SELF-STORAGE DESKTOP MARKET STUDY

Site Location:
14 Pine Street North
Crandall, GA 30711

Client: Eric M. Stinnett

Desktop Market Analysis performed by: Self Storage 101

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To understand the factors affecting occupancy and rental rates, a thorough market study is essential.

First, define the trade area by radius. Suburban properties typically have a two to three-mile radius, rural areas four to five miles, and dense urban areas like Manhattan may only need one mile or less.

A survey of all facilities in the trade area is necessary. Key information includes estimates of net rentable area and occupancy rates. This data can be sourced from assessor's offices, phone surveys, and public records, allowing calculation of supply per foot.

Demand for self-storage can be influenced by population growth, population density, and average household income. Other factors such as proximity to a university or highway may also contribute to demand. Estimates can be compared to the average supply at state and national levels.

If supply is less than demand, the market is undersupplied. If supply exceeds demand, the market is oversupplied. Markets with occupancy rates below 80% are oversupplied, while those above 90% are undersupplied. Rates between 80% and 90% indicate equilibrium.

Analyzing supply and demand in the trade area is crucial for forecasting rental rates.

FOREWARD

The client hired Self Storage 101 to perform a Desktop Pre-Development Site and Market Study for a potential self-storage site. This report offers an initial offsite review of the subject site and market, focusing on demographics, competition, and overall viability within the current self-storage market.

When evaluating the marketability of a prospective self-storage location, Self Storage 101 examines four key areas that are crucial in assessing the site's and market's viability:

The Site and its Location. Self-storage is now a retail-type business, making location crucial. Customers prefer storing goods close by, near their homes, work, shops, or frequent places like residential areas, grocery stores, banks, restaurants, or recreational areas. The trend is shifting self-storage from industrial to retail and residential locations.

When evaluating a specific site, consider its visibility, accessibility, proximity to potential tenants, and position relative to competitors. Review signage and marketing opportunities to enhance the site's market presence.

Access: Some self-storage facilities are visible but hard to reach. Customers may struggle to find the entrance, cross traffic, or navigate a moving truck. Facilities with easy access attract more customers.

Visibility: When a customer needs storage, they often remember a facility they've seen nearby and inquire about its price and availability. A clear and visible storage facility will attract more customer inquiries.

Traffic Count: Knowing the traffic count of the roadways where the facility is visible is important. This indicates the number of cars that pass by the facility on an average day. Annual average daily traffic data can oftentimes be obtained from the local department of transportation.

Ideally, most cars should be local traffic, meaning people living, working, or shopping nearby. The required amount varies by facility size: large facilities need over 15,000 cars per day, while smaller ones may need fewer than 5,000.

Consider these points regarding market position:

Amenities. Self-storage customers are increasingly selective about their storage options, and facilities that lack competitive amenities are at a disadvantage.

Curb Appeal. Self-storage customers often base their decision on the initial appearance of the facility. A parking lot with debris and untidy landscaping may suggest inadequate management and lack of care.

Specials and Discounts. In highly competitive markets, facilities may need to implement aggressive discounts as part of their marketing strategy.

Statistics: Most customers looking for self-storage opt to rent a unit. An important question to consider when assessing a self-storage facility is, "What factors would influence a potential customer's decision to rent here or not?"

- **The Market**. Self-storage demand depends on potential customers' needs; merely having inventory doesn't boost demand. It's vital to assess if there is enough demand for the supply. New customers typically come from population growth, commercial growth, or unmet demand. We must ask why potential customers would choose this self-storage facility and what market factors suggest it will attract tenants.

- **The Competitors.** Understanding competitors' rates, occupancy levels, and amenities is crucial for assessing the local self-storage market's quality and predicting reasonable occupancy and revenue growth for a new facility. Our evaluations gather both anecdotal and quantitative data to determine a facility's marketability.

The self-storage industry now requires strategic positioning due to competition. In some markets, customer demand for storage is limited, so new developments must capture a sufficient share of existing demand.

The Manager. Self-storage is highly ‘manager-centric’. Customers often remember the manager's name more than the facility's. We believe an A+ facility with a C- manager is fundamentally a C- facility. Hiring, training, and developing top-notch managers is crucial. The outdated view of managers as 'babysitters' no longer works. A self-storage manager must excel in sales, collections, and time management. In competitive markets, facilities with professional managers typically achieve the highest occupancy rates and market prices.

It should be noted that the term ‘manager’ can also refer to the ‘management’ of the site, as there is an increasing trend of developing self-storage facilities as automated, unattended facilities. Our discussion regarding the need for a higher quality manager also applies to the aspects of managing an unattended facility:

- A high-quality call center is vitally important to an unattended self-storage facility as most rental functions are now handled by the call center:
    - Self-storage rentals
    - Payments
    - Customer service issues
    - Overlock process
    - Collections calls
    - Lien and auction process
- Just as important is a high quality, professional website:
    - Online rentals and payments
    - Dynamic pricing
    - Effective SEO efforts

This report was prepared exclusively for our client. While every effort is made to ensure accuracy and reliability, it is important to note that the report relies significantly on information provided by others, including written and verbal sources. In some instances, these sources are competitors who may have an interest in influencing the data. Efforts have been made to minimize potential misrepresentations. Self Storage 101 accepts no responsibility and shall not be liable for misinformation, whether intentional or accidental, and cannot be held accountable for any decisions the developer makes based on this report. Although reliable sources and redundant checks are utilized, there is always a possibility that some data may be overlooked. This should be considered when making decisions based on this report.

Additionally, the assumptions in this report are based on the involvement of experienced professionals in the development, entitlement, design, construction, marketing, and management of the property.

Self Storage 101 states that it has no financial interest in the development of this proposed project. The payment of professional fees agreed upon for this report was in no manner contingent upon the results and opinions stated within this report.

EXECUTIVE SUMMARY & OPINIONS

On or about July 2, 2025, the Team at Self Storage 101 conducted a Self Storage Desktop Market Study for a specific potential development or conversion site in the Crandall, GA 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.

The project appears to be favorable for the development of a modest amount of self-storage space, particularly climate-controlled space. Various factors indicate sufficient unmet demand for climate-controlled storage space, as proposed by the subject development, despite the existing supply of non-climate-controlled storage in the market. These factors are detailed in the 'Demand' section of the report. Additionally, it is likely that acceptable financial assumptions and returns can be met, assuming the land and development costs are reasonable. These return calculations would be influenced by a reasonable lease-up period and moderate to moderately high rental rates.

We should note that as the Desktop Study level of reporting we recommend NOT moving forward on a particular project approximately 70% of the time and for those reports we do recommend moving forward, we generally rank those recommendations from between 'marginally favorable' to 'highly favorable' and those recommendations are, generally, about one third 'marginally favorable', one third 'favorable', and one third 'highly favorable'.

Our opinion is based on the following:

- The square foot demand calculations and the 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 enough unmet self-storage space demand for the contemplated development and in particular for climate-controlled storage space.
- The subject site's financial viability is impacted by the moderate to moderately high rental rates for climate-controlled storage space in place at the market competitors.
    - The average rental rate for a 10x10 non climate unit is $89 per month while the average rental rate for a 10x10 climate unit is $124 per month.
    - The 'blended' rental rate for the recommended unit mix is $14.55 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 to 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 +/- $1,585,000 (assuming a 7% cap rate).
    - We would estimate the new facility would cost, not including the land value, between $30-40 per gross square foot to develop, or $366,000 to $488,000.

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

We consider this a 'B' market due to what appears to be mostly moderately high to high occupancy levels, the calculation of 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 moderate to moderately high per capita and household income levels, the low population density and very modest projected population growth. (We would consider this an 'A' market if there was a higher calculated demand for storage in the market, if the rental rates were higher and if the population density and growth projections were higher).

We would consider this a 'B+' site due to the location with good visibility and access from a moderate traffic count roadway, the proximity to residential customers, the small 'owned' market of the site (due to the lack of competition in closer proximity) 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).

The lack of storage space owned and operated by sophisticated, institutional operators in the market does indicate that substantial rental rate increases should likely not be expected as occupancy levels increase. Any proforma increases in the rental rates would not be 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 not exist in the Crandall market, and so therefore we would not necessarily expect the rental rates to increase as the occupancy levels increase.

Our Opinions and Recommendations are based on the information contained herein the following report.

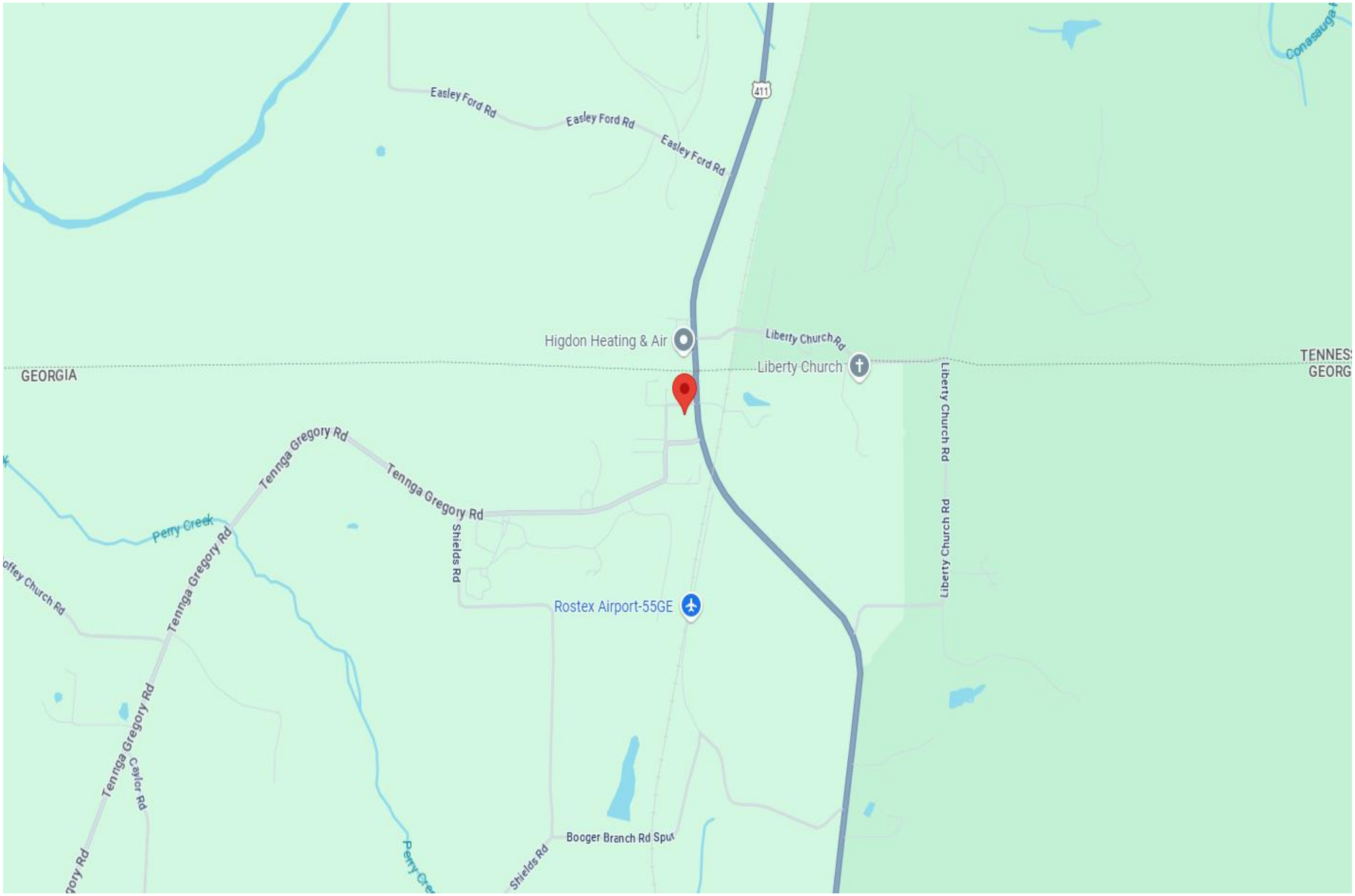
We would recommend that the developer consider further examination of this potential site for self-storage development.

