Q3 2025

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Self Storage Supply Forecast Notes

For the Q3 2025 update, the Yardi Matrix Self Storage Supply Forecast is substantially unchanged.

Self Storage New Supply Forecast Q3 2025 vs. Q2 2025

Year	3Q 2025	2Q 2025	% Chg
2025	56,995,164	56,094,007	1.6%
2026	46,118,487	45,961,228	0.3%
2027	42,048,229	42,015,199	0.1%
2028	33,001,246	33,035,584	-0.1%
2029	33,077,737	33,053,796	0.1%
2030	35,166,801	35,031,311	0.4%

Source: Yardi Matrix

Near-Term Forecast: 2025 Through 2027

Q2 2025 Matrix development pipeline data continues to indicate a slowdown in new self storage development consistent with previous forecasts. The Q3 forecast is therefore relatively unchanged compared to Q2's forecast update.

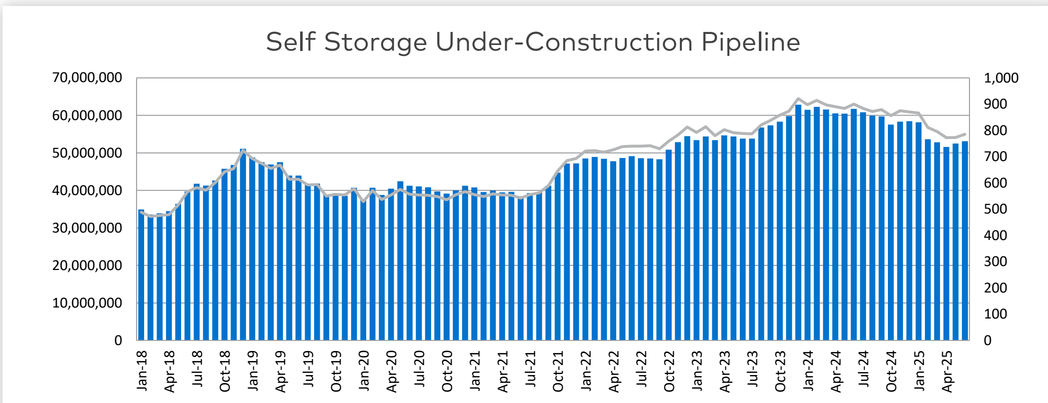
Construction starts and the under-construction pipeline continue to decline from the cycle highs achieved in late 2023 and early 2024. New development activity has been hindered by multiple factors:

- Relatively high long-term interest rates continue to depress existing home sales, moderating a key self storage demand driver.
- Weaker demand has translated into weaker advertised rental rate growth tracked by Matrix.
- Publicly traded self storage REITs continue to report that minimal revenue growth and declining occupancy have driven net operating income off post-pandemic highs.
- Relatively high long-term interest rates continue to depress new development valuations.

In addition, the current administration's trade objectives continue to inject greater uncertainty into the broader economy. The current supply forecast does not anticipate a recession is likely in the near term, but a slowdown in economic growth is probable.

Combined, the above factors will continue to present a headwind to near-term development prospects. The Q3 forecast update anticipates full-year 2025 construction starts will be below 2024's level, with a further reduction in new construction activity in 2026. The end result is new supply declining to around 46.1 million net rentable square feet in 2026 and 42.0 million NRSF in 2027.

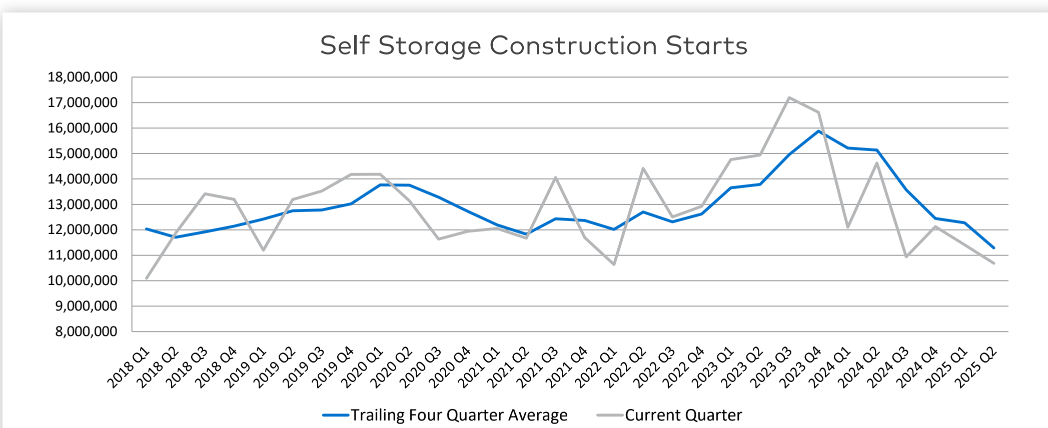
For markets that have been covered by Yardi Matrix for at least 24 months, the under-construction pipeline expanded 0.5% on a quarterly basis to 53.11 million NRSF. This represents 95.6% of the total under-construction pipeline of 55.56 million NRSF. On an annual basis, the under-construction pipeline has declined by 14.0%. The current under-construction inventory will be completed later this year or in 2026.



