

## Q1 2025

### Contacts

**Jeff Adler**

Vice President & General  
 Manager of Yardi Matrix  
 Jeff.Adler@Yardi.com  
 (303) 615-3676

**Ben Bruckner**

Senior Research Analyst  
 Ben.Bruckner@Yardi.com  
 (800) 866-1124 x25199

**Doug Ressler**

Media Contact  
 Doug.Ressler@Yardi.com  
 (480) 695-3365

# Self Storage Supply Forecast Notes

For the Q1 2025 update, the Yardi Matrix Self Storage Supply Forecast has increased in all years by roughly 5.0%. The increase is primarily driven by Yardi Matrix’s continued market coverage expansion, rather than a material shift in self storage development fundamentals.

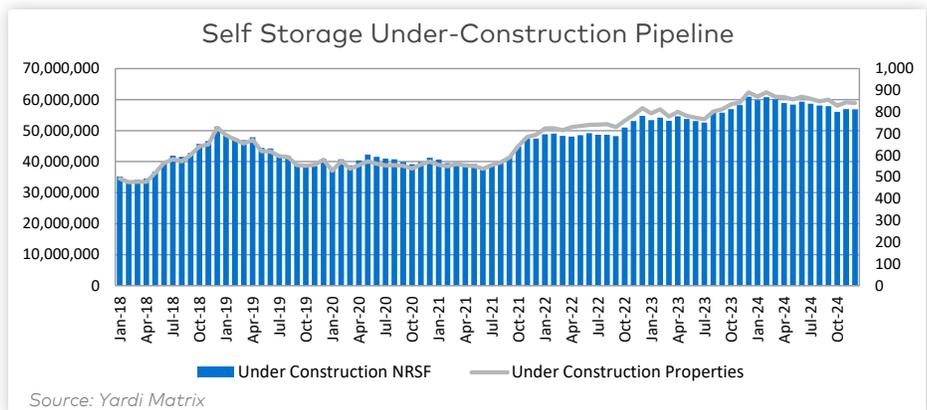
### Self Storage New Supply Forecast Q1 2025 vs. 4Q 2024

Year	1Q 2025	4Q 2024	% Chg
2024		61,082,687	
2025	56,222,042	54,025,574	4.1%
2026	45,906,187	42,864,664	7.1%
2027	42,062,475	40,156,812	4.7%
2028	33,149,789	31,452,515	5.4%
2029	33,163,189	31,743,905	4.5%
2030	35,010,737		

Source: Yardi Matrix

### Near-Term Forecast: 2025 Through 2027

Q4 2024 development pipeline data indicates self storage development activity continues to slow down. Full-year construction starts are on pace to contract by 20% compared to 2023’s levels. The deceleration in starts has now begun to show up in the under-construction pipeline. These developments were anticipated in previous forecasts. However, Yardi Matrix market coverage expanded by three markets in Q4 2024, and an additional five markets have been added in Q1 2025. The forecast for all years has therefore been expanded by around 5% to accommodate this coverage expansion.

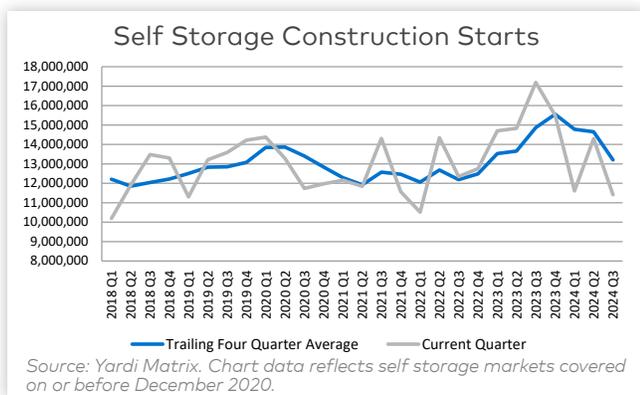


Source: Yardi Matrix

For markets that have been covered by Yardi Matrix for at least 24 months, there were 56.86 million net rentable square feet under construction at the end of Q4. This represents 94.3% of the total under-construction pipeline of 60.27 million NRSF. The under-construction pipeline contracted quarter-over-quarter by 1.8% and has now declined on a year-over-year basis by 6.7%. The under-construction pipeline peaked in December 2023. Most of the current under-construction pipeline will be completed in 2025 or early 2026.

