



Yardi[®] Matrix

National Self Storage Report

May 2022



Self Storage Supply and Rent Recap

Street rates rise due to strong demand from customers new and old

- With no let-up in demand for self storage as the traditional busy season starts, street rates ticked up in April. According to industry executives at the NYSSA investment forum this month, demand comes not only from traditional drivers such as migration and students, as households need space to store items while in transit between homes and apartments, but also from individuals who need storage to accommodate home offices and businesses that have been squeezed out of the tight industrial market. Plus, they said, existing customers are renewing at high rates and extending the length of stays. It all points to continued growth in rents and net operating income, which has increased upwards of 20% for some REITs over the past year, per recent earnings calls. "We're encouraged by what we see through the month of April," a Public Storage executive said during a recent call. "Clearly, we have momentum."

Rate of growth decelerates but industry highly optimistic for 2022

- Overall, national rates rose \$1 to \$146 in April, matching the all-time high set last fall. The tenor of the market is buoyant, but headwinds do exist. Consumer demand that has driven the recent boom could cool as higher interest rates bedevil the economy, slowing migration and dampening home sales, which are major drivers for self storage. And although storage has a limited amount of capital expenditures, increasing expenses for items such as labor and materials may erode benefits of strong rent growth. Storage executives, however, are confident the segment is uniquely well positioned in an inflationary environment because leases can keep pace with rising prices and they foresee a secular increase in demand.
- Street rate growth is decelerating because rates increased more in 2021. For NON CC units, four of the top 31 metros had rent increases of 10.0% or more year-over-year in April and 16 of the top 31 had 5.0% or more growth. For CC units, 15 of the top 31 metros had 5.0% growth year-over-year and six were either flat or negative.
- Nationally, Yardi Matrix tracks a total of 4,051 self storage properties in various stages of development—including 1,467 planned, 747 under construction and 526 prospective properties. The new-supply pipeline as a percent of existing inventory rose 20 basis points to 9.6% in March.
- Yardi Matrix also maintains operational profiles for 28,289 completed self storage facilities across the United States, bringing the total data set to 32,340.