THE STORAGE BRIEF

What PE Buyers Actually Look For

Understanding the Biggest Buyer Pool in Self Storage

2026 Edition

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Table of Contents

1. 1. Why PE Firms Dominate Self Storage Acquisitions
2. 2. The 10 Criteria PE Firms Evaluate
3. 3. What Makes a Facility "PE-Grade"
4. 4. How to Position Your Facility to Attract Premium Offers
5. 5. Red Flags That Turn PE Buyers Away
6. 6. What PE Groups Actually Pay Premiums For
7. 7. The Major Players: Who's Buying and What They Want
8. The Bottom Line

Why This Guide Exists

Private equity has fundamentally reshaped the self storage acquisition landscape. A decade ago, most facilities changed hands between local operators. Today, PE-backed platforms and institutional buyers account for the majority of transaction volume above $3 million.

If you're considering selling your self storage facility -- or even if you're just curious about what your facility might be worth -- you need to understand how these buyers think, what they evaluate, and what separates a facility they'll pay a premium for from one they'll pass on.

This isn't theoretical. This is based on hundreds of conversations with acquisition teams at the major platforms, analysis of closed transactions, and the patterns we've seen over years of brokering deals between owners and institutional capital.

Let's pull back the curtain.

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1. Why PE Firms Dominate Self Storage Acquisitions

Self storage has become one of the most sought-after asset classes in commercial real estate, and private equity is the primary driver of that demand. Understanding *why* helps you understand the opportunity.

The Fundamentals Are Irresistible to Institutional Capital

PE firms love self storage for specific, quantifiable reasons:

Recession resilience. Self storage has outperformed every other commercial real estate sector during the last three recessions. During the 2008-2009 financial crisis, self storage REITs declined 3.8% while the broader REIT index fell 37.7%. During COVID, storage demand actually *increased* as people moved, downsized, or worked from home. PE firms build portfolios designed to survive downturns -- storage is the ultimate defensive asset.

Fragmented ownership = acquisition opportunity. Approximately 70-75% of the ~60,000 self storage facilities in the U.S. are still owned by independent operators -- mom-and-pop owners with 1-5 facilities. This fragmentation is PE catnip. It means thousands of acquisition targets, many of which are operationally inefficient, below market rents, and ripe for professional management.

Low operating costs and high margins. Self storage operating expense ratios typically run 30-45% of revenue, compared to 50-65% for apartments and 40-55% for office buildings. Fewer moving parts, minimal tenant improvement costs, no long-term lease negotiations. The simplicity of the business model scales beautifully -- which is exactly what PE firms need.

Month-to-month leases = pricing power. Unlike office or industrial properties with 5-10 year leases locked at fixed rates, storage tenants are on month-to-month agreements. This gives operators the ability to raise rents frequently and capture inflation in real-time. PE firms can underwrite revenue growth with far more confidence than in other asset classes.

Scalable value-add thesis. PE firms don't just buy and hold -- they buy, improve, and profit from the delta. Self storage offers a repeatable playbook: acquire an undermanaged facility, implement professional management software, optimize revenue management (dynamic pricing, regular rate increases), improve marketing and online presence, reduce expenses through economies of scale, and watch NOI grow 15-40% within 18-36 months.

The Numbers Behind the Trend

- **$9.7 billion** in self storage transactions in 2024 (industry sources estimate)
- PE and institutional buyers accounted for an estimated **60-70%** of transactions over $5M
- The top 5 public storage REITs own approximately **20-25%** of total U.S. storage supply by revenue, leaving massive runway for consolidation
- Private equity fundraising for self storage has averaged **$3-5 billion** annually in committed capital over the past five years

The takeaway: PE firms aren't a niche buyer segment. They *are* the market for facilities above a certain size and quality threshold.

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2. The 10 Criteria PE Firms Evaluate

When a PE acquisition team looks at your facility, they're running it through a mental (and literal) checklist. Here are the ten factors they evaluate -- in roughly the order of importance.

