

# The Investment Sales Market:

## Where We Are Now and Where We Are Going?

May 2025

Marcus & Millichap



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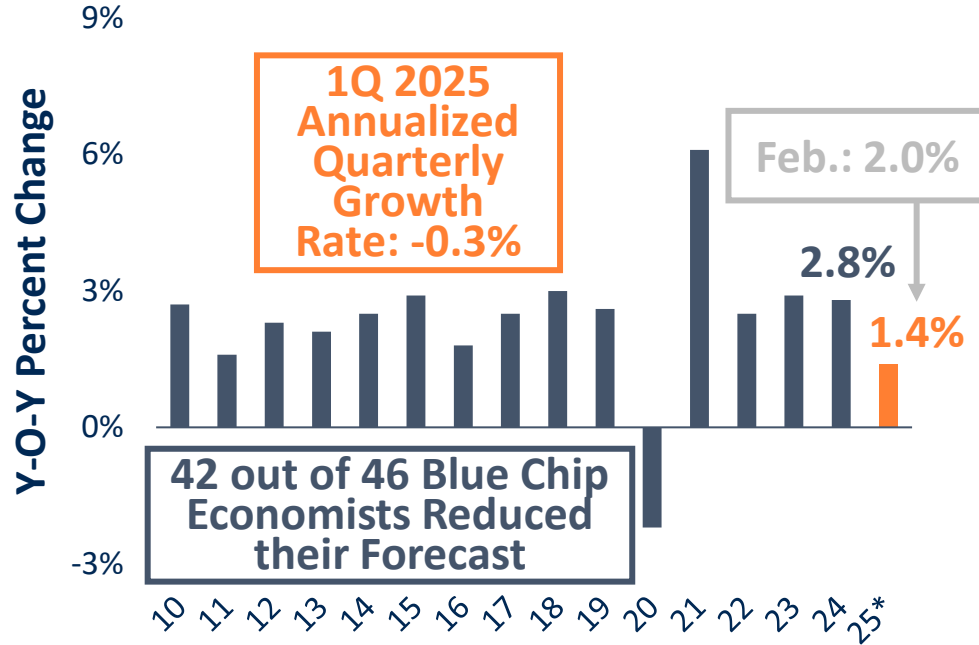
# **National Economic Overview And Outlook**

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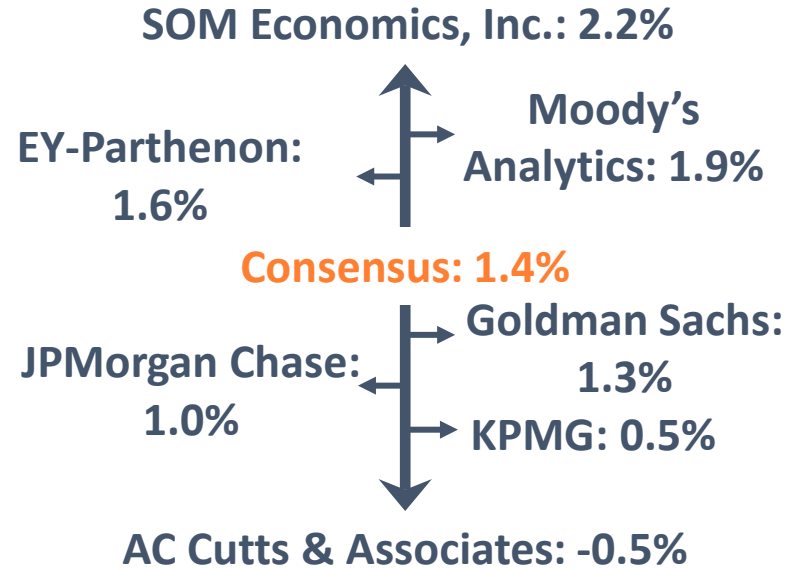


# Economists Reduce Growth Outlook Recession Risk Rising

## Annual GDP Growth



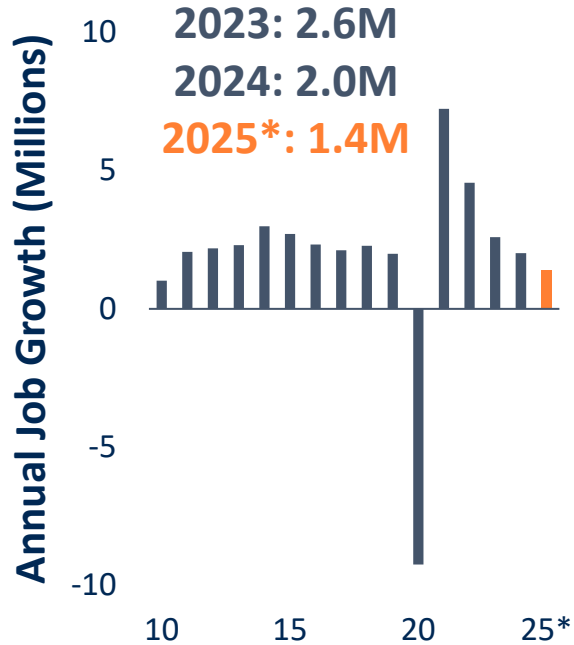
## GDP Growth Forecasts for 2025



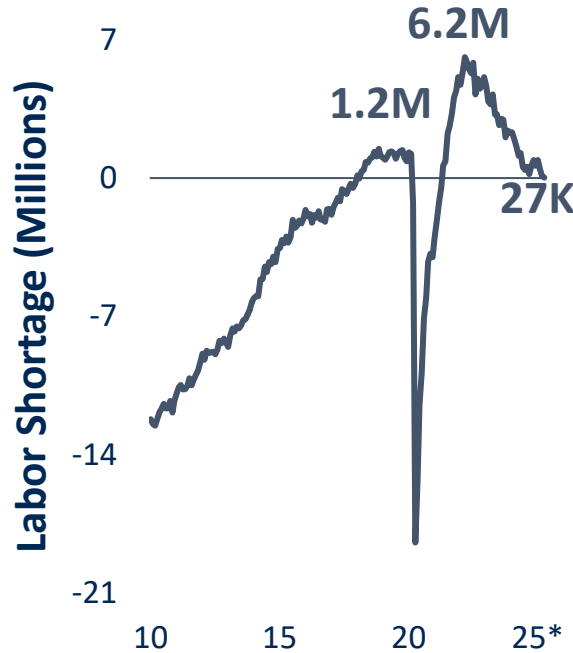
\* Forecast as of April 10, 2025  
Sources: Marcus & Millichap Research Services, Blue Chip, BEA

