

# Nerac Complex 303 Merrow Rd, Tolland, CT 06084

Potential Storage Facility/Office Space For Sale

**OFFERING PRICE \$2,999,900** 



BERKSHIRE HATHAWAY HOMESERVICES NEW ENGLAND PROPERTIES

COMMERCIAL DIVISION



PRESENTED BY

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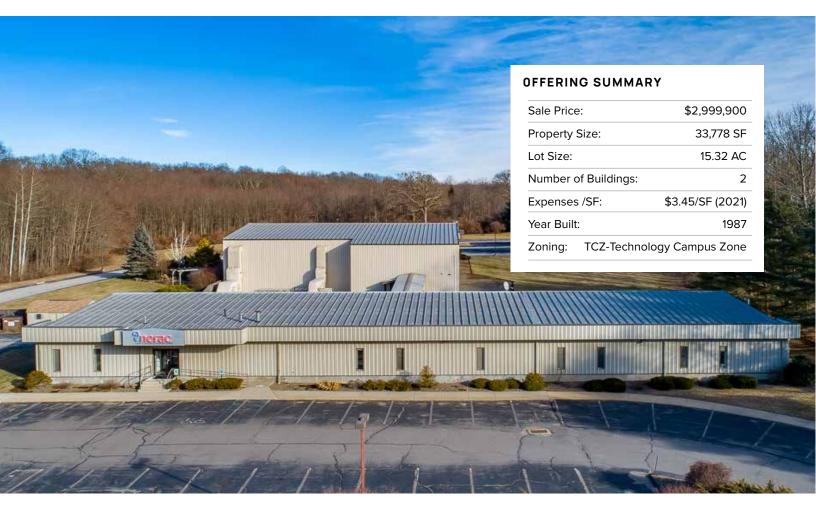
Storage Facility Feasibility Study Storage Facility Financial's Traffic Count Demographics

# **COMPARABLES**

Sales Summary Statistics Comparable Sales

# **EXECUTIVE SUMMARY**

**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale



### PROPERTY OVERVIEW

Class B Office Space with 32,000 square feet ready to be transformed to meet your business needs. Newly approved zoning amendment unlocks a self-storage conversion opportunity.

### Prime Location:

Exceptional access to major highways located just off Route 195, 1 mile from I-84 and 5.5 miles from UConn Storrs campus.

# Zoning Flexibility:

Permitted Site Plan or Special Permit in a business-friendly area. Relocate your expanding business or start a new business from a wide range of options including:

- Self-Storage
- Retail
- Personal & Professional Services
- Hospitality
- Commercial Office
- Commercial Laboratory & R&D
- Residential & Mixed-Use Development
- Institutional, Public & Recreational Use
- Agriculture & Natural Resources

### **Development Opportunity:**

The owner has commissioned a Pre-Development Self-Storage Site & Market Feasibility Study, proposing a combination of drive-up, non-climate-controlled units on the vacant land and climate-controlled, interior-access units within the existing building. Take advantage of this property's versatility, strategic location, and development-ready potential to bring your vision to life. Whether for self-storage, office, retail, or mixed-use projects, 303 Merrow Road provides the infrastructure and flexibility to meet your business needs.



# PROPERTY DETAILS

**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale



### **PROPERTY DETAILS**

- Location: Highway Access, Rural, Office Park
- Road Frontage Description; State Road, Paved Road
- Total Number of Units: 2
- Restrooms Number Of: 8
- Flooring: Ceramic Tile, Tile, Vinyl, Wall-to-Wall Carpet
- Construction Description: Concrete, Metal, Steel
- Roof Information: MetalFoundation Type: Concrete
- Heat Type: Heat Pump, Hot Air, Zoned
- Cooling System: Central Air
- Traffic Count: 20,000
- Road Frontage Approximate: 899Water/Sewer: Public Water Connect-
- ed/Septic
- Property Tax: 64,063

