

Q2 2025

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Self Storage Supply Forecast Notes

Over the past quarter, Matrix development pipeline data evolved in a manner consistent with last quarter’s forecast. As such, for the Q2 2025 update, the Yardi Matrix Self Storage Supply Forecast is substantially unchanged.

Self Storage New Supply Forecast Q2 2025 vs. Q1 2025

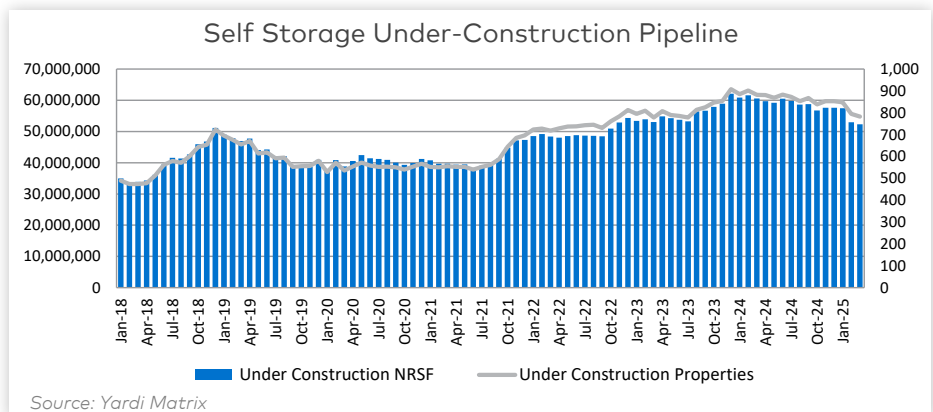
Year	2Q 2025	1Q 2025	% Chg
2025	56,094,007	56,222,042	-0.2%
2026	45,961,228	45,906,187	0.1%
2027	42,015,199	42,062,475	-0.1%
2028	33,035,584	33,149,789	-0.3%
2029	33,053,796	33,163,189	-0.3%
2030	35,031,311	35,010,737	0.1%

Source: Yardi Matrix

Near-Term Forecast: 2025 Through 2027

Q1 2025 Matrix development pipeline data continued to indicate a slow-down in near-term new-development activity. Full-year 2024 construction starts declined 22% from 2023 levels, which implies a contraction in 2025 new supply to around 56.1 million net rentable square feet.

[Self storage advertised rental rate growth on a year-over-year basis is improving but remains weak](#), while the Federal Reserve continues a restrictive monetary policy. Finally, the current administration’s trade objectives have introduced greater uncertainty into the economy. The current forecast does not assume a recession is likely in the near future, but a slowdown in economic growth is probable.



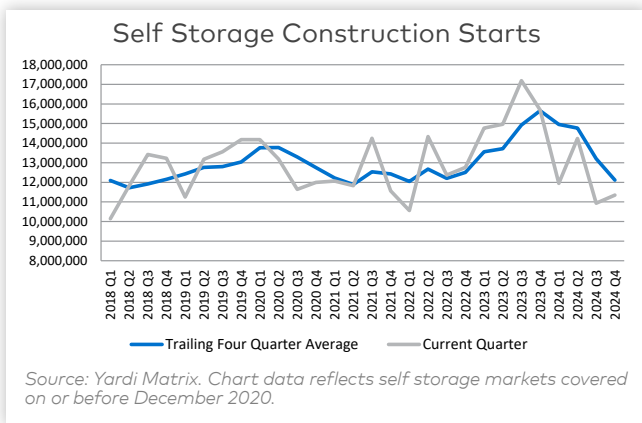
Source: Yardi Matrix

Combined, these factors represent persistent headwinds that will maintain downward pressure on construction starts and new supply in the near term. As a result, the Q2 update continues to forecast new supply declining to around 46.0 million NRSF in 2026 and 42.0 million NRSF in 2027.

For markets that have been covered by Matrix for at least 24 months, there were 52.29 million NRSF under construction at the end of Q1. This represents 96.3% of the total under-construction pipeline of 54.97 million NRSF. On a quarterly basis, the under-construction pipeline declined by 9.2%, with a decline of 13.9% on an annual basis. The current under-construction inventory is expected to be completed later this year or early in 2026.

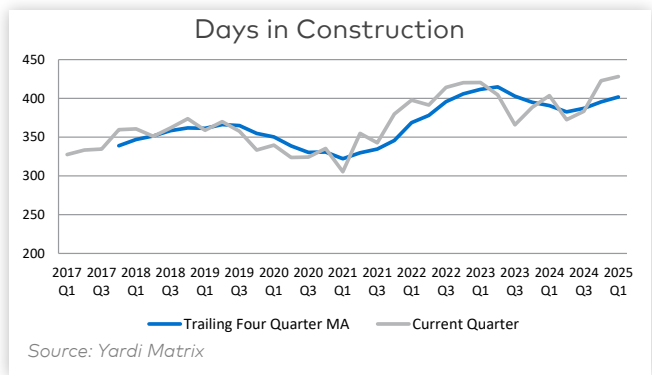
For markets covered for at least 24 months, Q4 construction starts currently total 11.35 million NRSF, a 3.8% increase over Q3 but a 27.7% decline compared to Q4 2023. For full-year 2024, construction starts currently total 48.46 million NRSF, a 22.6% decline compared to 2023.

