

Public Storage: What should follow the NSA combination?

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On July 22, Public Storage (PSA) completed its all-stock combination with National Storage Affiliates (NSA). The transaction expanded the operating platform under the Public Storage brand to more than 4,500 locations and 327 million rentable square feet, according to PSA. But the quarter-end operating data available to executives still described PSA before the merger closed. The combined company had scale; it did not yet have a public post-close record showing how the enlarged portfolio performed together.

Assume you are advising PSA's senior leadership on **how to sequence management attention and future discretionary investment over the next 12-18 months**. Should the company prioritize applying PS Next and improving the acquired portfolio, maintain its established pace of external growth, or stage both through asset- and market-level gates? This is a teaching decision: no public source reports an internal budget conflict or decision meeting. Existing construction and expansion commitments are already underway and should not be treated as freely cancellable.

A larger operating platform, with different forms of ownership

The merger exchanged 0.14 PSA share for each NSA common share. Before the merger, NSA's operating partnership contributed 313 properties, valued at approximately \$3.2 billion, to a joint venture. Afterward, an aggregator for electing former NSA operating-partnership investors held 80% of the JV's common equity and a PSA subsidiary held 20%. The JV had approximately \$2.0 billion in secured mortgage debt and a \$237 million mezzanine loan from PSA. PSA manages the JV. The announced 4,500-plus locations and 327-million-square-foot figure describes the broader operating/brand platform; it is not wholly owned PSA area. [1-3]

PSA described using its PS Next operating platform across NSA as an opportunity to improve operations and create value. That is management's rationale, not a reported integration result. PSA's second-quarter filing warned that realizing expected benefits could be difficult, time-consuming or costly. As of August 4, no public operating results measured post-close NSA integration, service, cost savings or customer retention. [1-3]

The inherited operating picture

The quarter ended June 30, before the merger closed. PSA's same-store group contained 2,755 facilities and 192.1 million square feet-about 83% of its U.S. consolidated portfolio. For the second quarter, same-store revenue declined 0.6% year over year, direct operating costs rose 4.3%, and net operating income (NOI) declined 2.2%. First-half same-store NOI declined 1.0%. Average second-quarter occupancy was 92.5%, compared with 92.3% a year earlier. At June 30, point-in-time occupancy was 92.4% versus 91.9%, while annual contract rent per occupied square foot was \$22.09 versus \$22.25, a 0.7% decline. These are different time measures and describe the pre-merger PSA cohort, not NSA. [1-2]

PSA raised its 2026 same-store NOI guidance to a decline of 2.0% to 0.3% (from a decline of 3.9% to 0.5%). The company's guidance for non-same-store NOI excluded both NSA and PS Canada. Management cited this as its forward view for the legacy same-store portfolio; it does not provide an outlook for the acquired portfolio. [2]

Several explanations could fit the legacy results. Better occupancy alongside lower contract rent may reflect rent/mix decisions, renewal pricing, promotions or local supply. Higher costs could reflect taxes, insurance, labor or other operating pressure; they could also reveal opportunities for process improvement. PSA's aggregate disclosures do not isolate these effects by local market or show whether PS Next would change them.

Growth choices already in motion

PSA is not choosing between integration and a blank slate. At June 30, the company had 2.8 million square feet of development projects with an estimated total cost of \$483.5 million and 1.2 million square feet of expansions estimated at \$208.2 million. Remaining estimated cost to complete the combined pipeline was \$431.6 million, expected primarily over the following 18-24 months; some projects depended on contingencies such as entitlements. These are in-progress projects, not a freely available integration budget. [1-2]

PSA acquired 20 facilities totaling 1.5 million square feet for \$222.5 million during Q2. Its reported year-to-date total of 44 facilities/\$454.9 million included acquisitions and contracts after June 30, so it was not a first-half closed-acquisition figure. In the third-party management program, PSA added a net 22 facilities in Q2 and reported 463 facilities/34.2 million square feet managed or under contract at June 30, including 68 under construction. [2]

PSA had also agreed to acquire PS Canada for \$1.2 billion, covering 68 facilities and 5.3 million square feet. The transaction was pending on August 4, with a Q3 close expected by management. [2]

The external-growth path may offer property-level returns, development options, management fees and scale. It also adds assets to operate, projects to complete and transactions to integrate. Continuing the announced pipeline is not equivalent to launching another acquisition wave; discretionary future deals can be screened even as committed work proceeds.

