



ARIZONA

A LOOK AT THE NUMBERS

Sunny Days in Arizona

By R. Christian Sonne

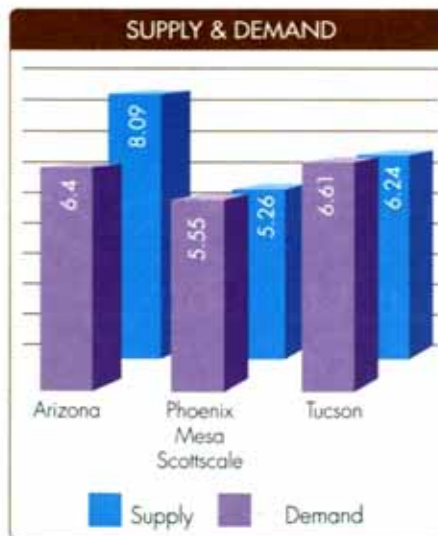
Sunny days are no surprise in Arizona. For self-storage in the state, sunny days means rising rents and occupancy. While Arizona has struggled with over-supply in the past, the days ahead are brighter with market conditions in major CBSAs at equilibrium.

Data compiled for all 50 states and top 100 CBSAs as published in the *2007 Self Storage Almanac* demonstrates how self-storage market conditions vary within a state or CBSA. While the state conditions appear over-supplied, key markets are at equilibrium. Moreover, market conditions in the state indicate rising rents and occupancy.

Even within a CBSA, self-storage market conditions can vary dramatically.

These variances in demand are what separate self-storage from other real estate asset classes. Demand for self-storage is difficult to induce because there are no anchor tenants as with a shopping center. Therefore, the supply and demand are critical to a self storage project. If a market is over-supplied, the cure is time and population growth.

The key variables to self-storage demand are population, percentage of renters, average household size, and average household income. Comparing these variables in relation to supply, reasonable forecasts of demand can be concluded. Arizona has a long history of success with self-storage and was a pioneering location in the development of the asset class. Wise owners and operators have managed to increase occupancies causing rents to rise. Brighter days for the entire state are ahead due to continued population and economic growth that fuel demographic demand for self-storage projects.



Source: Cushman & Wakefield's Self Storage Industry Group

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