

EBOOK

# SELF STORAGE INVESTING

For investors and developers, understanding the factors that are essential for maximizing return on investment (ROI).



[FORGEBUILDINGS.COM](http://FORGEBUILDINGS.COM)



# LETTER FROM THE FOUNDERS



**Hamish Bell**  
PRESIDENT | Co-Founder



**Hayden Farrell**  
CEO | Co-Founder

Forge has undergone a remarkable evolution in the past decade as we have pursued our vision to become the nation's leading nationwide self storage building contractor. One of the most profound changes over this time has been the richer understanding of—and deeper commitment to—our customers, communities, and employees.

With over 15+ years in the industry and over 40 years of combined experience, we **ARE** the steel building experts. We have contributed to the success of over 500+ self storage projects and our team is ready to provide insight and guidance as to “Best Building Practices” when it comes to developing or expanding facilities.

We maintain our absolute commitment to client relationships and satisfaction, integrity, and transparency. We are constantly enhancing our technology and risk management capabilities to ensure that you have the most state-of-the-art building company at your fingertips. We work extraordinarily hard to maintain an open dialogue with our clients to ensure that we continue to deliver products and services that you value.

Your satisfaction is a priority for us, so feel free to share any feedback you have – we take your opinion seriously and will do our best to implement solutions for you. We thank you for entrusting your business to us and for considering our services for future projects.

*Regards,  
Hamish Bell & Hayden Farrell*

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Our excellent customer support team is available to help you with any questions.

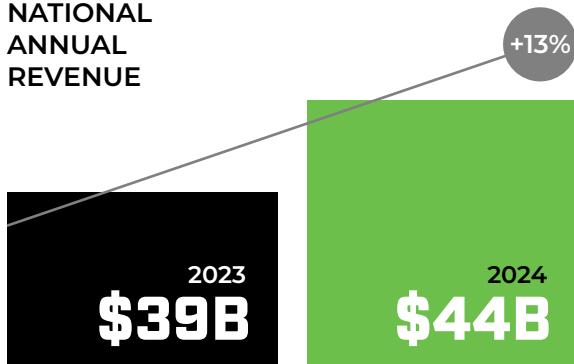


# WHY INVEST IN SELF STORAGE?

Self storage investing can be a great way to generate tremendous cash flow regardless of the state of the economy. This is in large part due to its large income potential with low overhead. Self storage has lower construction costs than other commercial real estate asset classes, as well as lower maintenance and overhead costs. Many small to mid-size facilities require only part-time management and can use various forms of technology (online and kiosks) to allow new tenants to get started.

In the past four years, the annual revenue for self storage grew over 13 percent, from \$39 billion in 2023 to an estimated \$44.33 billion in 2024 (Bernau, 2024). Demand for storage will likely continue to grow as the traditional drivers – divorce, death, natural disasters, and downsizing – continue. Increasing urbanization (where the general population is moving from rural areas to urban areas for employment, better living conditions, and the concentration of economic opportunities in metropolitan cities) is one of the major factors driving the United States self storage market growth.

NATIONAL  
ANNUAL  
REVENUE





# WHY INVEST IN SELF STORAGE?

Self storage investing is not new, but over the past several years, this niche of commercial real estate investing has grown in popularity, now with more than 1.9 billion square feet of space in 2024. Over the span of the last 5 years, 271.2 million square feet of storage space was built – that’s equivalent to 14.5 percent of the total inventory. **In 2024, roughly 54.4M sq. ft. of new self storage space is planned to be completed across the U.S.** That represents a 0.6 percent increase compared to 2023 deliveries. Furthermore, a fifth of Americans (18 percent) use self storage currently, with projections of 14 percent who are intending to rent self storage space in the future (StorageCafe, 2024).

Investors looking to diversify their assets in the highly competitive and high-priced market are looking to an alternative investment like storage.

If you’re considering investing in self storage, learn how self storage investing works, the pros and cons of self storage, and tips and resources for investing in this industry before getting started.

