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Will the wave of self-storage construction, leave us with too much supply?

By Jeff Adler, Vice President, Yardi Matrix

Construction and development of self-storage facilities has jumped in recent years, leaving many investors and owners wondering if we are headed for oversupply. While the numbers tell the truth, and construction is increasing, most markets across the country maintain stable fundamentals and should not have significant issues as a result of the new supply coming online. However, there are certain markets that may face challenges either in the short term, or long term regarding absorption of new units.

Since the end of the Great Recession multifamily has been the darling of the real estate industry, as widespread household formation and limited single family housing stock has led to historically strong rent growth and low vacancies.

While multifamily has received most of the rent and supply growth headlines, however, the less-discussed self-storage sector has followed a similar course, as both rents and supply have increased steadily over the past 4 years. However, the recent construction increases align with a normal industry cycle, and the recent growth resembles the expansion seen in the 1990's.

To Subscribe

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