Yardi Matrix

Q3 2024

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Self Storage Supply Forecast Notes

The Yardi Matrix Q3 2024 self storage supply forecast update expects a deceleration in new supply over the longer term. Compared to last quarter's update, the forecast has been increased 9.5% for 2024 and roughly 5.0% for the later years, but that's to account for our expanded market coverage. In the past year, Yardi Matrix has initiated coverage for 17 new self storage markets that comprise approximately 4.5% of the current completed inventory in our database.

While the level of the forecast has increased, the rate of change remains the same. Yardi Matrix self storage development pipeline data continues to evolve in a manner consistent with a slowdown in new development activity.
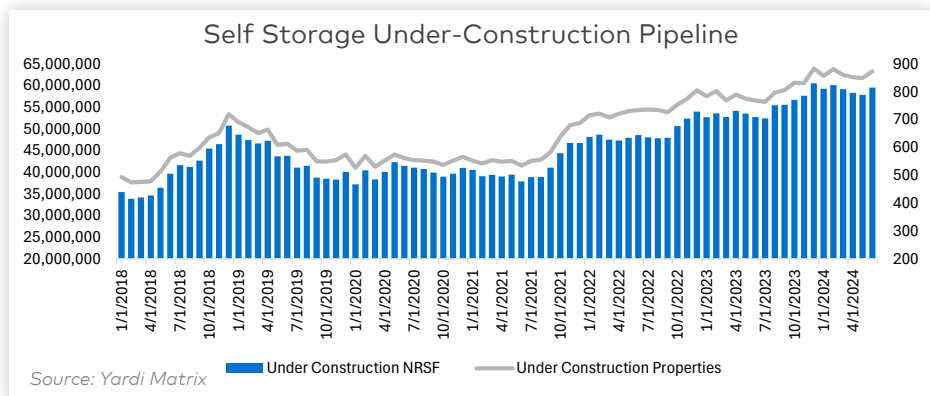
Self Storage New Supply Forecast Q3 2024 vs. Q2 2024

| Year	3Q 2024	2Q 2024	% Chg
2024	59,551,745	54,384,259	9.5%
2025	50,130,807	47,569,866	5.4%
2026	40,448,201	38,014,092	6.4%
2027	39,646,105	38,034,043	4.2%
2028	30,957,150	29,147,798	6.2%
2029	30,846,354	29,160,978	5.8%

Source: Yardi Matrix

Near-Term Forecast: 2024 and 2025

For the Q3 update, the forecast for 2024 and 2025 has been increased by 9.5% and 5.4%, respectively, as our market coverage has been steadily expanding over the past year.

Self Storage Under-Construction Pipeline

Source: Yardi Matrix

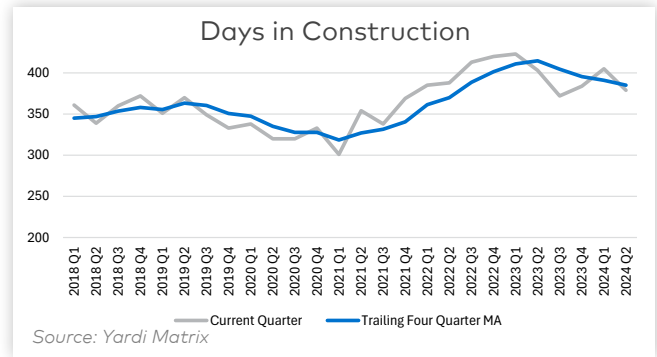Under Construction NRSF — Under Construction Properties

For markets covered by Yardi Matrix on or before December 2020, there are currently 59.6 million net rentable square feet (NRSF) under construction. This is 94.4% of the total under-construction pipeline of 63.1 million NRSF. The under-construction pipeline increased a modest 0.7% quarter-over-quarter and 12.9% year-over-year. After consistently growing since late 2021, the under-construction pipeline has been relatively flat in 2024, averaging 59.1 million NRSF.

Self Storage Construction Starts

Source: Yardi Matrix. Chart data reflects self storage markets covered on or before December 2020
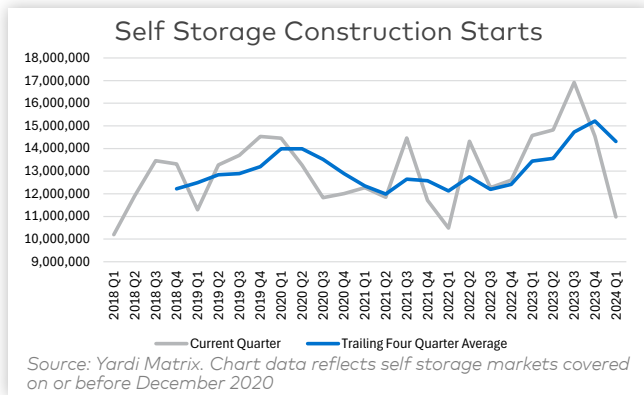
The monthly average rate at which planned projects move to under construction in our database continues to trend downward. For Q2, the average monthly cycling percent currently stands at 2.7%, well below levels seen pre-pandemic. Conversely, the cycling percents for self storage projects that move from planned to abandoned status continue to trend up and are now well above pre-pandemic levels.

