

Yardi Matrix

NATIONAL SELF STORAGE REPORT

AUGUST 2019

MONTHLY SUPPLY AND RENT RECAP

Self storage struggling amid high supply levels

- The self storage sector continues to reap the benefits of sustained economic growth and favorable demographic dynamics in many markets. But while developers continue to break ground on new projects, ongoing heightened completion levels provide headwinds to street rates. As a result, both REITs and private storage operators are strategically pricing units in order to remain competitive in most heavy-supply metros.
- On a national level, Yardi Matrix tracks a total of 2,118 self storage properties in various stages of development—comprising 647 under construction, 1,106 planned and 365 prospective projects. In August, the national new-supply pipeline as a percent of existing inventory increased by a slight 0.1% compared to the previous month, as several projects advanced from planned to under construction.
- Yardi Matrix also maintains operational profiles for 25,247 completed self storage facilities across the U.S. This brings the total data set to 27,365 stores. The share of projects in various stages of development accounts for 9.5% of the completed inventory.

Street rate declines accelerate as more properties reach completion

- Despite improving street rate performance during the first half of 2019, street rates took a dive in July, dropping by 2.5% year-over-year for standard 10x10 non-climate-controlled (NON CC) units. Continued supply has further weakened rate growth. Recently, storage operators have chosen to cut rates more heavily and pull back on concessions, a change in operating strategy from previous years. Climate-controlled (CC) units took the hardest hit, with rents falling by 4.3% year-over-year.
- Annual street rate performance was negative in 89% of the top metros tracked by Yardi Matrix, with heavily developed markets such as Charleston and Raleigh-Durham seeing major declines. Compared to July 2018, street rates have deteriorated even in markets with strong demand and limited new supply, such as large metros on the West Coast.