



## LAS VEGAS

### A LOOK AT THE NUMBERS

#### Gambling In Las Vegas

By R. Christian Sonne, MAI

Gambling is common in Las Vegas. An initial look at market conditions in Nevada and the Las Vegas-Paradise CBSA (core based statistical area) may suggest self-storage development is like rolling the dice. However, it only underscores the importance of trade area specific analysis for real estate research of the self-storage asset class.

The data indicates that Nevada has more supply than the U.S. national average, based on data from the

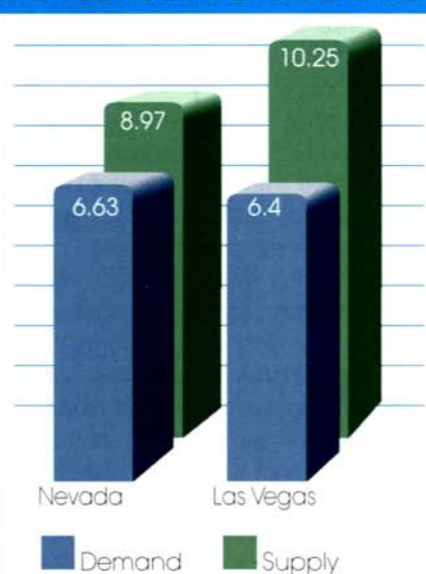
*Self-Storage Almanac*. Based on demographic analysis, the Las Vegas-Paradise CBSA is over-supplied in relation to demand based on an econometric study.

Seem like a crap shoot? Not really. While the macro data suggests a cautious approach is best, it really points to the importance of microeconomic analysis for self storage. For example, the conditions of supply and demand and market equilibrium are best understood in a local neighborhood or trade area. Typically, over 60 percent of customers at a self-storage facility in a suburban neighborhood will come from a three-mile radius. Therefore, local market analysis is key to hitting the proverbial jackpot of self-storage investment.

The gambling industry in Las Vegas is generally positive for self-storage. For example, the percentage of renters in the Las Vegas CBSA exceeds 35 percent compared with the average of 29 percent among the top 100 CBSAs analyzed. Although not as much fun as gaming, big winnings in Las Vegas self-storage require rigorous trade area analysis. ■

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.

#### LAS VEGAS SUPPLY & DEMAND



Source: Cushman & Wakefield's Self Storage Industry Group