- Mil Rate Total: 36.580
- Assessed Value: 1,751,300
- Tax Year: July 2022-June 2023
   Lot Description: Level Lot, Treed
- Utilities Available: Electric, Tele
  - phone, Cable
- Electric Number Of Services: 2
- Interior Features: Elevator, Employee
   Lounge
- Exterior Features: Gutters, Storage
   Building, Underground Utilities
- Documents Available: None
- Sq Ft Total: 33,778
- Subdividable YNU: Yes
- Sq Ft Source: Public Records
- Parking Spaces Uncovered: 192
- Parking Total Spaces: 192
- Garage Parking Info: Paved, Parking Lot

### VACANCY

Current:	90.3%
Last Quarter:	90.3%
Year Ago:	0.0%
Peers:	2.9%
Submarket 3-5 Star:	5.5%

### GROSS ASKING RENT PER SF

Current:	-
Last Quarter:	-
Year Ago:	-
Peers:	\$21.48
Submarket 3-5 Star:	\$20.02

# 12 MO. LEASING SF ACTIVITY

Subject Property:	0
Peers Total:	3,175
Peers Avg:	198
Submarket Total:	14,019
Submarket Avg:	61

# **PHOTOS**

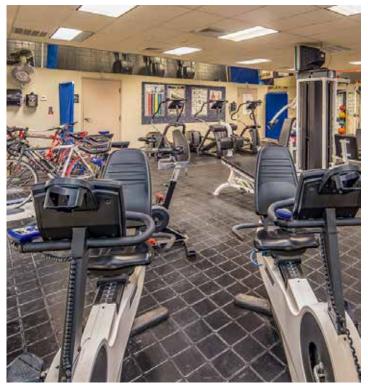
**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale











# **PHOTOS**

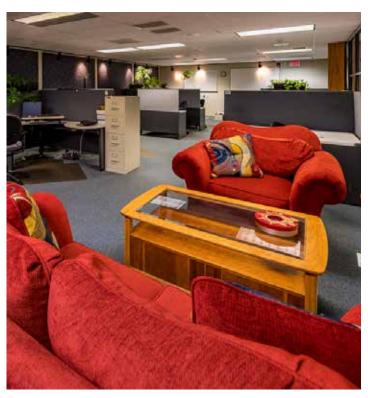
**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale





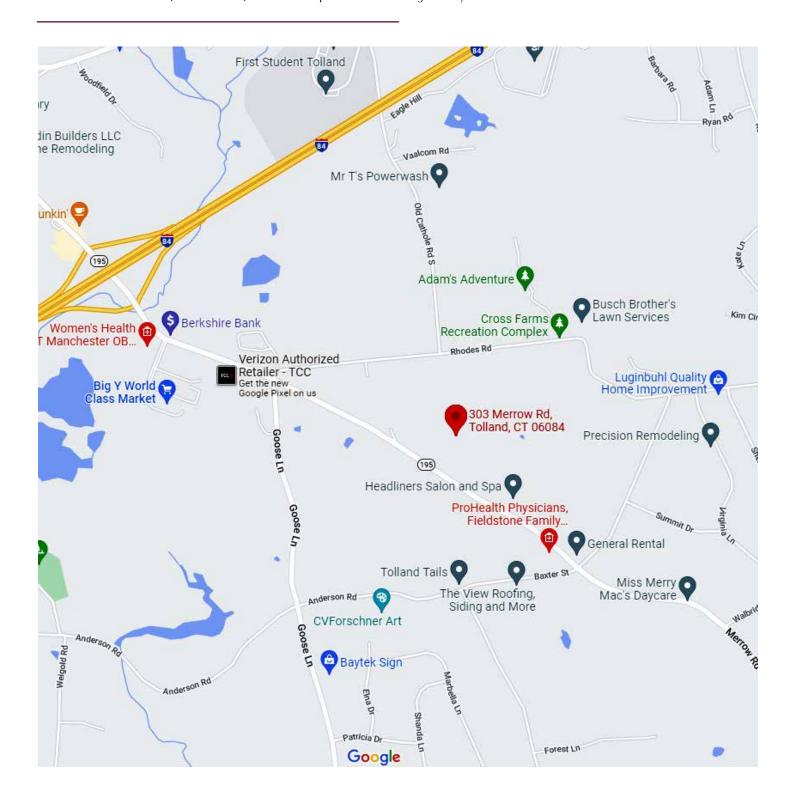






# LOCATION

**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale



**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

## CONCLUSIONS AND RECOMMENDATIONS

SELF STORAGE 101 We know storage.

