WEEKLY NEWSLETTER

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DXD Capital Report Highlights Self-Storage's Long-Term Strength

- Self-storage generated an average 1.91% quarterly return since 2023, outperforming office (-2.39%) and lodging (-1.02%), which remained in negative territory.
- Institutional investment remained strong, led by Public Storage's planned $10.5 billion acquisition of National Storage Affiliates.
- Deliveries are projected to decline from 59 million NRSF in 2026 to approximately 38 million by 2028. Lower new supply should support stronger occupancy and rental rate growth over the coming years.

U.S. Labor Market Remains Stable Despite Slower Hiring

- U.S. employers added 57,000 jobs in June, below expectations of 110,000 and the slowest monthly gain in three months.
- The unemployment rate declined to 4.2% from 4.3% in May. Layoffs remain historically low across the U.S. economy.
- Slower hiring reinforces expectations that the Federal Reserve will remain cautious as it evaluates future interest rate decisions.

Our Thoughts

- While office and lodging returns stay negative and hiring slows, self-storage's steady 1.91% quarterly return and shrinking supply pipeline suggest the sector is less exposed to near-term economic softness than other CRE asset classes.
- Financial markets now assign roughly an 80% probability that the Federal Reserve will leave interest rates unchanged at its September meeting, with about a 20% chance of a rate hike. Stable capital markets may reinforce the importance for self-storage owners to reassess asset performance and to explore valuation opportunities.

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