



INVESTOR SURVEY U.S. SELF STORAGE

H2 2024

Better never settles



INVESTOR SURVEY HIGHLIGHTS

Transaction volume in the second half (H2) of 2024 totaled nearly \$3.2 billion, which is 2.4% less than the average transaction volume reported for H2 from 2015 to 2019. The data for the H2 2023 is skewed due to significant M&A activity within the sector. This volume aligns more closely with transaction trends prior to the surge in self storage investments observed between 2020 and 2022, during which nearly \$50 billion in transaction volume was realized, far exceeding the \$35 billion recorded in the seven years prior (2013–2019).

After reaching a peak of \$172 per square foot (psf) in H2 2022, self storage valuations experienced a decline over six consecutive quarters, dropping to an average of \$139 psf by Q2 2024. However, recent trends indicate a stabilization, with prices rising to \$141 psf, according to Real Capital Analytics.

The rising interest rate environment that began in March 2022 and went through July 2023, during which the Federal Funds Rate target rose to 5.25%, increased capitalization rates across commercial real estate sectors. Self storage capitalization rates increased by almost 100 bps in that time period, from lows of 4.00% to 4.50% in Q4 2022, to 5.00% to 6.00% in the second quarter of 2024 for a typical Class A facility in a top 30 MSA. While the Fed did drop its target rate 100 bps in the second half of 2024, recent decisions on tariffs by the current presidential administration may slow the need for the Fed to decrease interest rates if the fear of sustained or increased inflation persists.

The Federal Reserve's actions to taper inflation by increasing interest rates, along with the resulting decline in home sales combined and an influx of new storage supply, occupancy levels pushed downward and leveled out near 90% throughout 2024. As indicated by the top 50 MSAs, physical occupancy generally ranges between 85% to 92%, with economic occupancy lower by approximately 5% to 10%. For the first time in the past few years, the self storage sector experienced notable seasonality in 2024.

In the H2 2024, asking rents in the self storage sector experienced year-over-year declines but showed signs of stabilization and improvement. In July, advertised rates were down 4.1% year-over-year (YoY), with an average rate of \$16.40 psf. By December, the decline had moderated to 2.3% YoY, with rates at \$16.28 psf. Several U.S. metros recorded positive month-over-month growth starting in September. This trend continued into Q1 2025, with advertised rental rates only 0.8% lower in February 2025 on a YoY basis. Notably, 11 of the top 30 MSAs saw an increase in rates YoY during this period.

Supply and demand metrics appeared to be slowed compared to the previous year. Construction starts decreased 14% from last quarter and decreased 16% compared to Q4 2023. According to F.W. Dodge, there have been 575 new starts in the last four quarters, including new construction and alterations, additions, or renovations.

The H2 2024 Cushman & Wakefield Valuation Index represents an aggregation of property data from approximately 599 properties throughout the U.S. valued by Cushman & Wakefield. The aggregate market value of this proprietary dataset totals approximately \$8.0 billion, with key valuation assumptions detailed in this report.

The SSPI (Self Storage Performance Index) increased 1.3% in Q4 2024 from Q3 2024 and is at 152.4. Moreover, SSPI decreased 7.7% compared to Q4 2023.

Of the 25+ self storage experts who participated in Cushman & Wakefield's investor survey, 52% expect to see little to no change in capitalization rates over the next 12 months, with the housing market environment being the top macroeconomic concern, listed by 48% of the survey respondents, followed by the interest rates.

