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Self-Storage Feasibility Study

2530 Commerce St.,
Pahrump, NV 89048

July 29, 2024

PREPARED FOR:
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DISCLAIMER: The information contained in this self-storage feasibility study is based on data and assumptions that are believed to be reliable. However, the study is for informational purposes only and should not be relied upon as a representation or warranty, express or implied, as to the accuracy or completeness of any of the information presented. The results of the study may be affected by factors beyond the control of the authors, and the authors do not assume any responsibility or liability for any errors or omissions in the study or for any loss or damage arising from the use of the information contained in the study.

EXECUTIVE SUMMARY

The subject project is a 77,062 net square foot self-storage and RV/boat parking development, currently under construction. According to our findings, there appears to be adequate demand for additional self-storage units in the market. Nearly all competitors are 90-95%+ occupied with an average facility age of more than 20 years. Accounting for known incoming self-storage construction, the market is still slightly undersupplied.

The expected asking rate for a ground-level non-climate-controlled 10x10 in the market is approximately \$97/mo. Relative to the area's household income, rates are affordable. Parking rates range between \$90 and \$146/mo. We anticipate the project to reach a stabilized occupancy within 24 months. In Year 5 of operation, the project should reach a value of \$8.2 million or \$106/NSF.

Purpose of Study

In July 2024, Mr. Mackovski retained Box Pro to conduct a full feasibility study for a self-storage development in Pahrump, NV. The study analyzed site factors, demographics, market supply/demand, competitors, rental rates, and other aspects to conduct financial analysis to determine project feasibility.

Research Methods

Box Pro analyzed the proposed project as an objective third party by using several proven research methods, with the goal of delivering a thorough, holistic view of the investment. Research methods include:

- **Site Analysis:** We identified and analyzed site attributes, including size, shape, topography, access, traffic, zoning, environmental factors, entitlement considerations, and others.
- **Demographic Analysis:** We established Primary and Secondary Markets and analyzed key demographic indicators.

- **Supply and Demand Analysis:** We contrasted existing supply with projected demand and determined whether the market is oversupplied, undersupplied, or near equilibrium¹.
- **Competitor Analysis:** We identified relevant competitors in the market and determined key attributes and performance indicators.
- **Rental Rate Analysis:** We looked at rental rates in the market and projected expected rates for the subject project.
- **Financial Analysis:** We created a five-year pro forma to determine lease-up and stabilization characteristics.
- **Industry Analysis:** We provided an overview of the current state of the national self-storage market and industry forecasts.

Proposed Project

The project is a self-storage and RV/boat parking development on a 4.51 AC land parcel located in Pahrump, NV. The project is currently under construction and will be completed within the next 2-3 months, per the Client. At stabilization, the project should reach a valuation of \$8.18 million.

Address	2530 Commerce St., Pahrump, NV 89048
Land Size (AC)	4.51
Traffic Count	<1,000
Zoning	CM - Commercial Manufacturing
Stabilized Revenue	821,213
Stabilized Expenses	289,442
Stabilized NOI	531,771
Cap Rate	6.5%
Stabilized Value	8,181,097

¹ Unless otherwise noted, demographic and supply-related figures are from TractIQ Self Storage, Social Explorer, StorTrack, the US Census, and through independent research.



The project consists of 54,610 NSF of self storage and 22,452 NSF of RV/boat parking for a total project size of 77,062 NSF.

Self Storage	Units	NSF	% NSF	Rate/Mo	Gross Rev	Rev/SF
8x10 (NCC)	7	560	0.7%	95.00	7,980	14.25
10x10 (NCC)	8	800	1.0%	99.00	9,504	11.88
10x15 (NCC)	139	20,850	27.1%	149.00	248,532	11.92
10x20 (NCC)	144	28,800	37.4%	185.00	319,680	11.10
10x30 (NCC)	12	3,600	4.7%	199.00	28,656	7.96
Total	310	54,610	70.9%		614,352	11.25
RV/Boat Pkg	Units	NSF	% NSF	Rate/Mo	Gross Rev	Rev/SF
12x35 Uncovered	39	16,380	21.26%	110.00	51,480	3.14
12x46 Covered	11	6,072	7.88%	155.00	20,460	3.37
Total	50	22,452	29.1%		71,940	3.20
Total	Units	NSF	% NSF	Rate/Mo	Gross Rev	Rev/SF
Self Storage	310	54,610	70.9%		614,352	11.25
RV/Boat Pkg	50	22,452	29.1%		71,940	3.20
Total	360	77,062	100.0%		686,292	8.91

Findings and Recommendations

Below are key conclusions from the study.

Site Feasibility: The site appears to have a favorable topography, shape, and size for self-storage. The property has little drive-by traffic which will have to be overcome with an increased marketing and promotion budget.

Demographics: The Primary Market (3-mi radius) has 12,382 people and is anticipated to grow 4.4% within the next two years based on Census projections. Median Household Income is \$55,955 and is anticipated to grow 2.4% by 2026.

Supply and Demand: Using a target demand of 10.0 NSF per capita and a weighted average between existing supply levels in the Primary and Secondary markets, we estimate the market is 8,200 NSF undersupplied with self-storage.

Competitors: All competitors appear to be 90-95% occupied on average. Current rental rates appear to be slightly lower than trailing 12-month averages. The average competitor within the site's 3-mile radius is 27 years old.

Rental Rates: Competitors are asking an average walk-in rate of \$97/month for a non-climate controlled 10x10 unit.

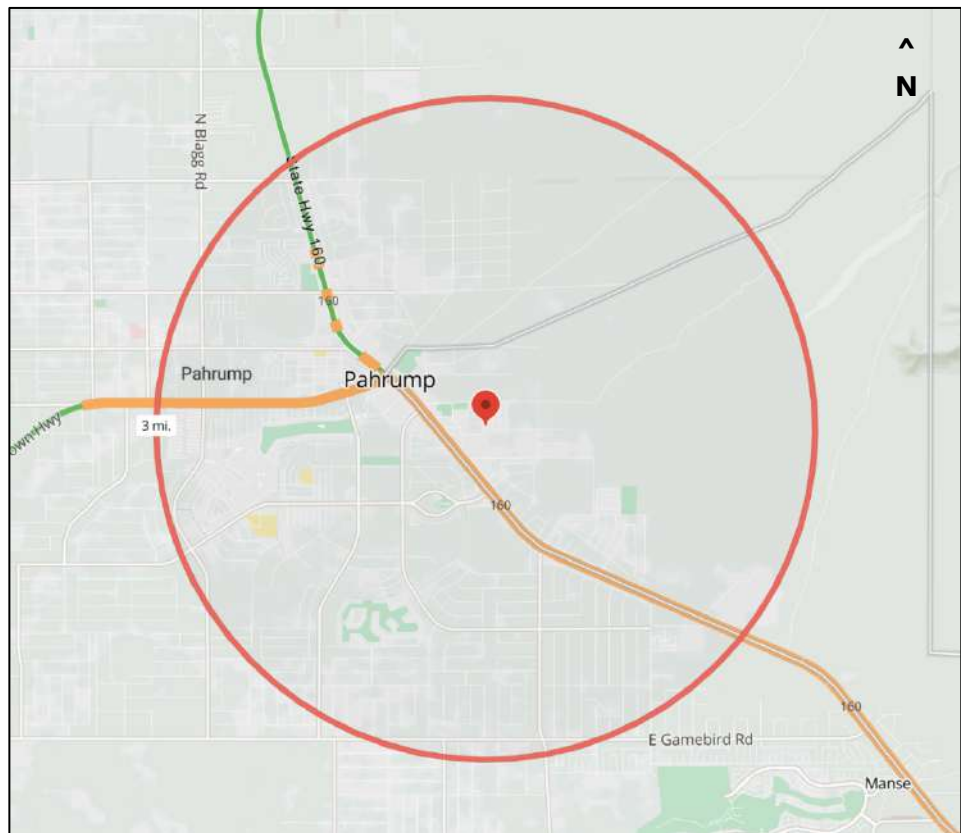
Financial Feasibility: The five-year pro forma shows the project reaching a stabilized occupancy of 92% in month 24 of operation. In year 5, the project is expected to yield net revenue of \$821k, expenses of \$289k and a net operating income of \$531k. At a 6.5% cap rate, the project reaches a stabilized value of \$8.18 million or \$106/NSF by the end of Year 5.

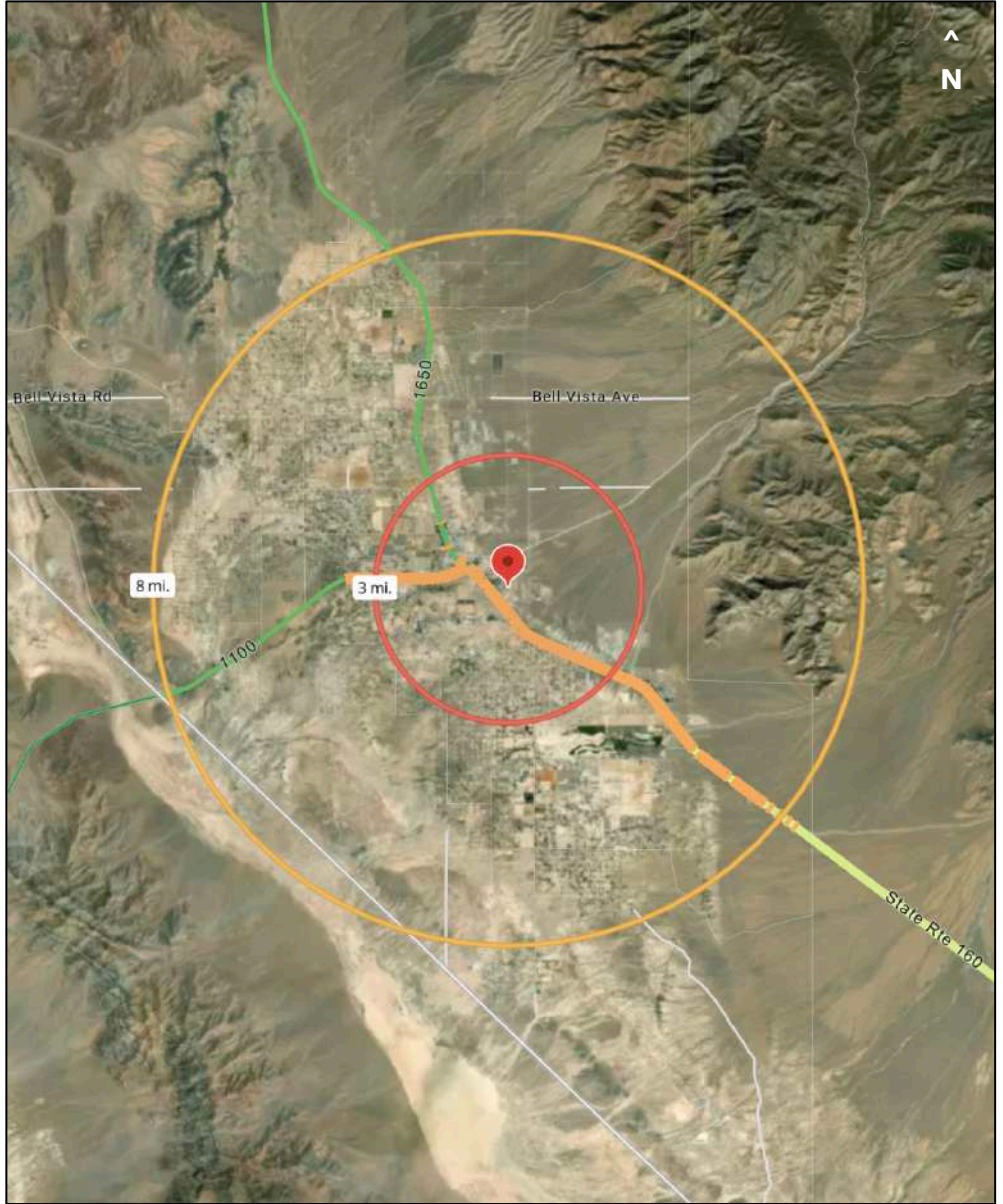
Year 5	
Revenue	821,213
Expenses	289,442
Net Operating Income	531,771
Cap Rate	6.5%
Value	8,181,097
Months to Stabilized Occupancy	24

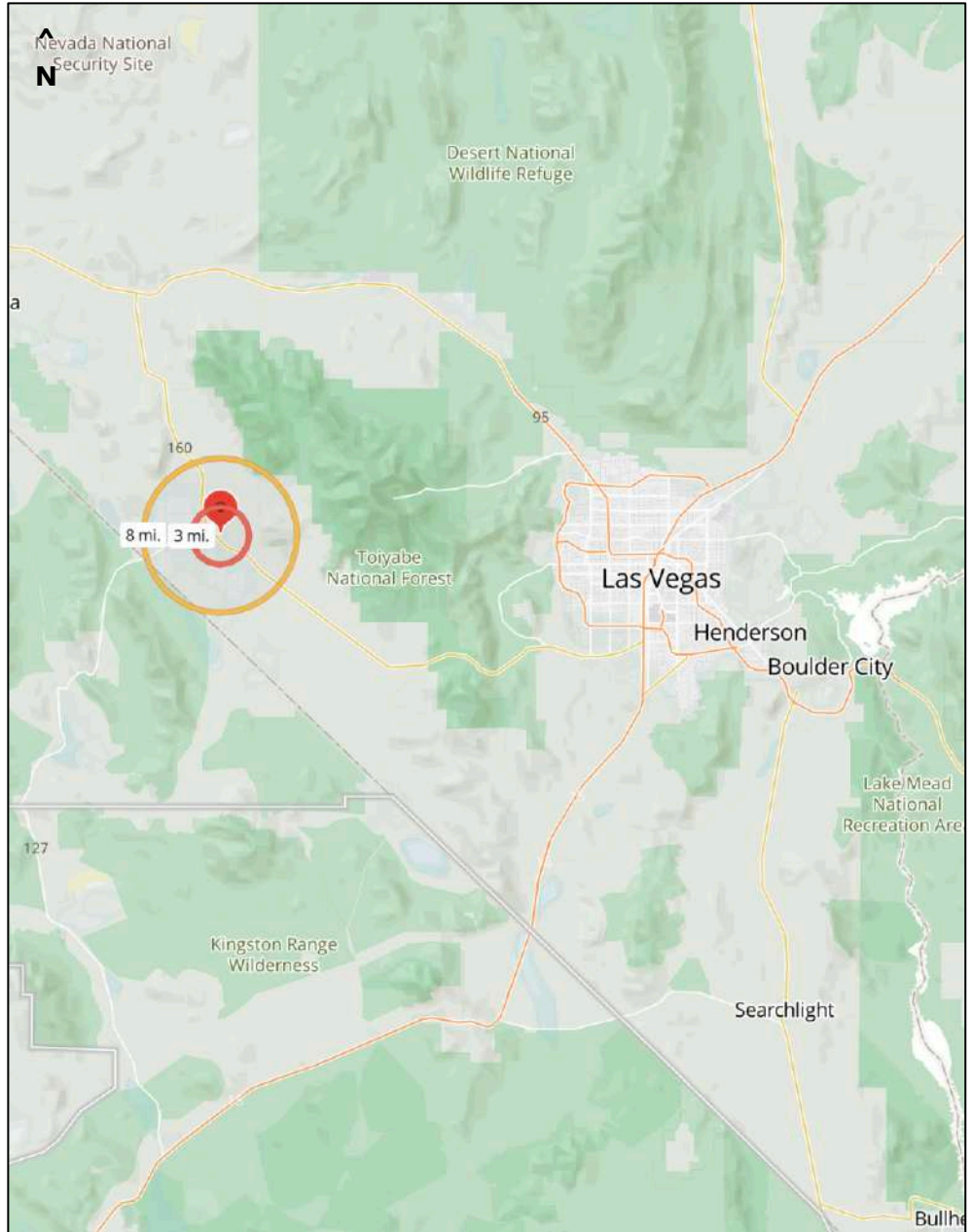
SUBJECT SITE

The subject development site is an approximately 4.5 AC property located in Pahrump, NV (Nye County). The property is currently under construction as a ground-up self-storage facility. The parcel is zoned CM - Commercial Manufacturing which allows for self-storage.

