Yardi® Matrix

# NATIONAL SELF STORAGE REPORT

JULY 2019

MONTHLY SUPPLY AND RENT RECAP

## Development intensifies in undersupplied secondary markets

- Demand for self storage is fueled by steady economic growth and strong employment gains in most U.S. metros. However, the continually high levels of development indicate the industry will face a rocky road for the foreseeable future. While Millennial-migration cities have some of the strongest demographic trends, development pipelines that make up more than 15-20% of existing stock have led to lease-up pressures, hurting operators.
- On a national level, Yardi Matrix tracks a total of 2,069 self storage properties in various stages of development—comprising 640 under construction, 1,092 planned and 337 prospective projects. Compared to June, the national new-supply pipeline as a percent of existing inventory slightly contracted by 0.1% in July as a number of under-construction projects reached completion.
- Yardi Matrix also maintains operational profiles for 25,141 completed self storage properties across the U.S., bringing the total data set to 27,210 stores. The new-supply pipeline accounts for 9.4% of the completed inventory.

## South Florida markets lead the way in rent deceleration

- National street rates dropped 1.7% year-over-year in June for standard 10x10 non-climate-controlled (NON CC) units. Rent declines slowed throughout the first six months of 2019, and some markets have seen year-over-year gains. However, rents are likely to face increased pressure over the summer, especially in pockets of elevated deliveries. Climate-controlled (CC) street rates for units of similar size contracted by 2.9% year-over-year.
- On a year-over-year basis, street rates decreased in about 60% of the top metros tracked by Yardi Matrix, with Houston and Pittsburgh leading the way. Houston, like many Texas markets, is struggling with oversaturation, while deteriorating demographics and increasing development are hurting Pittsburgh's performance.