



Yardi Matrix

# National Self Storage Report

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August 2023–Revised

This is a revised version of our August 2023 National Self Storage Report. We received some late correction data from one of our valued clients, and as a result, have revised Pittsburgh street rates and rate growth throughout the report.



# Self Storage Supply and Rent Recap

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## Self storage demand remains healthy amid challenges

- Self storage performance is feeling the effects of the broader economy, prompting growth to decelerate to below historical levels. Street rates slipped month-over-month in July and year-over-year growth remains negative, as demand and supply trends are both softening. Nationally, street rates for combined CC and NON-CC 10X10 units fell by \$1 in July to \$134, and are flat from the beginning of the year. Lower street rates are a result of weak move-in activity, with average REIT occupancy in Q2 2023 down 400 basis points from its all-time peak in Q2 2021. Demand is impacted by the weak home sales market and domestic migration coming down from COVID-19 highs. Meanwhile, the amount of deliveries is an impediment to asking rate growth in some markets, particularly rapid-growth metros, though supply pressure should ease as starts wane. Despite the challenges, there are bright spots. The job market remains sound, and strong consumer balance sheets will support demand. Self storage demand has historically been recession resilient, coming from a variety of sources, and growth rebounds quickly following a downturn due to month-to-month lease terms and flexible customer rate increase programs.

## Year-over-year growth down in most metros

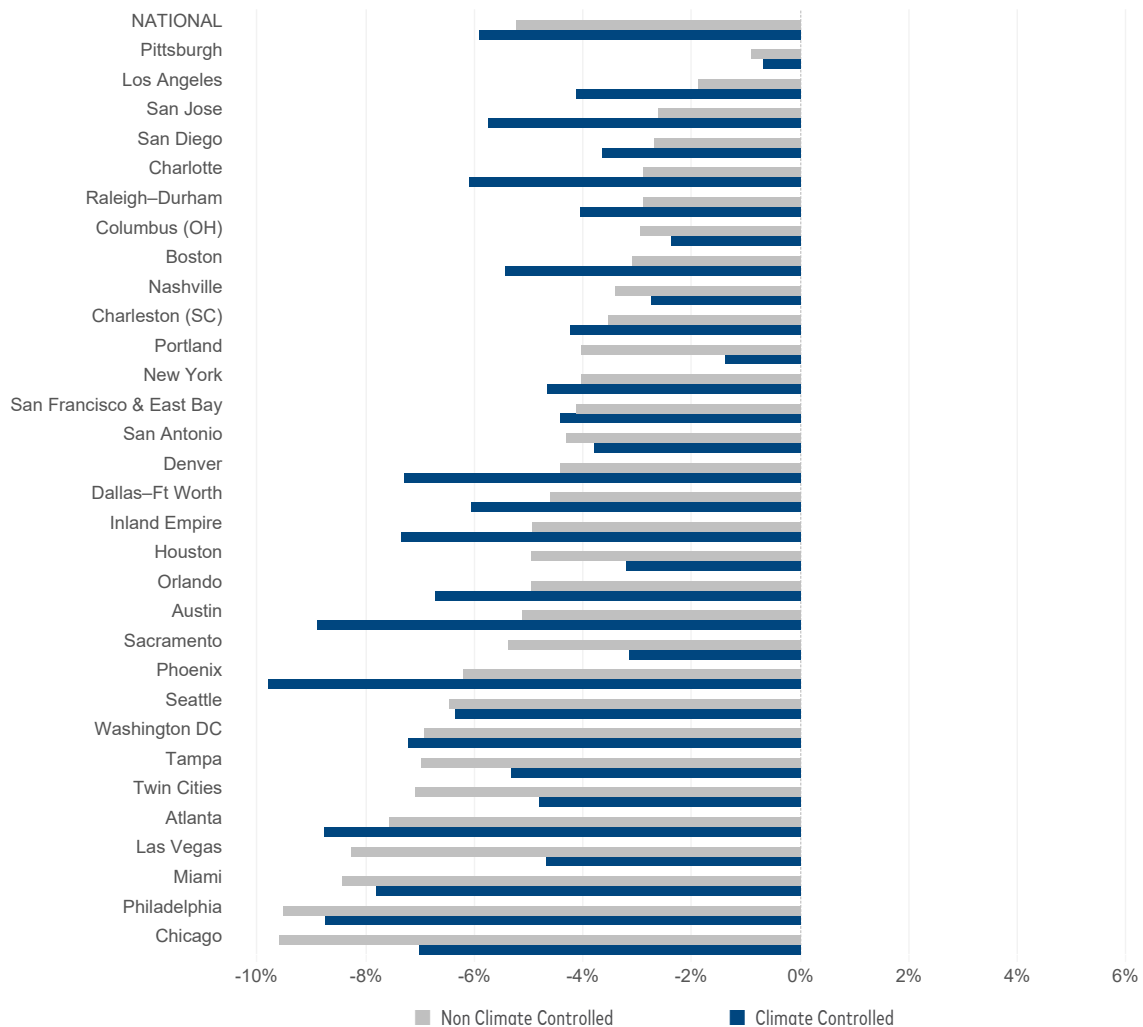
- Street rate performance was weaker than normal in July. Nationally, overall street rates (all unit sizes and types combined) dropped \$1 to \$141, down 0.7% month-over-month. Historically, rate growth is positive in July, averaging a sequential increase of 0.8% in the past seven years.
- Street rates continued to be negative year-over-year in July in all of Yardi Matrix's top 31 metros. Rates for 10x10 non-climate-controlled (NON CC) units dropped in all 31 of the top metros compared to July 2022, while rates for similar-size climate-controlled (CC) units also decreased in all of the top markets.
- Nationally, Yardi Matrix tracks a total of 4,916 self storage properties in various stages of development, including 830 under construction, 1,977 planned, 672 prospective, 1,375 abandoned and 62 deferred properties. The share of projects under construction nationwide was equivalent to 3.6% of existing stock in July, a minor decrease of 0.1% from June.
- Yardi Matrix also maintains operational profiles for 30,152 completed self storage facilities across the U.S., bringing the total data set to 35,068.

