September 9, 2025

Self Storage Association's Golden Anniversary

Celebrating 50 Years - SSA 2025 Las Vegas Conference Overview

The Self Storage Association celebrated its 50th Anniversary in grand fashion at its annual Fall conference and trade show recently held at Aria Resort & Casino in Las Vegas. Over 3,700 attendees included industry leaders and founders from private and public companies, institutional investors, family owners and operators, developers, and capital providers. Highlights included SSA's "50 On The 50 Celebration" at Allegiant Stadium, featuring a private performance by Grammy Award-winning musician Darius Rucker. Tim Dietz, SSA President and CEO, moderated a panel of chief executives from large private and public operators including: Cris Burnam, StorageMart-Manhattan Mini Storage; Bill Hobin, William Warren Group/StorQuest; Joe Margolis, Extra Space Storage; Joe Russell, Public Storage; and Joe Shoen, U-Haul. The following are select highlights:

Overall Themes

Customer demand appears similar to last year. Occupancy levels have stabilized and rental rates appear to have bottomed and started to move slightly higher. Select major markets leading revenue growth include Chicago, New York, and West Coast markets (except restrictions in Los Angeles County), outperforming Sunbelt markets still absorbing recent new supply deliveries. Transaction activity has picked up from a variety of private capital acquisitions in conjunction with favorable debt markets. Public Storage leads the REITs with approximately $785 million closed or under contract year-to-date.

Technology changes are front and center with AI rapidly impacting the industry. Extra Space Storage reports a majority of customers are already utilizing AI searching for self storage. Customers are utilizing ChatGPT and other AI models to gain information on common questions such as proper unit sizes, climate versus non-climate units, etc. AI investment and implementation should soon allow operators to reduce personnel and costs as well as interact with customers and optimize revenue management.

Self Storage Executives, Influx of New Capital

Joe Margolis, CEO, Extra Space Storage, views increasing capital flows mostly as an opportunity instead of competition to navigate - including new joint venture capital - as well sovereign wealth funds, family offices, and private equity. Mr. Margolis predicts new capital will keep pressure on cap rates for transactions. He projects additional capital investing in self storage citing NCREIF (National Council of Real Estate Investment Fiduciaries) Fund Index - Open End Diversified Core Equity NFI-ODCE, an index of investment returns of the largest private real estate funds. Of the 27 NFI-ODCE funds, 20 do not yet have any exposure to self storage, and only 4% of overall assets presently allocated to self storage.

Joe Russell, CEO, Public Storage, referenced the self storage sector becoming a "sanctioned asset class". He anticipates private capital may at times be forced to trade out of assets for various reasons creating unpredictable holding time frames. High returns achieved by self storage (private and public companies) encourages new capital seeking to garner similar high returns.

Cris Burnam, StorageMart-Manhattan Mini Storage, pronounced self storage's emergence as one of the "main food groups" of institutional real estate (joining industrial, office, retail, multi-family, lodging). Mr. Burnam estimates valuations witnessed a 200-basis point cap rate compression due to vast amount of equity entering the industry over the past 10 to15 years. Combined with a period of low interest rate environment, created massive valuations and subsequent wealth generation.

Bill Hobin, William Warren/StorQuest, believes new relationships with new sources of capital will prove helpful to established operators. Mr. Hobin anticipates additional capital will force transactional activity with churning of assets/capital creating more liquidity in the industry.

Rising Self Storage Demand Penetration

One of the most important and underappreciated successful trends within the industry includes increasing penetration rates of self storage use among U.S. households. The Self Storage Association calculates self storage usage tracked through 2024, reached a record-high 13.4% penetration rate of all U.S. households, continuing a streak of increasing penetration. The recent record mark is up from 10.6% penetration rate pre-covid 2020, and about 9% in 2005. Increasing penetration rates helps absorption of new supply pipelines from both first-time renters and tendencies of repeat users. Renters are also growing and anticipating longer-term storage needs over one and two years, with 66% of current renters considered long-term versus 58% back in 2017.

Self Storage Penetration Rate of U.S. Households

Year	Penetration Rate
2005	9.0%
2007	9.5%
2017	9.4%
2020	10.6%
2022	11.1%
2024	13.4%

New Supply Slowdown

New development remains difficult to pencil out, and not exclusively due to higher constructions costs. Discounted initial move-in rates that have become standard practice over past couple of years, have made obtaining bank financing more challenging with less visibility on accurate market rental rents.

Tyson Huebner, Director of Research at Yardi Matrix, presented an Educational Session offering insights into the current state of the market and new supply forecast. The Q2 2025 development pipeline data continue to indicate a slowdown in new self storage development consistent with previous forecasts. Self storage construction starts identified through mid-year 2025 declined by 12.8%, compared to the same period in 2024. This follows trends from full-year 2024 construction starts declining 22% compared to the previous year. The Q3 2025 forecast update anticipates full-year 2025 construction starts will be below 2024's level with further reductions in new construction activity in 2026. Estimates of new supply declining from nearly 57 million net rentable square feet in 2025 to around 46.1 million in 2026, and down to 42 million in 2027.

More Inexperienced Developers

Yardi Marix's tracking over the past ten years showed much of the new development originating from less experienced self storage developers. In 2024, nearly 36% of all new projects were completed by first-time developers. And, a combined 50% of overall development with experience of three projects or less. Year-to-date 2025 is tracking similarly, with 47% of all development with experience of three or less projects, with 30% first-time developers.

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