Address	2530 Commerce St., Pahrump, NV 89048
Parcel	35-401-23
Land Size (AC)	4.51
Traffic	<1,000
Neighboring Uses	Vacant
Zoning	GC - General Commercial



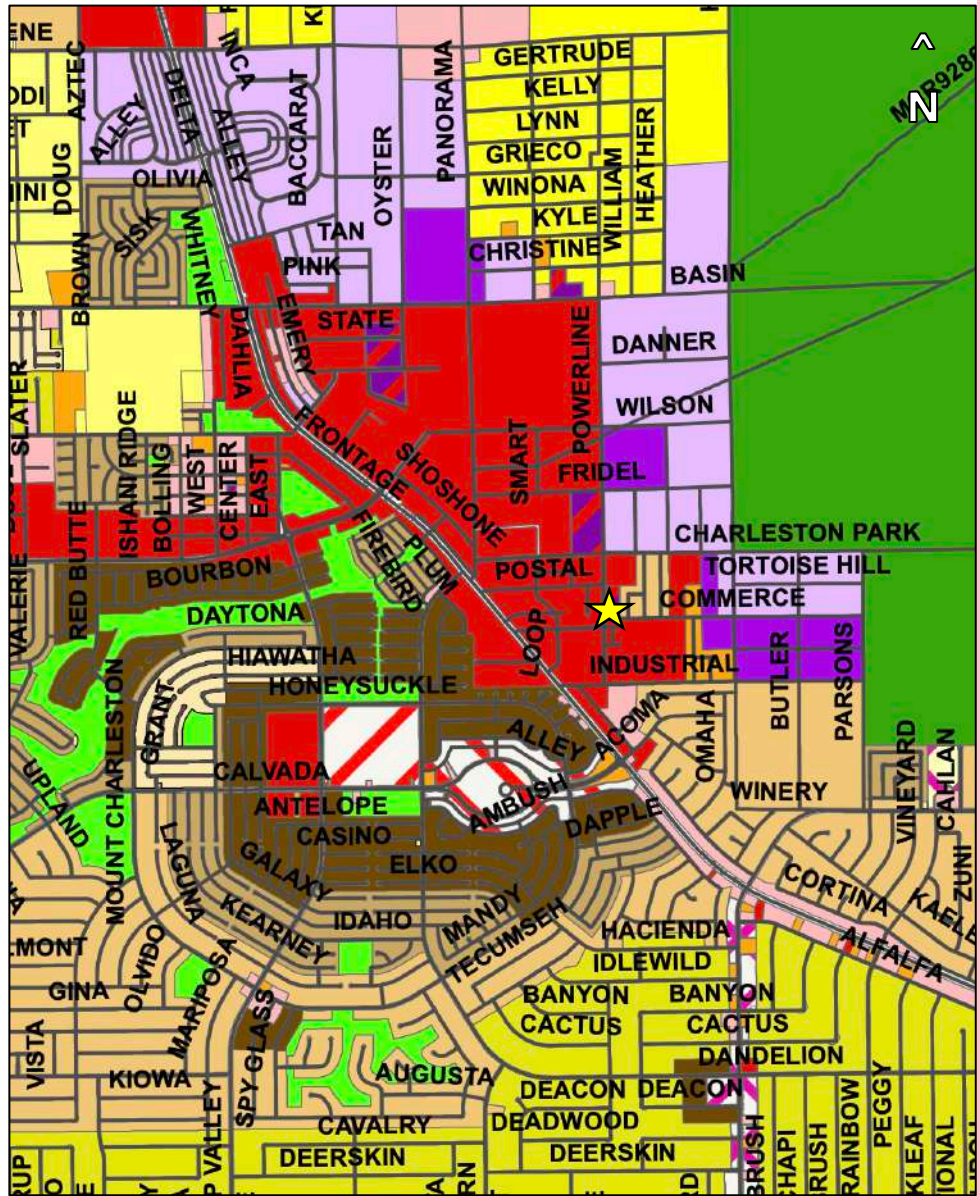






Zoning

The parcel is zoned CM - Commercial Manufacturing which allows for self-storage, as confirmed by the clients approved site plan and building permits. The parcel is near General Commercial and Residential zones.



Pahrump Regional Planning District Zoning Map

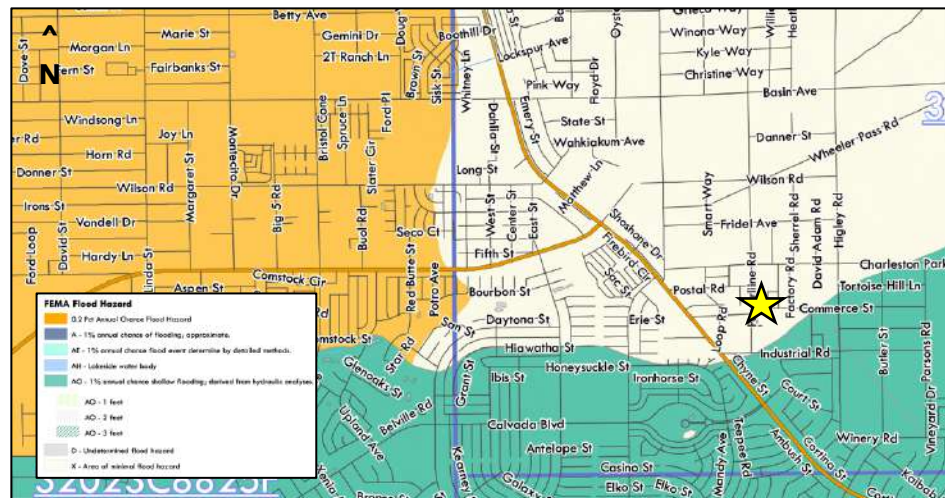
Floodplain

FEMA (Federal Emergency Management Agency) identifies and maps flood hazards across the United States. FEMA recognizes several types of floodplain zones based on the risk of flooding in each zone.

The subject site appears to be in floodplain X, which means it has little risk of flooding, according to FEMA's National Flood Hazard Layer.

Zone X is not a Special Flood Hazard Area (SFHA) and is considered a minimal flood hazard area by FEMA. This means that the area is located outside of the SFHA and the 500-year floodplain and has a lower risk of flooding. Properties located in Zone X are not required to have flood insurance, but it is still recommended to have coverage in case of unexpected flooding events.

Zone X is sometimes also referred to as the "shaded zone" on FEMA flood maps. While the risk of flooding in Zone X is relatively low, it is still important to be aware of potential flood risks in the area and take appropriate measures to protect property, such as elevating structures, installing flood-resistant materials, and creating evacuation plans. Note: If there are wetland concerns, the client is advised to order a wetland study from an environmental consultant.



Site Attributes

The site is mostly flat and vacant and borders Commercial Drive and Powerline Road. The site borders two small residential properties and commercially zoned vacant land. The following page shows project drawings provided by the client as drawn by Phillip Mackovski.

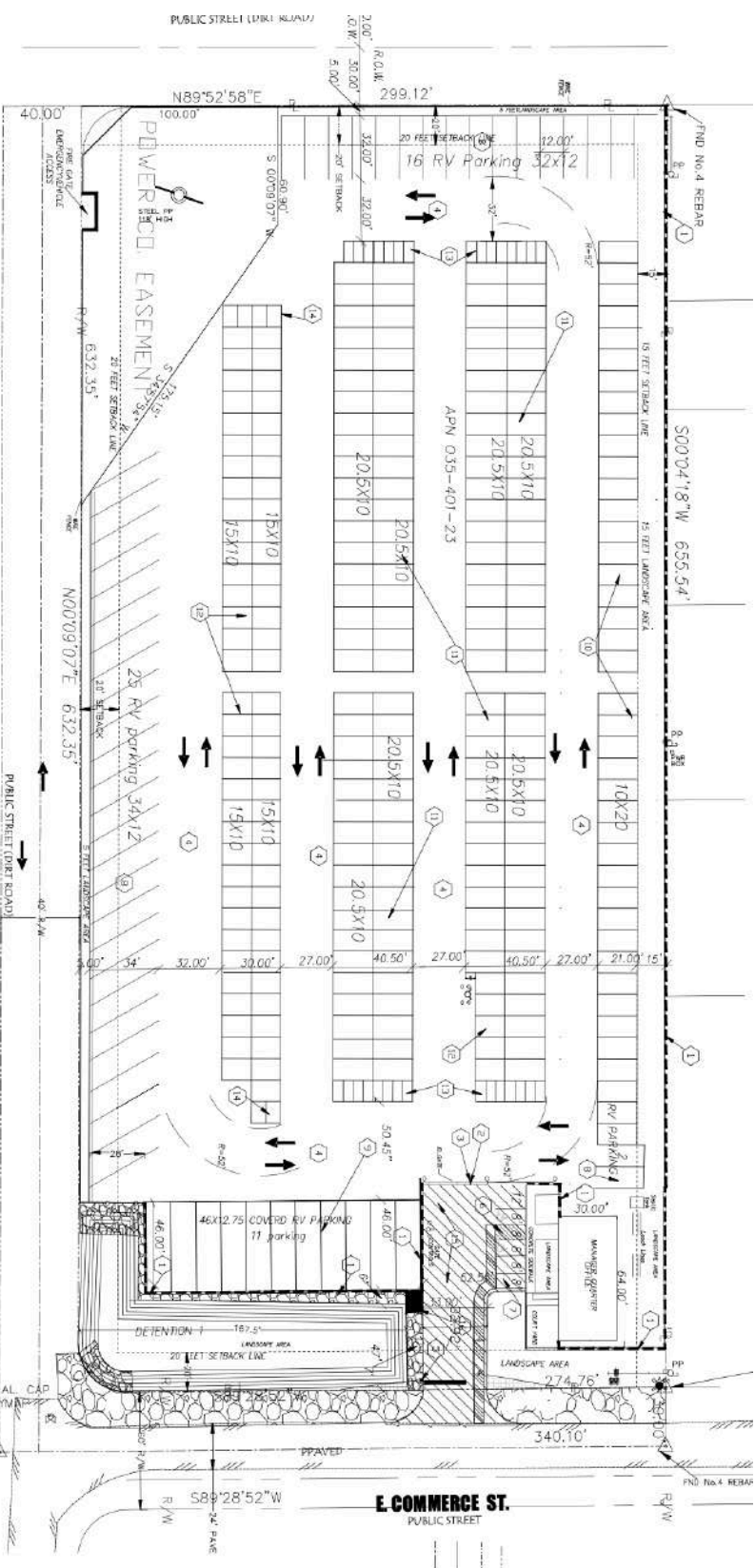


TRAFFIC NOTE:

R/W 687.93' LEGAL DESCRIPTION

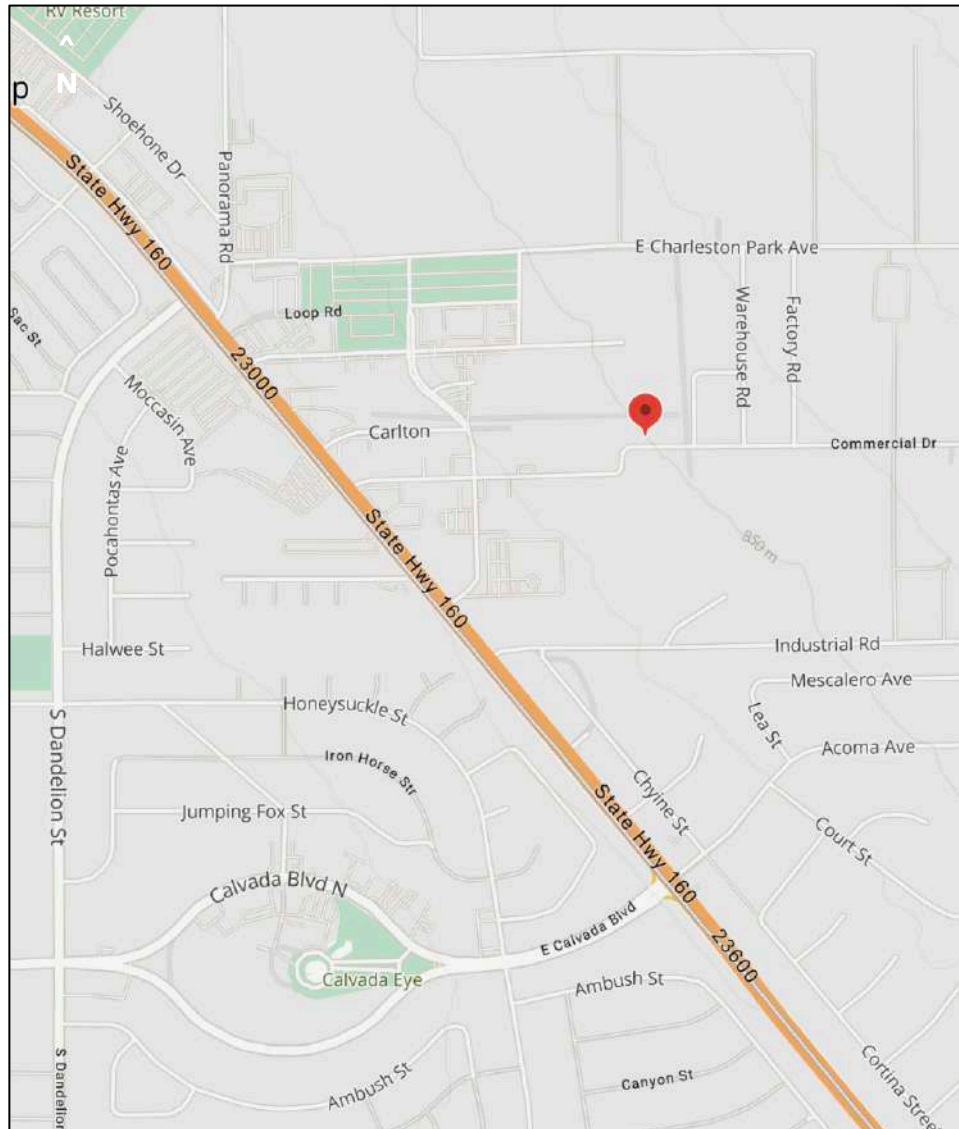
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1330



Traffic & Access

Strong traffic and easy access are two critical components of a successful self-storage project. Even in today's digital world, drive-by traffic is still one of the biggest drivers of new self-storage rentals. The site has little drive-by traffic but is approximately 0.3 miles east of State Highway 160 which has 23,000 cars per day. The site is accessed easily on Commercial Drive.



Historical Uses

According to public records, the property appears to have had consistent uses since 1990 when the earliest aerial imagery was available. A Phase I Environmental Site Assessment should be ordered to confirm there are no environmental concerns with the property.

A Phase I Environmental Site Assessment (ESA) involves a comprehensive review of the site's history, current conditions, and neighboring properties to identify potential environmental concerns that could impact the property's value or pose a liability to its future use.



1990



2006



2010



2014



2023

Property Taxes

Property taxes are often one of the largest operating expenses for a self-storage property. Since self-storage is often considered a special use, its assessed valuation can vary widely from municipality to municipality. Some may view self-storage as retail/commercial properties and tax them at higher rates, while others may view self-storage as industrial properties and tax them lower.

Mini Storage Messenger's Expense Guidebook 2023 surveys thousands of self-storage facilities across the country on typical operating expenses and reports property taxes as low as \$1.38/NSF in the Pacific Northwest and as high as \$3.24/NSF in the Northeast.

The best way to gauge what annual property taxes will be for a prospective self-storage project is to figure out annual tax bills of similar nearby self-storage projects on a per-square-foot basis.

A survey of two nearby self-storage facilities in Pahrump shows an average tax bill of \$0.17/SF—lower than the Expense Guidebook's national average of \$1.79/NSF and the regional average of \$1.34/NSF. For purposes of the pro forma, a figure of \$0.25/NSF is assumed for stabilized annual property taxes.

	Hwy 160 SS	First Choice Self Storage
Address	900 E Simkins Rd, Pahrump, NV 89060	1941 N Linda St, Pahrump, NV 89060
Distance	0.47	3.16
NSF	35,431	23,654
Tax Bill (2022)	6,592	3,462
Taxes/SF	0.19	0.15

Site Photos

Below are some construction progress photos. The project is expected to be completed by Fall 2024.





Site Conclusions

The site is well-suited for self-storage given its favorable topography, access, site characteristics, as well as its shape and size. Zoning on the parcel allows for the contemplated development, as confirmed by the site's plan approvals and building permits.