# Street Rate Growth Update

## National street rate growth decelerates

- In July, national street rates for 10x10 NON CC units decreased 5.2% year-over-year, while rates for 10x10 CC units fell 5.9% annually, marking their largest declines year-over-year thus far in 2023. Street rate growth has been weakened by slower-than-usual move-in activity and increased competition for new customers, which has led to weaker pricing power and decelerating rate growth. Fortunately, existing tenant performance continues to be strong, and the average length of stay for customers is trending upwards, allowing operators to push existing customer rate increases (ECRI) to drive revenue.
- The housing market's slowdown on storage demand is putting short-term pressure on business. However, amid the changing demand environment, operators are optimistic that new factors will drive demand. For instance, the need for storage is likely to continue as people run out of space due to renting longer or deciding not to sell their existing home.

July 2023 Year-Over-Year Rent Change for 10'x10' Units



Source: Yardi Matrix. Street rate data as of August 8, 2023

# Monthly Sequential Rents

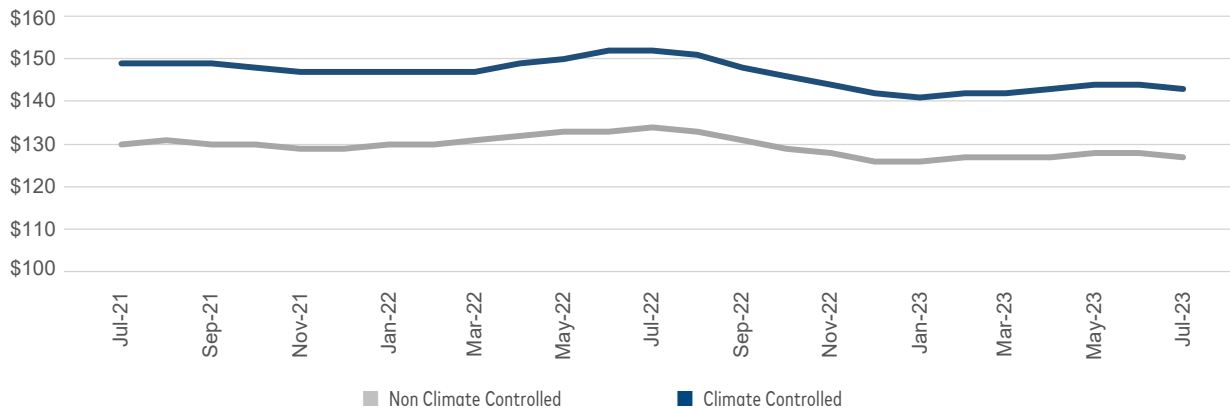
## Twenty-three top metros had negative monthly 10x10 rate growth in July

- Average street rates for 10x10 units contracted from June to July on a national level, falling \$1 to \$134. The decline was broad-based across the nation, recorded in 23 of the top 31 metros.
- Combined street rates for 10x10 NON CC and CC units remained unchanged in six of the top metros month-over-month.
