



HOUSTON

A LOOK AT THE NUMBERS

Self-Storage Metrics In Houston

By R. Christian Sonne

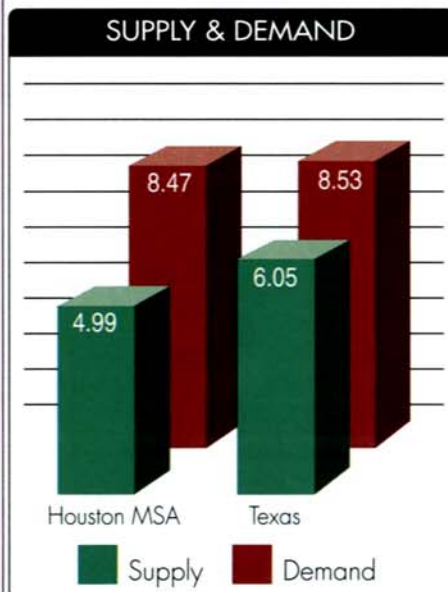
It is said that everything in Texas is big. Well, the Houston-Sugarland-Baytown MSA has a big over-supply of self-storage product. There are over 1,000 facilities representing over 47,000,000 square feet that equates to 8.47 square feet per person. This compares to the national average of 6.05 square feet per person (2007 Self-Storage Almanac). However, self-storage is a neighborhood specific business. Separating winners and losers within the MSA is a

function of local demand, generally within a three-mile radius of the subject property. Available data as derived from the *Almanac* are summarized as follows:

In econometric analysis, utilized in the MSA forecast by the Self Storage Industry Group of Cushman & Wakefield for the *Self Storage Almanac*, there are four characteristics utilized to measure demand: population; percentage of renters; average household size; and, average household income. These variables work interdependently that correlate (not cause) with demand. As demographics continue to increase in Houston and construction slows, the market will return to equilibrium.

In the meantime, the Houston MSA demonstrates that a supply-based analysis is insufficient to understanding the self-storage asset class. The demand characteristics and depth of demand must be quantified on a neighborhood specific basis. Although there is a big over-supply, there remain big opportunities for those able to distinguish the winners and losers within the Houston MSA.

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Source: Cushman & Wakefield Self Storage Industry Group