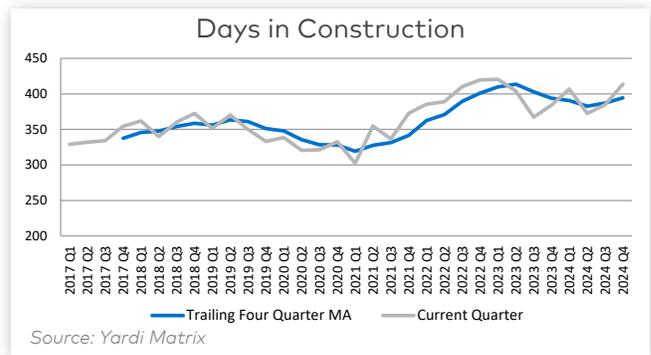
For markets covered for at least 24 months, construction starts through Q3 2024 currently total 37.31 million NRSF, a 20.1% decrease from the same period in 2023. Yardi Matrix has confirmed 9.77 million NRSF started construction in Q4. Our data is collected with a lag, so this number will increase. If recent trends hold, full-year 2024 self storage construction starts should total around 50.0 million NRSF.

For all markets tracked by Yardi Matrix, 40.47 million NRSF started construction through Q3 2024, while for the full year 50.75 million NRSF in construction starts have so far been identified.



Days in construction peaked in mid-year 2023 and decelerated through mid-year 2024. In the second half of 2024, average completion times trended back up. Projects completed in Q4 spent on average 413 days (13.8 months) under construction. The trailing four-quarter average increased to 394 days (13.1 months).

From Q4 2023 through Q3 2024, 57.2 million NRSF started construction in all markets tracked by Yardi Matrix. Given current completion times, this is the under-construction inventory most likely to be completed in 2025.



### Long-Term Forecast: 2028 Through 2030

The Q1 forecast update continues to anticipate new self storage supply will decline to around 2.0% of inventory by 2027 and 1.5% of inventory in the later years of the forecast. Yardi Matrix's Q4 development pipeline data has evolved in a manner consistent with this scenario. However, our market coverage continues to expand. The longer-term forecast has been increased by roughly 5.0% in the later years to account for this.

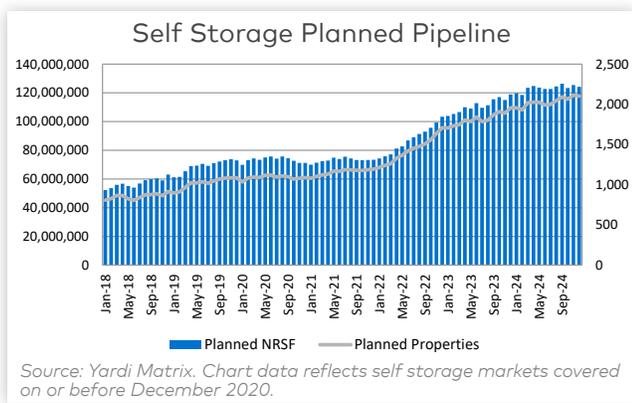
Year-over-year advertised rental rate growth remains negative in most markets. In addition, the Federal Reserve has adopted a higher-for-longer policy stance in response as economic growth and labor markets have remained stronger than expected. The difficult advertised rental rate and financing environment will be a continued headwind for new development. The slowdown in construction starts in 2024 will persist into 2025, negatively affecting new supply over the longer term.

### Planned

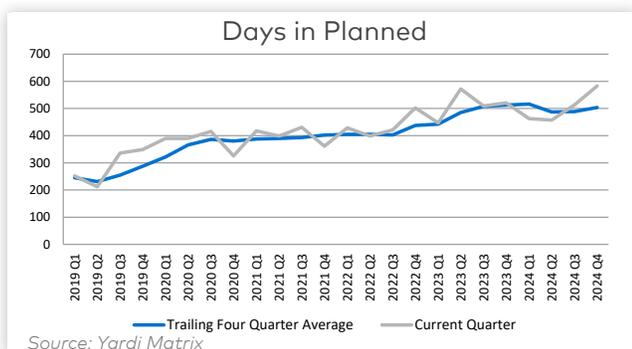
The planned pipeline has essentially been flat for most of 2024 and turned negative on a quarter-over-quarter basis in December. For markets covered for at least 24 months by Yardi Matrix,

the planned pipeline contained 124.2 million NRSF. That constitutes 95.1% of the overall planned pipeline's 130.6 million NRSF.

Quarter-over-quarter, the planned pipeline declined 1.8%, while year-over-year it expanded by 4.4%. Rapid growth in the planned pipeline coincided with increased self storage development activity in 2022 and 2023. The flat planned pipeline in 2024 is one sign that self storage new development interest has come off post-pandemic levels.



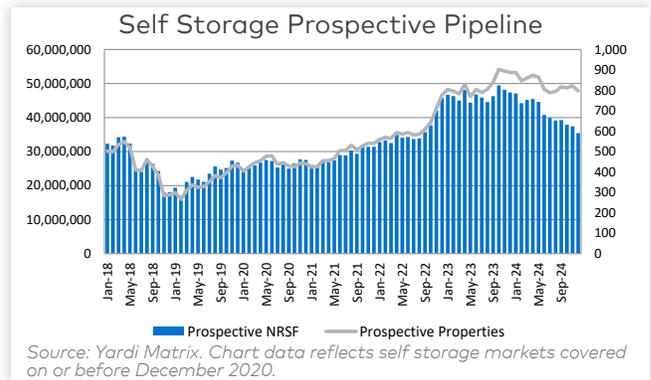
Self storage projects starting construction in Q4 spent an average of 583 days (19.4 months) in planned. This is a series high and well above the trailing four-quarter average of 504 days (16.8 months). Days in planned materially increased in late 2022 and 2023 as self storage development rapidly expanded. At that time, material and labor constraints likely led to delays in starting construction. Financial and economic constraints are now likely, also adding to the time a project spends in the planned phase before breaking ground.