# Job Gains Slowing In Alignment With Fed's Strategy

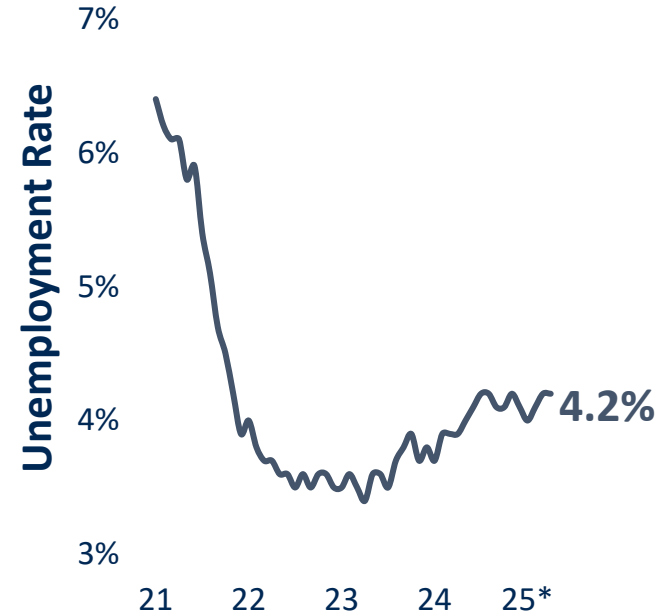
## Annual Job Growth



## Labor Shortage

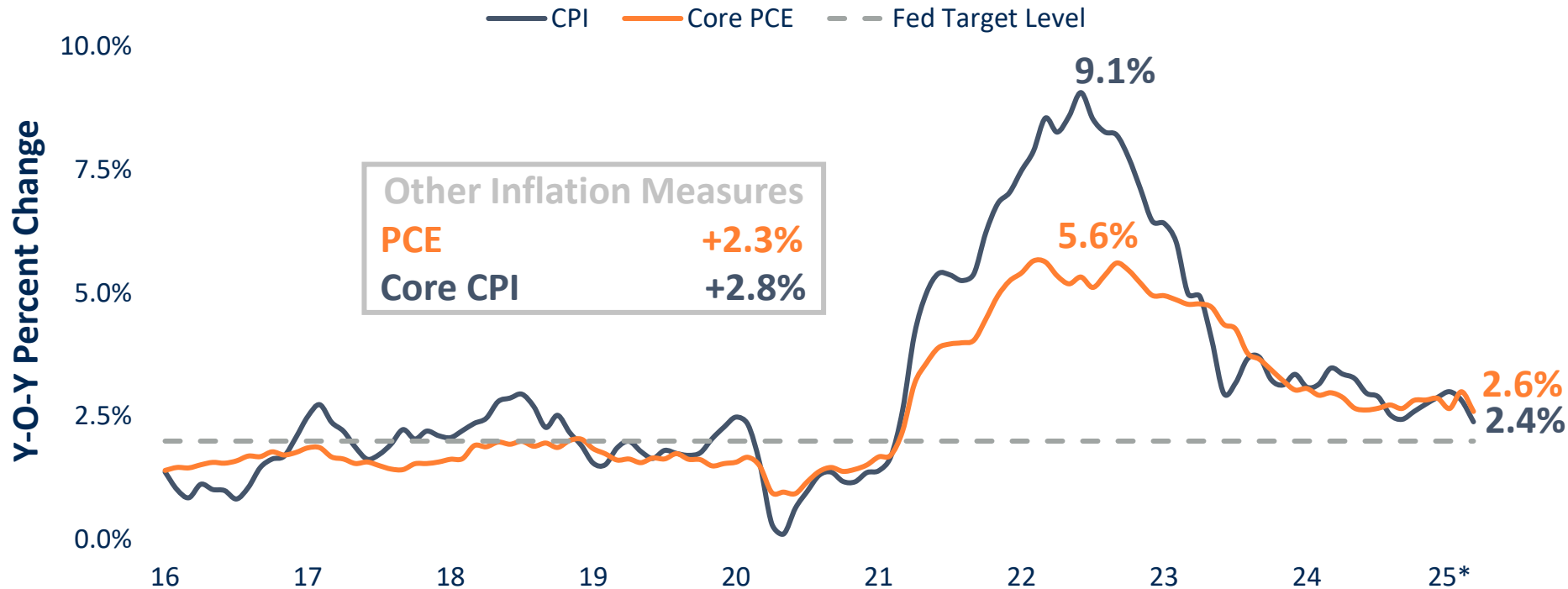


## Unemployment Rate



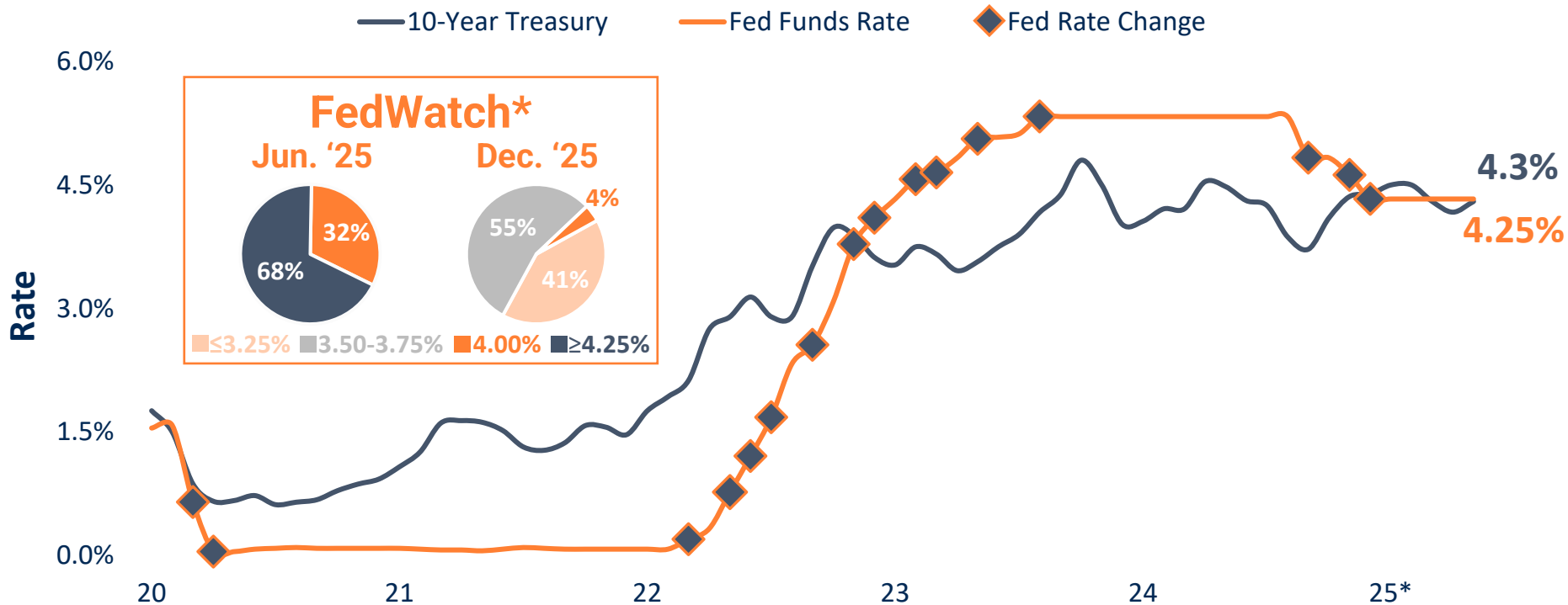
\* Forecast; labor shortage estimate and unemployment rate through April  
Sources: Marcus & Millichap Research Services, BLS

# Inflation Remains Stubborn; Tariffs & Stricter Immigration Could Push Inflation Higher



\* Through March  
Sources: Marcus & Millichap Research Services, BLS, BEA

# Fed Waiting For Clarity — Cut Expectations Cool After Jobs Beat; Inflation Still Too Hot for An Early Pivot



\* Through May 6  
Sources: Marcus & Millichap Research Services, Federal Reserve, CME Group



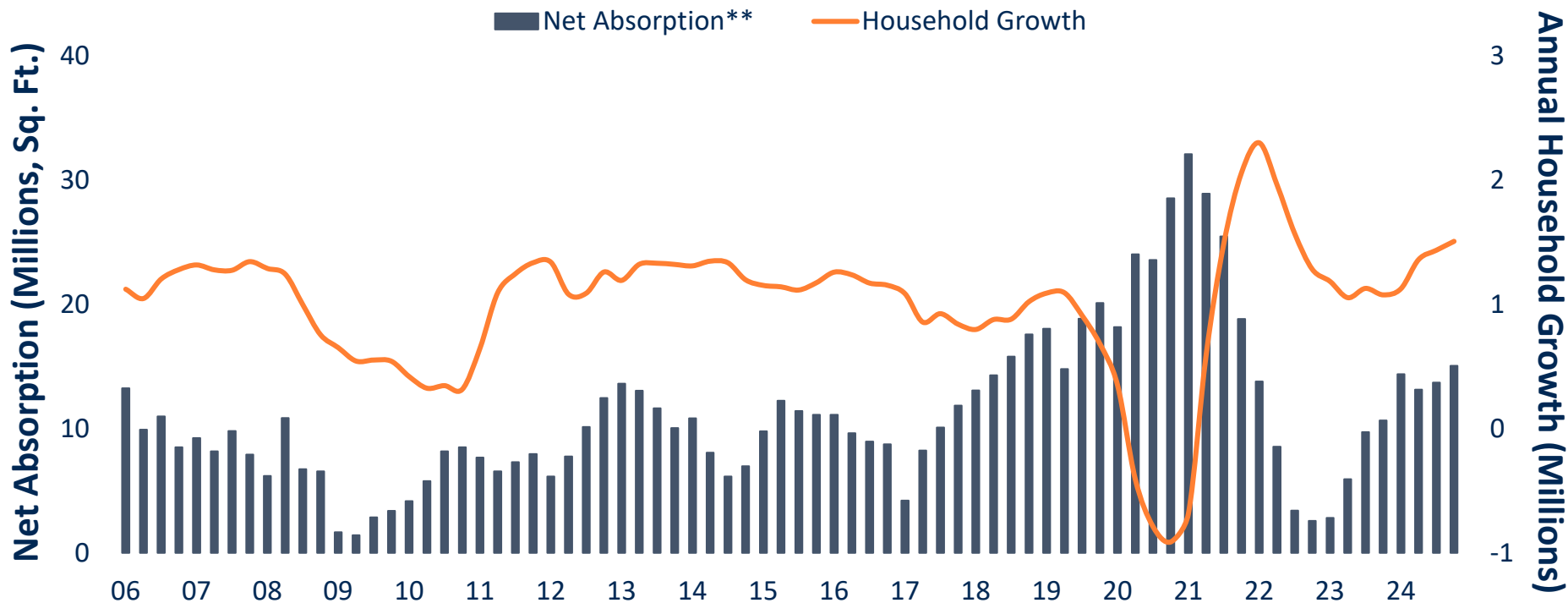
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# Key Trends Driving Self Storage

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# Household Formation Fuels Self-Storage Demand; Suggests Absorption Upswing



\*\* Trailing 12-month average

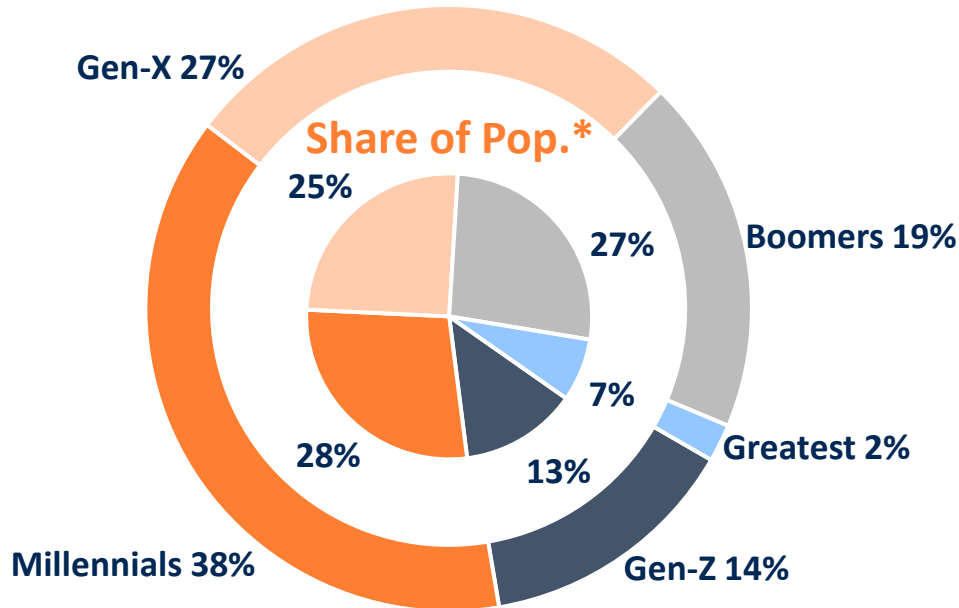
Annual household growth adjusted for pandemic-related volatility

Sources: Marcus & Millichap Research Services, Radius+, Yardi Matrix, U.S. Census Bureau, Moody's Analytics

