WEEKLY NEWSLETTER

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Yardi Reports Advertised Self-Storage Rates Continue to Decline

- Advertised self-storage rental rates declined 2.0% year-over-year in March to $16.07 per square foot, down from a 1.2% decline in February and a 0.4% decline in January.
- Rate declines were broad-based, with all top 30 metros posting negative annual growth and both climate-controlled and non-climate-controlled units declining year-over-year.
- Supply remains elevated, with 2.3% of existing inventory under construction nationwide, as the broader development pipeline continues to limit operators' ability to push rents.

U.S. Labor Market Remains Stable as Inflation Pressures Build

- Initial jobless claims increased by 6,000 to 214,000 and remained within the typical range, a sign of a stable labor market with limited layoffs.
- Continuing claims rose to 1.821 million, with slower hiring conditions despite overall labor market resilience.
- Inflation pressures are also building. Rising energy costs and supply disruptions are pushing input prices to an 11-month high and pricing to the highest level in nearly 4 years.

Our Thoughts

- With inflation pressures building and no clear signs of labor market deterioration, the Federal Reserve is increasingly expected to hold rates steady rather than cut this year. This reinforces the importance for owners to reassess asset performance and explore valuation opportunities while capital markets remain relatively stable.
- Persistent supply pressure across many markets, particularly in the Sun Belt, suggests rent growth may remain muted in the near term, with performance increasingly dependent on local supply-demand dynamics rather than broader economic strength.

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