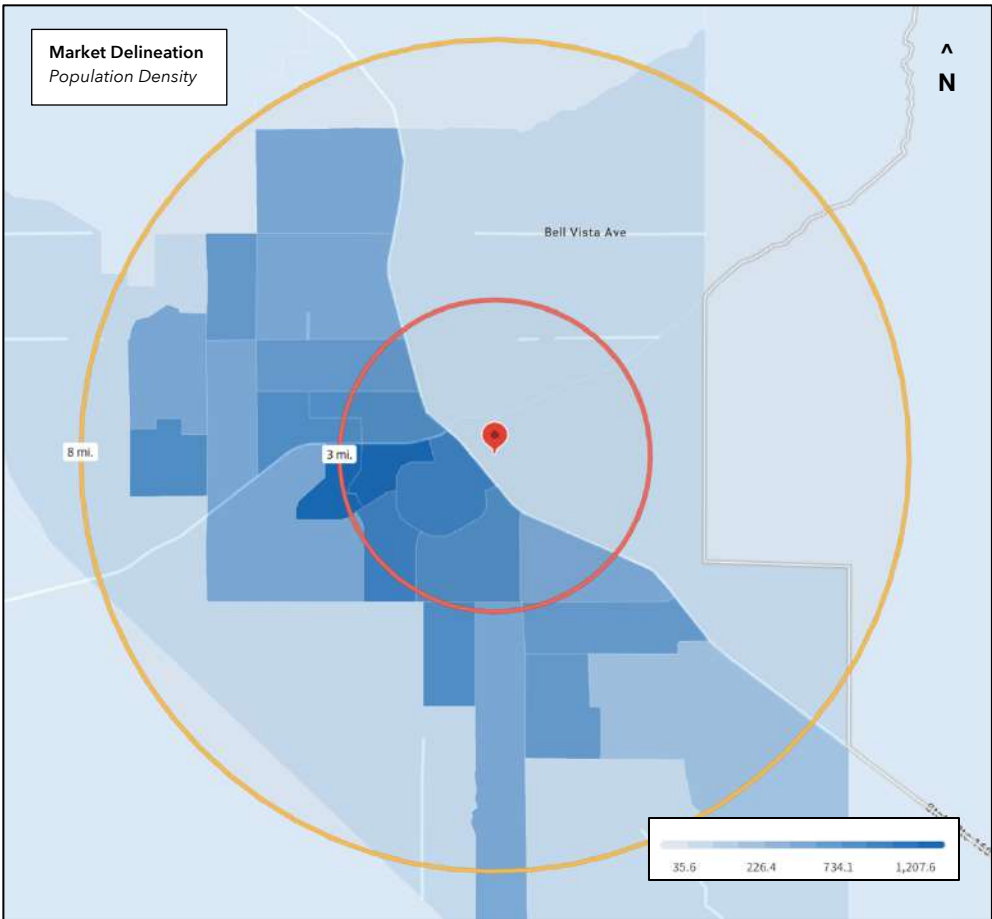
Pending zoning and engineering considerations, the site is well-positioned for self-storage development.

Note: This study determines feasibility from a market and financial standpoint and does not take the place of any engineering, environmental, geotechnical, or other technical analysis. Construction costs are largely driven by engineering factors that are outside the scope of this study.

DEMOGRAPHIC ANALYSIS

Market Establishment

The Primary Market is the immediate trade area of the subject property and is where approximately 70% of tenants will come from. For the subject property, the Primary Market is its 3-mile radius, and its Secondary Market—where approximately 30% of tenants will come from—is the property’s 8-mile radius. These market delineations are driven largely by population density, population centers, and commercial districts.



The subject site’s Primary and Secondary Markets

The demographic analysis seeks to identify relevant data points that best help understand market dynamics in a given area. Data points such as population growth, household growth, household configuration, housing characteristics, income, commute patterns, and others help to inform current and projected demand for the subject site.

Population Growth

The Primary Market—the subject site’s 3-mile radius—has a current population of 12,382 with a forecasted growth of 4.4% by 2026 based on Census projections. The Secondary Market—the site’s 8-mile radius—has a population of 41,027 with a projected 4.4% increase by 2026, based on a combination of housing starts and census projections².

Population Growth	Primary	Secondary
Mile Radius	3	8
Current Population	12,382	41,027
Incoming Population	544	1,797
Total Population	12,926	42,824
Pop Growth	4.4%	4.4%

Households

There are 5,016 households in the Primary Market with an expected growth of 4.2% by 2026 according to the US Census. The Secondary Market has 15,892 households and is expected to grow by approximately 4.4% by 2026. The Primary Market has an expected household size of 2.59 by 2026. The Secondary Market’s projected 2026 household size is 2.55. For context, the national average is 3.13.

Households	Primary	Secondary
Households (2022)	5,016	15,892
Incoming HH	210	705
Households (2026)	5,226	16,597
HH Growth	4.2%	4.4%
Household Size (2021)	2.56	2.53
Household Size (2026)	2.59	2.55

² Housing start data is collected by TractIQ and Social Explorer. Where housing start data is limited, census projections are used.

While nationally approximately 11.1% of households use self-storage, that figure usually skews higher in suburban and rural markets.

Population Density

Population density classifications are used to group different areas based on the number of people living in a given space. These classifications can vary depending on the country or region, but they generally fall into the following categories:

Rural: Areas outside urbanized areas and clusters with a population density of less than 1,000 people per square mile. These areas are typically remote, and residents may have limited access to services and infrastructure.

Suburban: Areas outside urban centers but within commuting distance of those centers. The population density of suburban areas can vary widely but generally falls within the range of 1,000 to 10,000 people per square mile.

Urban: Densely populated areas with a population density of at least 10,000 people per square mile. These areas are typically urban centers with high-rise buildings, and residents have access to a wide range of services, amenities, and cultural activities.

The Primary Market has a population density of 349—residents per square mile—which is considered rural density. The Secondary Market has a slightly smaller population density of 269.

Population Density	Primary	Secondary
Pop/Square Mile	349	269
Classification	Rural	Rural

Income

Median household income and average (or mean) household income are two different measures of income in a population.

Median household income refers to the income that separates the top 50% of households from the bottom 50%. In other words, it is the income level at which half of the households earn more and half earn less. It is often considered a better measure of the typical household income in a population, as it is less affected by extreme values or outliers.

Average household income, on the other hand, is calculated by adding up the total income of all households in a population and dividing it by the number of households. It is affected by extreme values or outliers, such as very high or low incomes.

For example, consider a population of five households with the following incomes: \$20,000, \$30,000, \$50,000, \$100,000, and \$1,000,000. The median household income would be \$50,000 (the middle value), while the average household income would be \$240,000 (the sum of all incomes divided by 5).

Therefore, depending on the distribution of incomes in a population, the median household income and average household income can be quite different.

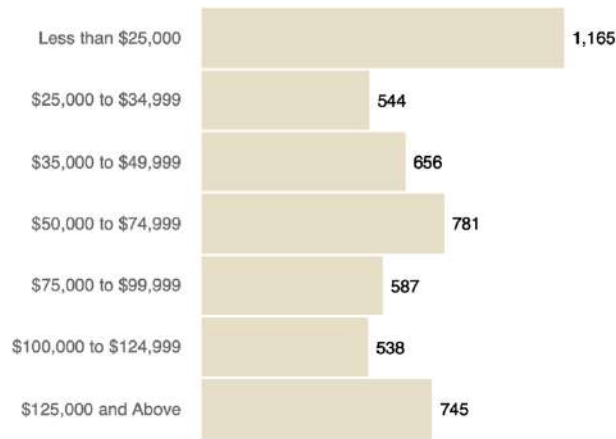
The median household income is \$55,955 in the Primary Market and is expected to grow 2.4% by 2026. The average household income in the Primary Market is \$73,290 and is expected to grow 11.4% by 2026.

The Secondary Market's median household income is \$58,159 and is projected to grow 3.0% by 2026. Average household income is \$71,321 and is expected to grow 7.4% by 2026 according to the US Census.

The state's median household income is \$65,686, which is higher than both figures in the Primary and Secondary Markets. Average household income is referenced again in the Rental Rate Analysis section when calculating average cost of occupancy of self-storage.

Income	Primary	Secondary
MHHI (2021)	55,955	58,159
MHHI (2026)	57,323	59,928
Change	2.4%	3.0%
AHHI (2021)	73,290	71,321
AHHI (2026)	81,614	76,601
Change	11.4%	7.4%

Households by Income - Primary Market



Households by Income - Secondary Market

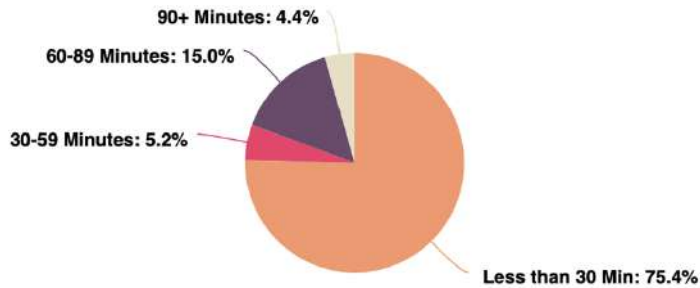


Commute Time

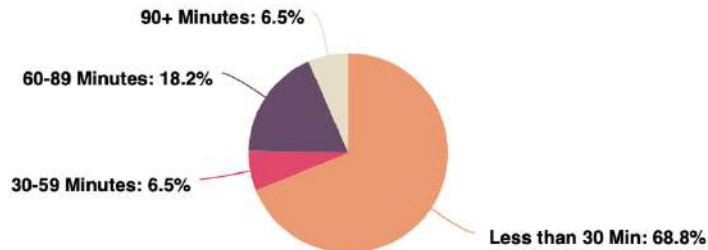
Average commute times in the Primary and Secondary markets are similar to each other. Average commute time is under one hour for 80.6% of the working population and 75.3% in the Secondary Market, compared to 91% nationally. In general, higher commute times suggest the local population is accustomed to traveling further distances for everyday household errands than the average population.

Commute Time	Primary	Secondary	USA
Less than 30 min	75.4%	68.8%	74.0%
30-59 min	5.2%	6.5%	17.0%
60-89 min	15.0%	18.2%	3.0%
90+ min	4.4%	6.5%	2.0%

Travel Time to Work - Primary Market



Travel Time to Work - Secondary Market



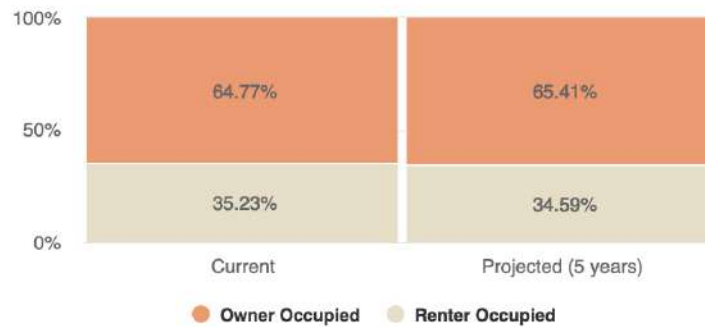
Housing

The median home in the Primary Market was built in 1999, compared to 1997 in the Secondary and 1979 nationally. Homeownership rates are 64.77% in the Primary Market and 74.89% in the Secondary Market compared to 65.8% nationally.

While most self-storage tenants (54.9%) are homeowners, renters are slightly overrepresented among self-storage tenants. Having a higher share of renters in a market generally bodes well for smaller self-storage units, while a higher share of homeowners generally means more demand for larger units.

Housing	Primary	Secondary	USA
Median Home Yr Built	1999	1997	1979
Homeowner	64.77%	74.89%	65.80%
Renter	35.23%	25.11%	34.20%

Housing Tenure - Primary Market



Housing Tenure - Secondary Market

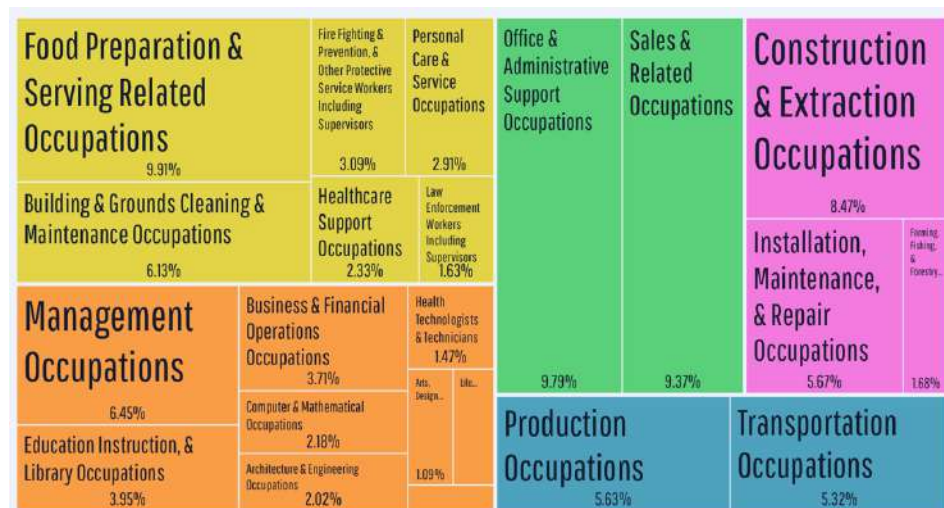


Economic Profile

DataUSA.io Economic Profile

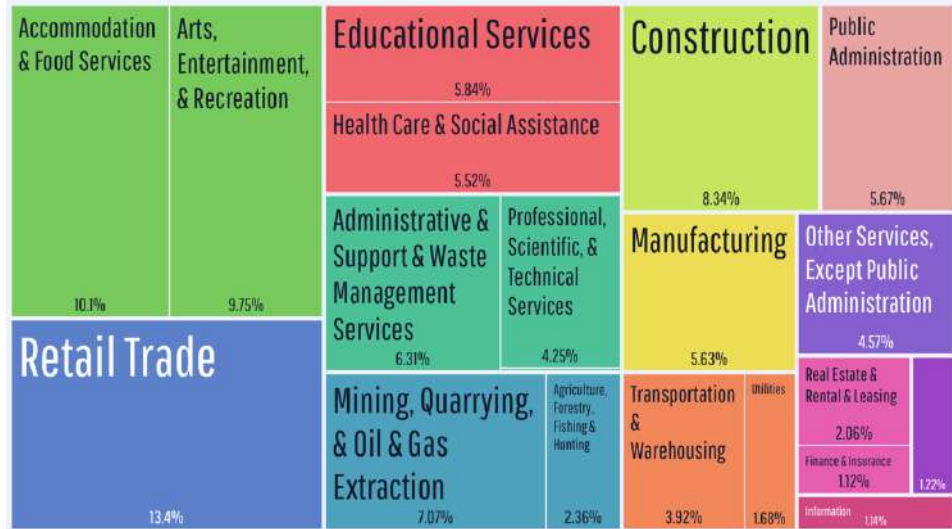


As reported by DataUSA.io: The economy of Pahrump, NV employs 15.2k people. The largest industries in Pahrump, NV are Retail Trade (2,032 people), Accommodation & Food Services (1,539 people), and Arts, Entertainment, & Recreation (1,484 people), and the highest paying industries are Utilities (\$77,167), Finance & Insurance (\$57,917), and Mining, Quarrying, & Oil & Gas Extraction (\$57,011).



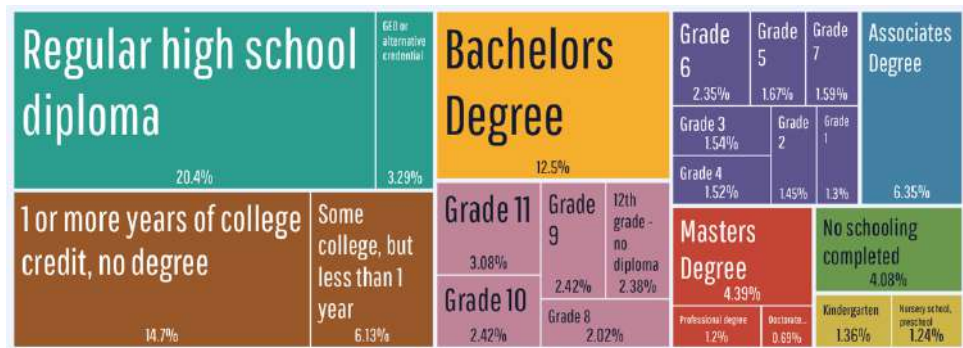
From 2019 to 2020, employment in Pahrump, NV grew at a rate of 4.08%, from 14.6k employees to 15.2k employees.

The most common employment sectors for those who live in Pahrump, NV, are Retail Trade (2,032 people), Accommodation & Food Services (1,539 people), and Arts, Entertainment, & Recreation (1,484 people). This chart shows the share breakdown of the primary industries for residents of Pahrump, NV, though some of these residents may live in Pahrump, NV and work somewhere else.

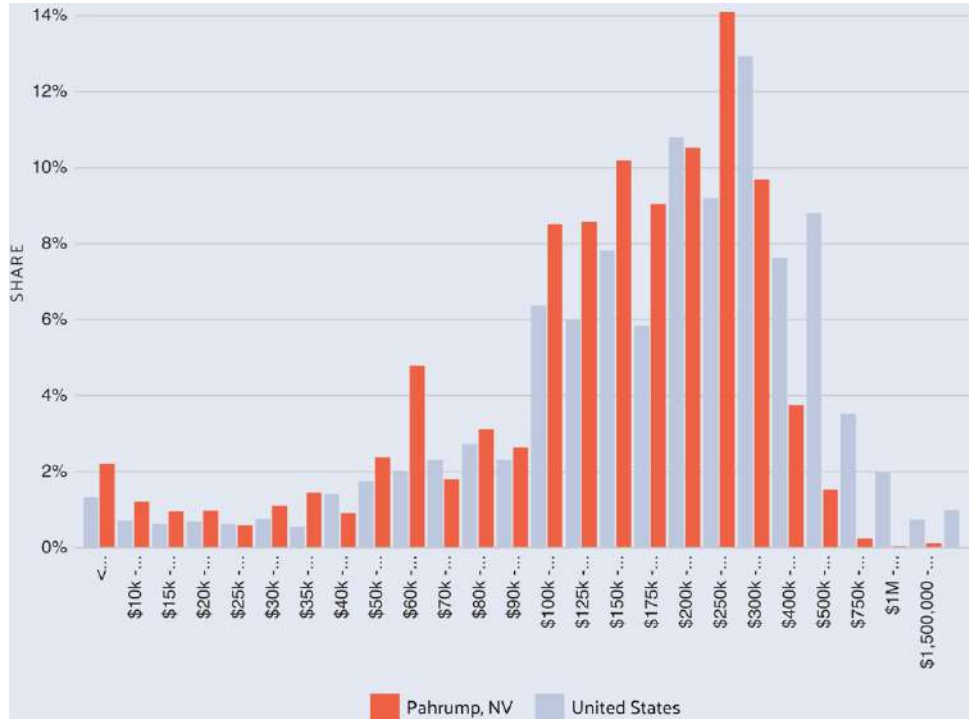


For the state of Nevada, the most common educational levels obtained by the working population in 2020 were High School or Equivalent (694k), Some college (608k), and Bachelors Degree (364k).

