



SAN DIEGO

Demand In The South County

Staying Cool In San Diego

By R. Christian Sonne, MAI

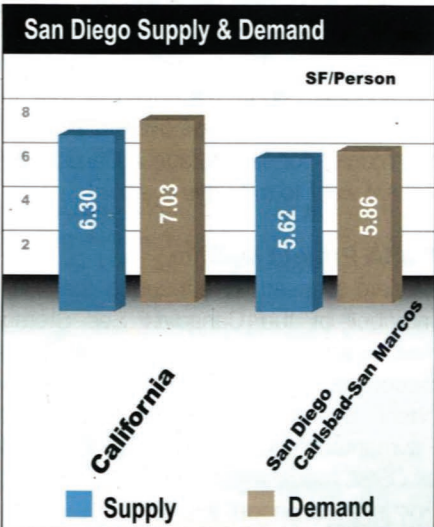
Even in a hot summer, market conditions are cool in San Diego. The CBSA of San Diego-Carlsbad-San Marcos indicates a market approaching equilibrium in a state that has less self-storage per person than the national average. Yet, within this geographically large CBSA, there are wide demarcations among trade areas.

In this regard, a CBSA analysis can be used for benchmarking compared to other trade areas in the United States.

However, it is just a place to start. Self-storage demand is generated locally, generally from within a three-mile radius. Consequently, there are hundreds of subset markets or trade areas that vary in market conditions from undersupplied to equilibrium (or a balance between supply and demand) and oversupplied.

The CBSA analysis as published in the *Self Storage Almanac* is based on a multi-variable regression model (prepared by the Self Storage Industry Group of Cushman & Wakefield) that compares supply to four demographic variables: population, percentage of renters, average household size, and average household income. These variables show moderate correlation to demand, but they do not cause demand. Using a quantitative analysis can help assess market conditions in a CBSA like San Diego as a foundation of more fundamental market analysis in the trade area.

San Diego has a geographically large CBSA with a number of cities and communities. Trade areas within the CBSA are diverse, representing all market conditions. In a CBSA near market equilibrium, trade area analysis is particularly important in assessing self-storage market conditions.



Source: Cushman & Wakefield's Self Storage Industry Group and the 2009 *Self-Storage Almanac*

R. Christian Sonne is Managing Director of Cushman & Wakefield's Self Storage Industry Group.