On or about December 4, 2024, the partners of Self Storage 101 conducted a Self-Storage Market and Feasibility Study for a specific potential development or conversion site in the Tolland CT

market. The study included an offsite examination of the subject property, a review of the self-storage competitors in the market and the demographic profile of the subject market.

It is our opinion that the project is favorable for the development of a modest amount of self-storage space contemplated by the developer, including non-climate and climate space. Various factors indicate that there is sufficient unmet demand for additional storage space, as contemplated by the subject development, despite the existing supply of storage in the market. Additionally, we believe it is likely that acceptable financial assumptions and returns can be met, assuming the land and development costs are not unreasonable, and that these return calculations would be impacted by what we would calculate to be a reasonable lease-up period and moderate to moderately high rental rates.

Our opinion is based on the following:

- The square foot demand calculations and anecdotal occupancy levels would appear to indicate that the subject market up to the five-mile demographic profile is under-developed by at least a modest amount of storage space and there is sufficient unmet self-storage space demand for the contemplated development and in particular for non-climate storage space.
- The subject site's financial viability is impacted by the moderate to moderately high rental rates for both climate and nonclimate storage space in place at the market competitors.
  - ~The average rental rate for a 10x10 non climate unit is \$120 per month while the average rental rate for a 10x10 climate unit is \$84 per month.
  - ~The 'blended' rental rate for the recommended unit mix is \$15.87 per square foot (per year), a rental rate generally found to be high enough to warrant new development and a rate that is likely to produce sufficiently high enough financial returns t warrant the investment risk associated with the asset class.
- The financial viability of the subject project will be highly dependent on the developer's securing reasonable development
  costs.
  - ~The stabilized income statement would indicate an asset value of +/- \$6,028,000 (assuming a 6.5% cap rate).
  - ~The financial analysis indicates that the development may be refinanced at stabilization, allowing for a full return on investe capital and therefore a recalculation of the cash-on-cash returns as infinite.
  - ~Our calculations also indicate an Internal Rate of Return (unlevered) 15.82% Levered of 26.41% and a Developer's Yield of 9.97%.
  - ~The development budget contained herein is supplied by the developer.

We believe this potential development is represented as a 'B' market and the site is a 'B' site.

Factor	Excellent	Good	Average	Poor
Market Vacancy		XX		
Rental Rates		XX		
Population Density				XX
Income Levels	XX			
Population Growth Projections			XX	
Demand Analysis			XX	

**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

We consider this a 'B' market due to what appears to be mostly moderately high to high occupancy levels, the calculation of at least a modest amount of potential unmet demand for additional self-storage space in the market, the moderate to moderately high rental rates for storage space, the high to very high per capita and household income levels, the low population density and modest projected population growth. (We would consider this an 'A' market if the unmet demand calculations were higher, if the rental rates were higher and if the population density and projected growth were higher).

**Market Vacancy** – We noted that the market competitors have mostly moderately high to high occupancy levels, which would indicate some level of unmet demand for units in the area.

**Rental Rates** – Rental rates in the subject market area are moderate to moderately high, with the 10x10 non-climate space at an average of \$1.20 per foot (per month) and the 10x10 climate space at an average of \$.84 per foot.

Population Density - The subject market has a low population density.

**Income Levels** – The subject market has a high to very high per capita income level and household income level.

Population Growth Projections - The subject market is projected for +/-5.2% increase over the next five years.

Demand Analysis - The five-mile subject market is underdeveloped by as much as 63,000 square feet.

We would consider this a 'B' site due to the location with good visibility and access from a moderately low to moderate traffic count roadway, the proximity to residential customers, the small 'owned' market of the site (due to the lack of competition within two miles) and the potential for population drive by opportunities in proximity. (We would consider this an 'A' site if the traffic count was higher and if the population density in closer proximity was higher).