This visualization illustrates the percentage distribution of the population according to the highest educational level reached. You can filter the data by race by using the selector above.

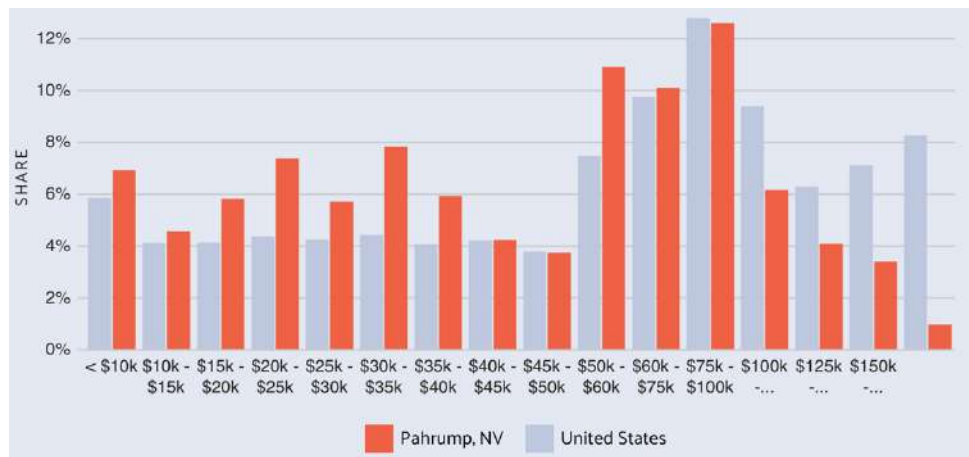


The median property value in Pahrump, NV was \$172,300 in 2020, which is 0.75 times smaller than the national average of \$229,800. Between 2019 and 2020 the median property value increased from \$163,300 to \$172,300, a 5.51% increase. The homeownership rate in Pahrump, NV is 71.5%, which is approximately the same as the national average of 64.4%.



In 2020, the median household income of the 19.3k households in Pahrump, NV grew to \$47,308 from the previous year's value of \$47,300.

The following chart displays the households in Pahrump, NV distributed between a series of income buckets compared to the national averages for each bucket. The largest share of households have an income in the \$75k - \$100k range.



Summary Table

Population Growth	Primary	Secondary
Mile Radius	3	8
Current Population	12,382	41,027
Incoming Population	544	1,797
Total Population	12,926	42,824
Pop Growth	4.4%	4.4%
Population Density	Primary	Secondary
Pop. Density	349	269
Classification	Rural	Rural
Households	Primary	Secondary
Households (2021)	5,016	15,892
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MHHI (2026)	57,323	59,928
Change	2.4%	3.0%
AHHI (2021)	73,290	71,321
AHHI (2026)	81,614	76,601
Change	11.4%	7.4%
Less than \$25,000	1,165	3,206
\$25,000 - \$34,999	544	1,655
\$35,000 - 49,999	656	2,188
\$50,000 - \$74,999	781	3,165
\$75,000 - \$99,999	587	2,112
\$100,000 - \$124,999	538	1,358
\$125,000 +	745	2,208
High Income Households	14.9%	13.9%
Commute Time	Primary	Secondary
Less than 30 min	75.4%	68.8%
30-59 min	5.2%	6.5%
60-89 min	15.0%	18.2%
90+ min	4.4%	6.5%
Housing	Primary	Secondary
Median Home Yr Built	1999	1997
Homeowner	64.77%	74.89%

SUPPLY AND DEMAND

This section explores the relationship between the existing net square footage of self-storage (supply) and the needed net square footage of self-storage (demand) in a market.

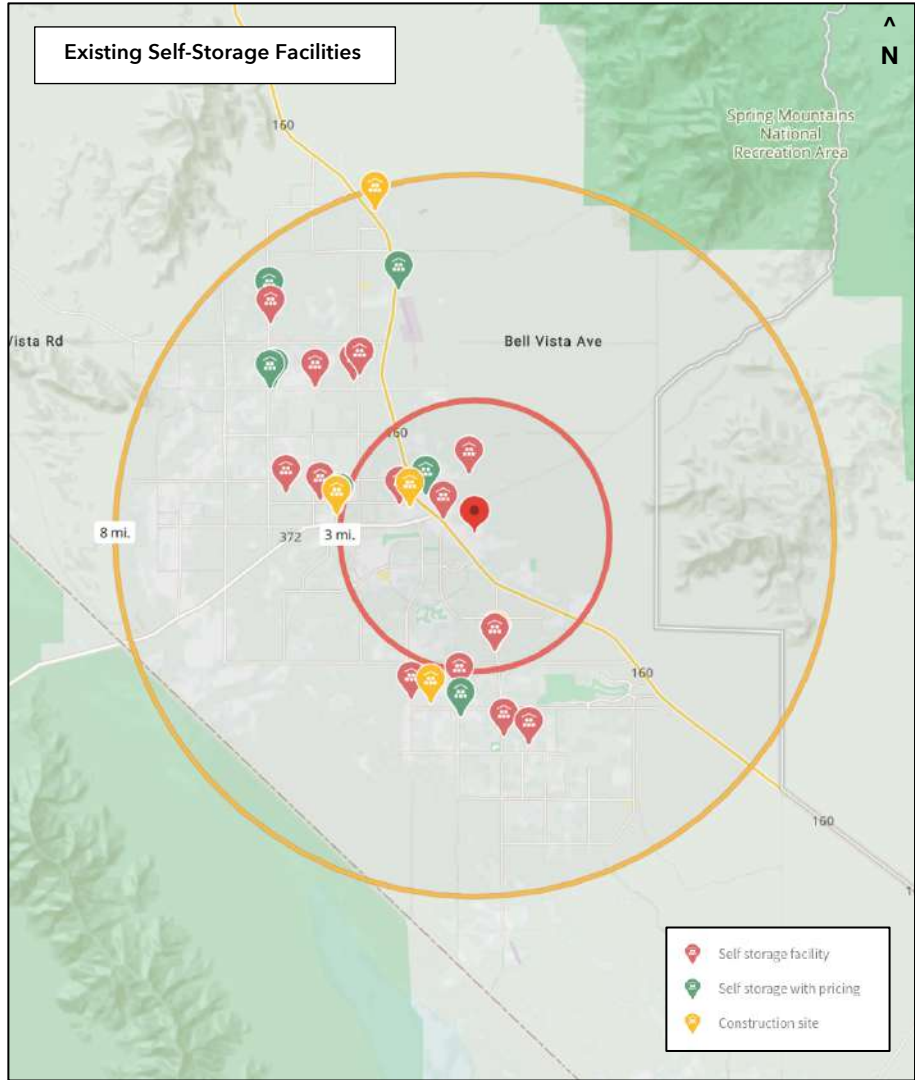
The intersection of supply and demand determines the market price and number of storage units occupied in a market. If the demand for self-storage units exceeds the available supply, the market will support additional units. Conversely, if the supply exceeds demand, prices may ultimately decrease or force operators to offer promotions to attract customers.

Market Supply

The Primary Market is served by 6 self-storage facilities totaling 60,324 net rentable square feet (NSF), including 13,125 of known incoming NSF. According to total population, the Primary Market has 5.68 net rentable square feet per capita (NSF/Pop).

The Secondary Market is served by 476,521 NSF across 26 facilities. The Secondary Market has an estimated NSF/Pop of 12.40.

Supply	Primary	Secondary
Facilities	6	26
Rentable SF (NSF)	60,324	476,521
Incoming NSF	13,125	54,375
Total NSF	73,449	530,896
Current Population	12,382	41,027
Incoming Population	544	1,797
Total Population	12,926	42,824
NSF/Pop	5.68	12.40



Incoming Projects

There are currently three known incoming self-storage projects in the market (represented by the yellow markers on the map below), totaling 54,375 NSF and 435 units. Note: many of the below projects are in planning phases and may never end up being built. With the rise of interest rates, an unprecedented level of planned projects have been delayed or cancelled.

Project	Address	Dist.	NSF	Units
Mini-Storage Facility	1101 E. Second St, Pahrump, NV 89048	1.55	13,125	105
851 South Lola Lane Mini-Storage Facility Expansion	851 S Lola Ln, Pahrump, NV 89048	3.09	28,125	225
1410 E Manse Rd Mini- Storage Facility	1410 E Manse Rd, Pahrump, NV 89048	3.94	13,125	105
Total			54,375	435

Market Demand

The self-storage industry has grown rapidly in recent years, with more and more facilities being built to meet demand. However, despite this growth, it is unclear exactly how saturated the market is. Factors such as population density, economic conditions, and competition from other types of storage providers make it difficult to predict how much demand for self-storage will continue to exist in the future.

Although the actual NSF/Pop is 6.1 nationally, this number has grown significantly over the past twenty years with continued growth in rental rates and occupancy. As such, true market equilibrium (the point where supply meets demand) is difficult to pinpoint on a broad scale. NSF/Pop varies market to market and shouldn't be the end-all for determining how over/undersupplied a market is. For example, a market with 12.0 NSF/Pop may still have sufficient demand to support new self-storage development, whereas a market with 3.0 NSF/Pop may not.

While the NSF/Pop calculation is helpful in understanding where a given market stands relative to comparable markets, there are several additional factors that impact self-storage demand, like population/household growth, density, income, housing, commercial activity, rental rates, competitors, etc.

Because of the population growth, income levels, and high occupancy in the market, projected demand will be measured according to three levels:

Low: Assumes demand is 9 NSF/Pop

Mid: 10 NSF/Pop

High: 11 NSF/Pop

Market Opportunity

Market Opportunity is the difference between supply and projected demand in a market. In general, the more undersupplied a market is, the more market opportunity there is. Using the midrange demand target from the previous page, the Primary Market is 55,811 NSF undersupplied and the Secondary Market is 102,656 NSF oversupplied.

Market Opportunity	Primary	Secondary
Rentable SF (NSF)	60,324	476,521
Incoming NSF	13,125	54,375
Total NSF	73,449	530,896
Current Population	12,382	41,027
Incoming Population	544	1,797
Total Population	12,926	42,824
SF/Pop	5.68	12.40
Target SF/Pop (Low)	9.00	9.00
Target SF/Pop (Mid)	10.00	10.00
Target SF/Pop (High)	11.00	11.00
Demand (Low)	116,334	385,416
Demand (Mid)	129,260	428,240
Demand (High)	142,186	471,064
Opportunity (Low)	3.32	-3.40
Opportunity (Mid)	4.32	-2.40
Opportunity (High)	5.32	-1.40
Opportunity (Low)	42,885	-145,480
Opportunity (Mid)	55,811	-102,656
Opportunity (High)	68,737	-59,832

Applying a weighted formula to the midrange opportunity estimates—70% to the Primary Market and 30% to the Secondary Market—results in ***the market being approximately 8,271 NSF undersupplied.***

COMPETITORS

While a study of demographics and market opportunity only paints part of the picture, oftentimes the best indication of a market's health is its competitors. By studying competitor self-storage facilities in the market, we get a good understanding of what quality of product is offered in the market, amenities, rental rates, move-in specials and more. This information can indicate how strong a local self-storage market is and what site characteristics should be included in the subject project.

For example, if there are several Class A/B+ facilities in a market, that indicates that investors are pouring significant capital into the market and presumably earning a strong return. If facilities are old and dilapidated, this suggests that investors are not seeing the return potential by investing more capital.

Similarly, if several facilities are offering aggressive move-in specials, this suggests that occupancy is low. Whereas little/no move-in specials imply occupancy is high.

Competitor Attributes

The competitor analysis looks at nearby facilities and determines their characteristics compared to the subject property. Below are some of the attributes that will be considered.

Security & Access

This takes security features and site access into account, including gate/keypad access, automated overlocks, fencing, security cameras, and lighting, among others.

Curb Appeal

This analyzes the overall appeal and attractiveness of the site to potential tenants—painting, landscaping, general cleanliness, site/building design, and others.

Traffic & Visibility

This considers the site's average annual daily traffic counts (AADT), road frontage, and road visibility. Even in today's online world, drive-by traffic is still the top driver of self-storage rentals.

Management Factors

Other operational factors are considered, like onsite management, access hours, and ancillary services including truck rentals, move-in specials, and retail offerings.

Class Grade

A class grade is given to each competitor facility, which will determine how competitive each site will be to the subject property. Generally, properties of a similar class are most competitive with each other. Competitor facilities that are ranked D (lowest quality) are not considered competition.

Class A facilities are generally newer construction with onsite/kiosk management, secured access, security cameras, high-quality construction, good access, and visibility. Sites may feature advanced security features like remote access and automated overlocks. Sites are clean and well-maintained and generally attract the highest rates in the market.

Class B facilities are likely fenced and paved but may not have onsite management or higher-end security features like secured access or security cameras. Construction is likely dated but in good overall condition. Rates and occupancy generally mirror the market.

Class C facilities are older construction and most likely are not fenced or paved. There are no onsite management or security features. Facilities are likely in need of updating and/or large capital repairs but are generally still rentable. Rates and occupancy generally lag the market.

Competitor Analysis

Of the six surveyed closest competitors, the average competitor had 23,853 NSF or roughly 190 units. All of the units in the studied cohort were non-climate controlled. There were few move-in specials offered. The average facility age is 27 years, and the newest competitor was built in 2000 (estimate). There are no competitors within one mile of the subject site, giving the subject site good location advantage. According to conversations with managers, estimated occupancy in the market is 95%. All competitor facilities are Class C or less.

Competitor Pool Averages	
Avg Facility Size	23,853
10x10/mo (NCC) - Street	93.25
/NSF	11.19
10x10/mo (NCC) - Web	93.20
/NSF	11.18
Est. Occ	95%
Yr Built	1997
Avg Facility Age	27
Newest Yr Built	2000

A Payless Mini Storage

The nearest competitor is A Payless Mini Storage which is 1.27 miles away on Basin Avenue. The facility is single level non-climate self-storage and was built around 2000. Currently, they ask \$115/mo for a 10x10. There are no move-in specials offered. Estimated occupancy is 98% based on a conversation with the manager. They offer 10x25 uncovered RV/boat parking spaces for \$100/mo.



Facility	A Payless Mini Storage
Address	2400 E Basin Ave Ste 2, Pahrump, NV 89060, USA
Distance	1.27
Type	Drive-up
Climate Controlled	No
NSF (CC)	
NSF (NCC)	30,968
Total NSF	30,968
Units	248
10x10/mo (NCC) - Street	
/NSF	
10x10/mo (NCC) - Web	115.00
/NSF	
Est. Occupancy	98%
Class	C
Visibility	Above Average
Access	Average 1 mi from Hwy 160
Curb Appeal	Poor
Management Office	9-5 M-F, 9-3 Sat/Sun
Access Hours	7am - 7pm
Yr Built	2000
Fenced/Enclosed	Yes
Retail	Yes
Paved	No
Cameras	Yes
Truck Rentals	No
Website	Yes
Move-In Specials	No
Notes	No 10x10 and smaller. Only 10x20 available
RV Parking Rates and Sizes	10x25 is \$100, uncovered.

Highway 160 Self Storage

The next competitor is Highway 160 Self Storage which is 1.36 miles away on Oxbow Avenue. The facility has single-level non-climate controlled units and was built around 2000. They ask \$108/mo for ground-level 10x10s and a web rate of \$86/mo. Aside from discounted web rates, they offer units for 1st month free. Estimated occupancy is 98% based on a conversation with the manager. They have another facility in the market that also offers RV/boat parking.



Facility	Highway 160 Self Storage
Address	375 Oxbow Ave, Pahrump, NV 89060, USA
Distance	1.36
Type	Drive-up
Climate Controlled	No
NSF (CC)	
NSF (NCC)	11,299
Total NSF	11,299
Units	90
10x10/mo (NCC) - Street	108.00
/NSF	
10x10/mo (NCC) - Web	86.00
/NSF	
Est. Occupancy	98%
Class	C
Visibility	Poor
Access	Above Average right off hwy160
Curb Appeal	Below Avg/Avg considering market
Management Office	9-5 M-Sun
Access Hours	9-5 M-Sun
Yr Built	2000
Fenced/Enclosed	Yes
Retail	Yes
Paved	Yes
Cameras	Yes
Truck Rentals	No
Website	Yes
Move-In Specials	\$1 first month
Notes	Drive up NCC available \$53 online (\$108 once concessions burn off)
RV Parking Rates and Sizes	10x20 VH Parking \$146/\$73 online

Second Street Self Storage

The next competitor is a Second Street Self Storage which is 1.77 miles away on 2nd Street. The facility has single-level non-climate controlled units and was built around 1985. They ask \$85/mo for ground-level 10x10s. They offer no move-in specials. Estimated occupancy is 95% based on a conversation with the manager.



