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The Last Fragmented Real Estate Sector

What Self-Storage Reveals About the Future of the Family Business

By Derek Czarkowski and Annie Clare

The letters started arriving last spring. A family we will call the Whitfields owns three self-storage facilities in a mid-sized market. The founder built the portfolio over twenty-five years, and his daughter now runs it day to day. The business is profitable, debt-free, and well regarded locally, even if rents are still set on a spreadsheet and the books are handled by a part-time employee.

Then the calls began. Regional and national storage buyers offered to acquire the entire portfolio at a price that was difficult to ignore.

The Whitfields are a composite, but their situation is not unusual. Self-storage is one of the clearest examples in real estate of a much broader shift: fragmented, family-run industries are attracting institutional capital, and many owners do not confront the strategic implications until a buyer is already waiting.

A Business Built by Families, Now Attracting Institutions

Self-storage became a family business almost by accident. A founder acquired a parcel, built a row of units, and expanded steadily into an enterprise that funded retirement or created a foundation for the next generation. Multiply that story across the country, and the result is an industry in which approximately 70% of facilities are still independently owned.[1]

That is changing. In July 2026, Public Storage completed its approximately $10.5 billion acquisition of National Storage Affiliates, combining two of the industry's largest institutional platforms.[2] As of November 21, 2025, estimated U.S. self-storage transaction volume had reached $5.9 billion, surpassing the total recorded during all of 2024.[3]

Scale changes the economics of operations. Larger platforms spread the cost of revenue-management systems, digital marketing, call centers, procurement, and specialized staff across dozens or even hundreds of properties in a way a family operating a handful of facilities can't. That gap is part of what makes independent operators attractive to acquirers – and part of what an acquirer expects to monetize after closing.

Why Family Businesses Everywhere Should Pay Attention

Self-storage did not become a consolidation target by accident. Similar forces are present in other industries where family business ownership remains important, including home services, veterinary practices, funeral homes, and distribution. The pattern repeats because the underlying incentives are similar.

• A small operator may struggle to justify the systems and specialized personnel that a larger platform can deploy across many locations.

• A founder approaching retirement without an identified successor may face increasing pressure to sell, partner, or change the operating model.

• Institutional buyers may have access to capital and acquisition resources that are difficult for an independent owner to replicate.

• A fragmented market gives a buyer the opportunity to combine businesses, centralize functions, and pursue efficiencies that are not available to each company on its own.

Consolidators are not waiting for the next building boom. They are buying what already exists, often directly from the families who built it.

Back to the Whitfields

What stalled the Whitfields was not the headline price. It was that they had never agreed, as a family, on what they wanted. Should they sell outright? Bring in a partner and remain involved? Invest in the business and compete on their own terms? Should a transaction occur, how much liquidity would the family need, and what would replace the income and identity the business had provided?

Facing those questions for the first time with a buyer waiting is far more difficult than considering them calmly years in advance. A family that has defined its priorities can evaluate an offer on its own terms. A family that has not will let the offer set the terms instead.

Who Captures the Next Chapter of Value?

An institutional buyer is rarely paying only for the income a business produces today. It is also paying for unrealized value it believes it can unlock afterward: more disciplined pricing, stronger technology, centralized purchasing, professional marketing, lower overhead, or integration with a larger platform.

That distinction matters more than most sellers realize. A family that sells outright receives the value negotiated at closing, while the buyer captures what comes after. A family that recapitalizes may retain a stake in the next phase of growth. A family that professionalizes and holds can pursue that value independently.

The central question is what the family wants for the future of the business, its cash flows, and its legacy. The three paths below offer different answers, but the most important decision is made long before a buyer appears: defining the family's priorities in advance.

Three Paths Forward

Sell Outright

For a family without an interested or prepared successor, a sale converts a concentrated, hands-on asset into capital that can be invested, distributed, or transferred more flexibly. The work does not end at closing. The transaction creates a new set of decisions: liquidity, taxes, income replacement, diversification, and governance.

Partner or Recapitalize

A family may choose to sell a portion of the business, retain meaningful ownership, and bring in outside capital or operating capabilities. This path provides liquidity while preserving participation in what comes next. For families taking partial proceeds off the table, a real estate allocation can establish a separate income stream and begin diversifying wealth away from the operating company.

Professionalize and Hold

Some families have both the appetite and the next-generation leadership to stay independent. Doing so requires honest investment: in systems, pricing, staffing, renovations, acquisitions, or new development.

