# National Storage Affiliates Trust (NSA)

*Updated March 9th, 2025 by Nikolaos Sismanis*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $40 | **5 Year CAGR Estimate:** | 8.7% | **Market Cap:** | $5.08 B |
| **Fair Value Price:** | $37 | **5 Year Growth Estimate:** | 5.0% | **Ex-Dividend Date:** | 03/14/2025 |
| **% Fair Value:** | 106% | **5 Year Valuation Multiple Estimate:** | -1.1% | **Dividend Payment Date:** | 03/31/2025 |
| **Dividend Yield:** | 5.8% | **5 Year Price Target** | $48 | **Years Of Dividend Growth:** | 9 |
| **Dividend Risk Score:** | F | **Retirement Suitability Score:** | C | **Rating:** | Hold |

## Overview & Current Events

National Storage Affiliates Trust is a self-administered and self-managed real estate investment trust specializing in the operation and acquisition of self-storage properties located within the top 100 metropolitan statistical areas throughout the United States and Puerto Rico. At the end of last year, NSA held ownership interests in and operated a diversified portfolio of 1,074 self-storage properties located in 42 states and Puerto Rico, comprising about 70.2 million rentable square feet, configured in approximately 552,000 storage units. NSA generated $770 million in total revenue in 2024 and is headquartered in Greenwood Village, Colorado.

On November 14th, 2024, the company raised its dividend by 1.8% to a quarterly rate of $0.57.

On February 26th, 2025, NSA reported its Q4 and full-year results for the period ending December 31st, 2024. For the quarter, total revenues came in at $190.1 million, 11.7% lower year-over-year. The decline in revenues was attributable to 4.3% lower same-store revenues. Further, the company's Average Annualized Rental Revenue per Occupied Square Foot fell by 2.5%, while average occupancy fell 180 basis points to 85.2%, also impacting total revenues.

On a per-share basis, core FFO fell by 11.8% to $0.60. During the quarter, NSA acquired four properties totaling almost $39.6 million. In addition, the company entered into a new At the Market (ATM) program, authorizing the sale of up to $400 million of common shares, signaling further property acquisitions moving forward.

Management introduced their fiscal 2025 guidance, expecting core FFO/share to land between $2.30 and $2.38. We have applied the midpoint of the updated range in our estimates.

## Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **FFO/shr[1]** | $0.92 | $1.12 | $1.24 | $1.38 | $1.54 | $1.71 | $2.26 | $2.81 | $2.69 | $2.44 | ***$2.34*** | ***$2.99*** |
| **DPS** | $0.54 | $0.88 | $1.04 | $1.16 | $1.27 | $1.35 | $1.59 | $2.15 | $2.23 | $2.25 | ***$2.28*** | ***$2.52*** |
| **Shares[2]** | 15.5 | 29.9 | 44.4 | 53.3 | 58.2 | 66.6 | 81.2 | 91.2 | 86.8 | 76.8 | ***76.2*** | ***75.0*** |

National Storage Affiliates is a relatively young REIT, having been founded in 2013. Throughout its history, the company has primarily expanded through acquisitions. We anticipate that future growth will continue to be driven by accretive acquisitions, as the company maintains an active acquisition pipeline. At the end of 2024, NSA owned 815 consolidated self-storage properties and had an interest in 259 additional properties through its joint ventures.

The company partners with institutional investors to expand its portfolio, holding a 25% ownership interest in multiple joint ventures. These partnerships provide NSA with opportunities to acquire the remaining 75% stake in joint venture properties, representing about $2.0 billion in gross real estate assets.

We forecast a core FFO/share growth of around 5% in the medium-term. In terms of its dividend, the trust has raised it consistently since its IPO, with hikes taking place more than once throughout each year. We expect the dividend to keep

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[1] The trust believes that Core FFO (FFO excluding special items such as acquisition fees) better reflects its performance.

[2] Share count is in millions.

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growing at around 2% through 2030, in line with the most recent decelerated dividend hike. Elevated interest rates have been taken into account regarding these estimates.

## Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Avg. P/FFO | 16.3 | 19.0 | 18.1 | 20.5 | 21.9 | 19.3 | 24.3 | 18.5 | 13.8 | 15.8 | ***16.9*** | ***16.0*** |
| Avg. Yld. | 3.6% | 4.1% | 4.6% | 4.1% | 3.8% | 4.1% | 2.8% | 4.1% | 6.0% | 5.8% | ***5.8%*** | ***5.3%*** |

Shares of National Storage Affiliates have historically traded with an average P/FFO of around 19. These days, the REIT's valuation multiple remains compressed amid increased market uncertainty and a higher interest rate environment. The stock is currently trading at a P/FFO of 16.9. While below-average, we still think this is a slightly rich multiple given the current interest rates environment, even with further cuts on the way. We maintain our fair multiple at 16.0, suggesting the potential for a valuation headwind ahead. We note that the 5.8% yield appears quite compelling, nonetheless.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

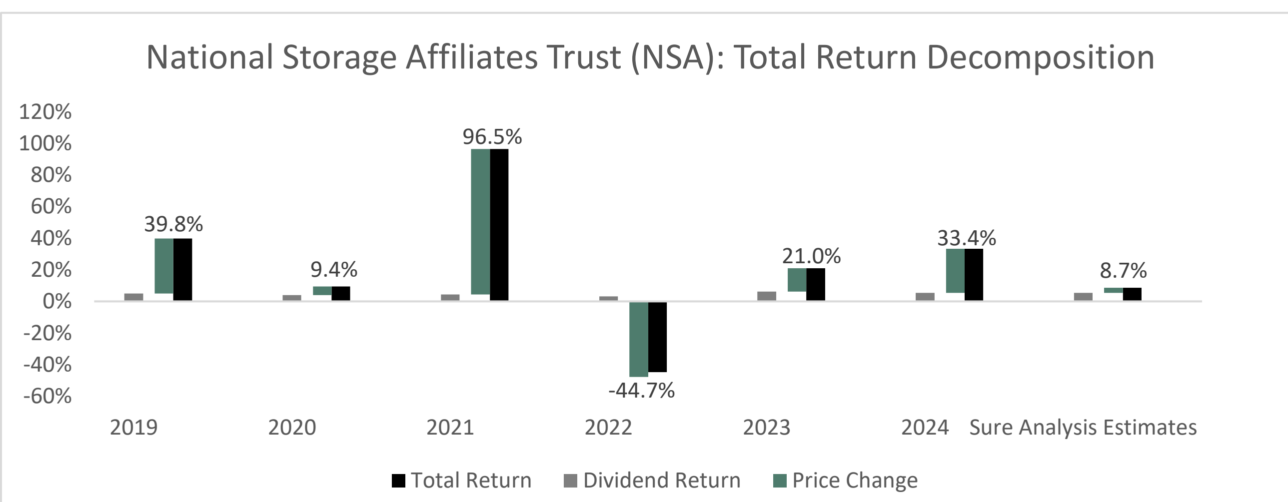
| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Payout | 59% | 79% | 84% | 84% | 82% | 79% | 70% | 77% | 83% | 92% | ***97%*** | ***84%*** |

Overall, we consider National Storage Affiliates' dividend safe due to its payout ratio and endured payout hikes, even if its current payout ratio appear maxed-out. Further, being one of the largest self-storage operators, the trust seems to enjoy a profit-maximization competitive edge. Over the past five years (Q1 2020–Q4 2024), NSA has achieved an above-average quarterly core FFO/share growth of 11.6%, outperforming Public Storage (PSA) at 9.9%, CubeSmart (CUBE) at 10.8%, and Extra Space Storage (EXR) at 10.8%. Its multi-year contracts, high occupancy rates (85.2% last quarter), and historical resilience during downturns should position it well to navigate a potential recession. High interest rates remain a headwind. Yet, NSA's investment-grade balance sheet (BBB+ rating) provides financial flexibility for future growth.

