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- Appraisals
- Market Studies
- Appraisal Reviews
- Highest & Best Use Studies
- Tax Appeals
- Estate Valuation

**REPORT
REAL ESTATE APPRAISAL**

**Of
American Sentry Mini Storage Facility with Additional
Proposed Units**



112 Benton Way
Benton, Polk County, TN 37307

As of
May 16, 2023

Prepared For
The Citizens Bank
1522 Union City Highway
Hickman, KY, 42050

Client File:
N/A

Prepared by
WILLIAMSON GROUP, LLC
Michael Williamson, CG, TN - 2819

File Name:
8936

WILLIAMSON GROUP, LLC



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May 22, 2023

The Citizens Bank
1522 Union City Highway
Hickman, KY 42050

Re: Appraisal Report, Real Estate Appraisal
American Sentry Mini Storage Facility with Additional Proposed Units
112 Benton Way
Benton, Polk County, TN 37307
File Name: 8936

To Whom it May Concern:

At your request, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject property is improved with a mini storage facility doing business as American Sentry Mini Storage. Currently, there is one, one-story, metal building with a gross building area of 15,420± square feet and a rentable area of 11,000± square feet with a total of 61 climate-controlled storage units. There are also 22 outdoor spaces; 16 uncovered and 6 covered. The buyer plans to add one new building that will consist of a gross building area of 5,250± square feet and a rentable area of 4,200± square feet that will be all climate-controlled. Per the buyer, the exact number of units has not been determined at this time for the proposed climate-controlled building. There will also be 40 non-climate-controlled storage pods; 20 - 10 x 10 units and 20 - 10 x 15 units for a gross building area of 5,000± square feet and a rentable area of 5,000± square feet. This will give the proposed gross building area of 10,250± square feet and a rentable area of 9,200± square feet. After completion, the total rentable area will be 20,200± square feet with a total gross building area of 25,670± square feet. Therefore, we will include all spaces that are climate controlled together and all spaces that are to be non-climate controlled together in the income analysis.

Please reference page 8 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 133). Acceptance of this report constitutes an agreement with these conditions and assumptions.



The Citizens Bank
May 22, 2023

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Current As Is Market Value:

The “As Is” market value of the Leased Fee estate of the property, as of May 16, 2023, is

\$1,430,000

One Million Four Hundred Thirty Thousand Dollars

The market exposure time¹ preceding May 16, 2023 would have been 3 to 12 months and the estimated marketing period² as of May 16, 2023 is 3 to 12 months.

Prospective As Complete Market Value:

The “As Complete” market value of the Leased Fee estate of the property, as of November 16, 2023, is

\$2,110,000

Two Million One Hundred Ten Thousand Dollars

The market exposure time preceding November 16, 2023 would have been 3 to 12 months and the estimated marketing period as of November 16, 2023 is 3 to 12 months.

Prospective As Complete & Stabilized Market Value:

The “As Complete & Stabilized” market value of the Leased Fee estate of the property, as of November 16, 2024, is

\$2,260,000

Two Million Two Hundred Sixty Thousand Dollars

The market exposure time preceding November 16, 2024 would have been 3 to 12 months and the estimated marketing period as of November 16, 2024 is 3 to 12 months.

Respectfully submitted,
Williamson Group, LLC

A handwritten signature in blue ink, appearing to read 'Michael Williamson', is written over a light blue horizontal line.

Michael Williamson, CG
TN - 2819

¹ Exposure Time: see definition on page 130.

² Marketing Time: see definition on page 130.

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Summary of Important Facts and Conclusions

GENERAL

Subject:	American Sentry Mini Storage Facility with Additional Proposed Units 112 Benton Way Benton, Polk County, TN 37307
Description:	The subject property is improved with a mini storage facility doing business as American Sentry Mini Storage. Currently, there is one, one-story, metal building with a gross building area of 15,420± square feet and a rentable area of 11,000± square feet with a total of 61 climate-controlled storage units. There are also 22 outdoor spaces; 16 uncovered and 6 covered. The buyer plans to add one new building that will consist of a gross building area of 5,250± square feet and a rentable area of 4,200± square feet that will be all climate-controlled. Per the buyer, the exact number of units has not been determined at this time for the proposed climate-controlled building. There will also be 40 non-climate-controlled storage pods; 20 - 10 x 10 units and 20 - 10 x 15 units for a gross building area of 5,000± square feet and a rentable area of 5,000± square feet. This will give the proposed gross building area of 10,250± square feet and a rentable area of 9,200± square feet. After completion, the total rentable area will be 20,200± square feet with a total gross building area of 25,670± square feet. Therefore, we will include all spaces that are climate controlled together and all spaces that are to be non-climate controlled together in the income analysis.
Owner:	Roy Underwood and/or Ruco, Inc.
Buyer:	Nader Ashchi and/or Success Story Real Estate, LLC
Occupancy:	Currently: 100% Tenant Occupied After Completion: 100% Tenant Occupied
Legal Description:	See deed in addenda
Date of Report:	May 22, 2023
Intended Use:	The intended use is for loan underwriting and-or credit decisions by The Citizens Bank.
Intended User(s):	The Citizens Bank

Assessment:

Real Estate Assessment and Taxes							
Tax ID	Land	Improvements	Total	City Rate	County Rate	Tax Rate	Taxes
045-028.17	\$62,200	\$261,600	\$323,800	\$0.77	\$2.51	\$3.29	\$10,640

Sale History:

The subject property last sold on June 16, 2020 in the consideration of \$300,000. This was recorded in Deed Book 323, Page 100 in the Polk County Register of Deed's Office. A copy of the deed is included in the addenda. There have been no other sales in the last three years. It should be noted that at the time of this sale the property was simply an empty former Fred's warehouse. The current owner converted the property into the storage facility that it is now.

Current**Listing/Contract(s):**

List Price \$1,650,000
List Date 1/20/2023
Days On Market 118
Property Rights Fee Simple
Owner Roy Underwood and/or Ruco, Inc.
Listing Agency Teresa Mustar
Listing/MLS # 20230274
Verification Source Bridge Property Management Group

Current Contract(s):

Contract Price \$1,430,000
Date of Contract May 1, 2023
Contract Buyer Nader Ashchi and/or Success Story Real Estate, LLC
Property Rights Fee Simple
Financing Terms Normal
Conditions of Sale Normal
Verification Source Purchase Agreement

A copy of the purchase agreement is included in the work file if needed for further clarification.

Land:

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
045-028.17	2.35	102,366	2.35	102,366	Basically Level	Roughly rectangular

Improvements:

Building Summary					
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area
Existing Climate-Controlled Storage Bldg.	2007	Average	1	15,420	11,000
Proposed Climate-Controlled Storage Building	2023 (proposed)	Proposed	1	5,250	4,200
New Non-Climate-Controlled Pods	New	New	1	5,000	5,000
Totals				25,670	20,200

See area definitions, page 129

Zoning: C-2, Commercial Highway, by the City of Benton, Tennessee

Highest and Best Use of the Site as Vacant: Commercially developed

Highest and Best Use as Improved: Continued use as a self-storage facility

VALUE INDICATIONS

Cost Approach: \$2,110,000 As Complete

Sales Comparison Approach: \$1,430,000 As Is
\$2,260,000 As Complete and Stabilized

Income Approach:
Direct Capitalization \$1,430,000 As Is
\$2,260,000 As Complete and Stabilized

Reconciled Value(s):	Market Value, As Is	Prospective Market Value as Complete	Prospective Market Value as Complete & Stabilized
Value Conclusion(s)	\$1,430,000	\$2,110,000	\$2,260,000
Effective Date(s)	May 16, 2023	November 16, 2023	November 16, 2024
Property Rights	Leased Fee	Leased Fee	Leased Fee

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for The Citizens Bank. The problem to be solved is to estimate the 'as is' market value and prospective 'as complete' market value of the subject property. The intended use is for loan underwriting and-or credit decisions by The Citizens Bank. This appraisal is intended for the use by The Citizens Bank.

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number 045 028.17.
Inspection:	A complete interior and exterior inspection of the subject property has been made, and photographs taken on May 16, 2023. The interior of all of the units was not inspected.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis. Due to the limited sales available in the Polk County, TN area, we extended our research into the surrounding area.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

Valuation Analyses

Cost Approach:	A cost approach was utilized because while the age of the improvements that are already there makes the depreciation difficult to accurately measure once the renovations are complete. This approach needs to be, and has been done to help determine and validate if the project is financially feasible. This approach will also bring added support to the overall report.
Sales Comparison Approach:	A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.
Income Approach:	An income approach was applied as the subject is an income producing property and there is adequate data to develop a value estimate with this approach.
Hypothetical Conditions:	There are no hypothetical conditions for this appraisal.
Extraordinary Assumptions:	<p>We are making the extraordinary assumption for the as complete and as stabilized value conclusions that the proposed improvements will be completed just as described and that the construction will be performed in a professional manner. Also, we are assuming that the property will be complete within six months from the appraisal effective date and stabilized within one year after completion. We are also making the extraordinary assumption that the cost figures provided in regards to the proposed construction that were verbally stated by the buyer and seller are accurate.</p> <p>The use of any and all extraordinary assumptions or hypothetical conditions if found to be false may have a direct effect on the assignment results.</p>
Information not Available:	<p>No historical tax returns or income/expense data was provided for review.</p> <p>No detailed plans and cost budgets were supplied for review of the proposed improvements.</p>

Definition of Appraised Estates

One or more of the following underlined legal estates or interests are valued in this report. Definitions of these estates are quoted from *The Dictionary of Real Estate Appraisal*, Seventh Edition; published by the Appraisal Institute, copyright 2022.

- Fee Simple Estate *"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*
- Leased Fee Estate *"The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires."*
- Leasehold Estate *"The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease."*

Conceptually, market value of the leased fee estate is the worth of the property to the landlord (the lessor) as encumbered by terms set forth in a lease or leases. A leasehold estate is the tenant's (the lessee's) interest in a property.

The above definition for fee simple estate is the classic legal meaning. A lease is an encumbrance. If a property is unencumbered, this could be interpreted to mean the property is not encumbered by lease. If there are no leases for a multi-tenant facility, then the building has no income. Under this interpretation, the value of the fee simple (V_{FS}) would be less than the value of the leased fee (V_{LF}). Accordingly, the $V_{FS} < V_{LF}$ because costs must be incurred to find tenants and negotiate leases.

Another interpretation for fee simple estate is a value-oriented definition used by many real estate appraisers. For valuation purposes, market value of the fee simple estate is the worth of the property assuming it is already leased at market rent to a level of stabilized occupancy. Under this interpretation, the $V_{FS} > V_{LF}$ because costs to find tenants and negotiate leases were already paid.

An extremely important concept in the valuation of leases is the relationship between market rent or income (I_{FS}) and contract rent, the rent stated in a lease (I_{LF}). If the contract rent is below market rent ($I_{LF} < I_{FS}$), the tenant enjoys an advantageous position called a positive leasehold interest. Then, the value of the leased fee is usually less than the value of the fee simple ($V_{LF} < V_{FS}$). If contract rent exceeds market rent ($I_{LF} > I_{FS}$), then the landlord has an advantage while the tenant has an unfavorable position called a negative leasehold interest. Then, the value of the leased fee is usually greater than the value of the fee simple ($V_{LF} > V_{FS}$).

*For valuation purposes in this report, three estates are defined in this paragraph. Market value of the **fee simple estate** is defined as the worth of the subject's real property to a most probable buyer assuming the property is already leased to a level of stabilized occupancy at normal market terms including market rent. Market value of the **leased fee estate** is defined as the worth of real property to its current owner as encumbered by terms specified in one or more leases. Lastly, a **leasehold estate** is defined as one tenant's interest in real property as specified by a lease.*

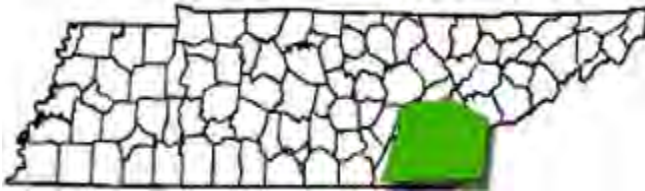
Market Area and Property Characteristics

Property values in the vicinity of a subject property are influenced by numerous factors to include social, economic, governmental and environmental forces. The manner or degree to which these factors influence property values is often consistent with a geographic area. This area of influence is known as the *market area* within which the subject property is located.

The identification of a market area begins with the subject property and proceeds outward, to include all relevant, actual and potential influences on the property's value that can be attributed to its location. The geographical limits of the market area extend far enough to encompass all influences that the market perceives as affecting the value of the subject property.

Analysis of the market area in which a particular property is located is important due to the fact that the various economic, social, political and physical forces which affect the market area also directly influence the individual properties within it. Market area analysis also provides a framework, or context, in which the opinion of property value is developed.

AREA ANALYSIS



Polk County, located in southeast Tennessee, is 23± miles east of Cleveland, Tennessee, 47± northeast of Chattanooga, TN and 23± miles southeast of Athens, Tennessee. **Benton** is the county seat of Polk County, Tennessee. It is a small to mid-size rural county with modern growth and development that has been steadily growing over the last 20 years. The county's proximity to Cleveland, Chattanooga and Athens, Tennessee are a few of the main factors in its growth.



Adjacent Counties:

Bradley County (west)
McMinn County (north)
Monroe County (northeast)

TRANSPORTATION

Bordering eight states in the south-central region of the United States, Tennessee is strategically located to facilitate prompt, efficient and economical transportation to the nation's principal markets and population centers. As a major intersection for air, road, rail and waterway transportation, Tennessee offers accessibility to deep water ports on the Gulf of Mexico and the East Coast, and is a prime location for both domestic and international commerce.

Source: www.tnecd.gov



Polk County is the county southeastern most county in the State of Tennessee located near the junction of North Carolina and Georgia. Atlanta, GA and Knoxville, TN are approximately 1 ½ hour drive. The major highways in the area are U.S. Highways 64 and State Highway 68. I-75 is approximately 36 miles west.

AIR: The nearest public use airports are Martin Campbell Field in Copperhill, TN, Chilhowee in Benton, TN. The nearest commercial airline is Chattanooga's Lovell Field which offers commercial air service and is 48± miles west. Airlines serving this airport are US Airways Express, ASA, Comair, Northwest Airlinck and American Eagle.

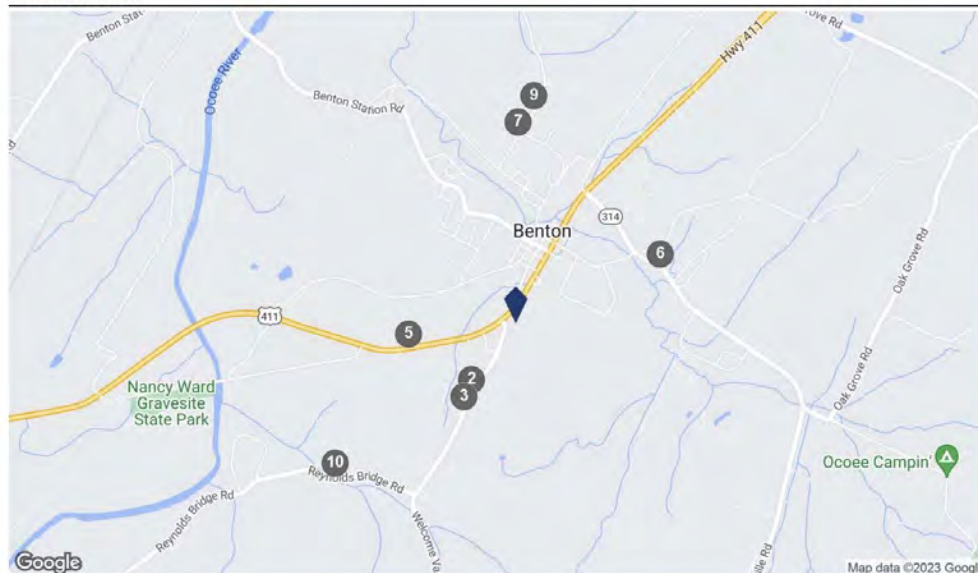
WATER: The Ocoee and Hiwassee Rivers

RAIL: CSX Railway provides rail access to the Polk County area.

Subject Property

112 Benton Way

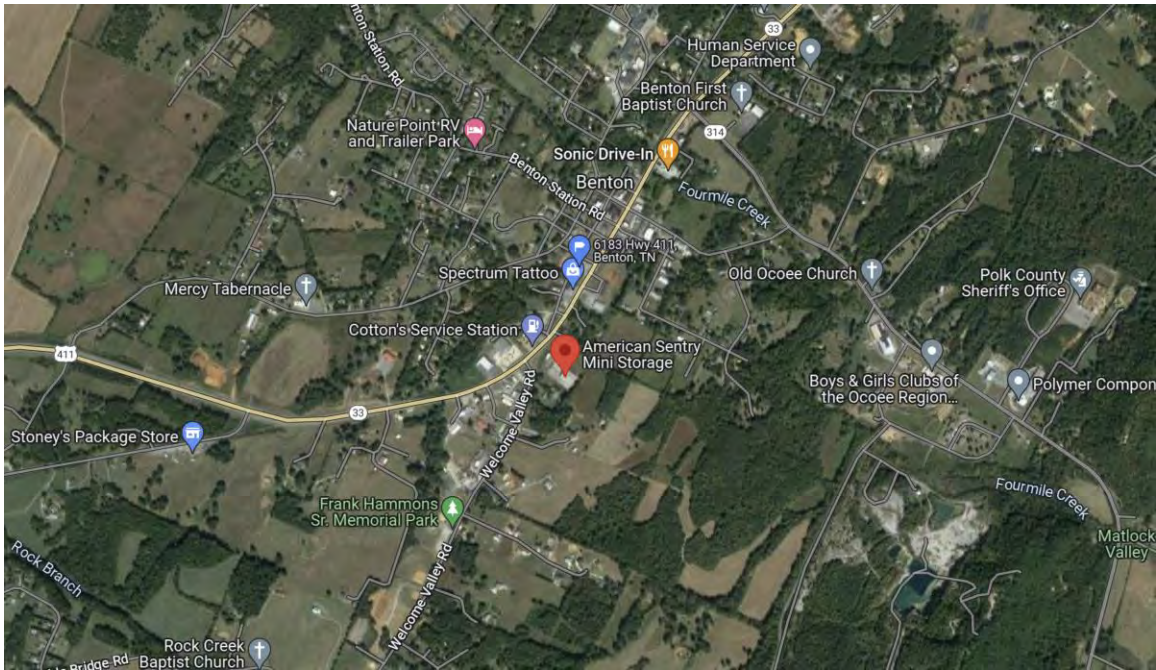
TRAFFIC COUNTS



COUNTS BY STREETS

Collection Street	Cross Street - Direction	Traffic Volume	Count Year	Dist from Subject
1 Welcome Valley Road	Polk St - NE	1,786	2022	0.35 mi
2 WELCOME VALLEY RD.	Polk St - NE	1,891	2020	0.35 mi
3 Welcome Valley Rd	Sweeney Rd - SW	1,502	2022	0.42 mi
4 SW BENTON	Bishop Ln - E	9,684	2019	0.46 mi
5 US Hwy 411	Bishop Ln - E	9,550	2022	0.46 mi
6 Parksville Rd	Bailey Rd - NW	1,540	2022	0.64 mi
7 Patty Rd	School House Hill - NE	1,643	2022	0.78 mi
8 Patty Road	Whalen Dr - SW	942	2022	0.89 mi
9 PATTY RD.	Whalen Dr - SW	942	2020	0.89 mi
10 REYNOLDS BRIDGE RD.	Brock Dr - E	548	2020	0.99 mi

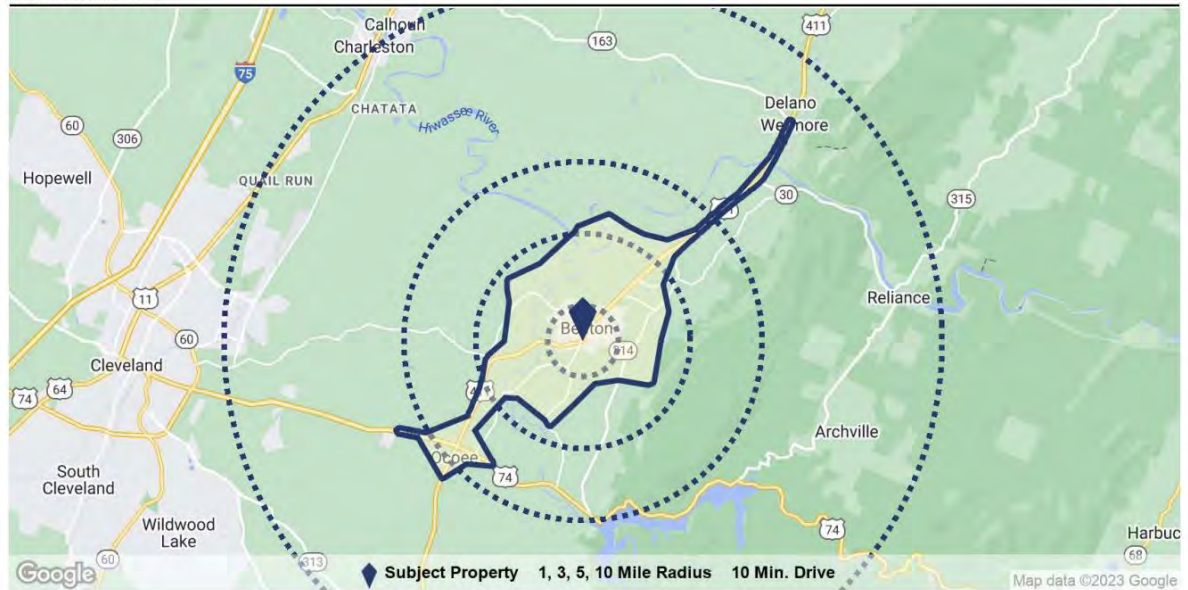
AREA MAP



Subject Property

112 Benton Way -

DEMOGRAPHICS



Population	1 Mile	3 Miles	5 Miles	10 Miles	10 Min. Drive
Population	1,308	3,781	6,397	35,843	4,564
5 Yr Growth	0.7%	0.3%	1.3%	5.5%	7.1%
Median Age	44	45	45	42	45
5 Yr Forecast	45	46	46	43	46
White / Black / Hispanic	96% / 1% / 2%	97% / 1% / 2%	97% / 1% / 3%	94% / 3% / 4%	97% / 1% / 3%
5 Yr Forecast	96% / 1% / 2%	97% / 1% / 2%	96% / 1% / 3%	94% / 3% / 4%	97% / 1% / 3%
Employment	611	1,158	1,896	6,720	2,106
Buying Power	\$18.2M	\$65.3M	\$123.1M	\$773.5M	\$88.7M
5 Yr Growth	1.3%	0.7%	2.5%	8.6%	9.2%
College Graduates	10.6%	13.3%	14.2%	17.5%	14.5%
Household					
Households	498	1,460	2,467	13,421	1,784
5 Yr Growth	0.4%	0.1%	1.3%	5.5%	7.9%
Median Household Income	\$36,597	\$44,705	\$49,886	\$57,630	\$49,738
5 Yr Forecast	\$36,908	\$44,938	\$50,515	\$59,291	\$50,372
Average Household Income	\$52,543	\$65,622	\$68,450	\$70,929	\$68,997
5 Yr Forecast	\$53,577	\$66,951	\$69,587	\$72,339	\$70,231
% High Income (>\$75K)	20%	33%	34%	38%	34%
Housing					
Median Home Value	\$123,931	\$122,630	\$143,092	\$158,140	\$151,855
Median Year Built	1982	1986	1986	1989	1984
Owner / Renter Occupied	68% / 32%	75% / 25%	77% / 23%	80% / 20%	74% / 26%

Market Area Location and Boundaries

Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, or a mixture of these uses. The identification of a neighborhood begins with the subject property and proceeds outward, identifying all relevant actual and potential influences on the property's value that can be attributed to its location. The geographical limits of the neighborhood extend far enough to encompass all influences that the market perceives as affecting the value of the subject property.

Analysis of the neighborhood in which a particular property is located is important due to the fact that the various economic, social, political, and physical forces which affect the neighborhood also directly influence the individual properties within it.

LOCATION

The subject is located on the east side of Benton Way just off Welcome Valley Road off Highway 411 in the city limits of Benton, Polk County, Tennessee numerically located at 112 Benton Way. The neighborhood boundaries are inexact, but generally comprise an area of land uses located within two and half miles of the subject property or can sometimes be determined by major roads, railways or other factors.



NEIGHBORHOOD ACCESS, BOUNDARIES AND PROXIMITY

The accessibility to the neighborhood in general and the subject property in particular is average. The neighborhood is located within close proximity to primary traffic arteries as well as shopping, restaurants, schools, churches and recreational areas. The primary arteries serving the area are Waterlevel Highway, Highway 411 and Highway 30.

Infrastructure within the neighborhood is in average condition and does not create any adverse effect on property values. Secondary roadways within the neighborhood area are primarily two-lane asphalt paved streets and are maintained by the Polk County and or the National Forest Service.

Income & Spending Demographics

112 Benton Way -

	1 Mile		3 Miles		5 Miles		10 Min. Drive	
2022 Households by HH Income	497		1,460		2,469		1,784	
<\$25,000	169	34.00%	368	25.21%	496	20.09%	431	24.16%
\$25,000 - \$50,000	147	29.58%	408	27.95%	741	30.01%	464	26.01%
\$50,000 - \$75,000	82	16.50%	206	14.11%	382	15.47%	284	15.92%
\$75,000 - \$100,000	67	13.48%	193	13.22%	369	14.95%	254	14.24%
\$100,000 - \$125,000	9	1.81%	86	5.89%	140	5.67%	92	5.16%
\$125,000 - \$150,000	3	0.60%	80	5.48%	157	6.36%	104	5.83%
\$150,000 - \$200,000	4	0.80%	90	6.16%	123	4.98%	95	5.33%
\$200,000+	16	3.22%	29	1.99%	61	2.47%	59	3.31%
2022 Avg Household Income	\$52,543		\$65,622		\$68,450		\$68,997	
2022 Med Household Income	\$36,597		\$44,705		\$49,886		\$49,738	

	1 Mile		3 Miles		5 Miles		10 Min. Drive	
Total Specified Consumer Spending	\$13M		\$44.1M		\$76.5M		\$52.9M	
Total Apparel	\$655.5K	5.05%	\$2.2M	4.90%	\$3.7M	4.84%	\$2.6M	4.91%
Women's Apparel	\$248.5K	1.91%	\$839.9K	1.90%	\$1.4M	1.89%	\$999.4K	1.89%
Men's Apparel	\$128.9K	0.99%	\$440.5K	1.00%	\$759.5K	0.99%	\$532K	1.01%
Girl's Apparel	\$45.5K	0.35%	\$145.4K	0.33%	\$247.1K	0.32%	\$176.4K	0.33%
Boy's Apparel	\$34.6K	0.27%	\$109.7K	0.25%	\$184.4K	0.24%	\$129.2K	0.24%
Infant Apparel	\$33.2K	0.26%	\$101.1K	0.23%	\$171.2K	0.22%	\$122.3K	0.23%
Footwear	\$164.8K	1.27%	\$527.3K	1.20%	\$899.9K	1.18%	\$636K	1.20%

Total Entertainment & Hobbies	\$2.1M	16.47%	\$7.3M	16.50%	\$12.6M	16.40%	\$8.7M	16.44%
Entertainment	\$207.5K	1.60%	\$987.3K	2.24%	\$1.7M	2.24%	\$1.1M	2.12%
Audio & Visual Equipment/Service	\$487.7K	3.76%	\$1.6M	3.54%	\$2.7M	3.51%	\$1.9M	3.56%
Reading Materials	\$25.7K	0.20%	\$87.9K	0.20%	\$153.3K	0.20%	\$105.6K	0.20%
Pets, Toys, & Hobbies	\$365.2K	2.81%	\$1.2M	2.76%	\$2.1M	2.73%	\$1.5M	2.76%
Personal Items	\$1.1M	8.10%	\$3.4M	7.77%	\$5.9M	7.72%	\$4.1M	7.79%

Total Food and Alcohol	\$3.5M	26.90%	\$11.4M	25.77%	\$19.6M	25.62%	\$13.8M	26.01%
Food At Home	\$2M	15.46%	\$6.2M	14.16%	\$10.7M	13.98%	\$7.6M	14.29%
Food Away From Home	\$1.3M	9.88%	\$4.4M	10.02%	\$7.7M	10.05%	\$5.3M	10.11%
Alcoholic Beverages	\$202.3K	1.56%	\$703K	1.59%	\$1.2M	1.59%	\$851K	1.61%

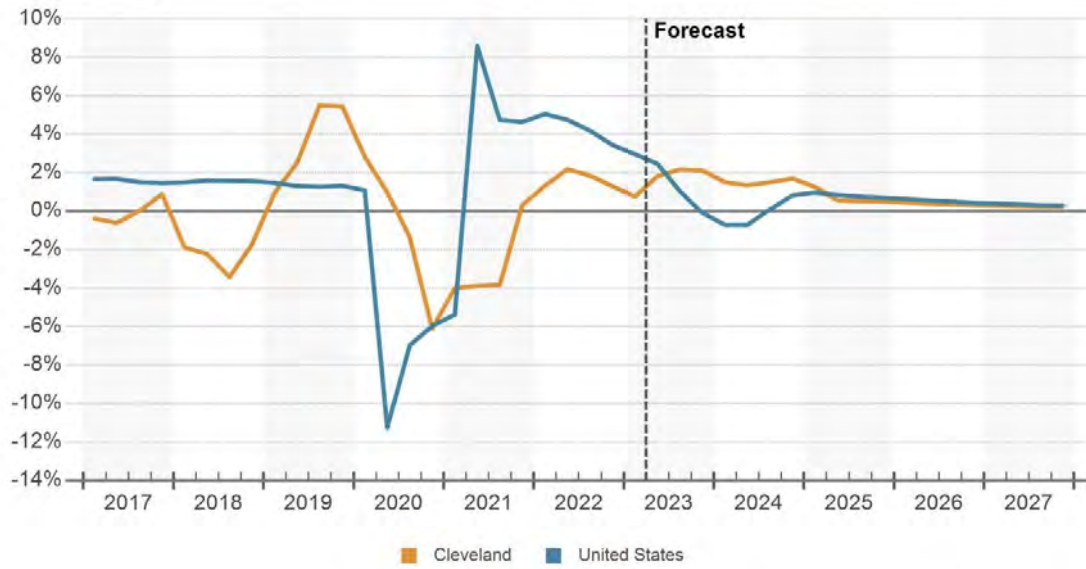
Total Household	\$1.9M	14.74%	\$6.6M	15.07%	\$11.6M	15.21%	\$8M	15.11%
House Maintenance & Repair	\$545.2K	4.20%	\$1.8M	4.07%	\$3.2M	4.12%	\$2.2M	4.11%
Household Equip & Furnishings	\$762.9K	5.88%	\$2.6M	5.97%	\$4.6M	5.97%	\$3.1M	5.92%
Household Operations	\$470.5K	3.63%	\$1.7M	3.78%	\$2.9M	3.83%	\$2M	3.83%
Housing Costs	\$134.5K	1.04%	\$552.3K	1.25%	\$985.2K	1.29%	\$661.5K	1.25%

	1 Mile		3 Miles		5 Miles		10 Min. Drive	
Total Transportation/Maint.	\$3.6M	27.52%	\$12.4M	28.02%	\$21.5M	28.15%	\$14.7M	27.77%
Vehicle Purchases	\$2M	15.31%	\$7M	15.86%	\$12.2M	15.94%	\$8.2M	15.59%
Gasoline	\$975.6K	7.52%	\$3.2M	7.21%	\$5.5M	7.20%	\$3.8M	7.23%
Vehicle Expenses	\$31.9K	0.25%	\$141.2K	0.32%	\$257.1K	0.34%	\$179.2K	0.34%
Transportation	\$156.4K	1.21%	\$635.1K	1.44%	\$1.1M	1.49%	\$766.6K	1.45%
Automotive Repair & Maintenance	\$420.5K	3.24%	\$1.4M	3.19%	\$2.4M	3.18%	\$1.7M	3.17%