Practical Takeaway

The families who come out ahead are rarely the ones who found the highest price. They are the ones who knew which path they wanted, understood what value they were giving up or keeping, and had a plan for the balance sheet before closing the deal.

The Subsequent Decision: What Happens to the Capital?

Whatever path a family takes, a capital-allocation decision follows.

A sale converts years of work into liquidity that must be invested thoughtfully. A recapitalization allows owners to take some capital off the table while retaining exposure to the business. A family that stays independent may still need to diversify accumulated distributions or excess cash flow before a future transaction.

In each case, the question is the same: how should the family balance sheet evolve from here?

Many owners created wealth through a single productive asset, their operating company. Following a transaction, the instinct is to hold proceeds in cash while decisions get deferred. That instinct is understandable. But liquidity alone does not replace the cash flow, growth potential, or inflation protection of the asset that was sold or partially monetized.

Income-producing real estate is one component of the answer. It can provide current income, diversification across tenants and markets, inflation protection, and tax attributes that differ meaningfully from interest income or public-market investments. For families who built wealth through operations and long-term ownership, real estate also feels more familiar than a portfolio composed entirely of financial securities.

The appropriate allocation is different for every family. It depends on liquidity needs, taxes, spending, risk tolerance, existing holdings, and plans for future generations. The role of a firm such as Buchanan Street Partners is not to prescribe a transaction or replace the family's legal, tax, investment, or valuation advisors. It is to provide access to real estate investments designed to enhance portfolio diversification, generate income, and deliver appreciation potential through tax-advantaged structures

Getting Ready to Choose

• Obtain a current valuation. Most owners are working from a number that is outdated or based on an unsolicited indication rather than a structured assessment.

• Clean up the financials. Organized, credible records help a family understand its own options and communicate clearly with partners or buyers.

• Discuss the decision as a family. Ownership, employment, legacy, liquidity, and control can mean different things to different generations. Unresolved disagreements tend to surface at the worst possible moment.

• Evaluate more than one qualified buyer. Multiple perspectives produce better information about valuation, structure, governance, and nonfinancial terms.

• Plan for the proceeds before closing. Decide how much capital should stay liquid to cover taxes, support family spending, fund philanthropy, and be invested for income and long-term growth. Do not wait to make these decisions under pressure.

• Assemble the advisory team early. Legal, tax, valuation, wealth management, and real estate specialists answer different parts of the transition question and are most helpful before the family is under deadline pressure.

Conclusion

Self-storage makes the consolidation story easy to see. The larger story is that fragmented, family-run industries across the economy are drawing sustained interest from buyers that can operate at a scale most family businesses were never designed to achieve.

That is not automatically bad news. For many family businesses, it can create a genuine opportunity: a well-timed sale, a partnership that funds the next stage of growth, or the impetus to modernize and remain independent.

But the transaction itself is only one part of the decision. Families must also decide who captures the next chapter of value and what the capital should accomplish after it leaves, or partially leaves, the operating business. That is where a thoughtful real estate strategy may contribute across every path: as a destination for proceeds, a source of diversification, a platform for partnership, or a means of supporting growth while preserving family ownership.

The families best positioned to benefit are those who do the work before the phone rings: establish an honest valuation, clean financials, a shared sense of what matters, and a plan for the capital. The families who wait for the offer to start that conversation are handing someone else the pen.

Read other Buchanan Insights at BuchananStreet.com and find our paper on The Death of the 1031 Exchange here: [buchananstreet.com/feusa].

Sources

1. Industry estimate summarized from Self Storage Association-linked data and contemporary industry reporting on independent

ownership.

2. Public Storage, “Public Storage Announces Closing of National Storage Affiliates Acquisition,” July 22, 2026; Reuters, March 16,

2026.

3. Yardi Matrix, “U.S. Self Storage Market Holding Steady as 2025 Closes,” December 18, 2025.

About the Contributor

Buchanan Street Partners is a Newport Beach, CA based real estate investment management firm specializing in core-plus, value-add, and debt investments across multifamily, commercial, and self-storage properties in the Western and Southwestern United States. The company serves a broad range of clients including high-net-worth individuals, family offices and the advisors that serve them. Buchanan's foundation of success is backed by a track record of results, having invested in over $8 billion of real estate assets since its founding in 1999. The company's experienced and cohesive team has navigated multiple real estate cycles together. Buchanan balances the pursuit of risk-adjusted returns with preservation of capital to deliver both performance and peace of mind to its investors.

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