Facility	Second Street Self Storage
Address	890 2nd St, Pahrump, NV 89048, USA
Distance	1.77
Type	Drive-up
Climate Controlled	No
NSF (CC)	
NSF (NCC)	2,063
Total NSF	2,063
Units	17
10x10/mo (NCC) - Street	85.00
/NSF	
10x10/mo (NCC) - Web	85.00
/NSF	
Est. Occupancy	95%
Class	D
Visibility	Average
Access	Above Average - between hwy 162/372 junction
Curb Appeal	Poor
Management Office	No - remote agent texted me
Access Hours	N/A
Yr Built	1985
Fenced/Enclosed	Yes
Retail	No
Paved	No
Cameras	Yes
Truck Rentals	
Website	No
Move-In Specials	
Notes	1 of 17 total units available \$85/mo
RV Parking Rates and Sizes	

Homestead Storage

The next competitor is Homestead Storage which is 2.71 miles away on Homestead Rd. The facility has single-level non-climate controlled self-storage and was built around 2000. They ask \$90/mo for ground-level 10x10s (no discounts). There are no additional move-in specials available. According to a conversation with the manager, we estimate occupancy to be approximately 95%.



Facility	Homestead Storage
Address	3860 Homestead Rd, Pahrump, NV 89048, USA
Distance	2.71
Type	Drive-up
Climate Controlled	No
NSF (CC)	
NSF (NCC)	15,406
Total NSF	15,406
Units	123
10x10/mo (NCC) - Street	90.00
/NSF	
10x10/mo (NCC) - Web	90.00
/NSF	
Est. Occupancy	95%
Class	C
Visibility	Above Average
Access	Average - a bit off of Hwy 160
Curb Appeal	Average/Above avg considering market
Management Office	Tuesday to Saturday 9am-1pm
Access Hours	7am - 7pm
Yr Built	2000
Fenced/Enclosed	Yes but small 4 ft fence
Retail	Yes
Paved	Yes
Cameras	Yes
Truck Rentals	No
Website	Yes
Move-In Specials	
Notes	(775) 505-3001
RV Parking Rates and Sizes	Now they have one 10x12.5 unit available no 10x10 exact dimensions. \$90.

A-Plus Mini Storage

The next competitor is A-Plus Mini Storage which is 3.03 miles away on Lola Lane. The facility has single-level non-climate self-storage units and was built around the year 2000. They ask \$90/mo for non-climate 10x10s. They do not offer any move-in specials. Estimated occupancy is 98% based on a conversation with the manager.



Facility	A-Plus Mini Storage
Address	781 S Lola Ln, Pahrump, NV 89048, USA
Distance	3.03
Type	Drive-up
Climate Controlled	No
NSF (CC)	
NSF (NCC)	59,529
Total NSF	59,529
Units	476
10x10/mo (NCC) - Street	90.00
/NSF	10.80
10x10/mo (NCC) - Web	90.00
/NSF	10.80
Est. Occupancy	98%
Class	C
Visibility	Above Average
Access	Above Average right off State 372
Curb Appeal	Below Avg/Avg considering market
Management Office	10-6pm Mon. 9-5:30 pm T-F
Access Hours	7am - 7 pm
Yr Built	2000
Fenced/Enclosed	Yes
Retail	Yes
Paved	No
Cameras	No
Truck Rentals	
Website	Yes
Move-In Specials	
Notes	775-764-2224
RV Parking Rates and Sizes	No they do not have RV parking anymore. C&L on Wilson has space he believes. Lakeside also pretty well booked up.

Competitor Summary

Facility	A Payless Mini Storage	Highway 160 Self Storage	Second Street Self Storage
Address	2400 E Basin Ave Ste 2, Pahrump, NV 89060, USA	375 Oxbow Ave, Pahrump, NV 89060, USA	890 2nd St, Pahrump, NV 89048, USA
Distance	1.27	1.36	1.77
Type	Drive-up	Drive-up	Drive-up
Climate Controlled	No	No	No
NSF (CC)			
NSF (NCC)	30,968	11,299	2,063
Total NSF	30,968	11,299	2,063
Units	248	90	17
10x10/mo (NCC) - Street		108.00	85.00
/NSF		12.96	10.20
10x10/mo (NCC) - Web	115.00	86.00	85.00
/NSF	13.80	10.32	10.20
Est. Occupancy	98%	98%	95%
Class	C	C	D
Visibility	Above Average	Poor	Average
Access	Average 1 mi from Hwy 160	Above Average right off hwy160	Above Average - between hwy 162/372 junction
Curb Appeal	Poor	Below Avg/Avg considering market	Poor
Management Office	9-5 M-F, 9-3 Sat/Sun	9-5 M-Sun	No - remote agent texted me
Access Hours	7am - 7pm	9-5 M-Sun	N/A
Yr Built	2000	2000	1985
Fenced/Enclosed	Yes	Yes	Yes
Retail	Yes	Yes	No
Paved	No	Yes	No
Cameras	Yes	Yes	Yes
Truck Rentals	No	No	
Website	Yes	Yes	No
Move-In Specials	No	\$1 first month	

Facility	Homestead Storage	A-Plus Mini Storage
Address	3860 Homestead Rd, Pahrump, NV 89048, USA	781 S Lola Ln, Pahrump, NV 89048, USA
Distance	2.71	3.03
Type	Drive-up	Drive-up
Climate Controlled	No	No
NSF (CC)		
NSF (NCC)	15,406	59,529
Total NSF	15,406	59,529
Units	123	476
10x10/mo (NCC) - Street	90.00	90.00
/NSF	10.80	10.80
10x10/mo (NCC) - Web	90.00	90.00
/NSF	10.80	10.80
Est. Occupancy	95%	98%
Class	C	C
Visibility	Above Average	Above Average
Access	Average - a bit off of Hwy 160	Above Average right off State 372
Curb Appeal	Average/Above avg considering market	Below Avg/Avg considering market
Management Office	Tuesday to Saturday 9am-1pm	10-6pm Mon. 9- 5:30 pm T-F
Access Hours	7am - 7pm	7am - 7 pm
Yr Built	2000	2000
Fenced/Enclosed	Yes but small 4 ft fence	Yes
Retail	Yes	Yes
Paved	Yes	No
Cameras	Yes	No
Truck Rentals	No	
Website	Yes	Yes
Move-In Specials		

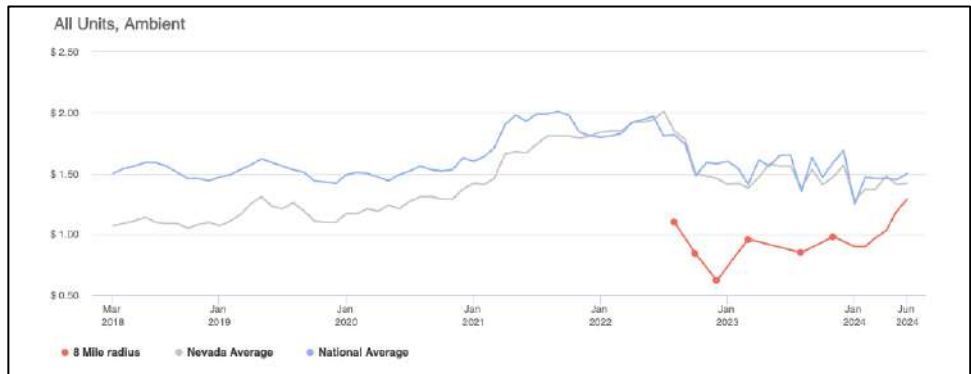
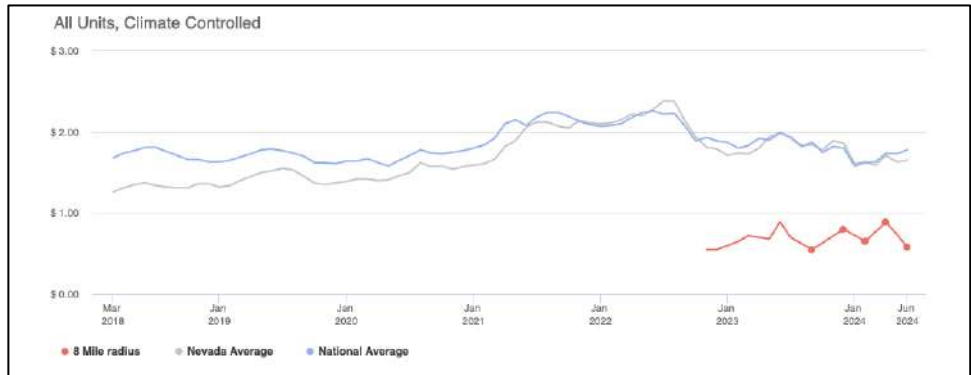
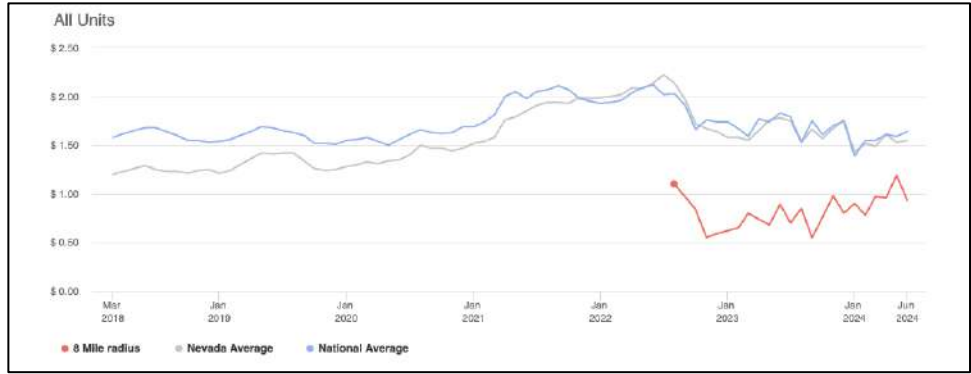
RENTAL RATES

Competitors are asking an average walk-in rate of \$97.60/mo for a ground-level non-climate controlled 10x10.

Facility	Distance	10x10 NCC	/NSF
A Payless Mini Storage	1.27	115.00	13.80
Highway 160 Self Storage	1.36	108.00	12.96
Second Street Self Storage	1.77	85.00	10.20
Homestead Storage	2.71	90.00	10.80
A-Plus Mini Storage	3.03	90.00	10.80
AVERAGE		97.60	11.71

According to average rates in 2024, the average non-climate 10x10 rented for \$108/mo in the site’s 5-mile radius, \$141/mo in the State, and \$147/mo in the USA.

T-12 10x10/mo	Market	State	USA
Non-Climate	108.00	141.00	147.00
/NSF	12.96	16.92	17.64



Expected Rental Rates

Below are the primary factors driving expected rental rates.

Competitors: Nearly all competitors appear to be more than 95% occupied. There are few units available, and promotions generally fall within industry norms.

Supply: The market is an estimated 8,300 NSF undersupplied, putting upward pressure on rental rates.

Site: The subject site has poor drive-by traffic, but is otherwise easily accessible.

Demographics: Population is low at 12,382 population in 3-mile radius and 41,027 in an 8-mile radius but is anticipated to grow 4.4%. Median household income is also low but is in the mid \$50k range which is a good target income range for self-storage.

Taking the above factors into account, we believe the rental rates for this project will lie somewhere near the higher end of the surveyed competitors, as shown in the tables below. Being a new product in the market, RV/boat parking spots should attract a significant premium over the competition.

Note that the lease up projections in the pro forma are based on economic occupancy. For example, if the facility leases 6,000 SF at 25% off, the economic occupancy is 4,500 SF in the pro forma.

Ground Level	Rate/Mo	Rate/SF
8x10 (NCC)	95.00	14.25
10x10 (NCC)	99.00	11.88
10x15 (NCC)	149.00	11.92
10x20 (NCC)	185.00	11.10
10x30 (NCC)	199.00	7.96
12x35 Uncovered	110.00	3.14
12x46 Covered	155.00	3.37

Cost of Occupancy

The cost of occupancy calculation aims to determine the affordability of rental rates in an area given its household income. This is done by dividing the annual cost of renting an average size unit (10x10) by the area's annual average household income. If the ratio is less than 3.0%, there is room to increase rental rates³. If the ratio is less, rents may be unaffordable.

The Primary Market's cost of occupancy is 1.62%, suggesting the market is underpriced, and should be able to support higher rates. For example, at a 3.0% cost of occupancy (if the market were undersupplied or closer to equilibrium), market 10x10s would rent for \$183/mo.

A well-run operation with adequate rate management should be able to comfortably raise rates above current market.

Cost of Occupancy	
10x10 Annual Cost	1,188
Avg HH Income	73,290
COO	1.62%

³ According to Mini Storage Messenger's Self-Storage Almanac 2023

UNIT MIX

Once zoning and engineering factors are accounted for, an optimal unit mix is created. Several factors play into this process, some of which include:

Market demand: It's important to consider the demand for different unit sizes in the area and try to mold the unit mix to take advantage of market deficits. This is driven primarily by competition and demographics.

Competition: The unit mix should take into consideration what unit sizes are already offered in the market and determine occupancy and lease rates if possible. If a competitor has a lot of small units, for example, including medium or large units can differentiate your facility.

Unit size distribution: It's important to offer a range of unit sizes to accommodate the needs of a variety of customers. The wider variety of unit sizes offered, the more demographic segments are reached.

Potential revenue: Consider the potential revenue that different unit sizes can generate. Generally, the bigger the unit, the less revenue it will attract on a per square foot basis, although its tenancy will be more consistent than small units. The best way to maximize revenue per square foot is to include a wide distribution of unit sizes and incorporate as many small units as the market will support.

Standard Unit Sizes







Self-storage units come in a variety of sizes to accommodate different storage needs. Here are some common unit sizes and a general idea of what can fit in each size:

5x5 unit: This is a small unit that is suitable for storing a few boxes, small furniture items, and other miscellaneous household items.

10x10 unit: This is a medium-sized unit that can hold the contents of a one-bedroom apartment, including appliances, furniture, boxes, and other household items.

10x20 unit: This is a large unit that can hold the contents of a two- to three-bedroom apartment or house, including appliances, furniture, boxes, and other household items.

10x30 unit: This is an extra-large unit that can hold the contents of a three- to four-bedroom house, including appliances, furniture, boxes, and other household items. It can also be used to store a car, boat, or other large recreational vehicles. This is a common size for commercial tenants, who generally make up 20-25% of self-storage tenants nationally.

Storage Unit Size Guide		
<p>5' x 5' A small closet</p>		<p>Space for a few chairs and lamps. Or it can fit sports equipment and garden tools or some boxes.</p>
<p>5' x 10' A walk-in closet</p>		<p>Room for larger pieces of furniture or equipment. A lot of boxes or some bicycles could be kept here.</p>
<p>10' x 10' A small bedroom</p>		<p>Space for the furniture from a large living room, two compact bedrooms, a small apartment, or an office.</p>
<p>10' x 15' A large bedroom</p>		<p>Room for larger pieces of furniture or equipment. A lot of boxes or some bicycles could be kept here.</p>
<p>10' x 20' A one-car garage</p>		<p>Space for the contents of a 3-bedroom house, or for business equipment, a car, a trailer, or a small boat.</p>
<p>10' x 30' A master bedroom</p>		<p>Accommodates the contents of a loaded semi-truck — all the furniture from a large house. Can hold a car or two.</p>

 StorageCafe

Unit Mix

Below is the unit mix as built by the Client. The project consists of 360 total units or 77,062 NSF, including 310 units or 54,610 NSF of non-climate controlled self-storage; 39 units or 16,380 NSF of uncovered RV/boat parking spaces; and 11 units or 6,072 NSF of covered RV/boat parking spaces.

In total, the project should yield \$686,292 of gross revenue or \$8.91/NSF annually (\$0.74/NSF monthly).

Self Storage	Units	NSF	% NSF	Rate/Mo	Gross Rev	Rev/SF
8x10 (NCC)	7	560	0.7%	95.00	7,980	14.25
10x10 (NCC)	8	800	1.0%	99.00	9,504	11.88
10x15 (NCC)	139	20,850	27.1%	149.00	248,532	11.92
10x20 (NCC)	144	28,800	37.4%	185.00	319,680	11.10
10x30 (NCC)	12	3,600	4.7%	199.00	28,656	7.96
Total	310	54,610	70.9%		614,352	11.25
RV/Boat Pkg	Units	NSF	% NSF	Rate/Mo	Gross Rev	Rev/SF
12x35 Uncovered	39	16,380	21.26%	110.00	51,480	3.14
12x46 Covered	11	6,072	7.88%	155.00	20,460	3.37
Total	50	22,452	29.1%		71,940	3.20
Total	Units	NSF	% NSF	Rate/Mo	Gross Rev	Rev/SF
Self Storage	310	54,610	70.9%		614,352	11.25
RV/Boat Pkg	50	22,452	29.1%		71,940	3.20
Total	360	77,062	100.0%		686,292	8.91

FINANCIAL FEASIBILITY

The five-year pro forma shows the project reaching a stabilized occupancy of 92% in month 24 of operation. In year 5, the project is expected to yield net revenue of \$821k, expenses of \$289k and a net operating income of \$531k. At a 6.5% cap rate, the project reaches a stabilized value of \$8.2 million or \$106/NSF by the end of Year 5.

