



MINNESOTA

A LOOK AT THE NUMBERS

More Lakes Than Self-Storage Facilities

By R. Christian Sonne, MAI

The good news for the self-storage asset class in Minnesota is that there are still more lakes than self-storage facilities! In a competitive environment nationwide, the Minnesota market conditions demonstrate additional demand for self-storage facilities.

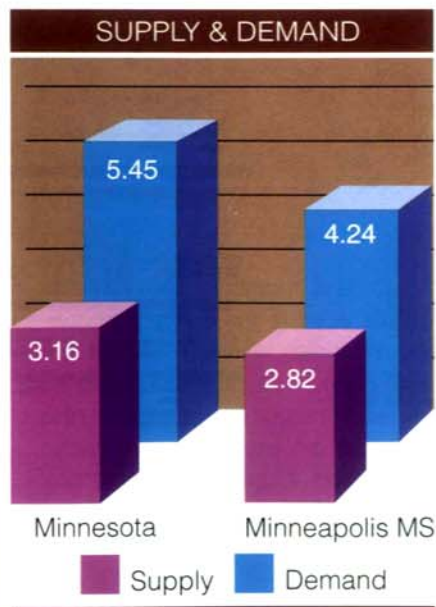
For example, according to the 2006 *Self-Storage Almanac*, the state of Minnesota has 3.16 square feet per person, well below the national average of 5.54 square feet per person. Moreover, the Minneapolis-St. Paul-Bloomington,

MN-WI metropolitan statistical area indicates 2.82 square feet per person. Based on an econometric demand model developed by Self Storage Economics, there is demand for 4.24 square feet, indicating an under-supply of 1.42 square feet per person in the MSA. Available data in Minnesota is summarized in the accompanying table.

It is important to note these macro views are only of limited usefulness for the unique self-storage asset class—best used as a benchmark. Conditions can vary significantly from one neighborhood to another in a given MSA or state.

The analysis, which is summarized graphically in the chart, indicates there is demand for more self-storage product, but does not consider new projects in the pipeline or under construction. This data is based on peer group analysis and is published for all 50 states and top 100 MSAs in the country in the 2006 *Self-Storage Almanac*.

In this case, the market analysis indicates an under-supply that suggests opportunities for new development among many neighborhoods in the "Land of 10,000 Lakes." Fortunately, there really are more lakes than self-storage facilities, and the market indicates demand for more of both.



Source: Self Storage Economics

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