Total Health Care	\$769.9K	5.93%	\$2.4M	5.54%	\$4.2M	5.51%	\$3M	5.59%
Medical Services	\$395.8K	3.05%	\$1.3M	2.92%	\$2.2M	2.91%	\$1.6M	2.94%
Prescription Drugs	\$298K	2.30%	\$911K	2.06%	\$1.6M	2.04%	\$1.1M	2.08%
Medical Supplies	\$76.1K	0.59%	\$248.1K	0.56%	\$427.5K	0.56%	\$298.2K	0.56%

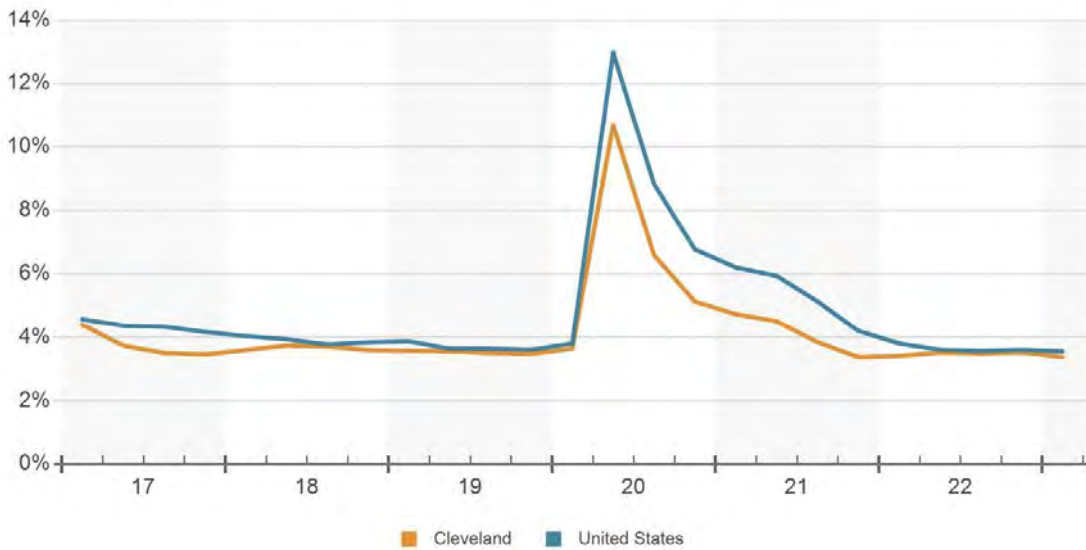
Total Education/Day Care	\$439.3K	3.39%	\$1.8M	4.18%	\$3.3M	4.27%	\$2.2M	4.17%
Education	\$260.4K	2.01%	\$1.1M	2.57%	\$2M	2.62%	\$1.4M	2.57%
Fees & Admissions	\$178.9K	1.38%	\$709.1K	1.61%	\$1.3M	1.65%	\$847.2K	1.60%

JOB GROWTH (YOY)



Source: Oxford Economics

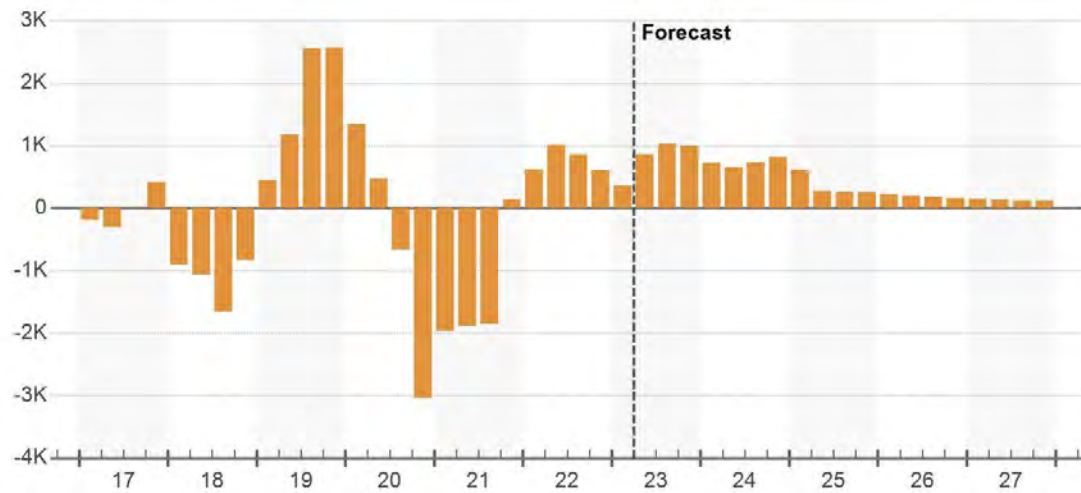
UNEMPLOYMENT RATE (%)



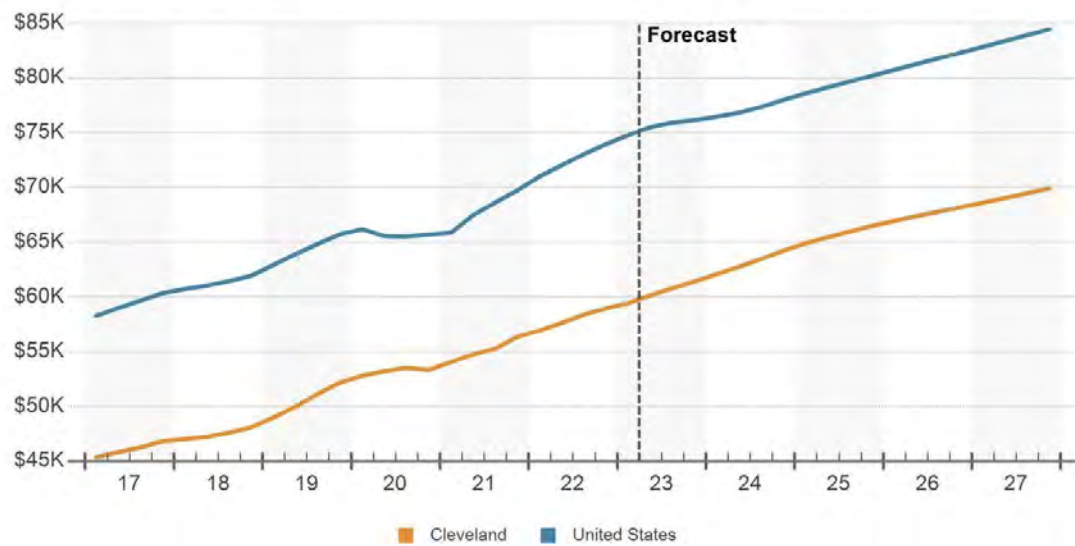
Cleveland Economic Summary

112 Benton Way

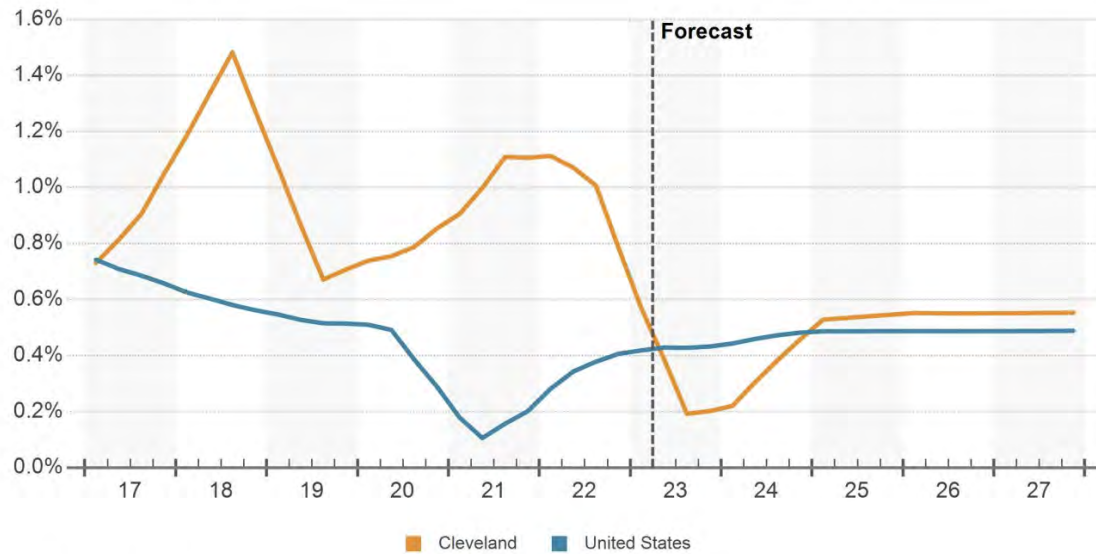
NET EMPLOYMENT CHANGE (YOY)



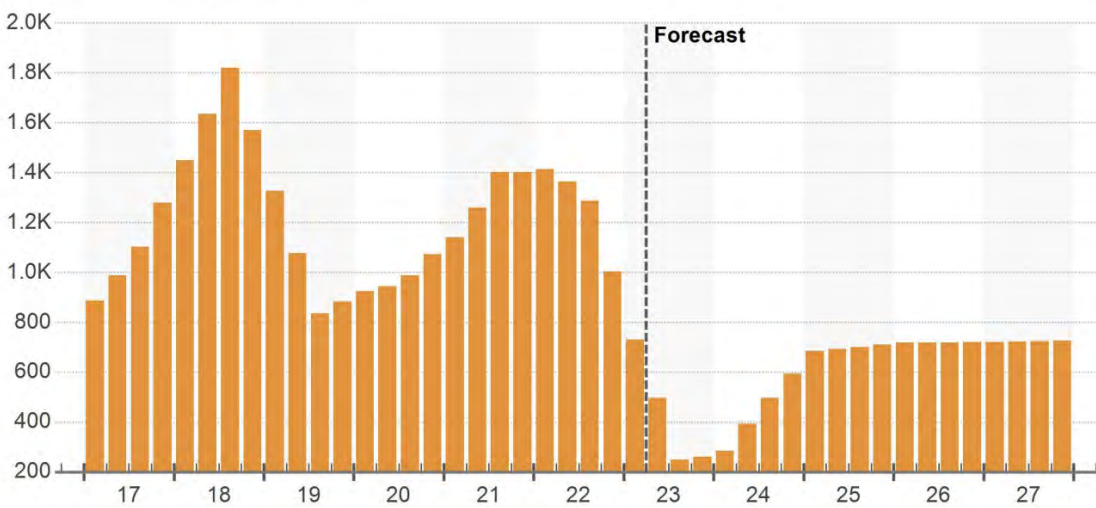
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



Cleveland Economic Summary

112 Benton Way -

DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	129,254	334,193,844	0.5%	0.4%	0.9%	0.6%	0.5%	0.5%
Households	51,265	129,708,633	0.9%	0.9%	0.8%	0.9%	0.6%	0.6%
Median Household Income	\$59,793	\$75,140	4.4%	5.1%	4.2%	3.8%	3.4%	2.6%
Labor Force	57,887	165,266,719	0%	0.8%	0.4%	0.6%	1.1%	0.4%
Unemployment	3.4%	3.5%	-0.1%	-0.1%	-0.4%	-0.4%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

Cleveland Market Summary

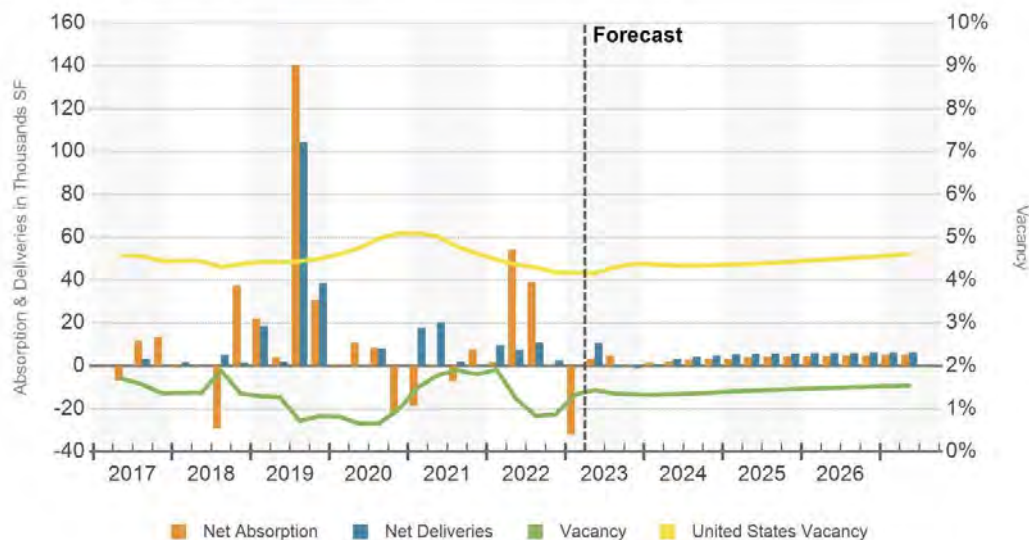
112 Benton Way -

Vacancy in the Cleveland retail market is 1.3% and has decreased 0.3% over the past 12 months. During this period, 37,000 SF has been absorbed, and 17,000 SF has delivered.

Rents are around \$16.00/SF, which is a 5.0% increase from where they were a year ago. In the past three years, rents have increased a cumulative 14.6%.

About 11,000 SF is under construction, representing a minor 0.2% expansion of inventory. 44 sales have occurred in the past 12 months. Sales have averaged \$151/SF, and the estimated value for the market as a whole is \$154/SF. Employment and population are both experiencing modest growth. In the past year, the number of jobs has increased 0.8%, and the population has grown 0.6%.

NET ABSORPTION, NET DELIVERIES & VACANCY



MARKETING AND EXPOSURE TIME

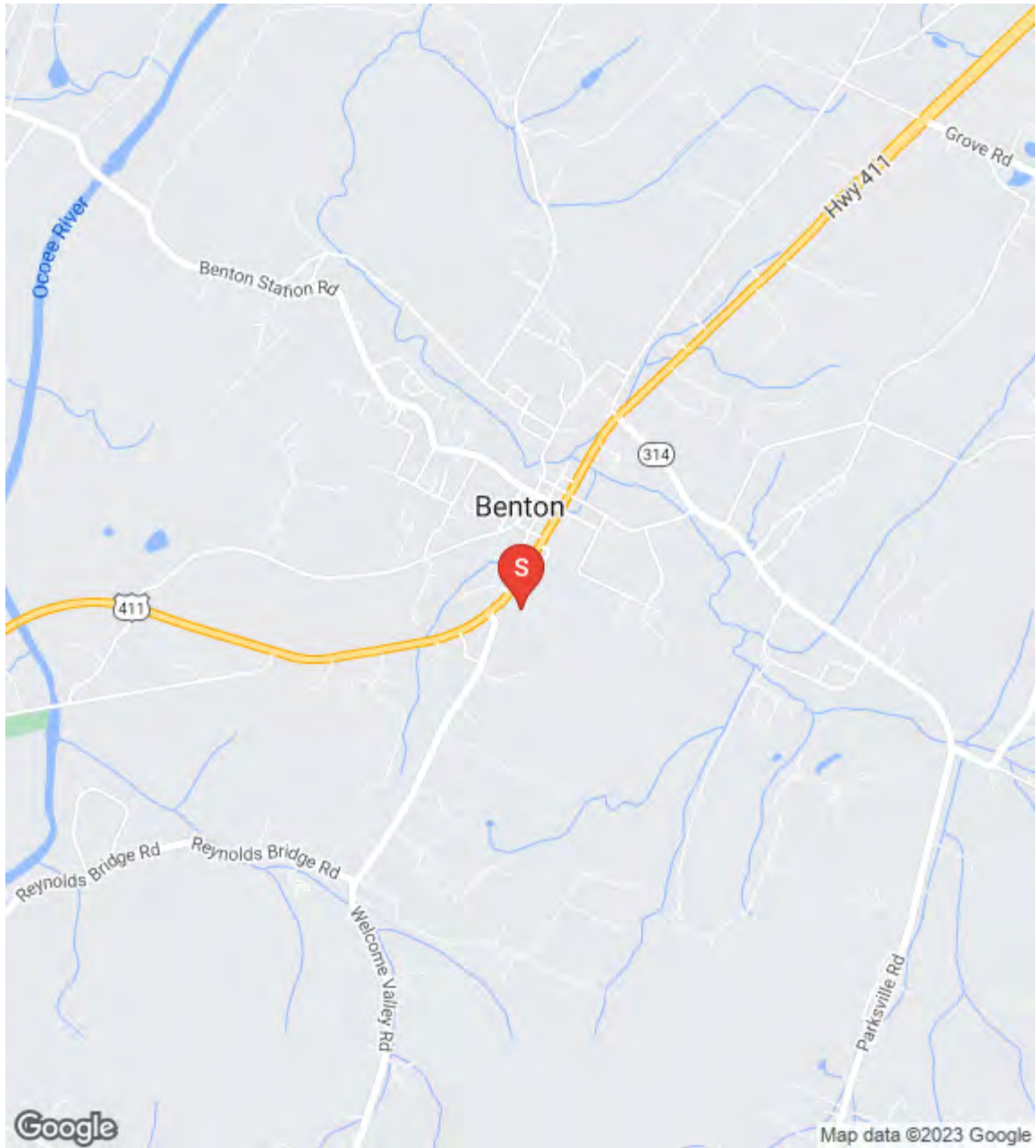
We have researched the local market for similar active and sold comparable to try and determine an appropriate marketing period for the subject. In speaking to the market participants and through our research, we have estimated that an appropriate marketing and exposure time for 3 to 12 months.



CONCLUSION

Based on the age and condition of properties within the area, the neighborhood appears to be in the stabilization phase of the neighborhood life cycle, which is characterized as a stage in which the market area has gains public favor and acceptance. Also, due to the coming additions and expansions southwest of the subject in the Bradley County area of Amazon, Olin, Wacker, Whirlpool, and Volkswagen in Chattanooga they will hopefully have a positive impact on this area as well in the coming years.

Location Map



Property Description

The following description is based on our property inspection, assessment records, property deed, survey dated July 12, 2007, prepared by Doyle A. McCracken and information provided by the owner, buyer and client.

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
045-028.17	2.35	102,366	2.35	102,366	Basically Level	Roughly rectangular

SITE

Location: The subject is located on the east side of Benton Way just off Welcome Valley Road off Highway 411 in the city limits of Benton, Polk County, Tennessee numerically located at 112 Benton Way.

Current Use of the Property: The subject property is improved with a mini storage facility doing business as American Sentry Mini Storage. Currently, there is one, one-story, metal building with a gross building area of 15,420± square feet and a rentable area of 11,000± square feet with a total of 61 climate-controlled storage units. There are also 22 outdoor spaces; 16 uncovered and 6 covered. The buyer plans to add one new building that will consist of a gross building area of 5,250± square feet and a rentable area of 4,200± square feet that will be all climate-controlled. Per the buyer, the exact number of units has not been determined at this time for the proposed climate-controlled building. There will also be 40 non-climate-controlled storage pods; 20 - 10 x 10 units and 20 - 10 x 15 units for a gross building area of 5,000± square feet and a rentable area of 5,000± square feet. This will give the proposed gross building area of 10,250± square feet and a rentable area of 9,200± square feet. After completion, the total rentable area will be 20,200± square feet with a total gross building area of 25,670± square feet. Therefore, we will include all spaces that are climate controlled together and all spaces that are to be non-climate controlled together in the income analysis.

Site Size: Total: 2.35 acres; 102,366 square feet

Usable: 2.35 acres; 102,366 square feet

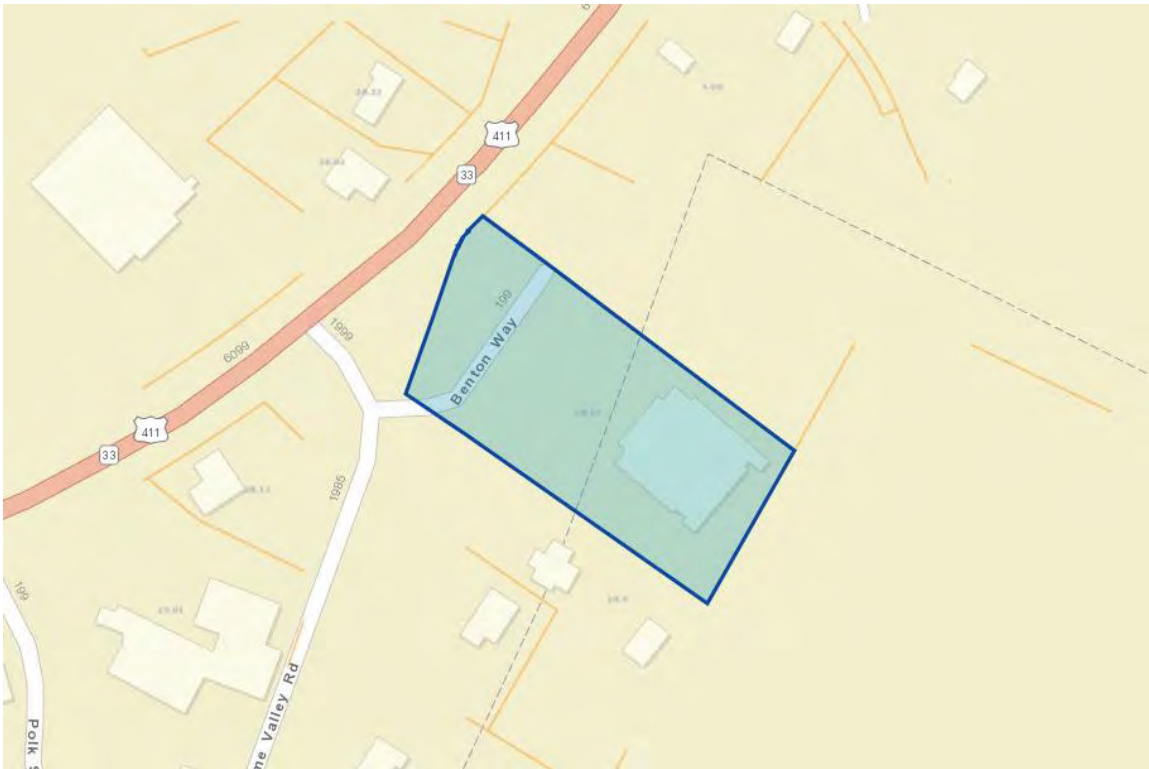
Shape: The site is roughly rectangular in shape.

Frontage/Access: The subject property has average access with frontage as follows:

- Benton Way: 230 feet

Visibility:	Average to good
Topography:	The topography of the subject property is overall level.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	<p>Electricity: The site is served by public electricity.</p> <p>Sewer: City sewer</p> <p>Water: City water</p> <p>Natural Gas: City gas</p> <p>Utilities: The site is serviced by above ground utilities.</p> <p>Adequacy: The subject's utilities are typical and adequate for the market area.</p>
Site Improvements:	Average landscaping
Flood Zone:	<p>The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA Flood Zone X, which is not classified as a flood hazard area.</p> <p>FEMA Map Number: 47139C0092F</p> <p>FEMA Map Date: May 18, 2009</p> <p>The subject is not in a flood zone.</p>
Wetlands/Watershed:	No wetlands were observed during our site inspection.
Environmental Issues:	There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.
Encumbrance / Easements:	Permanent, perpetual, and non-exclusive easement for ingress, egress and utilities, along with and through that right of way area depicted as Benton Way and that additional fifty (50) foot access easement and existing drive, as set forth on the plat. There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.
Site Comments:	Overall, there are no known factors which are considered to prevent the site from being developed into its highest and best use.

Tax Map



Aerial Map



Survey Map



IMPROVEMENTS DESCRIPTION

Development/Property

Name: American Sentry Mini Storage Facility with Additional Proposed Units

Property Type: Self-Storage Facility

Overview: The subject property is improved with a mini storage facility doing business as American Sentry Mini Storage. Currently, there is one, one-story, metal building with a gross building area of 15,420± square feet and a rentable area of 11,000± square feet with a total of 61 climate-controlled storage units. There are also 22 outdoor spaces; 16 uncovered and 6 covered. The buyer plans to add one new building that will consist of a gross building area of 5,250± square feet and a rentable area of 4,200± square feet that will be all climate-controlled. Per the buyer, the exact number of units has not been determined at this time for the proposed climate-controlled building. There will also be 40 non-climate-controlled storage pods; 20 - 10 x 10 units and 20 - 10 x 15 units for a gross building area of

5,000± square feet and a rentable area of 5,000± square feet. This will give the proposed gross building area of 10,250± square feet and a rentable area of 9,200± square feet. After completion, the total rentable area will be 20,200± square feet with a total gross building area of 25,670± square feet. Therefore, we will include all spaces that are climate controlled together and all spaces that are to be non-climate controlled together in the income analysis.

Building Summary					
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area
Existing Climate-Controlled Storage Bldg.	2007	Average	1	15,420	11,000
Proposed Climate-Controlled Storage Building	2023 (proposed)	Proposed	1	5,250	4,200
New Non-Climate-Controlled Pods	New	New	1	5,000	5,000
Totals				25,670	20,200

MULTIPLE BUILDINGS SUMMARY – AS COMPLETE

Construction:	Steel / Metal / Concrete Block	
Quality:	The predominant quality level is average and will continue to be average after completion of proposed construction	
Year Built Range:	2007 / 2023 (proposed)	
Year Renovated Range:	2020 (existing building)	
Effective Age Range:	2 years blended after completion	
Remaining Economic Life Range:	58 years blended after completion	
Areas & Ratios:	Gross Building Area: 25,670± Rentable Area: 20,200± Land to Building Ratio: 3.99 to 1 Number of Buildings: 2 Number of Pods: 40	
Breakdown of Units/Spaces:	Existing Bldg. 1 15,420± GBA* (All Climate-Controlled) Proposed Bldg. 2 5,250± GBA* (All Climate-Controlled) Pods 5,000± GBA* (All Non-Climate-Controlled) Outdoor Spaces 16 (Uncovered) / 6 (Covered)	
	*Below is a more detailed square footage analysis with the gross building areas and rentable areas	

GENERAL - EXISTING CLIMATE-CONTROLLED STORAGE BLDG.

Building Identification:	Existing Climate-Controlled Storage Bldg.
Building Description:	One one-story, freestanding building with 61 climate-controlled storage units and 22 outdoor spaces (16 uncovered; 6 covered)
Construction:	Concrete Block / Metal
Construction Quality:	Average
Year Built:	2007
Renovations:	2020
Effective Age:	5 years
Remaining Useful Life:	55 years
Condition:	Average
Appeal/Appearance:	Average
Areas, Ratios & Numbers:	Number of Stories: 1 Gross Building Area: 15,420± Gross Leasable Area: 11,000± Rentable Area: 11,000±

FOUNDATION, FRAME & EXTERIOR - EXISTING CLIMATE-CONTROLLED STORAGE BLDG.

Foundation:	Poured concrete slab
Basement/Sublevels:	None / None
Structural Frame:	Concrete Block / Metal/Steel
Exterior:	Concrete Block / Metal
Windows:	Storefront / Fixed Casement
Roof/Cover:	Arched / Metal

INTERIOR - EXISTING CLIMATE-CONTROLLED STORAGE BLDG.

Interior Layout:	83 (61 climate-controlled units, 16 outdoor uncovered and 6 outdoor covered)
Floor Cover:	Unfinished Concrete/VCT
Walls:	Metal/Sheetrock/Wallboard
Ceilings & Heights:	Metal/Sheetrock/Open Span / 8'-12'
Lighting:	Mix of fluorescent and incandescent lighting
Restrooms:	Yes

MECHANICAL SYSTEMS - EXISTING CLIMATE-CONTROLLED STORAGE BLDG.

Heating:	HVAC (entire building)
Cooling:	HVAC (entire building)
Electrical:	Presumed Adequate
Plumbing Condition:	Presumed Adequate
Sprinkler:	None
Elevators/Escalators:	None / None
Security:	Yes

GENERAL - PROPOSED CLIMATE-CONTROLLED STORAGE BUILDING

Building Identification:	Proposed Climate-Controlled Storage Building
Building Description:	One one-story, freestanding building with all climate-controlled storage units; 20 - 10 x 10 non-climate-controlled pods and 20 - 10 x 15 non-climate-controlled pods
Construction:	Metal
Construction Quality:	Average
Year Built:	2023 (proposed)
Renovations:	N/A
Effective Age:	Proposed

Remaining Useful Life:	60 years after completion of proposed construction
Condition:	Proposed
Appeal/Appearance:	Proposed
Areas, Ratios & Numbers:	Number of Stories: 1 Gross Building Area: 5,250± Gross Leasable Area: 4,200± Rentable Area: 4,200±

FOUNDATION, FRAME & EXTERIOR - PROPOSED CLIMATE-CONTROLLED STORAGE BUILDING

Foundation:	Poured concrete slab
Basement/Sublevels:	None
Structural Frame:	Metal / Steel
Exterior:	Metal / Steel
Windows:	None
Roof/Cover:	Arched / Metal

INTERIOR - PROPOSED CLIMATE-CONTROLLED STORAGE BUILDING

Interior Layout:	Proposed building will have climate-controlled units and the 40 pods situated on the property will have non-climate-controlled units (20 - 10 x 10 non-climate-controlled units and 20 - 10 x 15 non-climate-controlled units)
Floor Cover:	Unfinished Concrete
Walls:	Metal
Ceilings & Heights:	Metal / 8-12'
Lighting:	Fluorescent lighting
Restrooms:	None

MECHANICAL SYSTEMS - PROPOSED CLIMATE-CONTROLLED STORAGE BUILDING

Heating:	HVAC (entire building)
Cooling:	HVAC (entire building)
Electrical:	Presumed Adequate
Plumbing Condition:	Presumed Adequate
Sprinkler:	None
Elevators/Escalators:	None / None
Security:	Yes

GENERAL - NEW NON-CLIMATE-CONTROLLED PODS

Building Identification:	New Non-Climate-Controlled Pods
Building Description:	40 Metal Pods (Non-Climate Controlled)
Construction:	Metal
Construction Quality:	Average
Year Built:	Proposed
Renovations:	N/A
Effective Age:	New
Remaining Useful Life:	60 years (new)
Condition:	New
Appeal/Appearance:	New
Areas, Ratios & Numbers:	Number of Stories: 1 Gross Building Area: 5,000± Gross Leasable Area: 5,000± Rentable Area: 5,000± Number of Units: 40

FOUNDATION, FRAME & EXTERIOR - NEW NON-CLIMATE-CONTROLLED PODS

Foundation:	Concrete Slab
Structural Frame:	Metal
Exterior:	Metal
Windows:	None
Roof/Cover:	Flat / Metal

INTERIOR - NEW NON-CLIMATE-CONTROLLED PODS

Interior Layout:	20 - 10 x 10 units and 20 - 10 x 15 units
Floor Cover:	Concrete Slab
Walls:	Metal
Ceilings & Height:	Metal / 8'
Lighting:	Fluorescent
Restrooms:	None

MECHANICAL SYSTEMS - NEW NON-CLIMATE-CONTROLLED PODS

Heating:	None
Cooling:	None
Electrical:	Presumed Adequate
Plumbing Condition:	N/A
Sprinkler:	None
Security:	Yes

PARKING

Parking Type:	Paved open surface parking
Spaces:	Adequate
Condition:	Average

PROPERTY ANALYSIS

Design & Functional Utility:	The subject has and will continue to have adequate overall functional utility and is and will continue to be comparable to other mini storage warehouse type structures in the subject's area and surrounding area.
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Deferred Maintenance: None after conversion

Capital Improvements: None noted

Comments: The existing and proposed improvements are considered to be similar for the area in regard to improvement design and layout for this type of development. Overall, there are no known factors that could be considered to adversely impact the marketability of the existing and proposed improvements.

