



SACRAMENTO

A LOOK AT THE NUMBERS

Over-Supply In The Capitol Of The Left Coast

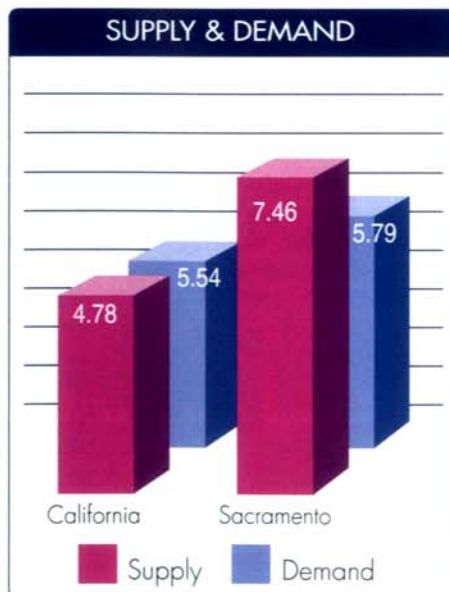
By R. Christian Sonne

Sacramento, the capitol city of California, is sometimes described as the capitol city of the left coast. Based on a comparative analysis with 100 MSAs (metropolitan statistical area) by the Self Storage Industry Group of Cushman & Wakefield, as published in the 2007 *Self-Storage Almanac*, the city is over-supplied with self-storage product.

The State of 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 Sacramento-Arden-Arcade-Roseville (metropolitan statistical area) has 7.46 square feet per person of existing supply with forecast demand of 5.79 square feet per person. While this suggests over-supply, it does not account for new population growth or new construction in the pipeline.

The twin pillars of recovery from over-supply are population growth and time. With a population exceeding 2,100,000 and significant growth, Sacramento is likely to return to equilibrium (depending upon new construction in the pipeline). In many growth markets like Sacramento, self-storage has outpaced population growth causing over-supply. Some developers, banking on population growth, built before the market was ready for more self-storage product. This underscores how critical, local market analysis is to the self-storage asset class. Without tenant improvements or leasing commissions, self-storage has limited tools to induce demand when compared to other asset classes.



Source: Cushman & Wakefield National Self Storage Group

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.