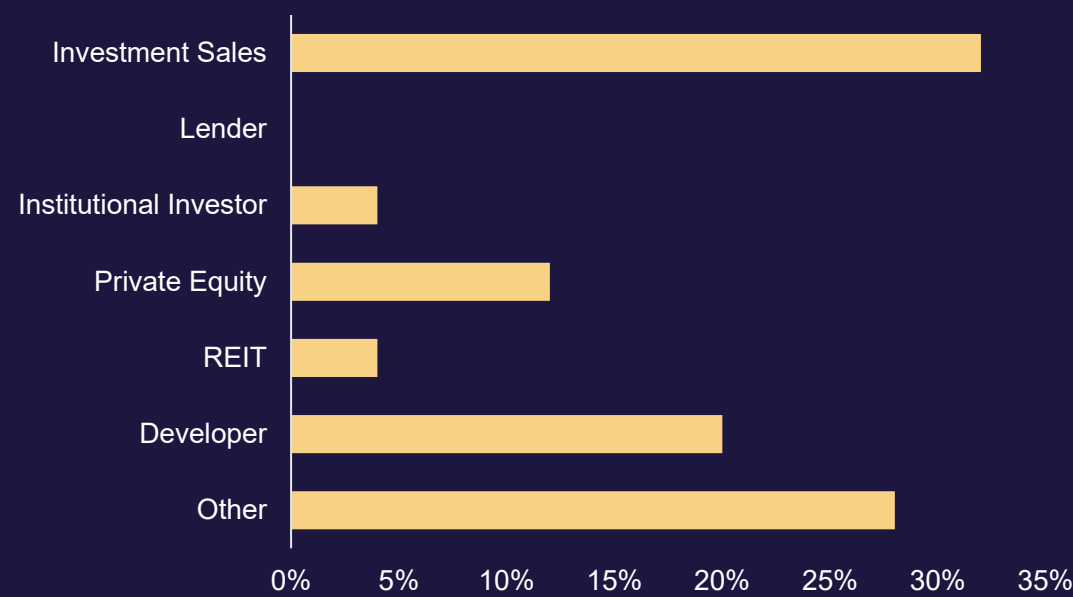
The market has seen a shift from H1 2024 to H2 2024. While there continues to be uncertainty in the broader capital markets environment, 42% of surveyed market participants plan to hold their properties through the H2 2024, which is down from H1 2024 which was at 71%. 50% are net buyers signaling a bit of optimism in the capital markets, as this is up from 29% in H1 2024.

SELF STORAGE INVESTOR SURVEY RESULTS

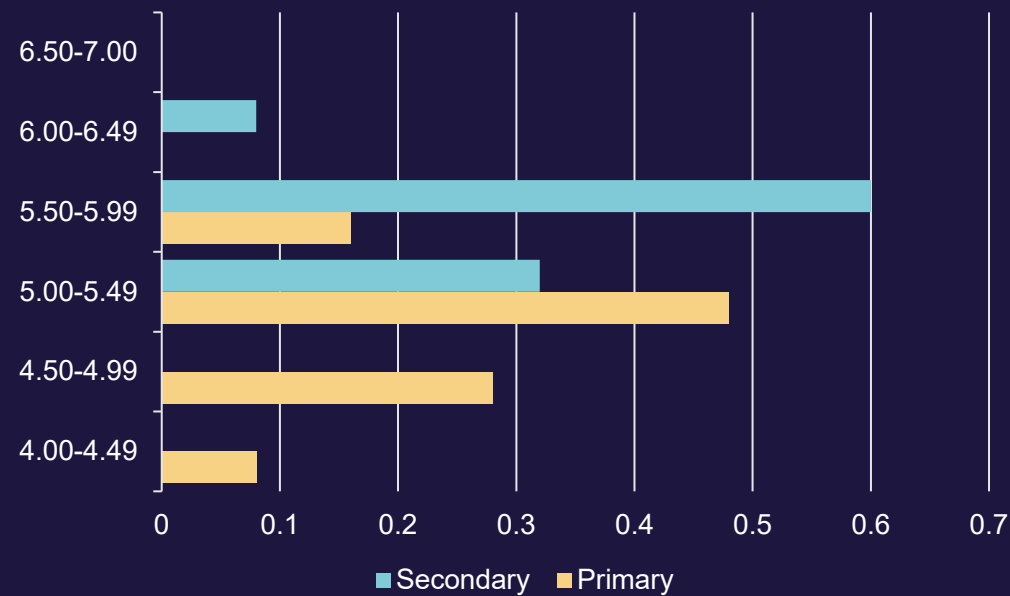
H2 2024



Profile of Survey Participants



Investment Class A Capitalization Rates



Dozens of influential self storage leaders responded to Cushman & Wakefield’s Investor Survey. These participants are transactional and specialize in the self storage sector. The intention of this survey was to garner key insights that provide expectations for the year ahead. As can be seen Class A product in the primary markets are viewed to transact between 5.00% and 5.49%.

