

Why 2026 is Pivotal for U.S. Self-Storage



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MARKET CONTEXT AND CURRENT POSITION

Research indicates that the self-storage sector reached an inflection point in 2026. Following several years of normalization, data suggests that the fundamental characteristics that historically made this asset class attractive are reasserting themselves, while market conditions have created entry points that merit careful consideration.

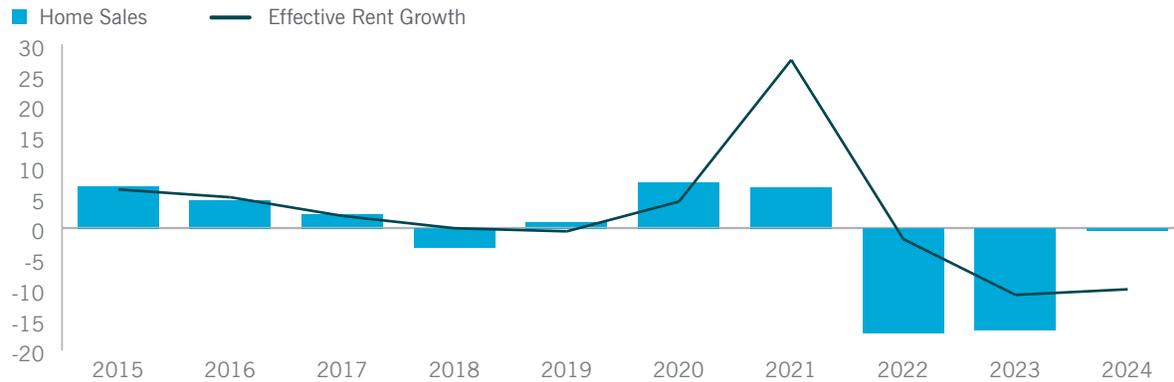
The sector's resilience across various economic environments is well-documented. This track record was particularly evident during the pandemic years of 2021 and 2022, when demand surged. Remote work arrangements, household relocations, and shifting space needs drove occupancy and rental rates to unprecedented heights according to industry data.

The notable correction period between 2023 and 2025, brought measurable headwinds. Homebuying activity weakened considerably due to elevated

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Figure 1: Home sales and rent growth



Source: Green Street, Census Bureau, National Association of Realtors, February 2026

mortgage rates, reducing the typical churn that generates self-storage demand (Figure 1). Simultaneously, the development pipeline that had been greenlit during the boom years began delivering new supply. Move-in rates came under pressure as operators competed for tenants

PERFORMANCE THROUGH MARKET CYCLES

The data reveals a compelling pattern: even during this normalizing period, self-storage outperformed core commercial real estate sectors. According to the NCREIF Property Index (NPI), returns from self-storage properties have outpaced core sectors every year but one since 2006 (Figure 2), producing an average of 586 basis points of outperformance per year over this time frame. The data further shows that self-storage has been a top performing property type in every year since 2011, whether fundamentals surging like they did in 2021 and 2022 or normalizing as they have been over the past three years. This documented performance during varied market conditions reinforces why institutional investors have increasingly allocated capital to the sector.

2026 OUTLOOK: FUNDAMENTAL SHIFTS AND CYCLE INDICATORS

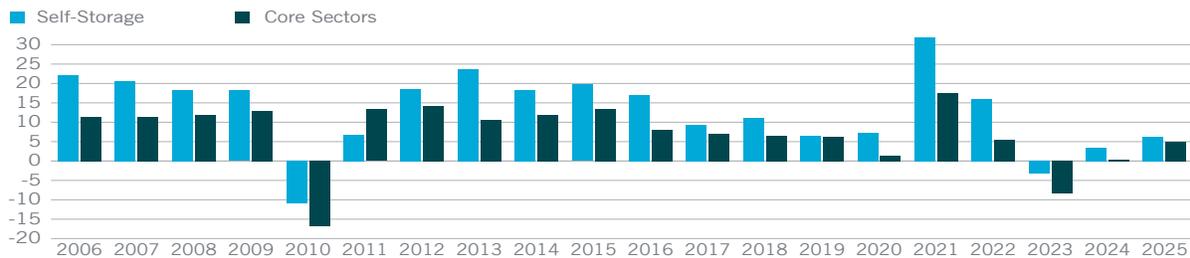
Looking forward into 2026, multiple data points indicate changing market dynamics. Existing home sales hit a 27-year low of 4.1 million in 2023 and trended lower in 2024 and 2025 according to the National Association of Realtors. Home mortgage rates have begun trending downward from their recent peaks and are projected to decline further in 2026. Census Bureau data shows there are now more U.S. households paying over 6% mortgage interest than there are paying under 3% interest. Research has historically shown a correlation between housing transactions and self-storage demand, as people need temporary space during moves, downsizing, or transitioning between properties.

Development activity has slowed dramatically according to Green Street data. Supply growth in 2025 hit an eleven-year low of 1.5% and the pipeline for storage development in 2026 remains thin based on current industry tracking. The combination of higher construction costs, more expensive financing, and the recent softness in fundamentals has discouraged speculative development. The analysis suggests this combination of constrained supply and improved

Figure 2: Annual return performance by year and sector leaderboard growth

Total Return Leadership Board					
2011	Storage	Apartment	Industrial	Retail	Office
2012	Storage	Retail	Apartment	Industrial	Office
2013	Storage	Retail	Industrial	Office	Apartment
2014	Storage	Retail	Industrial	Office	Apartment
2015	Storage	Industrial	Retail	Office	Apartment
2016	Storage	Industrial	Retail	Office	Apartment
2017	Industrial	Storage	Office	Retail	Apartment
2018	Industrial	Storage	Office	Apartment	Retail
2019	Industrial	Storage	Office	Apartment	Retail
2020	Industrial	Storage	Apartment	Office	Retail
2021	Industrial	Storage	Apartment	Office	Retail
2022	Storage	Industrial	Apartment	Retail	Office
2023	Retail	Storage	Industrial	Apartment	Office
2024	Retail	Storage	Industrial	Apartment	Office
2025	Retail	Storage	Apartment	Industrial	Office

NPI total annual return



Source: NCREIF as of Q4 2025

occupancy typically provides the foundation for rental growth, and forecasts that move-in rates may firm throughout the year (Figure 3).

