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2026 Self Storage Forecast: Soft Fundamentals, Strong Liquidity

by Ben Vestal

As we enter 2026, the self-storage industry finds itself in a familiar, but evolving position. Transaction activity remains fluid and buyer interest is deep, while fundamentals continue to face stubborn pressure. Occupancy and rental rate growth have not yet returned to the "normal" levels experienced in the 2015–2020 pre-Covid run up, and many operators are still navigating the realities of a more competitive leasing environment. Industry-wide, the story continues to be one of pricing discipline, submarket selectivity, and operational execution, as the gap widens between facilities that can push rate and those that must defend occupancy.

Market fundamentals remain soft by recent standards. REIT reporting and third-party data sources continue to point toward a sector working through a slower demand cycle and rate resistance, particularly in metros with elevated new supply. While certain markets have begun to show stabilization, the broader trend suggests that 2026 will likely remain a year where operators need to earn performance, rather than rely on natural rent tailwinds. Yardi Matrix's early 2026 reporting shows only modest year-over-year movement in advertised rents, reinforcing the view that rent growth is improving slowly, but not accelerating meaningfully across the board. The discounted pricing models that the REITs and other operators have adopted are starting to show signs of inaccuracy. This is largely due to the algorithms not having enough historical data to adjust appropriately for the current market conditions, and many of the brightest minds in the business are starting to develop theories around why the algorithm pricing models are not producing the results everyone was hoping for. This is leading to conversations about the discounted rate strategy and the desire to be highly occupied, and whether this strategy is really working.

At the same time, self-storage remains one of the most liquid and proven property types in commercial real estate. Despite muted fundamentals, the investment market is still very active because capital continues to view self-storage as a durable, needs-based asset class with strong long-term demand drivers. The Argus network successfully closed approximately $500 million in self-storage investment sales volume last year alone, demonstrating that there are plenty of qualified buyers and motivated sellers when pricing is aligned and expectations are realistic. The key takeaway is simple: the deal market is open and capital is still flowing, just with sharper pencils and a greater attention to operational runway.

Supply is still one of the primary factors keeping fundamentals muted and more new supply is coming. While some regions have experienced a slowdown in starts compared to peak development years, new construction deliveries remain elevated in many markets, creating ongoing pressure on both occupancy and street rates. Recent Yardi Matrix supply forecasts reflect a larger-than-expected construction pipeline and increased estimates for completions in 2025 and 2026, underscoring that new supply will remain a key theme in the year ahead. This is particularly important because self-storage is a hyper-local business and even if national averages begin to stabilize, individual submarkets can remain challenged for extended periods of time when supply outpaces demand. Several well-capitalized owners who have properties in oversupplied markets are considering a sale today at or below their basis. These sophisticated owners feel the extended period of downward pressure on occupancy and rates will outweigh the cost of taking their lumps now and recycling the capital.

Because of this, we continue to see what many investors are now calling a "price reset" environment. The 2021–2023 valuation era set a high-water mark across most markets, and the industry has spent the last two years recalibrating cap rates, underwriting assumptions, and buyer expectations. In 2026, we believe this reset will continue, but with more clarity and confidence. In many cases, sellers are becoming more realistic, not because they lack conviction in the long-term value of storage, but because today's buyer pool is underwriting real cash flow, real competition, and real friction in the leasing environment. The result is a market where deals are getting done, but success depends on accuracy, transparency, and pricing that reflects current performance, not yesterday's pro formas.

At Argus, we believe 2026 will be another year where the best opportunities will be created, not given. Facilities with clear operational upside, professional revenue management, strong visibility, and defensible trade areas will command premium interest. Meanwhile, assets in competitive supply environments will still trade, but pricing will reflect execution risk and a slower recovery timeline. Ultimately, self-storage remains one of the most resilient and defendable sectors in commercial real estate, and we expect the coming year to reward owners and investors who stay disciplined, stay market-aware, and stay ahead of the curve. **MM**

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