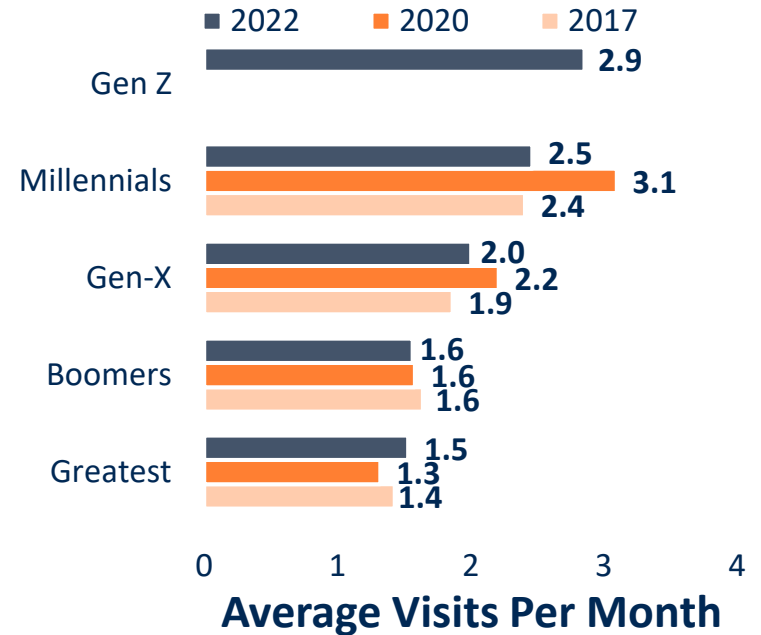
# Self-Storage Use Case Evolving

## Younger Generations Use Self-Storage More Actively

### Self-Storage Users By Generation\*

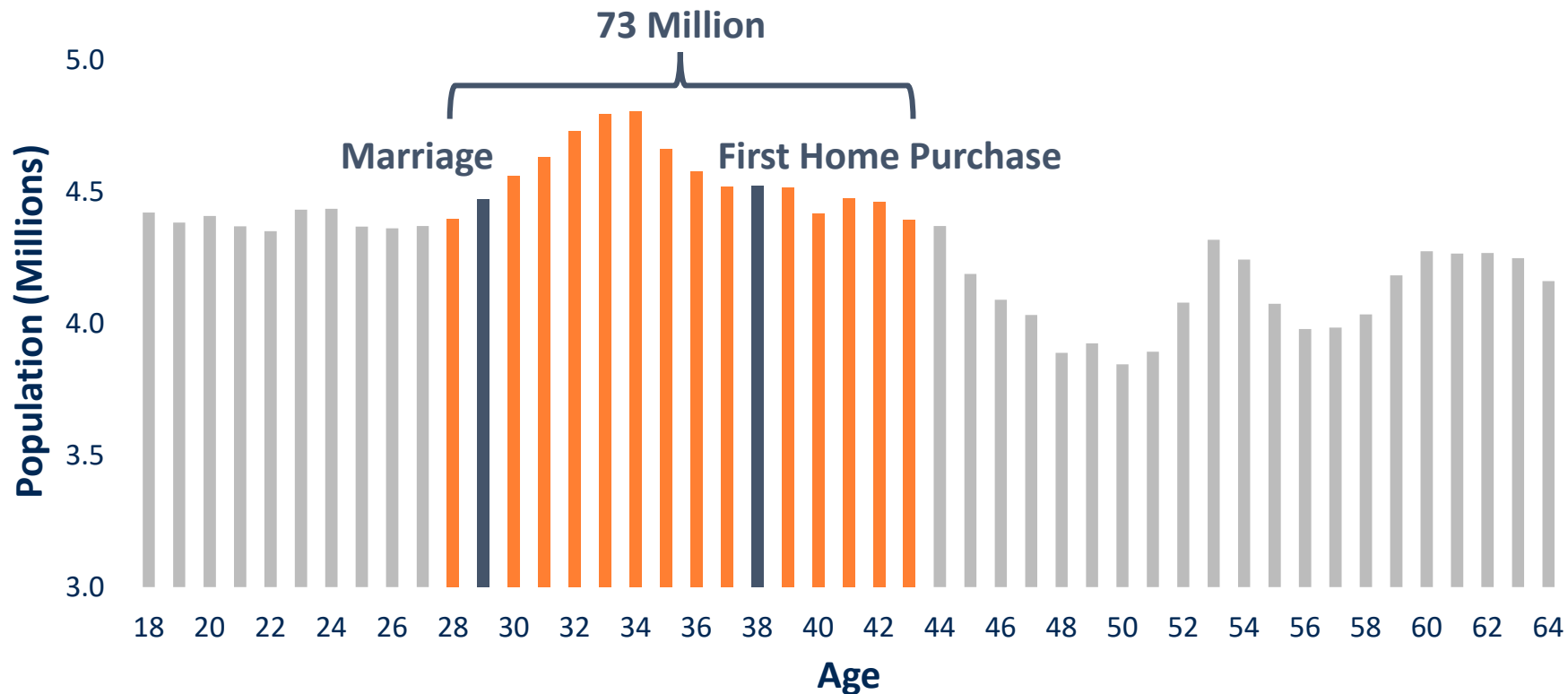


### Average Visits By Generation\*\*



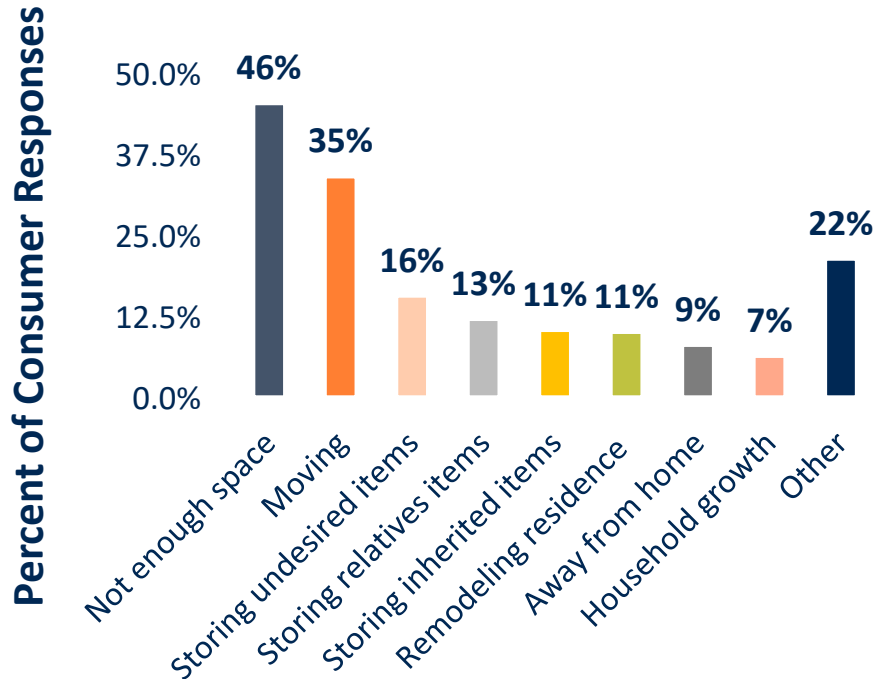
\* As of 2022  
 \*\* Estimate using 2017, 2020 and 2023 Self-Storage Demand Study data  
 Population and Self-Storage users includes only people 18 years and older  
 Sources: Marcus & Millichap Research Services, 2017 Self-Storage Demand Study, 2020 Self-Storage Demand Study, 2023 Self-Storage Demand Study, U.S. Census Bureau

# Millennials' Life Transitions Drive Multifamily And Self-Storage Needs

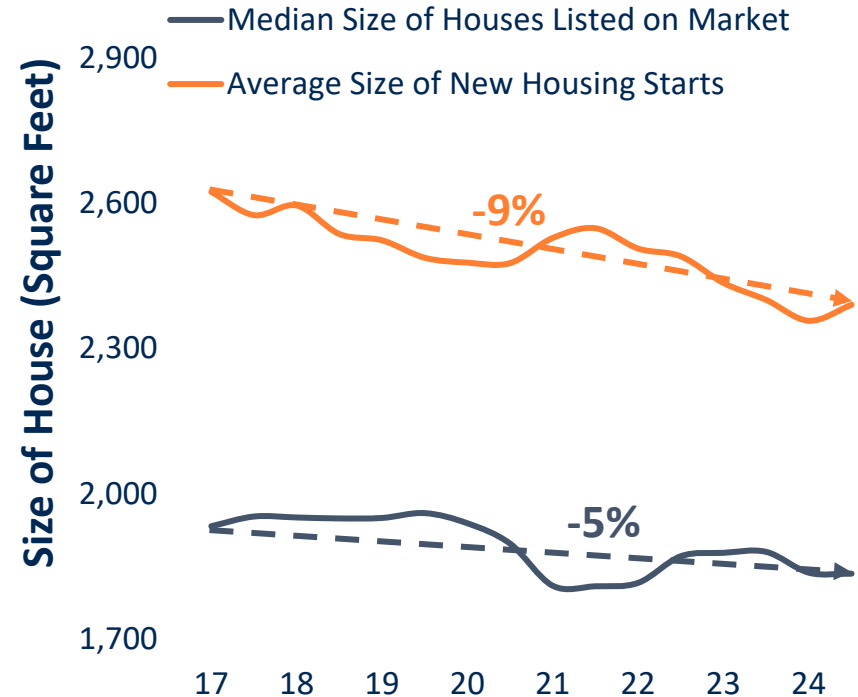


# Shrinking Living Spaces Bolster Need For Offsite Storage – Can Be More Cost Effective

## Consumer Use Cases for Self-Storage



## Sizes of Available Housing





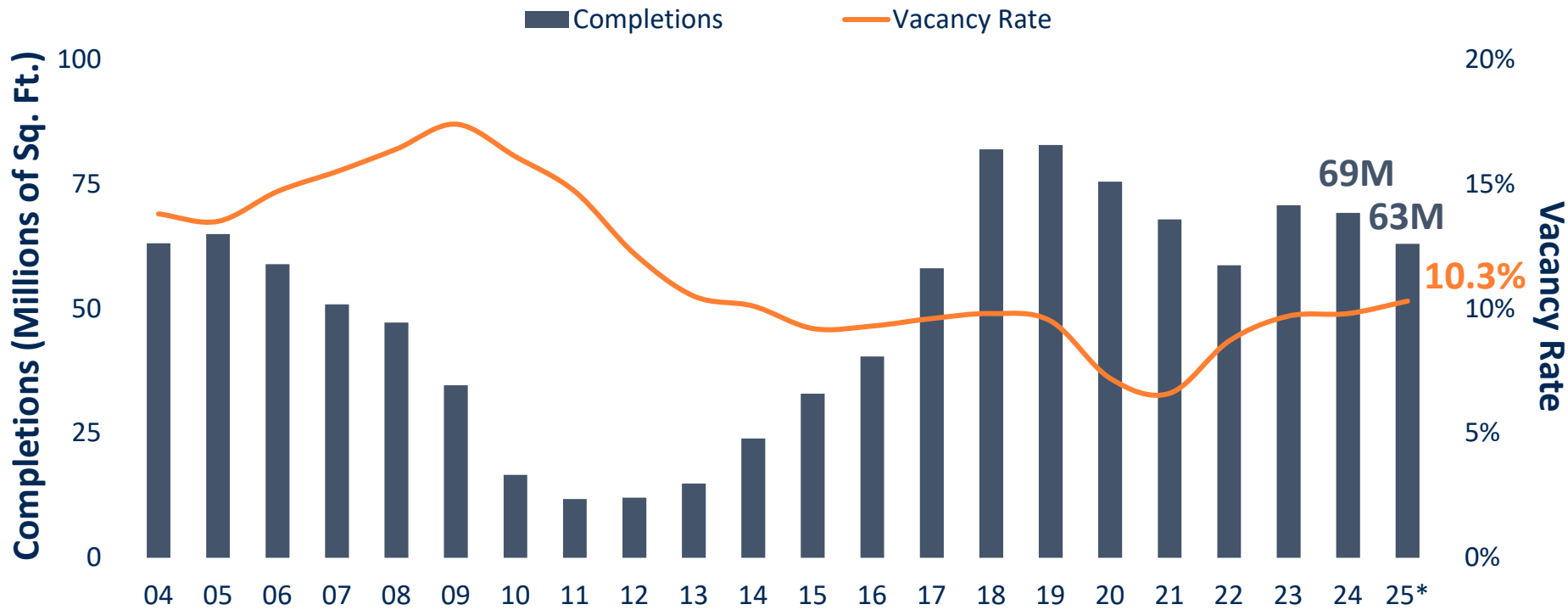
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# National Self-Storage Performance