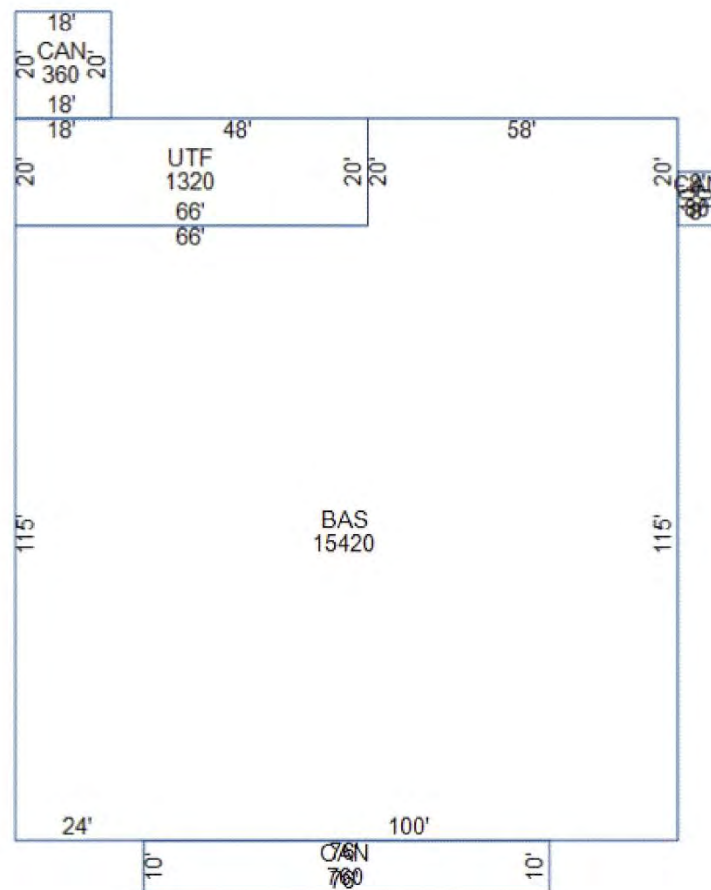
Americans with Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report on page 133.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 133.

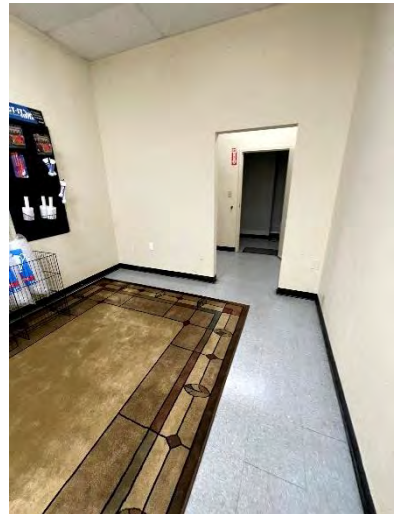
Improvement Sketch of Existing Building

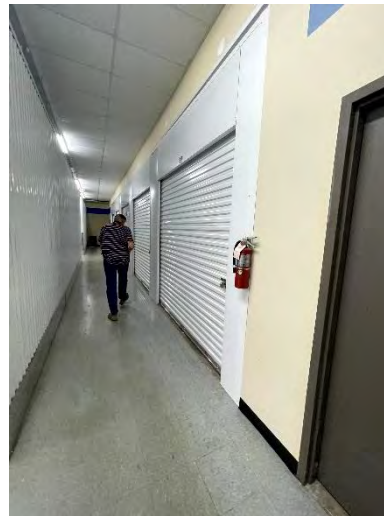
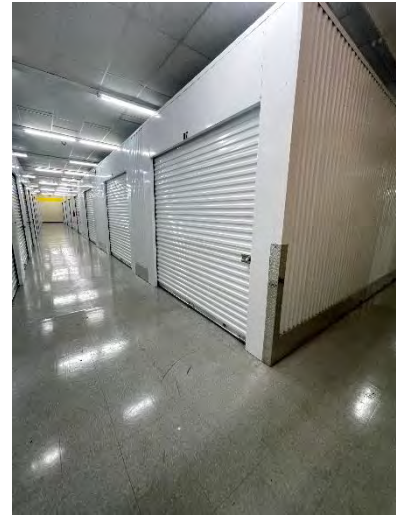
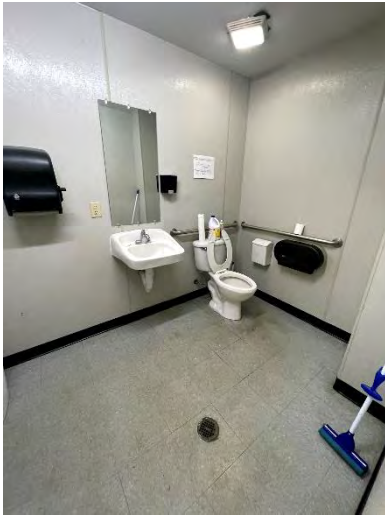


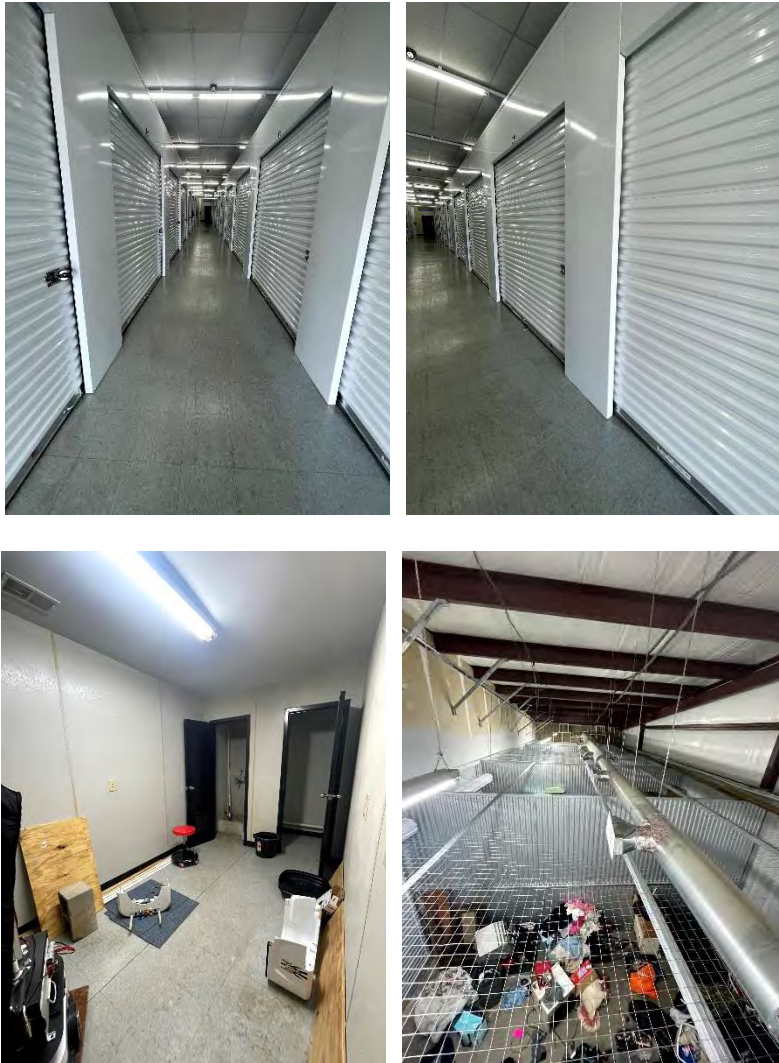
Subject Photographs – As Is











Assessment and Taxes

Taxing Authority Polk County Trustee's Office and the City of Benton, TN

Assessment Year 2022

Real Estate Assessment and Taxes							
Tax ID	Land	Improvements	Total	City Rate	County Rate	Tax Rate	Taxes
045-028.17	\$62,200	\$261,600	\$323,800	\$0.77	\$2.51	\$3.29	\$10,640

Real Estate Assessment Analysis						
Tax ID	Per SF	Per Acre	Total	Equalization Ratio	Implied Value	
045-028.17	\$21.00	\$137,787	\$323,800	40.0%	\$809,500	

Comments

The 2022 taxes have been paid as per the Polk County Trustee's Office and the City of Benton, TN.

Due to the fact that the subject property is already improved with one climate-controlled building that has been taxed, we have utilized the price per square foot tax amount for the existing improvement. The calculations are as follows:

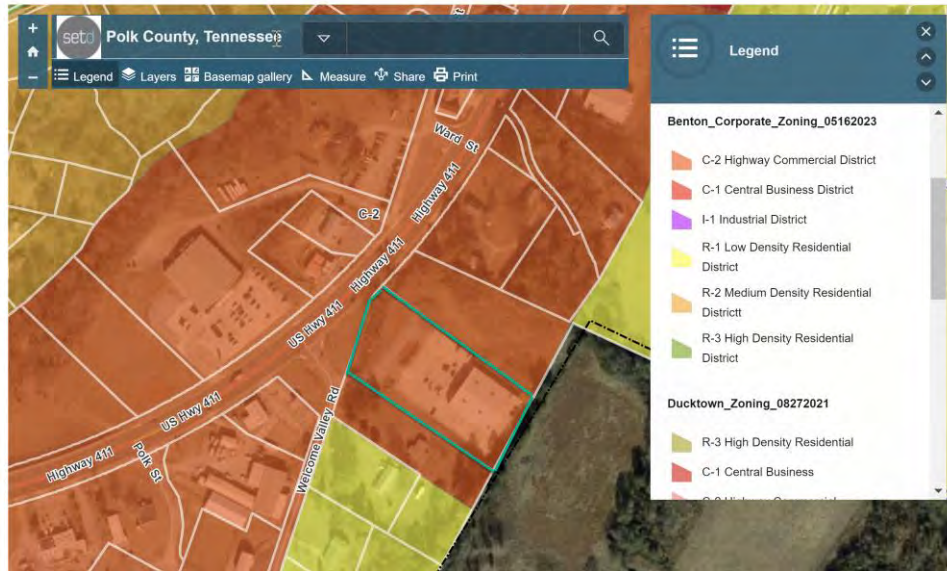
Current tax amount of \$10,640 divided by the existing improvement size of 15,420 square feet of gross building area equals \$0.69 per square foot.

The proposed improvements will consist of a gross building area of 10,250 square feet x \$0.69 per square foot equals \$7,073 rounded to \$7,070. Therefore, we have utilized \$10,640 in the income analysis for the 'as is' value and we have utilized \$17,710 (\$10,640 existing tax amount plus \$7,070 proposed tax amount for the additional improvements) in the income analysis for the prospective 'as complete and stabilized' value.

Zoning

LAND USE CONTROLS	
Zoning Code	C-2, Commercial Highway, by the City of Benton, Tennessee
Zoning Description	Permitted uses include various commercial type properties to include communications, building materials, hardware garden supply, warehouses, general merchandise food stores, auto dealers and gas service stations, miscellaneous retail, business services, etc.
Current Use Legally Conforming	The subject is a legal and conforming use.
Zoning Change Likely	A zoning change is unlikely.
Front Yard	30 feet from any right-of-way for all structures including secondary structures
Rear Yard	Each lot shall have a rear yard no less than 10 feet
Side Yard	The width of any side yard which abuts a residential district shall be not less than twenty-five (25) feet
Zoning Comments	A full set of zoning regulations and restrictions are kept in your appraiser's work file if further clarification is needed.

Zoning Map



Highest and Best Use

Highest and best use may be defined as

“The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.”

When analyzing highest and best use, the subject is considered vacant to identify the ideal improvements for the site, taking into consideration possible alternative uses to which the site could be placed under the current land use regulations as well as surrounding trends and developments. Next, the site is analyzed as improved to compare the existing improvements to the ideal improvements: this comparison concludes whether renovation, expansion, conversion, or demolition may be viable alternatives to bring the existing improvements closer to the ideal improvements. For the highest and best use analysis, the appraiser considers four criteria, which are as follows: 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximum profitability. The criteria are considered in sequential order because it would be unreasonable to determine the highest and best use of a property which is financially feasible but not legally permissible or physically possible.

Highest and Best Use As If Vacant

Legally Permissible – To determine legally permissible uses of a site, research must be conducted to determine use limitations placed upon the site by private restrictions, zoning, building codes, historic district controls, environmental regulations, deed restrictions, and any leases on the property. Only uses that conform to restrictions defined by the above limiting factors are considered legally permissible uses.

The subject is zoned C-2, Commercial Highway, by the City of Benton, Tennessee. Permitted uses include various commercial type properties to include communications, building materials, hardware garden supply, warehouses, general merchandise food stores, auto dealers and gas service stations, miscellaneous retail, business services, etc. Commercial and retail type uses are given further consideration.

Physically Possible – In estimating the highest and best use of a site, it is recognized that access, size, shape, area, frontage-to-depth ratio, and topography affect the utility of a site for various potential developments. The subject site is roughly rectangular in shape and contains a total of 2.35 acres of gross area. There is adequate land area to support various commercial and retail type uses.

Financially Feasible – Of the potential remaining land uses that meet the first two criteria, a prospective development must be financially feasible. To determine potential for financial feasibility, the most likely potential uses that meet the first two criteria are analyzed further to determine which are likely to produce an income return equal to or greater than the amount needed to satisfy operating expenses, debt obligation, and capital amortization. Development of the site to either commercial or retail is currently feasible.

Maximally Productive – Maximum productivity is the use that provides the highest rate of return or value to the property. Based on the preceding discussion of the physical, legal, and economic uses for the subject, some type of use as commercial or retail use is the maximally productive use of the site's economic land. Development of the site to either commercial or retail uses is currently feasible.

Highest and Best Use as Improved

The same four criteria are used for the highest and best use as improved analysis. However, the criteria are applied to the existing improvements, rather than to the site, as was discussed above.

Legally Permissible – The legally permitted uses were discussed above. A mini storage facility is an accepted use.

Physically Possible – The existing subject improvements are of adequate size, shape, and functional utility to support a mini storage facility.

Financially Feasible – As of the date of inspection, the most financially feasible use for the subject tract is the continued use as a mini storage facility.

Maximally Productive – Based on the preceding discussion of the physical, legal, and economic uses for the subject, continued use as a mini storage facility represents the maximally productive use of the site's economic land.

Self-Storage Industry Profile

The following pages lay out the current industry from the Self-Storage Almanac. I national leader in Storage data. Only the pages pertinent to the subject have been included.

Industry Numbers • Section 1

The annual *Self-Storage Almanac* has been an industry staple for more than 29 years. While many of you have read this historical overview in the past, for newcomers to the *Almanac*, it bears repeating. Our very first edition was published in 1992. At that time, the self-storage industry was a new real estate asset class. As such, our goal for the *Almanac* was to identify every facility in the U.S. in order to show that our industry was indeed growing.

Indeed, self-storage has grown. As such, the demand for accurate and reliable information continues to be much sought after by industry veterans and newcomers alike. Accordingly, with the continued maturation of the industry, the methodology and presentation of the *Almanac* data and analysis has continued to evolve.

It is essential to understand that the past seven years have been transitional for industry data. For the 2022 Self-Storage Almanac, MiniCo Publishing, Newmark, and Radius+ have worked together to continue to improve the data presented in this publication.

Over the years, the self-storage industry began to see operational strategies and calculus-driven revenue management platforms being established in the early- to mid-2000s. These strategies were built around the vast databases of historical transactions, current customer data, and rental rate pricing available to these larger operators. At the time, this was cutting edge technology.

While the REITs and large operators in the industry had an enormous advantage in maximizing the effectiveness of building out these programs due to the fact that they had numerous properties in multiple regions, the entire industry has come to benefit from the transition to a mindset of revenue maximization.

Algorithmic models rely on the quality of the underlying variables in the calculations. Customer length of stay, pricing history, climate/non-climate differential, competitor rate history, etc., all create pivot points within the maximization algorithm. A critical variable to pricing equilibrium is

demand; and demand remains one of the most difficult variables to identify.

Demand can be delineated by per capita, per household, the ratio of businesses to residential, single-family residential to high-density residential, and so on. Regardless of the demand sub-category, the supply of self-storage square footage is critical to identifying the equilibrium.

For the 2016 *Self-Storage Almanac*, MiniCo studied, with its partner Newmark Capital Markets, the underlying supply base across the country. The data collection included the sampling of multiple markets that were tested on a per-property basis. Statistically significant findings were then applied to the supply base across all 50 states as well as to the top 100 MSAs in the country.

This detailed supply analysis led to a roughly 20 percent adjustment to the number of self-storage properties across the United States. In addition to the property count data collection, two years earlier, in 2014, MiniCo and Newmark analyzed square footage data across more than 20,000 self-storage facilities, with the end result being the defining of the average rentable square footage of a self-storage property in the United States of 52,000 square feet.

It is essential to understand that the past seven years have been transitional for industry data. For the 2022 *Self-Storage Almanac*, MiniCo Publishing, Newmark, and Radius+ have worked together to continue to improve the data presented in this publication. This includes property count, square footage, and population data. While the total number of properties in the United States remains relatively consistent between the 2018, 2019, and 2020 *Almanacs*, when comparing data from prior editions, there are some variations in the property counts due to the changing and updated methodology.

These differences are attributed to the fact that previous property counts were established using macro data collection methods and then applying adjustments based upon previously established deviation ratios. The 2019, 2020, 2021, and 2022 *Almanac* property counts have come directly from the proprietary database of Radius+ with known self-storage locations based upon latitude/longitude confirmations. The Radius+ database also includes actual square footage data;

Table 1.1 – Market Penetration (2005 - 2020)

	2005	2007	2013	2017	2020
Total U.S. Households	112,116,531	113,277,870	121,165,766	126,067,560	127,679,093
Self-Storage Renter Households	10,032,740	10,766,470	10,855,031	11,806,381	13,495,671
Market Penetration	8.95%	9.50%	8.96%	9.40%	10.60%

Source: SSA 2020 Self Storage Demand Study

Section 1 • Industry Numbers

therefore, the square footage contained in the *Almanac* is now reported on a site-specific basis rather than on an industry average.

While much of the data in this *Almanac* comes from Radius+, all analysis of the data has come from MiniCo Publishing and Newmark. The *Self-Storage Almanac* has and will continue to be the preeminent supplier of information for the self-storage industry. The transitions described above represent both the continued maturation of the self-storage industry overall as well as the commitment of MiniCo Publishing and its partners to continue to deliver on the promise to be the information source of choice.

As we can see in Table 1.1 on page 15, according to the *SSA 2020 Self Storage Demand Study*, the number of households renting self-storage units is at an all-time high, with a market penetration of 10.6 percent—up from 9.4 percent in 2017. This equates to approximately 1.7 million more households than in 2017. In other words, today more than 10 percent of the U.S. population rents self-storage.

Self-Storage Facility Classification

When looking at self-storage facilities, the quality, location, and age are significant factors for most of the major operators, especially the REITs and the institutional investors. In terms of quality, self-storage facilities fall into one of three classes:

- Class A
- Class B
- Class C

For the most part, major operators and investors set their focus on Class-A facilities because of the operational value that comes from being in a prime location with good drive-by traffic and great visibility. In addition, these properties boast outstanding management professionals who may or may not live on site but have excellent management and organizational skills including sales, customer service, and

marketing. More often than not, these are newer facilities built with state-of-the-art construction materials and high-tech security systems, access controls, and, in some cases, climate-control features.

Class-B facilities, while not as desirable as Class-A facilities, are in good to average locations, often with modest visibility. Although they may be in good condition, they may not be as new or have the excellent curb appeal that a Class-A site typically has, and they usually lack the “bells and whistles” seen at newer facilities. Even with adequate security and management in place, these facilities do not command the high rents garnered at Class-A sites.

Least attractive to most investors are the Class-C facilities, many of which are first-generation sites in need of rehabbing. Built in single-story rows, they evoke the stereotypical image of self-storage. With less desirable locations and low visibility, they typically command lower rents. While not targeted by major operators or institutional investors, Class-C facilities can be good investments for smaller entrepreneurs, especially given that they have lower operational costs. Moreover, these facilities do serve as a viable option for those who prefer a less expensive means of storing goods.

The 2021 Industry Profile

Utilizing the newest methodology explained above, Table 1.2 below represents the industry profile based on five years of *Almanac* reporting. There are approximately 50,523 self-storage facilities in the United States, representing an industry total rentable square footage of 2,018,135,864. This number does not include those operations where the primary business is something other than self-storage.

The average facility size based on current data is approximately 39,945 net square feet, a slight increase over last year's 39,737. It is important to note that the 52,352 facility net square footage charted for 2017 is inconsistent with the

Table 1.2 – Industry Profile

National Data	2021	2020	2019	2018	2017
Total Number of Facilities	50,523	49,233	47,863	45,547	44,149
Average Facility Net Square Footage	39,945	39,737	39,668	37,523	52,352
Total Rentable Square Footage	2,018,135,864	1,956,388,517	1,898,604,872	1,709,095,816	1,672,505,621
Average Rentable Square Footage per Person	6.2	5.9	5.7	5.4	7.06
State Information					
State with Most Facilities	Texas - 5,361	Texas - 5,234	Texas - 5,126	*Texas - 4,904	Texas - 4,136
State with Fewest Facilities	Hawaii - 92	Rhode Island - 90 / Hawaii - 90	Rhode Island - 86	Rhode Island - 84	Rhode Island - 78
State with Most Rentable Square Footage per Person	Idaho - 11.41	Idaho - 11.16	Idaho - 10.67	Idaho - 10.76	Wyoming - 14.56
State with Least Rentable Square Footage per Person	New York - 2.97	New York - 2.86	New York - 2.75	New York - 2.52	Hawaii - 3.14
Source: MiniCo Publishing					

numbers for 2018, 2019, and 2020 due to the fact that the former method of calculating size was based on using an industry average rather than the actual square footage.

Once again in 2021, the state with the most facilities is Texas with 5,361 facilities, representing an increase of 127 facilities. This steady growth continues after an increase of 108 facilities reported last year. While Rhode Island added five facilities since last year's data was reported, Hawaii only added two new stores, making it the state with the fewest facilities.

It is extremely important to realize that the 2022 Self-Storage Almanac should be used as a benchmark for your research ...

The national average rentable square footage per person increased to 6.2, slightly higher than last year and very much in line with the steady increase we saw between 2019 and 2020. This is no surprise given the new facilities that have come on line in the past year. More information about this can be found in Section 3.

Market conditions for 2021 are discussed at length in Section 13 with extensive data on the top 100 CBS (Core Based Statistical Areas).

It is extremely important to realize that the 2022 Self-Storage Almanac should be used as a benchmark for your research, along with other educational publications from MiniCo, such as the *Development Handbook* and the *RV & Boat Development Handbook*.

Remember: The need for comprehensive, market-specific research and ample due diligence is vital to the success of an investment in the self-storage industry. As such, it is essential to retain an unbiased, third party to conduct extensive feasibility studies before making any costly investments.


Whether you are developing a self-storage facility for the first time, expanding an existing facility, or looking to grow your self-storage portfolio, it is our hope that this publication will provide you with valuable information and data to help you make educated decisions in your endeavors. 

Table 1.3 – Facility Data by State

State	Population	Square Footage	Facility Count*	SF per Capita
Alabama	5,002,985	36,306,577	1,162	7.26
Alaska	755,517	3,907,318	118	5.17
Arkansas	3,086,841	24,935,520	775	8.08
Arizona	7,234,773	50,675,191	1,013	7.00
California	39,813,541	234,085,222	3,783	5.88
Colorado	5,793,770	43,291,483	996	7.47
Connecticut	3,632,883	14,100,117	359	3.88
District of Columbia	702,321	1,810,199	27	2.58
Delaware	999,941	5,134,310	124	5.13
Florida	21,239,528	152,178,429	2,961	7.16
Georgia	10,655,025	71,305,708	1,731	6.69
Hawaii	1,449,919	4,533,176	92	3.13
Iowa	3,236,212	16,247,287	614	5.02
Idaho	1,806,180	20,612,000	482	11.41
Illinois	12,915,181	63,297,616	1,703	4.90
Indiana	6,788,130	41,633,356	1,273	6.13
Kansas	2,966,501	17,824,907	620	6.01
Kentucky	4,582,010	23,208,760	736	5.07
Louisiana	4,812,773	35,870,475	1,008	7.45
Massachusetts	6,958,093	25,522,917	601	3.67
Maryland	6,120,651	28,311,739	553	4.63
Maine	1,381,874	5,225,757	246	3.78
Michigan	10,097,897	50,161,475	1,493	4.97
Minnesota	5,715,341	28,075,217	834	4.91
Missouri	6,255,541	37,422,264	1,287	5.98
Mississippi	3,053,165	18,732,716	640	6.14
Montana	1,083,719	11,712,844	412	10.81
North Carolina	10,609,155	69,803,778	1,965	6.58
North Dakota	788,958	5,073,714	180	6.43
Nebraska	1,970,921	12,801,823	385	6.50
New Hampshire	1,386,718	9,807,908	308	7.07
New Jersey	9,127,159	38,962,555	654	4.27
New Mexico	2,159,832	16,089,678	499	7.45
Nevada	3,088,888	28,981,106	500	9.38
New York	19,973,551	59,378,852	1,597	2.97
Ohio	11,805,053	61,992,541	1,911	5.25
Oklahoma	4,031,901	35,052,014	1,013	8.69
Oregon	4,246,351	33,543,791	865	7.90
Pennsylvania	13,012,438	51,728,784	1,735	3.98
Rhode Island	1,071,101	4,241,617	95	3.96
South Carolina	5,195,563	35,923,455	1,017	6.91
South Dakota	899,158	6,702,984	246	7.45
Tennessee	6,885,931	46,406,392	1,434	6.74
Texas	29,443,411	244,578,886	5,361	8.31
Utah	3,257,899	30,161,147	639	9.26
Virginia	8,632,203	51,415,764	1,058	5.96
Vermont	647,575	2,903,145	159	4.48
Washington	7,608,571	55,329,703	1,362	7.27
Wisconsin	5,881,444	39,296,941	1,335	6.68
West Virginia	1,895,632	6,574,410	365	3.47
Wyoming	601,166	5,262,296	197	8.75
Total	332,360,891	2,018,135,864	50,523	6.20

* Based on 2Q 2021 Reporting

Source: Radius+ and NKF

Industry Ownership • Section 2

While the self-storage industry continues to consolidate, there are still three very distinct categories of ownership:

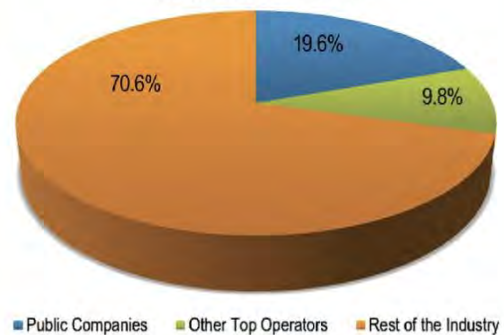
1. Public companies
2. Top 100 operators as reported by *Mini-Storage Messenger* (minus the REITs)
3. Owners of the remaining facilities

There are six public companies in the self-storage industry. Five of those companies are REITs (Real Estate Investment Trusts): Public Storage, Extra Space, Cube Smart, Life Storage, and National Storage Affiliates Trust. The sixth company, U-Haul International, is a public company; however, they are not a REIT. These companies make up the top six self-storage companies.

The second ownership group is made up of the remaining 96 companies that comprise the remaining top operators as reported annually by *Mini-Storage*

Despite consolidation, the largest market share is still held by the mom-and-pop operators who now claim 70.6 percent of the

**Chart 2.1 – Industry Market Share
(By Number of Facilities)**



Source: MiniCo Publishing

Table 2.1 – Self-Storage Public Companies (REITs and U-Haul*)

Company Name	Number of Facilities	Net Rentable Square Footage	Number of Units
Public Storage**	2,768 **	192,699,300	#
Extra Space Storage	1,973	152,642,253	1,417,353
CubeSmart	1,254	86,211,000	684,879
U-Haul International**	1,814	72,657,702	841,649
Life Storage**	1,018	73,798,166	684,879
National Storage Affiliates Trust	1,048	68,690,500	540,600
TOTAL	7,107	651,806,587	4,169,360

* U-Haul is a publically traded company but is not a REIT **Includes facilities owned internationally # Not available

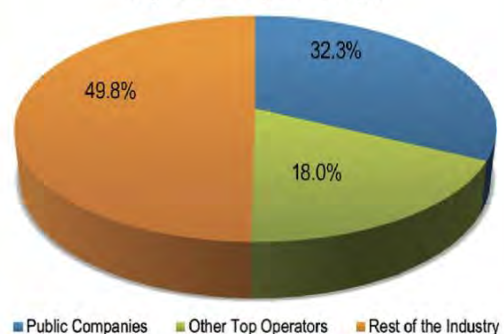
Source: MiniCo Publishing

Messenger (MSM). This list is published in the November issue of MSM every year and included in the *Almanac* on pages 20 and 21. These are the larger, regional operators that may own facilities across several states.

The remaining ownership segment is the small operators, often called the mom-and-pop owners. Some may hire a manager or may manage their facilities on their own rather than hire a full-time manager. Moreover, these operators typically own one or two sites.

Looking at the breakdown of these three ownership groups, Chart 2.1 indicates that the public companies own 19.6 percent of the industry market share when calculated by the number of facilities owned. This is a very slight uptick from the 19.5 percent reported in last year's *Almanac*. The remaining top operators now hold 9.8 percent of the market share, a slight increase from the 9.6 percent reported in 2020.