Traffic Counts - The subject site is located on moderately low to moderate traffic count roadways.

**Visibility** – The subject facility should have a high level of visibility from the roadway. Access – Customers should have very good access to the roadway.

**Neighborhood** – The neighborhood in closest proximity to the subject site is primarily commercial enterprises, vacant land parcels and single-family homes.

**Location** - The subject site does fit well into potential customers' commute patterns.

Factor	Excellent	Good	Average	Poor
Traffic Counts			XX	
Visibility	XX			
Access	XX			
Neighborhood			XX	
Location			XX	

The very limited amount of storage space owned and operated by sophisticated, institutional operators in the market does indicate that some rental rate increases should likely be expected as occupancy levels increase. Any proforma increases in the rental rates would not be significantly influenced by the presence of properties owned and managed by institutions.

In markets where institutional investments have been made, once projects meet stabilized occupancy, rental rates tend to be aggressively managed, thus creating opportunities for increased rents. Where institutionally owned projects are not prevalent, owner-managed properties tend to have lower rents and a greatly reduced propensity for annual and/or aggressive yield and revenue management. This first paradigm does exist in the Tolland market, albeit not in a significant way, and so therefore we would not necessarily expect the rental rates to increase substantially as the occupancy levels increase.

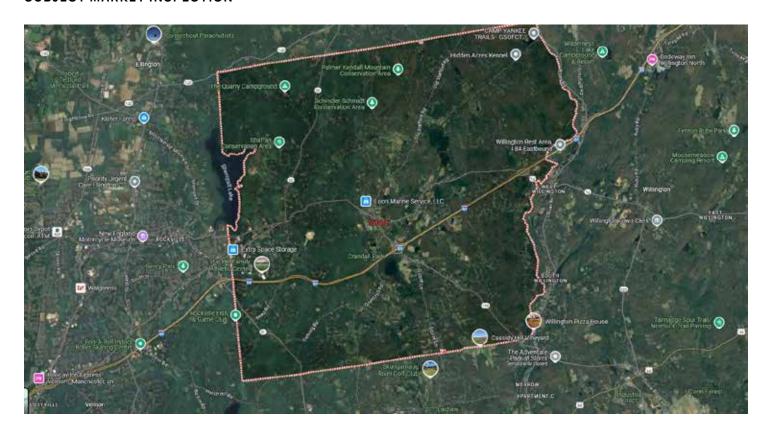
**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

The developer should plan to engage the services of a professional third-party management company at several critical stages including site selection, building design, pricing, marketing, call center, SEO, website and website design, POS and daily management. Our experience indicates that there is a substantial experiential difference between a professionally managed and marketed self-storage facility and one that is not.

We believe that the full-fledged professional third-party management company engagement regarding this facility helps to mitigate any existing or inherent risk with this self-storage asset.

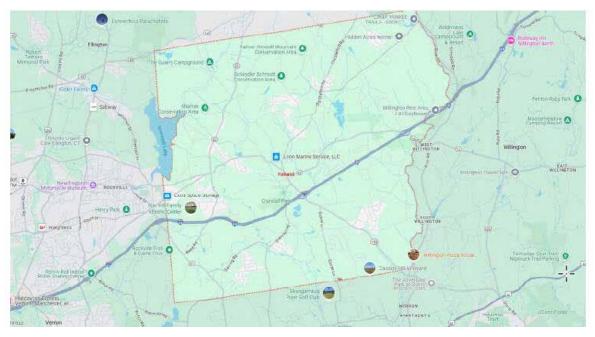
Our Opinions and Recommendations are based on the information contained in the following report and we would recommend that the developer pursue the development of a state-of-the-art self-storage facility at the subject site.

### SUBJECT MARKET INSPECTION



**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

# **MAP VIEW**



# SUBJECT SITE EVALUATION

**Location**: Vacant commercial building and land parcel located with visibility from moderately low to moderate traffic count roadways in the Tolland market.