## Final Thoughts & Recommendation

National Storage Affiliates is a rapidly growing self-storage trust with a diversified portfolio of hundreds of properties across the U.S. and Puerto Rico. It features an exceptional track record of growing its core FFO/share and DPS over the past decade despite a slowdown in recent years. While higher interest rates are likely to hamper its growth relative to its past performance and the potential for further valuation headwinds remain, we forecast annualized returns of 8.7% over the medium-term. Shares earn a hold rating.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 77 | 134 | 199 | 268 | 331 | 388 | 432 | 586 | 802 | 858 |
| Gross Profit | 49 | 89 | 134 | 184 | 227 | 278 | 309 | 430 | 591 | 629 |
| Gross Margin | 63.7% | 66.1% | 67.4% | 68.5% | 68.6% | 71.6% | 71.4% | 73.4% | 73.7% | 73.3% |
| SG&A Exp. | 8 | 16 | 22 | 30 | 36 | 44 | 44 | 51 | 59 | 59 |
| D&A Exp. | 24 | 41 | 55 | 75 | 89 | 105 | 117 | 158 | 233 | 222 |
| Operating Profit | 17 | 32 | 58 | 79 | 102 | 127 | 147 | 218 | 290 | 337 |
| Operating Margin | 22.2% | 23.6% | 29.0% | 29.3% | 30.7% | 32.7% | 34.0% | 37.2% | 36.2% | 39.3% |
| Net Profit | - | 12 | 18 | 3 | 14 | 4 | 49 | 105 | 104 | 157 |
| Net Margin | 0.0% | 9.3% | 9.0% | 1.1% | 4.3% | 1.0% | 11.2% | 17.9% | 13.0% | 18.3% |
| Free Cash Flow | 12 | 46 | 83 | 109 | 142 | 175 | 204 | 303 | 400 | 406 |
| Income Tax | --- | 0 | 0 | 1 | 1 | 1 | 2 | 2 | 4.7 | 1.6 |

## Balance Sheet Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 833 | 1,099 | 1,892 | 2,267 | 2,729 | 3,084 | 3,514 | 5,563 | 6,070 | 5,932 |
| Cash & Equivalents | 9 | 7 | 13 | 13 | 13 | 21 | 19 | 25 | 35 | 65 |
| Accounts Receivable | 1 | 1 | 2 | 2 | 3 | 3 | 3 | 6 | 13 | 10 |
| Inventories | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Goodwill & Int. Ass. | 8 | 4 | 29 | 25 | 22 | 35 | 47 | 7 | 54 | 65 |
| Total Liabilities | 619 | 583 | 913 | 995 | 1,327 | 1,632 | 2,083 | 3,080 | 3,681 | 3,806 |
| Accounts Payable | 10 | --- | --- | --- | --- | --- | --- | 59 | --- | --- |
| Long-Term Debt | 598 | 568 | 879 | 958 | 1,278 | 1,534 | 1,917 | 2,941 | 3,551 | 3,658 |
| Shareholder's Equity | --- | 237 | 577 | 669 | 744 | 701 | 751 | 1,557 | 1,423 | 1,082 |
| LTD/E Ratio | --- | 2.40 | 1.52 | 1.14 | 1.39 | 1.67 | 1.98 | 1.66 | 2.16 | 2.57 |

## Profitability & Per Share Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 0.0% | 1.3% | 1.2% | 0.1% | 0.6% | 0.1% | 1.5% | 2.3% | 1.8% | 2.6% |
| Return on Equity | --- | 10.5% | 4.4% | 0.5% | 2.0% | 0.6% | 6.7% | 9.1% | 7.0% | 6.9% |
| ROIC | 0.0% | 1.3% | 1.2% | 0.1% | 0.6% | 0.1% | 1.5% | 2.4% | 1.8% | 2.7% |
| Shares Out. | --- | 15.5 | 29.9 | 44.4 | 53.3 | 58.2 | 66.5 | 134.5 | 91.24 | 146 |
| Revenue/Share | 3.85 | 2.95 | 2.53 | 6.04 | 6.21 | 6.66 | 6.49 | 4.35 | 8.79 | 5.88 |
| FCF/Share | --- | 0.62 | 1.01 | 1.05 | 2.45 | 2.67 | 3.01 | 2.26 | 4.39 | 2.78 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*