



BENCHMARKING IN THE SOUTHWEST

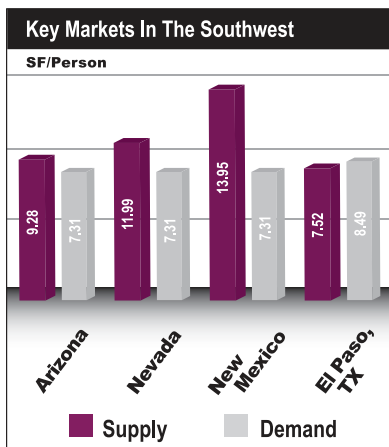
Benchmarking is a qualitative tool of analysis that considers total supply to the national average. In an analysis of parts of the Southwest, the states of Arizona, Nevada and New Mexico all indicate various degrees of over-supply. However, as the analysis drills down to the Core Based Statistical Area (CBSA) level, the El Paso, Texas market indicates an under-supply. This is an example of the importance of local trade area analysis in the decision making process regarding the self-storage sector. Benchmarking and CBSA analysis are only the beginning of the process.

The supply and demand data is derived from the 2011 Self Storage

Almanac State Saturation Levels and Market Conditions by CBSA. In the state analysis, the data is simply compared to the national average. In the CBSA analysis, the demand forecast the Self Storage Industry Group of Cushman & Wakefield is based on a proprietary, econometric model that uses a mathematical regression of demand variables to existing supply in order to forecast stabilized demand in a CBSA or trade area.

In general, trade area forecasting is more accurate because of data consistency (wider range in CBSA and state data). The econometric model compares all top 100 CBSAs based on four key demographic criteria: total population, percentage of renters, average household size and average household income.

The data is shown graphically in Figure 1. It demonstrates the differences among self storage markets in three states and one CBSA. While benchmarking and CBSA analyses are starting points, demand for self storage can vary significantly among trade areas. Therefore, as self storage is a local business, local analysis in a neighborhood or trade area is best. ■■



Source: Cushman & Wakefield's Self Storage Industry Group and 19th Annual Self-Storage Almanac 2011

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