SITE REVIEW

AERIAL VIEW

Crandall GA

MAP VIEW



SITE EVALUATION

VISIBILITY: The subject site should be developed in such a manner as to have a high level of visibility from Hwy 411, what appears to be a moderate traffic count primary roadway in the subject market. When asked "Why did you rent from a particular self-storage facility?' for a Self Storage Market Study conducted by the SSA, customers overwhelmingly responded 'because I saw it.' There are few market conditions that can more positively affect a potential site's viability than high visibility from a high traffic primary arterial. Tenants tend to store close to home and at a facility that 'fits' into their normal commute patterns. The subject site should rank high on the 'visibility' scale from Hwy 411.

ACCESS: The subject site should have very good access for both directions of travelers on Hwy 411 and Pine Street N as there are no road dividers in this section of either roadway.

TRAFFIC COUNT: The subject site is located with very good visibility and good access from what appears to be a moderate traffic count roadway in the subject market. Since a large percentage of potential self-storage customers tend to gravitate to a particular facility because of an initial drive-by, we encourage the developer to take advantage of the lack of internet presence and sophistication on the part of some the market competitors and to take advantage of the visibility from the roadway by maximizing the amount of signage allowed at the site.

We would also encourage the developer to create and implement and robust, effective internet marketing plan, including a professional website with online rates and reservations, as well as concerted SEO (search engine optimization) efforts, to take further marketing advantage over some of the competitors.

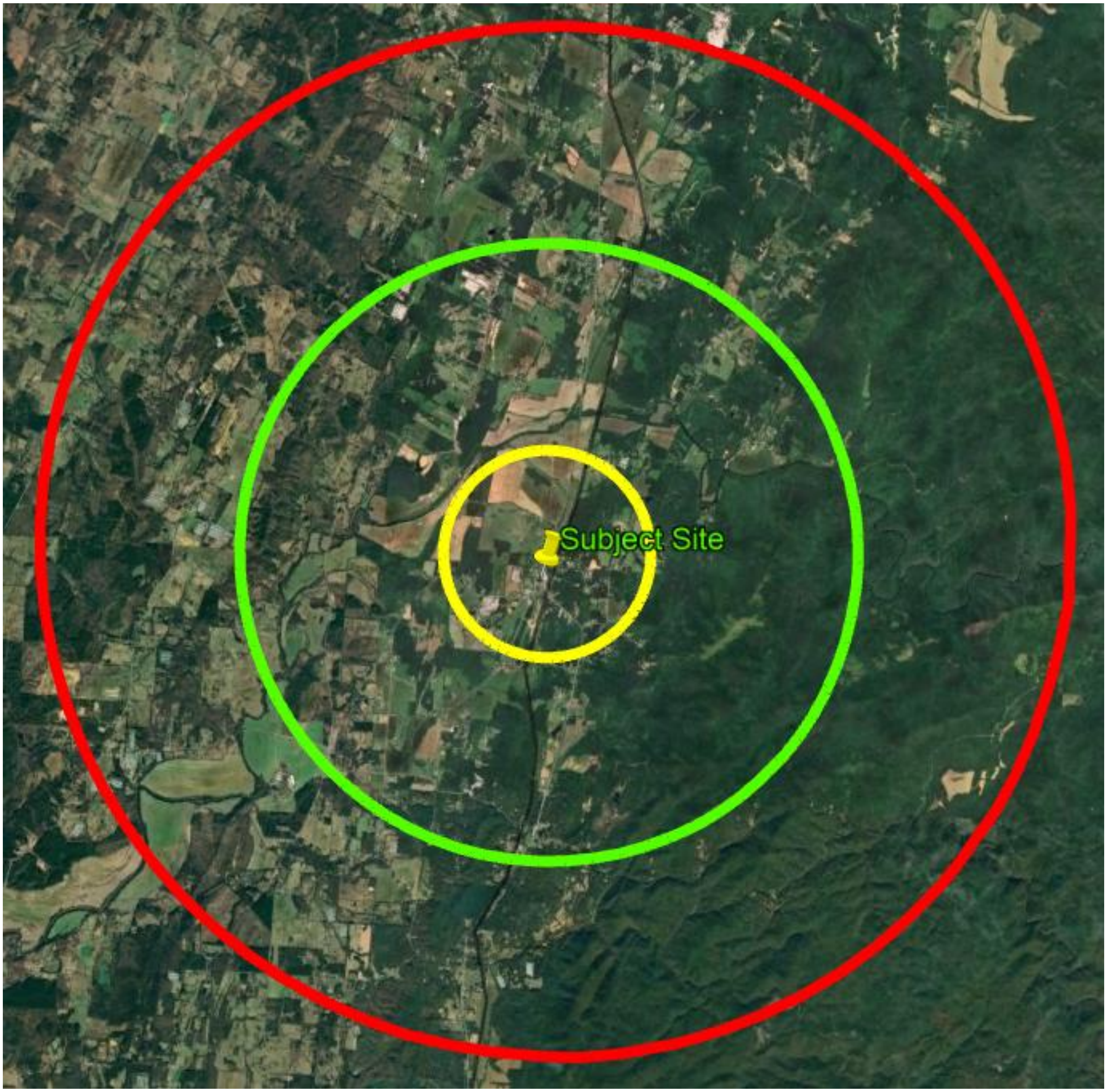
LOCATION RELATIVE TO COMPETITORS: The subject site does appear to enjoy some level of location advantage as it is located with very good visibility and access from a higher traffic count roadway than some of the competitors. It also appears to 'own' a sub-section of the market as there are no self-storage competitors located in proximity.

It is important to note that the subject property should have a distinct management advantage over all the competitors. Self-storage is a highly 'manager-centric' business model and the level of management expertise in the Crandall sub-market is, at best, mediocre to poor. Our opinion is based on making phone calls to some of the competitors, some knowledge of this sub-market and an overall knowledge base of the level of management expertise at all, if not most, of the larger self-storage operators. (For example, Uhaul generally has some of the most consistent 'C' level managers and Public Storage generally has 'B' to 'B-'managers, while Cubesmart, Extra Space and Life Storage generally have much more highly rated onsite managers).

A strong sales-oriented manager will garner his or her fair share of the self-storage market in this sub-market of Crandall.

MARKET REVIEW

The following demographic profile is based on the concentric map: 1-, 3- and 5-mile radii from the subject site. It is our belief that the primary customer base for the subject site resides within five miles of the subject site.



Understanding the customer demographics of the surrounding market area is crucial for storage developers, owners, and operators. Identifying customer types and their needs is critical for operational and marketing decisions.

In areas with many commercial tenants, amenities like on-site conference rooms, free Wi-Fi, central workspaces, and climate control can attract business customers. For older renters or senior citizens, services like professional packing and moving assistance might be valuable.

Residential customers usually form the largest group of tenants, about 70 percent. Operators should note that life changes often drive the need for storage, such as divorces, deaths, remodeling, or selling homes. Residential customers might include apartment or condo dwellers lacking storage space. Nationally, 68 percent live in single-family homes, while nearly 30 percent reside in multi-family housing.

Knowing the gender distribution of customers is also important. Although men often handle the physical move, women typically make the rental decisions. In 2014, 57.7 percent of storage renters were men and 42.3 percent were women, but 85 percent of rental decisions were made by women.

Age is another key factor. The largest percentage of renters are aged 46-55, followed by the 36-45 and 56-65 age groups at 22 percent and 21 percent, respectively. About 13 percent of customers are over 65, while millennials under 25 represent only 3 percent of storage customers.

DEMOGRAPHICS[1]

Annual Growth Projections

	Trade Area	Selected Blockgroup
2024-2029 Population Growth	0.32%	
2029 Population	5,433	
2024-2029 Households	0.53%	
2024-2029 Median Household Income	2.96%	
2024-2029 Per Capita Income	3.76%	

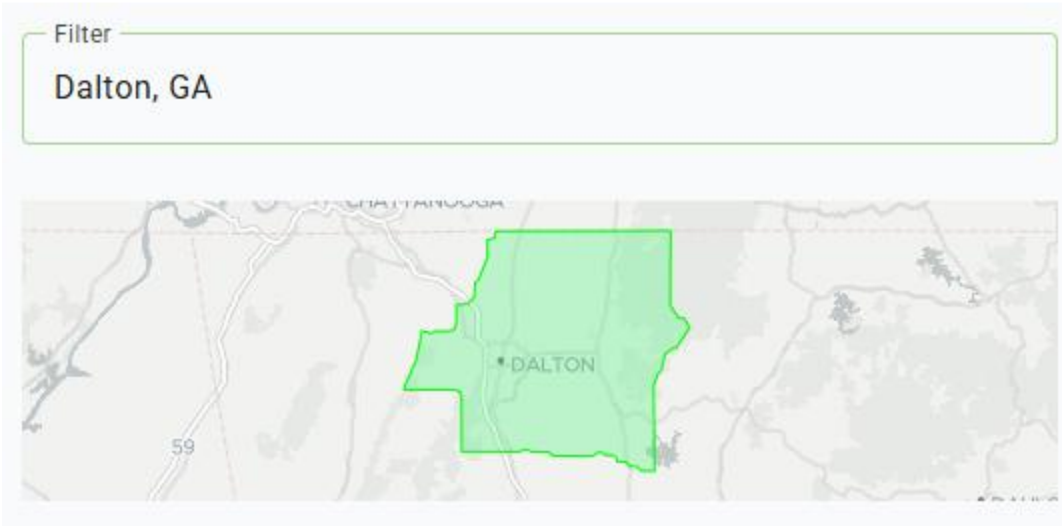
1 The demographic profile is compiled through a subscription service.

