



Photo courtesy of Erica Shatzer

NEW MEXICO Oversupply In The Land Of Enchantment


New Mexico is a relatively small state in terms of total population. In terms of self-storage, it is relatively large with respect to oversupply. Such market conditions are not uncommon in Core Based Statistical Areas (CBSAs) with concentrated population centers and a huge supply of land.

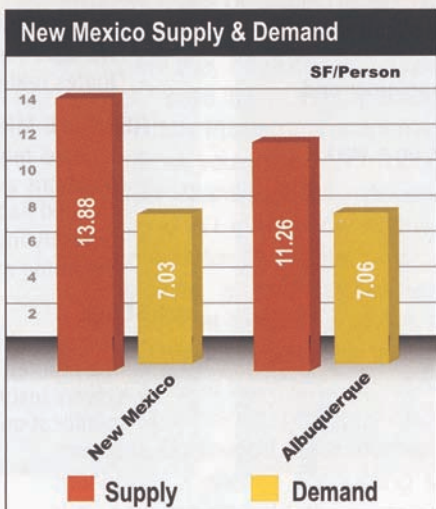
The state has only one CBSA in the top 100 in the United States, so the statewide data is compared to the CBSA. The entire state has a supply well above the national average. The data is based on peer group analysis for all 50 states and top 100 CBSAs in the country published in the *2009 Self-Storage Almanac*. The data is compiled through survey research and is useful for trend analysis. The New Mexico data is summarized graphically in the table on page 53 and the graph below.

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Variances in the precise number of facilities or size of supply are challenging data to compile for real estate, including the self-storage asset class. Nevertheless, small variances in the data are not likely to revise the trend of undersupply in the markets analyzed statewide. In New Mexico, the demographic variables indicate existing supply exceeds demand for the markets analyzed.

Ultimately, selecting the right location for self-storage is a function of the local trade area. Even in an over-served CBSA there can be trade areas that are undersupplied. CBSA analyses presented here can be a good starting point, but drilling down to trade area analysis is the best determinant of market conditions for self-storage. From ZIP code studies and survey research, we know that a typical facility gets 65 percent or more customers from approximately a three-mile radius. Moreover, it is difficult to induce demand for self-storage because customers use it for convenience.

In New Mexico, self-storage market conditions indicate significant oversupply in a relatively small state. The metrics, based on benchmarking and econometrics, demonstrate consistent oversupply in the state and the CBSA. However, for the self-storage asset class, the primary metric of analysis is a function of drilling down to market conditions at the local market or trade area. 



Source: Cushman & Wakefield's Self Storage Industry Group and the *2009 Self-Storage Almanac*

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.