**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

### PROJECT DESCRIPTION

A drive-up access non climate and interior access climate controlled self-storage facility is proposed as a new development project located at a vacant commercial building and land parcel on Merrow Road in Tolland CT. The site is approximately three acres, and proposed construction would include an inventory of drive-up access non-climate-controlled self-storage space newly developed on the vacant commercial land parcel and interior access climate controlled spaces created within the vacant commercial building. This facility will not include an onsite manager's apartment nor an office due to the size and configuration of the subject facility. The feasibility of the project would be contingent upon all approvals, permits and licenses being obtained.

The self-storage facility project will have the following attributes:

- · The size and configuration of the subject facility does not require the development of an office.
  - ~A customer-friendly website will allow prospective and current tenants to see rental rates, rent space and make payments through the website portal.
  - ~ A well-designed layout with adequate signage will allow tenants to easily locate their parking space.
  - ~Well-placed 'you are here' signage creates an easily navigable storage property.
  - ~The limited 'in-and-out' activity of a self-storage facility precludes the necessity of an onsite manager or onsite management office.
  - ~The use of technology regarding self-storage development has created a more customer-friendly environment.
    - Activity is not restricted to onsite office hours.
    - Customers can conduct necessary business aspects through technology without relying on and being restricted by the presence of an onsite office.
  - ~We would recommend development a small (100-200 SF) space at the front entrance to the facility:
    - Located just inside the front entrance of the converted retail space.
    - A 'rental center' space that would point potential customers towards an area with the information needed to rent a storage space within the facility:
    - A 'you are here' site map
    - · Signage with QR codes, website, and phone number
    - · Large color monitor mounted to back wall that shows all the camera views located throughout the facility.
- The facility would not include an onsite manager's apartment. Consider that:
  - ~The costs related to completion of a modest apartment can be \$50,000-\$60,000 or more.
  - ~The space used, approximately 1,200 square feet, cannot be rented, representing a potential loss in income comparable to the per square foot rate of climate-controlled space.
  - ~Replacing a manager who lives in an on-site apartment can prove to be problematic.
  - ~Acquisition-minded self-storage companies may not, and will not, require or prefer an apartment.
- The layout of the site should include a main entry point with a keypad entry and computer access-controlled entry doors. This design:
  - ~Allows for better tenant monitoring as access points and histories are documented.
  - ~Helps control delinquencies as past due tenants are typically not allowed to access their storage unit and are hindered from doing so by way of suspension of their security access code.
- Approximately 34,000 rentable square feet of rentable self-storage space configured as:
  - ~Approximately 10,000 square feet of drive-up access non climate controlled self-storage space.
  - ~Approximately 17,625 square feet of interior access climate controlled self-storage space.
  - ~ Approximately 6,375 square feet of interior elevator access climate controlled self-storage space.