Year 5	
Revenue	821,213
Expenses	289,442
Net Operating Income	531,771
Cap Rate	6.5%
Value	8,181,097
Months to Stabilized Occupancy	24

The following pages shows the pro forma, first annualized, then monthly.

Revenue Assumptions

Projected revenue is derived from a combination of market factors, absorption rates, occupancy, rate growth, and others, and applied to the recommended unit mix. Below are key revenue factors and their definitions.

- **Gross Potential Revenue:** This is the revenue that would be produced by the project if it were 100% leased up at market rates with no discounts or vacancy. We start with this number and make adjustments to arrive at realistic revenue projections.
- **NSF Rented:** Net square feet rented by month. This tells us the absorption rate of the project, or how quickly a project is anticipated to lease up. Factors that influence the absorption rate include primarily population, population growth, and unmet demand.
- **NSF Occupied:** The cumulative square feet occupied.
- **Occupancy:** Percentage of NSF occupied.
- **Effective Revenue:** Actual self-storage rental revenue generated by the project. This is the Gross Potential Revenue less vacancy.
- **Fee Income:** This is a broad category of additional revenue that may be generated by the project including administration fees, late fees, or tenant insurance, if offered. Fees may vary widely project-to-project but generally account for 5-7% of revenue.

Operating Expense Assumptions

Below is an overview of typical self-storage operating expenses. The original figures come from regional averages as reported by the Mini Storage Messenger Expense Guidebook (2023) with site/region adjustments.

- **Property Taxes:** Taxes imposed on the value of the property. An analysis of nearby competitors informed the assumed property tax bill in the pro forma.
- **Insurance:** Coverage to protect against damages, theft, and liability. This can include property insurance, general liability insurance, and workers' compensation insurance.

- **Utilities:** Facilities require utilities such as electricity, water, and gas for heating and cooling. For a non-climate-controlled facility, utility costs are relatively low.
- **Repairs and maintenance:** Self-storage facilities require ongoing maintenance and repairs to ensure that they are in good condition and safe for customers to use.
- **Administrative expenses:** This covers any employee benefits, office supplies, and other administrative costs. Per the client, this is rolled into the management expense below.
- **Management:** A typical third-party manager charges 4-8% of gross revenue to manage the facility. Note that some third-party managers require a minimum monthly payment.
- **Marketing and advertising:** This can include website development, print advertising, and digital marketing.

EXPENSES	/NSF	/YR	/MO	PCT
Property Tax	0.25	19,266	1,605	7.3%
Insurance	0.12	9,247	771	3.5%
Utilities	0.28	21,577	1,798	8.2%
Maintenance and Repairs	0.36	27,742	2,312	10.6%
Administration Costs	0.52	40,072	3,339	15.3%
Off-Site Management	0.48	37,243	3,104	14.2%
On-Site Management	1.06	81,686	6,807	31.1%
Marketing	0.33	25,430	2,119	9.7%
Total	3.40	262,264	21,855	100.0%

Cap Rates

A cap rate, or capitalization rate, is a financial metric used to evaluate the value of income-generating real estate investments. It is calculated as the net operating income (NOI) of the property divided by its current market value or purchase price. The resulting percentage represents the rate of return an investor can expect to earn on their investment in the property.

The cap rate is a useful tool for comparing the relative value of different income-producing properties, as well as assessing the overall health of a real estate market. In general, a higher cap rate indicates a higher potential

return on investment, while a lower cap rate indicates a lower potential return.

One of the key benefits of using the cap rate as a metric is that it focuses on the income-generating potential of the property, rather than its specific features or amenities. This makes it a useful tool for evaluating properties that may have different physical characteristics or market conditions.

According to Cushman & Wakefield’s Market Trends and Sector Outlook US Self-Storage for the first half of 2023, the average Class A self-storage property saw average cap rates of 5.1%. A terminal cap rate of 6.5% is assumed for the subject project.



Source: RCA, Cushman & Wakefield Research

PRO FORMA	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
GROSS REVENUE	686,292	720,607	756,637	794,469	834,192
OCCUPANCY	25%	72%	92%	92%	92%
EFFECTIVE REVENUE	173,661	518,123	696,135	730,942	767,489
FEE INCOME	12,156	36,269	48,729	51,166	53,724
TOTAL EFFECTIVE REVENUE	185,818	554,392	744,864	782,108	821,213
/NSF	2.41	7.19	9.67	10.15	10.66
Real Estate Taxes	19,266	19,747	20,241	20,747	21,266
Property Insurance	9,247	9,479	9,716	9,958	10,207
Utilities	21,577	22,117	22,670	23,236	23,817
Repairs & Maint.	27,742	28,436	29,147	29,875	30,622
Administration	40,072	41,074	42,101	43,153	44,232
Off-Site Management	15,740	27,720	37,243	39,105	41,061
On-Site Management	81,686	83,728	85,821	87,967	90,166
Advertising	25,430	26,066	26,718	27,386	28,070
TOTAL EXPENSES	240,761	258,366	273,656	281,428	289,442
/NSF	3.12	3.35	3.55	3.65	3.76
Expense Ratio	129.6%	46.6%	36.7%	36.0%	35.2%
NET OPERATING INCOME	-54,943	296,026	471,209	500,679	531,771
VALUE	-	-	7,249,362	7,702,758	8,181,097
/NSF	-	-	94.07	99.96	106.16

YEAR 1	1	2	3	4	5	6	7	8	9	10	11	12
INCOME												
GROSS POTENTIAL REVENUE	57,191	57,191	57,191	57,191	57,191	57,191	57,191	57,191	57,191	57,191	57,191	57,191
NSF RENTED	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
NSF OCCUPIED	3,000	6,000	9,000	12,000	15,000	18,000	21,000	24,000	27,000	30,000	33,000	36,000
UNITS RENTED	17	34	51	68	85	102	119	136	153	170	187	204
OCCUPANCY (%)	3.9%	7.8%	11.7%	15.6%	19.5%	23.4%	27.3%	31.1%	35.0%	38.9%	42.8%	46.7%
EFFECTIVE REVENUE	2,226	4,453	6,679	8,906	11,132	13,359	15,585	17,811	20,038	22,264	24,491	26,717
FEE INCOME	156	312	468	623	779	935	1,091	1,247	1,403	1,558	1,714	1,870
TOTAL REVENUE	2,382	4,765	7,147	9,529	11,911	14,294	16,676	19,058	21,441	23,823	26,205	28,587
EXPENSES												
Property Tax	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605
Insurance	771	771	771	771	771	771	771	771	771	771	771	771
Utilities	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798
Maintenance and Repairs	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312
Administration Costs	3,339	3,339	3,339	3,339	3,339	3,339	3,339	3,339	3,339	3,339	3,339	3,339
Management (5% or \$1300)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,310	1,429
On-Site Management	6,807	6,807	6,807	6,807	6,807	6,807	6,807	6,807	6,807	6,807	6,807	6,807
Marketing	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119
TOTAL EXPENSES	20,052	20,052	20,052	20,052	20,052	20,052	20,052	20,052	20,052	20,052	20,062	20,181
NET OPERATING INCOME	-17,669	-15,287	-12,905	-10,523	-8,140	-5,758	-3,376	-994	1,389	3,771	6,143	8,406

YEAR 2	13	14	15	16	17	18	19	20	21	22	23	24
INCOME												
GROSS POTENTIAL REVENUE	60,051	60,051	60,051	60,051	60,051	60,051	60,051	60,051	60,051	60,051	60,051	60,051
NSF RENTED	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	1,900
NSF OCCUPIED	39,000	42,000	45,000	48,000	51,000	54,000	57,000	60,000	63,000	66,000	69,000	70,900
UNITS RENTED	221	238	255	272	290	307	324	341	358	375	392	402
OCCUPANCY (%)	50.6%	54.5%	58.4%	62.3%	66.2%	70.1%	74.0%	77.9%	81.8%	85.6%	89.5%	92.0%
EFFECTIVE REVENUE	30,391	32,728	35,066	37,404	39,742	42,079	44,417	46,755	49,093	51,430	53,768	55,249
FEE INCOME	2,127	2,291	2,455	2,618	2,782	2,946	3,109	3,273	3,436	3,600	3,764	3,867
TOTAL REVENUE	32,518	35,019	37,521	40,022	42,524	45,025	47,526	50,028	52,529	55,031	57,532	59,116
EXPENSES												
Property Tax	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Insurance	790	790	790	790	790	790	790	790	790	790	790	790
Utilities	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843
Maintenance and Repairs	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370
Administration Costs	3,423	3,423	3,423	3,423	3,423	3,423	3,423	3,423	3,423	3,423	3,423	3,423
Management (5% or \$1300)	1,626	1,751	1,876	2,001	2,126	2,251	2,376	2,501	2,626	2,752	2,877	2,956
On-Site Management	6,977	6,977	6,977	6,977	6,977	6,977	6,977	6,977	6,977	6,977	6,977	6,977
Marketing	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172
TOTAL EXPENSES	20,846	20,972	21,097	21,222	21,347	21,472	21,597	21,722	21,847	21,972	22,097	22,176
NET OPERATING INCOME	11,672	14,048	16,424	18,801	21,177	23,553	25,930	28,306	30,682	33,059	35,435	36,940

YEAR 3	25	26	27	28	29	30	31	32	33	34	35	36
INCOME												
GROSS POTENTIAL REVENUE	63,053	63,053	63,053	63,053	63,053	63,053	63,053	63,053	63,053	63,053	63,053	63,053
NSF RENTED	0	0	0	0	0	0	0	0	0	0	0	0
NSF OCCUPIED	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900
UNITS RENTED	402	402	402	402	402	402	402	402	402	402	402	402
OCCUPANCY (%)	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
EFFECTIVE REVENUE	58,011	58,011	58,011	58,011	58,011	58,011	58,011	58,011	58,011	58,011	58,011	58,011
FEE INCOME	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061
TOTAL REVENUE	62,072	62,072	62,072	62,072	62,072	62,072	62,072	62,072	62,072	62,072	62,072	62,072
EXPENSES												
Property Tax	1,687	1,687	1,687	1,687	1,687	1,687	1,687	1,687	1,687	1,687	1,687	1,687
Insurance	810	810	810	810	810	810	810	810	810	810	810	810
Utilities	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889
Maintenance and Repairs	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429
Administration Costs	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508	3,508
Management (5% or \$1300)	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104
On-Site Management	7,152	7,152	7,152	7,152	7,152	7,152	7,152	7,152	7,152	7,152	7,152	7,152
Marketing	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226
TOTAL EXPENSES	22,805	22,805	22,805	22,805	22,805	22,805	22,805	22,805	22,805	22,805	22,805	22,805
NET OPERATING INCOME	39,267	39,267	39,267	39,267	39,267	39,267	39,267	39,267	39,267	39,267	39,267	39,267

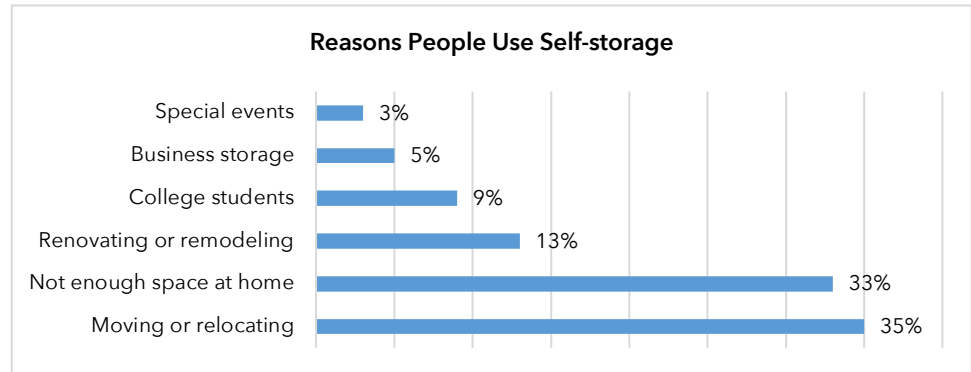
YEAR 4	37	38	39	40	41	42	43	44	45	46	47	48
INCOME												
GROSS POTENTIAL REVENUE	66,206	66,206	66,206	66,206	66,206	66,206	66,206	66,206	66,206	66,206	66,206	66,206
NSF RENTED	0	0	0	0	0	0	0	0	0	0	0	0
NSF OCCUPIED	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900
UNITS RENTED	402	402	402	402	402	402	402	402	402	402	402	402
OCCUPANCY (%)	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
EFFECTIVE REVENUE	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912
FEE INCOME	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264	4,264
TOTAL REVENUE	65,176	65,176	65,176	65,176	65,176	65,176	65,176	65,176	65,176	65,176	65,176	65,176
EXPENSES												
Property Tax	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729
Insurance	830	830	830	830	830	830	830	830	830	830	830	830
Utilities	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936
Maintenance and Repairs	2,490	2,490	2,490	2,490	2,490	2,490	2,490	2,490	2,490	2,490	2,490	2,490
Administration Costs	3,596	3,596	3,596	3,596	3,596	3,596	3,596	3,596	3,596	3,596	3,596	3,596
Management (5% or \$1300)	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259
On-Site Management	7,331	7,331	7,331	7,331	7,331	7,331	7,331	7,331	7,331	7,331	7,331	7,331
Marketing	2,282	2,282	2,282	2,282	2,282	2,282	2,282	2,282	2,282	2,282	2,282	2,282
TOTAL EXPENSES	23,452	23,452	23,452	23,452	23,452	23,452	23,452	23,452	23,452	23,452	23,452	23,452
NET OPERATING INCOME	41,723	41,723	41,723	41,723	41,723	41,723	41,723	41,723	41,723	41,723	41,723	41,723

YEAR 5	49	50	51	52	53	54	55	56	57	58	59	60
INCOME												
GROSS POTENTIAL REVENUE	69,516	69,516	69,516	69,516	69,516	69,516	69,516	69,516	69,516	69,516	69,516	69,516
NSF RENTED	0	0	0	0	0	0	0	0	0	0	0	0
NSF OCCUPIED	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900	70,900
UNITS RENTED	402	402	402	402	402	402	402	402	402	402	402	402
OCCUPANCY (%)	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
EFFECTIVE REVENUE	63,957	63,957	63,957	63,957	63,957	63,957	63,957	63,957	63,957	63,957	63,957	63,957
FEE INCOME	4,477	4,477	4,477	4,477	4,477	4,477	4,477	4,477	4,477	4,477	4,477	4,477
TOTAL REVENUE	68,434	68,434	68,434	68,434	68,434	68,434	68,434	68,434	68,434	68,434	68,434	68,434
EXPENSES												
Property Tax	1,772	1,772	1,772	1,772	1,772	1,772	1,772	1,772	1,772	1,772	1,772	1,772
Insurance	851	851	851	851	851	851	851	851	851	851	851	851
Utilities	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985
Maintenance and Repairs	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552
Administration Costs	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686
Management (5% or \$1300)	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422
On-Site Management	7,514	7,514	7,514	7,514	7,514	7,514	7,514	7,514	7,514	7,514	7,514	7,514
Marketing	2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339
TOTAL EXPENSES	24,120	24,120	24,120	24,120	24,120	24,120	24,120	24,120	24,120	24,120	24,120	24,120
NET OPERATING INCOME	44,314	44,314	44,314	44,314	44,314	44,314	44,314	44,314	44,314	44,314	44,314	44,314

RENTER PROFILE

Why Do People Use Self-Storage?