Source: Yardi Matrix

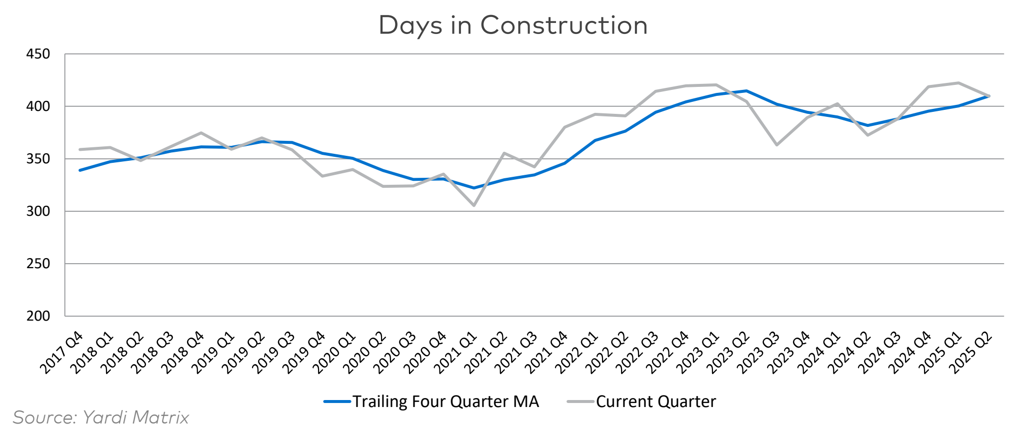
Self storage new-construction starts continue to trend down. For markets covered for at least 24 months, Matrix has so far identified 10.69 million NRSF that started construction in Q2. Through mid-year, 22.10 million NRSF have started construction. This represents 97.3% of the total under-construction pipeline. Our starts data is collected with a lag, so the preceding data will increase in subsequent months.

Compared to the same period in 2024, self storage construction starts identified through mid-year 2025 declined by 12.8%.



Source: Yardi Matrix. Chart data reflects self storage markets covered on or before July 2023.

Construction completion times for properties finished in Q2 declined marginally to an average of 410 days (13.7 months). This is the fourth consecutive quarter that completion times have averaged above 400 days.



Source: Yardi Matrix

Long-Term Forecast: 2028 Through 2030

New self storage supply delivered in 2023 and 2024 has been slow to absorb. Advertised rental growth tracked by Matrix was negative for most of 2024 and flat in 2025, while publicly traded self storage REITs continue to report weak or negative net operating income growth.

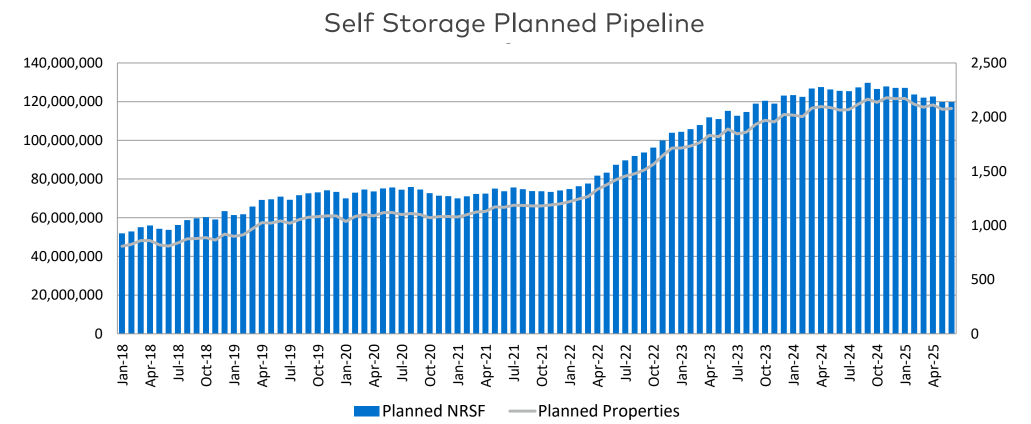
Weak operating results have translated into a noticeable decline in longer-term development interest. The number of projects and NRSF in the planned pipeline modestly declined in the first half of 2025, while the prospective pipeline continues to contract noticeably. In addition, the number of projects with a deferred status continues to increase, and the number of abandoned projects identified by Matrix remains elevated.