Average Monthly Cycling Percent		2019	2020	2021	2022	2023	2024 Q1	2024 Q2
Planned	Under Construction	4.0%	4.6%	4.5%	3.5%	3.2%	2.9%	2.7%
	Abandoned	1.2%	1.4%	1.2%	0.7%	0.7%	1.4%	1.8%

Construction completion times moderated slightly in Q2 2024. Projects completed in Q2 on average spent 379 days (12.6 months) in construction. This is slightly below the trailing four-quarter average of 385 days (12.8 months). This data series peaked in Q1 2023 at 423 days (14.1 months).

Days in Construction

Source: Yardi Matrix

Average cycling percents for projects moving from under construction to completed in our database improved slightly in Q2, but are still well below rates recorded pre-pandemic. Elevated construction times contributed to the rapid expansion of the under-construction pipeline in 2022 and 2023.

| Average Monthly Cycling Percent		2019	2020	2021	2022	2023	2024 Q1	2024 Q2
Under Construction	Completed	10.2%	10.1%	8.4%	6.7%	7.8%	7.6%	7.9%

Long-Term Forecast: 2026 Through 2029

In order to accommodate Yardi Matrix's expanded self storage market coverage, the Q3 2024 update has increased forecast new supply by roughly 5% for the long-term forecast period. Despite this increase, we continue to anticipate that new supply for 2026 and 2027 will decline to around 2.0% of inventory and will further decline to 1.5% of inventory for 2028 and 2029.

Q2 2024 Yardi Matrix development pipeline data continues to point to decreasing new development activity:

■ The planned pipeline contracted quarter-over-quarter for the first time.

■ The prospective pipeline continued to contract.

■ The number of abandoned self storage projects continues to increase.

For markets covered by Yardi Matrix on or before December 2020, the planned pipeline contained 120.4 million NRSF. This represents 95.2% of the total planned pipeline's 126.5 million NRSF. In Q3, the planned pipeline shrank 0.3% quarter-over-quarter. Year-over-year growth was positive at 7.9%. This quarter's contraction, while small, is notable. This is the first departure from the relentless growth the planned pipeline achieved since early 2022.

Self Storage Planned Pipeline

Source: Yardi Matrix. Chart data reflects self storage markets covered on or before December 2020
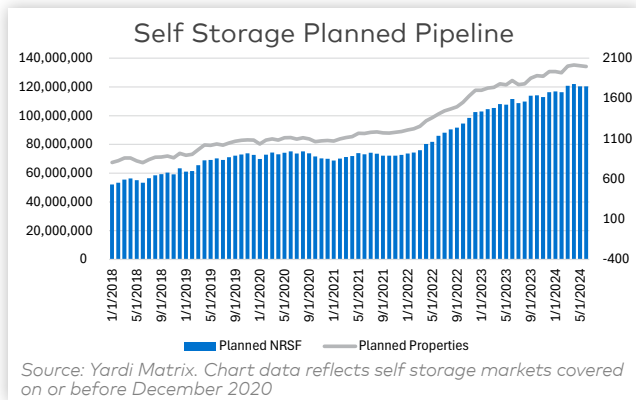
The number of days projects stayed in planning continued to decrease in Q2 2024. For the quarter, Yardi Matrix recorded 80 projects changing status from planned to under construction. On average, these projects spent 478 days (15.9 months) in planned, below the trailing four-quarter average of 511 days (17.0 months).

Days in Planned

Source: Yardi Matrix
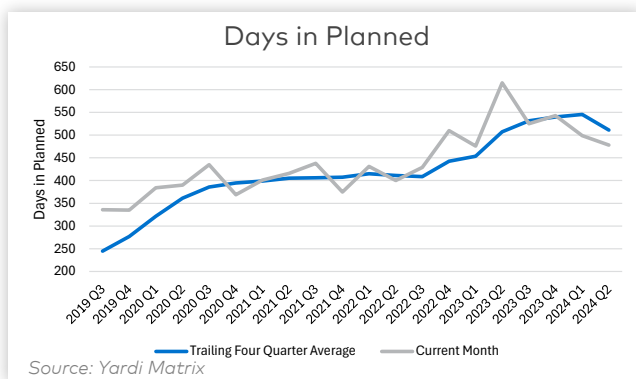
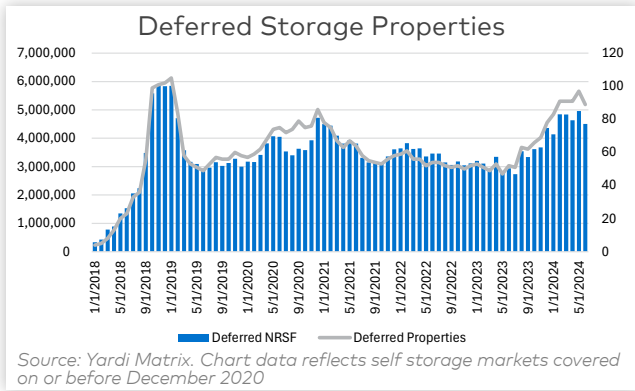The self storage prospective pipeline continues to contract. For markets tracked by Yardi Matrix on or before December 2020, the prospective pipeline currently contains 39.4 million NRSF, or 93.7% of the total prospective pipeline of 42.0 million NRSF. The prospective pipeline peaked in late 2023 and has since steadily declined. Quarter-over-quarter saw a 9.65% decrease, while year-over-year the prospective pipeline has decreased by 14.4%.