What evidence can guide the sequence?

Academic evidence offers mechanisms and cautions, not a PSA forecast. A study of 1990-2013 REIT transactions found no statistically significant difference in announcement-market reaction between asset and equity acquisition forms. Its operating-performance analysis favored asset acquisitions on average, with conditional and not economically large effects. NSA's all-stock merger plus property JV does not fit cleanly into either category, and the study cannot predict PSA's integration. [4]

A self-storage facility-design study modeled customer choices, layouts and operating constraints. Results differed across four illustrative facility settings; the authors report an average modeled revenue gain near 11%, but the estimates are model outputs under assumed preferences and demand, not observed PSA outcomes or NOI. It suggests questions about local customer mix, unit availability and facility design-not a transferable return estimate or proof that standardizing operations is optimal. [5]

For an actual recommendation, an executive team would need property-level post-close information that public filings do not supply: customer retention and service measures by legacy cohort, occupancy and rent by unit type, local competitors and new supply, operating costs and integration expense, field-staff retention, JV decision rights, project milestones and asset-level capital needs.

Decision assignment

Recommend one of the following sequences, or define a defensible hybrid:

1. **Integration first:** prioritize data, field operations and customer-service integration across NSA assets; defer additional discretionary expansion where the evidence does not yet justify it.
2. **Maintain external growth:** preserve PSA's acquisition, development, expansion and third-party management strategy while using the existing integration program to absorb NSA.
3. **Stage by evidence:** set asset- and market-level gates for operating pilots, project progression and future transactions; expand only where customer, operating and market evidence supports the next step.

Your recommendation should distinguish direct ownership, JV-managed properties, stabilized same-store facilities and projects in development or lease-up. Specify what you would measure first, what would trigger scaling or pausing a pilot, and what evidence would change your view. Any thresholds, pilot duration or management structure you propose are your assumptions; PSA has not disclosed them.

Discussion questions

1. Which parts of PSA's Q2 operating evidence should inform the post-merger plan, and which should not be extrapolated to NSA?
2. What is the strategic value and execution risk of applying a common operating platform across directly owned and JV assets?
3. How should the company balance operating integration with in-progress projects, future acquisitions and the pending PS Canada transaction?
4. What pilot and decision gates would distinguish a real operating opportunity from external market or mix effects?

Sources and conventions

All company facts stop at August 4, 2026. Figures come from the PSA Q2 2026 Form 10-Q and July 29 earnings release, together with the July 22 closing filings. “Same-store” means PSA’s disclosed pre-close cohort. NOI means net operating income. Management’s expected PS Next benefits are identified as claims; academic model results are not treated as PSA performance forecasts.

1. Public Storage, Q2 2026 Form 10-Q, filed July 29, 2026, SEC accession 0001628280-26-050612: merger/JV and subsequent events, printed pp.12-14; same-store operations, pp.29-35; development and expansion, pp.40-44; merger risk factors, pp.48-50. [SEC filing](#).
2. Public Storage, “Public Storage Reports Second Quarter 2026 Results and Raises Guidance,” July 29, 2026, Form 8-K Exhibit 99.1, accession 0001628280-26-050608: same-store and guidance tables; acquisitions; developments and expansions; third-party management; PS Canada. [SEC exhibit](#).
3. Public Storage, “Public Storage Announces Closing of National Storage Affiliates Acquisition,” July 22, 2026, Form 8-K Exhibit 99.1, accession 0001193125-26-312563; and National Storage Affiliates, Form 8-K, accession 0001104659-26-085888, Introductory Note and Items 1.02/2.01. [PSA closing release](#); [NSA filing](#).
4. Huerta-Sanchez, Daniel, Thanh Ngo and Mark K. Pyles (2020), “Equity versus Asset Acquisitions in the REIT Industry,” *Journal of Real Estate Research* 42(1):1-35. DOI: [10.22300/0896-5803.42.1.1](#).
5. Zhou, Shuyu, Yeming Gong and René de Koster (2016), “Designing self-storage warehouses with customer choice,” *International Journal of Production Research* 54(10):3080-3104. DOI: [10.1080/00207543.2016.1158880](#). Full-text version, results and limits are documented in the research source register.