Since the Great Financial Crisis, the self storage industry has grown significantly, and it is now a much more mature asset class. Absent new demand drivers, new self storage supply in excess of 2.0% of stock likely exceeds long-term demand growth. The Q3 forecast update therefore continues to model a decline in longer-term new self storage supply to roughly 1.5% of stock in the later years of the forecast.

Planned

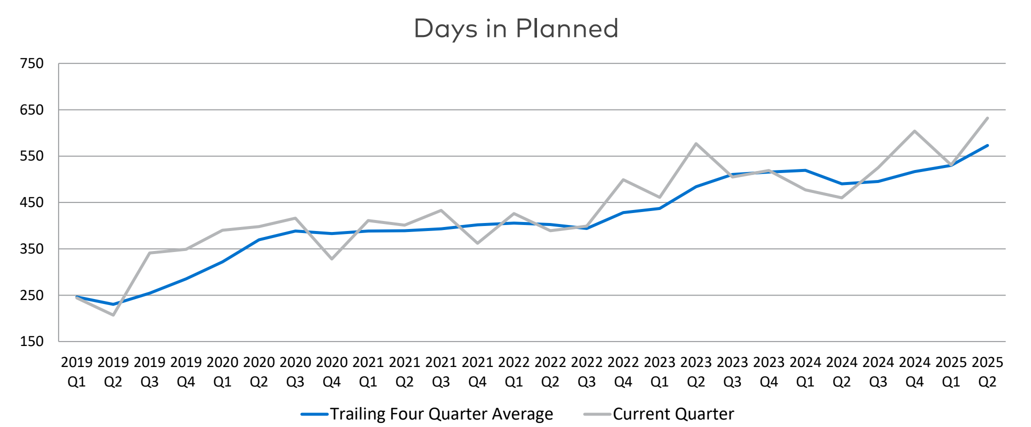
At the end of Q2, the planned pipeline contained 119.78 million NRSF for markets that have been covered by Matrix for at least 24 months. For all markets, the planned pipeline totaled 123.40 million NRSF.

The planned pipeline declined 1.8% quarter over quarter and 4.6% year over year. The planned pipeline peaked in September 2024 at 129.77 million NRSF. Despite the recent decline, the planned pipeline still contains 2.3 times the current under-construction inventory.



Source: Yardi Matrix. Chart data reflects self storage markets covered on or before July 2023.

The average number of days a project spent in planned status started to increase in mid-2022 as self storage new development increased. It was then relatively stable from the middle of 2023 to the middle of 2024, but is increasing again. Self storage projects starting construction in Q2 spent an average of 632 days (21 months) in planned status. This is well above the trailing four-quarter average of 573 days (19 months).



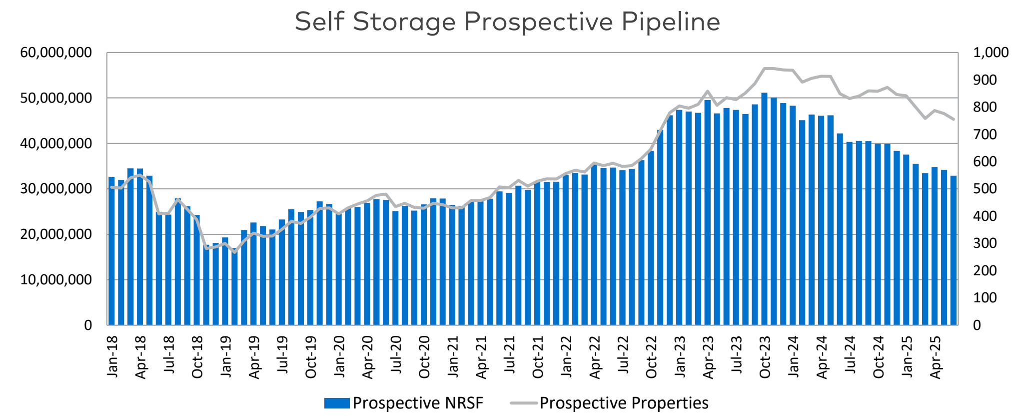
Source: Yardi Matrix

Prospective

The prospective pipeline continues to contract. For markets covered for at least 24 months by Matrix, the prospective pipeline contained 32.90 million NRSF at the end of Q2, declining 1.6% quarter over quarter and 22.0% year over year.