Criterion 1: NOI Stability and Growth Trajectory

What they analyze: Trailing 12-month (T12) and trailing 24-36 month financial performance. Revenue trends, expense trends, net operating income trends. They want to see stability at minimum -- and growth is what gets them excited.

What "good" looks like: Consistent year-over-year revenue growth of 3-8%. Stable or improving NOI margins. No unexplained revenue declines or expense spikes. A clear narrative for any fluctuations (e.g., a temporary occupancy dip from a nearby construction project that's now resolved).

What kills interest: Declining revenue without a clear explanation. Erratic financials that suggest poor management or data quality. NOI that relies on pro forma projections rather than demonstrated performance.

The insider angle: PE firms model three scenarios: base case (current trajectory continues), upside case (they implement their operational playbook), and downside case (market softens, occupancy drops 5-10%). Your facility needs to look attractive in at least two of those three scenarios.

Criterion 2: Market Demographics

What they analyze: Population within a 3-5 mile radius (and 10-mile for rural markets). Population growth rate (historical and projected). Median household income. Housing stock composition (single-family vs. multifamily -- both drive demand but differently). Military bases, universities, and other demand drivers.

What "good" looks like: Trade area population of 50,000+ (for primary/secondary markets). Population growth of 1%+ annually. Median household income above $50,000. Diverse economic base (not dependent on a single employer or industry).

What kills interest: Stagnant or declining population. Economic dependence on a single employer (e.g., a military base facing BRAC closure or a factory town). Median income below $35,000-$40,000 (limits what tenants can pay for storage).

Critical metric -- storage square footage per capita: PE firms calculate the ratio of existing storage supply to population in your trade area. The national average is approximately 7-8 square feet per capita. Markets below 5-6 SF/capita are considered undersupplied and attractive. Markets above 10 SF/capita are oversupplied and risky.

Criterion 3: Expansion Potential

What they analyze: Vacant land on the parcel. Zoning that permits additional buildings. The ability to convert drive-up units to climate-controlled (higher revenue per SF). Entitlements already in place vs. required.

What "good" looks like: 1-3 acres of developable land with zoning in place. Ability to add 20,000-50,000+ SF of net rentable area. City/county that is receptive to self storage development (not hostile).

Why it matters: PE firms acquire at a certain NOI, then grow that NOI through rate increases AND physical expansion. Expansion potential is often the difference between a 6.5% cap rate and a 5.5% cap rate -- which on a $250K NOI facility is the difference between a $3.85M and $4.55M sale price.

Criterion 4: Rental Rate Positioning (Upside Potential)

What they analyze: Your current rates compared to competitors in a 3-5 mile radius. Street rates from your competitors' websites. Economic occupancy vs. physical occupancy (are you giving away too many discounts?).

What "good" looks like: Rates that are 5-15% below market. This might seem counterintuitive -- shouldn't you want the highest rents? -- but PE firms want the *opportunity* to raise rents post-acquisition. Below-market rents signal immediate NOI upside they can underwrite.

What kills interest: Rates significantly above market with nowhere to go. Or rates so far below market that it signals a management problem or a market that can't support higher pricing.

Criterion 5: Physical Condition

What they analyze: Roof condition and remaining useful life. Paving and drainage. HVAC systems (climate-controlled units). Roll-up doors. Building envelope (leaks, structural issues). Security systems and access control. ADA compliance.

What "good" looks like: Well-maintained facility with no major capital expenditure needs in the next 3-5 years. Clean, secure, functioning. Doesn't need to be new -- needs to be well-cared-for.

The math: PE firms model capital expenditure reserves at $0.25-$0.75 per square foot annually for well-maintained facilities. For facilities with significant deferred maintenance, they'll estimate the true CapEx need and subtract it from their purchase price -- often with an additional discount for the hassle and uncertainty.

