



# NEW YORK

## A LOOK AT THE NUMBERS

### Golden Apples And Exogenous Factors

By R. Christian Sonne

New York market conditions for self-storage can be described as golden apples and exogenous factors. The Big Apple is gold for self-storage with low supply characteristics. In fact, supply is so low when measured per person, that econometric analysis is skewed. This is referred to as an exogenous factor in real estate economics.

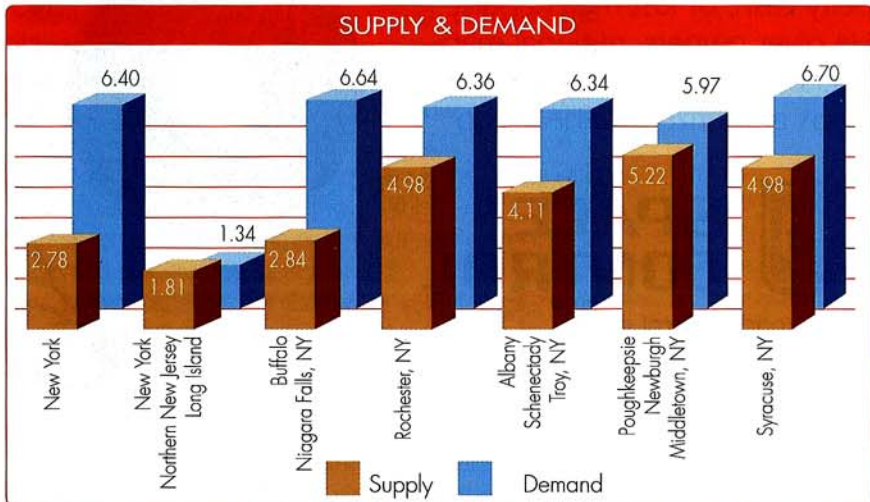
For New York, the exogenous factor is that the supply is so low in relation to the other top 100 cities that the demand figures are skewed downward. In reality, New York City has strong demand characteristics and is largely considered to be under-supplied. This trend is typical statewide.

Nationwide, self-storage demand equates to 6.40 square feet per person. Comparatively, most of the CBSAs analyzed are much lower. Utilizing the econometric demand model, most CBSAs are

characterized as under-supplied. This suggests strong market conditions for the self-storage asset class. Consequently, the Big Apple is golden for self-storage. Nevertheless, it is important to remember that self-storage is very neighborhood or trade area specific.

Recent sales data corroborate these general conditions of under-supply. Comparable sales indicate record pricing per square foot with some sales exceeding \$300 per square foot. Strong demographics of a high-density, urban population drives demand in an under-supplied market. Moreover, supply is naturally constrained by a paucity of available land for development and limited buildings suitable for adaptive re-use to self-storage.

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Source: Cushman & Wakefield's Self Storage Industry Group

\*Compared to National Average