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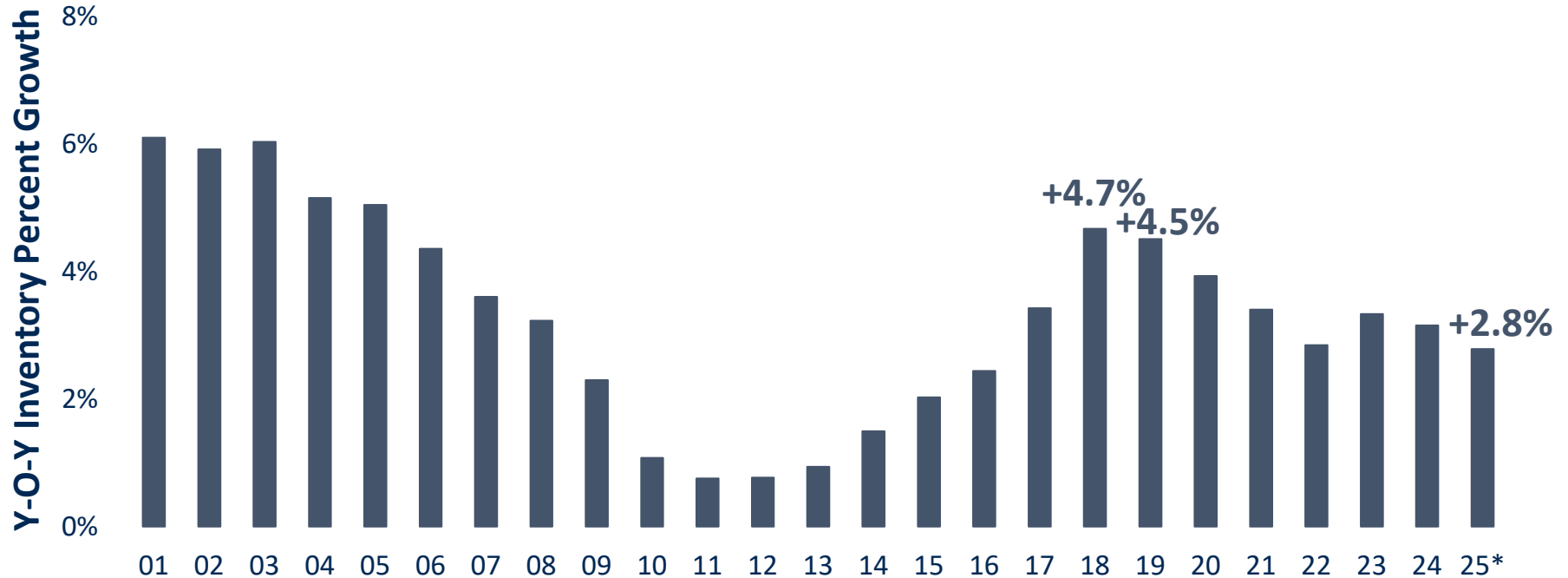


# National Self-Storage Supply And Demand Trends



\* Forecast  
Sources: Marcus & Millichap Research Services, Yardi Matrix, Radius+

# National Self-Storage Construction Lower, But Still Impacting Market Trends

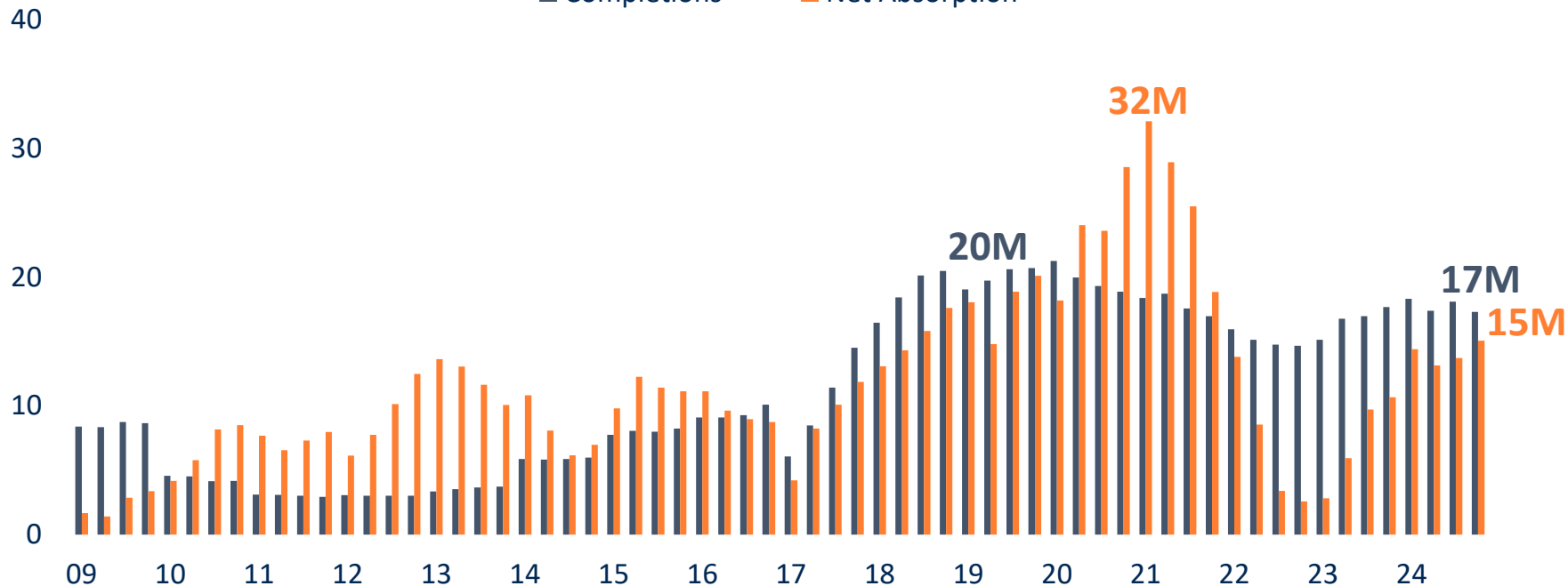


\* Forecast  
Sources: Marcus & Millichap Research Services, Yardi Matrix

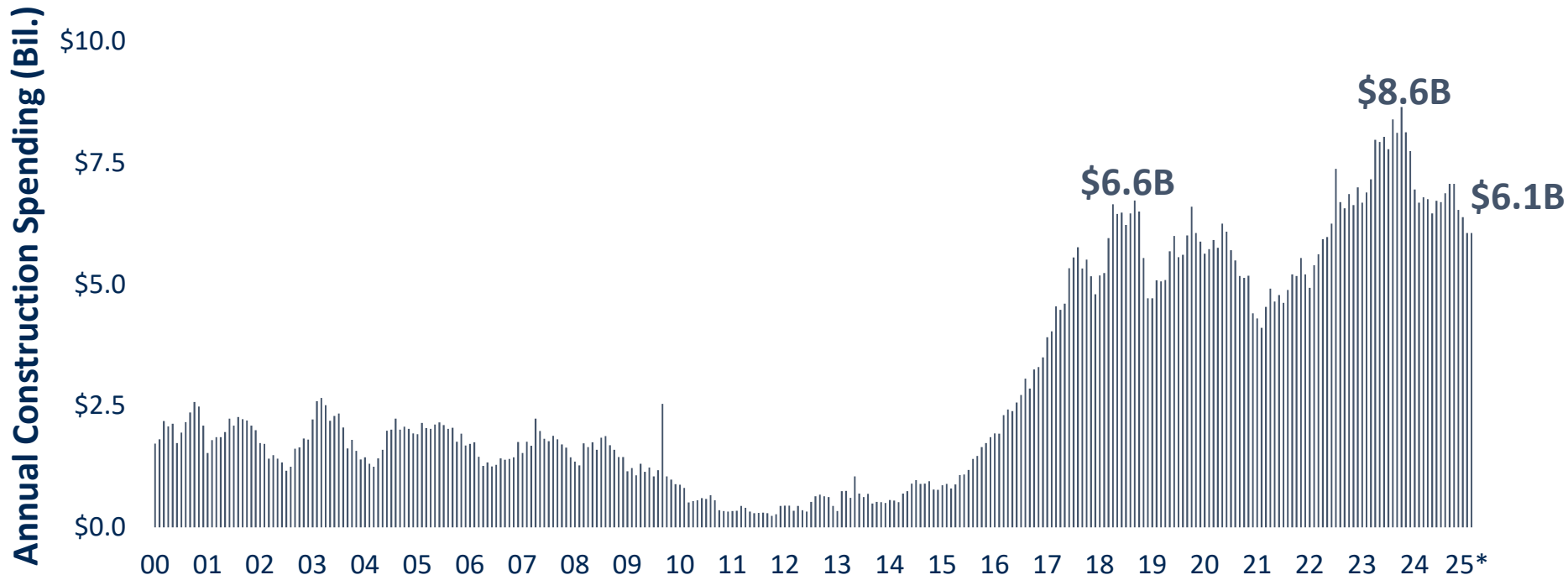
# Self-Storage Demand Flattened After Pandemic Surge, New Equilibrium Being Set As Absorption Recovers

Completions/Net Abs. (Mil. Sq. Ft.)

■ Completions ■ Net Absorption

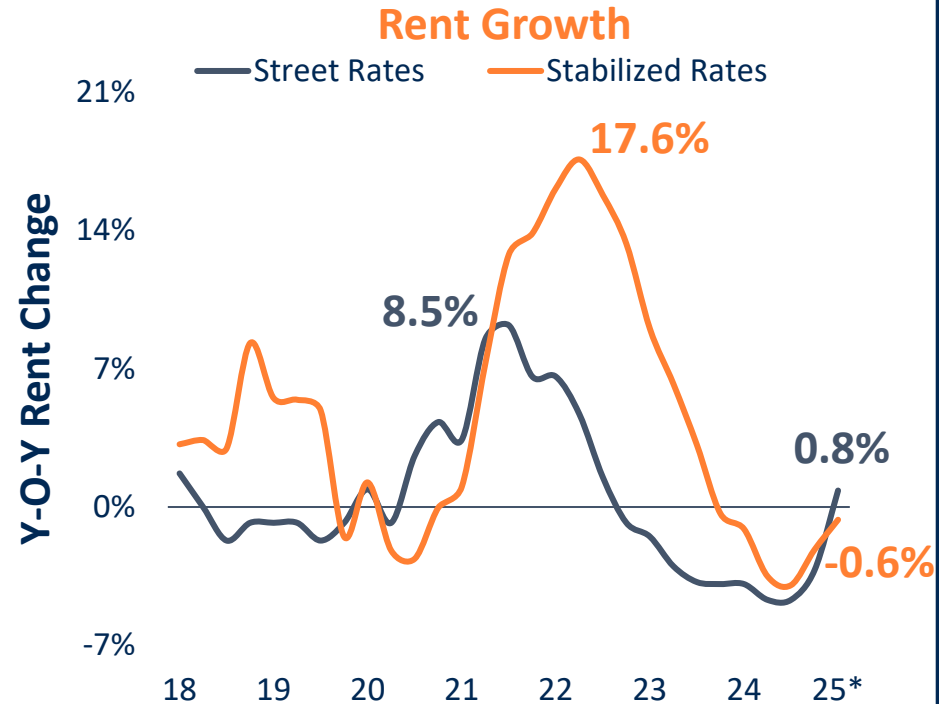
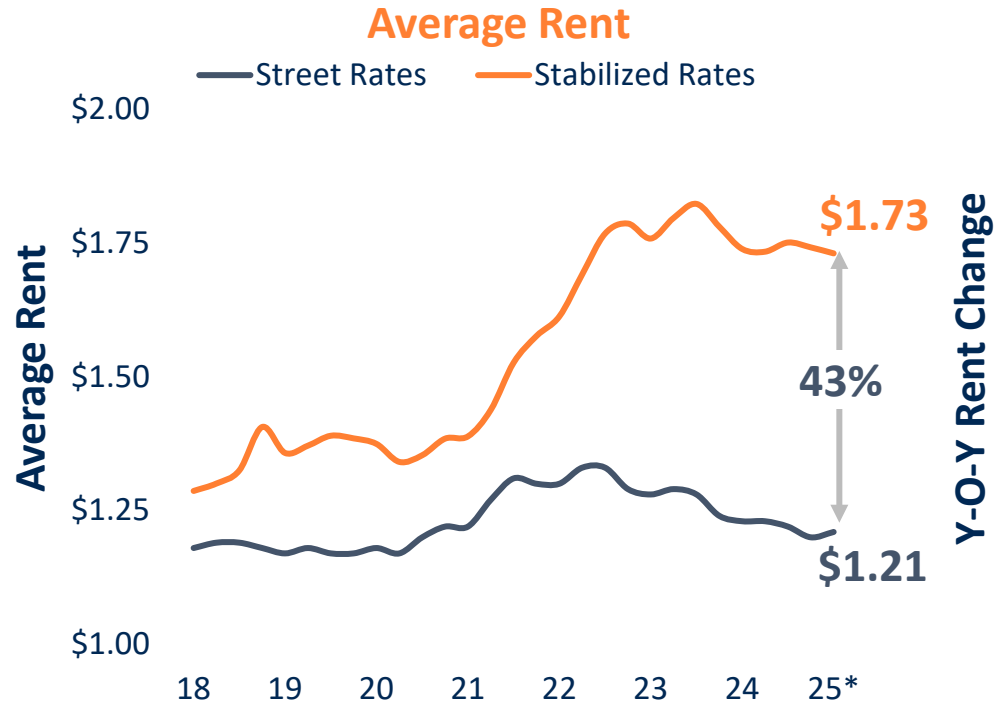