Criterion 6: Competitive Landscape

What they analyze: Number of competing facilities within 3-5 miles. Quality of competition (are they modern, well-managed, institutional -- or dated mom-and-pops?). New supply in the pipeline (under construction or entitled).

What "good" looks like: Limited competition, high barriers to entry (restrictive zoning, limited land availability), and no significant new supply planned within 3-5 miles.

What kills interest: A submarket with 3+ new facilities under construction or recently delivered. Even if your facility is performing well today, PE firms won't pay a premium if they believe new supply will pressure occupancy and rates within 12-24 months.

Criterion 7: Management Quality and Systems

What they analyze: What management software are you using? Do you offer online rentals and bill pay? What's your digital marketing presence (website, Google Business Profile, SEO)? Are you using revenue management/dynamic pricing? Do you have autopay enrollment?

What "good" looks like: Modern management platform (SiteLink, storEDGE, Easy Storage Solutions). Online rental capability. Autopay enrollment above 50%. Active Google Business Profile with 50+ reviews and 4.0+ rating. Revenue management system in place.

The insider angle: Paradoxically, a facility with *outdated* systems can be attractive to PE if everything else is strong -- because the buyer can model the NOI uplift from implementing their technology stack. A facility running on paper ledgers with no online presence and below-market rents is a PE dream if the market fundamentals are there. They see it as a value-add opportunity with a proven playbook.

Criterion 8: Operational Efficiency

What they analyze: Operating expense ratio (expenses as a % of revenue). Payroll relative to facility size. Marketing spend efficiency. Insurance and property tax burden. Vendor contract pricing.

What "good" looks like: Expense ratio of 30-40%. PE firms know they can typically squeeze another 3-8% out of the expense ratio through economies of scale (corporate management, bulk vendor contracts, centralized marketing, reduced on-site staffing).

What concerns them: Expense ratios above 50% that can't be explained by legitimate high-cost items (high property taxes in certain states, for example). Bloated payroll. Expensive vendor contracts with long remaining terms.

Criterion 9: Tenant Profile and Demand Drivers

What they analyze: Mix of residential vs. commercial tenants. Average length of stay (longer is better -- sticky tenants are more profitable and less sensitive to rate increases). Seasonal patterns. Dependence on any single tenant or tenant type.

What "good" looks like: Predominantly residential tenants (less concentrated risk). Average length of stay above 12 months. Diverse demand drivers (not dependent solely on college students or military PCS moves, which create seasonal volatility).

Criterion 10: Location and Visibility

What they analyze: Road frontage on major thoroughfares. Visibility from the road. Ease of access. Proximity to residential neighborhoods. Sign visibility.

What "good" looks like: High-traffic road frontage with visible signage. Easy ingress/egress. Located within or adjacent to residential neighborhoods. This is the one criterion you can't change -- but it heavily influences cap rate.

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3. What Makes a Facility "PE-Grade"

Not every facility is attractive to private equity. Here's the dividing line.

PE-Grade Facilities Typically Have:

- **40,000+ net rentable SF** (or 300+ units). Most PE platforms have a minimum threshold -- it's not worth their acquisition and underwriting costs for a 120-unit facility.
- **$300,000+ NOI** (or a clear path to $300K+ within 18-24 months through rate increases and expansion).
- **Trade area population of 50,000+** (for primary/secondary market acquisitions -- some PE firms will go smaller for portfolio deals).
- **Occupancy above 80%** with stable or improving trends.
- **No major environmental issues** (clean Phase I is essentially required).
- **Clear title and clean legal history** (no pending litigation, no zoning non-conformity issues).

Facilities That Are Typically NOT PE-Grade:

- Under 200 units / 20,000 SF with no expansion potential
- Located in declining markets with population loss
- NOI below $150,000 with limited upside
- Significant environmental contamination
- Major structural or deferred maintenance issues requiring $500K+ in investment
- Markets oversaturated with new supply (10+ SF per capita with new facilities under construction)

The Middle Ground: "Fixable" Facilities

Some facilities aren't PE-grade today but could become PE-grade with 6-12 months of preparation. If your facility falls into this category -- decent market, decent size, but below-market rents, messy financials, or cosmetic deferred maintenance -- the preparation work described in *The 2026 Self Storage Seller's Playbook* can move you from "pass" to "competitive bid."