**Chart 2.2 – Industry Market Share
(By Rentable Square Footage)**



Source: MiniCo Publishing

Section 2 • Industry Ownership

Table 2.2A – 2021 Top Operators (01–50)

2021 Ranking	2020 Ranking	Company Name	TOTAL			FACILITIES OWNED			FACILITIES MANAGED		
			Number of Facilities	Net Rentable Square Footage	Number of Units	Number of Facilities	Net Rentable Square Footage	Number of Units	Number of Facilities	Net Rentable Square Footage	Number of Units
1	1	Public Storage**	2,768	192,699,300	#	2,649	183,500,000	#	119	9,199,300	#
2	2	Extra Space Storage	1,973	152,642,253	1,417,353	1,205	92,462,433	872,762	768	60,179,820	544,591
3	3	CubeSmart	1,254	86,211,000	837,000	642	45,435,000	460,000	612	40,776,000	377,000
4	4	Life Storage	1,018	73,798,166	684,879	659	47,577,731	431,619	359	26,220,435	253,260
5	5	U-Haul International**	1,814	72,657,702	841,649	1,212	43,692,761	520,947	486	24,754,368	273,552
6	6	National Storage Affiliates Trust	1,048	68,690,500	540,600	864	55,200,000	438,200	184	13,490,500	102,400
7	7	Storage Asset Management	378	23,787,246	166,858	0	0	0	378	23,787,246	166,858
8	12	SmartStop Self Storage REIT, Inc.**	306	23,156,000	202,700	140	10,428,000	90,000	140	10,428,000	90,000
9	9	StorageMart**	254	17,486,236	151,681	168	12,505,242	100,545	0	0	0
10	16	Merit Hill Capital, LP	265	17,229,693	118,933	265	17,229,693	118,933	0	0	0
11	8	Prime Group Holdings, LLC	225	16,600,000	136,000	225	16,600,000	136,000	0	0	0
12	29	The Jenkins Organization, Inc.	49	16,400,000	38,200	14	13,600,000	12,700	35	2,800,000	25,500
13	11	StorQuest Self Storage (managed by The William Warren Group)	219	14,120,000	145,670	150	9,705,000	101,500	69	4,415,000	44,170
14	21	Great Value Storage	170	13,500,000	122,400	86	6,900,000	62,500	84	6,600,000	59,900
15	19	Storage Rentals of America	210	11,500,000	105,000	210	11,500,000	105,000	0	0	0
16	13	Argus Professional Storage Management LLC	177	11,064,249	74,275	0	0	0	177	11,064,249	74,275
17	14	Westport Properties, Inc. dba US Storage Centers	140	9,932,883	91,817	97	7,135,028	67,189	43	2,797,855	24,628
18	28	Andover Properties	102	9,058,178	68,025	101	8,977,053	67,269	1	81,125	756
19	17	All Storage	58	9,019,360	64,416	58	9,019,360	64,416	0	0	0
20	18	Morningside Properties	91	8,898,085	53,701	91	8,898,085	53,701	0	0	0
21	22	Compass Self Storage	97	7,260,913	58,858	97	7,260,913	58,858	0	0	0
22	24	StoragePRO Management, Inc.	106	7,052,733	69,790	15	952,733	8,500	91	6,100,000	61,290
23	43	Store Space Self Storage	81	6,397,624	61,030	72	5,913,099	56,388	9	484,525	4,642
24	27	Reliant Real Estate Management	69	6,271,459	46,301	67	6,127,449	45,544	2	144,010	1,357
25	23	West Coast Self-Storage	82	5,977,261	47,273	16	957,487	10,395	66	5,019,774	36,878
26	37	Self Storage Plus	69	5,510,000	59,095	19	1,675,000	19,100	50	3,835,000	39,995
27	26	Brookwood Properties LLC	55	5,331,372	46,285	55	5,331,372	46,285	0	0	0
28	25	Universal Storage Group	76	4,982,246	39,300	6	374,529	3,344	70	4,607,717	35,956
29	33	Strat Property Management	66	4,567,362	34,268	62	4,270,765	31,296	4	296,597	2,972
30	32	Rosewood Property Company	57	4,100,000	32,600	57	4,100,000	32,600	0	0	0
31	30	Urban Self Storage Inc.	73	4,067,500	37,746	0	0	0	73	4,067,500	37,746
32	34	Caster Properties	52	4,041,000	41,740	52	4,041,000	41,740	0	0	0
33	*	A-1 Self Storage	53	4,000,000	53	53	4,000,000	53	0	0	0
34	35	Pogoda Companies	58	3,928,000	33,900	22	1,408,000	12,900	36	2,520,000	21,000
35	42	Go Store It Management LLC	58	3,790,888	33,172	0	0	0	58	3,790,888	33,172
36	35	Metro Mini Storage	22	3,650,000	11,380	22	3,650,000	11,380	0	0	0
37	*	Central Self Storage	47	3,497,094	31,792	47	3,497,094	31,792	0	0	0
38	36	Dahn Corporation	48	3,259,978	30,485	48	3,259,978	30,485	0	0	0
39	38	Devon Self Storage Holdings LLC	50	3,254,041	26,651	50	3,254,041	26,651	0	0	0
40	40	Right Move Storage, LLC	50	3,047,995	24,005	1	40,450	277	49	3,007,545	23,728
41	*	Snapbox Self Storage	51	3,000,000	25,000	43	2,500,000	21,000	8	500,000	4,000
42	41	Stor-It Self Storage	18	2,815,256	14,000	17	2,725,256	13,600	1	90,000	400
43	44	Guardian Storage	35	2,609,350	21,835	33	2,531,427	21,192	2	77,923	643
44	45	SKS Management LLC	27	2,219,129	21,465	12	1,239,621	12,210	15	979,508	9,255
45	48	Nolan, Inc./ Nolan Brothers of Texas	26	2,197,991	16,618	26	2,197,991	16,618	0	0	0
46	67	Trusted Self Storage Professionals	23	2,038,712	10,786	0	0	0	23	2,038,712	10,786
47	50	Valley Storage Co.	36	2,000,000	14,000	36	2,000,000	14,000	0	0	0
48	63	RPM Storage Management LLC	34	1,898,512	13,045	2	167,578	1,045	32	1,730,934	12,000
49	52	Towne Storage Management Co.	31	1,892,593	14,498	23	1,449,968	11,477	8	442,625	3,021
50	54	Andote Holding Company, Inc. dba Storage Zone	32	1,743,727	10,114	32	1,743,727	10,114	0	0	0

*Not ranked last year **Includes facilities owned internationally # Did not provide

Table 2.2B – 2021 Top Operators (51–100)

2021 Ranking	2020 Ranking	Company Name	TOTAL			FACILITIES OWNED			FACILITIES MANAGED		
			Number of Facilities	Net Rentable Square Footage	Number of Units	Number of Facilities	Net Rentable Square Footage	Number of Units	Number of Facilities	Net Rentable Square Footage	Number of Units
51	53	America West Management	29	1,710,552	14,960	20	1,251,500	9,801	9	459,052	5,159
52	51	Sentry Self Storage Management	23	1,666,794	14,751	4	284,719	3,083	19	1,382,075	11,668
53	*	Value Store II Management, Inc.	23	1,645,000	17,677	23	1,645,000	17,677	0	0	0
54	60	Cox's Armored Mini Storage Management, Inc.	18	1,591,538	9,657	0	0	0	18	1,591,538	9,657
55	*	StorageMax	26	1,570,289	11,083	26	1,570,289	11,083	0	0	0
56	*	StorPlace Self-Storage	19	1,561,878	10,855	19	1,561,878	10,855	0	0	0
57	56	Synergy Storage Group	27	1,521,824	11,436	6	360,908	3,029	21	1,160,916	8,407
58	57	Stor-N-Lock Self Storage	22	1,465,274	12,314	22	1,465,274	12,314	0	0	0
59	61	A-American Storage Management Co., Inc.	24	1,400,311	14,557	19	1,084,922	11,374	5	315,389	3,183
60	66	Ojai Oil Company dba Golden State Storage	19	1,383,698	10,650	14	1,006,710	7,831	5	356,988	2,819
61	79	USA Storage Centers	24	1,361,705	11,074	24	1,361,705	11,074	0	0	0
62	59	Boardwalk Development Group	18	1,246,436	6,806	18	1,246,436	6,806	0	0	0
63	72	Pinnacle Storage Properties	18	1,200,000	7,800	18	1,200,000	7,800	0	0	0
64	69	Artisan Properties, Inc.	13	1,191,199	8,798	8	821,593	6,142	5	369,606	2,656
65	62	Storage Investment Management	20	1,150,000	11,000	0	0	0	20	1,150,000	11,000
66	71	Five Star Storage	20	1,143,735	6,749	19	1,099,035	6,430	1	44,700	319
67	73	National Business Management	12	1,085,164	8,393	2	206,672	2,023	10	878,492	6,370
68	70	HAN Capital	27	1,060,723	8,748	27	1,060,723	8,748	0	0	0
69	49	BPI Capital Management Inc.	18	1,055,481	10,862	11	707,071	5,935	7	348,410	4,927
70	74	United Properties Group	20	1,012,959	7,775	0	0	0	20	1,012,959	7,775
71	77	StoreRight Self Storage	16	942,249	8,720	16	942,249	8,720	0	0	0
72	68	Donald Jones Consulting	18	931,563	5,825	0	0	0	18	931,563	5,825
73	55	Wentworth Property Company	12	923,000	7,000	12	923,000	7,000	0	0	0
74	78	S I Management LLC	11	921,853	10,156	11	921,853	10,156	0	0	0
75	*	Wasatch Storage Partners	13	860,642	8,438	13	860,642	8,438	0	0	0
76	87	Nova Storage	10	790,000	7,300	10	790,000	7,300	0	0	0
77	83	Macho Self Storage	10	787,645	5,433	9	752,645	5,148	1	35,000	285
78	75	Axis Companies	23	784,000	4,949	23	784,000	4,949	0	0	0
79	88	AAA Slow-A-Way, LLC	43	772,500	5,023	43	772,500	5,023	0	0	0
80	86	East Penn Self Storage	15	716,163	5,365	15	716,163	5,365	0	0	0
81	*	National Self Storage	11	694,007	5,356	0	0	0	11	694,006.75	5,356
82	97	Superior Storage Group	9	682,000	4,279	9	682,000	4,279	0	0	0
82	92	TNT Self Storage Management	13	682,000	5,805	13	682,000	5,805	0	0	0
83	98	3 Mile Storage Management	10	679,710	4,509	0	0	0	10	679,710	4,509
84	91	Citizen Storage Management LLC	12	666,000	5,095	2	86,000	595	10	580,000	4,500
85	85	Liberty Investment Properties	9	626,823	5,579	7	480,063	4,471	2	146,760	1,108
86	94	Storage Inns of America	8	607,334	4,798	8	607,334	4,798	0	0	0
87	*	Serenity Storage	25	547,441	2,663	25	547,441	2,663	0	0	0
88	*	180 Self-Storage	6	538,712	2,619	0	0	0	6	538,712	2,619
89	100	Amazing Spaces Storage Centers	5	467,455	3,856	5	467,455	3,856	0	0	0
90	76	Cutting Edge Self Storage Management & Consulting	4	428,500	5,356	0	0	0	4	428,500	5,356
91	*	Mort Roszell Rentals	1	368,382	749	1	368,382	749	0	0	0
92	*	Athena Real Estate, LLC	7	312,199	2,468	7	312,199	2,468	0	0	0
93	*	A B Kelly Realty LLC	5	264,220	2,206	0	0	0	5	264,220	2,206
94	*	Just A Closet	4	246,300	1,785	4	246,300	1,785	0	0	0
95	*	Rancho Storage Center	3	196,119	1,428	3	196,119	1,428	0	0	0
96	90	Access Storage, LLC	1	104,000	524	1	104,000	524	0	0	0
97	*	Hollow Tree Self Storage	1	83,844	901	1	83,844	901	0	0	0
98	*	Always Safe Storage	1	67,000	250	1	67,000	250	0	0	0
99	*	Roundup Self Storage	1	10,500	102	1	10,500	102	0	0	0
100	*	Self StorageOne/White Marsh	9	9,000	#	9	9,000	#	0	0	0

*Not ranked last year **Includes facilities owned internationally # Did not provide

Section 2 • Industry Ownership

industry ownership, a small increase from 70 percent last year. Clearly, while the change is not substantial, we can see that both the public companies and the remaining top operators hold a combined total of 29.4 percent of the industry.

Table 2.3 – Top 10 Companies - Owned Only
(By Number of Facilities)

Rank	Company	Number of Facilities
1	Merit Hill Capital, LP	265
2	StorageMart**	254
3	Prime Group Holdings, LLC	225
4	Compass Self Storage	97
5	Morningstar Properties	91
6	All Storage	58
7	Rosewood Property Company	57
8	Brookwood Properties LLC	55
9	Caster Properties	52
10	A-1 Self Storage	53

**Includes facilities owned internationally
Source: MiniCo Publishing

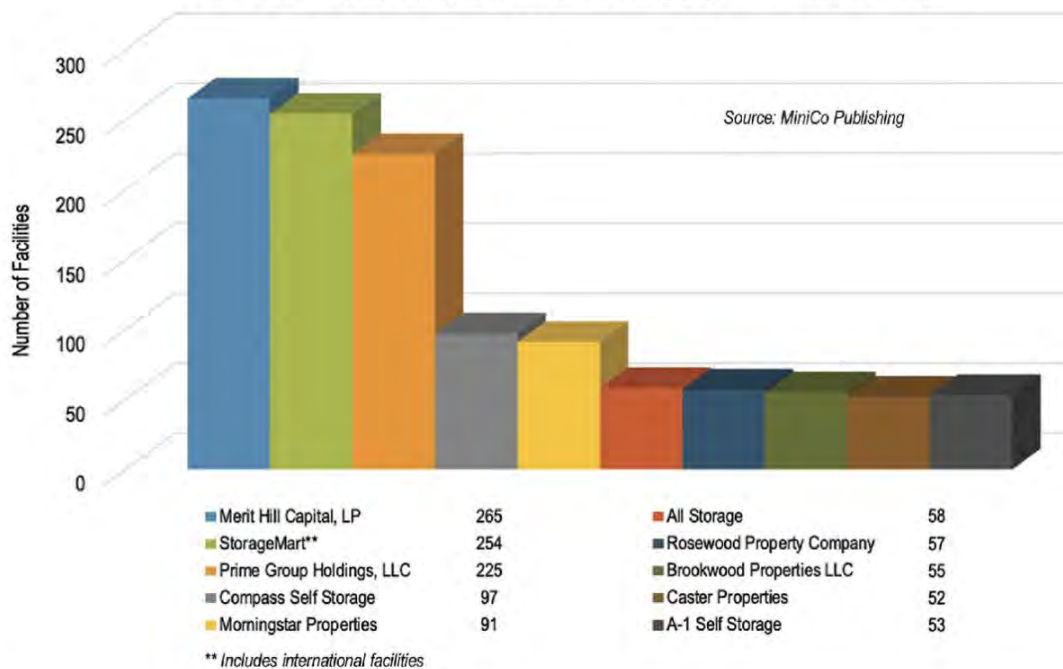
Chart 2.2 on page 19 shows the industry market share by rentable square footage as opposed to the number of facilities owned. Looking at this scenario, we can see that the public companies own 32.3 percent of the market share, while the other top operators control 18 percent—almost double the percentage of their market share by number of facilities. Accordingly, 49.8 percent of the market share is owned by the smaller, mom-and-pop owners in this category.

Clearly, while the change is not substantial, we can see that both the public companies and the remaining top operators hold a combined total of 29.4 percent of the industry.

The Top Operators

Tables 2.2A and 2.2B on pages 20 and 21 represents the 2021 Top Operators list as published by *Mini-Storage Messenger* in the November 2021 edition. This list gives us a wealth of information, including the number of facilities owned, those

Chart 2.3 – Top 10 Companies - Owned Only (By Number of Facilities)



managed but not owned, and those companies with facilities located outside of the United States. Looking at these two categories separately gives us a better insight about ownership.

... Merit Hill Capital, LP, is the largest company in the industry, in terms of the number of facilities owned (265) ...

As we can see in Table 2.3 and Chart 2.3, Merit Hill Capital, LP, is the largest company in the industry, in terms of the number of facilities owned (265), that does not do any third-party management. StorageMart, while larger in terms of rentable square footage, is the second largest operator in this category when calculated by number of facilities (254). With 225 facilities, Prime Group Holdings is the third largest.

With 97 facilities, Compass Self-Storage is the next largest operator in terms of facility count, followed by Morningstar Properties (91), All Storage (58), Rosewood Property Company (57), and Brookwood Properties, LLC (55). A-1 Self Storage

and Caster Properties take the ninth and 10th positions with 53 and 52 facilities respectively.

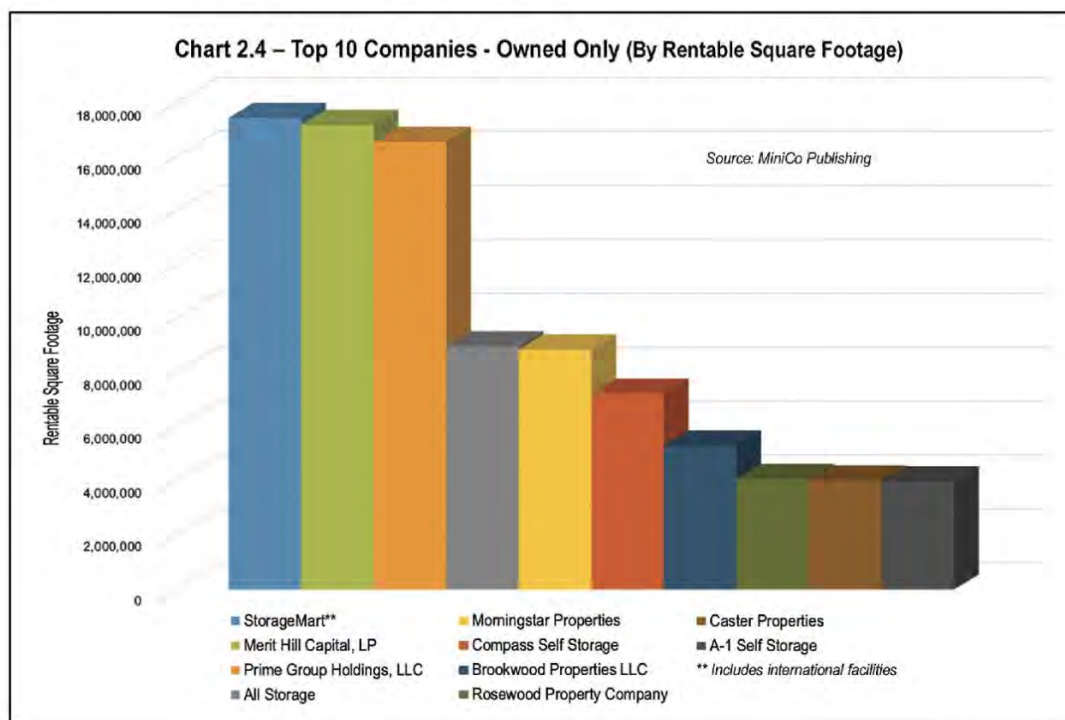
When looking at these same facilities calculated by net rentable square footage, we can see in Table 2.4 and Chart

Table 2.4 – Top 10 Companies - Owned Only
(By Net Rentable Square Footage)

Rank	Company	Number of Facilities
1	StorageMart**	17,486,236
2	Merit Hill Capital, LP	17,229,693
3	Prime Group Holdings, LLC	16,600,000
4	All Storage	9,019,360
5	Morningstar Properties	8,898,085
6	Compass Self Storage	7,260,913
7	Brookwood Properties LLC	5,331,372
8	Rosewood Property Company	4,100,000
9	Caster Properties	4,041,000
10	A-1 Self Storage	4,000,000

**Includes facilities owned internationally Source: MiniCo Publishing

Chart 2.4 – Top 10 Companies - Owned Only (By Rentable Square Footage)



Section 2 • Industry Ownership

2.4 that StorageMart holds the top spot (17,486,236). With approximately 200,000 square feet less, Merit Hill is the second largest company that does not do third-party management. Prime Group is the third largest operator in this category with 16,600,000 net rentable square feet of storage space.

Table 2.5 – Top 10 Third-Party Management Companies - No Facilities Owned
(By Number of Facilities)

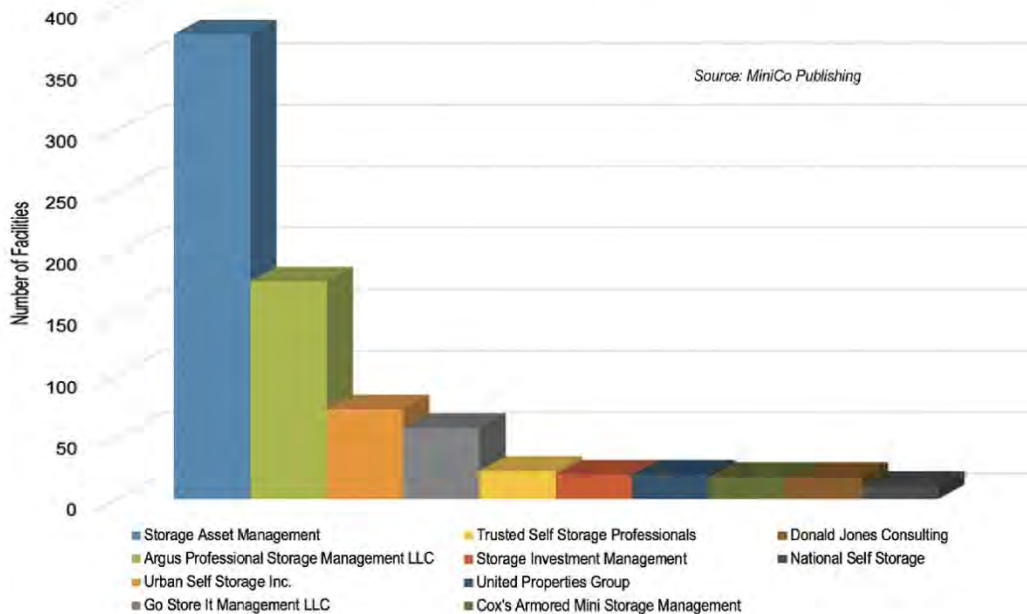
Rank	Company	Number of Facilities
1	Storage Asset Management	378
2	Argus Professional Storage Management LLC	177
3	Urban Self Storage Inc.	73
4	Go Store It Management LLC	58
5	Trusted Self Storage Professionals	23
6	Storage Investment Management	20
7	United Properties Group	20
8	Cox's Armored Mini Storage Management	18
9	Donald Jones Consulting	18
10	National Self Storage	11

Source: MiniCo Publishing

The fourth largest operator that does not manage any facilities is All Storage with 9,019,360 net rentable square feet of storage space, followed by Morningstar with 8,898,085 net rentable square feet, and Compass with 7,260,913. Brookwood sits in the seventh spot with more than 5,000,000 net rentable square feet. Rosewood holds the eighth spot with 4,100,000 net rentable square feet of owned storage space. Caster and A-1 hold spots nine and 10 with 4,041,000 and 4,000,000 net rentable square feet respectively.

Table 2.5 and Chart 2.5 give us the top 10 storage companies that do not own any facilities but rather offer third-party management only. Storage Asset Management clearly is the top management-only company with 378 managed stores, followed by Argus Professional Storage Management Group, a company that fully manages 177 sites in the United States. Urban Self-Storage, in the third position, manages 73 facilities, followed by Go Store It Management with 58 facilities

Chart 2.5 – Top 10 Third-Party Management Companies - No Facilities Owned (By Number of Facilities)



under management, and Trusted Self Storage Professionals with 23 sites. Both Storage Investment Management and United Properties Group manage 20 stores apiece, with Cox's Armored Mini Storage and Donald Jones Consulting each managing 18 facilities. The 10th largest management company is National Self Storage with 11 stores.

*Storage Asset Management
clearly is the top
management-only company
with 378 managed stores ...*

Looking at Table 2.6 and Chart 2.6, we can see that the only change up is Cox moving up to the sixth position in terms of net rentable square footage.

Thanks to strong investor interest in the asset class and an increased amount of institutional funding to purchase facilities from independent owners, industry consolidation occurred at a robust pace in 2021. And this will undoubtedly continue in 2022 as

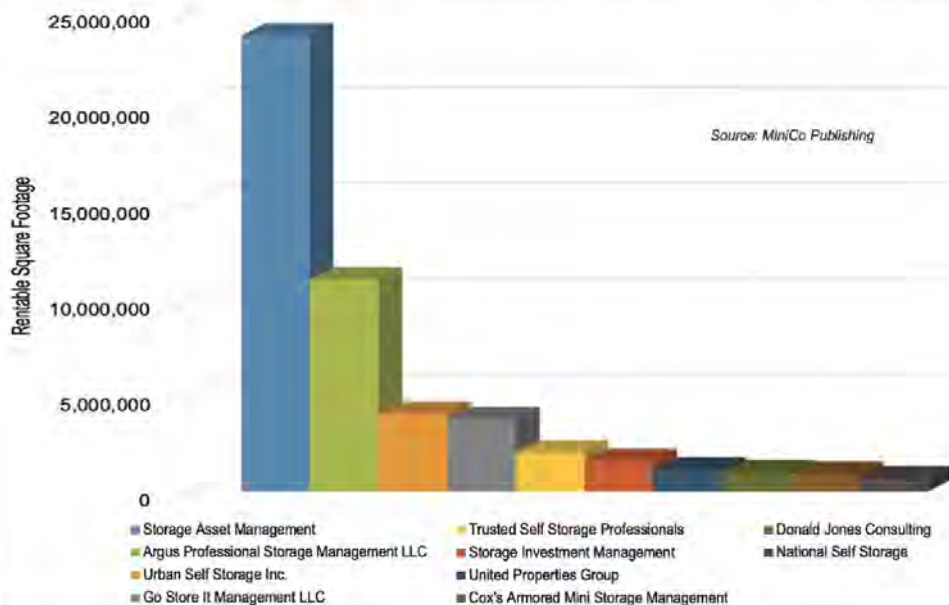
baby boomer mom-and-pop owners seek retirement and short-term investors execute their exit strategies. Nevertheless, with independent operators holding more than 70 percent of the ownership pie, it's safe to say that the self-storage industry will remain a highly fragmented real estate class for years to come. ■■

Table 2.6 – Top 10 Management Companies - No Facilities Owned (By Net Rentable Square Footage)

Rank	Company	Number of Facilities
1	Storage Asset Management	23,787,246
2	Argus Professional Storage Management LLC	11,064,249
3	Urban Self Storage Inc.	4,067,500
45	Go Store It Management LLC	3,790,888
5	Trusted Self Storage Professionals	2,038,712
6	Cox's Armored Mini Storage Management, Inc.	1,591,538
7	Storage Investment Management	1,150,000
8	United Properties Group	1,012,959
9	Donald Jones Consulting	931,563
10	National Self Storage	694,007

Source: MiniCo Publishing

Chart 2.6 – Top 10 Management Companies - No Facilities Owned (By Rentable Square Footage)



Understanding your customers is essential to the success of any self-storage facility. Knowing who your customers are, where they live, and why they are looking for self-storage are just a few of the demographics one should study fully in order to formulate a proforma or marketing plan.

While we will talk about national and regional demographics in this section, self-storage is a local business that typically depends on the customer base within a three- to five-mile radius. Depending on market area, this can be extended to as much as a 15- to 20-mile radius. Therefore, before developing a new self-storage project, one must perform a market study and due diligence report to see if the dynamics of the market will support the business.

Demographic Data

The *2014 Self-Storage Almanac* reported—for the first time—actual data collected from all tenants who are renting units based on the *Self Storage Demand Study* published by the national Self Storage Association (SSA). This data was updated for the *2018 Almanac* based on the 2017 study performed by the SSA. Thanks to the *2020 Self Storage Demand Study*, again published by the SSA, we are once again able to report this new and updated customer information.

As stated above, the demographic information in the SSA studies sheds light on the definite wants and needs of all customer segments. This is beneficial to self-storage owners, operators, and developers as it enables them to provide the services and amenities that their renters need in order to have the best possible self-storage experience. For example, properties with a high concentration of older renters might want to focus their efforts on more convenience-oriented services like professional packing and moving assistance. On the other hand, self-storage operations with a high percentage of commercial tenants may choose to extend extras like on-site conference rooms, free Wi-Fi, central workspaces, or other amenities that carry special appeal for business customers.

Pinpointing a self-storage store's customer base also aids owners and operators in creating effective marketing and advertising campaigns. In today's competitive environment, many self-storage professionals are choosing to tailor their efforts to reach their target audience. Everything from the message to the medium is specifically selected to reach a precise group of people who are deemed most likely to rent a storage space at the facility. This type of marketing, however, is only possible when owners and operators know the demographics and characteristics of the groups they want to target.

Many self-storage professionals implement tracking programs to help quantify the effectiveness of marketing

campaigns as well as glean some basic information about the customers who rent spaces at the self-storage store. Move-in and move-out surveys can also give owners and operators a good amount of demographic information that can be used to help identify future self-storage renters.

Understanding Tenant Mix

Customers typically fall into one of four categories:

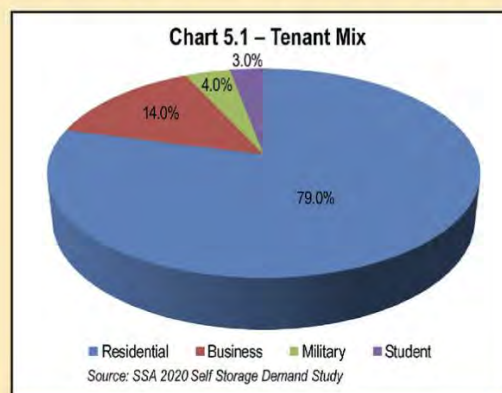
- Residential
- Business
- Military
- Student

On average, residential customers make up approximately 79 percent of the market.

As seen in Chart 5.1, residential customers make up approximately 79 percent of a facility's unit mix. Conversely, business customers comprise about 14 percent of the mix. However, this can vary dramatically depending on the physical location of the business. Some facilities can have a business segment as high as 40 to 50 percent. Indeed, business customers are an extremely attractive customer pool for self-storage because of their stability; they pay their rents on time and tend to rent their units longer than other customer segments.

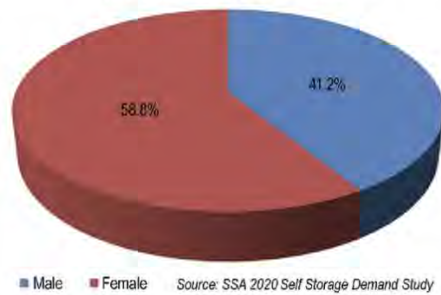
Military renters vary greatly depending on the location of the facility. While the average mix on a national basis tends to be around four percent, a site adjacent to a military base can see a much higher percentage of military customers. On average, however, most sites not located in the vicinity of a base will see a military customer segment that ranges between two and four percent.

Just as with military renters, the students segment of the tenant mix is inevitably tied to the location of the facility and its surrounding area. On a national basis, students make up three percent of the renters at a self-storage facility. When



Section 5 • Customer Traits

Chart 5.2 – Gender of Renters



located near a college or university campus, facilities can easily see a 10-percent student mix. One must keep in mind, however, that students typically rent between May and August rather than full time like residential or business customers. As such, facilities see a two percent blend of student renters throughout the year.

According to the *2020 Self Storage Demand Study*, approximately 58.8 percent of renters are women, as seen in Chart 5.2. This is slightly higher than the 52 percent reported in the *2018 Almanac*. And while 48 percent of renters were reported as male in 2018, that number has dropped to 41.2 percent. This supports the long-held belief that while the men typically move the goods into storage, it is the women who make the decisions when it comes to renting.

Table 5.1 – Customer Gender by Generation

	Millennials	Gen-X	Boomers	Greatest Generation
Male	36.2%	37.9%	48.1%	68.5%
Female	63.8%	62.1%	51.9%	31.5%

Source: SSA 2020 Self Storage Demand Study

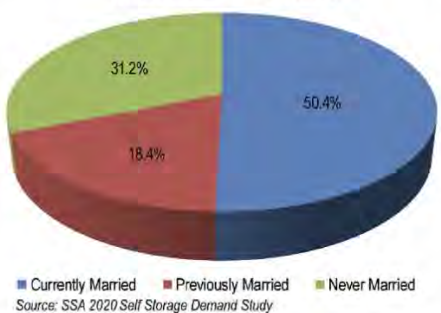
Table 5.1 breaks down gender by generation. The data indicates that the highest percentage of female renters are millennials (63.8 percent), with only 36.2 percent of millennial renters being male. For Gen-X renters, those born between 1965 and 1984, as seen in Chart 5.3, 62.1 percent tend to be female and 37.9 percent are male. Baby boomers, on the other hand, have the closest percentages, with 51.9 percent of renters being women and 48.1 percent being male—a 3.8 percent difference.

Renters who belong to the Greatest Generation are an entirely different matter. For those born between 1930 and 1946, 68.5 percent of renters are men. This is the highest percentage of any category. Likewise, 31.5 percent of the renters in this segment are women—the lowest percentage across all generations.

As seen in Chart 5.4, 50 percent of renters are married. And while 18 percent have previously been married, similar to *Demand Study* results in 2017, approximately 31 percent have never been married.

Chart 5.3 – Generations by Birth Year

Chart 5.4 – Marital Status



Where renters live is an important demographic for self-storage owners to consider. A market with a higher density of apartments may attract more renters due to the fact that most apartments have no or very little storage space. Likewise, in a market area with more single-family homes that are governed by HOAs, self-storage can be attractive if residents cannot park their vehicles on the street, thereby eliminating the garage as a spot for storage.

Approximately 72.1 percent of renters live in a single-family dwelling according to the *SSA Demand Study*. Those who live in apartments or condominiums represent 25.7 percent of the mix, while 2.2 percent reside in "other" types of dwellings.

