



Self-Storage Construction Slowdown Puts Focus on Build Cost Efficiency

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A notable slowdown in self-storage construction activity nationwide is shifting attention among independent developers and investors toward cost efficiency and construction value, as higher financing costs and moderating rental rates make project economics harder to achieve than they were during the sector's pandemic-era boom. Federal Steel Systems, a supplier of engineered steel building packages, said the current environment is prompting more self-storage developers to scrutinize the composition of their building packages before committing to a project.

According to analysis published by StorageCafe in June 2026, approximately 55.4 million square feet of new self-storage space is expected to come online in 2026, a figure that closely mirrors 2025 deliveries but remains well below the boom-era highs of more than 70 million square feet recorded annually in 2018 and 2019. New supply as a share of total inventory has contracted to roughly 2.4 to 2.6 percent, and industry observers have noted that higher construction costs, tighter lending conditions, and localized saturation in Sun Belt markets have all contributed to a more cautious development environment heading into the second half of 2026.

Industry analysts tracking the self-storage sector have noted that the slowdown in new development is expected to benefit existing facility operators over time by limiting additional supply pressure, but that the same financing and cost dynamics are creating meaningful challenges for developers still looking to build. With borrowing costs above recent lows and rental rates flat or declining in many markets, the margin for error on new construction budgets has narrowed considerably, making the cost and completeness of a building package a more consequential variable than it was when rents were rising sharply.

"Self-storage developers today are looking at a very different set of numbers than they were a few years ago," said Nick Guinn, a representative of Federal Steel Systems. "When rents were climbing and money was cheap, a project could absorb a lot of surprises. Now, every line item matters, and developers want to know exactly what they are getting in a building package before they commit. That is where we spend a lot of time with our customers, making sure the package they are buying is complete and that there are no components they will need to source separately after the fact."

Federal Steel Systems supplies engineered steel building packages for single-story mini-storage facilities as well as multi-story and climate-controlled self-storage structures, with each package designed to meet local building code requirements for the project's specific location. The company said its all-inclusive packages are structured to eliminate the need for developers to source doors, insulation, and panel systems from separate vendors after a primary structure contract is signed, a practice it said can result in significant unplanned costs when material prices are elevated or supply timelines are uncertain.

The company noted that permit-ready stamped engineering drawings are included with every package, a detail it said has become more relevant as local permitting timelines have extended in many jurisdictions. For self-storage developers managing a financing window, delays between project approval and the start of construction can affect both costs and lender relationships, and having permit-ready documentation available from the outset of the building process is designed to reduce the administrative gap between project approval and breaking ground.

Federal Steel Systems added that for orders placed for production without delays, the company guarantees the quoted package price through fabrication, giving developers a firm cost figure to carry through the financing and permitting process. For orders held on an approval or permit-contingent basis, the company said it maintains close communication with customers throughout the waiting period so they have a current understanding of market conditions when the order is ready to move to production.

The company said it works with self-storage developers across a range of project sizes and configurations, from straightforward single-story facilities to more complex multi-story builds, and that its team is available to walk customers through accessory options and structural configurations before a purchase order is finalized. Federal Steel Systems said this up-front consultation is intended to ensure that the package a developer

receives reflects the actual requirements of their project rather than a baseline specification that requires modification after delivery.

Developers interested in discussing a project can request a quote on the Federal Steel Systems website.

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For more information about Federal Steel Systems, contact the company here:Federal Steel SystemsNick Guinn720-475-1354info@federalsteelsystems.com23 Inverness Way East, #100Englewood,CO 80112

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Federal Steel Systems

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