For all markets covered by Matrix, the prospective pipeline contained 34.32 million NRSF at the end of Q2.

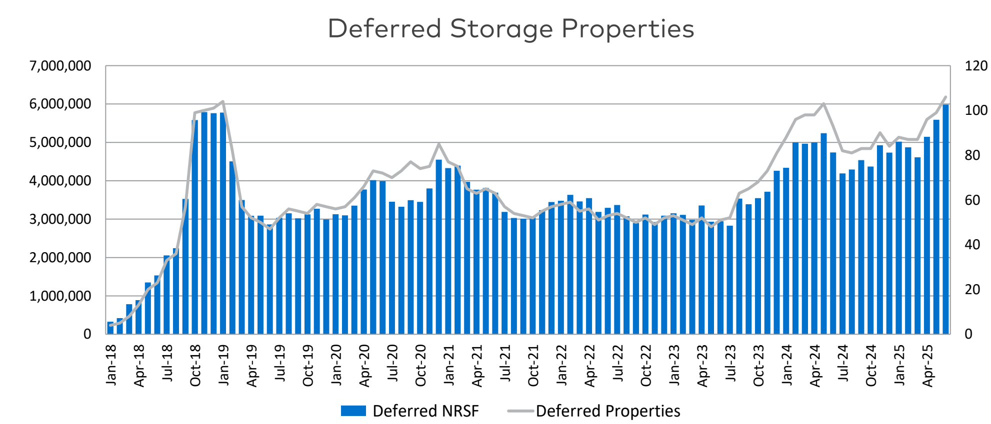
The continued sharp decline in the prospective pipeline is indicative of declining long-term self storage development interests.



Source: Yardi Matrix. Chart data reflects self storage markets covered on or before July 2023.

Deferred

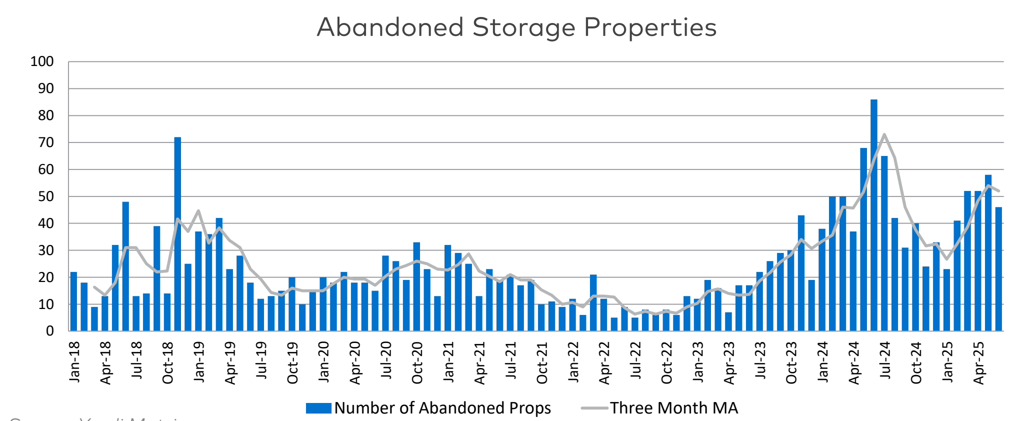
The deferred pipeline expanded in Q2, increasing by 29.8% quarter over quarter to 5.98 million NRSF. Year over year the deferred pipeline grew by 26.3%. The deferred pipeline grew noticeably at the close of 2023 and had plateaued at around 4.5 million NRSF for most of 2024. Q2's noticeable increase is another indication that self storage developers remain pessimistic about their longer-term development prospects.



Source: Yardi Matrix. Chart data reflects self storage markets covered on or before July 2023.

Abandoned

The monthly number of projects categorized as abandoned declined marginally in Q2 but remains at a level far above the nine properties per month observed in 2022. In June, the research team categorized 46 projects as abandoned, slightly below the trailing three-month average of 52 properties.



Source: Yardi Matrix

Bottom Line

The Q3 self storage supply forecast update is relatively unchanged from Q2. Matrix development pipeline data continues to show an overall deceleration in both near-term and long-term development interest. This has been anticipated in previous forecasts.

Full-year 2024 construction starts declined 22% compared to 2023, while year-to-date 2025 construction starts are running 12.8% below 2024. The slowdown in construction starts is expected to continue. Forecast new supply is expected to decline to 46.1 million NRSF in 2026 and 42.0 million NRSF in 2027.

The prospective pipeline continues to contract, while the number of deferred and abandoned projects remains elevated. As a result, the Q3 forecast continues to assume new supply for the later years will decline on an annual basis to roughly 1.5% of existing 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