Home ownership is another important demographic for self-storage owners, operators, and developers to take into account.

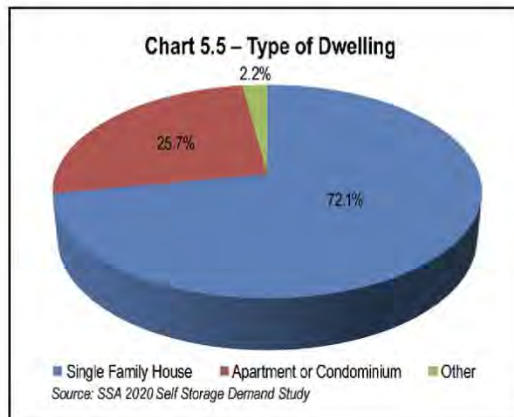
As seen in Chart 5.6, approximately 55 percent of the renters surveyed for the 2020 Demand Study reported that they owned their home. Around 42.3 percent reported that they are renters. Nearly three percent reported that they neither own nor rent their home. This may very well represent renters, such as millennials, living with their parents or seniors who are living with their children or other relatives.

It is interesting to note that these numbers are remarkably similar to those reported in the 2017 study, where 54 percent of renters lived in a single-family home and 41 percent lived in an apartment or condominium. In 2017, five percent of self-storage renters cited their residence as "other"—nearly twice as many as in this newest study.

As seen in Chart 5.7 on page 40, the majority of self-storage renters (51.2 percent) are in suburban areas, 36.4 percent reside in urban areas, and 12.3 percent are located in rural market areas. Chart 5.8 on page 40 presents the same data by region. Clearly, the South has the most self-storage renters (41.5 percent). The second highest concentration of renters is in the West at 25.3 percent.

For the Midwest and Northeast Regions, it is a quite different picture. The Midwest has 18 percent of the self-storage renter pool while the Northeast sees 15.2 percent of the industry renters. The difference between these two regions and the West and South may be due to the fact that homes in these areas tend to have basements and attics. Communities there may also be less restrictive.

Table 5.2 lists the top 10 states with the most HOAs. As shown, with the exception of Illinois, New York, and Massachusetts, all states are in the South or the West. HOAs tend to have restrictions on parking, which leaves no room in garages to store excess items. Moreover, restrictions are even more strict for the parking of boats and RVs.



It is no surprise that the majority of self-storage renters (46 percent) are employed full time, as seen in Table 5.3. The next largest segment of renters (19.9 percent) is made up of retirees, while 10.7 percent are not employed outside the home. Supporting the tenant mix data, military and student renters make up the smallest percentage of renters on a nationwide basis. Remember: Self-storage is all about location. While one facility may have only a few military renters, a facility 10 miles away could have considerably more.

Knowing the household income of the surrounding market area can aid a facility manager in setting rental rates. As seen in Table 5.4 on page 40, the majority of renters surveyed for the SSA Demand Study have a household income of \$125,000 per year or more. The next highest income for renters is between \$75,000 and \$100,000 (12.6 percent). Surprisingly, the next highest percentage of

Table 5.2 – States with the Most HOAs

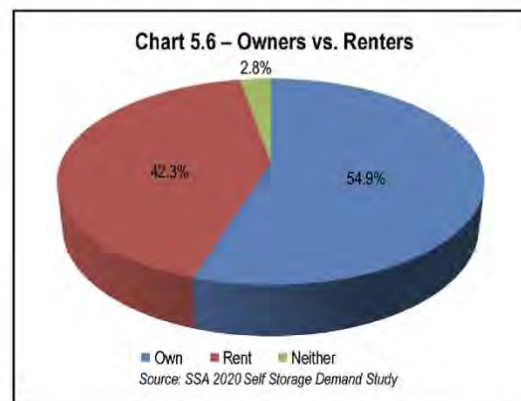
Florida	48,250
California	48,150
Texas	20,050
Illinois	18,700
North Carolina	14,000
New York	13,875
Massachusetts	11,000
Georgia	10,700
Washington State	10,450
Arizona	9,625

Source: Community Associations Institute

Table 5.3 – Renter Employment Status

Full Time	46.0%
Part Time	7.6%
Military	3.4%
Self Employed / Business Owner	8.0%
Student	4.4%
Retired	19.9%
Not employed outside of home	10.7%

Source: SSA 2020 Self Storage Demand Study



Section 5 • Customer Traits

renters (11.8 percent) are those who have an income that is less than \$20,000. Those in the \$50,000 to \$60,000 category represent the smallest percentage of renters (7.3 percent).

So once a tenant rents a unit, how long do they stay? Chart 5.10 on page 41 sheds some light on this question.

**Table 5.4 –
Renter Household Income**

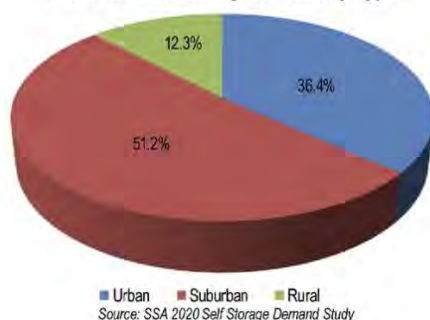
Less than \$20,000	11.8%
\$20,000 to < \$30,000	11.6%
\$30,000 to < \$40,000	10.3%
\$40,000 to < \$50,000	10.4%
\$50,000 to < \$60,000	7.3%
\$60,000 to < \$75,000	9.8%
\$75,000 to < \$100,000	12.6%
\$100,000 to < \$125,000	9.4%
\$125,000 or more	16.9%

Source: SSA 2020 Self Storage Demand Study

Approximately 12.8 percent of the renters surveyed for the *Self Storage Demand Study* tend to rent their units for less than three months. These tenants are typically storing their goods while moving or remodeling and only need short-term storage.

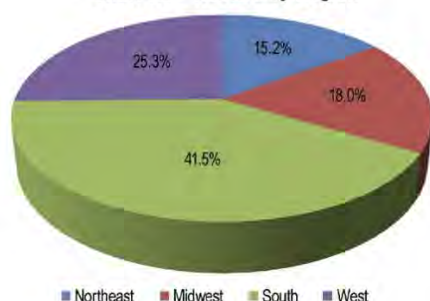
The largest segment of tenants (26.5

Chart 5.7 – Renter by Community Type



Source: SSA 2020 Self Storage Demand Study

Chart 5.8 – Renters by Region



Source: SSA 2020 Self Storage Demand Study

percent) rent their units for one to two years. There are 23.6 percent who rent for longer than two years and 19.9 percent renting for seven to 12 months.

As mentioned previously, business renters tend to stay longer than residential, military, or student renters. Chart 5.11 indicates that most business renters tend to stay either less than one year (37.3 percent) or more than two years (37.1 percent). Approximately 25.6 percent stay between one and two years. When the percentage of renters who stay for more than two years is combined with those who rent for one to two years, we can see that 62.7 percent of all business renters stay for at least one year and possibly longer than two years.

The most important reasons for utilizing self-storage can be seen in Table 5.5. Clearly, storing items because there is not enough room at their residence ranks highest at 31 percent. More than 25 percent rent because they are changing their residence.

Dropping down significantly, 7.8 percent of tenants rent because they are remodeling, while 6.1 percent are storing items for relatives, followed by 5.6 percent who rent in order to store items they no longer want or need. Nearly five percent rent because they need temporary storage while they are away from home. The same percentage (4.8 percent) rent because they have inherited items due to a death.

Approximately 3.6 percent of self-storage tenants rent due to a natural disaster. It is not uncommon for some of the larger operators or REITs to offer free temporary storage for those who are impacted by natural disasters such as fires, hurricanes, or tornados.

In line with the industry tenant mix, 3.2 percent of renters are students between semesters. Items from a vacation home are stored by 3.1 percent of the renters surveyed, and

**Table 5.5 –
Most Important Reasons for Using Self-Storage**

No Room at Home/Residence	31.0%
Changing Residence	25.4%
Remodeling Home or Residence	7.8%
Storing Relatives' Items	6.1%
Items No Longer Wanted or Needed	5.6%
Temporary Storage While Away from Home / Residence	4.8%
Items Inherited Due to Death	4.8%
Natural Disaster	3.6%
College Student Between Semesters	3.2%
Items from Vacation Home	3.1%
Items that Require Controlled Environment (e.g. wine)	2.1%
Had a Baby or Family Grew	1.8%

Source: SSA 2020 Self Storage Demand Study

Table 5.6 – Items Stored by Renters

Indoor Furniture	43.8%
Pictures / Photos / Paintings	41.9%
Clothing	40.0%
Household Supplies	39.6%
Kitchenware	39.5%
Holiday Seasonal Items	37.7%
Tools	32.3%
Books/Magazines	29.5%
Collectibles / Hobbies	29.5%
Towels / Blankets / Linens	27.1%
Sporting Equipment	23.8%
Electronic Devices (Not Appliances)	23.6%
Outdoor/Seasonal Furniture	23.0%
Family Records (Bank Statements, Tax Filings)	21.0%
Children's Toys	20.0%
Major Appliances	15.7%
Non-Perishable Food (Canned Goods)	8.1%
Vehicles	6.1%
Other	5.1%

Source: SSA 2020 Self Storage Demand Study

2.1 percent are renting because they have a need for climate-controlled storage for items such as wine. In fact, some self-storage operators have facilities that have high-class areas dedicated to wine storage.

What do people store? As seen in Table 5.6, 43.8 percent store indoor furniture, while only 23 percent store outdoor or seasonal furniture. Photos and paintings are stored by 41.9 percent, while 40 percent store clothing, followed by 39.6 percent who store household supplies. Kitchenware is stored by 39.5 percent of the renters surveyed.

Holiday items are stored by 37.7 percent, and 32.3 percent store tools. Both collectibles and books or magazines are stored by 29.5 percent of renters. Items such as towels, blankets, and linens are stored by 27.1 percent of renters, and nearly 24 percent store sporting goods.

Family records and children's toys are stored by 21 and 20 percent of renters, respectively. Major appliances are stored by 15.7 percent of the renters surveyed, and non-perishable food, such as canned goods, are stored by 8.1 percent. Vehicles are stored by 6.1 percent.

While national demographic data provides some insights about your potential self-storage customers' needs, market-specific data can enable you to fine-tune your facility's products and services for the most profitable returns. For instance, you may not want to invest in unit shelving if your renters are primarily storing bulky furniture, but it would be

a nice touch to offer shelves to those who plan to store clothing, boxes of family records, and/or photo albums. Therefore, before implementing any new offerings, it's worth conducting surveys or market studies to find the best solutions for their storage quandaries. ■■

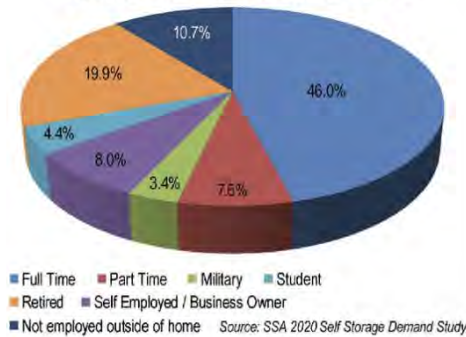
Chart 5.9 – Renter Employment Status

Chart 5.10 – Length of Rental

Chart 5.11 – Business Renter Length of Stay


Occupancy Rates • Section 7

Misconceptions linger about the best way for self-storage operators to evaluate occupancy as a factor in the revenue and profit equation.

Most industry operators aim to keep occupancy between 90 percent and 95 percent, but some seek to maintain 100 percent occupancy. Counterintuitive though it may initially seem, you are losing money if you keep your facility completely full. This leaves you with two options: Add new units or raise rental rates.

How you measure occupancy is as important as maintaining the ideal occupancy. The two main ways to measure it are physical and economic. Data reported in the *Self-Storage Almanac* is based on physical occupancy. This measures the number of units rented. For example, if you have 100 units and 90 are occupied, then your facility's physical occupancy is 90 percent.

By contrast, economic occupancy is based on the gross potential income you are collecting. Gross potential income includes consideration of any concessions or discounts given to customers. For example, if you have a 100-unit facility with 90 units rented and you give customers a one-month free concession on the remaining 10 units, then your facility's economic occupancy is 80 percent. This is because you collected no rent for one month on those 10 units, which decreased your income accordingly.

The Impact Of New Facilities

The self-storage industry continues to perform well, with street rates in many markets setting records, says Chris Nebenzahl, former director of Centennial, Colo.-based Yardi Matrix. New supply started slowing slightly in 2019 after the peak year for deliveries, 2018. The slowdown kept a modest pace in 2020 and through September 2021, but the pipeline started increasing a few months earlier.

Nebenzahl says developers starting to add to the pipeline is unsurprising given the industry's strong performance the past year. Nationally, the planned and under-construction pipeline is up 8.6 percent from roughly eight percent in mid-2021. He expects that to increase in the coming months, but those properties probably won't deliver until 2023.

"We expect supply to increase in the next few years, especially if street rates and occupancy remain as strong as they are today," Nebenzahl says, "but the supply gains likely won't be seen until 2023 to 2025."

The pandemic partly drove that self-storage supply, says David Dixon, COO of Atlanta-based Universal Storage Group. People started using storage "more than ever" during the pandemic.

"It has become a lifestyle management tool, and people were selling their houses before having a replacement home, so they used storage to help with the transition," Dixon says.

Dixon also thinks people cleaned out their extra rooms and garages to make room for offices and gyms inside their houses. This created a new user type and increased self-storage demand, which caused rental rates to rise, contrary to Universal's outlook last year.

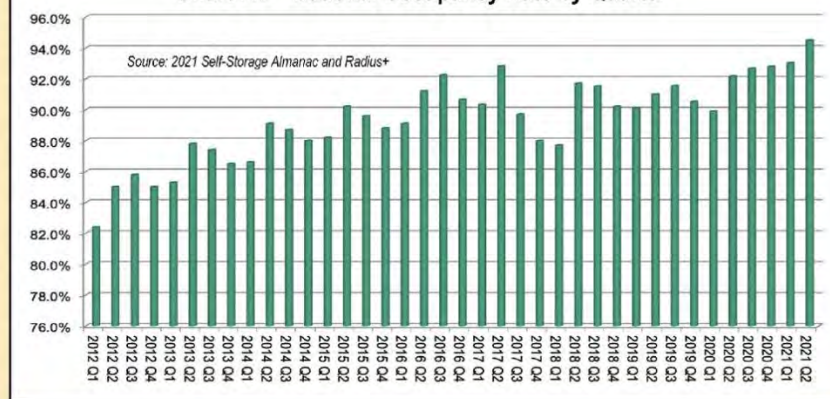
"I honestly think COVID either staved off a decline as we predicted [last year] or it just moved

Table 7.1 – Historical National Occupancy

Year	Occupancy
2000	83.7%
2001	86.1%
2002	85.4%
2003	84.6%
2004	84.2%
2005	83.0%
2006	83.0%
2007	81.4%
2008	80.3%
2009	76.7%
2010	75.7%
2011	79.7%
2012	85.0%
2013	87.8%
2014	89.1%
2015	90.2%
2016	91.2%
2017	92.8%
2018	91.7%
2019	91.0%
2020	92.2%
2021	94.5%

*Based on 2nd Quarter Numbers
Sources: 2021 Almanac and Radius+

Chart 7.1 – National Occupancy Rate by Quarter



Section 7 • Occupancy Rates

it down the road," Dixon says. "I still think there are too many people trying to get into this business and we will have a reckoning, but who knows when?"

National Occupancy Rates

Table 7.1 on page 51 is based on Q2 numbers between 2000 and 2021. Occupancy was 94.5 percent in 2021, the highest occupancy rate going back to 2000, when it was 83.7 percent. The 2021 rate increased 2.3 percent from 92.2 percent in 2020. This follows a 1.2 percent increase from Q2 2019 to Q2 2020. Occupancy decreased 0.7 percent from 2018 to 2019. The lowest

occupancy percentage from Q2 2000 through Q2 2021 was 75.7 percent in 2010. Occupancy rates were in the 80s from 2000 through 2008, the 70s from 2009 through 2011, and the 80s or 90s from 2012 through 2021.

Digging deeper into the quarterly numbers in Table 7.2, which tracks Q1 2012 through Q2 2021, the low mark was 82.4 percent in Q1 2012. The high mark was 94.5 percent in Q2 2021. Quarterly rates increased from Q1 to Q2 throughout the period, mostly decreased from Q2 to Q3 and from Q3 to Q4, and showed a mix of increases and decreases from Q4 to Q1. Overall, occupancy rates stayed mostly in the 80s from Q1 2012 through Q1 2016 and moved in and out of the 90s and 80s from Q2 2016 through Q2 2021.

Regional Occupancy

While national rates give a broad overview of self-storage occupancy, regional rates dig down to specific geographic areas of the United States. The self-storage industry's major data sources, such as Radius+ (the official data provider for the *Self-Storage Almanac*), can provide more location-specific data.

As shown in Table 7.3 and Chart 7.2, occupancy rose in 2021 from 2020 in all five regions tracked: Midwest - East North Central and West North Central areas, Northeast - Middle Atlantic and New England, South Atlantic and South - East South Central and West South Central, and West - Mountain and Pacific. The high-

est rate was 95.5 percent in 2021 in the Midwest's West North Central area, one percent higher than the 94.5 percent national rate. The lowest rate was 89.9 percent in 2020 in the Northeast's New England area, lower than the 92.2 percent national rate.

Table 7.3 and Chart 7.2 also show that in 2020, the West's Mountain and Pacific regions tied for the highest occupancy at 92.3 percent. In 2021, the South Atlantic and the South's East South Central regions tied for second place at 94.9

**Table 7.2 –
National Occupancy
Rate by Quarter**

Year	Rate
2015 Q1	88.2%
2015 Q2	90.2%
2015 Q3	89.6%
2015 Q4	88.8%
2016 Q1	89.1%
2016 Q2	91.2%
2016 Q3	92.2%
2016 Q4	90.7%
2017 Q1	90.3%
2017 Q2	92.8%
2017 Q3	89.7%
2017 Q4	88.0%
2018 Q1	87.7%
2018 Q2	91.7%
2018 Q3	91.5%
2018 Q4	90.2%
2019 Q1	90.1%
2019 Q2	91.0%
2019 Q3	91.5%
2019 Q4	90.5%
2020 Q1	89.9%
2020 Q2	92.2%
2020 Q3	92.7%
2020 Q4	92.8%
2021 Q1	93.0%
2021 Q2	94.5%

Sources: 2021 Almanac and Radius+

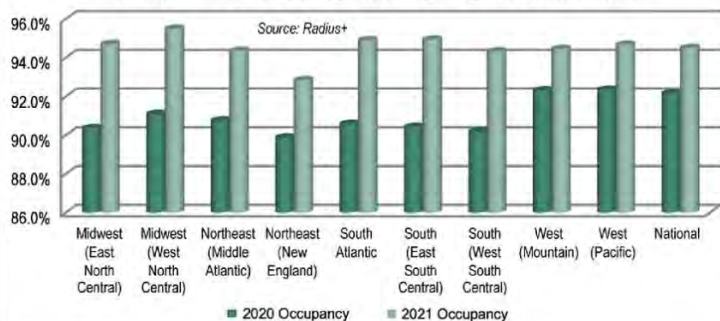
Table 7.3 – 2020-2021 Occupancy by Region*

Region	2020 Occupancy	2021 Occupancy
Midwest (East North Central)	90.4%	94.7%
Midwest (West North Central)	91.1%	95.5%
Northeast (Middle Atlantic)	90.8%	94.4%
Northeast (New England)	89.9%	92.8%
South Atlantic	90.6%	94.9%
South (East South Central)	90.4%	94.9%
South (West South Central)	90.2%	94.3%
West (Mountain)	92.3%	94.5%
West (Pacific)	92.3%	94.7%
National	92.2%	94.5%

* Based on 2nd Quarter Numbers

Source: Radius+

Chart 7.2 – Occupancy Rate by Region (2020 vs. 2021)



percent. The largest increase in 2021 came in the South's East South Central area at 4.5 percent. The smallest increase, 2.2 percent, came in the West's Mountain area.

The Midwest

As Table 7.4 shows, going back to Q1 2017's 89 percent, the East North Central area had a high occupancy of 94.7 percent in Q2 2021. The lowest occupancy for the region was 88 percent in Q1 2018. Q2 2021 rose two percent from the prior quarter and 2.4 percent from Q4 2020. As is typical, occupancy rose from Q1 to Q2 and from Q2 to Q3 throughout the period while falling Q3 to Q4. Q4 to Q1 fell three times and rose once (Q4 2020 to Q1 2021) during the period. Occupancy rates in the Midwest's East North Central region from Q1 2017 through Q2 2021 were in the 90s for 13 quarters and in the 80s for five quarters. The greatest quarterly increase was 3.1 percent from Q2 to Q3 2020. The greatest quarterly decrease was 1.5 percent from Q3 to Q4 2017.

Table 7.5 shows the high occupancy rate for the Midwest's West North Central region was 94.7 percent in Q2 2001, going back to Q1 2017's 89 percent. The low rate for the period was 88 percent in Q1 2018. Q2 2021 rose two percent from the prior quarter and 2.4 percent from Q4 2020. Rates rose from Q1 to Q2 and from Q2 to Q3 throughout the period but fell from Q3 to Q4. Q4 to Q1 occupancy rates fell three times and rose once (Q4 2020 to Q1 2021). The North Central region's occupancy rates from Q1 2017 through Q2 2021 were in the 90s for 13 quarters and in the 80s for five quarters. Q3 2020 showed the highest quarterly increase, 3.1 percent, from Q2 2020. The greatest quarterly decrease was 1.5 percent from Q3 to Q4 2017.

Chart 7.3 compares occupancy rates in the Midwest's West North Central and East North Central areas from Q1 2017 through Q2 2021. Occupancy rates were identical in every quarter during the period.

The Northeast

Table 7.6 on page 54 shows the Northeast's Middle Atlantic region had 94.4 percent occupancy in Q2 2021, the highest rate for the period starting in Q1 2017, when the rate

**Table 7.4 –
Midwest Occupancy
(East North Central)**

2017 Q1	89.0%
2017 Q2	90.6%
2017 Q3	90.9%
2017 Q4	89.4%
2018 Q1	88.0%
2018 Q2	90.3%
2018 Q3	91.1%
2018 Q4	90.1%
2019 Q1	88.8%
2019 Q2	91.0%
2019 Q3	91.9%
2019 Q4	90.7%
2020 Q1	89.6%
2020 Q2	90.4%
2020 Q3	93.5%
2020 Q4	92.3%
2021 Q1	92.7%
2021 Q2	94.7%

Source: Radius+

**Table 7.5 –
Midwest Occupancy
(West North Central)**

2017 Q1	89.0%
2017 Q2	90.6%
2017 Q3	90.9%
2017 Q4	89.4%
2018 Q1	88.0%
2018 Q2	90.3%
2018 Q3	91.1%
2018 Q4	90.1%
2019 Q1	88.8%
2019 Q2	91.0%
2019 Q3	91.9%
2019 Q4	90.7%
2020 Q1	89.6%
2020 Q2	90.4%
2020 Q3	93.5%
2020 Q4	92.3%
2021 Q1	92.7%
2021 Q2	94.7%

Source: Radius+

Chart 7.3 – Midwest Occupancy Rate Comparison

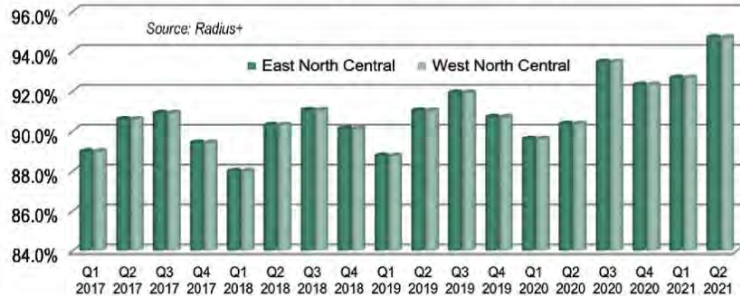
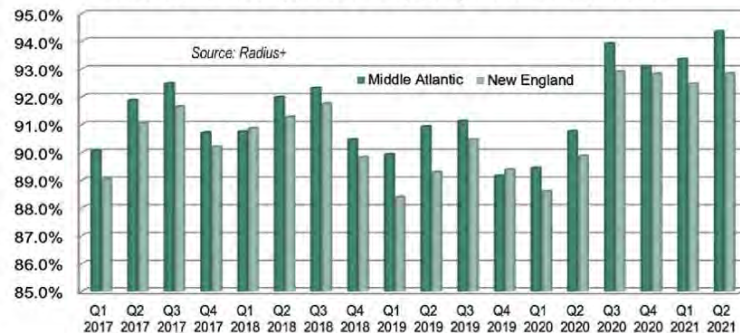


Chart 7.4 – Northeast Occupancy Rate Comparison



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**Table 7.6 –
Northeast Occupancy
(Middle Atlantic)**

Q1 2017	90.1%
Q2 2017	91.9%
Q3 2017	92.5%
Q4 2017	90.7%
Q1 2018	90.7%
Q2 2018	92.0%
Q3 2018	92.3%
Q4 2018	90.5%
Q1 2019	89.9%
Q2 2019	90.9%
Q3 2019	91.1%
Q4 2019	89.2%
Q1 2020	89.4%
Q2 2020	90.8%
Q3 2020	93.9%
Q4 2020	93.1%
Q1 2021	93.4%
Q2 2021	94.4%

Source: Radius+

**Table 7.7 –
Northeast Occupancy
(New England)**

Q1 2017	89.0%
Q2 2017	91.1%
Q3 2017	91.7%
Q4 2017	90.2%
Q1 2018	90.9%
Q2 2018	91.3%
Q3 2018	91.8%
Q4 2018	89.8%
Q1 2019	88.4%
Q2 2019	89.3%
Q3 2019	90.5%
Q4 2019	89.4%
Q1 2020	88.6%
Q2 2020	89.9%
Q3 2020	92.9%
Q4 2020	92.8%
Q1 2021	92.5%
Q2 2021	92.8%

Source: Radius+

was 90.1 percent. Q2 2021 rose one percent from the prior quarter and 1.3 percent from Q4 2020. The lowest rate for the period was 89.2 percent in Q4 2019, one of three quarters in the 80s for the period, along with 89.9 percent in Q1 2019 and 89.4 percent in Q1 2020. Occupancy rates for all other quarters reported in the table were in the 90s. The greatest quarterly increase, 3.1 percent, was from Q2 to Q3 2020. The greatest quarterly decrease, 1.9 percent, was from Q3 to Q4 2019. From Q1 2017 through Q2 2021, occupancy rates rose from Q1 to Q2 and Q2 to Q3, then fell from Q3 to Q4. From Q4 to Q1, occupancy increased twice (2019 to 2020 and 2020 to 2021) and decreased once (2018 to 2019). It remained unchanged once (2017 to 2018).

Table 7.7 shows the Northeast's New England region's highest occupancy rate for the period was 92.9 percent in Q3 2020; its lowest rate was 88.4 percent in Q1 2019. Q2 2021 posted 92.8 percent, up from 92.5 percent the previous quarter and unchanged from Q4 2020. As is typical for both areas, occupancy rates rose from Q1 to Q2 and Q2 to Q3 and decreased from Q3 to Q4. Q1 fell from Q4 twice and rose twice. Occupancy rates were in the 80s for seven quarters and in the 90s for 11 quarters.

As Chart 7.4 on page 53 shows, occupancy rates for the Middle Atlantic region were higher than the New England region's in every quarter except Q1 2018 and Q4 2019.

The South Atlantic

As Table 7.8 shows, the South Atlantic region, which is not divided by subregions, had its highest occupancy rate, 94.9 percent, in Q2 2021, for the period going back to Q1 2017, when the rate was 90 percent. The lowest occupancy rate was 89.3 percent in Q1 2019, a difference of 5.6 percent from the highest rate for the period. Q2 2021's 94.9 percent rate rose 1.5 percent from the prior quarter's 93.4 percent and 1.8 percent from 2020's 93.1 percent. The largest quarterly occupancy rate increase in the period was 2.4 percent from Q2 to Q3 2020. The largest decrease was 1.7 percent from Q3 to Q4 2017. For the entire period, rates increased from Q1 to Q2 and Q2 to Q3. From Q3 to Q4, rates decreased, except for 2020, when the rate increased 0.1 percent. Occupancy rates from Q4 to Q1 decreased throughout the period except Q4 2020 to Q1 2021, when it increased 0.3

Chart 7.5 – South Occupancy Rate Comparison

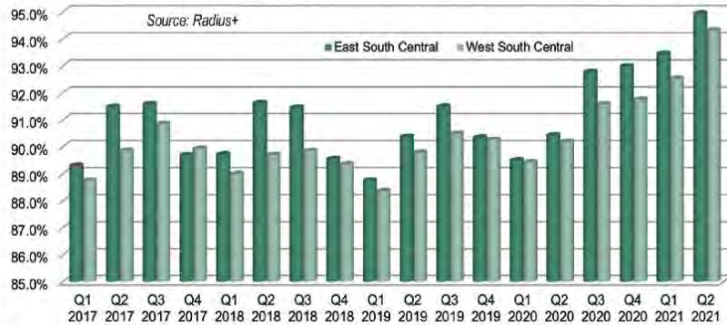
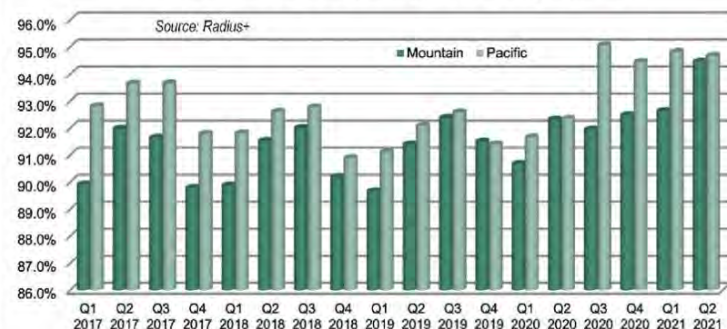


Chart 7.6 – West Occupancy Rate Comparison



percent. During the period, occupancy rates were in the 90s for 13 quarters and the 80s for five quarters.

The South

Table 7.9 details the South region's East South Central area and shows its highest occupancy rate for the Q1 2017 through Q2 2021 period was 94.9 percent in Q2 2021. The lowest occupancy rate was 88.8 percent in Q1 2019. Q1 2017 showed 89.3 percent occupancy. Q2 2021 posted a 1.4 percent higher occupancy rate than the prior quarter's 93.5 percent and a 1.9 percent higher occupancy rate than Q4 2020's 93 percent. The greatest quarterly increase was 2.4 percent from Q2 to Q3 2020. Q4 2017 and Q4 2018 tied for the greatest occupancy rate decrease (1.9 percent). Occupancy rates increased throughout the period from Q1 to Q2 and rose from Q2 to Q3 throughout the period, except in 2018, when the occupancy rate fell 0.1 percent. Occupancy rates also rose from Q3 to Q4, except in 2020, which experienced a 0.2 percent drop. From Q4 to Q1, the occupancy rate was unchanged at 89.7 percent from 2017 to 2018. Occupancy rates fell from 2018 to 2019 and 2019 to 2020, but they saw an uptick of 0.5 percent from 2020 to 2021. From Q1 2017 through Q2 2021, occupancy rates were in the 90s for 12 quarters and in the 80s for six quarters.

The West South Central area of the South, as shown in Table 7.10, started with an 88.8 percent occupancy rate in Q1 2017 and posted 94.3 percent in Q2 2021, which was the highest rate for the time period. The period's lowest occupancy rate was 88.4 percent in Q1 2019. The greatest quarterly increase for occupancy rates was 1.8 percent in Q2 2021. Q4 2017 and Q1 2019 tied for the most substantial occupancy rate decrease (one percent). Occupancy rates rose from Q1 to Q2 and Q2 to Q3 throughout the period. They experienced minimal declines from Q3 to Q4 throughout the period, except for 2020, when the occupancy rate saw a 0.2 percent uptick. Occupancy rates from Q4 to Q1 fell throughout the period, except for 2020 to 2021; a 0.7 percent increase was posted for that quarter. For the whole period, occupancy rates were in the 90s for eight quarters and in the 80s for 10 quarters.