- Leasing season demand appears to be remaining elevated in only a handful of top metros, with only two recording increases sequentially for 10x10 units. Street rates for 10x10 units increased \$1 month-over-month in Raleigh–Durham. New York experienced the largest increase in street rates for 10x10 NON CC and CC units combined, rising 0.8% to \$261 month-over-month.
- Street rates in Raleigh–Durham have remained resilient, considering new-supply deliveries over the past 12 months were above average, equal to 3.1% of completed stock.

Metro	Jun-23 Average 10' x 10' Street Rate (\$)	Jul-23 Average 10' x 10' Street Rate (\$)	Month-over-Month Change (%)	Change
NATIONAL	\$135	\$134	-0.7%	↓
Raleigh–Durham	\$108	\$109	0.9%	↑
New York	\$259	\$261	0.8%	↑
Portland	\$143	\$143	0.0%	–
San Antonio	\$118	\$118	0.0%	–
Austin	\$122	\$122	0.0%	–
Boston	\$164	\$164	0.0%	–
Houston	\$107	\$107	0.0%	–
Las Vegas	\$122	\$122	0.0%	–
San Jose	\$187	\$186	-0.5%	↓
San Diego	\$184	\$183	-0.5%	↓
Sacramento	\$145	\$144	-0.7%	↓
Inland Empire	\$141	\$140	-0.7%	↓
Denver	\$135	\$134	-0.7%	↓
Tampa	\$132	\$131	-0.8%	↓
Pittsburgh	\$130	\$129	-0.8%	↓
Orlando	\$128	\$127	-0.8%	↓
Nashville	\$126	\$125	-0.8%	↓
Charleston (SC)	\$124	\$123	-0.8%	↓
Chicago	\$123	\$122	-0.8%	↓
Atlanta	\$118	\$117	-0.8%	↓
Dallas–Ft Worth	\$113	\$112	-0.9%	↓
Minneapolis	\$113	\$112	-0.9%	↓
Los Angeles	\$216	\$214	-0.9%	↓
Columbus (OH)	\$107	\$106	-0.9%	↓
San Francisco Penin. & East Bay	\$212	\$210	-0.9%	↓
Miami	\$174	\$172	-1.1%	↓
Philadelphia	\$140	\$138	-1.4%	↓
Phoenix	\$130	\$128	-1.5%	↓
Seattle	\$175	\$172	-1.7%	↓
Charlotte	\$112	\$110	-1.8%	↓
Washington DC	\$160	\$157	-1.9%	↓

Source: Yardi Matrix. Data as of August 8, 2023

## National Average Street Rates for 10' x 10' Units



\*Drawn from our national database of 33,631 stores, including 3,479 projects in the new-supply pipeline as well as 30,152 completed stores. Source: Yardi Matrix. Data as of August 8, 2023