2024

	Trade Area	Selected Blockgroup
Population	5,346	
Pop. Density (people per sq. mile)	69	
Households	2,092	
Renter Occupied	405 19%	
Average Household Income	$80,786	
Median Household Income	$64,949	
Per Capita Income	$29,854	
Median House Value	$183,542	
Household Size	3.0	

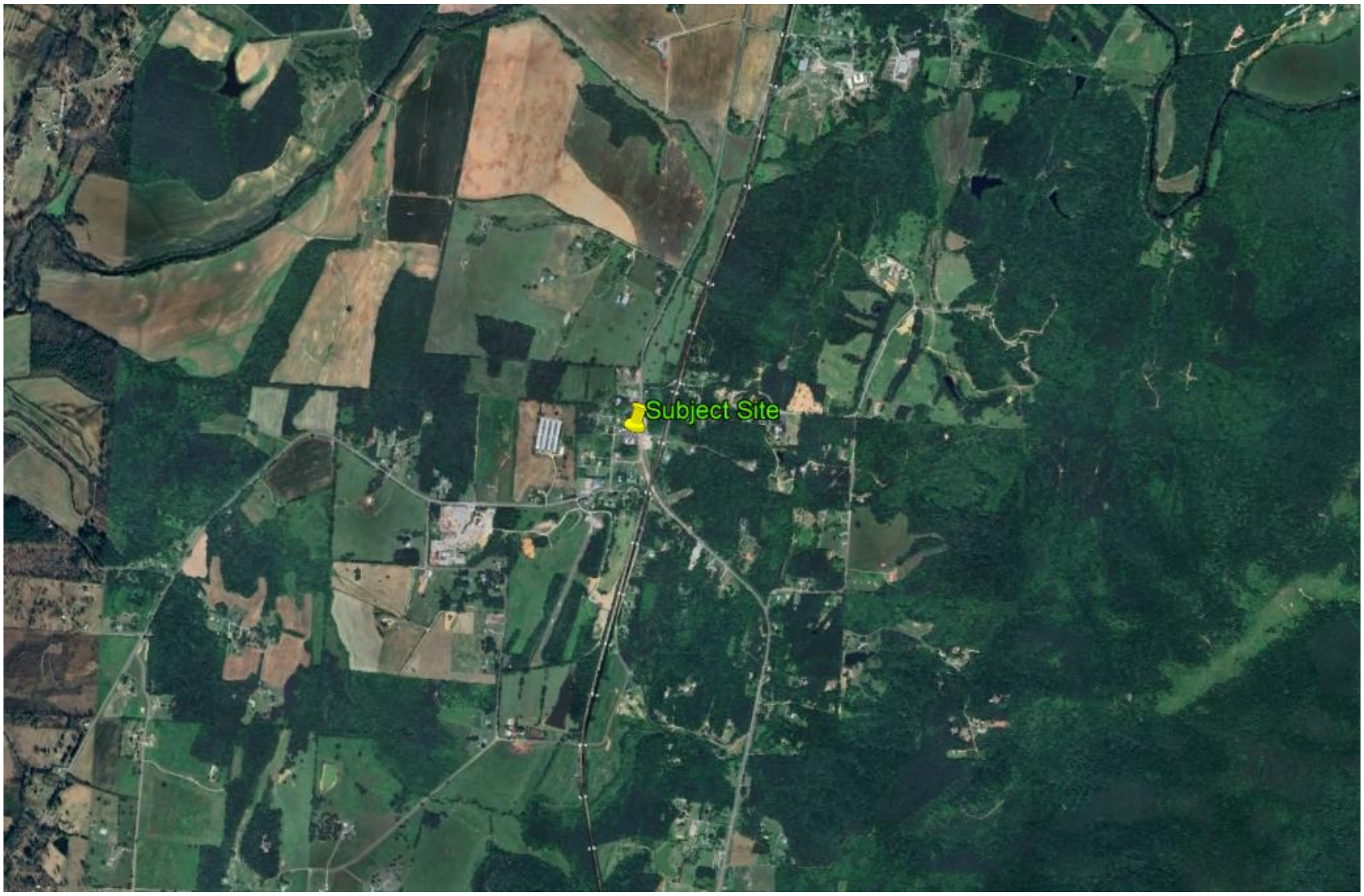
The demographic profile indicates that the population and household numbers are projected to very modestly increase over the next five years. It also indicates that the household and per capita income levels are at moderate to moderately high numbers and the population density is in the very low range.

MARKET SUMMARY



NEIGHBORHOOD

The neighborhood near the subject site is primarily comprised of vacant land parcels, single family homes and residential neighborhoods and a few commercial enterprises of various types and sizes.

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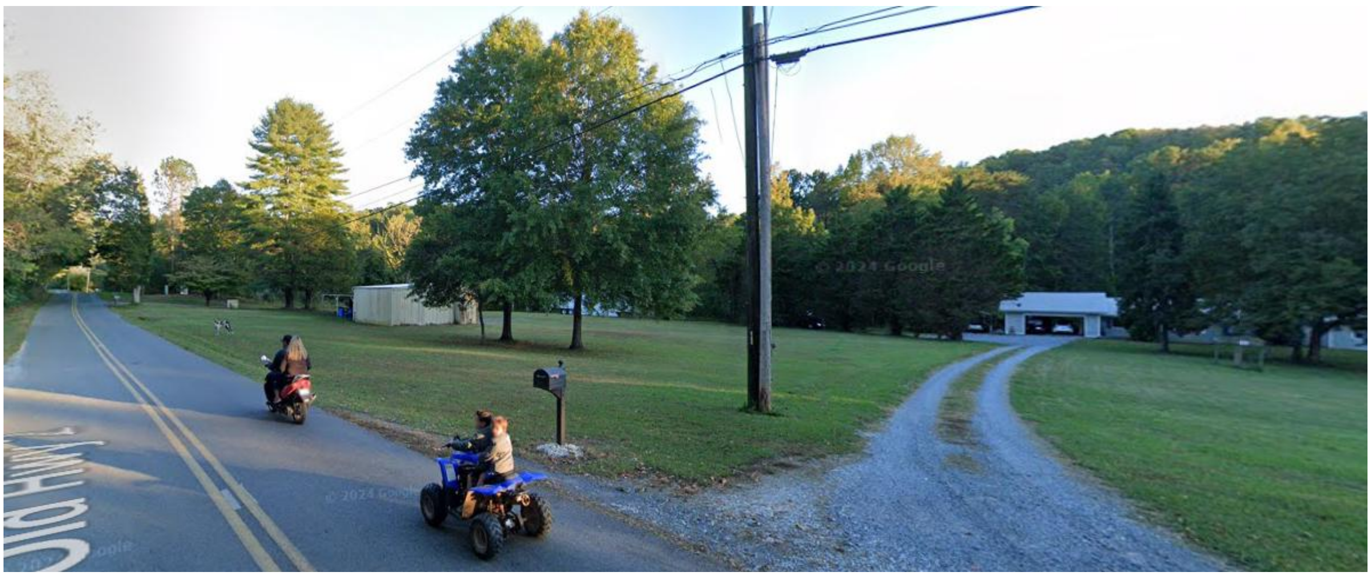


COMPETITORS BY LOCATION

In many subject markets, additional self-storage competitors might exist but are not included due to their small size or limited quality. When evaluating the feasibility of a new self-storage facility, it is crucial to assess both the level and quality of competition within the target market area, and the potential for future competition. This assessment should include market demand calculations and an evaluation of the competitors' quality.

Quality factors entail examining competitors' curb appeal, accessibility, visibility, management professionalism, security features, unit mix, and location relative to the target site. There is a clear distinction between 'primary' and 'secondary' competitors. Primary competitors are those most likely to attract the same tenants as the target site, determined by proximity, amenities, marketing efforts, and management quality. A nearby facility with low-quality services may not be a primary competitor.

When identifying primary competitors, we consider where prospective tenants would rent if they do not choose the target site.

COMPETITOR PROFILES

1. **Cisco Mini Storage** 110 GA-2 Cisco, GA 30708 (706) 271-5783

Distance from Subject	Year Built	Occupancy	Net Square Feet	% Climate	REIT?	Generation
2.50 miles	1990s	Unknown	+/- 5,000	0%	No	1st
Climate Control	Controlled Access Gate	Single or Multi Story	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
No	No	No	Yes	No	No	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
No	No	No	No	No	No	Gravel
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	C	C	B	D	D
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B			C	By appt		24 hours
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Website Rating
No						

	5x5	5x10	10x10	10x15	10x20	Parking
Climate Down						
Climate Up						
Non Climate						

Comments: left message, multiple attempts to contact

Property Photo

2. **Spring Place Storage** 5380 SE Spring Place Road Cleveland, TN 37323 (423) 894-0039

Distance from Subject	Year Built	Occupancy	Net Square Feet	% Climate	REIT?	Generation
6.25 miles	1990s	95-99%	+/- 11,400	0%	No	1st
Climate Control	Controlled Access Gate	Single or Multi Story	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
No	No	Single	Yes	No	No	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
No	No	No	No	No	No	Gravel
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	B+	B	A	B	B
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
A			B	By appt		24 hours
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Website Rating
Yes	Yes	Yes	Yes	No	Yes	A

	5x5	**5x10**	**10x10**	**10x15**	**10x20**	**Parking**
Climate Down						
Climate Up						
Non Climate		**$50 (5x8)**	**$75 (8x10)**		**$100 (10x17)**	