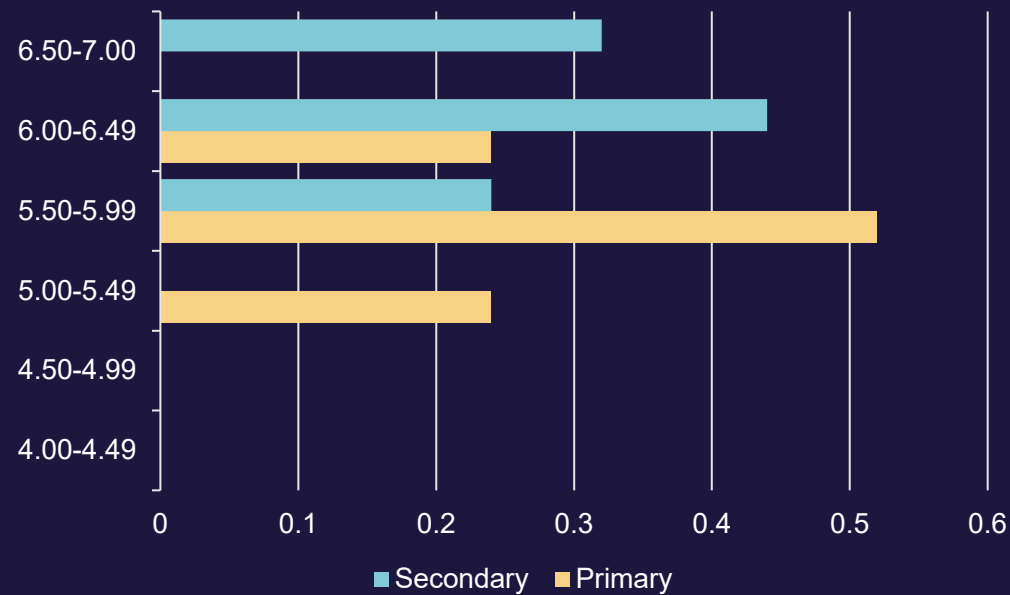
Source: Cushman & Wakefield Investor Survey (H2 2024)

SELF STORAGE INVESTOR SURVEY RESULTS

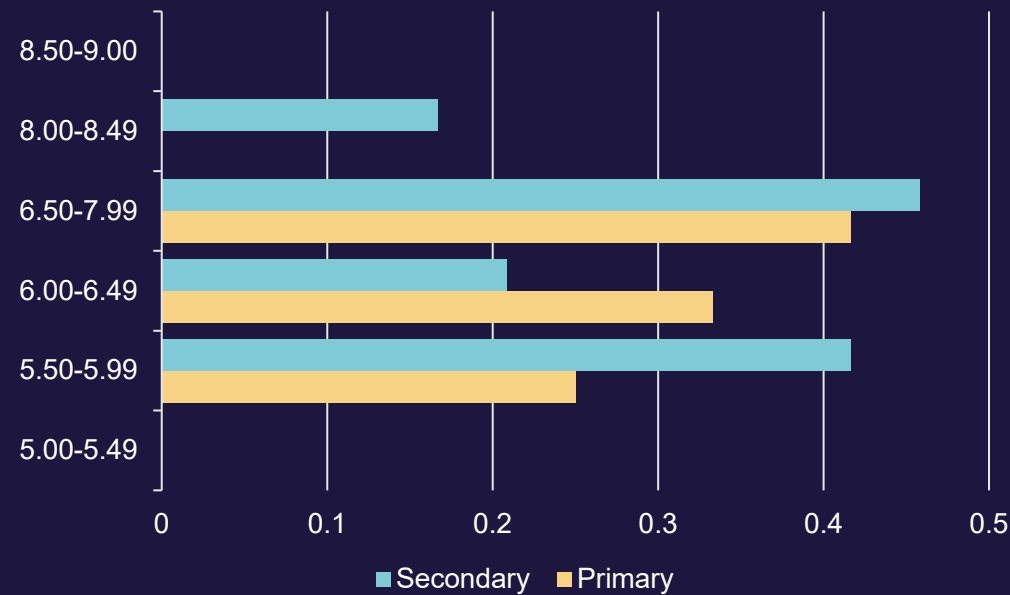
H2 2024



Investment Class B Capitalization Rates



Investment Class C Capitalization Rates



Capitalization rate spreads by investment class were the tightest between investment Class A and investment Class B properties. Class B range is tight between 5.00% and 6.49% in primary markets and between 5.50% and 7.00% in secondary markets. These spreads widened significantly between investment Class B and investment Class C properties at 93 and 85 basis points (bps).