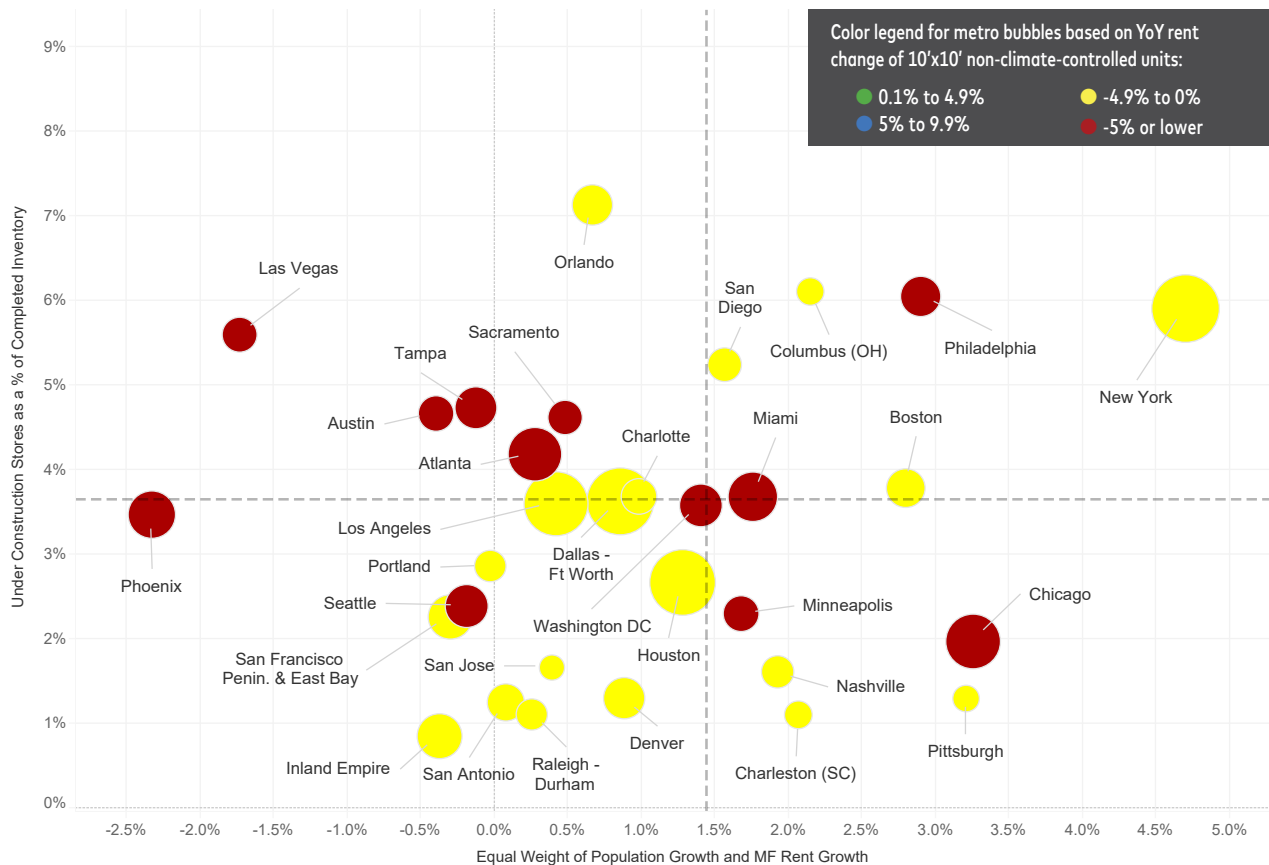
# Street Rates and New Supply

## New supply pressuring street rate performance in Las Vegas and Phoenix

- After attracting high levels of investor interest during the pandemic and an influx of new supply activity, Las Vegas and Phoenix are now facing strong downward pressure on rates. Both markets are among the top metros based on supply growth over the past year, with storage completions in the trailing 12 months accounting for 4.8% of stock in Las Vegas and 3.8% in Phoenix. Faced with the increased competition from new supply, Las Vegas and Phoenix were also among the metros with the largest year-over-year drops in street rates in July. The storage market in these cities is facing added pressure from slowdowns in their local housing markets, both of which underperformed the other top metros for multifamily rent growth year-over-year in July.
- Better-than-average rate performance in several of the top metros is due to new supply remaining low (in some cases it has always been low), including in Pittsburgh, Los Angeles and San Diego. Charlotte, Boston, Nashville, Charleston and Portland have seen supply trail off significantly in the past few years, which has supported stronger performance for their storage markets.

## Self Storage Major Metro Summary

New-Supply Pipeline (y-axis) & Equal Weighting of Population Growth and Multifamily Rent Growth (x-axis)  
(bubble size represents completed NRSF)