Comments: only have 5x8 available now

Property Photo

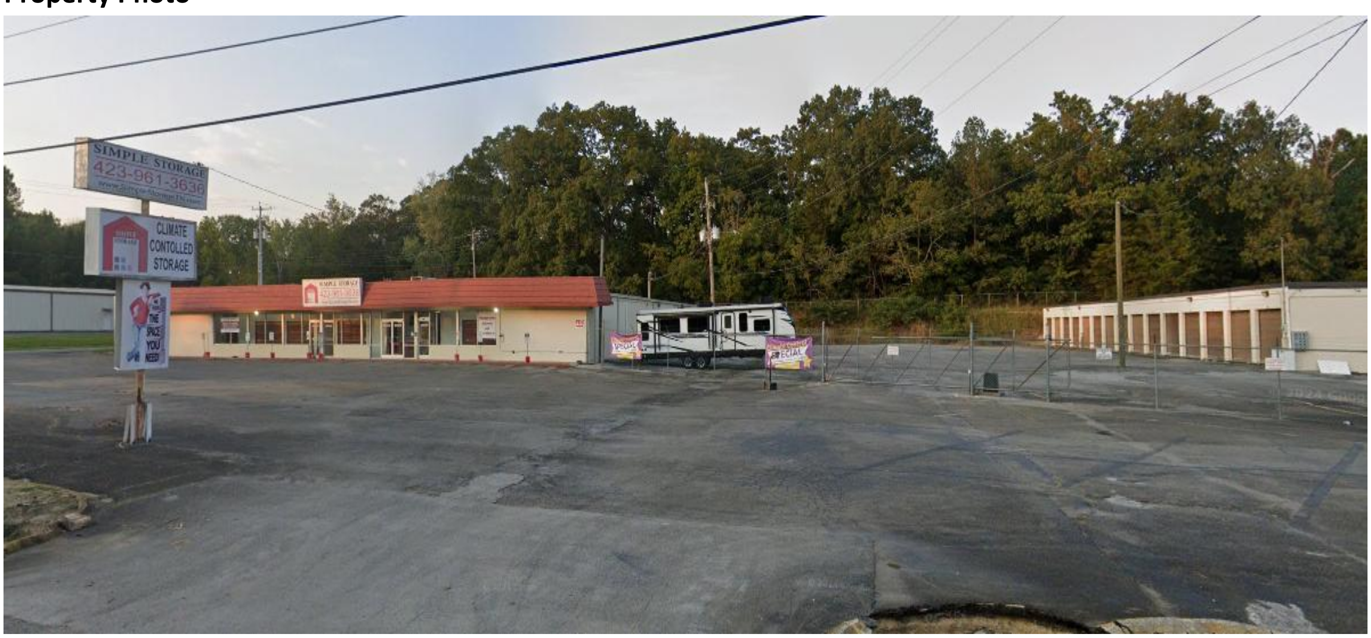
3. **Simple Self Storage** 2221 Spring Place Road SE Cleveland, TN 37323 (423) 961-3636

Distance from Subject	Year Built	Occupancy	Net Square Feet	% Climate	REIT?	Generation
8.63 miles	1990s	80-85%	+/- 27,660	47%	No	1^{st}
Climate Control	Controlled Access Gate	Single or Multi Story	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	Single	Yes	No	Yes	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Yes	No	No	Yes	No	No	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	B+	B+	B+	B	C
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B			B	M-F 8:30-5:30	Sat 9-5 Sun Closed	6AM-10PM Daily
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Website Rating
Yes	Yes	No	Yes	No	Yes	A

	5x5	**5x10**	**10x10**	**10x15**	**10x20**	**Parking**
Climate Down	**$48**	**$78**	**$130**	**$170**		**$80-$90**
Climate Up						
Non Climate				**$130 (10x18)**		

Comments: units available

Property Photo



4. **Rhodes Climate Controlled Storage** 2900 Dalton Pike SE Cleveland, TN 37323 (423) 813-7200

Distance from Subject	Year Built	Occupancy	Net Square Feet	% Climate	REIT?	Generation
11.56 miles	2000s	80-85%	+/- 56,235	56%	No	3rd
Climate Control	Controlled Access Gate	Single or Multi Story	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	Single	Yes	No	Yes	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Yes	Indoor	No	Yes	No	No	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	A	B+	A	A
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B+			A	M-F 9-5	Sat Closed Sun Closed	6AM-9PM Daily
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Website Rating
Yes	Yes	No	Yes	No	Yes	A

	5x5	**5x10**	**10x10**	**10x15**	**10x20**	**Parking**
Climate Down	**$55**	**$79**	**$119**	**$169**	**$199**	**30ft $79**
Climate Up						
Non Climate		**$65**	**$89**	**$105 (10x13)**	**$135**	

Comments: units available

Property Photo

POTENTIAL NEW SELF STORAGE DEVELOPMENT

Our review of a subscription based new construction database indicated the following:

There are no new self-storage developments either in planning stages or under construction within the subject market.

Despite diligent efforts to identify new self-storage developments, there is always a chance that a planned project hasn't yet appeared in construction databases.

DEMAND ANALYSIS

A common methodology for calculating market demand is to examine the square storage footage available per capita. It should be noted that the square-foot-per-capita analysis has certain limitations. There is no established benchmark reflecting saturation or demand levels for any U.S. market, and sufficient data is not available to determine what the threshold for demand may be. Additionally, the Self-Storage Almanac's metro guides and top markets methodology have issues because they determine supply by multiplying an average facility size of 39,668 square feet by the number of facilities in a market, usually sourced from phone listings. This calculation assumes that the average facility size is consistent across all U.S. markets.

This methodology also does not differentiate between the demand for climate-controlled and non-climate-controlled storage space, which is an essential factor in evaluating demand for a property. Other important factors such as per capita income levels and market rental rates are also ignored by this methodology.

Using data from the Almanac, it is challenging to determine what the ideal or maximum square-foot-per-capita number should be. For instance, Boise, ID has the highest level at 12.64 square feet per capita, while the New York metropolitan area has the lowest at 2.82 square feet per capita. Despite these differences, occupancy rates can be similar in both markets, suggesting that the supply threshold for New York is not necessarily over ten times the current supply.

To properly assess and analyze square-foot-per-capita demand, it is crucial first to obtain an accurate count of square footage. Then, the supply must be compared with occupancy rates. There can only be too many square feet per capita when there is an excess of available square feet, indicated by high vacancies. Therefore, the number of square feet per capita should be measured by occupancy, and when occupancy drops, it indicates that supply has exceeded demand.

This market analysis would indicate that the five-mile subject market is most likely 'under-supplied' as evidenced in part by the anecdotal evidence of mostly moderately high to high occupancy levels thru onsite manager comments and the dynamic pricing models utilized by some of the competitors. (On those websites that use dynamic pricing, unit sizes with limited or no availability will either not be listed on the site or not have any promotion discounts or indicated 'call for availability' instead of 'reserve'). We believe that the review of the market and the competitors would indicate that there is some amount of unmet demand in the market for the contemplated improvements and the demand calculations and anecdotal evidence of higher occupancy levels appears to substantiate that indication.

While we do not necessarily prescribe to calculating and reviewing the demand numbers in a 'vacuum', we have made those calculations using averages facility sizes and MSA demand and supply numbers from the Self Storage Almanac and a **review of those numbers would support the development of at least a modest amount of additional self-storage space as contemplated with the development project.**

Those demand calculations follow.

Using the national average demand calculation number for comparison, as well as the State and National demand calculations the analysis would indicate that there is likely a modest amount of unmet demand within the one-mile and three-mile demographic profiles and a more substantial amount of unmet demand within the five-mile demographic profile. We should note that it is our belief that the primary demographic that would constitute a large percentage of the potential tenant base resides within five miles of the subject site.

Notes:

- '***Radius***' refers to the mile radius within the sub-market with the subject site as the central point in that radius.
- '***Subject Property'*** is referring to the square foot per person within the subject site within the particular radius.
- The '***MSA SQ/CAP'*** is the comparison number used per the 2020 Self Storage Almanac that represents the amount of rentable square feet per person in the subject site MSA (Metropolitan Statistical Area)
- The '***State SQ/CAP'*** is the number reported by the 2020 Self Storage Almanac for the state in which the subject site is located.
- The '***US Average'*** is the amount of square footage per person across the US as reported in the 2020 Self Storage Almanac. We use this average number for our demand calculation analysis as the subject market would be considered 'under-supplied' given the low average per person number.
- The '***Highest MSA/US'*** is the highest average square foot per person noted in the US, the Boise ID MSA.
- The '***Lowest MSA/US'*** is the lowest average square foot per person noted in the US, the New York MSA.
- The first section of the calculated demand includes the market competitors.
- The second section of the calculated demand includes subject property and the market competitors.

- There are two columns of calculated demand in each section:
    - The first column calculates the demand including the population as reported in the demographic report plus an additional 10% of demand calculated for commercial users.
        - The number of commercial users can vary from nearly 0% to a much more substantial percentage, depending on subject site location and the demographic profile of the subject market. We have used 10% for the subject site due to the location in a suburban market within a commercial/retail area.
    - The second column calculates the demand including the population as reported in the demographic report with no amount of demand calculated for commercial users.

RADIUS		SUBJECT PROPERTY		MSA SQ/CAP	STATE SQ/CAP	SF EQUIL	HIGHEST MSA US	LOWEST MSA US	US AVERAGE		
				7.8	7.8	7.5	12.64	2.82	5.71		
			Variances								
1 MILE		0.00		-7.80	-7.80	-7.50	-12.64	-2.82			
3 MILE		2.30		-5.50	-5.50	-5.20	-10.34	-0.52			
5 MILE		0.94		-6.86	-6.86	-6.56	-11.70	-1.88			
CALCULATION											
	Demand Calculations Including the noted competitors in the subject market										
	2024 POPULATIO	# OF FACILITIES	SQUARE FOOTAGE	SQUARE FEET PER CAPITA		Potential Unmet Demand Comp: MSA SF/Person Plus 10% Commercial			Potential Unmet Demand Comp: MSA SF/Person No Commercial		
RADIUS											
1 MILE	268	0	0	0.00		2211			2010		
3 MILE	2,171	1	5000	2.30		12911			11283		
5 MILE	5,346	1	5000	0.94		39105			35095		

The GREEN highlighted numbers indicate the amount of unmet square footage demand within the various demographic profiles.

Any RED highlighted numbers would indicate the amount of over-supply within the various demographic profiles.

We used estimated square footage sizes for market competitors from local assessors, websites, and Google Earth views. Although these sizes might change with an onsite market study, we don't expect significant differences.

Considering per person square footage demand is important when developing a new self-storage facility. However, it's easy to overemphasize this factor.

The data and the anecdotal occupancy levels suggests there is unmet demand within the five-mile area of the site, indicating that the market is likely under-supplied.

LEASE-UP PERIOD

To deliver successful pricing plans, several factors are evaluated, including street rates, discounts, inventory levels, historic trends, and move-in specials. Combining these data points to determine the optimal target occupancy for a specific self-storage facility requires a nuanced approach. Business conditions in a facility’s immediate market area must be considered when creating occupancy strategies for individual storage stores.

Since self-storage is a highly localized industry, conditions in the immediate market area surrounding the store can significantly impact occupancy rates. Factors such as a depressed local economy or the opening of a new storage facility in the vicinity may lead to a decline in occupancy.

Conversely, new home developments, increased recruitment at local companies, and other dynamic changes can result in sharp increases in occupancy rates.

In general, most industry experts agree that target occupancy rates for self-storage facilities in the U.S. should be in the 90 to 95 percent range. When a store has too many unoccupied units, it is unable to maximize its revenue potential. Conversely, self-storage facilities with too few vacant units will have to turn customers away, some of whom may have been willing to pay more for a unit than the current tenants. Additionally, most unserved potential customers will likely become tenants at competing self-storage facilities.

Due to the high demand for self-storage space and high occupancy levels, we believe the facility will reach stabilization in 6 months. This assumes the market remains strong and the developer upgrades, manages, and markets the facility as an 'A+' grade, following the recommendations provided such as employing top-quality onsite management. Additionally, the developer should be experienced or use services from an experienced self-storage operator or third-party management company.