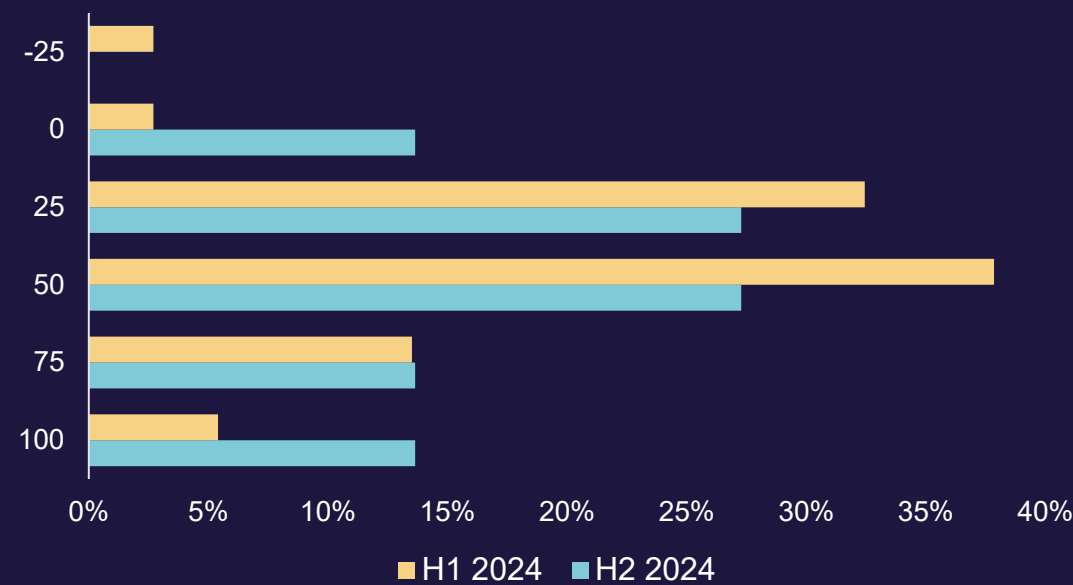
Source: Cushman & Wakefield Investor Survey (H2 2024)

SELF STORAGE INVESTOR SURVEY RESULTS

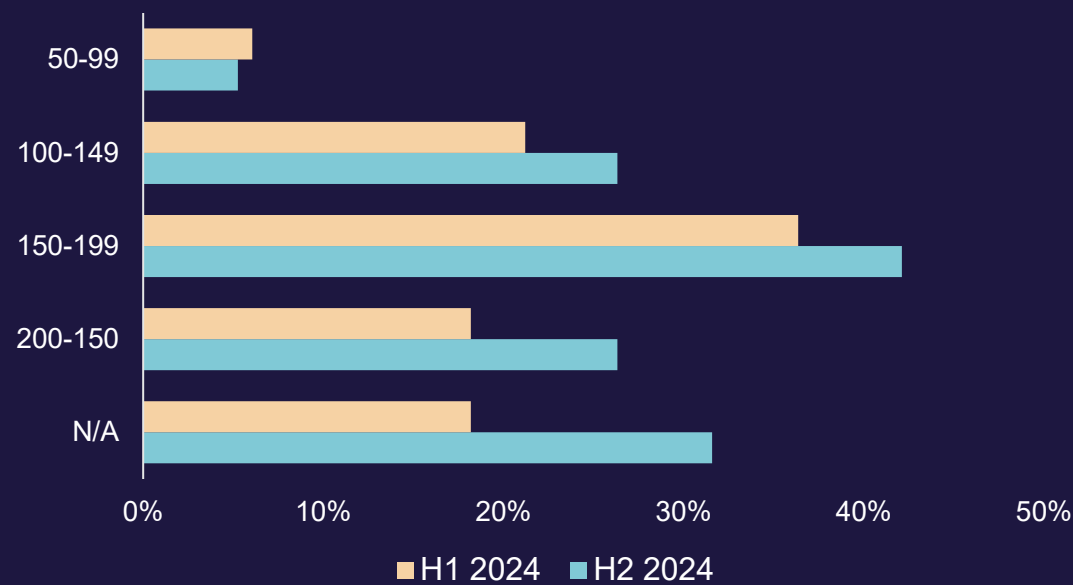
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Terminal Capitalization Rate Spreads on a 5Y Hold (BPS)