**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

# **DEVELOPMENT COSTS**

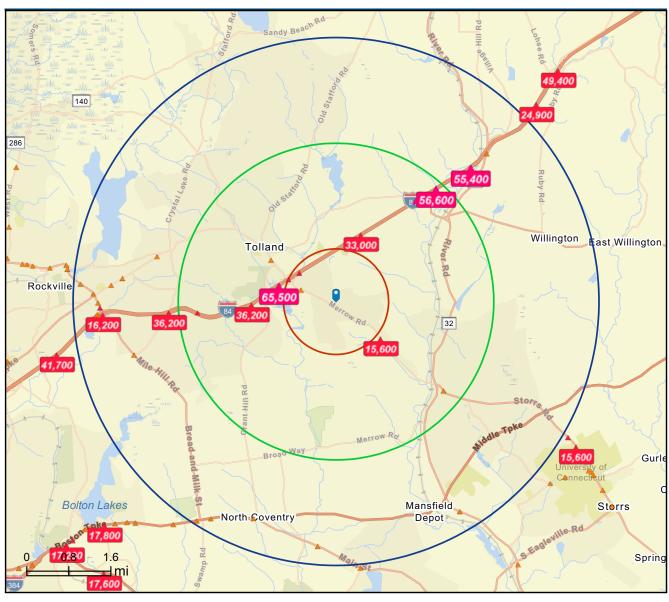
	Unit	Unit Qty	Cost	Total	Per	Sq.Rt.	% of	% of
							Hard	Project
							Cost	Cost
Land Costs								
Land				\$ 3,000,000	\$	71.43	470%	0%
TOTAL LAND COSTS				\$ 3,000,000	\$	71.43	470%	0%
Hard Costs								
Buildings Standard Self Storage	SF	10,000.00	\$ 35.00	\$ 350,000	\$	8.33	55%	9%
Buildings Standard Multi Story	SF	24,000.00	\$ 12.00	\$ 288,000	\$	6.86	45%	7%
TOTAL HARD COST				\$ 638,000	\$	15.19	100%	16%
BUILDERS FEES								
Construction Contingency	%	10%	\$ 638,000.00	\$ 63,800	\$	1.52		2%
TOTAL BUILDERS FEES				\$ 63,800	\$	1.52		2%
SOFT COSTS								
Soft Costs	EA	1	\$ 165,000.00	\$ 165,000	\$	3.93		4%
TOTAL OTHER COSTS				\$ 165,000	\$	3.93		4%
OTHER COSTS								
Office Furniture/Supplies/Start Up	EA	1	\$ 30,000.00	\$ 30,000	\$	0.71		1%
Operating Deficit (Including Construction Interest)			\$ 207,453.84	\$ 207,454	\$	4.94		5%
TOTAL OTHER COSTS			 - 100	\$ 237,454	\$	5.65		6%
TOTAL HARD AND SOFT COSTS EXCLUDING LAND				\$ 1,104,254	\$	26.29		27%
TOTAL PROJECT COST INCLUDING LAND				\$ 4,104,254	\$	97.72		100%

### **INVESTMENT ANALYSIS**

Return on Investment					Cas	h Flows								
Purchase Capitalization Rate on First Year NOI		-1.17%	5								% C	ash		
Internal Rate of Return (5 Year Unlevered)		15.82%	5						Ca	sh Flow	on C	Cash		
Internal Rate of Return (5 Year Levered)		26.41%	5		Cas	h Flows yea	ır 1		\$	(176,724)		-13.05%		
Developers Yield		9.97%	5		Cas	h Flows yea	r 2		\$	46,460		3.43%		
Cash Invested (Equity)	\$	1,354,403.82			Cas	h Flows year	ır3		\$	167,375		12.36%		
Net Sale Proceeds	\$	6,917,140.12			Cas	h Flows year	ır 4		\$	179,231		13.23%		
					Cas	h Flows year	ır 5		\$	2,187,828		161.53%		
TOTAL 7 Year Income	\$	6,964,631.53			Cas	h Flows yea	ır 6		\$	47,491	Infin	ite		
Less Loan Payoff	\$	4,834,523.32			Cas	h Flows yea	ır 7		\$	66,213	Infin	ite		
NET CASH AT END OF YEAR 7:	\$	2,130,108.21												
Net Operating Income and Cash on Cash Calcul	ation	1												
	Yea	ar 1	Yea	ar 2	Yea	ır 3	Yea	r 4	Ye	ar 5	Yea	ır 6	Yea	r 7
Total Actual Income	\$	59,370	\$	391,973	\$	514,184	\$	534,751	\$	556,141	\$	578,387	\$	601,522
Less: Expenses	\$	107,195	\$	139,274	\$	140,570	\$	142,912	\$	147,129	\$	151,417	\$	155,830
Net Operating income	\$	(47,825	) \$	252,699	\$	373,614	\$	391,839	\$	409,012	\$	426,970	\$	445,692
Annual debt service	\$	(128,899)	) \$	(206,239)	\$	(206,239)	\$	(212,608)	\$	(379,479)	\$	(379,479)	\$	(379,479)
Cash From Refinance									\$	2,158,295				
Cash How before taxes	\$	(176,724	) \$	46,460	\$	167,375	\$	179,231	\$	2.187,828	\$	47,491	\$	66,213

# TRAFFFIC COUNT

# **303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale





Source: ©2024 Kalibrate Technologies (Q3 2024).