Matrix has confirmed 6.81 million NRSF started construction in Q1 2025. Our starts data is collected with a lag, so this number will increase. However, Q1's current results are below what was recorded at a similar time for Q4, suggesting Q1 construction starts will be approximately 10% to 15% below Q4 2024 construction starts.



For all markets tracked by Matrix, 52.12 million NRSF started construction in 2024, with 7.06 million NRSF identified so far for Q1 2025.

After moderating in late 2023 and early 2024, average completion times have increased for three consecutive quarters. Projects completing in Q1 2025 spent on average 428 days (14.3 months) under construction. This is above the trailing four-quarter average of 402 days (13.4 months).



Long-Term Forecast: 2028 Through 2030

Self storage new supply totaled 4.0% of stock in 2023 and 3.7% of stock in 2024. Despite relatively robust economic growth, the new-supply surge has driven a decline in advertised rental rates tracked by Yardi Matrix and a decline in net operating income reported by publicly traded self storage REITs. New supply in excess of 2.0% of stock most likely exceeds long-term self storage demand growth.

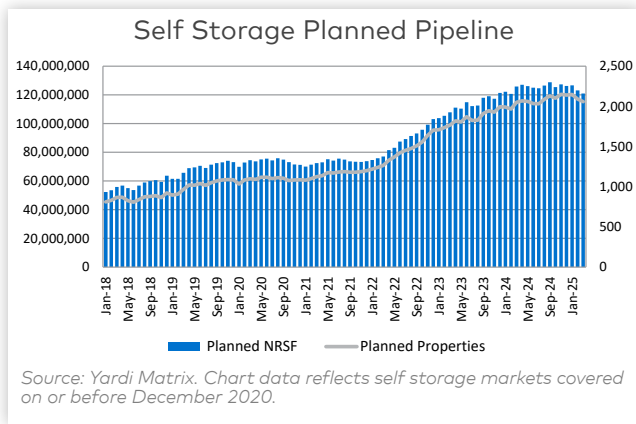
Matrix development pipeline data confirms that longer-term self storage development interest has declined: 1.) The prospective pipeline continues to decline sharply; 2.) the level of deferred projects remains elevated; and 3.) the number of abandoned projects increased in Q1 2025.

The Q2 forecast update, therefore, continues to anticipate new supply will decline to around 1.5% of stock in the later years of the forecast.

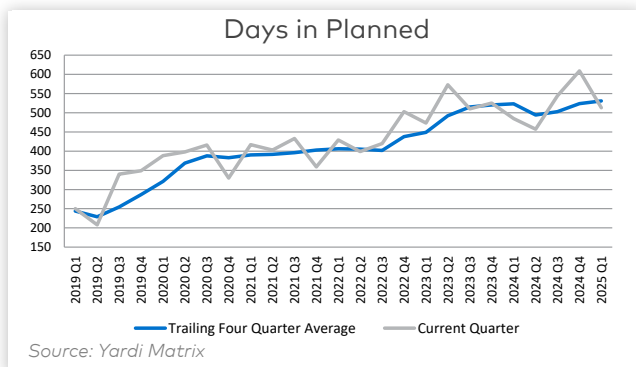
Planned

In 2024, the planned pipeline averaged 125.48 million NRSF, peaking in September at 128.73 million NRSF. Since then, the planned pipeline has declined for two consecutive quarters. For Matrix markets covered for at least 24 months, there were 120.92 million NRSF in the planned pipeline at the end of Q1, a 4.2% decline quarter-over-quarter and a 3.9% decline year-over-year. The planned pipeline currently contains about 2.3 times the inventory under construction.

For all markets that Matrix covers, the planned pipeline contained 125.52 million NRSF at the end of Q1.



