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**Public Storage Bids for Rival in**

**Unsolicited $11 Billion Offer**

**The smaller rival, Life Storage, rebuffed the company’s overtures in December and January**

A building with cars parked in front

Description automatically generated with low confidenceLife Storage has said the offer, made privately earlier, isn’t in the best interest of its shareholders.

By [Lauren Thomas](https://www.wsj.com/news/author/lauren-thomas) Updated Feb. 5, 2023 8:30 pm ET

[Public Storage](https://www.wsj.com/market-data/quotes/PSA)  has made an $11 billion unsolicited offer for [Life Storage](https://www.wsj.com/market-data/quotes/LSI) Inc., ramping up an effort to buy its smaller rival after an earlier bid was rejected.

Public Storage said it sent a letter to Life Storage’s management on Sunday detailing its all-stock proposal, worth about $129 a share, confirming an earlier report by The Wall Street Journal. Life Storage shares closed Friday at $110.58.

The deal would have a so-called enterprise value, which includes net debt, of roughly $15 billion and mark one of the largest corporate takeovers so far in 2023. ([Newcrest Mining](https://www.wsj.com/market-data/quotes/NCMGY) Ltd. said Sunday in the U.S. that it received a takeover proposal valuing the Australian gold miner at about $17 billion. It earlier rejected another proposal from the bidder, Newmont Corp.)

The deal would also help consolidate the fragmented storage market. Public Storage has said it owned roughly 9% of the self-storage square footage in the U.S. as of Dec. 31, 2021, making it the largest operator in the country. Collectively, it said the five largest self-storage owners in the U.S. owned about 19% of space, with the remaining 81% held by regional and local operators.

Under the terms of the proposed transaction, Life Storage shareholders would receive 0.4192 share of Public Storage stock for each Life Storage share or unit. That represents a 19% premium based on the 20-day trailing volume-weighted average prices of Public Storage and Life Storage as of Friday.

Public Storage said it first expressed interest in buying Life Storage, a real-estate investment trust, in a private communication in late December. Life Storage rebuffed the overture, saying the company wasn’t for sale, Public Storage said.

Public Storage then followed up with an offer to buy the business last month, under the terms put forward on Sunday. Life Storage replied that the offer isn’t in the best interest of its shareholders, according to Public Storage.

Life Storage in a statement confirmed it received the unsolicited all-stock proposal from Public Storage. The company said that its board along with advisors will review the offer and determine the best course of action for shareholders.

By publicizing its offer, a move known as a bear hug, Public Storage is hoping Life Storage shareholders will pressure the company to come to the negotiating table. It is a tried-and-true tactic in mergers and acquisitions that has become rarer lately as market volatility and economic uncertainty eat into deal activity.

Public Storage, recognizable by its bright orange logo, is a Glendale, Calif., real-estate investment trust that specializes in developing, owning and operating self-storage units. Founded in 1972, it was one of the earliest major self-storage companies and today competes with businesses including [Extra Space Storage](https://www.wsj.com/market-data/quotes/EXR) Inc. and [CubeSmart](https://www.wsj.com/market-data/quotes/CUBE).

Public Storage had interests in more than 2,800 self-storage facilities across the U.S. as of Sept. 30, according to its website. It also owns 35% of the European self-storage business Shurgard Self-Storage SA.

Life Storage was originally a financial-planning firm when it was founded in 1982, opening its first self-storage facility in Florida in 1985. The Buffalo, N.Y., company operated under the brand Uncle Bob’s Self Storage until rebranding to Life Storage in 2017, according to its website.

Public Storage Chief Executive Joseph Russell has conveyed to Life Storage officials that he is seeking a bigger real-estate portfolio and to reap economies of scale from tenant reinsurance, third-party property management and other areas.

Self-storage stocks in the U.S. [scored big gains after](https://www.wsj.com/articles/self-storage-is-the-pandemics-hot-property-11640132345?mod=article_inline) the initial onset of the Covid-19 pandemic, as some Americans spent time cleaning out their homes and garages while others packed up and relocated to temporary getaways thanks to new work-from-home flexibility. Public Storage shares rallied above $400 apiece in April, while Life Storage peaked at around $151.

More recently, though, the stocks have shed some of those gains as many pandemic-era darlings have lost favor with investors. (Public Storage shares closed Friday at $308.47.) Both companies’ stocks are down 15% or more over the past 12 months. Life Storage has a market capitalization of $9.4 billion, compared with $54.2 billion for Public Storage.

Both companies have been acquisitive lately, though on a smaller scale.

Public Storage has mostly grown its footprint in recent years by acquiring assets. From January through September of last year, the company acquired 44 self-storage facilities across states including Oklahoma, Texas, North Carolina and South Carolina, for a total of $501.9 million, according to securities filings.

Life Storage CEO Joseph Saffire has been at the helm of the company since March 2019. In a January presentation to investors, he outlined how the business had been growing its presence rapidly throughout the Sunbelt region in the U.S. by buying up storage facilities in states including Florida, Alabama and Georgia.

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