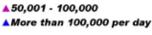
Average Daily Traffic Volume

Up to 6,000 vehicles per day

6,001 - 15,000

15,001 - 30,000

30,001 - 50,000





# TRAFFIC COUNT UP CLOSE

# **303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale





Source: ©2024 Kalibrate Technologies (Q3 2024).

Average Daily Traffic Volume

Up to 6,000 vehicles per day

6,001 - 15,000

15,001 - 30,000

30,001 - 50,000

50,001 - 100,000

More than 100,000 per day

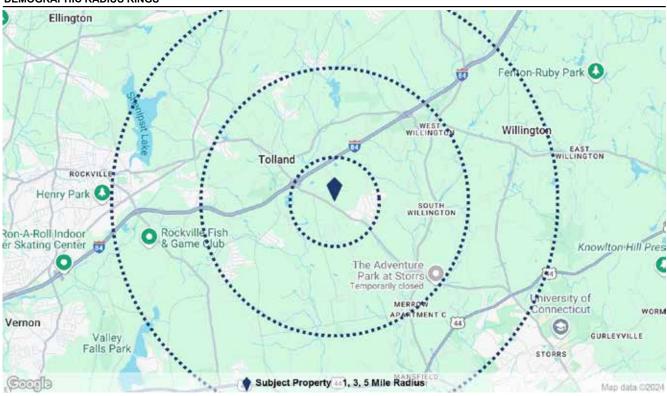


# **DEMOGRAPHICS SUMMARY**

**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

Population (1 mi) Avg. HH Size (1 mi) Avg. Age (1 mi) Med. HH Inc. (1 mi) \$99,999

### **DEMOGRAPHIC RADIUS RINGS**



### **DEMOGRAPHIC SUMMARY**

Population	1 Mile	3 Mile	5 Mile
2024 Population	1,288	10,182	29,168
2029 Population	1,276	10,125	29,117
Pop Growth 2024-2029	(0.9%)	(0.6%)	(0.2%)
2024 Average Age	42	42	41
Households			
2024 Households	496	3,883	11,124
2029 Households	491	3,861	11,094
Household Growth 2024-2029	(1.0%)	(0.6%)	(0.3%)
Median Household Income	\$99,999	\$108,128	\$86,797
Average Household Size	2.6	2.6	2.5
Average HH Vehicles	2	2	2
Housing			
Median Home Value	\$286,153	\$306,612	\$306,144
Median Year Built	1977	1978	1977

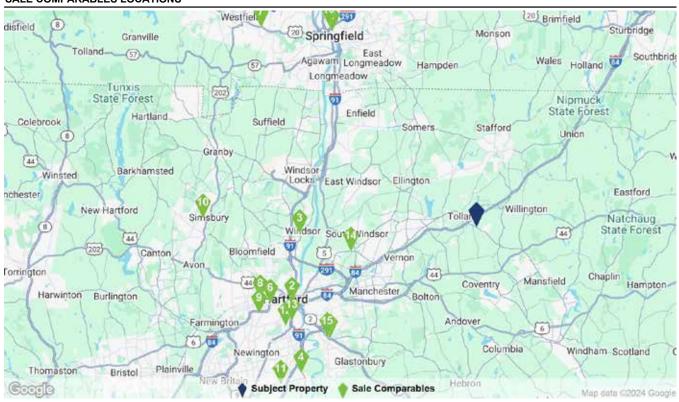
# **COMPARABLE SALES SUMMARY**

**303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

 Sale Comparables
 Avg. Cap Rate
 Avg. Price/SF
 Avg. Vacancy At Sale

 16
 9.3%
 \$60
 5.5%

### SALE COMPARABLES LOCATIONS



# SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$700,000	\$1,575,102	\$1,446,750	\$4,200,000
Price/SF	\$28	\$60	\$57	\$101
Cap Rate	7.5%	9.3%	8.8%	11.9%
Time Since Sale in Months	0.2	10.5	10.0	19.1
Property Attributes	Low	Average	Median	High
Building SF	17,920	26,247	24,993	41,420
Stories	1	3	3	5
Typical Floor SF	5,911	10,659	9,764	19,673
Vacancy Rate At Sale	0%	5.5%	0%	31.9%
Year Built	1900	1975	1984	1999
Star Rating	****	★ ★ ★ ★ ★ 2.7	****	****