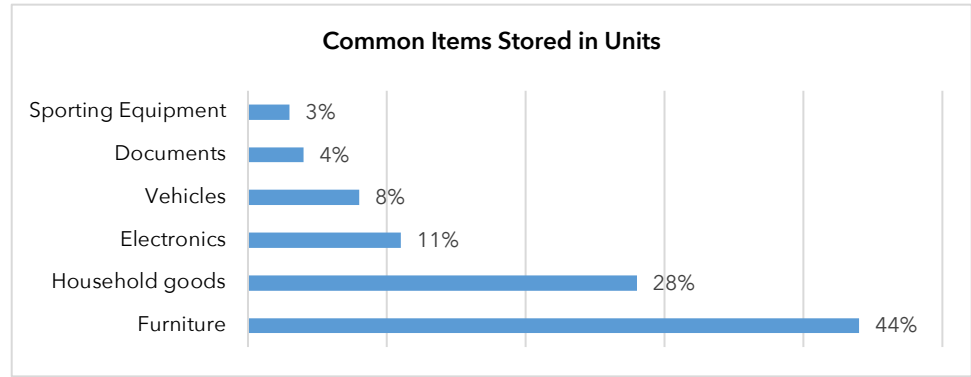
According to a survey of more than 2,000 self-storage facilities conducted by the Self-Storage Association (SSA), as reported in their 2021 Self-Storage Demand Study, these are the top reasons people use self-storage:



1. **Moving or relocating (35%)** - People are downsizing or upsizing their living space, or are otherwise buying or selling a house.
2. **Lack of space at home (33%)** - People who have either accumulated too much stuff, or who are temporarily storing items that they don't use regularly.
3. **Renovating or remodeling (13%)** - People keeping stuff out of the way of construction crews at home.
4. **College students (9%)** - Many college students rent self-storage units during the summer months or while studying abroad to keep their belongings secure while away from campus. This figure skews much higher in college towns.
5. **Business storage (5%)** - Some people rent self-storage units for business purposes, such as storing inventory or equipment. Note that business-related storage typically takes up 20-30% of storage space in a typical storage facility.
6. **Special events (3%)** - Finally, some people rent self-storage units for special events, such as weddings or other celebrations.

What Do People Store in their Units?

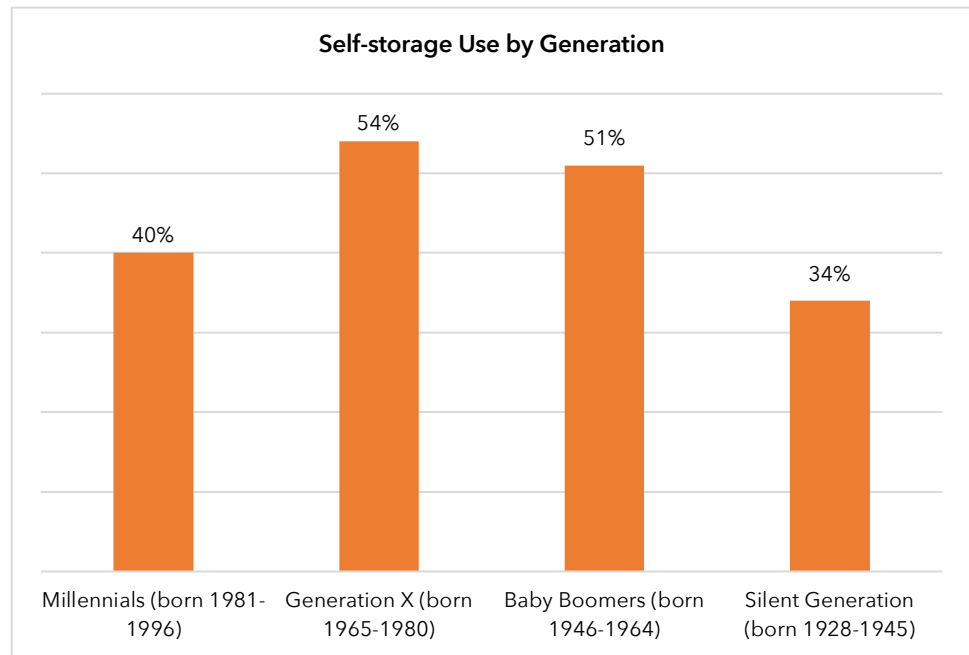
From the same study, below are the most common items stored in their self-storage units. Typical items vary drastically market-to-market, but these were the most common survey responses.



1. **Furniture (44%)** - This can include everything from couches and chairs to tables and dressers.
2. **Household goods (28%)** - Household items such as kitchen appliances, bedding, and clothing. These items may not be used on a daily basis but are still worth keeping for future use.
3. **Electronics (11%)** - Electronics such as televisions, computers, and stereo systems are also commonly stored in self-storage units. These items may be too large to keep in the home, or may be items that people don't want to get rid of but don't have immediate use for.
4. **Vehicles (8%)** - Some self-storage facilities offer vehicle storage options for cars, trucks, boats, and other types of vehicles.
5. **Documents (4%)** - Many people and businesses use self-storage units to store important documents such as legal papers, tax records, and financial statements.
6. **Sporting equipment (3%)** - Sporting equipment such as bicycles, golf clubs, and exercise machines are also commonly stored in self-storage units. These items may be too large to keep in the home, or may be items that people only use seasonally.

Who Uses Self-storage?

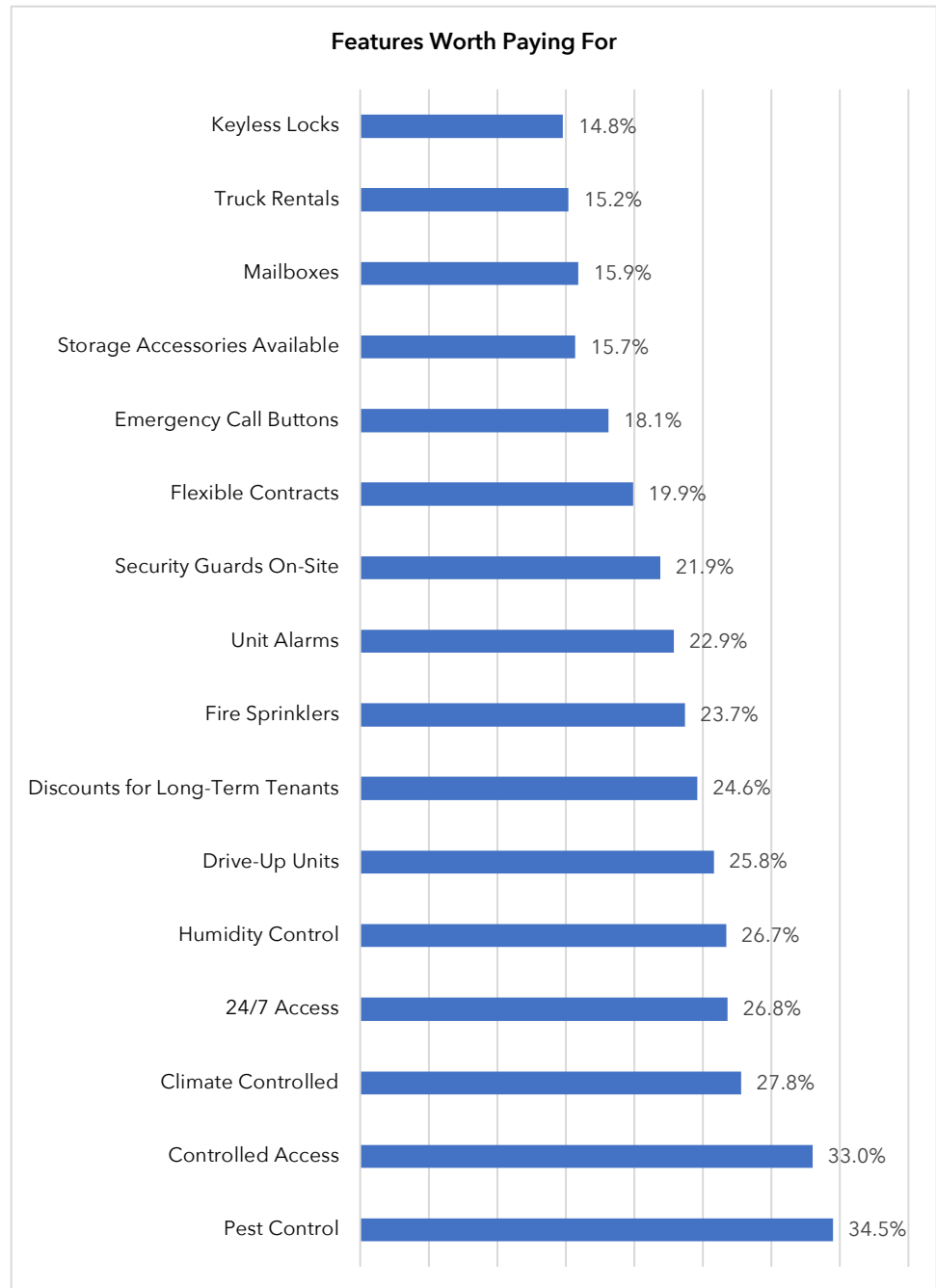
According to self-storage rental website, StorageCafe, 38% of Americans reported using self-storage in 2021. Broken down by generation, self-storage use was most prevalent among Gen X at 54%, then Baby Boomers at 51%, followed by Millennials at 40%, and the Silent Generation at 34%. Millennials are expected to quickly catch up to Gen X as they continue transitioning to suburban, child-rearing lifestyles.



According to a survey conducted by the consulting/development firm, The Parham Group, 84% of self-storage customers are women, but 95% of men do the moving. According to their research, markets with a high share of homeownership have a high demand for larger storage units (125 SF average or greater), whereas low homeownership means demand for smaller units. Similarly, high income areas tend to show more demand for Class A, climate-controlled facilities.

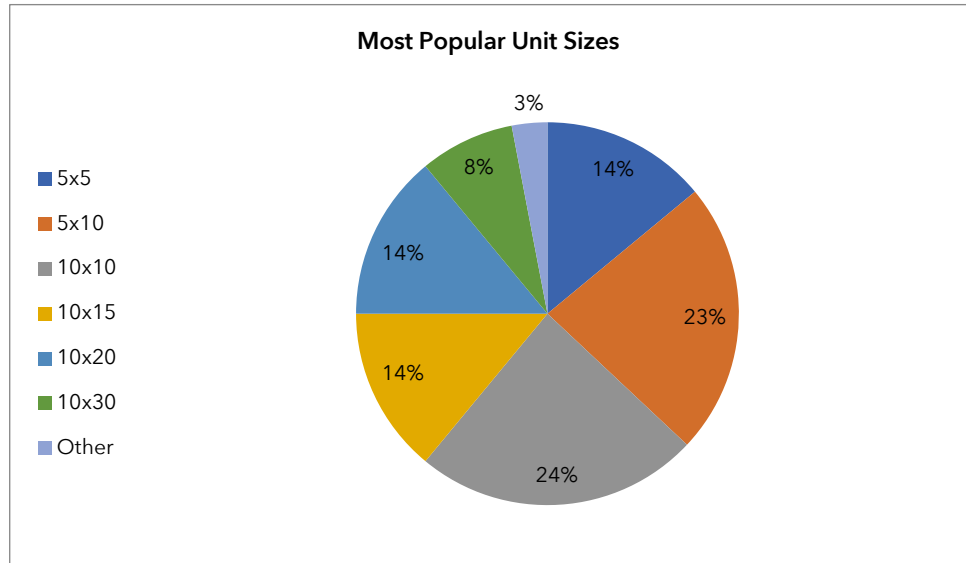
Features Worth Paying For

From the SSA 2020 Demand Study, a survey of self-storage tenants shows the top features tenants are willing to pay for. Some of the top findings include Pest Control (34.5%), Controlled Access (33.0%), Climate-Control (27.8%), and 24/7 Access (26.8%).



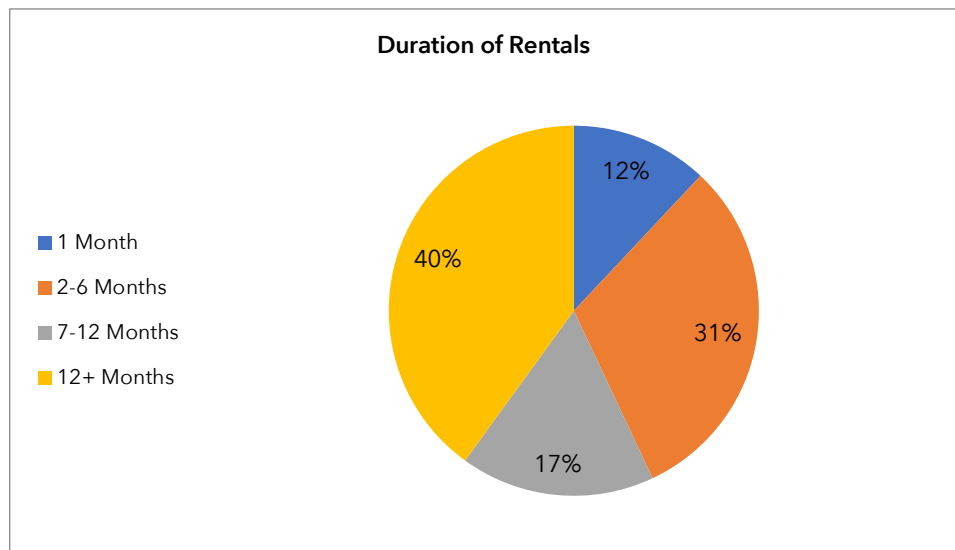
Most Popular Unit Sizes

According to the StorageCafe survey, the most common self-storage unit size is 10x10 (24%) followed by 5x10 (23%), with 5x5, 10x15, and 10x20 all tied at 14%. The average unit size nationwide is approximately 125 SF, although this can vary widely according to local market conditions.



Duration of Rentals

Self-storage leases are typically structured to run on month-to-month contracts, though the average tenant rents for approximately 14 months. Forty percent of renters use storage longer than one year, and 43% use storage for six months or less.



MARKETING

Most self-storage tenants are driven by convenience and location—meaning that facilities with good visibility that are close to their homes or place of work will generally win out, other things being equal. That said, in our increasingly digital world, relying on drive-by traffic by itself is likely not enough to maintain strong rates and occupancy. Here are some factors for creating a marketing strategy.

- **Understand your customer acquisition cost.** In all things marketing, data is key. Make sure managers are asking every single new rental how they heard about your facility. With that data, combined with your marketing spend and your lifetime customer value (average tenancy in months, times the average monthly rent), you can calculate your customer acquisition cost for each marketing strategy. Tracking your ROI on each marketing strategy allows you to allocate marketing dollars efficiently.
- **Capitalize on road visibility.** With most tenants coming from drive-by traffic, make sure you're making the most of your traffic by investing in high-quality backlit signage, promotional signage, and by creating strong curb appeal.
- **Have a referral program.** Generally, the next most powerful source of new tenants is word of mouth. Ensuring your customers have a great experience at your facility can result in many future rentals as they recommend friends and families to your facility. However, word of mouth is much more effective when incentivized. Consider having a referral program that offers discounts or gift cards for successful referrals from other tenants. The dollar value of the referral can range from \$25 up to \$100 (or beyond).
- **Have a strong website.** Online presence is an absolute must in today's digital world. Having an attractive, easy-to-use website that offers online reservations and/or rentals will put you far above the competition in mom-and-pop dominated markets. Make sure you invest in Search Engine Optimization (SEO) so that your website shows up in online searches.

-
- **Advertise online.** In most markets, SEO isn't enough to stay in front of potential customers online. Paying for ads on google is an effective way to maximize visibility online. The Pay-Per-Click format of advertising means you choose how much money you're willing to pay for every click, but ad bids are market-driven, so the more competition there is in a market, the more you'll have to pay for good ad space. Depending on your market, you may want to consider listing your facility with a storage aggregator like sparefoot.com or selfstorage.com. These sites are usually priced as a rent multiplier, so you'll have to pay a certain number of months' rent to the aggregator when someone rents through their site. Advertising on social media has mixed results in the self-storage space but may be worth trying if search engines and aggregators are already exhausted.
 - **Run move-in specials.** To stay competitive, understand what move-in specials your competition is running. Many will run first month free or 50% off promotions, which can be effective at winning new tenants. Let people know about your promotions via signage, online advertising, or other local advertising.
 - **Get involved with the community.** Join your local chamber of commerce and have managers attend business networking events. Look for opportunities for managers to volunteer around the community. Being a good corporate citizen goes a long way in building a tenant base.
 - **Make sure you're found online.** Register your business with online mapping services, like Google Maps (via Google My Business), Apple Maps, Yelp, Bing, etc. When reviews come in, make sure to respond to them quickly in a professional manner.
 - **Consider a presence on social media.** Some self-storage operators have been successful in running social media accounts for their businesses, but generally, they take a lot of time and resources and don't have the same ROI as paid advertising.
 - **Flyers, Billboards, TV ads, Radio ads.** These marketing methods should be seen as supplemental to online efforts and are best used to bring attention to a grand opening or other move-in specials.