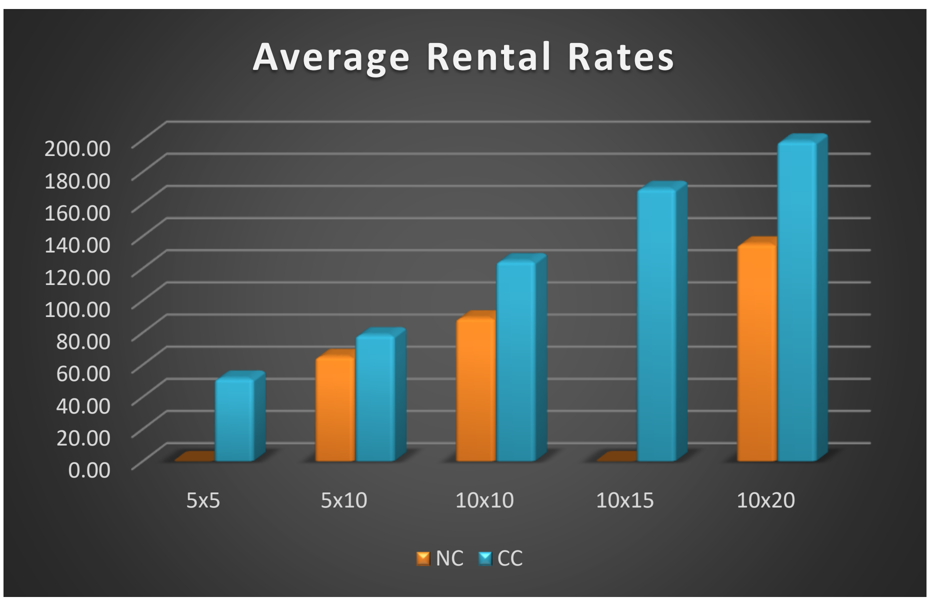
The following assumptions support this analysis:

- The development of the subject site is expected to result in an XX% increase in the market, representing a modest improvement.
- There exists both calculated and anecdotal evidence of unmet demand for additional self-storage inventory near the subject facility, based on estimated and observed occupancy levels of market competitors, as well as feedback from competitor managers.
- There are no known potential self-storage projects currently in development within the micro-market subject market.
- The management expertise at the subject site is expected to provide the new facility with a significant sales and marketing advantage over market competitors.

COMPETITOR RATE MATRIX

NON CLIMATE CONTROL						
PROPERTY	Map #	5 x 5	5 x 10	10 x 10	10x15	10 x 20
Cisco Mini Storage	1	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Spring Place Storage	2	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Simple Self Storage	3	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Rhodes Climate Controlled Storage	4	$ 0.00	$ 65.00	$ 89.00	$ 0.00	$ 135.00
Average		**$ 0.00**	**$ 65.00**	**$ 89.00**	**$ 0.00**	**$ 135.00**

CLIMATE CONTROL						
PROPERTY	Map #	5 x 5	5 x 10	10 x 10	10x15	10 x 20
Cisco Mini Storage	1	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Spring Place Storage	2	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Simple Self Storage	3	$ 48.00	$ 78.00	$ 130.00	$ 170.00	$ 0.00
Rhodes Climate Controled Storage	4	$ 55.00	$ 79.00	$ 119.00	$ 169.00	$ 199.00
Average		**$ 51.50**	**$ 78.50**	**$ 124.50**	**$ 169.50**	**$ 199.00**

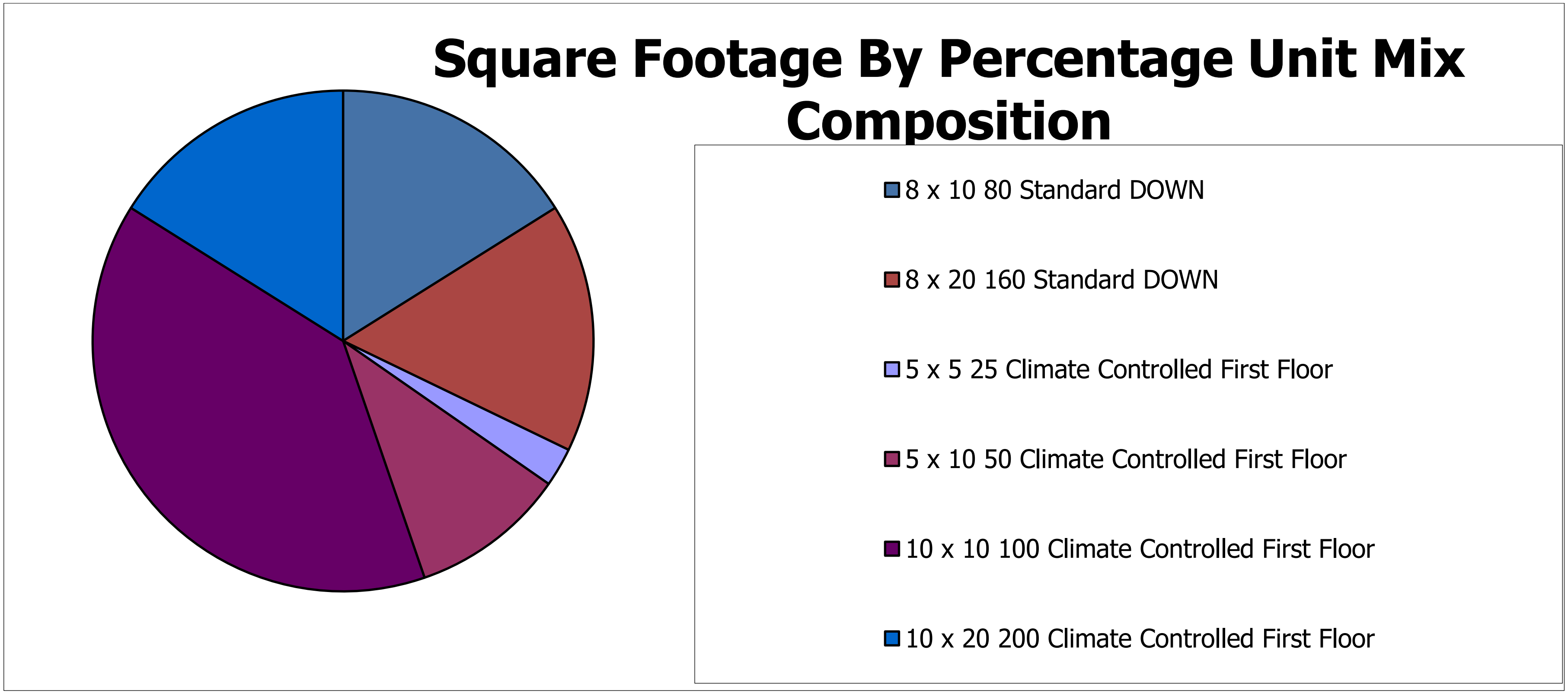


RECOMMENDED UNIT MIX

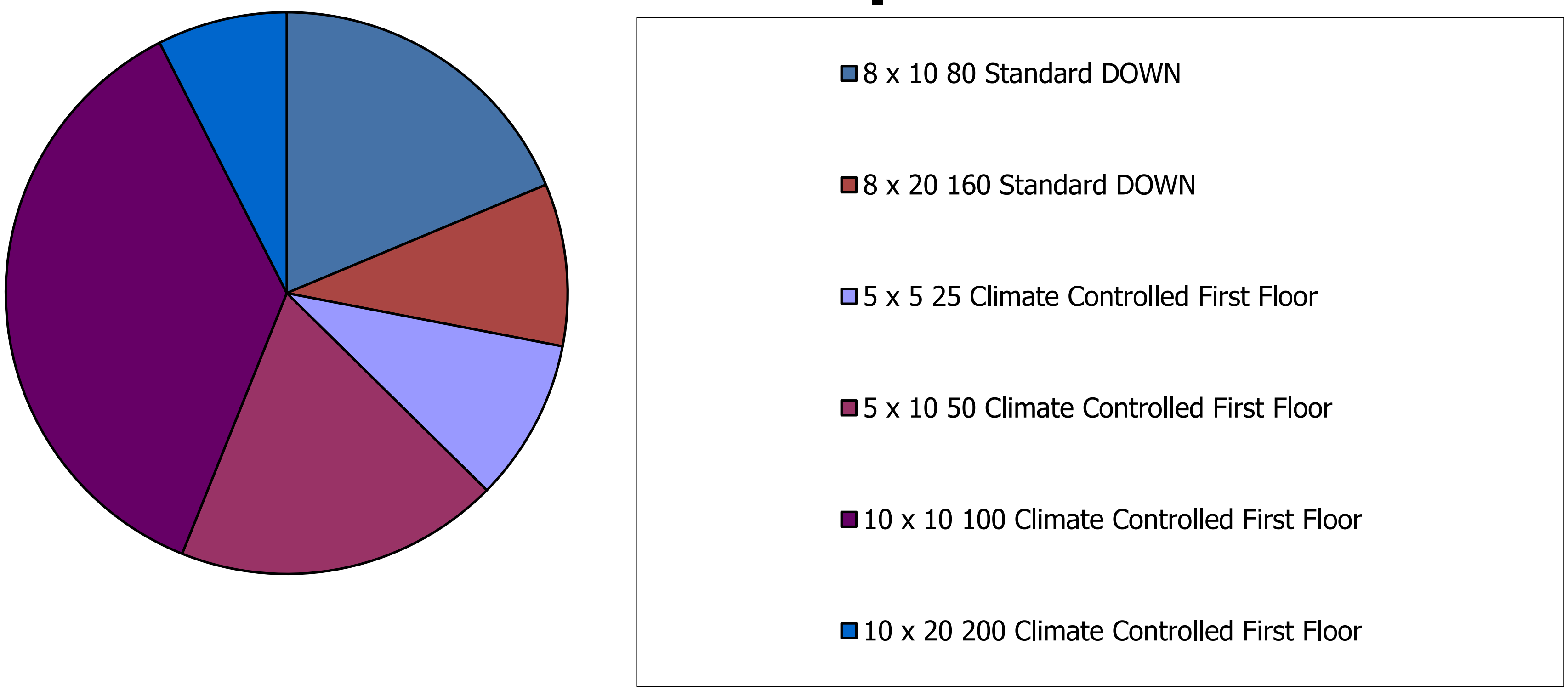
UNIT MIX								
SIZE			UNIT SQ FT	SPACE TYPE	% OF SF TOTAL	TYPE SQ FT	# OF SPACES	% OF UNITS TOTAL
8	x	10	80	Standard DOWN	16%	1,600	20	19%
8	x	20	160	Standard DOWN	16%	1,600	10	9%
5	x	5	25	Climate Controlled First Floor	3%	250	10	9%
5	x	10	50	Climate Controlled First Floor	10%	1,000	20	19%
10	x	10	100	Climate Controlled First Floor	39%	3,900	39	36%
10	x	20	200	Climate Controlled First Floor	16%	1,600	8	7%
					TOTAL SQ FT	AVERAGE	TOTAL UNITS	% OF SPACE
Climate Controlled First Floor					6,750	88	77	68%
Standard DOWN					3,200	107	30	32%
BUILDINGS TOTAL					9,950		107	100%
PROJECT TOTALS					9,950		107	

We have recreated, more or less, the unit mix as contemplated by the developer.