Chart 7.5 shows the East South Central area had higher occupancy rates than the West South Central in every quarter except Q4 2017, when it was 0.2 percent lower, and in Q4 2019, when the rates were both 90.3 percent. The East South Central's highest occupancy rate spread compared to the West South Central's was 1.9 percent in Q2 2018 (91.6 percent vs. 89.7 percent).

The West

As Table 7.11 shows, between Q1 2017 and Q2 2021, the highest occupancy rate in the West region's Mountain

area was 94.5 percent in Q2 2021. The lowest occupancy rate was 89.7 percent in Q1 2019. Q1 2017 had an 89.9 percent occupancy rate. The occupancy rate in Q2 2021 rose 1.9 percent from Q1's 92.6 percent and two percent from Q4 2020's 92.5 percent. The greatest quarterly increase in the period was 2.1 percent from Q1 to Q2 2017. The greatest decrease was 1.8 percent from Q3 to Q4 2017. For the entire period, occupancy rates increased from Q1 to Q2, increased twice and decreased twice from Q2 to Q3, increased three times and decreased once from Q3 to Q4, and increased twice and decreased twice from Q4 to Q1. For the whole period, occupancy rates were in the 80s for four quarters and the 90s for 14 quarters.

Occupancy rates from Q1 2017 through Q2 2021 in the West region's Pacific area, shown in Table 7.12, peaked in Q3 2020 at 95.1 percent, up 4.2 percent from the lowest rate of 90.9 percent in Q4 2018. Q1 2017 had an occupancy rate of 92.8 percent. Q2 2021 posted 94.7 percent, down 0.1 percent from 94.8 percent the prior quarter and up 0.3 percent from 94.4 percent in Q4 2020. The greatest quarterly occupancy rate increase was 2.8 percent from Q2 to Q3 2020. Q4 2017 and Q4 2018 tied for the greatest quarterly decrease at 1.9 percent. For the period, occupancy rates rose

**Table 7.8 –
South Occupancy
(South Atlantic)**

Q1 2017	90.0%
Q2 2017	91.4%
Q3 2017	91.7%
Q4 2017	90.0%
Q1 2018	89.8%
Q2 2018	91.3%
Q3 2018	91.6%
Q4 2018	89.6%
Q1 2019	89.3%
Q2 2019	90.7%
Q3 2019	91.4%
Q4 2019	89.7%
Q1 2020	89.5%
Q2 2020	90.6%
Q3 2020	93.0%
Q4 2020	93.1%
Q1 2021	93.4%
Q2 2021	94.9%

Source: Radius+

**Table 7.9 –
South Occupancy
(East South Central)**

Q1 2017	89.3%
Q2 2017	91.5%
Q3 2017	91.6%
Q4 2017	89.7%
Q1 2018	89.7%
Q2 2018	91.6%
Q3 2018	91.5%
Q4 2018	89.6%
Q1 2019	88.8%
Q2 2019	90.4%
Q3 2019	91.5%
Q4 2019	90.3%
Q1 2020	89.5%
Q2 2020	90.4%
Q3 2020	92.8%
Q4 2020	93.0%
Q1 2021	93.5%
Q2 2021	94.9%

Source: Radius+

**Table 7.10 –
South Occupancy
(West South Central)**

Q1 2017	88.8%
Q2 2017	89.9%
Q3 2017	90.9%
Q4 2017	89.9%
Q1 2018	89.0%
Q2 2018	89.7%
Q3 2018	89.9%
Q4 2018	89.4%
Q1 2019	88.4%
Q2 2019	89.8%
Q3 2019	90.5%
Q4 2019	90.3%
Q1 2020	89.4%
Q2 2020	90.2%
Q3 2020	91.6%
Q4 2020	91.8%
Q1 2021	92.5%
Q2 2021	94.3%

Source: Radius+

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**Table 7.11 –
West Occupancy (Mountain)**

Q1 2017	89.9%
Q2 2017	92.0%
Q3 2017	91.6%
Q4 2017	89.8%
Q1 2018	89.9%
Q2 2018	91.5%
Q3 2018	92.0%
Q4 2018	90.2%
Q1 2019	89.7%
Q2 2019	91.4%
Q3 2019	92.4%
Q4 2019	91.5%
Q1 2020	90.7%
Q2 2020	92.3%
Q3 2020	91.9%
Q4 2020	92.5%
Q1 2021	92.6%
Q2 2021	94.5%

Source: Radius+

**Table 7.12 –
West Occupancy (Pacific)**

Q1 2017	92.8%
Q2 2017	93.6%
Q3 2017	93.7%
Q4 2017	91.8%
Q1 2018	91.8%
Q2 2018	92.6%
Q3 2018	92.8%
Q4 2018	90.9%
Q1 2019	91.1%
Q2 2019	92.1%
Q3 2019	92.6%
Q4 2019	91.4%
Q1 2020	91.7%
Q2 2020	92.3%
Q3 2020	95.1%
Q4 2020	94.4%
Q1 2021	94.8%
Q2 2021	94.7%

Source: Radius+

from Q1 to Q2 three times and fell once (0.1 percent in 2021). Occupancy rates also increased from Q2 to Q3 and fell from Q3 to Q4 throughout the period. As for occupancy rates from Q4 to Q1, upticks were reported, except from Q4 2017 to Q1 2018, when the rate

remained unchanged at 91.8 percent. Occupancy rates were in the 90s in all quarters.

Chart 7.6 compares the Mountain and Pacific areas of the West region. It shows the Pacific area had higher occupancy rates from Q1 2017 through Q2 2021 in every quarter except Q4 2019 (lower by 0.1 percent) and Q2 2020 (unchanged). The Pacific area's widest advantage over the Mountain area was 3.2 percent in Q3 2020.

Supply Impacts Occupancy

Occupancy rates probably will continue to decrease at existing facilities. Lease-ups will take longer if additional self-storage supply comes on line with insufficient demand to support it. And time projections for new developments to lease up continue growing to counteract the marketplace's increasing amount of storage space.

As Yardi Matrix's former director Nebenzahl says, while new deliveries slowed from 2019 through late 2021, the construction pipeline started increasing in mid-2021. But new facilities probably won't open for at least a few years.

Slight seasonal jumps or dips in occupancy rates are normal. But continual monitoring of maturing markets can reveal the long-term effects of saturated supply. ■

Rental Rates • Section 8

Despite the fact that many self-storage facilities sell retail items, such as locks and boxes, and offer various ancillary services to pad their bottom lines, rental rates represent the bulk of any site's revenue. To maximize that income stream, self-storage operators adjust rates based on supply and demand. Most also adhere to pre-determined rate increase schedules, such as every six months or annually, to keep existing tenants' rental rates in line with the current street rates.

Nowadays, the vast majority of operators implement rental rate increases through rate management software. These sophisticated, industry-specific rate management software programs utilize proprietary algorithms and formulas, as well as comparisons of competitors' rates, to suggest rental rate increases by unit size, type, availability, and demand. Those suggestions can then be applied to the current street rates and/or the rates of existing tenants; some rate management software can even automatically update the rates on the facility's website and send rate increase notifications to tenants. Through the use of rate management software, self-storage facilities can choose to apply rental rate adjustments on a daily basis, or more frequently if warranted. REITs and larger self-storage operators, for instance, have been known to alter their street rates multiple times a day based on real-time demand.

While rate management software can enable self-storage operators to improve their net operating income, supply and seasonality ultimately determine the asking rates. From 2016 to 2019, there was a staggering amount of new self-storage development across the country. That surge of new supply dampened demand in some of the major metropolitan statistical areas (MSAs) and secondary markets within the United States into 2020.

But 2020 was not a typical year for the self-storage industry or the world. The COVID-19 pandemic brought about new challenges for rental rates, as many states declared the coronavirus a state of emergency. Thus, landlords, including self-storage facilities, were not permitted to raise rents until those executive orders were lifted due to price gouging laws. Along the same lines, evictions were prohibited in some states.

The pandemic also upset the predictable seasonality of self-storage rental rates, which typically tend to mimic the temperatures, dropping in the winter and climbing in the spring and

Table 8.1 – Historical National Rental Rates (Non-Climate-Controlled)

Year	Non-Climate-Controlled 5x5 Asking Rent	Non-Climate-Controlled 5x10 Asking Rent	Non-Climate-Controlled 10x10 Asking Rent	Non-Climate-Controlled 10x15 Asking Rent	Non-Climate-Controlled 10x20 Asking Rent
2011 Q4	\$50.09	\$69.03	\$109.00	\$142.70	\$171.31
2012 Q1	\$50.40	\$69.60	\$109.61	\$143.35	\$172.26
2012 Q2	\$51.03	\$70.40	\$110.82	\$145.07	\$174.22
2012 Q3	\$51.38	\$71.05	\$112.12	\$146.31	\$175.39
2012 Q4	\$51.34	\$70.97	\$112.15	\$146.43	\$176.19
2013 Q1	\$51.74	\$71.43	\$112.74	\$146.93	\$177.21
2013 Q2	\$52.27	\$72.15	\$113.83	\$147.89	\$179.74
2013 Q3	\$52.54	\$72.78	\$115.04	\$149.02	\$180.99
2013 Q4	\$52.10	\$72.11	\$114.10	\$147.93	\$179.76
2014 Q1	\$52.74	\$73.19	\$115.84	\$150.30	\$182.26
2014 Q2	\$54.22	\$75.21	\$119.06	\$154.05	\$186.85
2014 Q3	\$54.47	\$75.61	\$119.66	\$154.78	\$187.63
2014 Q4	\$54.00	\$74.87	\$118.41	\$153.53	\$186.27
2015 Q1	\$55.07	\$76.49	\$120.93	\$156.81	\$190.00
2015 Q2	\$56.87	\$79.12	\$125.24	\$162.22	\$196.39
2015 Q3	\$56.47	\$78.64	\$124.68	\$160.98	\$195.28
2015 Q4	\$56.23	\$78.29	\$123.54	\$159.81	\$193.95
2016 Q1	\$57.28	\$79.75	\$125.68	\$162.94	\$196.98
2016 Q2	\$59.00	\$82.29	\$129.23	\$167.59	\$202.85
2016 Q3	\$48.90	\$69.30	\$109.10	\$137.00	\$157.20
2016 Q4	\$45.20	\$65.80	\$103.00	\$130.80	\$157.60
2017 Q1	\$47.20	\$64.60	\$102.60	\$129.30	\$155.40
2017 Q2	\$48.00	\$68.80	\$106.10	\$134.30	\$161.30
2017 Q3	\$49.40	\$71.00	\$109.60	\$141.40	\$164.40
2017 Q4	\$45.80	\$66.30	\$102.90	\$129.50	\$152.30
2018 Q1	\$45.30	\$65.00	\$100.40	\$127.40	\$148.90
2018 Q2	\$47.30	\$68.00	\$105.60	\$132.70	\$155.60
2018 Q3	\$47.59	\$68.90	\$106.93	\$135.84	\$156.28
2018 Q4	\$45.78	\$66.28	\$105.27	\$131.71	\$152.53
2019 Q1	\$45.21	\$65.25	\$102.78	\$128.77	\$153.22
2019 Q2	\$47.23	\$67.94	\$107.11	\$132.97	\$156.41
2019 Q3	\$46.69	\$66.99	\$105.72	\$131.59	\$153.15
2019 Q4	\$44.31	\$63.84	\$100.30	\$127.07	\$149.29
2020 Q1	\$44.63	\$63.60	\$99.24	\$126.59	\$148.95
2020 Q2	\$44.81	\$63.05	\$97.40	\$124.07	\$146.14
2020 Q3	\$47.35	\$65.78	\$101.64	\$128.20	\$150.38
2020 Q4	\$47.27	\$66.14	\$101.79	\$129.81	\$151.89
2021 Q1	\$48.07	\$67.66	\$103.89	\$132.91	\$155.94
2021 Q2	\$51.95	\$71.83	\$111.67	\$140.63	\$165.28

Source: Radius+

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summer. This is usually an annual occurrence that can be seen with stronger rates in the second and third quarters and slightly weaker rates in the first and fourth quarters. When looking at the tables and charts in this section, you will notice how COVID-19 altered this pattern in 2020.

However, going into 2021, the industry began to regain steam, and 2021 is proving to be the most profitable year since 2016. With most COVID-related emergency orders lifted, operators were once again able to raise rental rates, charge late fees, and evict delinquent tenants. Along with those factors, there has been an ongoing demand for

storage space as people continue to work from home, attend cyber schools, and rearrange their lives.

What's more, self-storage operators who had implemented "contactless" rentals during the pandemic were primed for better business this year. Indeed, online rentals should be included in the rental rate equation, since a customer who opts to conduct an online rental instead of interacting with a property manager may pay a higher rate if no concessions were offered throughout the "contactless" rental process.

National Averages

Although some self-storage facilities offer specialty units, such as wine lockers, RV and boat spaces, safety deposit boxes, and the like, this section of the *Almanac* focuses on the industry's two most common types: climate-controlled units and non-climate-controlled units. Additionally, while unit sizes vary by facility, only data from the five most popular unit sizes is presented. Those sizes include 5-by-5, 5-by-10, 10-by-10, 10-by-15, and 10-by-20. Depending upon a market's demand, a facility may offer larger units, such as 10-by-30s, to accommodate commercial tenants, or in-between sizes, such as 7.5 feet as one dimension of the unit size, to meet the demand of college students and other residential customers. With those factors in mind, let's take a look at rental rate averages in the United States.

As a result of softening markets due to an excess of new supply in 2016, 2017, and 2018, rental rates at existing facilities started to gradually slip from the record highs in the second quarter of 2016. Despite the declines, Tables 8.1 (on page 59) and 8.2 show that rental rates continued to follow the typical seasonal pattern experienced in the industry, with slightly lower fourth quarter and first quarter rates preceding stronger second quarter and third quarter rates, until the second quarter of 2020, when that seasonal repetition was disrupted by the pandemic.

Table 8.2 – Historical National Rental Rates (Climate-Controlled)

Year	Climate-Controlled 5x5 Asking Rent	Climate-Controlled 5x10 Asking Rent	Climate-Controlled 10x10 Asking Rent	Climate-Controlled 10x15 Asking Rent	Climate-Controlled 10x20 Asking Rent
2011 Q4	\$63.48	\$89.08	\$139.57	\$182.92	\$225.43
2012 Q1	\$63.81	\$89.73	\$140.14	\$183.17	\$226.42
2012 Q2	\$64.62	\$91.09	\$141.80	\$185.30	\$228.66
2012 Q3	\$65.14	\$91.83	\$143.06	\$186.89	\$230.51
2012 Q4	\$64.96	\$91.73	\$143.11	\$187.32	\$230.78
2013 Q1	\$65.21	\$92.01	\$143.80	\$188.81	\$232.86
2013 Q2	\$66.21	\$93.35	\$145.70	\$190.81	\$234.23
2013 Q3	\$66.39	\$93.99	\$147.20	\$191.75	\$235.51
2013 Q4	\$65.37	\$92.81	\$145.62	\$190.01	\$233.61
2014 Q1	\$65.99	\$93.99	\$147.89	\$193.15	\$237.38
2014 Q2	\$67.95	\$96.89	\$152.42	\$198.69	\$244.00
2014 Q3	\$68.18	\$97.00	\$153.04	\$199.28	\$244.50
2014 Q4	\$67.40	\$95.74	\$151.17	\$197.38	\$242.50
2015 Q1	\$68.36	\$97.53	\$153.98	\$201.05	\$246.78
2015 Q2	\$71.14	\$101.52	\$159.95	\$208.45	\$255.00
2015 Q3	\$70.76	\$100.95	\$158.59	\$206.64	\$253.34
2015 Q4	\$69.85	\$99.72	\$156.06	\$204.28	\$250.71
2016 Q1	\$71.17	\$101.45	\$158.25	\$207.25	\$254.26
2016 Q2	\$73.52	\$104.87	\$162.83	\$213.39	\$260.28
2016 Q3	\$59.60	\$89.60	\$138.20	\$179.60	\$225.20
2016 Q4	\$54.30	\$84.10	\$131.60	\$171.50	\$220.90
2017 Q1	\$56.40	\$84.10	\$130.50	\$170.80	\$218.40
2017 Q2	\$58.90	\$87.40	\$135.60	\$176.80	\$223.70
2017 Q3	\$58.30	\$88.00	\$136.40	\$180.50	\$230.30
2017 Q4	\$55.10	\$83.10	\$129.60	\$170.70	\$219.10
2018 Q1	\$53.90	\$80.60	\$127.00	\$166.50	\$213.90
2018 Q2	\$55.90	\$83.30	\$131.40	\$169.70	\$215.30
2018 Q3	\$56.20	\$84.56	\$132.01	\$172.40	\$218.18
2018 Q4	\$54.10	\$81.83	\$127.79	\$166.57	\$212.54
2019 Q1	\$53.69	\$81.03	\$127.25	\$166.11	\$215.71
2019 Q2	\$56.10	\$84.46	\$132.66	\$173.32	\$222.49
2019 Q3	\$55.67	\$82.93	\$130.36	\$170.69	\$216.65
2019 Q4	\$52.88	\$79.35	\$125.14	\$164.95	\$211.39
2020 Q1	\$52.75	\$78.96	\$123.91	\$163.57	\$208.64
2020 Q2	\$51.95	\$77.38	\$120.23	\$157.83	\$205.17
2020 Q3	\$54.82	\$82.65	\$129.21	\$169.65	\$221.42
2020 Q4	\$55.97	\$84.06	\$132.45	\$175.48	\$229.33
2021 Q1	\$57.20	\$85.41	\$134.42	\$178.15	\$234.37
2021 Q2	\$62.54	\$93.85	\$146.72	\$192.97	\$253.44

Source: Radius+

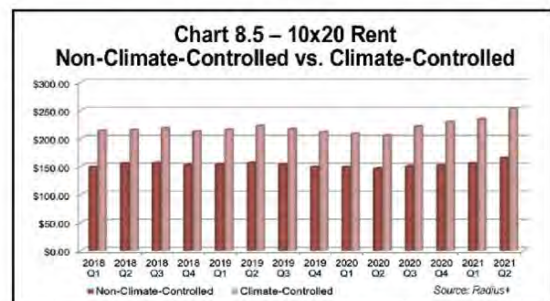
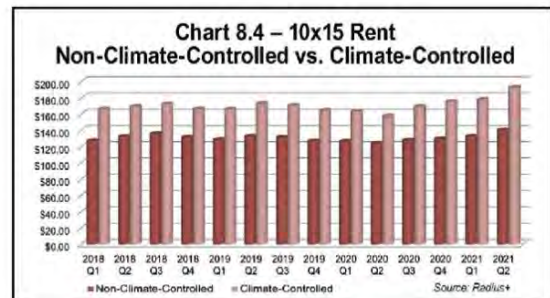
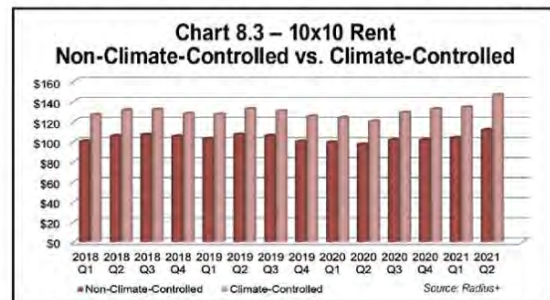
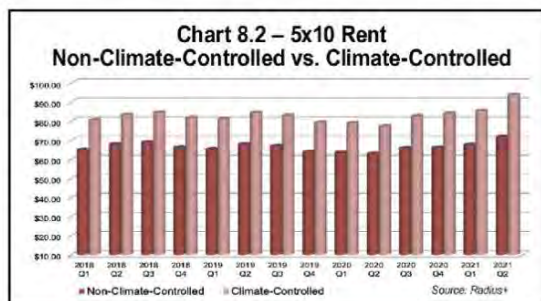
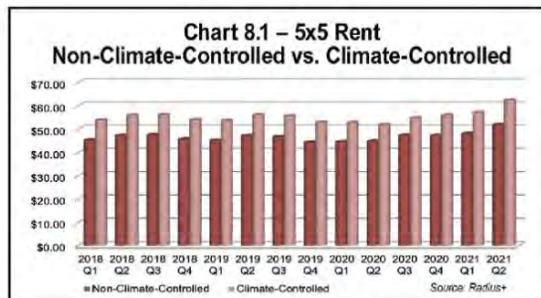
Normally, the second quarter of each year is marked by modest gains compared to its previous quarter, and then followed by even greater increases in the third quarter. Though that was not the case for 2020, when rates dropped in the second quarter, steady increases were reported afterward. Still, the typical seasonality of rental rates has not been seen since before the pandemic.

A closer look at Table 8.1 indicates that every non-climate-controlled unit size, except 5-by-5s, posted the lowest rates in the second quarter of 2020 and then gradual increases for the subsequent four quarters. While upticks were reported for 5-by-5s, that particular unit size saw a slight decline in rental rates in the fourth quarter of 2020, dropping from \$47.35 to \$47.27. Nevertheless, in one year's time, all non-climate-controlled unit sizes managed to raise rental rates by several dollars. From Q2 2020 to Q2 2021, rental rates for non-climate-controlled units increased by \$7.14 for 5-by-5s, \$8.78 for 5-by-10s, \$14.27 for 10-by-10s, \$16.56 for 10-by-15s, and \$19.14 for 10-by-20s.

The same was true for climate-controlled units, according to Table 8.2. Following bottommost rates in the second quarter of 2020, all climate-controlled units posted significant gains in Q3 2020. Climate-controlled 10-by-20s, for instance, enjoyed a hearty \$16.25 boost in just one quarter. What's more, by the time Q2 2021 came to a close, rental rates for a few of the climate-controlled unit sizes were on the verge of reaching the all-time highs reported in Q2 2016. Since Q2 2020, rental rates for climate-controlled units grew by \$10.59

for 5-by-5s, \$16.47 for 5-by-10s, \$26.49 for 10-by-10s, \$35.14 for 10-by-15s, and \$48.27 for 10-by-20s.

Charts 8.1, 8.2, 8.3, 8.4, and 8.5 below provide side-by-side comparisons of rental rates for climate-controlled units and non-climate-controlled units by size. It is immediately obvious that climate-controlled units fetch higher rental rates. Since operators provide climate-control features to protect tenants' stored goods from damage, they are able to charge more for the same amount of space. However, climate-controlled units also produce an additional expense for the facility, so operators must charge higher rates to offset those costs. Looking only at the second quarter of 2021, rental rates for all climate-controlled unit sizes exceed those of non-climate-controlled units by double digits. The most significant difference is seen in Chart 8.5; rental rates for climate-controlled 10-by-20s were approximately \$90 greater than the rental rates for non-climate-controlled 10-by-20s.



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Similarly, when it comes to revenue, Tables 8.3 and 8.4 below show that smaller unit sizes generate more profits per square foot than the larger unit sizes. In 2021, 25-square-foot units (5-by-5s) continued to yield more than double the amount than the largest reported size (200 square foot or 10-by-20). While it may be tempting to alter your unit mix to create more 5-by-5s in an effort to generate more income, avoid the “banker’s mix” and stick to a unit mix that has been designed to meet the needs of your specific market area.

Regional Rental Rates

Since the pandemic and its short-term halt on new construction in the first half of 2020, rental rates have managed to reach new highs. That temporary pause in development may have been a blessing in disguise, as many markets were

able to absorb excess supply that came on line from 2016 to 2018. And though new construction resumed in the second half of 2020, some self-storage projects were further delayed or scrapped altogether because of labor shortages, permitting/approval delays, skyrocketing material costs, and supply chain disruptions. Nevertheless, self-storage demand is market specific, varying by city, state, and region. Therefore, to obtain a more accurate depiction of various markets, it’s important to evaluate the vitality of rental rates by region.

Midwest (East North Central) – Tables on page 63

The Midwest (East North Central) region is comprised of five states near the Great Lakes: Illinois, Indiana, Michigan, Ohio, and Wisconsin. Its major MSAs include Akron, Ohio; Chicago, Ill.; Cincinnati, Ohio; Cleveland, Ohio; Columbus, Ohio;

**Table 8.3 –
National Rental Rates Per Square Foot
(Non-Climate-Controlled)**

Date	25 Sq. Ft. 5x5	50 Sq. Ft. 5x10	100 Sq. Ft. 10x10	150 Sq. Ft. 10x15	200 Sq. Ft. 10x20
Jan-18	\$1.97	\$1.41	\$1.14	\$0.98	\$0.90
Feb-18	\$1.99	\$1.43	\$1.15	\$1.00	\$0.91
Mar-18	\$2.03	\$1.44	\$1.16	\$1.00	\$0.91
Apr-18	\$2.19	\$1.57	\$1.25	\$1.07	\$0.97
May-18	\$2.24	\$1.60	\$1.26	\$1.07	\$0.98
Jun-18	\$2.24	\$1.62	\$1.28	\$1.09	\$0.99
Jul-18	\$2.02	\$1.43	\$1.11	\$0.93	\$0.85
Aug-18	\$2.01	\$1.44	\$1.11	\$0.97	\$0.82
Sep-18	\$1.91	\$1.38	\$1.07	\$0.93	\$0.79
Oct-18	\$1.85	\$1.34	\$1.04	\$0.87	\$0.77
Nov-18	\$1.83	\$1.33	\$1.03	\$0.87	\$0.76
Dec-18	\$1.81	\$1.31	\$1.01	\$0.85	\$0.75
Jan-19	\$1.81	\$1.30	\$1.02	\$0.85	\$0.76
Feb-19	\$1.80	\$1.31	\$1.03	\$0.86	\$0.77
Mar-19	\$1.82	\$1.31	\$1.04	\$0.86	\$0.77
Apr-19	\$1.86	\$1.34	\$1.06	\$0.87	\$0.78
May-19	\$1.90	\$1.37	\$1.07	\$0.89	\$0.78
Jun-19	\$1.90	\$1.38	\$1.08	\$0.89	\$0.78
Jul-19	\$1.91	\$1.37	\$1.08	\$0.89	\$0.78
Aug-19	\$1.89	\$1.35	\$1.06	\$0.88	\$0.77
Sep-19	\$1.80	\$1.30	\$1.03	\$0.86	\$0.75
Oct-19	\$1.77	\$1.28	\$1.01	\$0.86	\$0.75
Nov-19	\$1.77	\$1.28	\$1.00	\$0.85	\$0.74
Dec-19	\$1.78	\$1.27	\$1.00	\$0.84	\$0.74
Jan-20	\$1.78	\$1.28	\$1.00	\$0.84	\$0.74
Feb-20	\$1.78	\$1.26	\$0.99	\$0.85	\$0.74
Mar-20	\$1.80	\$1.28	\$1.00	\$0.85	\$0.75
Apr-20	\$1.77	\$1.24	\$0.96	\$0.82	\$0.73
May-20	\$1.78	\$1.25	\$0.97	\$0.82	\$0.72
Jun-20	\$1.83	\$1.29	\$1.00	\$0.84	\$0.74
Jul-20	\$1.87	\$1.30	\$1.01	\$0.85	\$0.74
Aug-20	\$1.91	\$1.33	\$1.03	\$0.86	\$0.76
Sep-20	\$1.90	\$1.32	\$1.01	\$0.85	\$0.75
Oct-20	\$1.89	\$1.32	\$1.01	\$0.86	\$0.75
Nov-20	\$1.90	\$1.33	\$1.02	\$0.87	\$0.76
Dec-20	\$1.89	\$1.32	\$1.02	\$0.87	\$0.76
Jan-21	\$1.91	\$1.34	\$1.03	\$0.87	\$0.76
Feb-21	\$1.91	\$1.35	\$1.03	\$0.89	\$0.78
Mar-21	\$1.95	\$1.37	\$1.06	\$0.90	\$0.79
Apr-21	\$2.00	\$1.39	\$1.08	\$0.91	\$0.80
May-21	\$2.07	\$1.43	\$1.11	\$0.93	\$0.81
Jun-21	\$2.16	\$1.49	\$1.17	\$0.98	\$0.86

Source: Radius+

**Table 8.4 –
National Rental Rates Per Square Foot
(Climate-Controlled)**

Date	25 Sq. Ft. 5x5	50 Sq. Ft. 5x10	100 Sq. Ft. 10x10	150 Sq. Ft. 10x15	200 Sq. Ft. 10x20
Jan-18	\$2.15	\$1.61	\$1.26	\$1.11	\$1.07
Feb-18	\$2.16	\$1.61	\$1.27	\$1.11	\$1.08
Mar-18	\$2.16	\$1.61	\$1.27	\$1.11	\$1.06
Apr-18	\$2.21	\$1.64	\$1.30	\$1.12	\$1.06
May-18	\$2.25	\$1.67	\$1.31	\$1.13	\$1.08
Jun-18	\$2.25	\$1.68	\$1.32	\$1.14	\$1.08
Jul-18	\$2.27	\$1.71	\$1.33	\$1.15	\$1.10
Aug-18	\$2.26	\$1.69	\$1.32	\$1.15	\$1.10
Sep-18	\$2.22	\$1.68	\$1.30	\$1.14	\$1.08
Oct-18	\$2.18	\$1.65	\$1.28	\$1.12	\$1.07
Nov-18	\$2.16	\$1.64	\$1.28	\$1.11	\$1.06
Dec-18	\$2.15	\$1.62	\$1.26	\$1.10	\$1.06
Jan-19	\$2.15	\$1.62	\$1.26	\$1.09	\$1.06
Feb-19	\$2.14	\$1.61	\$1.27	\$1.10	\$1.07
Mar-19	\$2.15	\$1.63	\$1.28	\$1.13	\$1.10
Apr-19	\$2.21	\$1.66	\$1.31	\$1.14	\$1.11
May-19	\$2.25	\$1.70	\$1.33	\$1.15	\$1.11
Jun-19	\$2.27	\$1.71	\$1.34	\$1.17	\$1.11
Jul-19	\$2.27	\$1.69	\$1.32	\$1.16	\$1.10
Aug-19	\$2.24	\$1.67	\$1.31	\$1.14	\$1.08
Sep-19	\$2.17	\$1.61	\$1.28	\$1.12	\$1.06
Oct-19	\$2.14	\$1.60	\$1.27	\$1.11	\$1.07
Nov-19	\$2.10	\$1.58	\$1.25	\$1.10	\$1.06
Dec-19	\$2.10	\$1.57	\$1.24	\$1.09	\$1.04
Jan-20	\$2.11	\$1.58	\$1.24	\$1.09	\$1.03
Feb-20	\$2.10	\$1.57	\$1.23	\$1.09	\$1.04
Mar-20	\$2.12	\$1.58	\$1.24	\$1.09	\$1.06
Apr-20	\$2.08	\$1.54	\$1.20	\$1.05	\$1.01
May-20	\$2.05	\$1.53	\$1.19	\$1.04	\$1.01
Jun-20	\$2.11	\$1.57	\$1.22	\$1.07	\$1.05
Jul-20	\$2.15	\$1.62	\$1.26	\$1.10	\$1.08
Aug-20	\$2.21	\$1.67	\$1.31	\$1.15	\$1.11
Sep-20	\$2.22	\$1.67	\$1.31	\$1.15	\$1.13
Oct-20	\$2.23	\$1.67	\$1.33	\$1.17	\$1.14
Nov-20	\$2.25	\$1.69	\$1.33	\$1.18	\$1.15
Dec-20	\$2.24	\$1.68	\$1.32	\$1.17	\$1.15
Jan-21	\$2.26	\$1.69	\$1.33	\$1.17	\$1.15
Feb-21	\$2.28	\$1.70	\$1.34	\$1.18	\$1.17
Mar-21	\$2.32	\$1.74	\$1.37	\$1.21	\$1.19
Apr-21	\$2.41	\$1.81	\$1.41	\$1.24	\$1.22
May-21	\$2.48	\$1.85	\$1.45	\$1.26	\$1.24
Jun-21	\$2.62	\$1.97	\$1.54	\$1.35	\$1.34

Source: Radius+

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Dayton, Ohio; Detroit, Mich.; Grand Rapids, Mich.; Indianapolis, Ind.; Madison, Wis.; Milwaukee, Wis.; and Toledo, Ohio. The region's largest city is Chicago, with approximately 2.7 million residents.

