

WEEKLY NEWSLETTER



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Fed Rate Cuts Expected After Shutdown

- Markets have priced in a 100% chance of a Fed rate cut in October and an 88% chance of another in December, both higher since the government shutdown began.
- Evercore and Bank of America economists cite delayed labor data and the furlough of 750,000 federal workers as key risks prompting a “risk management” stance.
- Economists also expect labor concerns and shutdown risks to outweigh inflation pressures heading into year-end.

Construction Costs Ease But Remain Elevated

- The Engineering & Construction Cost Indicator fell to 58.6 in September, down from 63.0 in August (*any reading above 50 signals rising costs*).
- Steel and copper pricing softened, with copper-based wire and cable showing the steepest drop, while redi-mix concrete and structural steel saw modest increases.
- Subcontractor labor costs also declined for the month, though 6-month expectations remain high.

Our Thoughts

- Lower interest rates would improve financing conditions and likely support stronger transaction activity in self-storage. Investors may find more opportunities to secure debt at favorable terms.
- Easing material costs offer some relief for developers, while elevated labor expectations keep construction and expansions expensive. As a result, fewer facilities are likely to be built and existing properties benefit from limited competition.



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