Sources: Yardi Matrix; U.S. Census Bureau. Supply data as of August 8, 2023

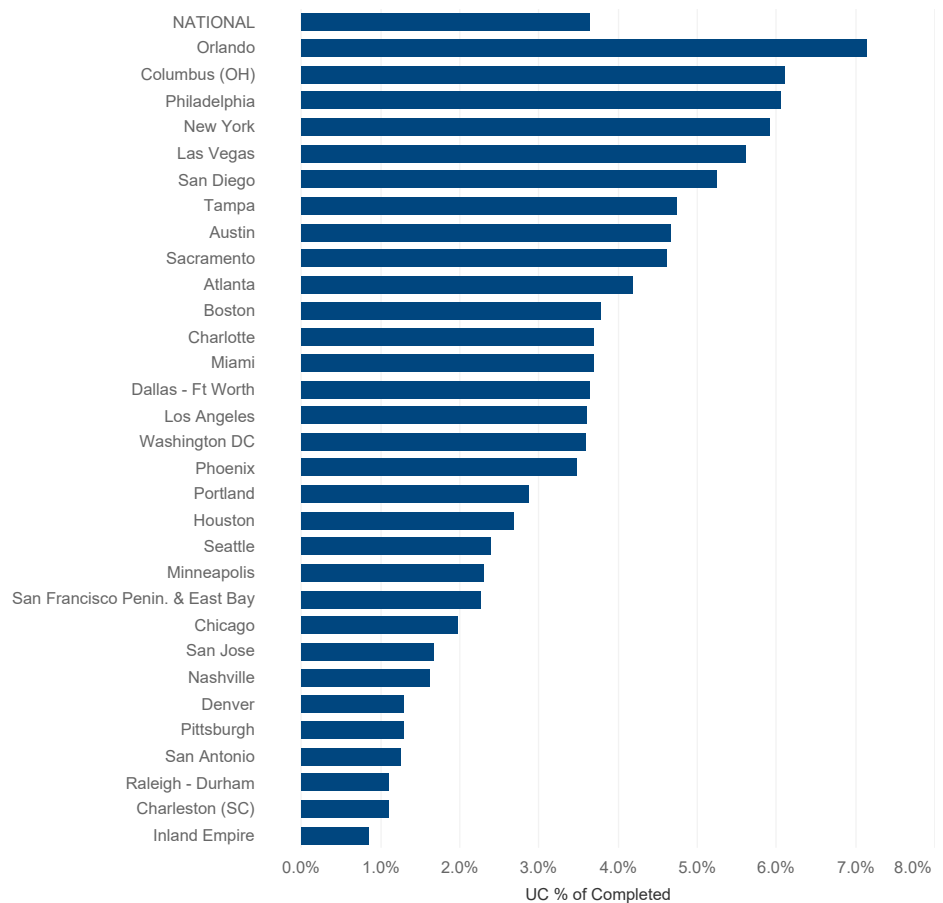
# New Supply Update

## Construction activity moderates in July

- The national new-supply pipeline shrank 10 basis points month-over-month in July, with properties under construction accounting for 3.6% of completed inventory. The storage under-construction pipeline has remained relatively stable thus far in 2023. However, as anticipated, it appears tightening lending conditions, in addition to the continual rise in construction costs, have started to depress new construction starts moving into the second half of the year.
- Storage development in the New York metro has been robust in recent years. However, despite new-supply deliveries equal to more than 13% of stock over the past three years, it remains the most undersupplied top 31 metro, with current storage stock equal to 3.8 NRSF per capita. New supply in the New York boroughs is expected to slow significantly in coming years, due to legislative changes, increased barriers to entry—including restrictions to self-storage development in the IBZ industrial zones—and exclusions to storage from eligibility for tax abatements through the ICAP program.

## Under-Construction Supply by Percentage of Existing Inventory

Metro	Jun-23	Jul-23	Change
NATIONAL	3.7%	3.6%	↓
Orlando	7.3%	7.1%	↓
Columbus (OH)	6.1%	6.1%	—
Philadelphia	5.9%	6.1%	↑
New York	6.0%	5.9%	↓
Las Vegas	6.5%	5.6%	↓
San Diego	5.2%	5.2%	—
Tampa	4.6%	4.7%	↑
Austin	4.3%	4.7%	↑
Sacramento	4.6%	4.6%	—
Atlanta	4.0%	4.2%	↑
Boston	4.1%	3.8%	↓
Charlotte	3.6%	3.7%	↑
Miami	3.5%	3.7%	↑
Dallas-Ft Worth	3.5%	3.6%	↑
Los Angeles	3.9%	3.6%	↓
Washington DC	3.6%	3.6%	—
Phoenix	4.0%	3.5%	↓
Portland	2.9%	2.9%	—
Houston	2.7%	2.7%	—
Seattle	2.4%	2.4%	—
Minneapolis	2.3%	2.3%	—
San Francisco Penin. & East Bay	2.3%	2.3%	—
Chicago	2.0%	2.0%	—
San Jose	1.7%	1.7%	—
Nashville	1.6%	1.6%	—
Denver	1.3%	1.3%	—
Pittsburgh	1.3%	1.3%	—
San Antonio	1.6%	1.3%	↓
Raleigh-Durham	1.1%	1.1%	—
Charleston (SC)	1.1%	1.1%	—
Inland Empire	0.9%	0.9%	—



\*Drawn from our national database of 33,631 stores, including 3,479 projects in the new-supply pipeline as well as 30,152 completed stores.  
Source: Yardi Matrix. Data as of August 8, 2023

