

Demand For A Big Apple

by R. Christian Sonne, MAI

Self-storage market conditions are clearly under-supplied in New York City, characterized as demand exceeding existing supply. The city of New York and state of New York have a supply of self-storage that is well below the national average. Self Storage Economics has completed demand studies by major markets as published in the *2004 Self-Storage Almanac*. In peer group analyses of the U.S. by state, the *Almanac* reports that existing supply is 1.74 square feet per person in the state of New York compared to existing supply nationwide of 4.54 square feet per person. New York City indicates a supply of 0.77 square feet per person compared to demand of 1.97 square feet per person.

New York is under-supplied primarily due to barriers to entry. Most projects in the city are conversions of existing, multi-level warehouses. As vertical self-storage increases in use nationwide, investors (and lenders) are increasing in comfort with the trend. Urban, in-fill locations nationwide represent some of the best opportunities for self-storage now, in a nationwide market that is growing in caution and concern about the asset class due to over-supply (mostly from new construction in recent years). It is important to note these snapshots of the state and city are broad indications of the market only. Local market analysis by neighborhood or trade area is always best in making investment decisions about the self-storage asset class.



R. Christian Sonne is principal of Self Storage Economics, a data, research and analysis firm specializing in the self-storage asset class.