

FLORIDA Self-Storage

A Review Of The Numbers

By Michael C. McNamara, MAI, MRICS



Florida, being one of the largest states in the union, has nine self-storage CBSAs (Central Business Statistical Area) in the state, with the three largest submarkets illustrated in the chart below. In terms of self-storage supply, all of the CBSAs are below state averages, while Miami-Fort Lauderdale-Pompano Beach is below the national average.

In peer group analyses of the U.S. by state, the *2012 Self-Storage Almanac* reports that existing supply is 9.45 square feet per person in Florida, compared to existing supply nationwide of 7.41 square feet per person, which is up from 2011 (6.99 for the state and 7.31 for the nation). The Miami-Fort Lauderdale-Pompano CBSA has existing supply at 6.52 square feet per person up from 2011 when it was 6.36 square feet per person, which indicates an under-supplied market. The Orlando-Kissimmee CBSA indicates a supply of 8.67 square feet per person up from 7.29 square feet per person, which makes it an over-supplied market. The market at equilibrium is the Tampa CBSA submarket, with supply at 8.26 per square foot person, up from 2011 when it was 7.68 per square foot person.

It is important to note that analysis by state and CBSA should

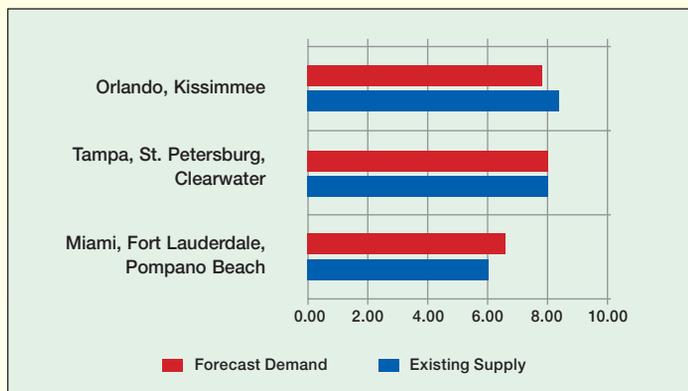
only be used as a benchmark when analyzing demand in a market, as self-storage is more specific to the property's local area. At start of year, there is a "bullish" outlook for the national self storage asset class; however, it must be noted that self-storage is a neighborhood or trade area specific property, so some markets may not see the same investor demand as others. CBSA figures demonstrate overall market conditions and are not neighborhood specific. It is important to note that the largest state CBSA (Miami-Fort Lauderdale-Pompano Beach) is considered to be under-supplied and, as such, development is likely in the near term, while the other two markets will likely not see development in the near term. In Miami-Fort Lauderdale-Pompano, as population increases, more units will be built and this submarket should return to equilibrium.

Nevertheless, the South Florida CBSA market suggests strong market conditions with demand exceeding supply. Typically, this suggests rental rates will continue to rise until supply meets demand. (Note: the foregoing analysis does not consider new construction in the pipeline). The Tampa CBSA appears to be similar to the State of Florida with market conditions essentially at equilibrium with respect to supply and demand; while the Orlando market suggests that demand is less than the supply, thus leading to an over-supplied market.

In the near term, strong market conditions suggest a good year for the self-storage asset class in certain demographic areas of Florida. 



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SELECT MARKETS IN FLORIDA

Market	Existing Supply	Forecast Demand	Variance	Condition
Miami-Fort Lauderdale-Pompano Beach	6.52	6.98	0.46	Under-Supplied*
Tampa-St. Petersburg-Clearwater	8.26	8.21	-0.05	Equilibrium*
Orlando-Kissimmee	8.67	8.05	-0.62	Over-Supplied

* Compared To National Average

Source: Cushman & Wakefield's Self-Storage Industry Group and the 20th Annual 2012 Self-Storage Almanac