# Monthly Rate Recap

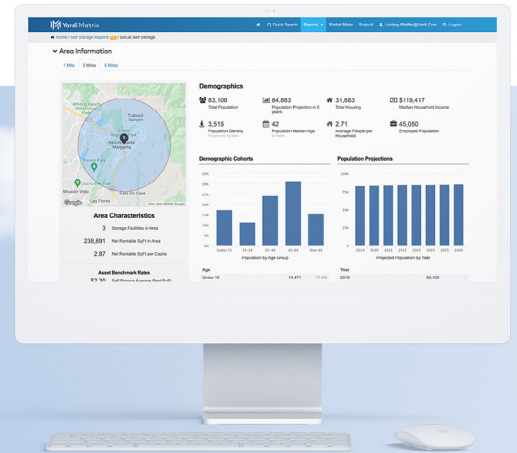
Market	Avg Metro Rate 10'x10' (non cc)	July 2023 YoY Rate Performance						
		5'x5' (non cc)	5'x10' (non cc)	5'x15' (non cc)	10'x10' (non cc)	10'x10' (cc)	10'x20' (non cc)	10'x30' (non cc)
National	\$127	-3%	-5%	-4%	-5%	-6%	-5%	-4%
Pittsburgh	\$112	7%	6%	3%	-1%	-1%	4%	5%
Los Angeles	\$210	-3%	-2%	-2%	-2%	-4%	-2%	-2%
San Jose	\$187	-5%	-3%	-2%	-3%	-6%	-3%	-3%
San Diego	\$182	-2%	-2%	-3%	-3%	-4%	-1%	-2%
Raleigh–Durham	\$101	-2%	-4%	-5%	-3%	-4%	-2%	-2%
Charlotte	\$101	-4%	-4%	-4%	-3%	-6%	-2%	-2%
Columbus (OH)	\$99	-2%	-3%	-7%	-3%	-2%	-5%	-4%
Boston	\$156	-2%	-2%	-2%	-3%	-5%	-2%	-2%
Nashville	\$113	-2%	-3%	-4%	-3%	-3%	-2%	-3%
Charleston (SC)	\$109	-2%	-1%	2%	-4%	-4%	-4%	-3%
Portland	\$143	-5%	-5%	-4%	-4%	-1%	-4%	-4%
New York	\$190	-5%	-5%	-5%	-4%	-5%	-5%	-5%
San Francisco Penin. & East Bay	\$209	-3%	-5%	-4%	-4%	-4%	-3%	-3%
San Antonio	\$111	-4%	-4%	-4%	-4%	-4%	-4%	-2%
Denver	\$130	-2%	-4%	-5%	-4%	-7%	-6%	-5%
Dallas–Ft Worth	\$104	-4%	-4%	-5%	-5%	-6%	-5%	-4%
Inland Empire	\$135	-3%	-4%	-6%	-5%	-7%	-5%	-5%
Houston	\$96	-5%	-5%	-3%	-5%	-3%	-4%	-4%
Orlando	\$115	-4%	-4%	-4%	-5%	-7%	-4%	-5%
Austin	\$111	-6%	-5%	-4%	-5%	-9%	-6%	-4%
Sacramento	\$141	-5%	-4%	-4%	-5%	-3%	-5%	-5%
Phoenix	\$121	-6%	-7%	-5%	-6%	-10%	-7%	-7%
Seattle	\$159	-4%	-4%	-5%	-6%	-6%	-5%	-5%
Washington DC	\$148	-7%	-7%	-7%	-7%	-7%	-7%	-7%
Tampa	\$120	-4%	-6%	-3%	-7%	-5%	-5%	-5%
Minneapolis	\$105	-9%	-7%	-10%	-7%	-5%	-8%	-6%
Atlanta	\$110	-10%	-8%	-5%	-8%	-9%	-7%	-4%
Las Vegas	\$122	-7%	-9%	-8%	-8%	-5%	-9%	-8%
Miami	\$163	-9%	-10%	-6%	-8%	-8%	-5%	-5%
Philadelphia	\$133	-8%	-9%	-8%	-10%	-9%	-10%	-9%
Chicago	\$113	-8%	-8%	-8%	-10%	-7%	-8%	-8%

Source: Yardi Matrix. Sorted according to 10x10 NON CC rent performance.



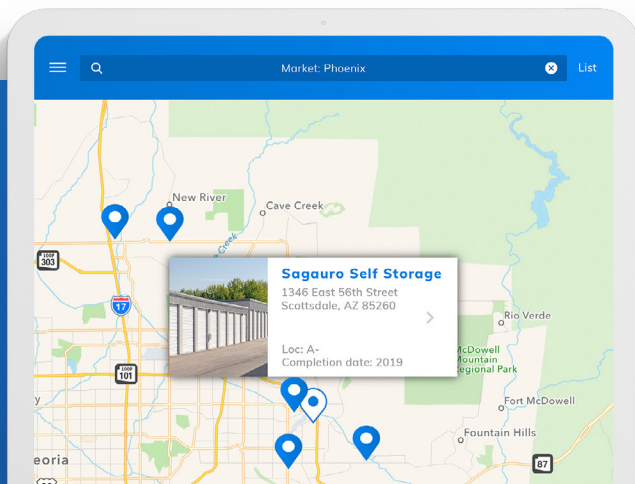
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