While most of the lowest rental rates reported in Table 8.5 occurred in May 2020, new highs for every unit size and type were posted in June 2021, which is the last month of the second quarter. Unlike previous years, 2021 saw no

Table 8.5 – Midwest Rental Rates (East North Central)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$47.80	\$72.79	\$113.77	\$146.47	\$184.11	\$39.82	\$56.72	\$87.39	\$111.31	\$126.03
Feb-18	\$48.03	\$72.69	\$113.94	\$146.34	\$182.25	\$39.66	\$56.23	\$87.27	\$110.38	\$124.98
Mar-18	\$47.74	\$71.81	\$113.13	\$145.67	\$178.67	\$39.85	\$56.70	\$87.87	\$111.01	\$126.48
Apr-18	\$49.11	\$72.61	\$116.46	\$150.15	\$180.51	\$40.97	\$57.96	\$89.65	\$112.99	\$129.14
May-18	\$49.92	\$73.47	\$117.09	\$150.14	\$184.40	\$41.47	\$58.40	\$90.41	\$112.89	\$128.39
Jun-18	\$49.70	\$73.37	\$115.15	\$148.47	\$183.34	\$41.46	\$58.64	\$91.94	\$114.26	\$144.62
Jul-18	\$49.59	\$74.99	\$117.68	\$152.44	\$185.33	\$41.29	\$59.93	\$93.69	\$117.09	\$133.43
Aug-18	\$49.89	\$74.97	\$117.27	\$152.66	\$187.92	\$41.35	\$60.07	\$94.34	\$117.43	\$134.15
Sep-18	\$48.68	\$74.37	\$116.34	\$151.89	\$187.80	\$40.97	\$58.86	\$92.39	\$114.69	\$130.79
Oct-18	\$47.35	\$71.89	\$114.08	\$147.52	\$184.47	\$39.81	\$57.50	\$90.43	\$113.06	\$129.72
Nov-18	\$46.42	\$70.74	\$112.76	\$145.14	\$181.83	\$39.03	\$57.37	\$88.70	\$111.11	\$129.41
Dec-18	\$45.75	\$69.98	\$110.40	\$142.69	\$179.06	\$38.24	\$58.09	\$88.16	\$111.14	\$128.44
Jan-19	\$45.72	\$69.89	\$109.79	\$140.64	\$179.25	\$38.36	\$56.52	\$87.45	\$109.71	\$126.40
Feb-19	\$45.57	\$69.63	\$109.71	\$141.86	\$179.81	\$38.27	\$56.19	\$87.30	\$109.55	\$126.69
Mar-19	\$46.08	\$70.78	\$111.77	\$144.34	\$182.91	\$39.52	\$56.62	\$89.58	\$111.39	\$128.01
Apr-19	\$46.74	\$72.42	\$114.18	\$147.13	\$184.02	\$39.97	\$57.45	\$91.26	\$113.20	\$128.13
May-19	\$46.97	\$73.18	\$115.82	\$148.06	\$184.47	\$40.31	\$58.11	\$92.36	\$114.05	\$129.17
Jun-19	\$47.36	\$73.09	\$116.09	\$148.54	\$184.64	\$40.16	\$58.58	\$93.21	\$115.06	\$132.04
Jul-19	\$48.53	\$72.54	\$115.97	\$148.91	\$187.69	\$39.84	\$58.68	\$94.50	\$117.15	\$133.18
Aug-19	\$47.76	\$71.92	\$116.14	\$148.53	\$185.78	\$39.84	\$57.48	\$92.39	\$114.06	\$129.03
Sep-19	\$46.49	\$70.13	\$112.97	\$146.05	\$182.88	\$37.23	\$55.11	\$88.14	\$109.83	\$124.79
Oct-19	\$45.49	\$69.40	\$112.27	\$145.67	\$181.74	\$36.86	\$54.39	\$86.28	\$109.64	\$124.09
Nov-19	\$44.97	\$68.54	\$110.25	\$143.10	\$178.92	\$37.30	\$54.14	\$85.20	\$107.66	\$124.02
Dec-19	\$44.64	\$67.98	\$109.02	\$141.59	\$177.19	\$37.18	\$53.88	\$83.93	\$106.80	\$124.17
Jan-20	\$44.83	\$68.41	\$109.42	\$141.48	\$177.55	\$36.75	\$53.78	\$83.23	\$105.63	\$121.98
Feb-20	\$44.61	\$68.35	\$108.57	\$141.71	\$177.51	\$36.54	\$53.17	\$82.91	\$105.77	\$122.00
Mar-20	\$44.78	\$68.58	\$109.18	\$143.58	\$179.47	\$37.30	\$53.95	\$84.29	\$107.95	\$124.56
Apr-20	\$43.79	\$67.11	\$106.59	\$139.95	\$175.74	\$36.80	\$52.54	\$80.69	\$103.58	\$120.77
May-20	\$43.66	\$66.61	\$105.80	\$137.45	\$174.79	\$37.81	\$53.41	\$80.54	\$102.11	\$120.07
Jun-20	\$44.39	\$66.99	\$106.63	\$138.40	\$178.59	\$39.31	\$54.10	\$82.50	\$103.88	\$121.03
Jul-20	\$45.64	\$69.52	\$109.52	\$143.51	\$184.16	\$40.44	\$54.80	\$83.50	\$105.03	\$119.82
Aug-20	\$47.60	\$72.84	\$115.37	\$152.06	\$190.16	\$42.46	\$56.87	\$84.91	\$107.67	\$121.04
Sep-20	\$48.09	\$73.13	\$114.95	\$152.08	\$191.84	\$42.17	\$55.57	\$83.19	\$104.53	\$118.96
Oct-20	\$47.96	\$72.84	\$115.46	\$151.74	\$194.88	\$41.69	\$55.26	\$83.04	\$104.80	\$119.34
Nov-20	\$48.87	\$73.91	\$117.27	\$154.84	\$198.86	\$41.90	\$55.66	\$83.47	\$106.30	\$121.29
Dec-20	\$48.47	\$74.03	\$116.04	\$153.14	\$197.83	\$41.79	\$55.14	\$82.91	\$105.99	\$121.45
Jan-21	\$49.48	\$74.69	\$116.23	\$153.44	\$197.23	\$42.44	\$55.41	\$82.60	\$105.82	\$121.81
Feb-21	\$49.84	\$74.08	\$116.80	\$154.73	\$201.08	\$42.19	\$55.10	\$82.71	\$106.31	\$123.29
Mar-21	\$50.73	\$75.83	\$119.48	\$158.53	\$206.14	\$42.55	\$56.22	\$84.94	\$108.67	\$125.17
Apr-21	\$52.97	\$79.46	\$125.37	\$165.78	\$215.39	\$45.07	\$58.25	\$88.02	\$111.37	\$128.46
May-21	\$54.68	\$81.96	\$129.31	\$171.50	\$220.75	\$46.88	\$60.35	\$90.70	\$114.30	\$130.94
Jun-21	\$58.77	\$87.49	\$138.08	\$185.19	\$242.78	\$49.07	\$62.82	\$94.62	\$119.91	\$135.40

Source: Radius+

**Table 8.6 – Midwest Rent Per Square Foot
(East North Central – Non-Climate-Controlled)**

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.59	\$1.13	\$0.88	\$0.74	\$0.63
2018 Q2	\$1.65	\$1.17	\$0.91	\$0.76	\$0.67
2018 Q3	\$1.65	\$1.19	\$0.93	\$0.78	\$0.66
2018 Q4	\$1.56	\$1.15	\$0.89	\$0.75	\$0.65
2019 Q1	\$1.55	\$1.13	\$0.88	\$0.74	\$0.64
2019 Q2	\$1.61	\$1.16	\$0.92	\$0.76	\$0.65
2019 Q3	\$1.56	\$1.14	\$0.92	\$0.76	\$0.65
2019 Q4	\$1.48	\$1.08	\$0.85	\$0.72	\$0.62
2020 Q1	\$1.47	\$1.07	\$0.83	\$0.71	\$0.61
2020 Q2	\$1.52	\$1.07	\$0.81	\$0.69	\$0.60
2020 Q3	\$1.67	\$1.11	\$0.84	\$0.70	\$0.60
2020 Q4	\$1.67	\$1.11	\$0.83	\$0.70	\$0.60
2021 Q1	\$1.70	\$1.11	\$0.83	\$0.71	\$0.62
2021 Q2	\$1.88	\$1.21	\$0.91	\$0.77	\$0.66

**Table 8.7 – Midwest Rent Per Square Foot
(East North Central – Climate-Controlled)**

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.91	\$1.45	\$1.14	\$0.97	\$0.91
2018 Q2	\$1.98	\$1.46	\$1.16	\$1.00	\$0.91
2018 Q3	\$1.98	\$1.50	\$1.17	\$1.02	\$0.93
2018 Q4	\$1.86	\$1.42	\$1.12	\$0.97	\$0.91
2019 Q1	\$1.83	\$1.40	\$1.10	\$0.95	\$0.90
2019 Q2	\$1.88	\$1.46	\$1.15	\$0.99	\$0.92
2019 Q3	\$1.90	\$1.43	\$1.15	\$0.99	\$0.93
2019 Q4	\$1.80	\$1.37	\$1.11	\$0.96	\$0.90
2020 Q1	\$1.79	\$1.37	\$1.09	\$0.95	\$0.89
2020 Q2	\$1.76	\$1.34	\$1.06	\$0.92	\$0.88
2020 Q3	\$1.88	\$1.44	\$1.13	\$0.99	\$0.94
2020 Q4	\$1.94	\$1.47	\$1.16	\$1.02	\$0.99
2021 Q1	\$2.00	\$1.50	\$1.18	\$1.04	\$1.01
2021 Q2	\$2.22	\$1.66	\$1.31	\$1.16	\$1.13

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seasonal upticks and downturns to rental rates. Instead, all climate-controlled units and non-climate-controlled units experienced gradual increases each month during the first half of 2021. Because the data in this table ends with June 2021, it will be interesting to see if the second half of the year follows suit or returns to the pre-pandemic seasonality when it's reported in the *2023 Self-Storage Almanac*.

A closer look at Table 8.5 shows that rental rates for every unit size and type (except non-climate-controlled 5-by-10s) increased by double digits from their May 2020 lows to June 2021. The greatest gain was reported for climate-controlled 10-by-20s, with rental rates for that size experiencing an increase of \$67.99. Even though non-climate-controlled 5-by-10s were the exception, rental rates for that type and size still rose \$9.65 from Feb. 2020 to June 2021. Furthermore, from Jan. 2021 to June 2021, seven of the 10 unit sizes in Table 8.5 posted gradual rental rate gains each month. Only climate-controlled 5-by-10s, non-climate-controlled 5-by-5s, and non-climate-controlled 5-by-10s had slight rental rate decreases in Feb. 2021; still, those three units managed to increase their rental rates the other five months of the year.

A closer look at Table 8.5 shows that rental rates for every unit size and type (except non-climate-controlled 5-by-10s) increased by double digits from their May 2020 lows to June 2021.

Tables 8.6 and 8.7 show rates per square foot for all unit sizes and types in the Midwest (East North Central) region. While non-climate-controlled 5-by-5s and 5-by-10s posted the highest rates in the second quarter of 2021, the other three non-climate-controlled unit sizes' topmost rates were in 2018—but only by one or two cents per square foot. Across the board, climate-controlled units hit new highs in Q2 2021. Conversely, the lowest rates per square foot for every unit size and type occurred in 2020; non-climate-controlled 5-by-5s experienced the lowest rate per square foot in the first quarter, while all other unit sizes and types had their bottom-most rates in the second quarter.

Midwest (West North Central) – Tables on page 65

The core of the "Farm Belt," the Midwest (West North Central), is made up of seven states: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota. This region's top MSAs include Des Moines, Iowa; Kansas City, Mo.; Minneapolis-St. Paul, Minn.; Omaha, Neb.; St. Louis, Mo.; Twin Cities, Minn.; and Wichita, Kan. Its largest MSA is the "Twin Cities" of Minneapolis and St. Paul.

As seen in Table 8.8, climate-controlled units in the West North Central region of the Midwest reported slight declines to rental rates in June 2021. All of the climate-controlled units in this region also posted rental rate increases in Jan. 2021 and then small decreases in Feb. 2021. Non-climate-controlled units, on the other hand, mostly experienced rental rate increases from March 2021 through June 2021. Of the non-climate-controlled units, only 5-by-5s had a minor drop (\$0.23) to rental rates in June 2021. Every non-climate-controlled unit size reported a rental rate reduction in Feb. 2021.

In Table 8.9, there is no clear pattern to the lowest rental rates reported, but four of the five non-climate-controlled unit sizes did post the highest rental rates in the third quarter of 2018. Looking at 10-by-20s in this table, one can see that there's only a four-cent difference between that size's highest and lowest rent per square foot, while 5-by-5s had a greater gap of \$0.28. As for climate-controlled units, Table 8.10 shows that all sizes had their bottommost rates in either the first or second quarter of 2020, and their top rates in either the second and/or third quarters of 2018 and/or 2019.

Northeast (Middle Atlantic) – Tables on page 67

Also known as the Mid-Atlantic region, this area consists of three states: New Jersey, New York, and Pennsylvania. Major MSAs in the Northeast (Middle Atlantic) include Albany, N.Y.; Allentown-Bethlehem-Easton, Pa.; Buffalo, N.Y.; Harrisburg-York-Lebanon, Pa.; New York-Newark, N.Y.-N.J.; Philadelphia, Pa.; Pittsburgh, Pa.; Rochester, N.Y.; Scranton-Wilkes Barre, Pa.; and Syracuse, N.Y. Its largest city is New York City.

In the Middle Atlantic area of the U.S., rental rates for all unit sizes and types took a hit in April or May of 2020 before posting gradual increases in June, July, and August. Only non-climate-controlled 10-by-15s had a slight dip in rental rates during those months, dropping from \$169.95 in July 2020 to \$168.13 in Aug. 2020. Despite a few trivial declines to rental rates for a handful of unit sizes in the fall and winter months of 2020, the majority of climate-controlled and non-climate-controlled unit sizes in the Mid-Atlantic region enjoyed steady upticks to rental rates from June 2020 to June 2021. What's more, all unit types and sizes closed the second quarter of 2021 with topmost rates and managed to post double-digit increases by the end of that time frame. The most notable rental rate improvement was reported for climate-controlled 10-by-20s, which shot up to \$392.80 in June 2021—a triple-digit increase of \$128.80 since its lowest rate of \$264 in May 2020.

When looking at rental rates by square foot in Table 8.12, four of the five non-climate-controlled units had the highest rents in the third quarter of 2019. Only 5-by-5s recorded topmost rates in Q2 2021 at \$2.59 per square foot, which is \$0.37 greater than its lowest rate of \$2.22 in Q1 2018. Table 8.13 shows that the uppermost rents per square foot for

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climate-controlled units occurred in the second quarter of 2021. Conversely, most of the lowest rates happened during the second quarter of 2020. The worst quarter for climate-controlled 5-by-5s was the fourth quarter of 2019, when that

unit size posted a rent per square foot of \$2.15. Speaking of climate-controlled 5-by-5s, that particular unit size had the largest uptick in rent per square foot from Q1 2021 to Q2 2021 with a 40-cent increase.

Table 8.8 – Midwest Rental Rates (West North Central)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$52.67	\$77.05	\$116.99	\$150.08	\$195.93	\$42.48	\$56.13	\$82.66	\$99.46	\$110.94
Feb-18	\$52.53	\$76.90	\$116.38	\$147.97	\$191.68	\$43.63	\$60.11	\$81.69	\$99.94	\$109.09
Mar-18	\$52.23	\$75.91	\$117.10	\$144.03	\$182.88	\$43.91	\$56.35	\$82.17	\$100.46	\$109.78
Apr-18	\$53.52	\$76.94	\$120.65	\$147.90	\$188.41	\$44.46	\$58.05	\$84.46	\$102.46	\$113.01
May-18	\$54.45	\$77.11	\$117.17	\$146.35	\$180.15	\$42.38	\$57.76	\$85.03	\$102.53	\$111.66
Jun-18	\$53.48	\$77.87	\$118.66	\$148.90	\$196.08	\$46.23	\$59.04	\$85.47	\$101.59	\$113.21
Jul-18	\$52.71	\$78.12	\$119.67	\$152.02	\$191.59	\$46.16	\$58.95	\$85.30	\$102.59	\$115.17
Aug-18	\$52.80	\$77.39	\$118.20	\$149.17	\$188.74	\$45.86	\$59.86	\$87.15	\$104.16	\$116.21
Sep-18	\$52.57	\$77.02	\$117.33	\$147.33	\$186.65	\$43.50	\$57.99	\$86.27	\$103.81	\$114.37
Oct-18	\$52.03	\$76.89	\$116.08	\$147.27	\$186.00	\$43.23	\$56.21	\$85.19	\$101.84	\$114.22
Nov-18	\$52.58	\$76.28	\$116.26	\$147.51	\$183.65	\$42.66	\$55.93	\$84.69	\$104.06	\$112.12
Dec-18	\$51.83	\$75.48	\$115.69	\$146.19	\$183.89	\$41.66	\$55.23	\$82.63	\$101.96	\$111.17
Jan-19	\$51.74	\$75.03	\$114.43	\$144.97	\$183.87	\$40.97	\$55.04	\$81.47	\$99.26	\$110.06
Feb-19	\$51.48	\$74.66	\$113.99	\$143.97	\$181.21	\$40.71	\$55.94	\$81.75	\$98.98	\$109.60
Mar-19	\$50.72	\$74.13	\$113.40	\$143.92	\$181.57	\$39.91	\$56.36	\$83.58	\$99.70	\$111.10
Apr-19	\$52.20	\$75.76	\$116.77	\$147.97	\$185.94	\$41.93	\$57.54	\$86.11	\$100.35	\$111.35
May-19	\$53.08	\$77.85	\$118.05	\$150.52	\$188.93	\$44.75	\$59.03	\$88.63	\$102.33	\$113.94
Jun-19	\$53.67	\$78.17	\$118.99	\$150.62	\$189.40	\$43.96	\$59.68	\$91.79	\$100.81	\$113.99
Jul-19	\$53.95	\$77.18	\$117.82	\$149.51	\$182.60	\$44.75	\$59.80	\$90.92	\$101.85	\$114.55
Aug-19	\$54.21	\$77.29	\$118.79	\$151.26	\$188.95	\$45.23	\$57.98	\$88.21	\$103.76	\$114.21
Sep-19	\$50.97	\$74.49	\$115.77	\$148.25	\$184.59	\$42.42	\$55.58	\$84.79	\$100.41	\$112.53
Oct-19	\$51.75	\$75.41	\$114.79	\$147.92	\$183.10	\$39.76	\$54.53	\$83.40	\$99.20	\$113.11
Nov-19	\$49.39	\$72.04	\$110.40	\$144.81	\$176.74	\$38.61	\$53.77	\$81.62	\$96.15	\$109.08
Dec-19	\$49.14	\$71.14	\$108.31	\$141.98	\$172.35	\$38.59	\$52.96	\$79.97	\$95.18	\$107.08
Jan-20	\$47.10	\$70.37	\$107.90	\$139.81	\$170.75	\$37.88	\$53.79	\$79.78	\$94.85	\$108.16
Feb-20	\$46.45	\$70.56	\$106.43	\$139.21	\$173.82	\$38.12	\$52.31	\$78.79	\$94.98	\$109.69
Mar-20	\$45.98	\$71.08	\$107.47	\$140.25	\$177.62	\$38.49	\$51.91	\$79.23	\$95.59	\$110.91
Apr-20	\$46.67	\$69.78	\$105.01	\$137.23	\$172.51	\$37.71	\$50.97	\$77.36	\$96.19	\$109.99
May-20	\$47.93	\$69.20	\$103.62	\$136.16	\$169.14	\$38.92	\$51.95	\$77.14	\$95.64	\$110.05
Jun-20	\$48.05	\$71.81	\$104.25	\$136.26	\$175.50	\$39.76	\$53.13	\$79.57	\$96.43	\$111.46
Jul-20	\$49.54	\$71.48	\$106.83	\$138.70	\$180.85	\$40.86	\$52.77	\$79.51	\$96.88	\$111.67
Aug-20	\$49.28	\$72.79	\$110.71	\$143.65	\$185.68	\$41.81	\$53.85	\$80.20	\$98.63	\$112.53
Sep-20	\$49.79	\$73.43	\$109.45	\$144.29	\$183.75	\$43.12	\$54.54	\$78.97	\$97.41	\$109.46
Oct-20	\$49.68	\$72.95	\$110.41	\$143.74	\$186.94	\$42.57	\$54.19	\$78.37	\$97.83	\$108.80
Nov-20	\$49.29	\$72.08	\$110.36	\$143.64	\$184.78	\$42.02	\$53.28	\$78.31	\$96.86	\$108.96
Dec-20	\$49.74	\$71.95	\$110.22	\$142.60	\$184.56	\$40.91	\$52.77	\$77.36	\$96.24	\$108.11
Jan-21	\$50.37	\$72.72	\$111.31	\$143.96	\$186.29	\$40.78	\$52.89	\$76.68	\$96.27	\$107.78
Feb-21	\$48.94	\$72.16	\$109.64	\$143.70	\$185.32	\$40.25	\$52.26	\$75.90	\$95.66	\$107.56
Mar-21	\$49.49	\$72.71	\$109.52	\$142.99	\$183.59	\$40.88	\$52.81	\$76.56	\$96.46	\$108.23
Apr-21	\$50.00	\$74.09	\$112.78	\$146.96	\$190.44	\$42.03	\$53.89	\$78.08	\$97.32	\$110.09
May-21	\$50.90	\$74.86	\$115.50	\$149.68	\$189.21	\$43.34	\$55.09	\$79.28	\$98.17	\$111.05
Jun-21	\$50.30	\$74.50	\$114.29	\$148.19	\$184.53	\$43.11	\$55.55	\$80.28	\$98.99	\$112.73

Source: Radius+

**Table 8.9 – Midwest Rent Per Square Foot
(West North Central – Non-Climate-Controlled)** Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.73	\$1.15	\$0.82	\$0.67	\$0.55
2018 Q2	\$1.77	\$1.17	\$0.85	\$0.68	\$0.56
2018 Q3	\$1.81	\$1.18	\$0.86	\$0.69	\$0.58
2018 Q4	\$1.70	\$1.12	\$0.84	\$0.68	\$0.56
2019 Q1	\$1.62	\$1.12	\$0.82	\$0.66	\$0.55
2019 Q2	\$1.74	\$1.18	\$0.89	\$0.67	\$0.57
2019 Q3	\$1.77	\$1.16	\$0.88	\$0.68	\$0.57
2019 Q4	\$1.56	\$1.07	\$0.82	\$0.65	\$0.55
2020 Q1	\$1.53	\$1.05	\$0.79	\$0.63	\$0.55
2020 Q2	\$1.55	\$1.04	\$0.78	\$0.64	\$0.55
2020 Q3	\$1.68	\$1.07	\$0.80	\$0.65	\$0.56
2020 Q4	\$1.67	\$1.07	\$0.78	\$0.65	\$0.54
2021 Q1	\$1.63	\$1.05	\$0.76	\$0.64	\$0.54
2021 Q2	\$1.71	\$1.10	\$0.79	\$0.65	\$0.56

**Table 8.10 – Midwest Rent Per Square Foot
(West North Central – Climate-Controlled)** Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.10	\$1.53	\$1.17	\$0.98	\$0.94
2018 Q2	\$2.15	\$1.54	\$1.18	\$0.98	\$0.91
2018 Q3	\$2.11	\$1.55	\$1.18	\$1.00	\$0.95
2018 Q4	\$2.08	\$1.52	\$1.16	\$0.98	\$0.92
2019 Q1	\$2.05	\$1.49	\$1.14	\$0.96	\$0.91
2019 Q2	\$2.12	\$1.55	\$1.18	\$1.00	\$0.94
2019 Q3	\$2.12	\$1.53	\$1.17	\$1.00	\$0.93
2019 Q4	\$2.00	\$1.46	\$1.11	\$0.97	\$0.89
2020 Q1	\$1.86	\$1.41	\$1.07	\$0.93	\$0.87
2020 Q2	\$1.90	\$1.41	\$1.04	\$0.91	\$0.86
2020 Q3	\$1.98	\$1.45	\$1.09	\$0.95	\$0.92
2020 Q4	\$1.98	\$1.45	\$1.10	\$0.96	\$0.93
2021 Q1	\$1.99	\$1.45	\$1.10	\$0.96	\$0.92
2021 Q2	\$2.02	\$1.49	\$1.14	\$0.99	\$0.94

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Northeast (New England) – Tables on page 68

The New England portion of the Northeast region is comprised of six states: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. This region has approximately 14.85 million residents, and its top core based statistical areas (CBSAs) include Boston, Mass.; Bridgeport-Stamford-Norwalk, Conn.; Hartford, Conn.; New Haven-Milford, Conn.; Providence-Warwick, R.I.; Springfield, Mass.; and Worcester, Mass.-Conn. Boston is the largest city.

Unlike other regions in the U.S., data in Table 8.14 shows that the lowest rental rates for climate-controlled units in the New England area didn't occur in the second quarter of 2020, whereas three of the five non-climate-controlled unit sizes did post bottommost rates in that quarter. Following the onset of the pandemic, the majority of climate-controlled and non-climate-controlled unit sizes reported gradual upticks to rental rates in June, July, and August of 2020; the exceptions were climate-controlled 10-by-20s, which decreased by \$0.64 in July, and non-climate-controlled 10-by-15s, which slipped by \$0.10 in July. Though non-climate-controlled units experienced more rental rate fluctuation than climate-controlled units from Sept. 2020 through Feb. 2021, each unit size and type reported increases for the three months of Q2 2021. Furthermore, rental rates for all unit sizes in Table 8.14 were the highest in June 2021, with climate-controlled 10-by-20s surpassing the \$300 mark that month at \$319.84—an increase of \$32.73 in one month and \$95.62 greater than that size's lowest rate (\$224.22) in Nov. 2018.

Similarly, rents per square foot for non-climate-controlled and climate-controlled units were highest in Q2 2021, as seen in Tables 8.15 and 8.16. The lowest rents for all unit sizes and types were not as consistent, occurring in either 2018 or 2020.

South Atlantic – Tables on page 71

The states of Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia, as well as the District of Columbia, make up the South Atlantic region. Some of the largest cities within the South Atlantic region include Atlanta, Ga.; Baltimore, Md.; Charleston, S.C.; Charlotte, N.C.; Daytona Beach, Fla.; Durham, N.C.; Greensboro, N.C.; Jacksonville, Fla.; Miami, Fla.; Orlando, Fla.; Raleigh, N.C.; Richmond, Va.; Tampa, Fla.; Virginia Beach, Va.; and Washington, D.C. With more than 6.28 million residents, the Washington-Arlington-Alexandria MSA is the largest metro area within the South Atlantic region.

For the South Atlantic, data in Table 8.17 shows a clear, across-the-board trend in 2020. Similar to other regions of the United States, rental rates for all unit sizes and types in this area increased marginally in March 2020 before declining in April and May. Moreover, nine out of 10 unit sizes in Table 8.17 reported their lowest rates in May 2020. Non-climate-controlled 5-by-5s were the exception, with slightly lower

rates in October 2019; however, the difference was a meager \$0.15. After two months of declines at the beginning of the second quarter of 2020, rental rates for all unit sizes and types began to ascend again in June 2020. For the last six months of 2020, there was some rental rate fluctuation. Though that flux was mostly among non-climate-controlled units, all climate-controlled unit sizes, except 10-by-20s, posted slight declines in Dec. 2020. The patterns in 2021 were much more positive, with rental rate gains noted for every month but February, when three unit sizes reported minimal decreases: climate-controlled 5-by-5s, non-climate-controlled 5-by-5s, and non-climate-controlled 5-by-10s.

For the South Atlantic, data in Table 8.17 shows a clear, across-the-board trend in 2020. Similar to other regions of the United States, rental rates for all unit sizes and types in this area increased marginally in March 2020 before declining in April and May.

With the exception of non-climate-controlled 10-by-10s, all unit sizes recorded topmost rates in June 2021. Data in Tables 8.18 and 8.19 show the same pattern for rent per square foot. As for the lowest rents, Q2 2020 was the worst quarter for climate-controlled units of every size as well as four out of five non-climate-controlled unit sizes. The bottommost rent for non-climate-controlled 5-by-5s was reported in Q4 2019 at \$1.73.

South (East South Central) – Tables on page 72

The South (East South Central) region includes Alabama, Kentucky, Mississippi, and Tennessee. The largest cities within this region by population are Birmingham, Ala.; Huntsville, Ala.; Jackson, Miss.; Knoxville, Tenn.; Lexington, Ky.; Louisville, Ky.; Memphis, Tenn.; Mobile, Ala.; Montgomery, Ala.; and Nashville, Tenn. Based on population, Nashville is the largest city in this region, with more than 670,000 residents.

When looking at non-climate-controlled units in Table 8.20, one can see that there was a great deal of fluctuation in the last 12 months of data. Rental rates for many of the larger unit sizes experienced plenty of up-and-down movement. However, three of the five non-climate-controlled unit sizes (5-by-5s, 10-by-10s, and 10-by-20s) did manage to end June 2021 with uppermost rates; the other two sizes (5-by-10s and 10-by-15s) posted slight rental rate decreases that month. Conversely, all climate-controlled unit sizes had the best rates in June 2021 and enjoyed double-digit rental rate growth from Q2 2020 to Q2 2021. Though rental rates for climate-controlled units did not fluctuate as much, all

of those unit sizes did experience some rate declines in the fourth quarter of 2020, and every climate-controlled unit size dipped in price that December.