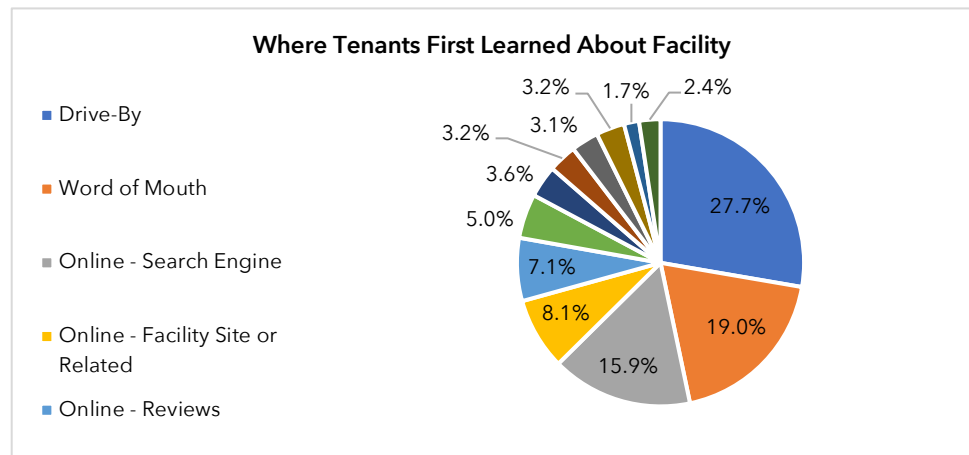
Before opening your facility, make sure you have a plan for each of the points above. Remember, your highest leasing velocity will be your first few months of opening, so open with a bang! Make sure your website is running smoothly with online rentals/reservations activated and that your facility is listed online with accurate information. Consider advertising locally with flyers or radio ads to announce your grand opening and any promotions you plan to run.

Remember that your tenants will be your best salespeople. Offer a good incentive for referrals and make sure your tenants know about it. Respond quickly to complaints both online and in-person and encourage your managers to ask for google reviews from every tenant.

Most importantly, track your rental sources diligently and calculate your customer acquisition cost regularly so that your marketing dollars are spent most efficiently.

Where Do Tenants Learn About My Facility?

From the SSA 2020 Self-storage Demand Report, most tenants first learn about their self-storage facility by Driving By (27.7%), followed by Word of Mouth (19.0%) and Online Search Engines (15.9%). Note that all online sources tallied up equals 37.8%.



MANAGEMENT

An owner may opt to manage their facility themselves or hire a third party manager. There are pros and cons to both options and depend largely on how involved the owner wants to be in the business.

Third Party Management

A third party self-storage manager is a company or individual that provides management services for self-storage facilities on behalf of the facility owner. This can include tasks such as marketing and leasing storage units, maintaining the facility and units, and managing financial and administrative aspects of the business.

Third party self-storage managers are often hired by facility owners who do not have the time or expertise to manage the facility themselves. These managers can provide valuable assistance in running the facility, allowing the owner to focus on other aspects of their business or personal life.

Third party self-storage managers may work on a contract basis, providing their services for a set period of time or for a percentage of the facility's revenue. They may also offer additional services such as consulting and training for facility owners and staff. Overall, the goal of a third party self-storage manager is to help the facility owner run a successful and profitable self-storage business.

The pros and cons of using a third party self-storage manager include the following:

Pros:

- Third party self-storage managers have expertise and experience in managing self-storage facilities, which can be valuable to facility owners who may not have this expertise themselves.
- Hiring a third party manager can save the facility owner time and effort, as the manager will handle day-to-day tasks such as marketing, leasing, and maintaining the facility.
- A third party manager can provide a fresh perspective and new ideas for improving the facility and increasing revenue.

Cons:

- Hiring a third party self-storage manager can be expensive, as the manager will charge a fee for their services.
- The facility owner may lose some control over the management of the facility, as the third party manager will be responsible for many of the day-to-day tasks.
- There may be conflicts of interest or misunderstandings between the facility owner and the third party manager, particularly if the owner and manager have different goals or priorities for the facility.

Overall, the decision to use a third party self-storage manager will depend on the individual circumstances of the facility owner and the facility itself. In some cases, the expertise and services of a third party manager can be invaluable, while in other cases the owner may prefer to manage the facility themselves.

The top third party managers include Extra Space Storage, CubeSmart, Storage Asset Management, Life Storage, and U-Haul; although there are more than one hundred management companies listed on Inside Self-storage's Buyers Guide. It is important to note that not all third-party managers are created equal, and that each potential manager should be properly vetted.

Management Considerations

The decision to use a third-party manager or not is largely based on personal preference and larger personal/business goals. However, whether self-managing or hiring out, below are some key management considerations for running a smooth operation.

1. **Providing high-quality customer service:** Providing excellent customer service is essential. This means being responsive to customer inquiries and concerns, providing helpful information and guidance, and addressing any issues that may arise in a timely and professional manner.
2. **Maintaining the facility and units:** The facility and storage units need to be well-maintained to attract and retain customers. This may involve tasks such as cleaning and repairing units, maintaining the security of the facility, and ensuring that all equipment and systems are in good working order.
3. **Implementing effective security measures:** Providing a secure environment for customers' belongings is critical. This may involve implementing security measures such as fencing and gating, surveillance cameras, and access control systems.
4. **Developing a marketing plan:** Develop a marketing plan that includes advertising, social media, and other strategies to reach potential customers and encourage them to rent storage units.
5. **Managing finances effectively:** Successful management also involves effective financial management. This may include setting and managing budgets, collecting rental fees, and making necessary investments in the facility and its equipment.
6. **Staying up-to-date with industry trends and regulations:** The self-storage industry is constantly evolving, so it is important for facility managers to stay up-to-date with industry trends and changes in regulations. This may involve attending industry conferences and workshops, reading trade publications, and staying in contact with other professionals.

INDUSTRY OVERVIEW

The history of self-storage in America can be traced back to the early 1960s, when the first self-storage facility was opened in Fort Worth, Texas. At the time, the concept of renting out individual storage units to members of the public was relatively new and innovative. The idea quickly caught on, and within a few years, self-storage facilities had sprung up in cities and towns across the country.

The early self-storage facilities were fairly basic, often consisting of nothing more than a large warehouse with individual storage units of varying sizes. Customers would rent a unit and then use their own lock to secure their belongings. Over time, these facilities became more sophisticated, with climate-controlled units, security cameras, and other modern amenities.

The growth of self-storage in America was fueled in part by the increasing mobility of the population. As more and more people moved to different cities and towns for work or other reasons, they often found themselves in need of a place to store their belongings while they were away. Self-storage facilities provided a convenient and cost-effective solution to this problem.

In the 1980s and 1990s, the self-storage industry underwent a period of rapid expansion. As the economy boomed, people began to accumulate more possessions, and the demand for self-storage facilities increased. Many of the larger self-storage companies, such as Public Storage and Extra Space Storage, were founded during this period.

Today, the self-storage industry is a multi-billion dollar business, with thousands of facilities operating across the country. In addition to traditional self-storage units, many facilities now offer a wide range of services, such as vehicle storage, document storage, and even wine storage.

Overall, the self-storage industry has proven to be remarkably resilient. As long as people continue to move and accumulate possessions, there will likely be a need for self-storage facilities. And with the constant evolution of the industry, it is likely that self-storage will continue to play an important role in American society for years to come.

The self-storage industry in the United States has seen significant growth in the last few years. The strong performance of the industry as a whole,

compared to other commercial asset types, has attracted institutional capital from all over the world. This has funded a construction boom that lasted from 2015 (when annual self-storage construction spend was \$1.0 billion⁴) to 2021 (\$3.75 billion), with its peak year being 2018 with \$5.0 billion spent.



In 2021, the US self-storage industry brought in \$39.5 billion in revenue across 2.0 billion rentable square feet and more than 50,000 facilities. Average facility occupancy was 94.5% with approximately 9.4% of households using storage. There was approximately \$3.75 billion spent on new construction.

REGIONAL AVERAGE OF PHYSICAL OCCUPANCY TRENDS					
Region / Division	2021	2021	2020	2020	2020
	Q2	Q1	Q4	Q3	Q2
West (Mountain)	94.5%	92.6%	92.5%	91.9%	92.3%
West (Pacific)	94.7%	94.8%	94.4%	95.1%	92.3%
Midw est(East North Central)	94.7%	92.7%	92.3%	93.5%	90.4%
Midw est (West North Central)	94.7%	92.7%	92.3%	93.5%	90.4%
Northeast (Middle Atlantic)	94.4%	93.4%	93.1%	93.9%	90.8%
Northeast (New England)	92.8%	92.5%	92.8%	92.9%	89.9%
South (South Atlantic)	94.9%	93.4%	93.1%	93.0%	90.6%
South (East South Central)	94.9%	93.5%	93.0%	92.8%	90.4%
South (West South Central)	94.3%	92.5%	91.8%	91.6%	90.2%
NA TIONAL	94.5%	93.0%	92.8%	92.7%	92.2%

Source: Self Storage Almanac 2022

While publicly traded companies like Public Storage and Extra Space Storage draw lots of media attention, they only account for 18% of the US

⁴ All data from US Census, IBISWorld, Minico Publishing, Radius+, Cushman & Wakefield, Sparefoot, Self-storage Association; retrieved from Neighbor.com

self-storage market, with small operators accounting for the remaining 82% of facilities.

At the end of 2021, operating expenses averaged \$5.85/SF nationally with the highest averages in the northeast of \$8.12/SF and the lowest in the Midwest of \$4.04/SF.

SELF STORAGE EXPENSE GUIDEBOOK									
EXPENSE ITEMS	West		South		East		Midwest		National (Avg.)
	Pacific	Mountain	Southwest	Southeast	Midwest	Northeast	East North Central	West North Central	
Real Estate Taxes	\$1.13	\$0.81	\$1.19	\$1.03	\$1.65	\$2.55	\$1.12	\$1.24	\$1.41
Property Insurance	\$0.33	\$0.13	\$0.17	\$0.30	\$0.11	\$0.22	\$0.12	\$0.14	\$0.23
Utilities	\$0.34	\$0.28	\$0.28	\$0.35	\$0.30	\$0.49	\$0.23	\$0.25	\$0.34
Building Repairs & Maintenance	\$0.53	\$0.31	\$0.33	\$0.40	\$0.39	\$0.67	\$0.40	\$0.39	\$0.47
Off-Site Management	\$0.89	\$0.49	\$0.43	\$0.69	\$0.98	\$1.06	\$0.56	\$0.34	\$0.76
On-Site Management	\$1.22	\$0.80	\$0.78	\$0.99	\$1.07	\$1.32	\$0.90	\$0.92	\$1.08
Advertising	\$0.30	\$0.27	\$0.19	\$0.29	\$0.35	\$0.35	\$0.27	\$0.23	\$0.29
General & Administrative	\$1.75	\$1.11	\$0.70	\$1.12	\$0.61	\$1.36	\$0.72	\$0.43	\$1.19
Reserves	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
TOTAL EXPENSES (\$/SF)	\$6.69	\$4.30	\$4.15	\$5.27	\$5.56	\$8.12	\$4.42	\$4.04	\$5.85

Source: The 2022 Self-Storage Expense Guidebook

According to Cushman & Wakefield’s Market Trends and Sector Outlook US Self-Storage for the first half of 2023, the average Class A self-storage property saw average cap rates of 5.1%. A terminal cap rate of 5.5% is assumed for the subject project.

SELF STORAGE CAPITALIZATION RATES



Source: RCA, Cushman & Wakefield Research

Historically, cap rates and interest rates are tightly correlated. As we face rising interest rates, cap rates will likely rise along with it.

The Rise of Automated Self-Storage Facilities

Self-storage facilities have seen a significant shift in recent years towards automation. As technology advances and customer preferences change, more self-storage operators are adopting automated solutions to streamline their operations and enhance their customer experience.



The Benefits of Automated Self-Storage Facilities

Automated self-storage facilities offer numerous benefits to both customers and operators. For customers, automated solutions provide greater convenience and flexibility, allowing them to access their storage units at any time and manage their accounts remotely. For operators, automation can reduce staffing costs, improve operational efficiency, and enhance security and safety.

Steps to Automate Your Self-storage Facility

If you're interested in automating your self-storage facility, here are some steps you can take:

1. **Implement a Management Software:** A self-storage management software can automate many tasks, such as tenant management, billing, and inventory control. With a management software, you can easily manage your facility and tenants from one centralized location.
2. **Install Security Systems:** Security is a top priority for self-storage operators. Access control systems, CCTV cameras, and alarms can be integrated to provide maximum security and safety.
3. **Provide a Self-Service Kiosk:** A self-service kiosk can allow customers to rent storage units, make payments, and access their units outside of business hours. This provides customers with greater flexibility and convenience, while also freeing up staff time. Some modern kiosks offer features such as digital signatures, automated document scanning, and video chat with customer support. These features can help customers rent units more quickly and easily, while also freeing up staff time to focus on other tasks.
4. **Use Mobile Apps:** Mobile apps can help customers manage their accounts and access their units remotely, making the process more convenient for them and freeing up staff time.
5. **Automate Maintenance Tasks:** Regular maintenance tasks such as cleaning and unit inspections can be automated using sensors and IoT devices like automated overlocks. This can help you reduce staffing costs and ensure that your facility is always well-maintained.

CONSULTANT QUALIFICATIONS

Throughout his career, Derek Walker has developed and overseen operations of 25+ self-storage projects in the United States and has consulted on many more since 2010. This foundation allows him to bring a unique developer/owner mindset to his consulting engagements.

Prior to his current role, Derek served as an economic development consultant where he collaborated closely with both municipalities and private developers to identify and structure high-impact real estate developments spanning various asset types, such as specialty mixed-use, hotel/resort, office, industrial, and multifamily.

He has a Bachelor's in Economics from the University of Utah and a Master's in Real Estate Development from New York University.

Development Experience

- Portfolio of 25+ self-storage facilities, both climate-controlled and ambient throughout the United States.

Finance Experience

- Secured \$250,000,000 for self-storage and mixed use properties, including construction, mezzanine, and permanent financing.

Consulting Experience

- Various consulting roles on hundreds of self-storage projects across the United States, including Supply/Demand Studies, Unit Mix Recommendations, Competitor Studies, Financial Analysis, and Full Feasibility Studies.
- Site selection and real estate consulting for nonprofit organizations in New York City.
- Feasibility studies for industrial parks in Box Elder County, UT; Davis County, UT; and Lake County, CO.
- Feasibility studies for hotels in Morgan County, UT; San Juan County, UT; Davis County, UT; Weber County, UT; and Delta, CO.
- Feasibility studies for mixed-use apartment and retail in Davis County, UT; Rio Blanco County, CO; Wells, NV; and Morgan, UT.
- Urban planning and redevelopment consulting in Mesa, AZ in conjunction with local developers, city officials, Arizona State University, the LDS Church, and other nonprofits.

APPENDIX I - BUYER'S GUIDE

The Inside Self-storage Buyer's Guide is the best resource for identifying industry professionals to help with all aspects of your project. Let us know if you would like recommendations.

<https://buyersguide.insideselfstorage.com/guides/>

ADD-ON PROFIT CENTERS <ul style="list-style-type: none">Mailbox & Shipping ServicesMobile/Portable Storage SolutionsMoving Equipment & ServicesRecords-Storage Products & ServicesRetail ProductTruck/Equipment LeasingUnit Amenities (Shelving, Door Curtains, etc.)Wine-Storage Products & Services	LEGAL <ul style="list-style-type: none">Auction & Lien-Sale ServicesGeneral Legal Services
BUILDING COMPONENTS <ul style="list-style-type: none">Aggregate Panel/CladdingBollard Covers & GuardrailsClimate-Control ProductsCoatings/WaterproofingDoor NumbersDoors & Door HardwareElevators, Lifts & Materials HandlingFire ProtectionFlooringGreen Building ProductsLightingMetal BuildingsRoofs & Roofing MaterialsSolar Panels & InstallationVehicle Storage/Carports	MANAGEMENT & OPERATION <ul style="list-style-type: none">Call-Center ServicesCollection ServicesMaintenance Products & ServicesManagement Services (Third-Party)Manager Training & EvaluationManager-Placement ServicesMystery-Shopping ServicesOperational ConsultingPest ControlPrinting ServicesTenant-ID Services
CONSTRUCTION & DEVELOPMENT <ul style="list-style-type: none">Architectural ServicesContracting ServicesDevelopment ConsultingEngineering ServicesFeasibility Services	MARKETING <ul style="list-style-type: none">Marketing ConsultingOnline Facility DirectoryOnline Marketing ServicesPrint Advertising/MarketingSignageWebsite Design & Optimization
FINANCE <ul style="list-style-type: none">Accounting/Tax ServicesCost SegregationFinancingPayment Services	REAL ESTATE <ul style="list-style-type: none">AcquisitionsAppraisals/ValuationsFranchisingInvestments, Partnerships & Joint VenturesReal Estate Sales/Brokerage
INFORMATION RESOURCES <ul style="list-style-type: none">AssociationsCharitable OrganizationsData/Research Services & ReportsOnline CommunitiesPublications	SECURITY SYSTEMS & HARDWARE <ul style="list-style-type: none">CCTV & Video SurveillanceCommunications Systems & IntercomsComplete Security SystemsFencing & AccessoriesGates & Gate OpenersKeypadsLocks & LatchesSecurity Installation
INSURANCE <ul style="list-style-type: none">Business InsuranceHealth InsuranceTenant InsuranceTenant-Protection Programs	SOFTWARE <ul style="list-style-type: none">Accounting SoftwareFacility-Management SoftwarePortable-Storage SoftwareRecords-Storage SoftwareSecurity Software
	TECHNOLOGY <ul style="list-style-type: none">Call-Center TechnologyCloud StorageElectronic LocksKiosksMobile AppsText Messaging Service