CAPITAL MARKETS RESET AND VALUATION

The capital markets environment has also evolved in favorable ways. Property values experienced significant repricing following the rapid interest rate increases that began in 2022. For twelve consecutive quarters, self-storage values declined, ultimately falling roughly twenty-five percent from peak levels, according to Green Street’s Commercial Property Index (CPPI). This correction has reset

pricing levels more aligned with current income streams and financing costs.

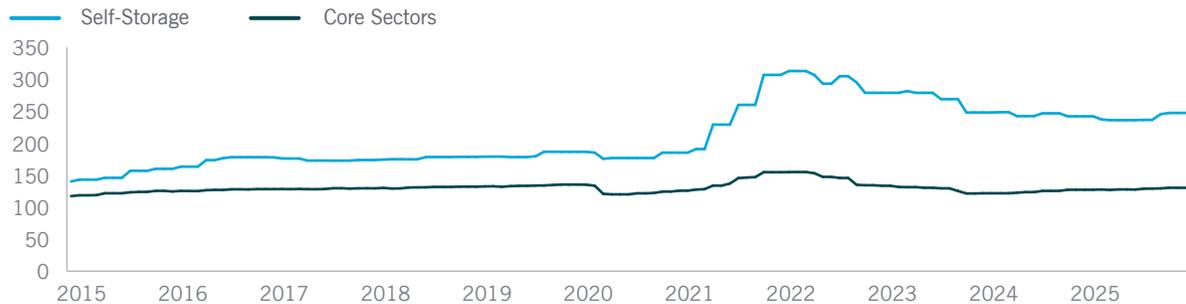
The CPPI data indicates that property prices for self-storage reached their low point in the second quarter of 2025. Since then, property values have increased for two straight quarters. (Figure 4), suggesting according to this data that the repricing phase may have largely concluded. The data shows that self-storage properties experienced a more prolonged downturn relative to core sector in recent years before reaching a stabilization point. Historical market patterns suggest that investors who commit capital at such inflection points may benefit from both operational improvements and value appreciation as sectors enter new growth cycles.

Figure 3: Occupancy and rent growth forecasts



Source: Green Street, February 2026

Figure 4: Property prices



Source: Green Street, February 2026

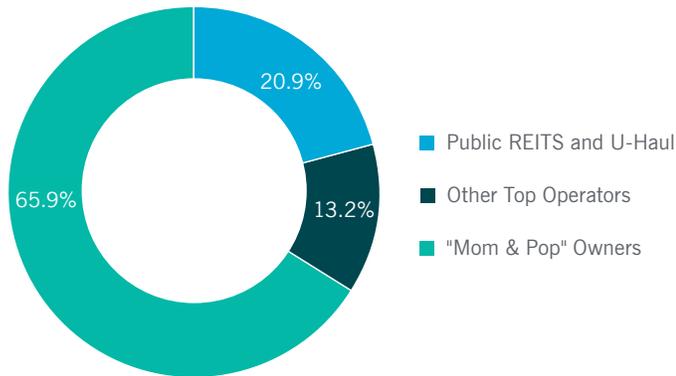
OPERATION CHARACTERISTICS AND MARKET STRUCTURE

Industry data reveals meaningful characteristics about operational opportunities in the sector. The self-storage sector remains fragmented according to Self-Storage Almanac, 2025, with numerous smaller owners who may not employ sophisticated revenue management systems or aggressive marketing strategies (Figure 5). Research suggests that investors with institutional capabilities and operational expertise can often acquire properties and improve performance by optimizing occupancy through better digital marketing, implementing

dynamic pricing on new rentals, and systematically increasing rates for existing customers who demonstrate low price sensitivity.

These operational improvements can generate outsized income growth relatively quickly compared to other commercial real estate sectors. Unlike office buildings requiring expensive renovations or apartment communities constrained by rent regulations in many markets, self-storage allows for immediate implementation of revenue-enhancing strategies with minimal capital expenditure.

Figure 5: Self-storage market share



Source: Self-Storage Almanac 2025/Top Operators Survey, 2024

INVESTMENT THESIS AND MARKET TIMING

The combination of improving fundamentals, stabilizing values, constrained supply, and operational characteristics presents data points that form a research-supported investment thesis. Historical analysis shows that sectors exhibiting these early signs of recovery have typically offered time-limited windows. Transaction volume data shows activity is less than half of peak 2021 and 2022 levels but began improving with a 22% increase last year. Market research suggests as more investors recognize recovering dynamics in pricing and fundamentals, competition for quality assets typically intensifies, often compressing yields.

The self-storage sector has demonstrated resilience through the pandemic surge, the subsequent correction, and current indicators suggest positioning for renewed growth. For investors seeking commercial real estate exposure, the data points to favorable supply-demand dynamics, operational upside potential, and relative resilience compared to other property types, supporting the case that 2026 represents an ideal time for thoughtful capital deployment in self-storage investments.

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