Square Footage By Percentage Unit Mix Composition



of Units By Percent Unit Mix Composition



REVENUE GENERATOR							
SIZE		UNIT SQ FT	SPACE TYPE	ANNUAL REVENUE	RATE PER SQ FT	% OF REVENUE	UNIT PRICE
8 x	10	80	Standard DOWN	$ 23,988	$ 14.99	17%	$ 99.95
8 x	20	160	Standard DOWN	$ 15,594	$ 9.75	11%	$ 129.95
5 x	5	25	Climate Controlled First Floor	$ 5,994	$ 23.98	4%	$ 49.95
5 x	10	50	Climate Controlled First Floor	$ 19,188	$ 19.19	13%	$ 79.95
10 x	10	100	Climate Controlled First Floor	$ 60,817	$ 15.59	42%	$ 129.95
10 x	20	200	Climate Controlled First Floor	$ 19,195	$ 12.00	13%	$ 199.95
				REVENUES	$/Sq . Ft.		
			Climate Controlled First Floor	$ 105,194	$ 15.58	73%	As a % of Revenue
			Standard DOWN	$ 39,582	$ 12.37	27%	
				$ 144,776	$ 14.55	100%	
			PROJECT TOTALS	$ 144,776	$ 14.55	100%	

We propose rental rates for the subject site based on the analysis of local market competitors. It is important to note that there may be variations in the actual unit mix and rates by the time the site opens, depending on market conditions over the coming months.

Crandall GA

12 MONTH STABILIZED INCOME STATEMENT

INCOME													
Gross Potential Income	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 13,571	$ 162,853
Occupancy	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
Rents	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 12,621	$ 151,453
Other Income	$ 631	$ 631	$ 631	$ 631	$ 631	$ 631	$ 631	$ 631	$ 631	$ 631	$ 631	$ 631	$ 7,573
Discounts/Write Offs	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (663)	$ (7,951)
Bad Debt	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (265)	$ (3,181)
TOTAL INCOME	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 12,325	$ 147,894
EXPENSES													
Advertising & Promotion	$ 326	$ 326	$ 326	$ 326	$ 326	$ 326	$ 326	$ 326	$ 326	$ 326	$ 326	$ 326	$ 3,910
Insurance	$ 270	$ 270	$ 270	$ 270	$ 270	$ 270	$ 270	$ 270	$ 270	$ 270	$ 270	$ 270	$ 3,240
Management	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous & Other	$ 205	$ 205	$ 205	$ 205	$ 205	$ 205	$ 205	$ 205	$ 205	$ 205	$ 205	$ 205	$ 2,458
Office and Administrative	$ 298	$ 298	$ 298	$ 298	$ 298	$ 298	$ 298	$ 298	$ 298	$ 298	$ 298	$ 298	$ 3,575
Payroll & Burden	$ 337	$ 337	$ 337	$ 337	$ 337	$ 337	$ 337	$ 337	$ 337	$ 337	$ 337	$ 337	$ 4,042
Real Estate Taxes	$ 897	$ 897	$ 897	$ 897	$ 897	$ 897	$ 897	$ 897	$ 897	$ 897	$ 897	$ 897	$ 10,761
Repairs & Maintenance	$ 354	$ 354	$ 354	$ 354	$ 354	$ 354	$ 354	$ 354	$ 354	$ 354	$ 354	$ 354	$ 4,245
Utilities	$ 391	$ 391	$ 391	$ 391	$ 391	$ 391	$ 391	$ 391	$ 391	$ 391	$ 391	$ 391	$ 4,692
TOTAL EXPENSES	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 3,077	$ 36,921
NOI	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 9,248	$ 110,973

This income statement aims to provide an overview estimation of the stabilized income and expenses for the subject site. Typical and customary expenses have been used, based on per square foot averages for various expense categories, with adjustments for the region and location of the subject site. Included are no management fee, a 93% stabilized economic occupancy, and a 5% ancillary income percentage. It should be noted that these figures, both on the income and expense sides, may be adjusted within the scope of a more detailed financial feasibility study.

It is also assumed that the facility would be managed on a part-time basis. Therefore, it is recommended that the developers consider incorporating automated technologies and operations to mitigate the lack of a full-time, onsite manager.

This income statement assumes the site is stabilizing, with a 4% increase in gross potential revenue and a 3% increase in expenses. Consequently, the gross potential at this stage would exceed the gross potential contemplated by the recommended unit mix. These assumptions account for the differences between the gross potential rent from the recommended unit mix and the income statement. The income portion of the income statement comprises rental income and 'other' income, including late fees, tenant insurance payments, retail merchandise sales, and various other ancillary income sources. This amount could be adjusted upwards if the developer adds truck rentals or downwards if the developer opts not to offer tenant goods insurance or limits retail sales offerings.

It is crucial to note that the viability of any self-storage development or conversion project is significantly impacted by the acquisition costs of the land or building, site work, hard and soft costs, etc. The scope of the Desktop Market Study does not consider estimated construction costs, lease-up reserves, cash flows, or financial return calculations.

Table 5 – Average Facility Income Per Square Foot

Region/Division	Storage Rental Income	Miscellaneous Income	Total Revenue
East Region	**$17.85**	**$0.88**	**$18.73**
Mideast Division	$14.57	$0.58	$15.15
Northeast Division	$18.70	$0.96	$19.65
Midwest Region	**$9.38**	**$0.39**	**$9.77**
East North Central Division	$9.49	$0.41	$9.90
West North Central Division	$8.73	$0.30	$9.03
South Region	**$9.85**	**$0.51**	**$10.37**
Southeast Division	$11.36	$0.62	$11.98
Southwest Division	$7.96	$0.38	$8.34
West Region	**$14.19**	**$0.66**	**$14.85**
Mountain Division	$8.34	$0.52	$8.86
Pacific Division	$16.31	$0.71	$17.02
National	**$13.26**	**$0.64**	**$13.90**

Table 4 – Average Facility Income

Region/Division	Self-Storage Income	Miscellaneous Income	Miscellaneous Income (% of Self-Storage Income)	Total Revenue
East Region	**$288,026,143**	**$14,213,244**	**4.93%**	**$302,239,386**
Mideast Division	$48,339,527	$1,929,484	3.99%	$50,269,011
Northeast Division	$239,686,616	$12,283,760	5.12%	$251,970,376
Midwest Region	**$62,092,531**	**$2,609,417**	**4.20%**	**$64,701,948**
East North Central Division	$53,602,463	$2,317,030	4.32%	$55,919,493
West North Central Division	$8,490,068	$292,387	3.44%	$8,782,455
South Region	**$194,655,537**	**$10,167,334**	**5.22%**	**$204,822,871**
Southeast Division	$124,996,998	$6,816,648	5.45%	$131,813,646
Southwest Division	$69,658,540	$3,350,686	4.81%	$73,009,226
West Region	**$290,683,816**	**$13,504,367**	**4.65%**	**$304,188,183**
Mountain Division	$45,469,746	$2,839,579	6.24%	$48,309,326
Pacific Division	$245,214,070	$10,664,788	4.35%	$255,878,858
National	**$835,458,027**	**$40,494,362**	**4.85%**	**$875,952,389**

Table 2 – Self-Storage Operating Expense Report

	National	East			Midwest			South			West		
Expense Category		East Region	Mideast Division	Northeast Division	Midwest Region	East North Central Division	West North Central Division	South Region	Southeast Division	Southwest Division	West Region	Mountain Division	Pacific Division
Real Estate Taxes	$1.41	$2.37	$1.65	$2.55	$1.14	$1.12	$1.24	$1.10	$1.03	$1.19	$1.05	$0.81	$1.13
Property Insurance	$0.23	$0.20	$0.11	$0.22	$0.12	$0.12	$0.14	$0.24	$0.30	$0.17	$0.27	$0.13	$0.33
Utilities	$0.34	$0.45	$0.30	$0.49	$0.24	$0.23	$0.25	$0.32	$0.35	$0.28	$0.32	$0.28	$0.34
Repairs & Maintenance	$0.47	$0.61	$0.39	$0.67	$0.40	$0.40	$0.39	$0.37	$0.40	$0.33	$0.47	$0.31	$0.53
Administration	$0.61	$0.71	$0.61	$0.73	$0.45	$0.45	$0.42	$0.50	$0.56	$0.43	$0.69	$0.53	$0.75
Off-Site Management	$0.76	$1.05	$0.98	$1.06	$0.52	$0.56	$0.34	$0.57	$0.69	$0.43	$0.78	$0.49	$0.89
On-Site Management	$1.06	$1.27	$1.07	$1.32	$0.90	$0.90	$0.92	$0.89	$0.99	$0.76	$1.11	$0.80	$1.22
Advertising	$0.29	$0.35	$0.35	$0.35	$0.27	$0.27	$0.23	$0.25	$0.29	$0.19	$0.29	$0.27	$0.30
Miscellaneous	$0.58	$0.50	$0.00	$0.63	$0.24	$0.27	$0.01	$0.43	$0.56	$0.27	$0.89	$0.58	$1.00
Total Expenses (SF):	**$5.75**	**$7.50**	**$5.48**	**$8.02**	**$4.26**	**$4.32**	**$3.95**	**$4.68**	**$5.17**	**$4.07**	**$5.87**	**$4.20**	**$6.48**
Effective Gross Income (SF):	**$13.75**	**$18.60**	**$15.79**	**$19.33**	**$9.88**	**$9.94**	**$9.59**	**$10.92**	**$12.16**	**$9.36**	**$13.91**	**$9.12**	**$15.65**
Operating Expense Ratio:	**41.79%**	**40.31%**	**34.68%**	**41.50%**	**43.14%**	**43.46%**	**41.22%**	**42.88%**	**42.53%**	**43.45%**	**42.21%**	**46.08%**	**41.40%**
Sample Size	*921*	*234*	*47*	*187*	*104*	*87*	*17*	*285*	*162*	*123*	*298*	*81*	*217*

OPERATIONS/MARKETING RECOMMENDATIONS

Signage: The significance of highly visible, colorful signage cannot be overstated. In the retail business of self-storage, appropriate signage is crucial. It is advisable to maximize the amount of signage permitted:

- "Self Storage" should be the most prominent wording on the sign.
- The facility phone number should be displayed in large numerals.
- While manual reader boards are not recommended, an electronic reader board, if budget permits, can highlight specials, community events, time and temperature, etc.
- A "Coming Soon!" sign with an 800 number is recommended for monitoring demand and fostering a pre-leasing atmosphere. This may also deter potential new self-storage developments in the market area.
- Consider employing a third-party call center to answer the "Coming Soon" phone number, especially as the opening of the facility approaches and pre-leasing opportunities arise.