# Construction Spending On U.S. Self-Storage Still Elevated; Overdevelopment Risks May Reemerge



\* Through March  
Adjusted for inflation using core PCE in March 2025 dollars  
Sources: Marcus & Millichap Research Services, U.S. Census Bureau, BEA

# New Supply Putting Downward Pressure On Self-Storage Rental Rates



\* Preliminary estimate through 1Q  
 Stabilized rates represent self-storage REIT industry annualized rental income per occupied square foot  
 Sources: Marcus & Millichap Research Services, Yardi Matrix



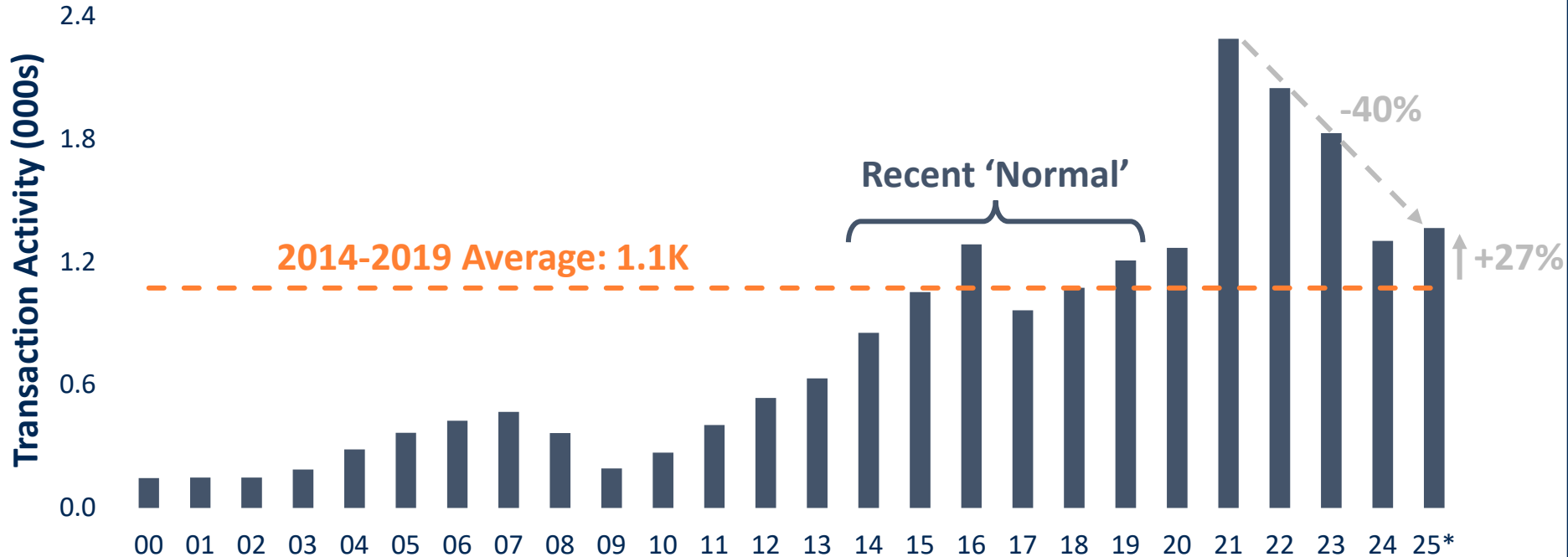
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# Self-Storage Investment Trends

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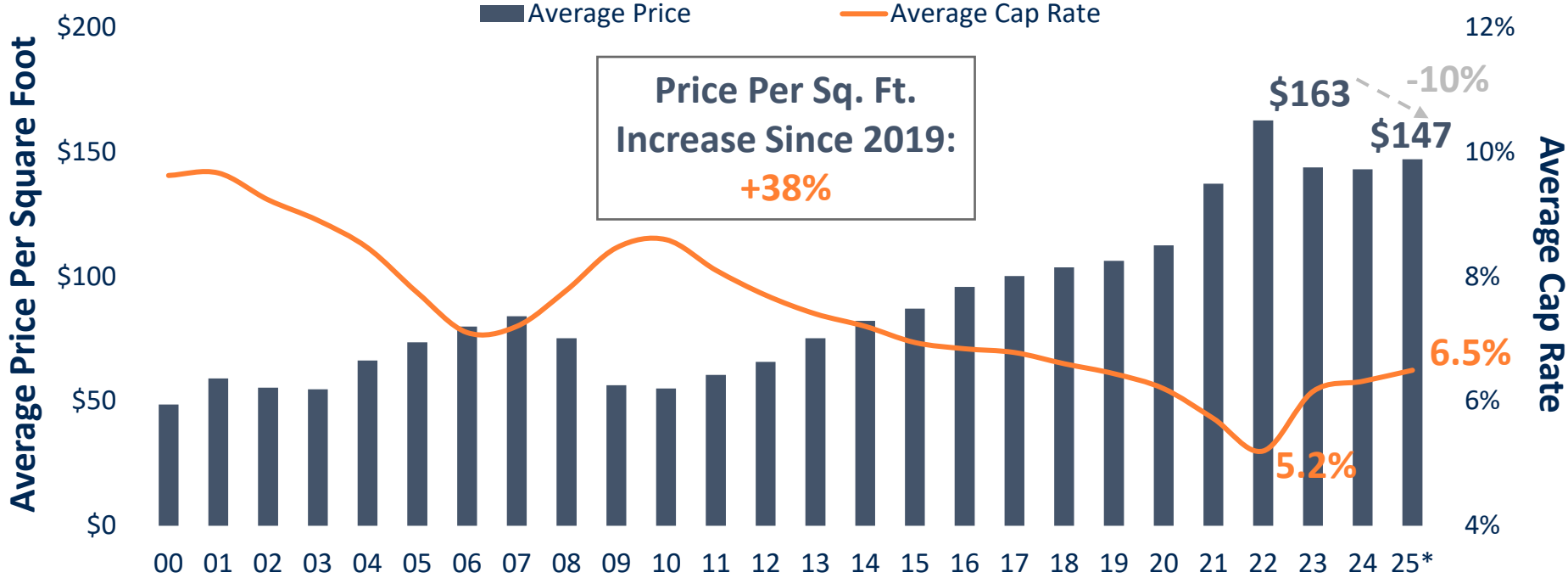


# National Self-Storage Transaction Activity Ahead Of Pre-Pandemic Norms



\* Trailing 12-months through 1Q  
Includes sales \$1 million and greater  
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

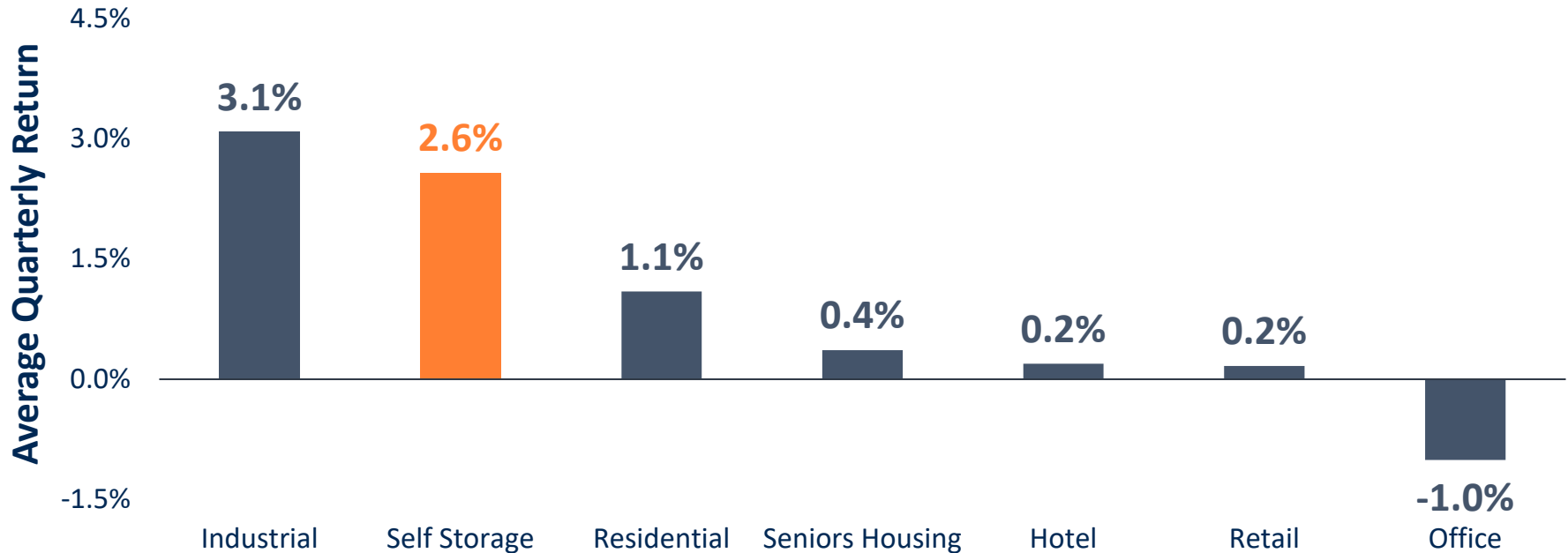
# National Self-Storage Price And Cap Rate Trends