Discount Rate Spreads (BPS)



Equal thought is given to terminal capitalization rates of 25 and 50 bps. By comparison, less than 15% of participants feel the spreads are 75 and 100 bps. For discount rate spreads, the majority of respondents selected between 150 and 199 bps. With limited transactional data available in the second half of 2024, participants are focused primarily on the terminal cap rate and the discount rates.

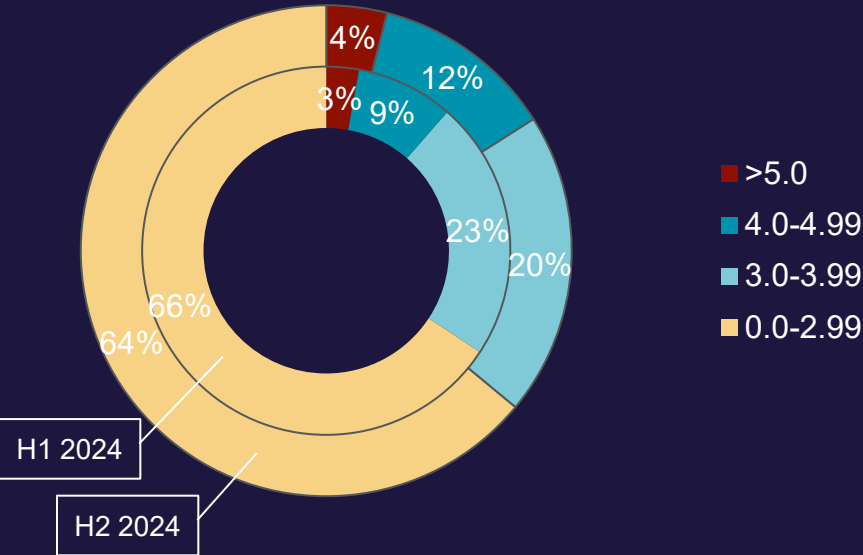
Source: Cushman & Wakefield Investor Survey (H2 2024)

SELF STORAGE INVESTOR SURVEY RESULTS

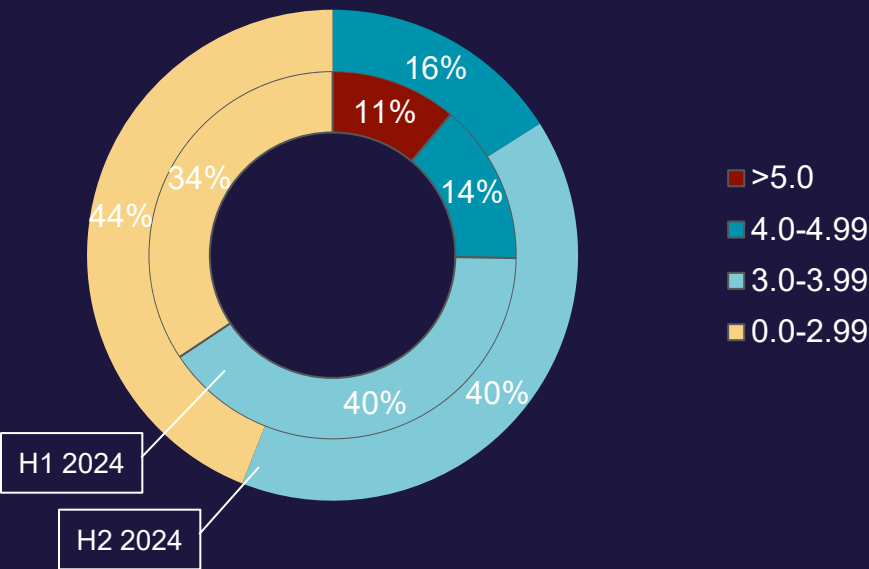
H2 2024



Rent Growth Assumptions (%)



Expense Growth Assumptions (%)



Most survey participants are underwriting rent growth between 0% and 3.0% over the 12 months, at 64% of respondents. Conversely, 40% of respondents are expecting expense growth between 3.0% and 4.0%, with 44% of respondents expecting more moderate expense growth, as expenses are once again becoming more manageable.