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4. How to Position Your Facility to Attract Premium Offers

If your facility meets the PE-grade criteria (or is close), here's how to maximize the premium you receive.

12+ Months Before Sale: Operational Optimization

Implement rate increases. If your rents are below market, raise them systematically -- 8-12% annually for existing tenants, street rates to market immediately. PE firms want to see *demonstrated* rate increases in your trailing financials, not just theoretical upside. A facility that's been raising rents 8% per year for two years and retaining 90%+ of tenants tells a powerful story.

Clean your financials. Remove every personal expense. Categorize clearly. Produce management-quality monthly P&L statements. PE acquisition teams will run your financials through their models -- if the data is messy, their models produce wide ranges, and they'll underwrite conservatively (meaning a lower offer).

Invest in technology. If you're not using modern management software, implement it now. If you don't offer online rentals, set it up. Get autopay enrollment above 50%. These improvements both increase NOI and signal professional management.

Maximize curb appeal. Clean, well-lit, well-maintained facilities photograph well and tour well. PE firms send acquisition teams to walk properties -- first impressions matter.

6 Months Before Sale: Documentation and Positioning

Prepare your data room. Have every document a PE buyer will request organized, labeled, and ready to share within 24 hours of an NDA being signed. Speed kills in acquisitions -- the seller who can deliver a complete data package immediately earns credibility and accelerates the process.

Get your Phase I current. If your Phase I is older than 18 months, order a new one. Environmental uncertainty is a deal-stopper for institutional buyers.

Document your expansion potential. If you have developable land, get a preliminary site plan showing what could be built. If zoning is in place, have the documentation ready. If you'd need a zoning change, at least have a pre-application conversation with the municipality and document the feedback.

Know your competitive landscape. Pull street rates from every competitor within 5 miles. Document occupancy (you can often gauge this from how many "available" units show on their websites). Have this analysis ready -- it demonstrates market knowledge and helps PE firms underwrite the opportunity faster.

During the Sale Process: Maximize Competition

Don't accept the first offer. PE firms making unsolicited offers are looking for a deal -- they wouldn't approach you directly if they planned to pay full market value. A competitive process with 5-15+ qualified buyers consistently produces prices 10-25% above unsolicited offers.

Let your broker create FOMO. When multiple PE firms know they're competing against each other, they sharpen their pencils. The best sale outcomes happen when 3+ serious bidders are at the table.

Be responsive and professional. PE acquisition teams evaluate dozens of opportunities simultaneously. If your team is slow to respond, disorganized, or difficult to work with, they'll move on to the next deal. Make it easy for them to say yes.

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5. Red Flags That Turn PE Buyers Away

These are the issues that cause PE acquisition teams to pass -- often within the first 48 hours of reviewing an opportunity.

Instant Deal-Killers

Environmental contamination. Any Phase I finding that suggests potential contamination (recognized environmental conditions, or RECs) triggers a Phase II investigation at minimum. Active contamination requiring remediation will eliminate most institutional buyers entirely.

Declining market fundamentals. Population loss, major employer departures, oversupply with new facilities under construction. PE firms are buying 5-10 year cash flows -- they need confidence in the market's future, not just its present.

Financial opacity. If you can't produce clean trailing financials, PE firms assume the worst. "My accountant handles everything and I don't have detailed records" is a conversation-ender.

Structural issues requiring major capital investment. Significant foundation problems, building code violations, fire safety deficiencies, or ADA non-compliance that requires $500K+ to remediate.

Serious Concerns (Not Always Deal-Killers, But Price-Reducers)

Oversupply in the immediate trade area. If there's 10+ SF per capita and new facilities recently delivered or under construction, PE firms will underwrite conservatively -- expecting occupancy and rate pressure.