\* Preliminary estimate through 1Q  
 Includes sales \$1 million and greater  
 Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

# Self-Storage Delivers Among The Strongest Returns In CRE

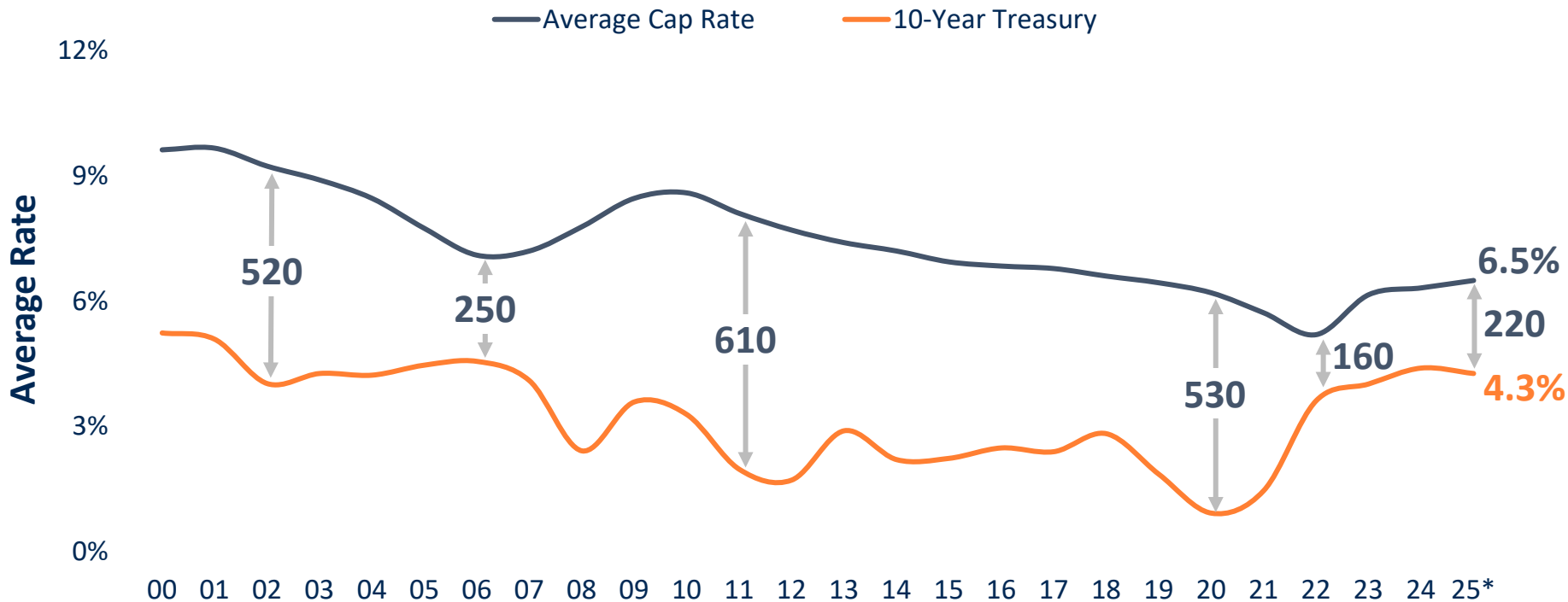
NCREIF Average Quarterly Returns from the Past 5 Years by Property Type



# Self-Storage Cap Rate Trends Ranges By Location and Asset Quality

	Primary	Secondary	Tertiary	Average
Class A	5.0% - 5.8%	5.3% - 6.0%	5.75% - 6.4%	5.8%
Class B	5.7% - 6.4%	6.0% - 6.75%	6.25% - 6.8%	6.4%
Class C	6.25% - 7.0%	6.5% - 7.5%	6.75% - 7.5%	6.9%
Average	6.0%	6.4%	6.7%	6.5%

# National Self-Storage Cap Rate And 10-Year Treasury Trends



\* Through May 6  
Includes sales \$1 million and greater  
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve



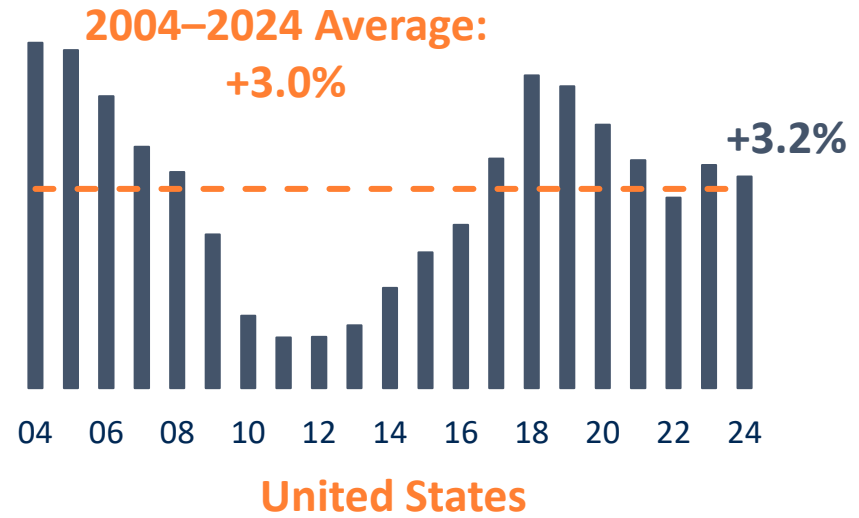
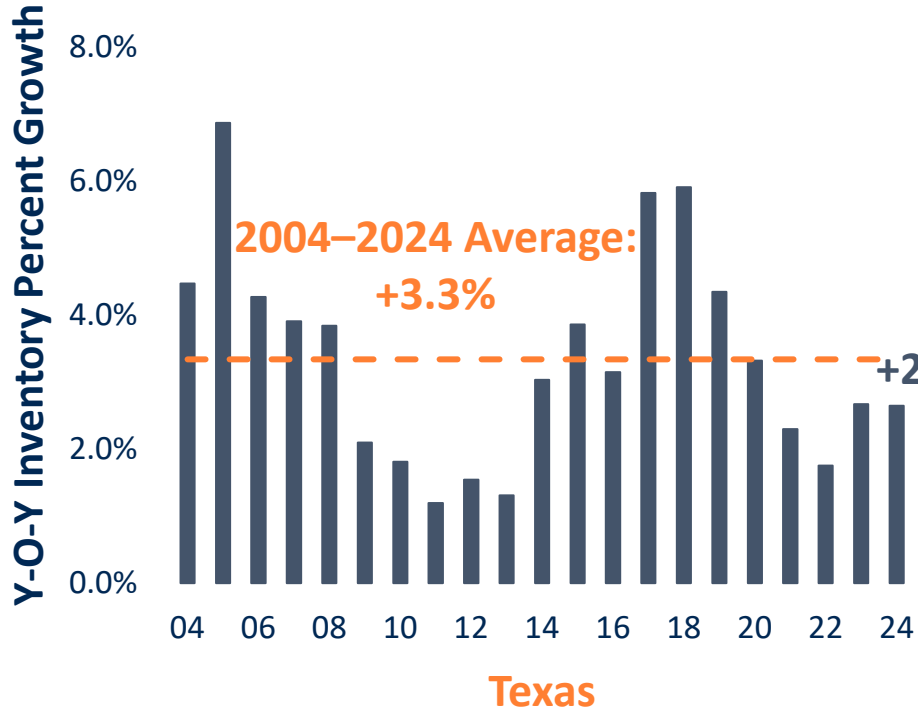
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# **Texas Self-Storage Performance & Sales Activity**

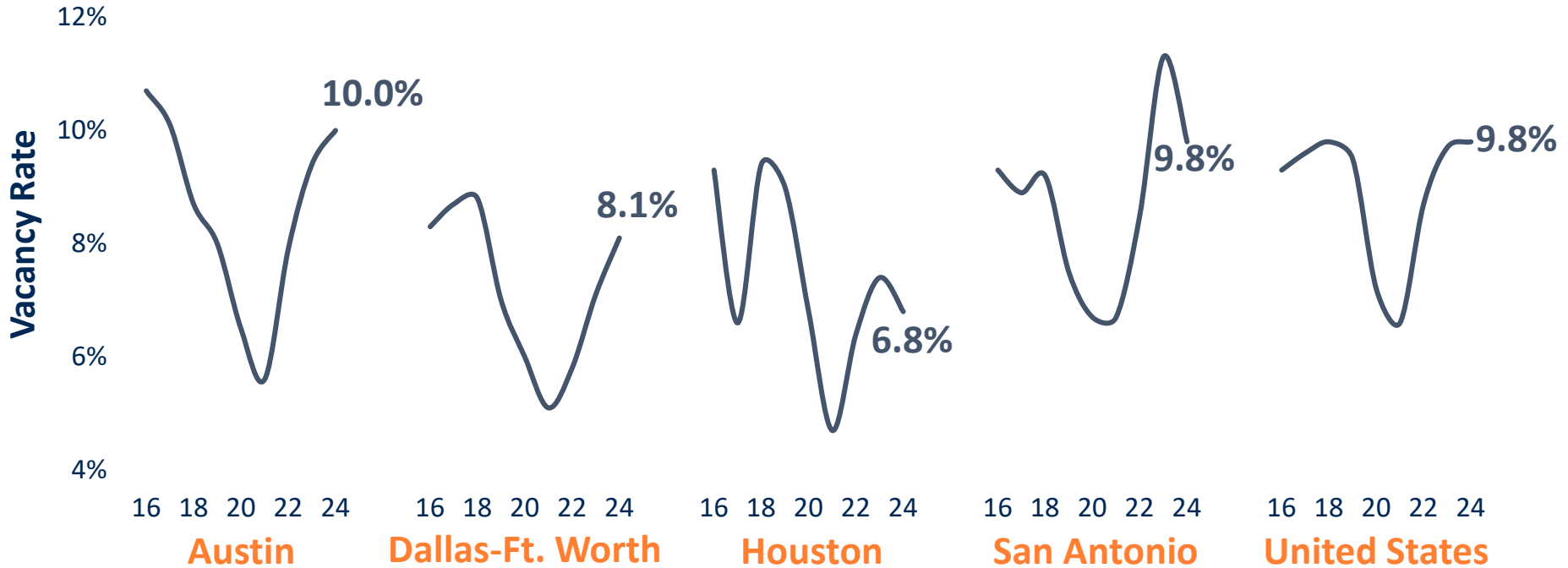
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# Texas Self-Storage Construction Has Historically Trailed the U.S.; Trend Continued In 2024