Trucks: There is a strong correlation between self-storage and truck rentals, as indicated by the high percentage of customers who rent trucks when moving into or out of self-storage (approximately 25%). It is recommended that the developer consider adding Uhaul rental trucks at the site.

- **Uhaul:** 800-528-0361 www.uhaul.com/dealer

Call Center: Call centers are recognized as one of the significant competitive advantages in the self-storage industry. They prevent missed customer inquiries, which is essential for maximizing conversions.

- Call centers handle all incoming calls, providing options for 24/7 service, allowing the manager to focus on operational duties, marketing, and face-to-face customer service.
- The call center answers after the third or fourth ring and outside office hours. Customers typically do not realize they have reached a call center.
- Services include making reservations, processing payments, answering account queries, and increasing both rentals and customer service levels.
- Managers must be trained to fully utilize the benefits of a call center.

Recommended Call Centers for Self-Storage:

- **XPS:** 800-419-2006 www.xpsusa.com/copper/
- **C3 – Chaise Benton:** 865-705-4038
    - Specializes in remotely managed facilities

State-of-the-Art Security: No compromises should be made in security technology.

- Individual door alarms are not recommended for this facility.
- Access-controlled entry recorded security surveillance, and ample security cameras should be installed.
- Large monitors placed behind the sales counter will ensure customers their belongings are being monitored.
- Contact Aaron Harwell at Spider Door: 855-556-9589.

Tenant Goods Insurance:

- **Bader Company – Tim Parnell:** 888-223-3726 www.baderco.com
- **StoreSmart Insurance – Michael Rhoads:** 888-545-7627 www.storsmartinsurance.com

Property and Casualty Insurance:

- **World Insurance – Jessica Lamoureux:** 860-955-9944 jessicalamoureux@worldinsurance.com
- **Johnson Insurance – Terry Campbell:** 336-829-9821 terry@gojohnsonins.com

Manager Considerations:

The success of a self-storage business is significantly influenced by the quality of its manager. An intensive hiring and training program is essential, especially for new or challenging markets.

- Managers must be professional, outgoing, and skilled in marketing and represent the facility within the community.
- It is advised not to include on-site living quarters for managers, instead employing a professional manager.
- Self-storage managers need to adapt to internet and email marketing dynamics and possess excellent sales skills.

For comprehensive manager training, contact Brett Copper at Self Storage 101 VP of Marketing and Manager Training.

Third-Party Management Companies:

Consider employing professional management services for enhanced efficiency.

- **Cubesmart – Guy Middlebrooks:** 610-535-5000 www.cubesmart.com
- **Extra Space – Noah Springer:** 801-365-4600 www.extraspace.com
- **Absolute Management – Jasmine Jones:** 901-737-7336 ext. 715 www.absolutemgmt.com
- **Storage Asset Management – Alyssa Quill:** 717-779-0044 www.storageassetmanagement.com

Marketing Plan: Employ a consultant to develop a comprehensive marketing plan that includes direct mail campaigns, sales management strategies, extended access hours, and more.

- Office should have extended hours during lease-up and maintain seven-day-per-week office availability.
    - ‘Availability’ can be implemented through a call center.
- Embrace an internet strategy with a robust e-commerce component for online rentals and payments.
- Automated technology should be integrated to extend rental hours and reduce labor costs.

Contact **The Storage Group** – Jill Baker: 407-392-1485 www.storageinternetmarketing.com

Unique Selling Proposition (USP): Identify and promote unique features such as automated payments, free rental trucks with move-in, climate-controlled units, and a full selection of moving and packing supplies.

Affiliations and Marketing Efforts: Leverage partnerships with local businesses, apartment managers, homeowner associations, and realtors. Engage in guerilla marketing and direct community involvement for increased traffic.

Management Software:

- **storEdge – Austin Jones:** 913-954-4110 www.storedge.com
- **WebSelfStorage – Toni Colasso:** 866-693-6683 www.webselfstorage.com
- **Sitelink – Dave McCormack:** 919-865-0789 ext. 1 www.sitelink.com

General Recommendations: Maintain exceptional property conditions and a clean environment. Implement tenant retention programs and a competitor referral program. Incorporate a B2B marketing effort to attract commercial customers.

For further assistance, engage a self-storage marketing consultant to create collateral materials and execute the marketing plan effectively.

Running an Automated Self-Storage Site: Customers Clamor for Self-Service

As the economy continues to take America for a wild ride, self-storage owners are left looking for creative ways to rent more units, reduce operating cost and improve customer retention. Many have found that using technology to automate existing facilities is producing some real benefit. Some have even discovered they can operate their facility with limited or no onsite staff.

“In this tough economic climate, automation has enabled me to undercut the market and still be open when my competitors are not,” says Robert Walker, owner of Self Storage of America, an 1,100-unit facility in downtown Indianapolis. “A minimal investment in automation has allowed me to eliminate staffing expenses on Sundays, Mondays and all holidays, saving me $10,000 annually.”

Five years ago, running a self-storage facility without an onsite manager was something attempted by owners of only very small facilities. The idea of running a 25,000- to 40,000-square-foot facility without a manager was unheard of; but today, unmanned sites have become more commonplace. As it turns out, all facilities end up being unmanned to some degree.

Hours of Operation

It’s no secret that consumers have become use to and even expect to do business on their schedule. Gone are the days when a business can keep banker’s hours. In this respect, automated storage facilities are better equipped to serve today’s consumers. Traditional facilities with onsite or resident managers usually hold office hours for 8 to 10 hours and are closed for business the rest of the day, where unmanned facilities are open up to 24 hours.

When it comes to renting more units, there’s not much argument that when a potential renter is looking for a storage space after hours, he will bypass facilities with the light out in the office and go to the one down the street where business is still happening. But there’s a catch: To be open for business when the office is closed takes an investment in infrastructure including electronically controlled access, security cameras, ample lighting, a self-service kiosk to rent units and process payments and, yes, people.

While technology has improved to a point where customers can serve themselves, there are still times when only a live person will do. Someone still needs to answer calls, clean out units, perform lock checks, hold auctions and be available to deal with customer issues. This part of the puzzle is being solved with the help of a call center and a part-time employee to stop by the facility on a regular basis.

Jim Adams, president of Secure Holdings Inc. in Indiana, has made developing and operating fully automated facilities a part of his company's long-term strategy. "Having built unmanned facilities from the ground up as well as more traditional storage facilities, I know firsthand each model can be done successfully," Adams says. "A few years ago, it became obvious that we could not all buy prime locations in urban markets like Public Storage. With many of the metropolitan markets already saturated, I started looking at how I could develop a quality facility in second- and third-tier markets."

Adams found the competition in these markets would be easy to beat, but the markets would not support large facilities that could carry the overhead associated with traditional manned storage. With an eye on development and operating costs, he determined he could build a high-quality, smaller facility by focusing on the property and not the office.

"When I surveyed the competition, I saw most did not have paved driveways, which I felt was a must," he says. "They did not have the 8-foot fencing, cameras or good lighting and, more important, they were closed more than often than they were open. Focusing more on the quality of the facility as a whole and less on the office, we are able to provide customers with the same level of amenities found at a class-A property."

Adams also points out that development and construction cost less too. A smaller site plan means lower legal fees, easier access to permits and better cash-on-cash return.

As far as marketing, Adams says the game is the same when it comes to attracting customers. "You still have to get the phone to ring, and the kiosk will only rent to people who are standing in front of it. You must be close to your customers, advertise on the Web and in the Yellow Pages as well as on site. Having a facility with class-A amenities is the secret."

Managing Unmanned Facilities

After fully automating his facilities, Adams has discovered the technological advantages he offers provide customers with benefits that often exceed those available from his competitors, and they allow him to operate his facilities at a lower cost. He can manage several facilities from a central location and provide even greater focus on cleanliness, security and convenience, at a price that keeps his customers happy and coming back.

Jon Mutchner, owner of The Storage Center in Terre Haute, Ind., converted his two traditional facilities into a single, centrally managed operation. Even though his sites are three miles apart, they operate seamlessly and efficiently with the use of inventive technology. He found that within 90 days of implementing an automated approach, his kiosk served 88 customers and brought in $28,000 in new rentals.

“There are no excuses. We’re always open, and we can rent a unit or take a payment anytime of the day or night,” Mutchner says. He also finds that outstanding accounts-receivable have diminished since installation of this new technology. “Our automation is a unique convenience, and it increases our potential to keep customers.”

Owners operating unmanned or partially automated facilities agree that customers like the self-service experience and appreciate the benefits the technology provides. “I can sometimes look out of my window and watch customers as they use the kiosk—they love it,” Mutchner confirms. He finds the younger generation of self-storage customers is increasingly adapted to technology, find it comfortable, and often prefer automated solutions that allow them to conduct business quickly, at times that work best for them.

While there are those who say operating an unmanned facility is risky, Adams says, not really. In fact, he finds there is no appreciable difference in the number of break-ins or incidents of vandalism that occur at manned vs. unmanned locations. Proper site configuration reduces any unit-number confusion, and his kiosks even print maps for new customers so they know exactly where their unit is located. He also says customers don’t seem to have a preference as to whether the facility is manned. Mutchner agrees: “These days, some people put too much weight on the value of eye-to-eye contact and handshakes. This generation wants to do it themselves.”

Technology

When you examine the differences between a traditional storage location and a more automated or unmanned facility, the key differentiator becomes clear: technical sophistication. While the traditional model takes advantage of a personal touch (so long as there’s a good, personable manager available), more automated locations give customer access to valuable services even after the office has closed. Self-serve options on the Internet and on site give new and existing customers the ability to rent units, pay their bill, retrieve gate codes and update their account information. Connectivity allows management to take place remotely, often in real time.

Unmanned locations do require a greater investment in technical infrastructure, and connectivity is critical. Nevertheless, most owners find the return on investment is sound. “When we consider the faster lease-up, lower operating cost and increased cash-on-cash return automated facilities provide, unmanned operations are the secret to making money in many markets,” Adams concludes.

Robert A. Chiti is the president and CEO of Phoenix-based OpenTech Alliance Inc., developer of the INSOMNIAC line of self-storage kiosks. For more information or to see an online demo, visit www.opentechalliance.com.

10 Federal Finds Success With Self-Storage Automation: A Case Study of Unmanned Operation

The owner of 10 Federal Storage discusses the role of technology in his company's successful operation of 15 unmanned facilities. Learn how they do it and challenges they've faced when implementing new tools.

At 10 Federal, our focus is on operating unmanned, autonomous self-storage facilities. Over the past four years, we've tried numerous technologies and methods to refine the process, and I'm pleased to report the model is succeeding. Properties that have been on our platform for a minimum of six months have increased net operating income an average of 18 percent. With our debt leverage, this equates to a 52 percent increase in the value of equity invested!