Self Storage Prospective Pipeline

Source: Yardi Matrix. Chart data reflects self storage markets covered on or before December 2020
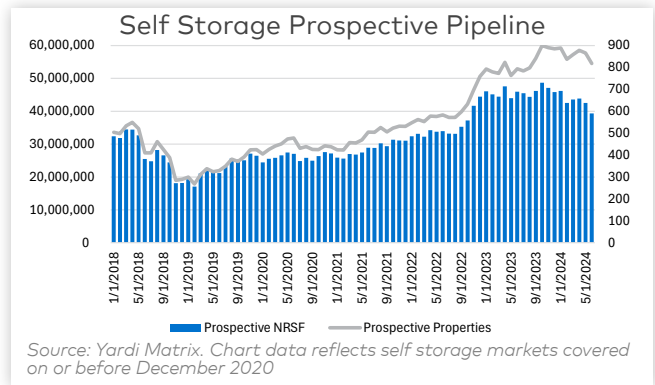
The monthly cycling percents for projects moving from prospective to planned peaked in 2021, while the monthly cycling percents for projects moving from prospective to abandoned bottomed in 2021. Since then, both data series have reversed course. In Q2 2024, prospective-to-planned cycling percents declined to 4.8%, while prospective-to-abandoned cycling percents increased to 3.0%. The increased rate at which prospective projects are moving to abandoned status is driving the decrease in the prospective pipeline.

Average Monthly Cycling Percent								
		2019	2020	2021	2022	2023	Q1 2024	Q2 2024
Prospective	Planned	6.3%	6.9%	7.5%	6.5%	5.3%	5.3%	4.8%
	Abandoned	3.3%	2.6%	1.8%	1.2%	1.3%	2.4%	3.0%

In Q2 2024, the number of projects with a deferred status decreased by 6.8% to 4.5 million NRSF. On a year-over-year basis, the deferred pipeline has grown by 53.5%. Q2's decrease was most likely driven by self storage projects moving to an abandoned status.

Deferred Storage Properties

Source: Yardi Matrix. Chart data reflects self storage markets covered on or before December 2020

The number of abandoned self storage projects identified by Yardi Matrix continues to increase. On average, eight properties per month were categorized as abandoned in late 2022. Since then, the monthly number of abandoned properties has steadily grown. In June, for all markets tracked by Yardi Matrix, 75 projects were classified as abandoned.

Abandoned Storage Properties

Source: Yardi Matrix
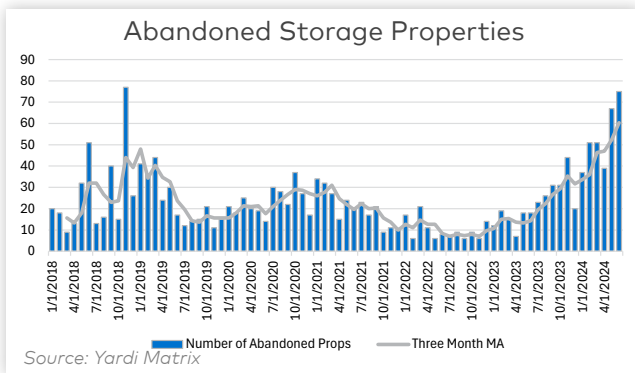
Bottom Line

For the Q3 2024 update, the Yardi Matrix self storage supply forecast has been increased by 9.5% for 2024 and approximately 5.0% for all other years. The increase accommodates the 17 new markets Yardi Matrix has initiated coverage on over the past 12 months.

While forecast levels have increased, the forecast continues to model a contraction in future new supply as our development pipeline data continues to indicate a slowdown in new development interest.

Construction starts declined in Q4 2023 and Q1 2024. This has led to a relatively flat under-construction pipeline for the first half of 2024. The forecast for 2024, therefore, calls for new supply to come in around 3.2% of stock, or 59.6 million NRSF. For 2025, new supply moderates to 2.6% of stock, or roughly 50.1 million NRSF.

For the later years, the forecast shows further declines in new supply, to roughly 2.0% of inventory (40.0 million NRSF) for 2026 and 2027 and 1.5% of inventory (30.9 million NRSF) for 2028 and 2029.

Both the planned and prospective pipelines contracted quarter-over-quarter, with the prospective pipeline showing a 14.4% decline year-over-year. An increasing number of monthly abandoned projects is driving the contraction in the planned and prospective pipelines and suggests longer-term future new supply will be notably off the NRSF delivered in recent years.

As always, Yardi Matrix is extremely focused on accurately maintaining our development pipeline data and identifying any changes in self storage development activity.

—Ben Bruckner, Senior Research Analyst