



NORTHERN CALIFORNIA Location! Location! Location!


The self-storage market in Northern California is a case study in demand analysis for the asset class. The supply of self-storage facilities in the state is below the national average, yet all three northern California CBSAs (core based statistical areas) analyzed indicate an oversupply. This underscores why snapshot analysis of CBSA and state data are relevant to benchmarking, but local market analysis within a facility's trade area (generally three-mile radius) is best.

For example, the San Francisco-Oakland-Fremont CBSA is so large that it includes disparate markets. The City of San Francisco is at equilibrium to underserved, but including other large cities skews the analysis (you can thank the U.S. Census Bureau for the definition of

a CBSA). So in self-storage market analysis, these can be used as benchmarks only because they provide a broad view. Market conditions in three CBSAs in Northern California are presented in the table on page 55.

A state or CBSA is comprised of hundreds to thousands of individual trade areas. An aggregation of the data is useful for comparison purposes, but does not drill down to the impact of these conditions to a particular trade area. For example, the market conditions of trade areas within the CBSAs can vary widely from undersupplied to oversupplied. The data from the table on page 55 is represented graphically in the chart below.

As construction has slowed, improvement in self-storage market conditions is a function of population growth (usually a function of economic conditions). Over time, self-storage will return to equilibrium in these CBSAs due to strong economic fundamentals (within the CBSAs analyzed).

As the self-storage business is one of convenience and security, local trade area analyses are best for market analysis. This is demonstrated in these Northern California CBSAs compared to the state and national averages. Location, location, location for self-storage is a function of the market conditions within a local trade area. 



Source: Cushman & Wakefield's Self Storage Industry Group and 17th Annual Self-Storage Almanac 2009

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