What's important to recognize is technology is replacing labor. It doesn't matter what industry you're in—there are more machines, computers and robots than ever performing work that used to be done by people, and productivity is increasing tremendously through technology use. For example, we have one property manager who oversees all 15 of our locations. That's pretty efficient!

Our goal is to find the maximum point on the curve where one axis is customer satisfaction and the other is cost. Effectively, we're looking for the best tenant experience at the lowest rate. We'll look at any technology that can improve convergence. However, the tools we employ can be used by any self-storage operator. Pick one or all. Any will increase the efficiency of your operation and save you time, money or both.

Before I dive into the details of the technology we use, I want to emphasize that the following is not a definitive list. Our industry is full of great vendors who are constantly refining and improving their products. This is simply what we're using for our current model. I'll distill items into three categories: sales, operation and monitoring. I'll also shared challenges we faced to implement new technology and the effect it's had on our customers.

Sales

Our sales revolve around a leasing-enabled website and kiosk as well as a call center. A leasing-enabled website allows a prospective renter to create an account, select a unit, enter payment information, create a gate code, electronically sign the lease and move into the unit all on his own. Twenty-four percent of our tenants rent through our website without ever talking to us. Not only is this optimal efficiency, it gives us a big advantage. We can lease 24 hours a day, whereas our competition can only rent during business hours. We average three to five leases per facility per month through after-hours leasing.

A leasing-enabled kiosk performs all the same functions as the website. Though only 6 percent of our leases originate through this tool, I still recommend having one. The use is enough to justify the investment, and the kiosk doubles as a pay station and information terminal for customers. Further, it establishes an "office" where renters begin their onsite journey.

Another critical item you need if you're operating an unmanned facility is a model unit, since after price, the next most common question from customers is, "What size unit do I need?" We either convert an existing office or buy a 10-by-20 portable-storage unit to use as the model. We mark the smaller unit sizes on the floor using colored tape. Placing this near the kiosk allows customers to visualize the space they'll need.

The call center is the final and most critical sales channel. Seventy percent of our leases originate here. Units are rented over the phone, or the customer can complete the lease at the kiosk or website. You can't escape having a call center if you go unmanned. We established our own, as unmanned sites were pretty specialized when we started. Now, there are many great call-center options.

None of the above is relevant, however, if the customer doesn't know about your store, so it's critical to have an online presence. Start with getting a Google My Business Listing, then supplement with Google AdWords. I love this advertising channel because you can turn it on and off as needed.

Operation

For payments, we only accept electronic—no cash or checks. We lose 10 percent of customers when we acquire a facility and enforce this requirement, but we recover that loss quickly and the system is very efficient.

Next is the overlock challenge, specifically how to release an overlocked renter if there's no manager onsite. We use a lock system we developed ourselves, but there are other automated lock options in the industry. Even if your facility is staffed, an overlock system will help with efficiency, as the manager won't have to spend time removing overlocks, and locks can be removed even after hours. It's a better customer experience.

We do employ part-time maintenance techs who invest an average of 10 to 20 hours per facility per month. That's still far better than 160 hours per month for a full-time manager. A maintenance tech mows, blows, cleans, overlocks units, takes auction photos and handles other routine tasks. We're experimenting with 360-degree cameras and virtual-reality headsets that will allow our maintenance director to be "present" with the tech to do things such as walk-throughs or troubleshooting a gate.

Monitoring

We rely heavily on our camera system and are experimenting with analytics cameras. A legacy system records what has occurred on site, but an analytics system can be trained to recognize if a door or vehicle gate is stuck open. Plus, the cameras can see thermally, so they can recognize if a climate-controlled building's temperature is outside of its target range or there's water on the floor, indicating a leak. Our goal this year is to make the analytics cameras our central nervous system to monitor all aspects of the facility and actively notify us of exceptions.

Challenges

We have experienced some challenges when introducing technology at our properties, and they can be divided into two categories. The first we've defined as "the incident of failure rate" and the second is simplicity.

With unmanned operations, we have no one on site to deal with things that fail or break; hence, our goal is to get the frequency of something not working as close to zero as possible. There are a lot of amazing whiz-bang technologies out there, but if they're not extremely reliable, they aren't a good fit for unmanned sites.

Also, when you're unmanned, there's no one on site to explain how anything works. Every process must be as simple as possible so anyone without prior self-storage experience can jump right in and execute.

We work hard to get tenants onboard with our technology. When we acquire a facility and implement new tools, we lose 10 percent of the rent roll, on average. That may sound bad, but that same technology allows us to quickly recover those lost tenants. And, by the way, those are our "least efficient" customers—the ones who insist on paying by cash or check—so we're not exactly sad to see them go.

Most tenants are remarkably comfortable with our technology, as we try to keep it in the vein of interfaces they're already used to, such as a website, kiosk or combination lock. It's all familiar to them thanks to online shopping, Redbox and ATMs.

Crandall GA

Whether you’re thinking of going unmanned or just looking to find new efficiencies, I encourage you to attend industry tradeshows and see the technologies firsthand. Consider things that are easy to implement, such as connecting your gate to your website and management software. Chances are, everything is already in place, you just need your software provider to flip that switch. Then you can rent units 24 /7! This is just one way you can better serve customers and lower your operating costs.

Brad Minsley is a co-founder of 10 Federal Storage LLC, responsible for operations including new-technology development, acquisitions, management functions and finance. 10 Federal operates 17 unmanned facilities in the Carolinas and Virginia

Automation Makes Its Way Into Self-Storage

Many industries are adopting automation to make everyday transactions faster, easier and more convenient for consumers while increasing business efficiency. It was only a matter of time before this trend made it to self-storage. Whether you’re depositing a check or buying groceries, many aspects of your daily routine may look very different than they did 10 years ago. Technology has given us tools including bank mobile apps and self-checkout lanes to make everyday transactions faster, easier and more convenient for consumers while increasing business efficiency. Many industries are adopting automation to provide customers and users with fast, real-time results. It was only a matter of time before this trend made it to self-storage. Five years ago, kiosks weren’t readily accessible in storage facilities. Customers came in, visited with the manager, went to their units and left. Believe it or not, there wasn’t nearly as much hustle and bustle back in 2013. Many sites didn’t even have a website, so payments were made in person or through the mail.

Automation is changing the self-storage landscape, enabling owners to cut costs and enhance the customer experience. The one-on-one interaction between tenants and a real person is still significant, however, there are ways to increase efficiency and return on investment without losing that personal touch.

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For a self-storage operator, automation allows you to control expenses and increase margins. Online reservations/rentals and keypad gate access will enable you to securely operate your facility beyond traditional business hours, without the incremental cost of an hourly employee. With rental-rate increases slowing down, expense reduction is one way to add more to the bottom line.

Automation may not work at every facility, but it’s an option for facilities in rural and urban areas. "Automation can provide a far superior customer experience, which results in higher occupancy and higher rents. We are experiencing these effects first hand on the deals we are acquiring and automating," says Brad Minsely, owner of 10 Federal, which operates 11 self-storage locations in North Carolina.

If you’re looking to add technology to your self-storage facility, you’re one of many. There are ample benefits to automation.

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Consultant Qualifications:

2003-Present Owner, Partner in Charge, Self Storage 101

Founder of Self Storage 101, the industry's leading consultancy firm specializing in Development and Market Feasibility, Operational Improvement and Marketing Implementation. Bob has worked with 100's of independent owners and operators to assist in making informed and profitable decisions in all aspects of self-storage. He has developed, own and managed his own facilities and so has a unique perspective that easily relates to those operators he has consulted with over the years. Bob and the Team at Self Storage 101 specialize in:

- Market and Feasibility Studies
- Acquisition Due Diligence Projects
- Facility Operational Auditing
- Owner, Operator and Manager Training

Bob has authored a number of highly popular books and training manuals related to self storage and is a regular contributor to most of the industry trade journals. He is a regular speaker at national, regional and local self storage meetings and conventions.

2001-2004 Regional Manager, Metro Storage LLC

Oversaw three district managers in four states for Metro Storage, one of the largest operators of self storage facilities in the US. Had complete P&L responsibility as well as asset management, portfolio growth, marketing and adding value to the assets. Developed training programs and assisted district managers with personnel decisions and financial statement reviews.

1998-2001 District Manager, Public Storage

Successfully managed the largest Public Storage district in the country (17 properties). Took over two under-performing districts and turned them into some of the highest performing districts. Responsible for all personnel management, expense control, manager training, property management and operational reporting. Involved in several acquisitions and new-store openings.

Education: Stetson University, 1979-1983

Professional References gladly provided upon request.

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Consultant Qualifications:

2006-Present Consultant, Self Storage 101
Field Auditor and Data Analyst with Self Storage 101, the industry's leading consultancy firm specializing in Development and Market Feasibility, Operational Improvement, and Marketing Implementation. Bill has worked with dozens of independent owners and operators to assist in making informed and profitable decisions in all aspects of self-storage.

Bill has developed and implemented systems for analyzing and collecting relevant data to:

- Improve operational efficiency
- Measure operational effectiveness
- Assist in determining project viability
- Measure Capital Rate of Return on acquisition projects

Bill has worked closely with clients and industry vendors to aid in market research and development viability for a large number of independent-owner and institutional self storage projects:

- Provide comprehensive market data and analysis to determine unmet demand or over-supply in specific markets
- Participated in a number of community neighborhood meetings, municipal presentations and investment group conferences to provide anecdotal and empirical evidence regarding market demand and viability of specific self storage projects
- Prepared a large number of complete bank package or self storage feasibility studies, documenting "develop or not develop" recommendations

Education: **Stetson University, 1980-1984**
Professional References gladly provided upon request.

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Consultant Qualifications:

2020-Present Consultant, Self Storage 101
Field Auditor and Data Analyst with Self Storage 101, the industry's leading consultancy firm specializing in Development and Market Feasibility, Operational Improvement, and Marketing Implementation. Jennifer has worked with dozens of independent owners and operators to assist in making informed and profitable decisions in all aspects of self-storage. She has owned her own facilities and so has a unique perspective that easily relates to those operators she has consulted with.

2016-2019 Regional Sales Manager, Storage Structures

Consulted with hundreds of developers and owner/operators regarding all aspects of self storage facility construction, specializing in structural metal components. Maintained relationships with a range of industry vendors including architects, building suppliers, lenders, etc. and participated in state and national self storage associations.

Jennifer has worked closely with clients and industry vendors to aid in market research and development viability for a large number of independent-owner and institutional self storage projects:

- Provided comprehensive market data and analysis to determine unmet demand or over-supply in specific markets
- Prepared a large number of self storage feasibility studies, documenting "develop or not develop" recommendations

Education: Eastern Kentucky University, 2006-2010
Professional references gladly provided upon request.