

SELF STORAGE ECONOMICS



2134 Main St., Suite 145
Huntington Beach
California 92648
Tel 714 374 0334
Fax 714 374 0336
SelfStorageEconomics.com

Self Storage Economics Publishes

Orange County CA Database Summary

For Immediate Release

HUNTINGTON BEACH, CALIFORNIA (August 14, 2002) — Self Storage Economics has released the Market Summary for the Orange County, California self storage market. The comprehensive database includes primary survey research completed by Self Storage Economics on over 200 self storage facilities. As outlined on the summary sheet, the data offers tremendous insight into the self storage market as well as valuable information regarding rental rates, occupancy, ownership and unit size.

The survey shows average occupancy of 88.42% (after controlling for projects in absorption phase), suggesting the market is essentially at equilibrium. This confirms independent analyses completed by Self Storage Economics regarding major metropolitan markets (in general, the Orange County market is described as near equilibrium with pressure of over-supply from recent building). The average rental rate for a 10 x 10 unit (outside access) is \$134.44, or \$1.34 per square foot per month. There is not a significant variance in occupancy rates in facilities ten years or older compared to newer facilities, suggesting location is more important than age. In Orange County, 20 owners control 58% of the total rentable area. This suggests there are approximately 100 facilities owned by small, independent operators with nearly 5,000,000 square feet of self storage space.

R. Christian Sonne, MAI, principal of Self Storage Economics, states, "The Orange County self storage market is generally at equilibrium with increasing concerns by investors of over-supply." For example, market equilibrium is defined as 10% or less market-wide vacancy. The market indicates total vacancy of 14.90%, but includes 871,068 square feet of self storage product completed since January 2001,

more

which are still in the lease-up or absorption phase. Excluding these projects, stabilized vacancy of 11.58% is indicated.

Background of the Asset Class

The development of self storage facilities began after World War II in the United States as a tool of land banking or as an interim use pending feasible, alternative development. Over the last 50 years, the industry has grown into a sophisticated asset class with appeal to individual investors, regional operators, national operators and Wall Street investment (Real Estate Investment Trusts or REITs). As the industry has increased in investment, the requirements and measurements of market analysis have also increased.

The database figures corroborate findings derived by Self Storage Economics utilizing an econometric forecasting model. Simply defined, an econometric model is a mathematical calculation of demand. The strength of the model is an independent, quantified estimate of demand. For self storage property, demand is estimated for a specific trade area based on a simple econometric model. After mining demographic data for meaningful mathematical relationships for self storage, there are four characteristics that provide the foundation to self storage demand (measured in terms of square feet per capita) and four variables: population, percentage of renters, household size, and average household income. The correlation or association of the data in a linear relationship (correlation coefficient) suggests these variables can be used to estimate market demand for self storage property.

Self Storage Economics has determined demand in over 100 metropolitan markets throughout the United States and in all 50 states. Neighborhood studies for specific projects have been completed in over 50 trade areas in California, Hawaii and Nevada. "Since self storage demand is based on small trade areas, over-supply can cause rental rates to flatten or even decrease for years, or periods much longer than other real estate like retail or office properties," Sonne emphasized. Therefore, demand analysis and measuring the winners from losers is critical to the self storage asset class. As returns of real estate and equity markets have declined, self storage (both individual assets and REITs) are increasingly a focus of investors.

###

R. Christian Sonne, MAI is principal of Self Storage Economics, a data, research and analysis firm specializing in the self storage asset class. Chris is a Member of the Appraisal Institute and has a Bachelor of Science Degree from the University of Utah. A summary of market conditions derived from the Orange County Database is attached.

Information: Chris Sonne 714-374-0334 or www.SelfStorageEconomics.com

end



Self Storage Market Summary Orange County, California



Total Number of Facilities Surveyed	200+	Total Average Occupancy (%)	85.10
Total Rentable Area (sq.ft.)	11,730,230	Average Occupancy (%) *	88.42
Rentable Area Built Since 1/01 (sq.ft.)	871,068	Avg Occupancy under 10 yrs old (%) *	87.03
Average Rentable Area (sq.ft.)	58,946	Avg Occupancy over 10 yrs old (%)	88.79
Total Number of Units	127,304	Average Comm'l Occupancy (%)	30.93
Average Number of Units	640	Average Age of Facilities (years)	16
Average Unit Size (sq.ft.)	92.14	Average Number of Buildings	5.21

* excluding absorption-phase facilities

<i>Unit Rental (per month)</i>	<i>Lowest</i>	<i>Highest</i>	<i>Average</i>
5x5 Inside Downstairs Unit (\$)	34.00	95.00	53.03
5x5 Inside Upstairs Unit (\$)	30.00	84.00	49.28
5x5 Outside Unit (\$)	38.00	95.00	57.37
5x10 Inside Downstairs Unit (\$)	54.00	165.00	77.09
5x10 Inside Upstairs Unit (\$)	35.00	124.00	70.86
5x10 Outside Unit (\$)	54.00	145.00	80.98
5x15 Inside Downstairs Unit (\$)	70.00	125.00	91.50
5x15 Inside Upstairs Unit (\$)	68.00	136.00	89.03
5x15 Outside Unit (\$)	89.00	138.00	114.79
10x10 Inside Downstairs Unit (\$)	60.00	215.00	125.22
10x10 Inside Upstairs Unit (\$)	60.00	189.00	116.12
10x10 Outside Unit (\$)	90.00	230.00	134.44
10x15 Inside Downstairs Unit (\$)	100.00	299.00	169.86
10x15 Inside Upstairs Unit (\$)	80.00	239.00	155.73
10x15 Outside Unit (\$)	100.00	345.00	178.55
10x20 Inside Downstairs Unit (\$)	150.00	297.00	212.09
10x20 Inside Upstairs Unit (\$)	112.00	275.00	190.34
10x20 Outside Unit (\$)	139.00	355.00	217.04
20x20 Inside Downstairs Unit (\$)	210.00	310.00	259.75
20x20 Inside Upstairs Unit (\$)	199.00	280.00	251.33
20x20 Outside Unit (\$)	195.00	629.00	368.81