Significant deferred maintenance. Roofing issues, failing HVAC, crumbling asphalt, inoperable doors. PE firms will get contractor bids during due diligence and deduct the cost from their offer -- plus a 10-20% "risk premium" for the uncertainty.

Lease or contract encumbrances. Long-term vendor contracts at above-market rates. Unusual tenant arrangements (commercial tenants with non-standard agreements). Ground leases that limit the buyer's control.

Seller's emotional attachment. This sounds soft, but PE firms are wary of sellers who can't separate personal feelings from business decisions. If every due diligence question is met with defensiveness, or if the seller has unrealistic price expectations based on "what they've

put into it," experienced buyers move on.

Zoning non-conformity. If your facility is operating as a legal non-conforming use (grandfathered), PE firms worry about expansion limitations and potential future restrictions.

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6. What PE Groups Actually Pay Premiums For

Not all facilities are worth the same per dollar of NOI. Here's what drives PE firms to stretch on price -- to underwrite tighter cap rates and pay above-average valuations.

Premium Factor 1: Below-Market Rents with Demonstrated Demand

A facility at 90%+ occupancy with rents 10-20% below the competitive set is a PE dream. They can model immediate rate increases, project NOI growth of 15-25% within 24 months, and pay you a premium today because they see the upside. This is the most common premium driver we see in closed transactions.

Example: A 450-unit facility in a southeastern metro with $0.85/SF average rent vs. $1.05/SF market rent. NOI at sale: $380,000. Buyer underwrote stabilized NOI of $500,000 within 24 months, paid $6.8M (4.8% going-in cap, 7.4% stabilized cap). The seller had been leaving $120K/year in revenue on the table through below-market rents -- but that "mistake" actually increased the sale price because PE buyers paid for the upside.

Premium Factor 2: Expansion Land with Entitlements in Place

Developable land with existing zoning approval is worth significantly more than raw, unentitled land -- because it eliminates permitting risk and timeline uncertainty.

Example: A 35,000 SF facility on 5 acres with zoning in place for an additional 25,000 SF Phase II expansion. Buyer paid a $1.2M premium over what the existing facility alone would have commanded -- pricing the expansion land at roughly $35/SF of buildable space after accounting for construction costs and lease-up risk.

Premium Factor 3: Market Density / Strategic Value

If a PE firm already operates 3 facilities in your metro and yours fills a geographic gap, they'll pay a strategic premium. Adding your facility to their existing cluster allows them to optimize marketing spend, centralize management, and achieve market dominance -- all of which justify paying 25-75 basis points tighter on the cap rate.

Premium Factor 4: Climate-Controlled Product

Climate-controlled units command 25-50% higher rents per SF than drive-up units, and they attract a more affluent, stickier tenant base. Facilities with a significant climate-controlled component (40%+ of total SF) consistently trade at tighter cap rates -- typically 25-50 basis points tighter than comparable drive-up facilities.

Premium Factor 5: Barriers to New Supply

If your submarket has restrictive zoning, limited available land, or community opposition to new self storage development, your existing facility becomes more valuable because competition is structurally limited. PE firms will pay a premium for the competitive moat.

Premium Factor 6: Value-Add Management Opportunity

This seems counterintuitive, but PE firms sometimes pay a premium for poorly managed facilities in great markets. If a facility has no online presence, no revenue management, no autopay, and below-market rents -- but it's in a market with strong demographics and limited supply -- PE firms see a proven value-add opportunity. They have the playbook and the confidence to execute it.

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7. The Major Players: Who's Buying and What They Want

Understanding the specific buyers in the market helps you position your facility for the right audience.

