

WEEKLY NEWSLETTER



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Self Storage Rate Declines Deepen as Seasonal Slowdown Arrives Early

- Yardi Matrix reports that national advertised rates fell 1.9% year-over-year in August to \$16.39 per square foot, a wider decline than July's 1.6% and June's 1.5%.
- Rates dropped 0.5% from July to August, more than double the typical pre-Covid August decline, with 24 of the top 30 metros posting monthly decreases.
- The national construction pipeline shrank to 2.1% of existing inventory, down 40 basis points from a year ago.

Inflation Cools More Than Expected, Easing October Rate Hike Odds

- The Fed's preferred inflation gauge, the PCE price index, rose 0.3% in August and 3.4% year-over-year, below economists' forecasts of 0.4% and 3.7%.
- After raising rates in September to the 3.75%-4.00% range, its first hike in three years, the Fed now looks less likely to hike again at its October 27th-28th meeting, with markets pricing in about a 30% chance.
- Consumer spending jumped 0.9% in August, but the saving rate fell to its lowest level since late 2022 and consumer confidence dropped to a near 12-year low.

Our Thoughts

- August's data pushes the timeline for a rate recovery further out. The positive annual comparisons we hoped for by late 2026 now look more likely to arrive in 2027. Buyers are also pricing in that supply relief, which makes this a good moment for owners to get an updated valuation before conditions shift.
- Softer than expected inflation gives the Fed room to pause in October, but rates are already a quarter-point higher than a month ago and another hike by year-end remains possible. Owners with loans maturing in the next 12 to 18 months should underwrite for at least one more quarter-point increase and talk with us early about their options before values continue to decrease.



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