Weekly NEWSLETTER

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Sector Stabilization Progresses Slowly

- Q2 2025 results showed same-store revenues down 0.3%, with occupancy dropping to 91.8% and flat rent growth.
- Expense growth from property taxes, insurance, and marketing continues to pressure NOI, with guidance revised to a range of -1.2% to +0.6% revenue growth.
- Recovery remains uneven as coastal and urban metros report gains, while Sun Belt markets face ongoing supply and housing headwinds.

Supply Keeps Pressure on Sun Belt Rent Growth

- National asking rents held flat year-over-year in July at $16.91 PSF. Climate-controlled units rose 0.5%, while non-climate-controlled units declined 0.4%.
- Heavy new storage construction pipelines in Phoenix, Las Vegas, and Charlotte continue to weigh on rate performance, while Austin and Denver face softer demand linked to weak housing markets.
- Los Angeles led all metros with a 2.7% annual rent increase, a sign of resilience in constrained markets

Our Thoughts

- Stabilization remains fragile, and higher operating costs suggest investors should prioritize assets in metros with proven rent resilience.
- Elevated supply in Sun Belt markets will likely create acquisition opportunities as weaker operators adjust or exit.

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