For many real estate investors, self storage is an appealing asset class because it has large income potential with low overhead, lower construction costs than other commercial real estate sectors, and relatively low ongoing management. A small to mid-size self storage business can run very lean and effectively with only part-time management.

With no residential tenants on the property, there are fewer building components that can go wrong. Leases are month to month, allowing owners to capture rental rate increases faster.

## IN SUMMARY, SELF STORAGE IS AN APPEALING ASSET FOR SEVERAL REASONS, INCLUDING:

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High returns and recession resiliency

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Rent growth and positive net operating income

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Easy to maintain and low overhead

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Positive cash flow and many tax benefits

85.29%

Facility occupancy stabilizes in the self storage industry

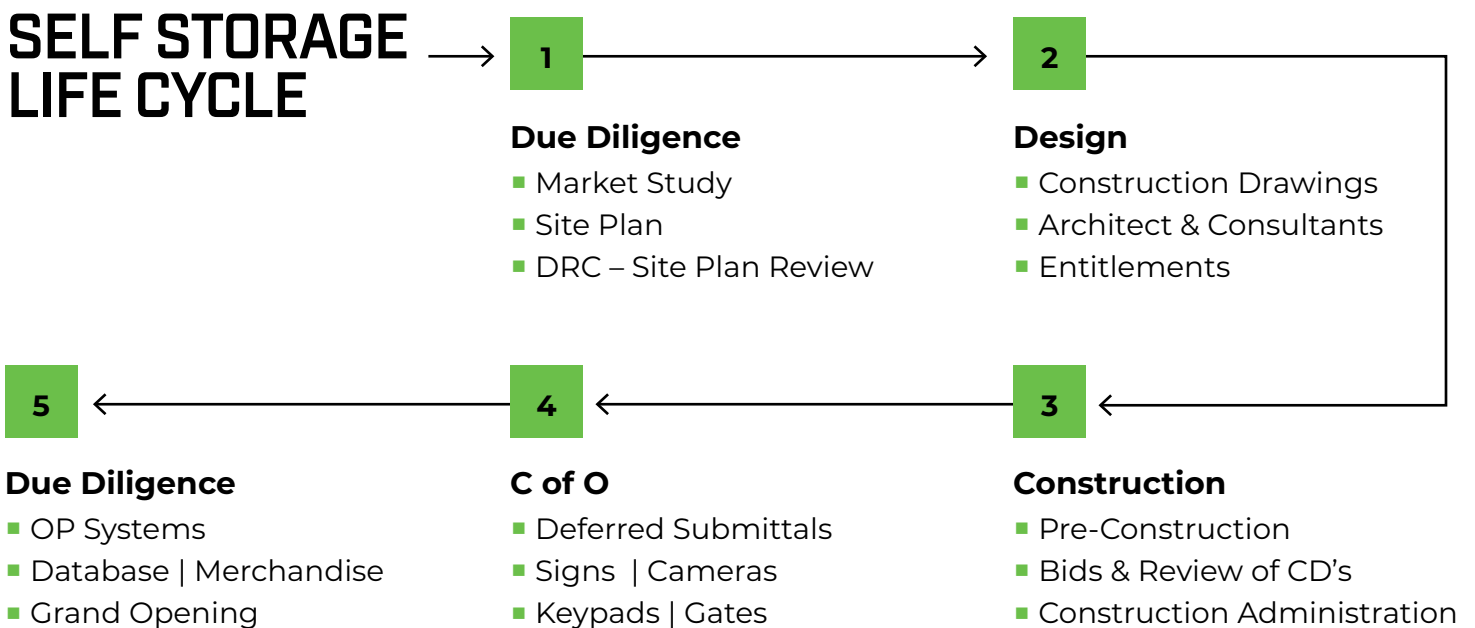
(Harris, 2024)





# UNDERSTANDING THE ENTIRE **LIFE CYCLE** OF SELF STORAGE

Understanding the entire life cycle of a self storage facility allows us to help you develop a plan with operational performance in mind. We are capable of assisting you every step of the way, from determining your projects viability to operations.





