in an environment when both move-in and move-out volumes are declining? Thank you.

**Tom Boyle**

Yes. You're highlighting promotions, which is one tool. I'd also highlight marketing as well as rental rates as all tools that we use to drive conversion and traffic to the customer acquisition funnel.

Promotions have been down really pretty consistently over the last year and move-in rental rate trends have been improving as we spoke about through the course of the year, and marketing as well as we think about less churn and less inventory to re-rent came down a little bit in the first quarter as well. So encouraging trends really across all three of those levers for customer acquisition, and we'll continue to use them dynamically really at the store level to optimize revenue.

**Ravi Vaidya**

Thank you. Appreciate it.

**Operator**

Our next question is from Mike Mueller with JPMorgan. Your line is now live.

**Michael Mueller**

Hi. Can you talk a little bit about the lending program? Are you looking at this largely as a lending business that you can make money in, or does there need to be an angle where you can ultimately get to the real estate of the management? And how big do you think it could ultimately be?

**Joe Fisher**

Hey Mike, you hit on a couple of the key points there. Of course, we're looking to make a strong risk-adjusted return coming out of this business. It's around \$150 million business today. We think it could grow up into the \$0.5 billion to \$1 billion range over time. But we're not going to strive just to get there. As I said, we went pretty slow here in the first part of the year given the discipline that we have around it.

To your point on ancillary pieces, though, there are a lot of ancillary benefits coming off of this platform. You hit on one of them, which is it could be a potential feeder of future acquisition activity, and so that is one thing that we look at. In addition, we get third-party property management on these assets, and we also get tenant insurance on these assets. So when you look at the profitability of the platform as a whole, you really have to take a holistic view of not just the yield that we get on the loan, but also the revenue streams and cash flow streams coming in from these other businesses.

**Michael Mueller**

Got it. Okay. Thank you.

**Operator**

Our next question is from Eric Luebchow with Wells Fargo. Your line is now live.

**Eric Luebchow**

Great. Thanks for the question.

Tom, you touched a little bit on move-ins being down year-over-year due to less inventory, but just curious if you could touch on top-of-funnel demand, whether measured through web search or in-store traffic. And given some of the recent volatility we've seen in mortgage rates, the increase in fuel prices, slower home sales, any caution that you're sensing from the incoming customer? If you could touch on that, it would be great.

**Tom Boyle**

Yes. It's a good question. Some of the same macro themes that I hit on that are influencing churn being lower, also having an impact on the move-in side as well. It really varies by market. So our stronger markets like Minneapolis, San Francisco, New York, Boston, for instance, good top-of-funnel trends and activities, but some of the markets we were highlighting earlier that continue to be in negative territory and are suffering from more competition with new supply as that's being absorbed: the Florida markets, Dallas, for instance, others. Also seeing a little softer incoming traffic to pair with that, as you'd expect.

So big picture, some of those macro trends driving more modest demand coming in, but also supporting the churn level and lack of churn and less inventory to rent. So a really nice pair there and giving us, frankly, a little bit more pricing power.

**Eric Luebchow**

Great. Thanks. Just one follow-up on the acquisition side. I know you started off a little slower this year. But given the size and the complexity of the NSA transaction, does it impact at all your willingness to go after larger, more complex portfolios, given you still have some leverage capacity? Or should we expect more of these one-off kind of private market assets to trade this year? Thank you.

**Tom Boyle**

Yes. Bigger portfolios are obviously much tougher to predict. The team is built for the one-off acquisitions and the micro market targeting that we're speaking to. And we've been investing in that platform, clearly, increasing the size of the team, the data science capabilities in order to enhance that. Certainly applicable to portfolios as well, but will be dependent on sellers as they come to market.

In terms of ability to transact, certainly we've got a big closing coming up here in the third quarter and so right around the immediate closing we're going to be thoughtful and certainly prioritizing the NSA transaction and making sure that, that integration goes smoothly as we get started there. But away from that time period, really looking to continue to deploy capital at good risk-adjusted returns and grow our per-share earnings platform over time.

So I'd say teams are built, balance sheet is in a good spot and looking to be active as we move through '26.

**Eric Luebchow**

Thanks, Tom.

**Operator**

We have reached the end of the question-and-answer session. I'd now like to turn the call back to Tom Boyle for closing comments.

**Tom Boyle**

Thanks everybody for joining this morning, this afternoon. Appreciated the questions and look forward to keeping you updated how the busy season goes through second quarter. Thanks very much everybody.