

A Broad View

Chris Sonne, principal of Huntington Beach, Calif.-based Self Storage Economics, a firm specializing in the economics of self-storage, has a bird's eye view of what's going on in the industry. Sonne notes that while zoning is more restrictive, oversupply in some regions of the U.S. is a bigger challenge



Chris Sonne
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for many companies, and that oversupply is a result of site selection efforts from industry newcomers.

Information, he insists, is the key to locating in regions where the competition isn't overwhelm-

ing. "Information is becoming increasingly important as the self-storage industry becomes increasingly sophisticated and competitive," says Sonne. "A lot of information is being thrown at people, so having information that is linked to economic fundamentals is key. What are the conditions of existing supply? What is the depth of demand in the market? And how can you forecast that to determine market equilibrium?"

There are still plenty of viable self-storage development opportunities, adds Sonne, as many markets are still under-supplied. Finding those markets takes careful study and separates successful projects from unsuccessful ones. Going forward, he expects the unsuccessful projects to be absorbed by those with deeper pockets.

"There will be increasing consolidation in the industry where some new players that were not as prepared to enter the industry as they thought will be swallowed by larger players," says Sonne. "There are sharks out there circling and people know which facilities are suffering."