SELF STORAGE INVESTING 101

# WELCOME TO FORGE'S SELF STORAGE INVESTING PLAYBOOK

Whether you've been in the self storage business for many years operating just one facility and are looking to expand that facility, or you're contemplating opening your very first self storage facility, the path from the initial stages of planning to the opening day can be challenging with unforeseen obstacles that may pop up along the way.

From breaking ground on a brand new self storage facility, there are many common problems that many self storage buyers go through, and FORGE has been in the business long enough to anticipate those problems.

Because we value our clients and their success, we've created this eBook to help you navigate the process of self storage investing and ownership.

Our goal is to equip you with the tools you need to build or find the best self storage facility. So, if you're looking to jump into the self storage business, **this is the best place to start.**





## SELF STORAGE INVESTING 101

# SITE SELECTION

**How populated is the area where you're looking to build?**

The first step in building a self storage facility is to investigate how populated the area is where you're looking to build. Most potential customers will want to be able to load their car or truck with their belongings and get to their space as soon as they can to unload.

Evaluate nearby facilities and those in similar communities. Typically, you will want a location that is highly visible with good access, and on a major road. The optimal site would be one that is in a high-growth area or one that's in the path of progress. Additionally, you should look for a good combination of demographics, with higher-than-average household income and population growth within a three-mile trade area. Ideally, the location should also have minimal existing or planned competition, especially within the first mile.



High visible location with good access

High growth area

Combination of demographics

Minimal competition with the first mile





## SELF STORAGE INVESTING 101

# KNOW YOUR COMPETITION

As in any business, it is always imperative that you know and understand your competition. Self storage is no different. Ideally, when building a self storage facility, you want to make sure that the area is densely populated, in an area that doesn't have too many competitors but is close enough to potential customers so you can attract the best tenants.

Visit your competitors (and their websites) to gain a better understanding of their layouts. What size units do your competitors have available regularly? Which ones are booked all of the time? Do they have deals on particular units? If they're reducing prices on certain sizes, this will give you a better understanding of which sizes are in higher demand and which may be harder to rent. This information will be key for you to know when determining the unit mix for your facility.

**Understanding  
your competition  
will help inform  
your unit mix  
decisions in  
your facility**







**SELF STORAGE INVESTING 101**

**LOCATION,  
LOCATION,  
LOCATION**

The first impression that your self storage facility will have on any potential customers is the building itself. You want to ensure your facility is visible from the road, has curb appeal, and is attractive when driving by. The most powerful marketing tools you can use are having great signage and attractive self storage doors visible from the road.

Ideally, your storage facility should be as close to your potential customers as possible. Most people want convenience more than anything else. Studies have shown that 75% of self storage customers live within two miles of their unit.



**Visibility is the most powerful marketing tool**





## SELF STORAGE INVESTING 101

# DOES SIZE MATTER?

**Yes.** The plot of land is one of the most important considerations to make when deciding where to buy or build your potential self storage facility. The size of the land will determine how much space you can rent to your future tenants. It will also dictate which type (or types) of self storage facilities you can build.

The average size of a storage facility in the United States is around 56,000 square feet and 46,000 net rentable square feet. The average number of storage units per facility is 546. This represents the units in an average self storage unit with around 46,000 and 50,000 net rentable square feet of space (Storeganise, 2024).

Most self storage facilities that are built on one acre of land are multi-story. These facilities cost more to construct but will still provide a good return on investment.

