



## BIG SUPPLY IN TEXAS SELF-STORAGE

Ben Vestal with Argus is right—there is a big supply of self-storage in Texas. Both the state and four of six core-based statistical areas (CBSAs) analyzed are characterized as over-supplied. However, the Texas economy remains among the best in the country and the pipeline for new construction is at the lowest levels in over a decade. If this pattern continues, supply and demand should eventually balance in Texas.


Transaction activity has increased in Texas, suggesting investor confidence

over the long run. However, purchase criteria is disciplined and is focused on income in place and the financial performance of a facility over the past three years, with particular emphasis placed on trailing 12 months. Moreover, investors may review benchmark data presented here, but they rely on market conditions within each unique trade area.

The demand forecast by the Self Storage Industry Group of Cushman & Wakefield is based on a proprietary, econometric model that uses a mathematical regression of demand

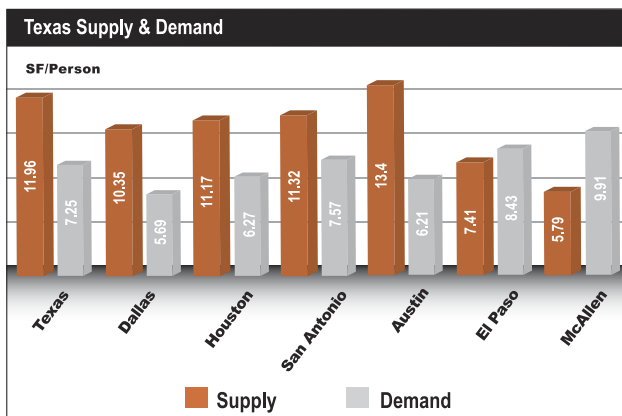
compares all top 100 CBSAs based on four key demographic criteria: total population, percentage of renters, average household size, and average household income.

The value of benchmark data as presented here is for simple comparisons. It allows an investor to get a broad overview of market conditions within a CBSA or compare supply data from one state with that of another. Some have speculated that self-storage began in Texas after World War II as an interim use of land pending a higher and better use. Like a Cinderella story in the sports world (immortalized by comedian Bill Murray in "Caddyshack"), self-storage is now a core asset class.

Considering the strong fundamentals of the state's economy, the big supply of self-storage in Texas will return to equilibrium over time with population growth. Ideally, this will yield big returns. 

is more accurate because of data consistency (wider range in CBSA data). The econometric model

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Source: Cushman & Wakefield's Self Storage Industry Group and 18th Annual Self-Storage Almanac 2010