

SOUTHERN CALIFORNIA

A LOOK AT THE NUMBERS

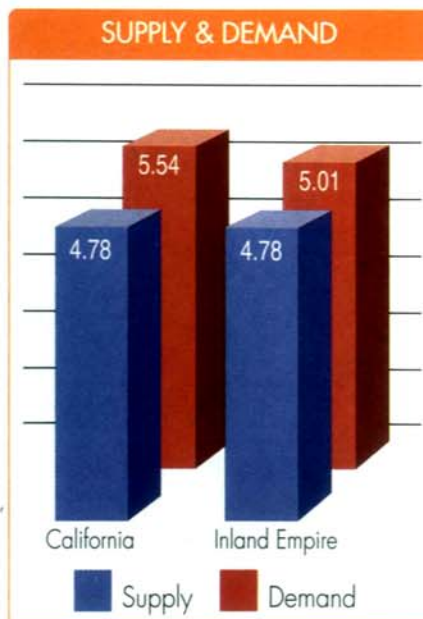
Equilibrium In The 909 And 951

By R. Christian Sonne, MAI

In massive Southern California, some geographic locations are identified by area code. The Inland Empire, often referred to as "the 909," has experienced population growth that is among the highest in the nation. Consequently, an additional area code (951) has been created. Like area codes, the demand for self-storage has been high. However, demand has also been met by new construction.

California has a supply of 4.78 square feet per person that is below demand of 5.54 square feet per person in the national average. Comparatively, the Riverside-San Bernardino-Ontario MSA (metropolitan statistical area) has 4.78 square feet per person of existing supply with forecast demand of 5.01 square feet per person. While this suggests a slight under-supply, it does not account for new population growth or new construction in the pipeline.

With a population exceeding 3,500,000, that small variance of demand (0.23) equates to over 800,000 square feet of additional demand. However, given the size of the market, small variance among the data (supply and demand) and dynamic nature of the self-storage asset class, a forecast of equilibrium is best. The data is based on peer group analysis and is published for all 50 states and top 100 MSA's in the country in the *2006 Self-Storage Almanac*. The analysis demonstrates that market conditions vary from equilibrium to under-supply. It is important to remember that self-storage is primarily a neighborhood specific business.



Source: Self Storage Economics

R. Christian Sonne, MAI is President of Huntington Beach, California-based Self Storage Economics, an appraisal, research, and analysis firm specializing in the self-storage asset class. He is also a member of the Appraisal Institute.