



# SAN FRANCISCO

## A LOOK AT THE NUMBERS

### Market Demarcation in The Bay Area

By R. Christian Sonne, MAI

San Francisco is a beautiful city that centers a diverse metropolitan statistical area, which is called the San Francisco-Oakland-Fremont CBSA. It is a classic demonstration of the challenges associated with analyzing self-storage on a state, regional, CBSA, or city basis. Self-storage is a local business and the best analysis is on a local, trade area basis.

This CBSA is a collaboration of trade areas (some under-supplied, some

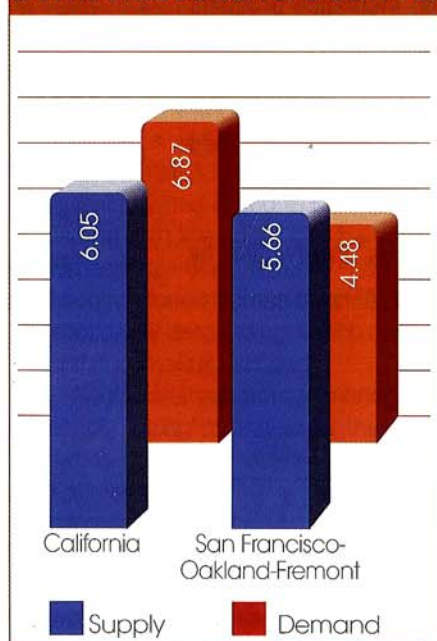
over-supplied, and some at equilibrium). Cumulatively, the market on a CBSA basis is over-supplied, compared to the top 100 CBSAs in the U.S. In general, urban areas within this CBSA indicate classic signs of under-supply: high occupancy and increasing rents due to barriers to entry into the market (limited land available for development at relatively high costs). Comparatively, suburban areas, such as Fremont, tend to be over-supplied due to lower land costs and relative ease of entering the market. In general, this trend is indicative of a national trend to urban self-storage, particularly adaptive re-use or renovation projects.

It is important to note the data does not account for proposed construction or new facilities currently under development. Inclusion of this data would just increase the over-supply trend. Therefore, a cautious approach is best when forecasting demand where self-storage is neighborhood specific, especially in diverse Northern California.

Self-storage performance in this CBSA is over-supplied as a whole, but is comprised of winners and losers.

In general, trade area forecasting is more accurate because of data consistency (wider range in CBSA data). The top 100 CBSAs are based on four key demographic criteria: total population, percentage of renters, average household size, and average household income. ■

SAN FRANCISCO SUPPLY & DEMAND



Source: Cushman & Wakefield's Self Storage Industry Group

R. Christian Sonne is Managing Director of Cushman & Wakefield's Self Storage Industry Group.