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The Wallet covers the latest personal finance and investing news and trends, helping readers make sensible money decisions in a complex financial world. Send your comments, feedback and questions to wallet@wsj.com.

Self-Storage Rentals Growing Amid Foreclosures, Cutbacks

Posted by Veronica Dagher

As foreclosures and tightening budgets lead people to downsize their living spaces, some folks are moving their valuables into self-storage facilities.

Charles Ray Wilson, president of Self Storage Data Services Inc., says the self-storage industry should continue on its "smooth road of solid performance considering its strong fundamentals." His research company, which tracks self-storage trends, says rent per occupied square foot of self-storage in Detroit — one of the nation's softest real estate markets as measured by home foreclosures — hit bottom in the fourth quarter of 2006, but rent for self-storage has since increased 18%.



Getty Images

The self-storage market nationally is, however, starting to show signs of weakness due in part to the prolonged housing crisis and deteriorating economy. Third quarter rent per occupied square foot declined 3% nationwide. Declining home sales pose a risk to the self-storage industry, says Wilson, because "fewer sales translate to few moves, and it's the moves that create the demand for storage."

Chances are you or someone you know has used self-storage at some point — nearly one in 10 U.S. households currently rents a self-storage unit, according to the Self Storage Association, an industry trade group. Primary self-storage facility gross revenue for 2007 was about \$22.1 billion, says the Self Storage Association.

[Public Storage](#)'s spokesperson Clemente Teng says demand for self-storage business is driven by such life events as a divorce or junior moving back home to mom and dad.

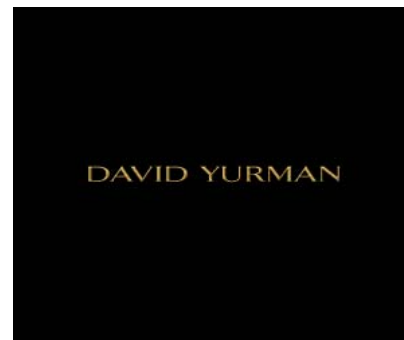
That said, rising foreclosures have benefited self-storage companies. "Maybe your ARM reset and you have to give up your condo but don't want to throw out your huge plasma TV. You store it for \$75 a month instead," says Paula Poskon, senior research analyst at financial service firm Robert W. Baird & Co. Poskon says most consumers who use self-storage believe their circumstances are short-term and solvable.

If you do have something to store, now might be a good time to do it, as many storage companies are offering deals to attract new business. Public Storage, for example, is offering a deal where new renters pay \$1 for the first month of their contracts. [U-Store-It](#) and [Extra Space Storage](#) both have Internet specials offering the first month rent free based on unit availability and other conditions.

Be warned that storing your college CD collection for a few months easily turns into a few years, and could end up costing more than you bargained for. "Sometimes folks just don't want to deal with it and leave things in storage," says Teng.

Public Storage's average new customer typically stores goods for about 8 months. The price consumers pay per square foot of storage varies by factors such as the location of the unit (storing in NYC is probably going to cost you), the unit size and its features (such as climate control). Teng said the most common storage size for his company is a 10x10 unit with an average price of \$1.50 per square foot.

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Storing valuables is an added monthly expense for many, families may be cutting back on storage if they find themselves in financial straits. But no matter how bad things get, living in a storage unit should never be an option. We've all heard the horror stories [[WashingtonPost](#)]. Living on a cement floor with no plumbing is not only bad for your health but very unsafe.

Readers, do you have any valuables in self-storage facilities? What do you store? Are you thinking about cutting costs and taking things out of storage?

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