## Prospective

The prospective pipeline continues to contract. For markets covered by Yardi Matrix for at least 24 months, the prospective pipeline contained 35.42 million NRSF at the end of Q4, or about 92.9% of the total prospective pipeline of 38.13 million NRSF. The prospective pipeline declined 10.2% quarter-over-quarter and 25.3% year-over-year.

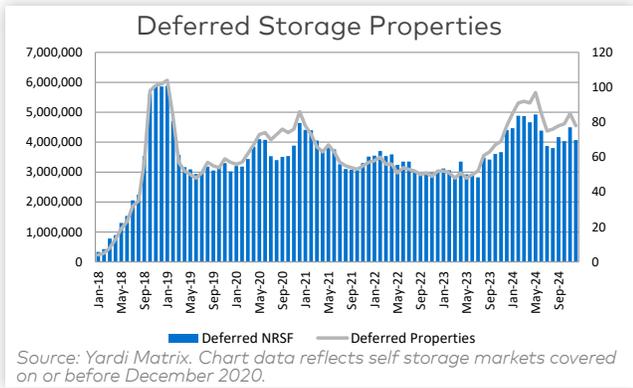
The prospective pipeline expanded as self storage development activity increased in 2022 and 2023, and peaked in Q3 2023 at 49.47 million NRSF. The current level was last seen mid-year 2022. The prospective pipeline's steady decline suggests fewer sponsors are taking the time and effort to find suitable development sites and begin the process of obtaining development entitlements. Fewer projects beginning the development process negatively affects new supply over the longer term.



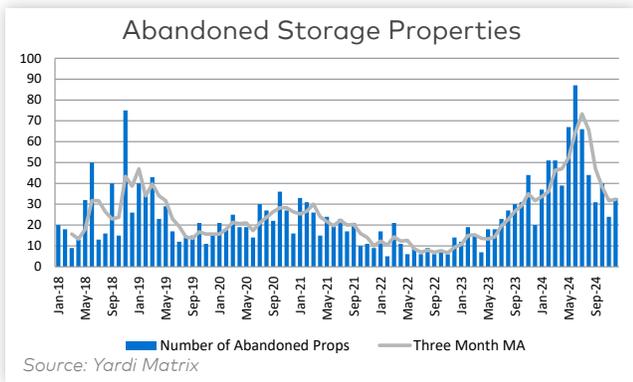
## Deferred and Abandoned

The number of deferred and abandoned projects in the Yardi Matrix database has moderated from mid-year 2024 highs but is still at an elevated level.

Deferred NRSF for markets open at least 24 months stood at 4.07 million at the close of Q4, a 2.5% decrease quarter-over-quarter and a 7.6% decrease year-over-year. Although the deferred pipeline has moderated from its mid-year 2024 peak, the current pipeline is roughly 30% above the levels recorded in late 2022 and early 2023.



The monthly number of projects entering an abandoned status stabilized in the fourth quarter, after falling off the sharp peak set in June 2024. In December 2024, 33 projects were categorized as abandoned, roughly in line with the trailing three-month average of 32 properties. Although the number of abandoned projects has fallen by roughly 50% from mid-year 2024, the current level is about four times the level seen in 2022.



## Bottom Line

The Q1 2025 self storage supply forecast update was increased by roughly 5% in all years to accommodate Yardi Matrix’s continued market coverage expansion. The overall shape of the forecast, however, is similar to previous forecasts. The Q1 update continues to anticipate new supply will moderate to 2.0% of stock by 2027 and 1.5% of stock by 2029.

Advertised rental rate growth turned positive on a month-over-month basis for most markets in January. However, rate growth remains negative on a year-over-year basis. Additionally, the Federal Reserve has responded to the combination of persistent inflation pressures, a still-healthy job market and solid economic growth with a hawkish repositioning. This higher-for-longer policy stance combined with weak advertised rental rate growth suggests the 20% decline in new construction starts experienced in 2024 will persist into 2025, negatively affecting new supply in 2026 and into 2027.

A sharply declining prospective pipeline and still-elevated levels of deferred and abandoned projects suggest longer-term development interest is well off the peaks seen in 2022 and 2023.

As always, Yardi Matrix is extremely focused on accurately maintaining our development pipeline data and identifying any changes in self storage development activity.

—Ben Bruckner, Senior Research Analyst

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