



WASHINGTON, D.C. A LOOK AT THE NUMBERS

Balance In The Capital

By R. Christian Sonne

Political pundits and voters alike love to debate and discuss the important issues of the day, making for a volatile environment. In our nation's capital, this discussion can sometimes seem out of balance with the rest of the country. In self-storage however, the Washington, D.C., market is in balance.

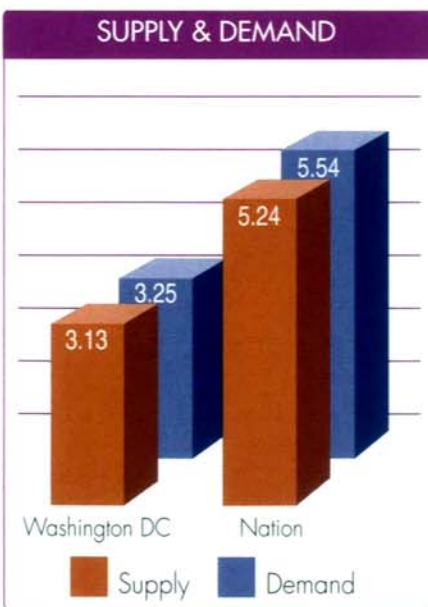
Specifically, the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) has existing self-storage supply of 3.13 square feet per

person. Based on the demographic variables of this MSA, demand of 3.25 square feet per person is forecast suggesting market conditions are at equilibrium to slightly under-supplied. The Washington, D.C., market is summarized in Table 1 as follows:

The analysis of the Washington, D.C., MSA demonstrates the elasticity of self-storage demand. The MSA is lower than the national average based on the local demographics. This demonstrates the critical importance of local market analysis and the need to forecast demand (not just compare a neighborhood to the national average). Survey research and ZIP code studies consistently demonstrate that in a typical self-storage facility, 66 percent of demand is generated within a three mile radius of the subject property. Therefore, determining winners and losers in self-storage is not by state or MSA, but by trade area and neighborhood.

For our nation's capital (and the defined trade area), politicians may be over-supplied but self-storage remains at equilibrium to slightly under-supplied. These suggest stable market conditions in the near term.

R. Christian Sonne is Managing Director of Cushman & Wakefield's Self Storage Industry Group, a nationwide team of appraisal, research, and analysis professionals specializing in the self-storage asset class. He is also a member of the Appraisal Institute.



Source: Cushman & Wakefield - Self Storage Industry Group