Days in planned has been relatively stable since late 2023. Self storage projects starting construction in Q1 spent an average of 513 days (17.1 months) in planned status. This is slightly below the trailing four-quarter average of 531 days (17.7 months)

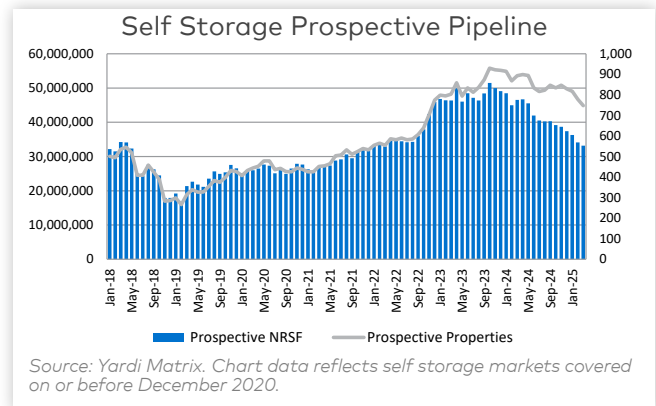


Prospective

The prospective pipeline peaked in October 2023 and has since sharply contracted. For markets that have been covered for at least 24 months, the prospective pipeline contained 33.16 million NRSF at the end of Q1. This represents an 11.6% decline quarter-over-quarter and a 28.6% decline year-over-year. Since the October 2023 peak, the prospective pipeline has declined by 36%.

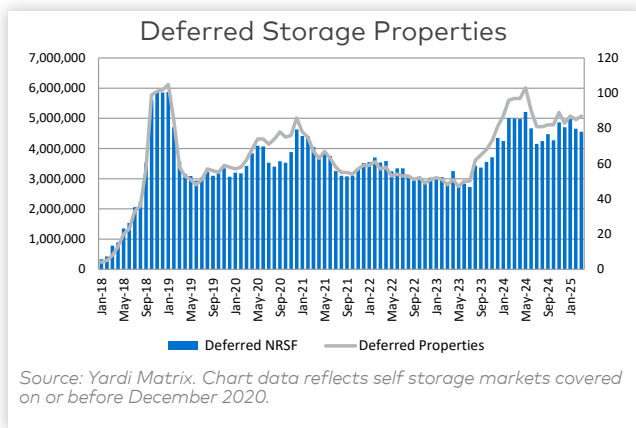
For all markets covered by Matrix, the prospective pipeline contained 36.12 million NRSF at the end of Q1.

The sharp decline in the prospective pipeline over the past 17 months is a strong indication that longer-term self storage development interest is declining. The prospective pipeline grew rapidly post-pandemic in response to strong advertised rate growth and low interest rates. That trend has nearly reversed.



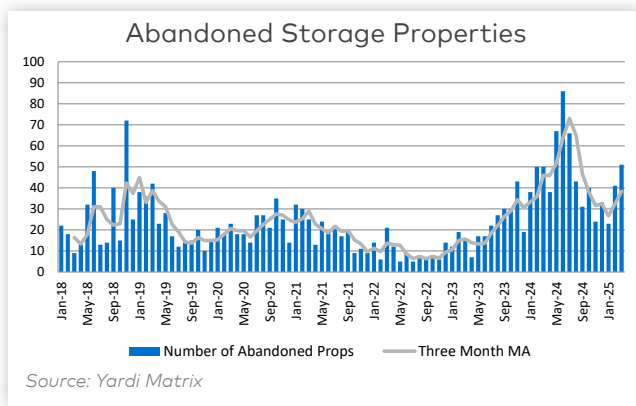
Deferred

The deferred pipeline declined modestly but remains at an elevated plateau. At the end of Q1, there were 4.56 million NRSF with a deferred pipeline status, a 2.9% decrease quarter-over-quarter and an 8.8% decrease year-over-year. The deferred pipeline briefly fell below 3.0 million NRSF in mid-2023 and peaked roughly one year later at 5.21 million NRSF. Since its peak, the deferred pipeline has averaged 4.62 million NRSF.



Abandoned

The monthly number of properties categorized as abandoned declined at the close of 2024. Since then, the number of abandoned properties has increased. In March, 51 properties entered abandoned status in the Matrix database, well above the trailing three-month average of 38 properties.



Bottom Line

The Q2 self storage supply forecast update is substantially unchanged from Q1. Matrix development pipeline data continues to show an overall deceleration in near-term and longer-term self storage new-development momentum. This was anticipated in previous forecasts.

Full-year 2024 construction starts declined 22% compared to 2023. This drove a year-over-year 13.9% decline in the under-construction pipeline, while the planned pipeline declined 3.9%. New supply in 2025 is forecast to decline to roughly 56.1 million NRSF.

Advertised rental rate growth on a year-over-year basis improved in Q1, but for many markets it remains essentially flat. Monetary policy continues to be restrictive, while the current administration's trade policy has introduced a high degree of uncertainty into the economic outlook. As a result, self storage construction starts are expected to continue declining in 2025. This drives a further reduction in new supply in 2026 and 2027 to roughly 2.0% of stock.

Longer-term development interest remains weak. The prospective pipeline continues to sharply decline, while the number of deferred projects is still elevated and the number of abandoned projects grew in Q1. For the years 2028 through 2030, the Q2 forecast update continues to show new supply stabilizing at roughly 1.5% of stock.

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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