# **COMPARABLE SALES**

# **303 MERROW ROAD, TOLLAND, CT** Office Space/Potential Storage Facility For Sale

erty Name - Address 191 Chestnut St	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	0 D-4-
	****			-	Gaic Bate	Frice	Price/SF	Cap Rate
I DI		1900	29,554	0%	12/6/2024	\$1,000,000	\$34	11.9%
50 Founders Plz	****	1973	25,392	0%	10/22/2024	\$1,500,000	\$59	-
340 Broad St	****	1973	22,512	3.2%	10/3/2024	\$1,025,000	\$46	8.3%
•	****	1988	41,420	0%	7/8/2024	\$4,200,000	\$101	8.6%
300 Winding Brook Dr	****	1983	30,770	31.9%	6/6/2024	\$2,650,000	\$86	-
30 Laurel St	****	1930	33,035	0%	6/6/2024	\$1,500,000	\$45	-
•	****	1996	22,419	11.6%	5/21/2024	\$1,800,000	\$80	-
621 Farmington Ave	****	1964	24,594	0%	2/23/2024	\$700,000	\$28	-
•	****	1989	20,358	0%	1/29/2024	\$1,493,500	\$73	-
1-3 Mill Pond Ln	****	1983	19,673	0%	9/27/2023	\$1,120,000	\$57	9.0%
•	****	1989	18,276	7.0%	8/30/2023	\$1,203,125	\$66	7.5%
	340 Broad St  St. Francis Care Rocky Hill 2080 Silas Deane Hwy 300 Winding Brook Dr  30 Laurel St  Pioneer Valley Professio 65 Springfield Rd 621 Farmington Ave  Prospect West 67 Prospect Ave 1-3 Mill Pond Ln  Rocky Hill Medical Arts 506 Cromwell Ave	St. Francis Care Rocky Hill 2080 Silas Deane Hwy 300 Winding Brook Dr  30 Laurel St  Pioneer Valley Professio 65 Springfield Rd 621 Farmington Ave  Prospect West 67 Prospect Ave 1-3 Mill Pond Ln  Rocky Hill Medical Arts 506 Cromwell Ave	St. Francis Care Rocky Hill       1973         2080 Silas Deane Hwy       1988         300 Winding Brook Dr       1983         30 Laurel St       1930         Pioneer Valley Professio       1996         65 Springfield Rd       1996         621 Farmington Ave       1964         Prospect West       1989         67 Prospect Ave       1983         Rocky Hill Medical Arts       1989         506 Cromwell Ave       1989	St. Francis Care Rocky Hill       ★★★★★       1973       22,512         St. Francis Care Rocky Hill       ★★★★★       1988       41,420         300 Winding Brook Dr       ★★★★★       1983       30,770         30 Laurel St       ★★★★★       1930       33,035         Pioneer Valley Professio       ★★★★★       1996       22,419         65 Springfield Rd       ★★★★★       1964       24,594         Prospect West       ★★★★★       1989       20,358         67 Prospect Ave       ★★★★★       1983       19,673         Rocky Hill Medical Arts       ★★★★★       1989       18,276	★★★★★       1973       22,512       3.2%         St. Francis Care Rocky Hill       ★★★★★       1988       41,420       0%         300 Winding Brook Dr       ★★★★★       1983       30,770       31.9%         30 Laurel St       ★★★★★       1930       33,035       0%         Pioneer Valley Professio       ★★★★★       1996       22,419       11.6%         65 Springfield Rd       ★★★★★       1964       24,594       0%         Prospect West       ★★★★★       1989       20,358       0%         Prospect Ave       ★★★★★       1983       19,673       0%         Rocky Hill Medical Arts       ★★★★★       1989       18,276       7.0%	St. Francis Care Rocky Hill       ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★	St. Francis Care Rocky Hill	St. Francis Care Rocky Hill