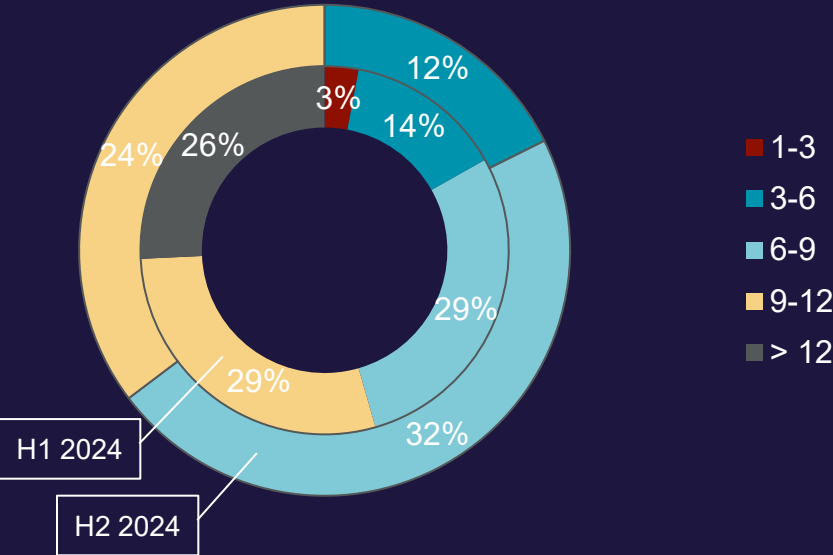
Source: Cushman & Wakefield Investor Survey (H2 2024)

SELF STORAGE INVESTOR SURVEY RESULTS

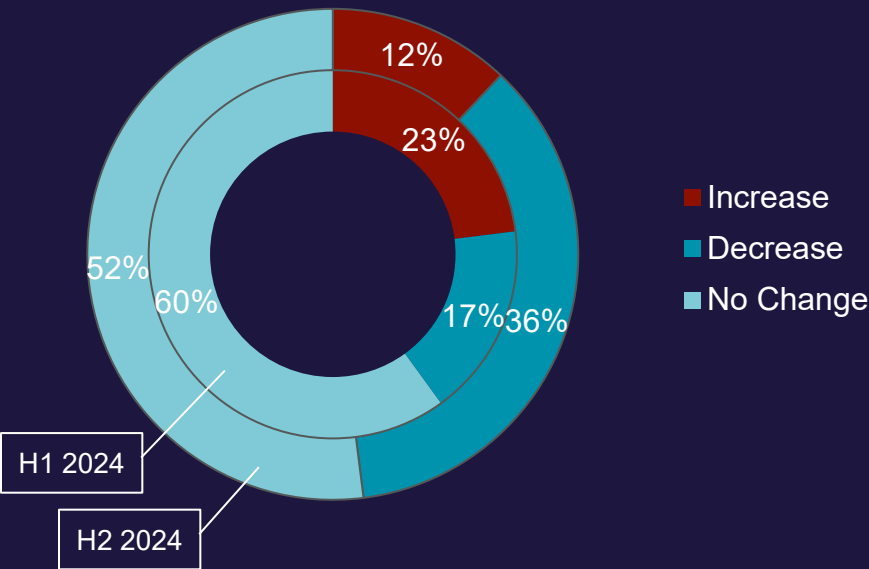


H2 2024

Average Lease Terms (Months)