### Average US storage facilities by the numbers

#### SIZE

**56K** SQUARE FEET

#### RENTABLE

**46K** SQUARE FEET

#### PER FACILITY

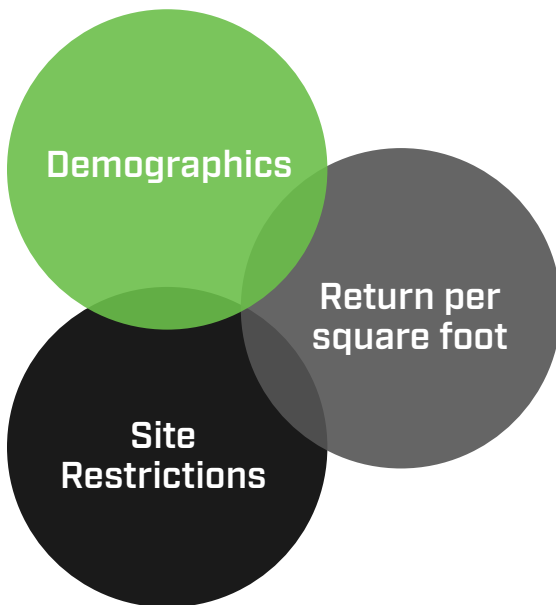
**546** UNITS





## SELF STORAGE INVESTING 101

# UNIT MIX AND DIVERSITY



Determining your unit mix is key when you're designing your first storage facility. Self storage unit mix is normally a product of population density and income levels. So, it is key that you understand the market in which you are building the commercial storage units. That is why it is key to do a feasibility study and market analysis prior to the planning phase. This information will give you the total current demand in your specific market in net rentable square feet. It may also estimate future demand. Based on this information, the study will provide the optimal mix of unit sizes and types to build, including how much of the facility should be drive-up or climate-controlled. **For example, areas of higher income will typically demand more security and climate-controlled features; apartment dwellers will want smaller units, say 5-by-10s; and suburban or commercial-oriented markets will call for larger spaces, such as 10-by-20s.**

It's important to note that your financial return per square foot (PSF) usually diminishes as the size of the unit increases. You must build the unit mix to the market, not to skew the PSF return.

In addition, there could be other site constraints. In urban areas where large tracts of land are harder to find or land costs are high, multi-story development may be your best option. This type of build, however, limits the number of drive-up units you can include. Steep terrain can also alter the unit mix. Working with the steel building experts at Forge is your best bet to determine the right unit mix to shorten the lease-up period later.