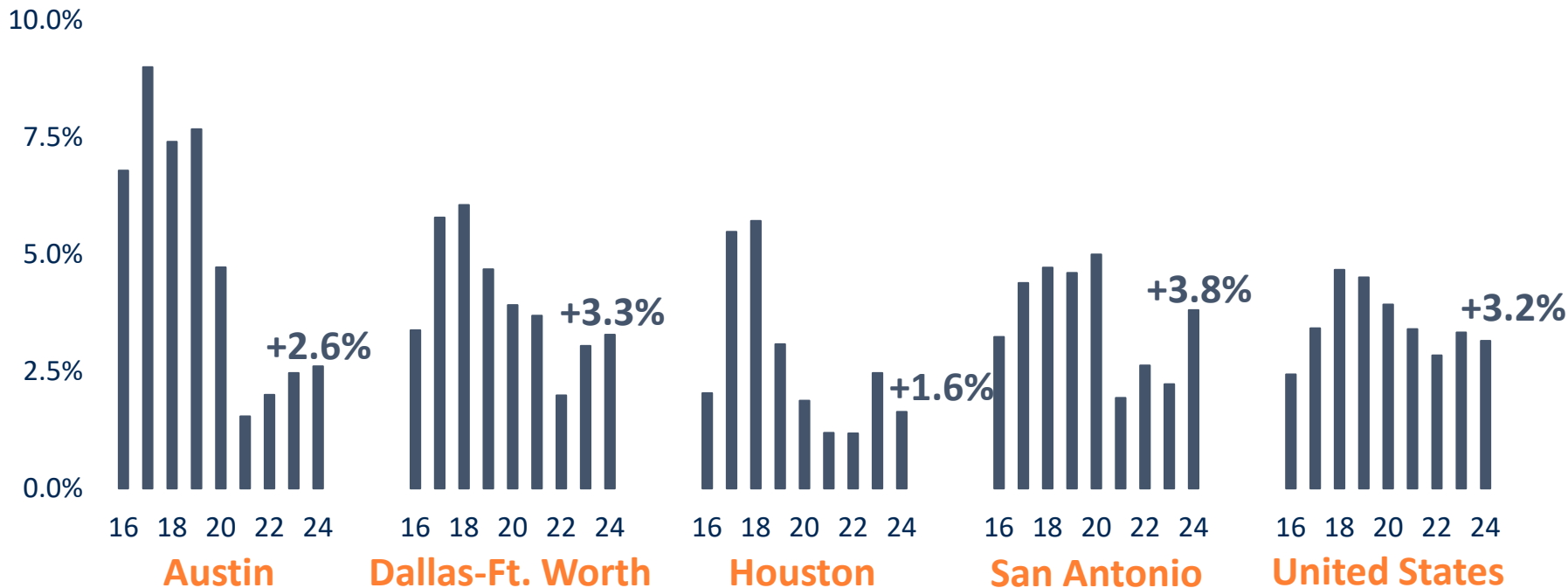


# Self-Storage Vacancy Rates Rising From Pandemic Lows

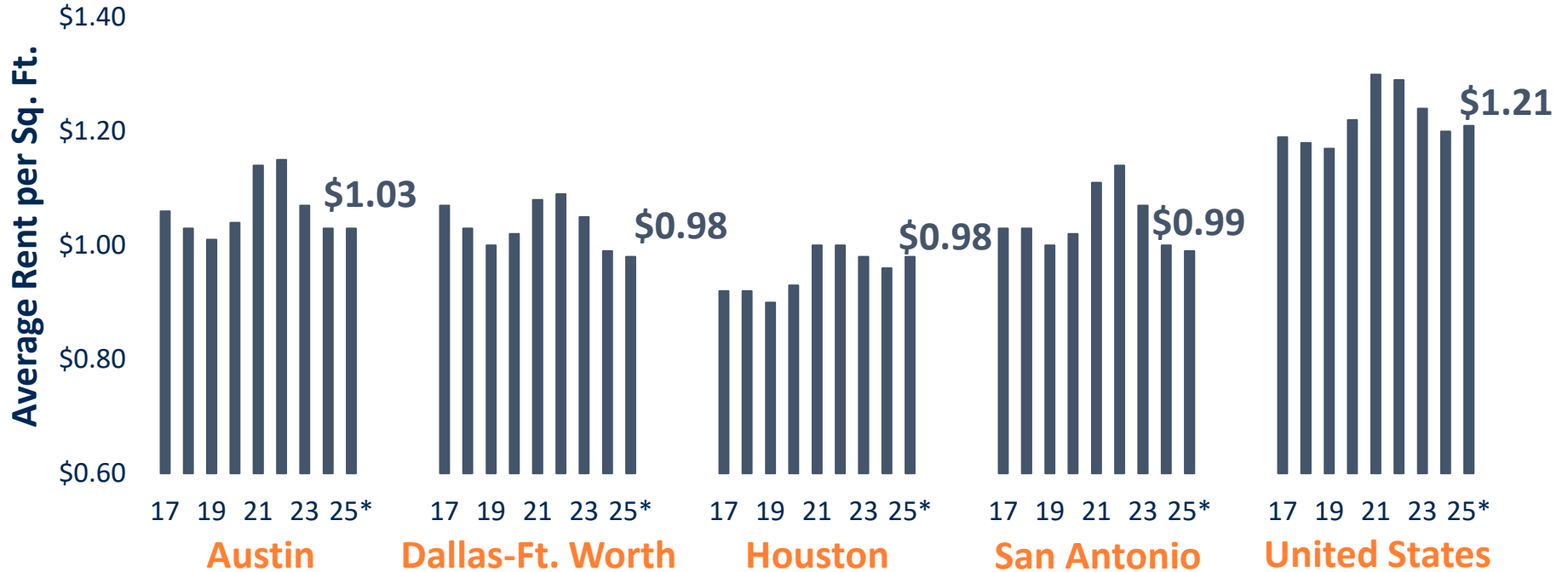


# Self-Storage Inventory Growth Slows Across Major Texas Metros

Y-O-Y Inventory Percent Growth

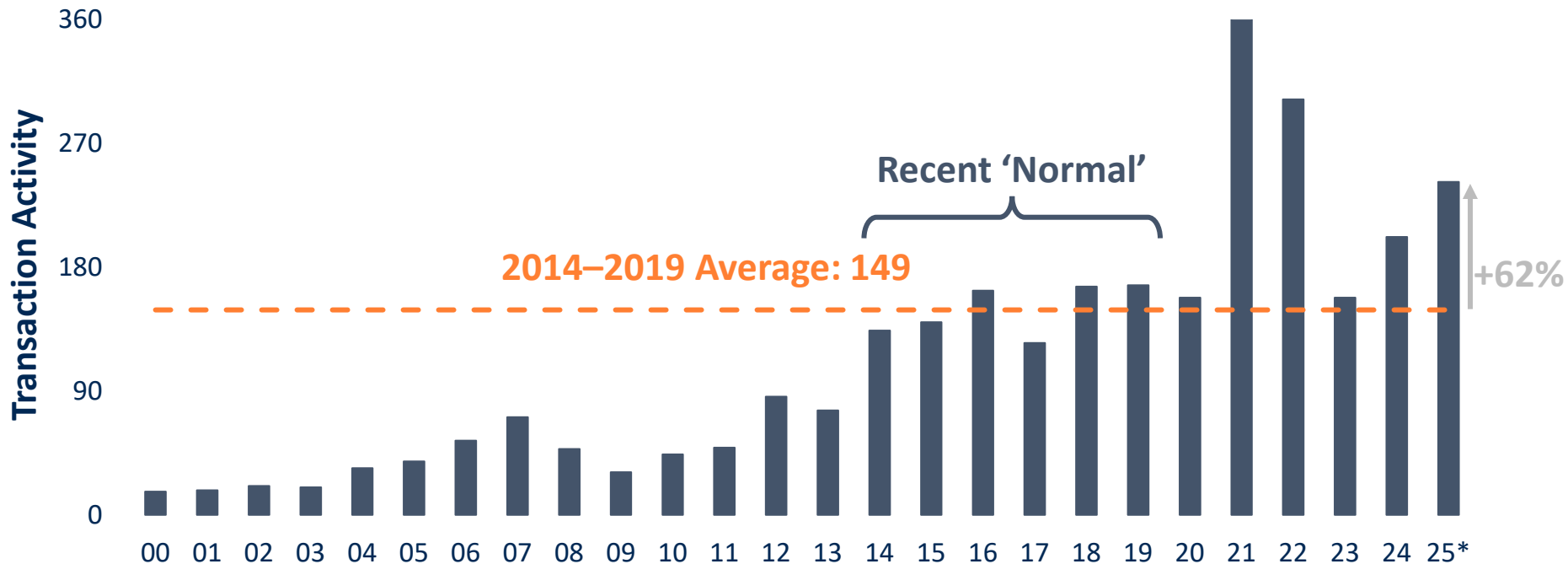


# Self-Storage Average Rent Trends – Texas Metros



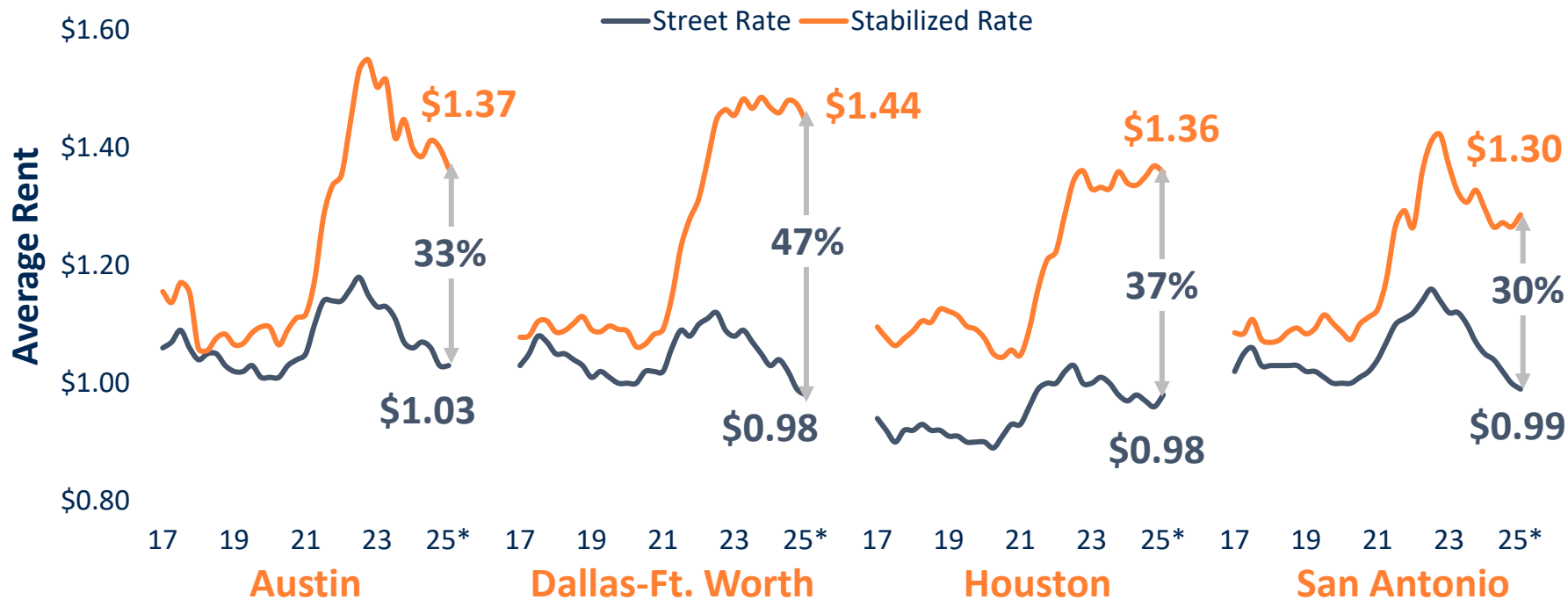
\* Through 1Q  
Sources: Marcus & Millichap Research Services, Yardi Matrix