Public REITs

Public Storage (PSA)

- Largest self storage operator globally: 3,000+ facilities
- Focuses on primary and secondary markets
- Minimum facility size: typically 40,000+ NRSF
- Prefers markets where they have existing density
- Known for strong balance sheet and all-cash acquisitions -- very high certainty of close
- Historically conservative on pricing but reliable closer

Extra Space Storage (EXR) / Life Storage

- Second-largest U.S. operator after the EXR-LSI merger: 3,500+ facilities owned/managed
- Aggressive acquirer in primary, secondary, and select tertiary markets
- Strong third-party management platform (manages non-owned facilities)

- Willing to acquire smaller facilities if they fit strategic goals
- Competitive pricing, professional process

CubeSmart (CUBE)

- 1,500+ facilities, concentrated in top 25 MSAs
- Focuses on primary markets, particularly Northeast and Sun Belt
- Strong technology platform and operational efficiency
- Selective acquirer -- quality over quantity

National Storage Affiliates (NSA)

- Unique structure: partners with regional operators (PROs) who manage facilities
- 1,000+ facilities across diverse markets
- More willing to acquire in secondary and tertiary markets than other REITs
- Acquisition through PRO relationships -- if your market has an NSA PRO, they're a likely buyer

Global Self Storage (SELF)

- Micro-cap public REIT, ~13 facilities -- significantly smaller than the four major public REITs listed above
- Focused on secondary and tertiary markets in the Northeast and Mid-Atlantic
- More flexible on deal size -- will look at smaller facilities

Major Private Equity Platforms

Andover Properties

- One of the largest private storage operators
- Aggressive acquirer across multiple markets
- Value-add focused -- looks for operational improvement opportunities
- Typically targets $3M-$25M deal sizes

StorageMart

- Large private operator: 200+ facilities
- Active acquirer in both U.S. and Canadian markets
- Willing to acquire in secondary and tertiary markets
- Professional process, competitive pricing

Spartan Investment Group (FreeUp Storage)

- Growing PE-backed platform
- Focused on acquisitions and ground-up development
- Targets value-add opportunities in growing markets
- Increasingly active in the $2M-$15M range

Heitman Capital Management

- Institutional real estate investor
- Acquires through operating partnerships
- Targets larger deals and portfolios
- Focus on top 50 MSAs

Other Active PE Buyers: Jernigan Capital (now NexPoint Storage), StoreSpace, Storage Ventures, SecureSpace, Pogoda Companies, Radius+, and dozens of smaller funds and family offices with allocated capital for self storage.

Regional Operators

Don't overlook experienced regional operators who own 10-50+ facilities. These buyers often:

- Pay competitive or premium prices for facilities in their target geography
- Close faster than larger institutional buyers (fewer layers of approval)
- Value strategic market density highly
- Bring deep operational expertise and local market knowledge
- Are often the best buyers for facilities in the $1M-$5M range

1031 Exchange Buyers

Individual investors selling other real estate and reinvesting via 1031 exchange. These buyers:

- Are highly motivated (failing to close means paying capital gains)
- Often pay at or above market to secure a clean deal within their timeline
- May not be able to compete on price with PE for larger facilities
- Are ideal for facilities in the $1M-$5M range that may fall below PE thresholds

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The Bottom Line

PE firms aren't a mystery. They have a defined, repeatable process for evaluating acquisitions. If you understand their criteria -- and position your facility accordingly -- you can access a buyer pool with deep capital, professional processes, and the willingness to pay premium prices for the right assets.

The key word is *right*. PE firms don't overpay for mediocre facilities. They pay premium prices for facilities that fit their investment thesis: strong markets, stable or growing NOI, operational upside, and a clear path to value creation.

If your facility checks those boxes -- or can check them with 6-12 months of preparation -- you're positioned for a strong sale.

Cross-Reference Guides

- For the complete sale process from market timing to closing, see *The 2026 Self Storage Seller's Playbook*
- For tax planning strategies to protect your proceeds, see *Tax Strategies for Self Storage Facility Sales*
- For a step-by-step walkthrough of what to expect during the sale, see *What to Expect When Selling Your Self Storage Facility*

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