## SELF STORAGE INVESTING 101

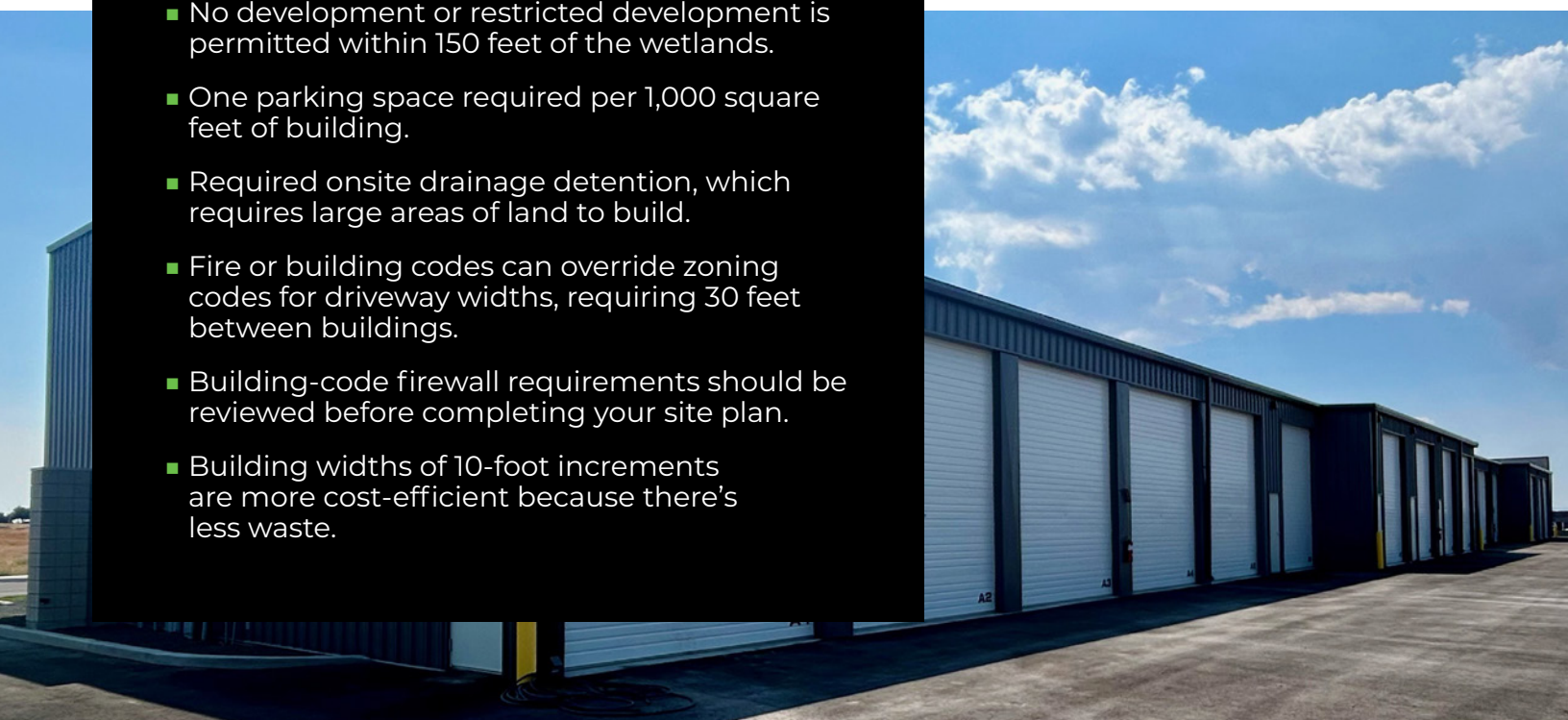
# PERMITS & ZONING LAWS

### Zoning Laws and Requirements

Once you've purchased a piece of land (or even if you have your eye on one), before you can move forward with developing a self storage facility, you need to ensure it has the proper zoning so it can receive the necessary approvals. Following are a few important zoning laws we've come across that can have a major impact on your facility's design or approval. However, it is key that you check your local laws because these regulations differ from state to state:

- No self storage facility can be located within three miles of another storage facility
- Maximum property coverage of storage buildings and pavement is 50%.
- Self storage facilities can only be located in the industrial park zone.
- Only one building is permitted on a single parcel.
- No development or restricted development is permitted within 150 feet of the wetlands.
- One parking space required per 1,000 square feet of building.
- Required onsite drainage detention, which requires large areas of land to build.
- Fire or building codes can override zoning codes for driveway widths, requiring 30 feet between buildings.
- Building-code firewall requirements should be reviewed before completing your site plan.
- Building widths of 10-foot increments are more cost-efficient because there's less waste.

**Remember, if the land is not correctly zoned, rezoning could cost you a lot of time and money. So, make sure you have all of the pertinent information about zoning before you break ground.**





## SELF STORAGE INVESTING 101

# LAND

The price of land varies from state to state and even within different regions of each state, but, according to Forge Building Company, a good criterion to utilize when purchasing the land for your self storage facility is that you should spend about 25%-30% of your total project development budget on land.

### Different Classes of Self Storage Facilities

If you're shopping for a new self storage facility, you may notice that there is a class rating attached to the listing price and building information. Here are the three different classes of self storage facilities (The Investment Real Estate Group of Companies, 2022):

**Class A:** Properties in this class feature the highest quality of construction and design. They typically have prime locations with facilities built within the last 15 years. These facilities can charge the highest rents with low vacancy rates and rarely experience maintenance issues since the facility is newer.