H2 2024 Capitalization Rate Outlook



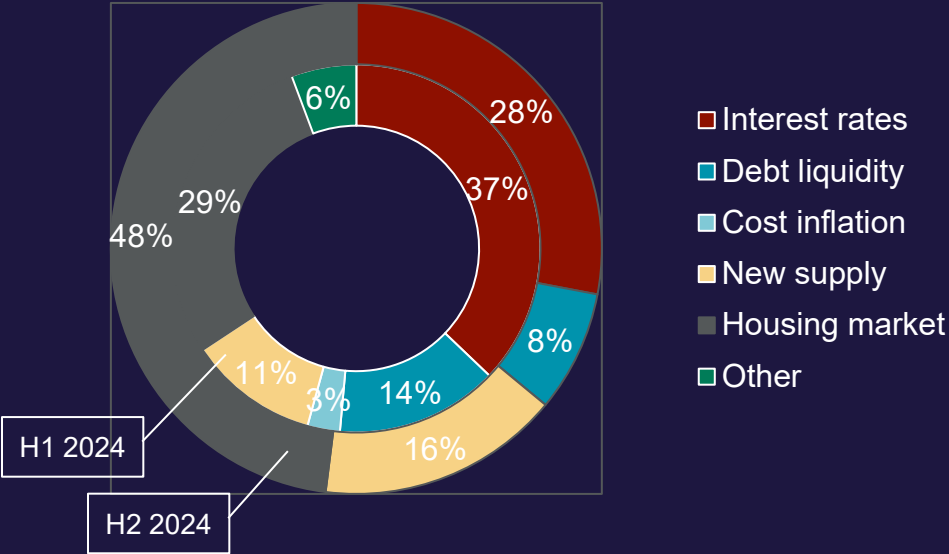
As an increase in average length of leases is expected by survey participants, capitalization rates are expected to remain stable through the first half of 2025 by 52% of participants, while 12% expect further increases, and the remaining 36% expect some capitalization rate compression in the first half of 2025.

Source: Cushman & Wakefield Investor Survey (H2 2024)

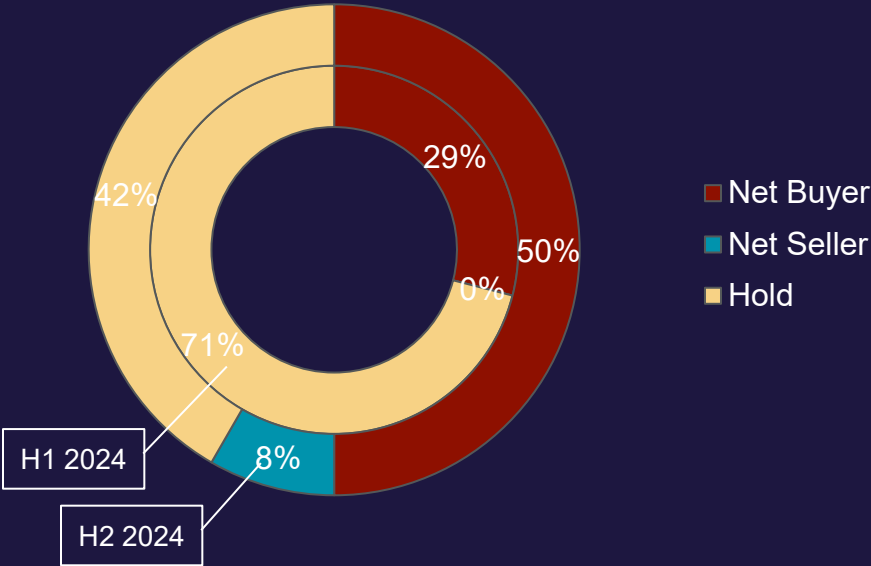
SELF STORAGE INVESTOR SURVEY RESULTS

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Valuation Risks for Next 12 Months



Investment Exposure for Next 12 Months



Uncertainty in the broader capital markets environment is top of mind for survey participants; 42% plan to hold their properties through the first half of 2025, while 50% are net buyers. This is up over 30% from the first half of 2024. With only 8% of participants expect to divest, market dislocation between buyers and sellers is still prevalent.

Source: Cushman & Wakefield Investor Survey (H2 2024)

Thank you to the market leaders who participated in this survey. Your support and input remains key to our ability to keep a real-time pulse on the market to best understand what's ahead.





**Access our Self Storage Performance
Quarterly Report for detailed operating
metrics and analysis by submarket at:**



ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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