# Texas Self-Storage Transaction Activity Above Pre-Pandemic Norms



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# Widening Gap Between Street And Stabilized Rates In Texas Self-Storage

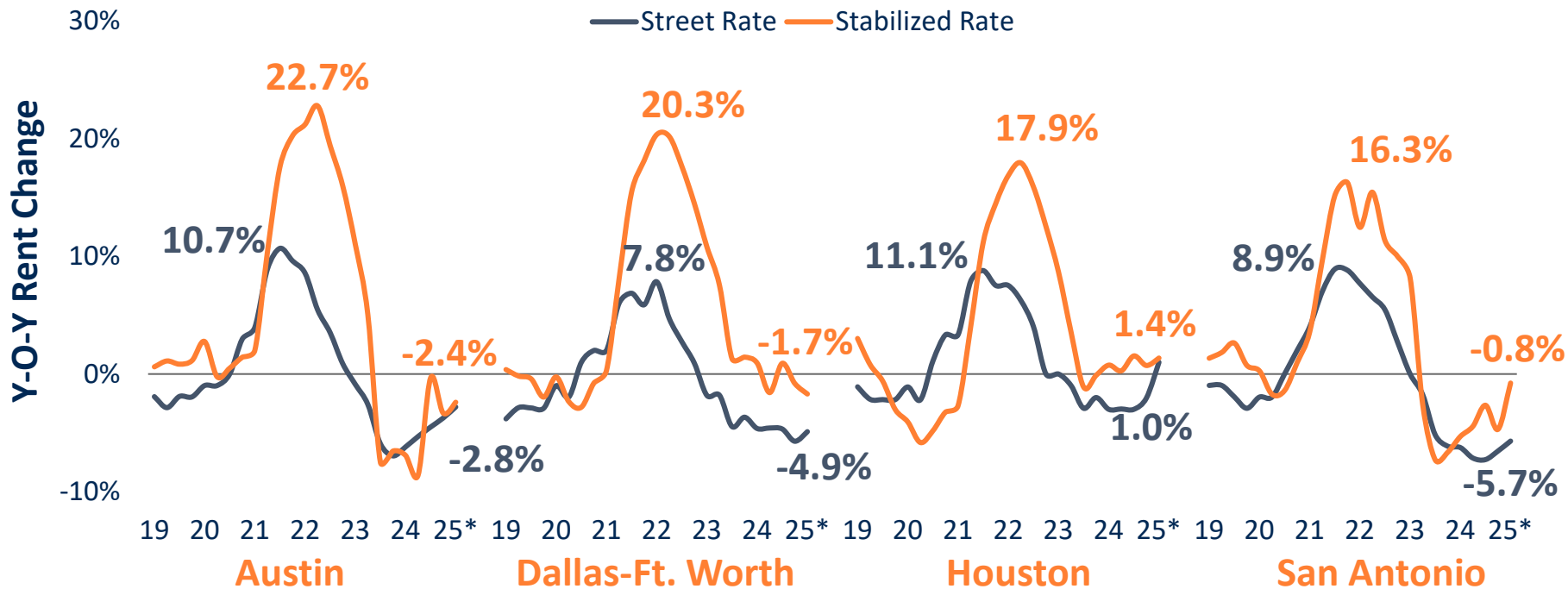


\* Preliminary estimate through 1Q

Stabilized rates represent self-storage REIT industry annualized rental income per occupied square foot

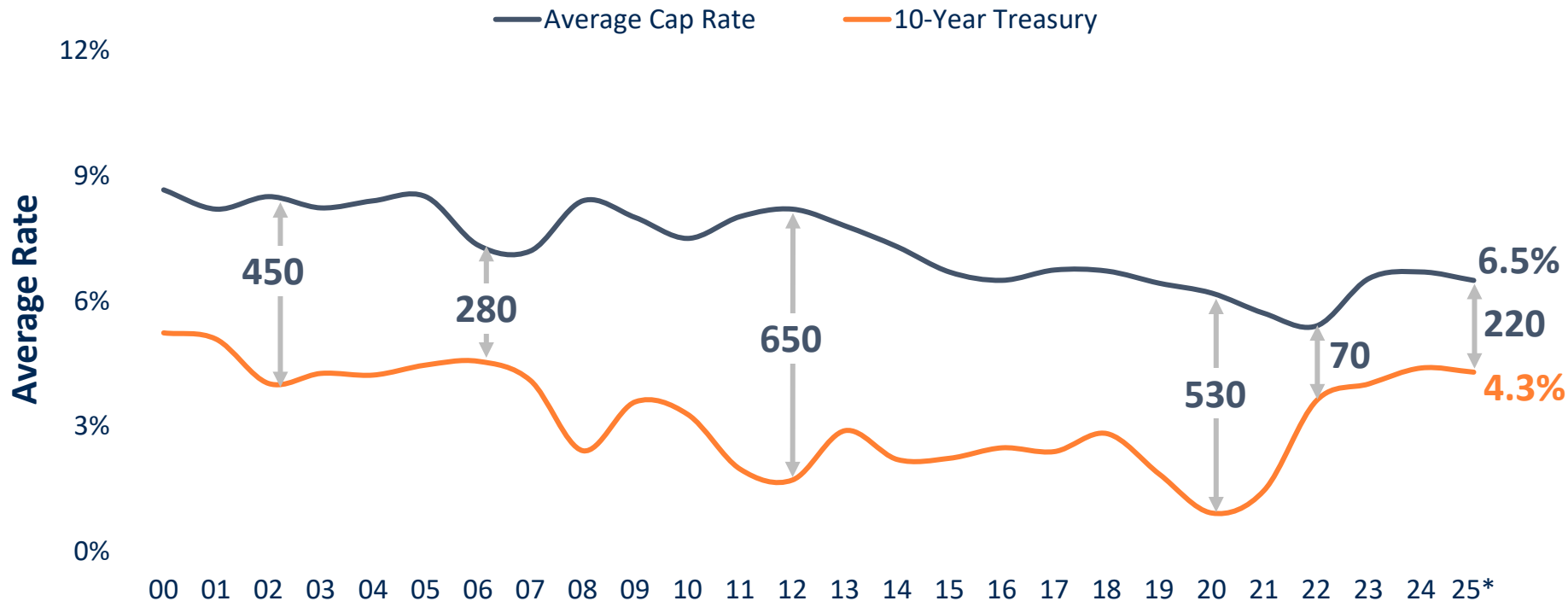
Sources: Marcus & Millichap Research Services, Yardi Matrix

# Self-Storage Rent Growth Cools Sharply Across Texas Metros



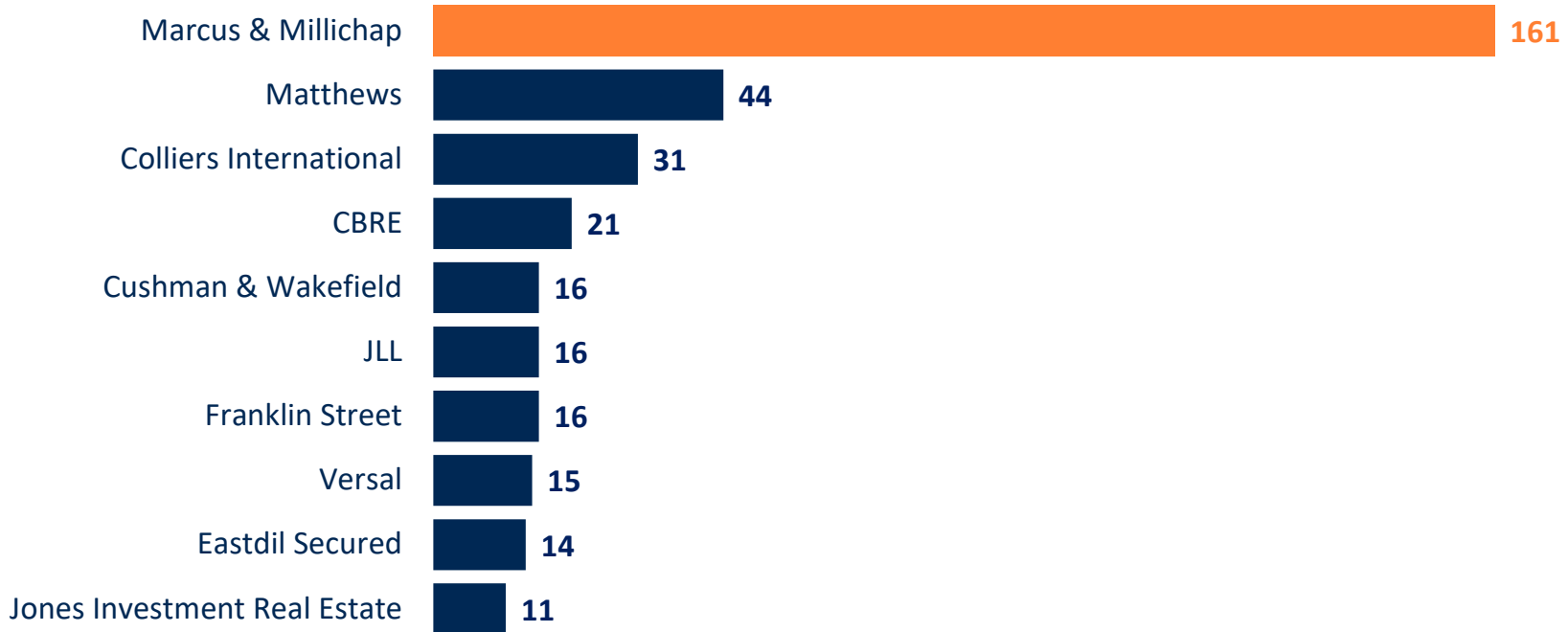
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# Texas Self-Storage Cap Rate And 10-Year Treasury Trends



\* Through May 6  
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Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve

# National Self-Storage Sales Broker Ranking: Marcus & Millichap's Self-Storage Division Is The Industry Leader



As of 2024  
The information is based on internal and external information available to Marcus & Millichap. There may be other sources of information unavailable to Marcus & Millichap or other calculation methodologies which may change rankings and reported numbers. The information is provided for general marketing purposes only and should not be relied upon in any investment or related decision. Parties are advised to do their own investigation when choosing a broker or making an investment decision.  
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

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