**Class B:** Facilities in this class usually consist of older buildings and may not include professional management. The buildings may experience a few maintenance issues and offer a lower rental income than Class A facilities. Many investors view this class as a value-added investment opportunity.

**Class C:** These facilities are much older builds, typically over 20 years old, and located in unfavorable locations. They have more maintenance issues and typically offer the lowest rental rates in the market. Compared to the other types, these properties require the most renovation for building infrastructure.



**25-30%** of your total project development budget should be on land





SELF STORAGE INVESTING 101

# FINESSING THE TIMELINE

**Timeline components  
should include:**

(Goodin, 2018)

Creating a development checklist that is in the proper order and tied to a timeline is key to ensure your project stays on track.

There are a lot of things that can go wrong if the timing is off. One example is if you make the land-purchase option too long or short, you risk losing the property.

Plan ahead and contemplate what you can work on ahead of time. For example, contacting lenders well in advance to understand the loan options available.

A checklist will give you the tools necessary to mitigate many of the risks involved in your project. Begin compiling information as soon as possible and add requirements as you go.



Completing due diligence



Closing on loan and property acquisition



Finalizing facility design



Obtaining project approvals



Collecting construction bids





## SELF STORAGE INVESTING 101

# IT'S ALL IN THE DETAILS

The self storage industry can be very rewarding and profitable, but you must have a good game plan and checklist. Using this eBook should put you on the right path.





# YOUR ULTIMATE CHECKLIST FOR SELF STORAGE



13 Important Steps for  
Building a New Self Storage  
Facility Development







# YOUR ULTIMATE CHECKLIST

## 13 Important Steps for Building a New Self Storage Facility Development

- Choose Your Site:** Site selection is key.
- Obtain a Market Analysis:** Obtain all information you can about your market. Visit other facilities in the area you're looking to build to learn about the most rentable unit sizes and average number of units. Use this information to determine how you will build your facility.
- Research the Demographics:** Know who your potential tenants will be. Learn everything you can about them including population, average household size, percentage of renters versus homeowners, and average income.
- Get Your Property Surveyed:** A land survey provides basic information about your property and shows any discrepancies between the legal description and the actual use of the land.
- Meet with the Building Department:** Discuss how they feel about self storage and investigate whether a "CUP" Conditional Use Permit is required above and beyond your typical commercial zoning.
- Go Through the Zoning Process:** Sometimes the land that you purchase is already zoned appropriately for storage, and sometimes it's not. Rezoning may be necessary. A zoning consultant can help you with this process.
- Meet with the Fire Department:** Ask for the requirements for sprinkling, firewalls, hose reach, and overall water requirements, especially if you are outside city water and need to drill a well and provide pumping and storage of water.
- Meet with the Highway/Transportation Department:** Ask for requirements for ingress and egress into the proposed location.
- Decide on a Unit Mix:** Know your potential customers. Renters tend to opt for smaller units, whereas homeowners usually choose larger units and may want them to be climate-controlled. Knowing your audience and understanding what is renting best in your area is key.
- Know Your Competition:** Regardless if you're building a single-story or multi-story facility, it's important to design your facility with a modern look and feel. With new design trends such as brick, stone, façade panels, and more, your self storage facility will be well-accepted in the community.
- Secure Financing:** Lenders tend to look favorably on self storage due to their success rate. There are many loan options available, so choose one that best suits your needs.
- Choosing a Development Partner:** From the beginning to the very end, it's very easy to get overwhelmed. Choosing a development partner who's experienced in making this process easier from start to finish can give you a huge advantage. Consider a total solutions provider, such as Forge that offers everything from consultation and design to manufacturing and installation to eliminate unique structural and developmental challenges as well as construction headaches.
- Decide on a Developer:** There are hundreds of thousands of construction companies in the United States, so how do you decide? There are several things you should consider: making sure they're licensed; looking at their previous projects; talking to customers. Ideally, you want a steel building expert, such as Forge, who has over 15 years of experience in the self storage industry.



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