Tables 8.21 and 8.22 include data about rent per square foot for the South (East South Central) region. Once again, more fluctuation can be seen for the non-climate-controlled units' rents. As for climate-controlled unit sizes, there are two clear patterns: All unit sizes had the lowest rents

Table 8.11 – Northeast Rental Rates (Middle Atlantic)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$63.38	\$101.29	\$163.29	\$222.66	\$283.75	\$54.60	\$81.32	\$131.44	\$167.07	\$196.85
Feb-18	\$63.33	\$102.36	\$164.70	\$221.56	\$287.42	\$54.63	\$82.03	\$132.83	\$168.97	\$196.52
Mar-18	\$63.72	\$103.43	\$167.47	\$225.35	\$287.92	\$57.02	\$84.66	\$137.59	\$174.80	\$198.29
Apr-18	\$66.10	\$106.69	\$172.23	\$233.61	\$299.35	\$60.17	\$86.83	\$140.60	\$176.12	\$199.51
May-18	\$69.23	\$110.41	\$173.83	\$234.69	\$304.89	\$60.24	\$89.72	\$144.01	\$181.20	\$206.58
Jun-18	\$69.17	\$110.90	\$174.27	\$235.27	\$301.34	\$60.05	\$90.73	\$144.67	\$181.80	\$203.27
Jul-18	\$69.04	\$111.70	\$173.88	\$237.39	\$307.91	\$60.28	\$91.11	\$143.84	\$181.92	\$202.83
Aug-18	\$69.05	\$111.59	\$173.66	\$237.82	\$312.80	\$59.91	\$90.82	\$143.45	\$181.75	\$202.66
Sep-18	\$67.18	\$109.23	\$171.94	\$235.48	\$308.65	\$58.38	\$87.37	\$140.60	\$177.56	\$202.22
Oct-18	\$66.05	\$107.77	\$170.50	\$231.00	\$302.16	\$57.49	\$85.89	\$140.46	\$174.88	\$198.35
Nov-18	\$65.56	\$106.95	\$168.96	\$228.29	\$303.91	\$57.49	\$85.33	\$138.02	\$175.50	\$199.97
Dec-18	\$65.24	\$104.80	\$166.90	\$226.32	\$296.56	\$56.62	\$84.59	\$136.62	\$175.50	\$202.11
Jan-19	\$64.93	\$104.24	\$166.41	\$224.11	\$297.27	\$56.64	\$84.15	\$135.31	\$172.28	\$200.54
Feb-19	\$64.24	\$103.79	\$166.16	\$224.36	\$298.55	\$57.17	\$84.30	\$136.64	\$173.11	\$203.86
Mar-19	\$64.71	\$104.83	\$168.24	\$227.99	\$304.28	\$58.47	\$86.37	\$141.63	\$177.70	\$208.22
Apr-19	\$65.75	\$107.00	\$171.05	\$230.46	\$304.05	\$58.85	\$88.67	\$143.77	\$180.28	\$212.50
May-19	\$66.39	\$109.52	\$173.95	\$232.74	\$305.08	\$60.24	\$90.75	\$145.75	\$185.94	\$213.30
Jun-19	\$66.51	\$108.79	\$174.05	\$230.65	\$298.30	\$59.69	\$91.41	\$145.75	\$188.16	\$214.17
Jul-19	\$65.99	\$106.29	\$171.63	\$227.60	\$294.02	\$59.37	\$90.62	\$145.04	\$186.39	\$210.56
Aug-19	\$65.18	\$105.77	\$170.13	\$225.51	\$295.64	\$58.84	\$88.64	\$140.71	\$178.49	\$205.62
Sep-19	\$62.26	\$102.29	\$164.27	\$222.20	\$286.70	\$56.01	\$84.16	\$134.99	\$171.43	\$198.40
Oct-19	\$61.61	\$101.28	\$161.86	\$221.35	\$285.48	\$53.79	\$81.78	\$133.22	\$169.89	\$196.70
Nov-19	\$61.18	\$100.51	\$160.62	\$219.45	\$285.29	\$53.78	\$81.16	\$130.76	\$167.10	\$196.44
Dec-19	\$61.16	\$99.89	\$159.41	\$215.58	\$283.80	\$53.75	\$81.21	\$129.85	\$164.63	\$196.23
Jan-20	\$61.11	\$98.91	\$158.48	\$214.96	\$281.33	\$54.03	\$81.64	\$129.42	\$165.67	\$196.34
Feb-20	\$60.10	\$96.34	\$155.58	\$212.25	\$280.66	\$54.70	\$80.94	\$128.93	\$166.45	\$195.40
Mar-20	\$60.79	\$96.96	\$156.37	\$213.09	\$284.54	\$55.85	\$81.29	\$130.55	\$166.75	\$198.92
Apr-20	\$57.97	\$92.31	\$147.57	\$202.97	\$270.38	\$53.71	\$77.11	\$121.98	\$161.18	\$193.32
May-20	\$57.48	\$91.98	\$145.89	\$198.34	\$264.00	\$54.23	\$78.99	\$126.05	\$159.20	\$189.16
Jun-20	\$61.15	\$97.38	\$154.84	\$208.96	\$278.67	\$56.48	\$81.67	\$131.79	\$166.00	\$190.62
Jul-20	\$63.98	\$102.63	\$162.33	\$217.74	\$285.05	\$58.59	\$84.42	\$133.71	\$169.95	\$193.51
Aug-20	\$66.87	\$108.27	\$170.97	\$226.40	\$295.71	\$59.40	\$84.91	\$134.99	\$168.13	\$193.60
Sep-20	\$67.29	\$107.56	\$171.60	\$227.49	\$299.15	\$58.57	\$83.41	\$130.42	\$165.71	\$188.39
Oct-20	\$68.36	\$108.44	\$175.20	\$234.73	\$309.51	\$57.91	\$82.54	\$130.81	\$169.85	\$192.36
Nov-20	\$69.52	\$109.44	\$176.91	\$239.58	\$318.16	\$58.43	\$82.92	\$131.40	\$168.97	\$194.14
Dec-20	\$69.06	\$109.00	\$174.81	\$238.25	\$321.84	\$59.16	\$83.37	\$132.31	\$168.84	\$196.46
Jan-21	\$69.33	\$109.29	\$174.72	\$238.09	\$325.99	\$59.63	\$83.55	\$134.03	\$172.27	\$199.97
Feb-21	\$70.05	\$110.26	\$177.40	\$244.58	\$330.52	\$59.88	\$84.29	\$136.06	\$177.64	\$205.81
Mar-21	\$71.57	\$113.04	\$183.84	\$254.79	\$342.87	\$61.25	\$85.89	\$140.25	\$180.31	\$209.49
Apr-21	\$75.30	\$117.64	\$187.75	\$256.97	\$341.62	\$62.04	\$86.96	\$140.33	\$179.32	\$204.37
May-21	\$79.32	\$123.29	\$194.12	\$264.80	\$354.79	\$64.54	\$90.15	\$141.55	\$182.27	\$211.12
Jun-21	\$86.27	\$134.11	\$211.65	\$289.04	\$392.80	\$67.61	\$96.43	\$155.01	\$197.30	\$227.83

Source: Radius+

**Table 8.12 – Northeast Rent Per Square Foot
(Middle Atlantic – Non-Climate-Controlled)**

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.22	\$1.65	\$1.34	\$1.14	\$0.99
2018 Q2	\$2.41	\$1.78	\$1.43	\$1.20	\$1.02
2018 Q3	\$2.38	\$1.80	\$1.43	\$1.20	\$1.01
2018 Q4	\$2.29	\$1.71	\$1.38	\$1.17	\$1.00
2019 Q1	\$2.30	\$1.70	\$1.38	\$1.16	\$1.02
2019 Q2	\$2.38	\$1.81	\$1.45	\$1.23	\$1.07
2019 Q3	\$2.58	\$2.10	\$1.69	\$1.50	\$1.46
2019 Q4	\$2.45	\$2.01	\$1.61	\$1.46	\$1.42
2020 Q1	\$2.43	\$1.95	\$1.57	\$1.42	\$1.41
2020 Q2	\$2.36	\$1.88	\$1.49	\$1.36	\$1.36
2020 Q3	\$2.35	\$1.68	\$1.33	\$1.12	\$0.96
2020 Q4	\$2.34	\$1.66	\$1.31	\$1.13	\$0.97
2021 Q1	\$2.41	\$1.69	\$1.37	\$1.18	\$1.03
2021 Q2	\$2.59	\$1.82	\$1.46	\$1.24	\$1.07

**Table 8.13 – Northeast Rent Per Square Foot
(Middle Atlantic – Climate-Controlled)**

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.54	\$2.05	\$1.65	\$1.49	\$1.43
2018 Q2	\$2.73	\$2.19	\$1.73	\$1.56	\$1.51
2018 Q3	\$2.74	\$2.22	\$1.73	\$1.58	\$1.55
2018 Q4	\$2.62	\$2.13	\$1.69	\$1.52	\$1.50
2019 Q1	\$2.59	\$2.09	\$1.67	\$1.50	\$1.50
2019 Q2	\$2.65	\$2.17	\$1.73	\$1.54	\$1.51
2019 Q3	\$2.32	\$1.76	\$1.40	\$1.19	\$1.02
2019 Q4	\$2.15	\$1.63	\$1.31	\$1.11	\$0.98
2020 Q1	\$2.19	\$1.63	\$1.30	\$1.11	\$0.98
2020 Q2	\$2.19	\$1.59	\$1.27	\$1.08	\$0.96
2020 Q3	\$2.64	\$2.12	\$1.68	\$1.49	\$1.47
2020 Q4	\$2.76	\$2.18	\$1.76	\$1.58	\$1.58
2021 Q1	\$2.81	\$2.22	\$1.79	\$1.64	\$1.67
2021 Q2	\$3.21	\$2.50	\$1.98	\$1.80	\$1.82

Section 8 • Rental Rates

in Q2 2020 and the highest rents in Q2 2021. Though only three quarters fall between those lows and highs, rents improved somewhat significantly during that time. A 32-cent increase per square foot was reported for 5-by-5s, which

equals \$8 for the entire 25 square feet. A 22-cent increase for 5-by-10s translates to \$11, a 21-cent increase for 10-by-10s equals \$21, an 18-cent increase for 10-by-15s translates to \$27, and a 15-cent increase for 10-by-20s equals \$30.

Table 8.14 – Northeast Rental Rates (New England)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$56.47	\$87.33	\$139.14	\$182.95	\$237.38	\$46.28	\$71.17	\$115.29	\$142.37	\$167.12
Feb-18	\$57.51	\$86.11	\$140.71	\$182.34	\$233.36	\$47.19	\$71.70	\$115.33	\$145.39	\$169.46
Mar-18	\$57.34	\$87.34	\$140.06	\$179.25	\$229.62	\$48.87	\$73.76	\$117.28	\$147.42	\$169.75
Apr-18	\$60.10	\$89.72	\$148.22	\$181.95	\$224.83	\$51.49	\$75.79	\$120.39	\$151.49	\$173.50
May-18	\$63.86	\$92.59	\$147.67	\$192.35	\$236.20	\$52.71	\$77.76	\$122.79	\$153.82	\$176.77
Jun-18	\$62.79	\$95.59	\$149.27	\$191.16	\$234.88	\$54.87	\$80.21	\$125.22	\$155.17	\$175.58
Jul-18	\$64.17	\$98.00	\$150.42	\$191.88	\$233.88	\$54.79	\$81.96	\$126.78	\$153.58	\$176.89
Aug-18	\$61.96	\$95.38	\$148.62	\$191.16	\$236.73	\$54.94	\$81.41	\$125.77	\$154.52	\$178.05
Sep-18	\$59.96	\$95.53	\$145.37	\$189.44	\$229.95	\$52.70	\$79.71	\$125.06	\$155.19	\$178.08
Oct-18	\$59.15	\$93.99	\$143.40	\$187.39	\$227.62	\$52.23	\$79.19	\$123.38	\$151.72	\$175.82
Nov-18	\$58.18	\$89.85	\$143.28	\$184.95	\$224.22	\$52.10	\$77.06	\$120.91	\$149.57	\$177.09
Dec-18	\$56.12	\$87.30	\$140.03	\$182.65	\$231.11	\$50.13	\$75.45	\$120.33	\$153.40	\$178.87
Jan-19	\$55.41	\$87.54	\$138.96	\$177.27	\$228.10	\$50.05	\$74.14	\$119.00	\$151.14	\$174.69
Feb-19	\$55.80	\$88.53	\$140.14	\$183.37	\$239.20	\$49.76	\$73.90	\$117.48	\$150.93	\$178.06
Mar-19	\$59.42	\$92.24	\$146.78	\$198.14	\$253.54	\$49.82	\$73.11	\$118.73	\$150.76	\$180.11
Apr-19	\$62.30	\$96.31	\$149.86	\$201.64	\$256.65	\$52.13	\$75.68	\$122.78	\$151.61	\$180.33
May-19	\$67.56	\$99.43	\$153.80	\$203.21	\$256.36	\$54.01	\$77.71	\$121.95	\$149.28	\$175.39
Jun-19	\$68.04	\$98.91	\$154.72	\$205.96	\$255.34	\$53.58	\$78.36	\$123.61	\$149.21	\$178.29
Jul-19	\$67.08	\$99.53	\$151.88	\$200.31	\$248.86	\$53.59	\$76.40	\$123.11	\$148.55	\$174.97
Aug-19	\$64.53	\$97.53	\$149.96	\$196.39	\$249.31	\$53.90	\$76.61	\$119.94	\$147.25	\$168.93
Sep-19	\$62.66	\$93.71	\$146.90	\$188.23	\$238.56	\$51.40	\$74.26	\$118.50	\$144.63	\$170.86
Oct-19	\$59.86	\$90.91	\$143.12	\$185.66	\$236.38	\$49.82	\$73.41	\$117.33	\$146.37	\$173.76
Nov-19	\$58.15	\$88.94	\$139.69	\$182.79	\$235.38	\$48.99	\$72.99	\$115.98	\$146.94	\$173.01
Dec-19	\$58.03	\$88.44	\$139.20	\$181.45	\$230.80	\$48.09	\$72.72	\$116.09	\$147.62	\$172.89
Jan-20	\$58.59	\$88.80	\$137.89	\$182.15	\$231.89	\$48.13	\$71.75	\$114.56	\$144.41	\$173.01
Feb-20	\$59.72	\$89.26	\$138.57	\$184.29	\$235.06	\$48.29	\$70.86	\$113.40	\$146.55	\$173.46
Mar-20	\$61.30	\$90.07	\$140.06	\$183.78	\$239.39	\$48.78	\$71.74	\$113.98	\$147.32	\$175.88
Apr-20	\$60.82	\$88.68	\$138.09	\$177.46	\$230.96	\$47.68	\$69.62	\$110.21	\$143.96	\$168.84
May-20	\$60.86	\$88.56	\$137.90	\$178.30	\$227.82	\$50.13	\$70.75	\$109.63	\$140.35	\$168.33
Jun-20	\$61.29	\$89.09	\$138.53	\$180.43	\$230.70	\$52.88	\$75.10	\$113.73	\$147.11	\$171.69
Jul-20	\$61.55	\$91.62	\$140.18	\$182.01	\$230.06	\$53.86	\$75.85	\$116.37	\$147.01	\$173.85
Aug-20	\$62.47	\$94.26	\$145.03	\$192.00	\$240.68	\$54.36	\$77.39	\$117.01	\$148.17	\$175.88
Sep-20	\$63.82	\$95.93	\$148.47	\$192.19	\$247.81	\$53.63	\$77.07	\$116.91	\$147.81	\$173.19
Oct-20	\$64.54	\$97.15	\$152.24	\$196.20	\$254.78	\$53.45	\$77.20	\$118.17	\$149.15	\$176.32
Nov-20	\$65.45	\$99.82	\$154.26	\$199.03	\$261.33	\$54.44	\$78.72	\$119.66	\$151.59	\$178.35
Dec-20	\$65.28	\$100.34	\$153.33	\$199.56	\$263.18	\$53.50	\$78.31	\$119.53	\$151.96	\$179.69
Jan-21	\$67.50	\$99.98	\$155.41	\$200.58	\$264.47	\$54.92	\$79.81	\$120.52	\$153.89	\$183.17
Feb-21	\$68.61	\$100.57	\$157.02	\$206.13	\$271.01	\$55.46	\$79.59	\$121.40	\$155.75	\$186.63
Mar-21	\$69.92	\$103.21	\$160.75	\$210.45	\$278.71	\$56.09	\$80.84	\$123.96	\$158.67	\$188.95
Apr-21	\$73.18	\$108.19	\$163.71	\$211.59	\$279.77	\$57.58	\$81.98	\$124.49	\$157.70	\$186.07
May-21	\$76.60	\$112.57	\$171.13	\$220.56	\$287.11	\$59.35	\$84.52	\$127.23	\$161.44	\$191.68
Jun-21	\$83.01	\$124.19	\$192.73	\$247.33	\$319.84	\$67.20	\$94.14	\$145.32	\$184.48	\$213.57

Source: Radius+

**Table 8.15 – Northeast Rent Per Square Foot
(New England – Non-Climate-Controlled)**

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.90	\$1.44	\$1.16	\$0.97	\$0.84
2018 Q2	\$2.12	\$1.56	\$1.23	\$1.02	\$0.88
2018 Q3	\$2.17	\$1.62	\$1.26	\$1.03	\$0.89
2018 Q4	\$2.06	\$1.54	\$1.22	\$1.01	\$0.89
2019 Q1	\$2.00	\$1.47	\$1.18	\$1.01	\$0.89
2019 Q2	\$2.13	\$1.54	\$1.23	\$1.00	\$0.89
2019 Q3	\$2.12	\$1.52	\$1.21	\$0.98	\$0.86
2019 Q4	\$1.96	\$1.46	\$1.16	\$0.98	\$0.87
2020 Q1	\$1.94	\$1.43	\$1.14	\$0.97	\$0.87
2020 Q2	\$2.01	\$1.44	\$1.11	\$0.96	\$0.85
2020 Q3	\$2.16	\$1.53	\$1.17	\$0.98	\$0.87
2020 Q4	\$2.15	\$1.56	\$1.19	\$1.01	\$0.89
2021 Q1	\$2.22	\$1.60	\$1.22	\$1.04	\$0.93
2021 Q2	\$2.46	\$1.74	\$1.32	\$1.12	\$0.99

**Table 8.16 – Northeast Rent Per Square Foot
(New England – Climate-Controlled)**

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.28	\$1.74	\$1.40	\$1.21	\$1.17
2018 Q2	\$2.49	\$1.85	\$1.48	\$1.26	\$1.16
2018 Q3	\$2.48	\$1.93	\$1.48	\$1.27	\$1.17
2018 Q4	\$2.31	\$1.81	\$1.42	\$1.23	\$1.14
2019 Q1	\$2.28	\$1.79	\$1.42	\$1.24	\$1.20
2019 Q2	\$2.64	\$1.96	\$1.53	\$1.36	\$1.28
2019 Q3	\$2.59	\$1.94	\$1.50	\$1.30	\$1.23
2019 Q4	\$2.35	\$1.79	\$1.41	\$1.22	\$1.17
2020 Q1	\$2.39	\$1.79	\$1.39	\$1.22	\$1.18
2020 Q2	\$2.44	\$1.78	\$1.38	\$1.19	\$1.15
2020 Q3	\$2.50	\$1.88	\$1.45	\$1.26	\$1.20
2020 Q4	\$2.60	\$1.98	\$1.53	\$1.32	\$1.30
2021 Q1	\$2.75	\$2.03	\$1.58	\$1.37	\$1.36
2021 Q2	\$3.10	\$2.30	\$1.76	\$1.51	\$1.48

South (West South Central) – Tables on page 73

Arkansas, Louisiana, Oklahoma, and Texas make up the South (West South Central) region. The top 10 MSAs within this region include Dallas-Fort Worth-Arlington, Texas; Houston-The

Woodlands-Sugar Land, Texas; San Antonio-New Braunfels, Texas; Austin-Round Rock-Georgetown, Texas; Oklahoma City, Okla.; New Orleans-Metairie, La.; Tulsa, Okla.; El Paso, Texas; Baton Rouge, La.; and McAllen-Edinburg-Mission,

Table 8.17 – South Atlantic Rental Rates (West North Central)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$53.30	\$79.74	\$124.56	\$162.43	\$208.89	\$44.79	\$64.03	\$100.73	\$127.73	\$149.72
Feb-18	\$53.25	\$79.25	\$124.77	\$162.42	\$208.85	\$45.13	\$63.93	\$101.11	\$128.68	\$149.28
Mar-18	\$53.01	\$78.57	\$124.43	\$162.11	\$209.66	\$45.17	\$64.45	\$102.41	\$129.92	\$150.67
Apr-18	\$54.24	\$80.35	\$128.29	\$165.80	\$213.24	\$46.19	\$66.06	\$105.02	\$132.61	\$156.09
May-18	\$54.71	\$80.28	\$129.12	\$167.13	\$217.12	\$47.69	\$66.55	\$105.76	\$134.92	\$157.72
Jun-18	\$54.50	\$80.46	\$130.10	\$167.61	\$215.02	\$47.70	\$67.23	\$106.85	\$135.71	\$158.53
Jul-18	\$54.91	\$81.63	\$132.48	\$170.73	\$218.74	\$47.32	\$67.81	\$107.96	\$135.64	\$160.66
Aug-18	\$55.02	\$81.64	\$131.14	\$172.43	\$219.34	\$46.64	\$67.24	\$107.18	\$136.23	\$159.28
Sep-18	\$53.80	\$81.07	\$128.32	\$170.20	\$216.34	\$45.20	\$65.67	\$105.35	\$134.47	\$158.64
Oct-18	\$52.68	\$79.93	\$126.14	\$166.12	\$211.91	\$44.59	\$65.26	\$106.03	\$133.23	\$156.67
Nov-18	\$51.92	\$79.46	\$125.08	\$163.98	\$209.05	\$44.77	\$65.52	\$120.05	\$132.29	\$154.89
Dec-18	\$52.81	\$78.91	\$123.17	\$162.17	\$208.04	\$44.91	\$64.79	\$121.64	\$131.10	\$153.49
Jan-19	\$53.18	\$78.70	\$123.61	\$162.22	\$208.62	\$44.32	\$64.17	\$102.76	\$130.59	\$153.15
Feb-19	\$52.98	\$78.04	\$123.37	\$161.72	\$209.36	\$44.07	\$64.04	\$102.57	\$130.96	\$154.49
Mar-19	\$53.09	\$79.51	\$125.04	\$163.84	\$210.03	\$44.27	\$65.16	\$104.01	\$132.04	\$156.01
Apr-19	\$54.32	\$81.51	\$127.41	\$166.51	\$213.50	\$46.20	\$67.34	\$105.85	\$134.34	\$158.93
May-19	\$55.39	\$82.84	\$128.75	\$168.28	\$217.06	\$46.87	\$67.74	\$106.11	\$137.06	\$159.68
Jun-19	\$55.48	\$83.06	\$130.88	\$170.30	\$220.06	\$46.42	\$67.90	\$106.06	\$138.32	\$159.56
Jul-19	\$55.35	\$82.19	\$129.39	\$170.18	\$221.12	\$46.99	\$67.68	\$106.94	\$139.60	\$159.11
Aug-19	\$54.60	\$81.06	\$128.23	\$169.37	\$218.06	\$46.83	\$66.77	\$104.82	\$136.87	\$158.90
Sep-19	\$52.62	\$78.61	\$124.70	\$165.18	\$214.46	\$44.21	\$63.38	\$100.91	\$131.90	\$154.86
Oct-19	\$51.61	\$77.70	\$124.18	\$163.38	\$209.94	\$43.03	\$62.11	\$100.10	\$129.64	\$154.05
Nov-19	\$50.78	\$76.54	\$123.09	\$161.61	\$207.87	\$43.29	\$61.87	\$98.61	\$127.43	\$152.67
Dec-19	\$50.43	\$76.26	\$121.10	\$160.37	\$204.88	\$43.66	\$62.28	\$97.72	\$126.51	\$150.15
Jan-20	\$50.90	\$76.66	\$121.73	\$160.36	\$203.34	\$44.18	\$62.56	\$98.84	\$127.01	\$150.78
Feb-20	\$50.75	\$75.18	\$120.38	\$157.71	\$203.00	\$43.47	\$61.45	\$98.19	\$126.58	\$149.60
Mar-20	\$51.02	\$75.86	\$121.66	\$158.43	\$204.21	\$44.38	\$62.40	\$98.82	\$127.51	\$151.39
Apr-20	\$48.52	\$71.97	\$114.82	\$149.73	\$194.05	\$43.60	\$59.91	\$93.11	\$120.71	\$145.97
May-20	\$47.30	\$70.89	\$111.98	\$146.19	\$190.81	\$43.18	\$59.87	\$92.73	\$120.66	\$142.30
Jun-20	\$49.25	\$73.58	\$116.88	\$153.49	\$200.28	\$44.11	\$62.04	\$96.46	\$124.48	\$147.05
Jul-20	\$51.33	\$77.06	\$121.44	\$160.16	\$211.20	\$45.09	\$63.86	\$99.74	\$128.22	\$151.44
Aug-20	\$52.81	\$79.92	\$125.74	\$166.99	\$218.05	\$46.60	\$65.37	\$101.84	\$131.37	\$154.84
Sep-20	\$53.68	\$80.97	\$126.80	\$168.37	\$220.22	\$46.56	\$65.01	\$101.35	\$129.78	\$153.75
Oct-20	\$53.90	\$81.79	\$128.81	\$171.58	\$223.32	\$46.29	\$64.72	\$102.17	\$130.13	\$154.80
Nov-20	\$53.92	\$81.77	\$129.23	\$171.22	\$223.28	\$46.04	\$64.74	\$102.35	\$130.46	\$156.41
Dec-20	\$53.78	\$81.72	\$127.31	\$168.48	\$223.66	\$46.21	\$65.04	\$102.12	\$130.31	\$156.76
Jan-21	\$54.14	\$82.73	\$128.30	\$170.38	\$226.68	\$46.37	\$66.11	\$102.86	\$131.44	\$157.16
Feb-21	\$53.94	\$82.75	\$129.84	\$172.23	\$228.68	\$45.96	\$65.38	\$103.81	\$133.41	\$159.29
Mar-21	\$55.83	\$86.01	\$134.81	\$178.90	\$236.89	\$47.53	\$67.59	\$106.86	\$136.70	\$163.89
Apr-21	\$59.30	\$90.11	\$139.66	\$184.70	\$244.46	\$48.86	\$69.77	\$109.96	\$139.97	\$167.45
May-21	\$60.88	\$92.28	\$144.15	\$187.43	\$248.26	\$51.23	\$73.25	\$113.46	\$143.64	\$170.99
Jun-21	\$65.78	\$99.28	\$156.60	\$207.18	\$277.17	\$54.04	\$77.10	\$120.89	\$155.73	\$184.14

Source: Radius+

Table 8.18 – South Atlantic Rent Per Square Foot

	(Non-Climate-Controlled)				
	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.28	\$1.28	\$1.01	\$0.86	\$0.75
2018 Q2	\$1.33	\$1.33	\$1.06	\$0.90	\$0.79
2018 Q3	\$1.86	\$1.34	\$1.07	\$0.90	\$0.80
2018 Q4	\$1.79	\$1.30	\$1.16	\$0.88	\$0.78
2019 Q1	\$1.77	\$1.29	\$1.03	\$0.87	\$0.77
2019 Q2	\$1.86	\$1.35	\$1.06	\$0.91	\$0.80
2019 Q3	\$1.84	\$1.32	\$1.04	\$0.91	\$0.79
2019 Q4	\$1.73	\$1.24	\$0.99	\$0.85	\$0.76
2020 Q1	\$1.76	\$1.24	\$0.99	\$0.85	\$0.75
2020 Q2	\$1.75	\$1.21	\$0.94	\$0.81	\$0.73
2020 Q3	\$1.84	\$1.29	\$1.01	\$0.87	\$0.77
2020 Q4	\$1.85	\$1.30	\$1.02	\$0.87	\$0.78
2021 Q1	\$1.87	\$1.33	\$1.05	\$0.89	\$0.80
2021 Q2	\$2.06	\$1.47	\$1.15	\$0.98	\$0.87

Table 8.19 – South Atlantic Rent Per Square Foot

	(Climate-Controlled)				
	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.13	\$1.58	\$1.25	\$1.08	\$1.05
2018 Q2	\$2.18	\$1.61	\$1.29	\$1.11	\$1.08
2018 Q3	\$2.18	\$1.63	\$1.31	\$1.14	\$1.09
2018 Q4	\$2.10	\$1.59	\$1.25	\$1.09	\$1.05
2019 Q1	\$2.12	\$1.58	\$1.24	\$1.08	\$1.05
2019 Q2	\$2.20	\$1.65	\$1.29	\$1.12	\$1.08
2019 Q3	\$2.17	\$1.61	\$1.27	\$1.12	\$1.09
2019 Q4	\$2.04	\$1.54	\$1.23	\$1.08	\$1.04
2020 Q1	\$2.04	\$1.52	\$1.21	\$1.06	\$1.02
2020 Q2	\$1.93	\$1.44	\$1.15	\$1.00	\$0.98
2020 Q3	\$2.10	\$1.59	\$1.25	\$1.10	\$1.08
2020 Q4	\$2.15	\$1.64	\$1.28	\$1.14	\$1.12
2021 Q1	\$2.19	\$1.68	\$1.31	\$1.16	\$1.15
2021 Q2	\$2.48	\$1.88	\$1.47	\$1.29	\$1.28

Section 8 • Rental Rates

Texas. Though Houston is the largest city, with more than 2.32 million residents, the Dallas-Ft. Worth-Arlington MSA is the largest metro area in this region with approximately half a million more residents than the Houston-Woodlands-Sugar Land MSA.

For the South (West South Central) region, Table 8.23 shows that rental rates for more than half of the unit sizes followed a pattern of increases in March 2020, decreases in April and May 2020, and increases in June

Table 8.20 – South Rental Rates (East South Central)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$51.90	\$75.75	\$116.63	\$155.59	\$203.65	\$43.79	\$64.48	\$91.88	\$118.22	\$149.19
Feb-18	\$51.68	\$75.34	\$115.79	\$154.92	\$205.90	\$43.27	\$65.34	\$90.24	\$117.91	\$142.07
Mar-18	\$51.37	\$77.47	\$117.27	\$155.96	\$203.12	\$44.37	\$63.75	\$92.78	\$114.73	\$149.98
Apr-18	\$53.70	\$79.42	\$121.84	\$161.04	\$208.24	\$45.86	\$67.54	\$97.07	\$116.73	\$160.66
May-18	\$55.31	\$82.84	\$127.57	\$164.60	\$214.99	\$45.56	\$73.42	\$103.43	\$118.85	\$168.92
Jun-18	\$55.58	\$82.90	\$128.11	\$165.29	\$213.36	\$45.75	\$72.41	\$101.02	\$118.08	\$174.36
Jul-18	\$56.55	\$84.27	\$128.68	\$166.39	\$215.37	\$47.81	\$68.09	\$99.07	\$133.33	\$165.29
Aug-18	\$57.04	\$83.01	\$128.52	\$169.20	\$217.79	\$47.25	\$72.31	\$101.46	\$157.79	\$170.99
Sep-18	\$55.06	\$80.86	\$125.46	\$166.51	\$215.56	\$45.34	\$67.49	\$99.23	\$144.98	\$162.83
Oct-18	\$54.10	\$79.36	\$122.82	\$163.81	\$210.68	\$45.25	\$69.10	\$97.63	\$148.97	\$151.74
Nov-18	\$53.36	\$79.18	\$123.93	\$160.64	\$207.15	\$44.95	\$68.34	\$94.40	\$135.76	\$155.09
Dec-18	\$52.45	\$78.03	\$121.68	\$155.71	\$203.87	\$45.61	\$68.72	\$94.06	\$118.73	\$146.87
Jan-19	\$52.62	\$78.90	\$121.14	\$156.00	\$207.89	\$45.18	\$67.84	\$97.28	\$108.01	\$148.11
Feb-19	\$52.72	\$79.61	\$122.44	\$156.56	\$207.64	\$45.03	\$67.94	\$100.33	\$117.70	\$167.01
Mar-19	\$52.81	\$79.42	\$122.08	\$158.15	\$211.20	\$44.58	\$65.09	\$100.58	\$121.59	\$158.23
Apr-19	\$53.77	\$79.97	\$124.05	\$160.95	\$213.04	\$44.41	\$65.33	\$105.32	\$120.83	\$167.03
May-19	\$54.63	\$81.82	\$126.25	\$162.19	\$221.05	\$45.53	\$68.97	\$104.28	\$127.81	\$167.57
Jun-19	\$56.35	\$83.90	\$128.35	\$163.43	\$216.56	\$45.72	\$66.36	\$102.96	\$131.56	\$165.50
Jul-19	\$55.05	\$84.07	\$124.87	\$162.43	\$213.26	\$44.66	\$64.28	\$99.66	\$124.13	\$160.66
Aug-19	\$54.54	\$82.20	\$123.07	\$162.59	\$207.89	\$43.59	\$63.80	\$101.52	\$119.65	\$158.88
Sep-19	\$52.23	\$77.65	\$118.43	\$153.97	\$200.61	\$42.13	\$62.36	\$96.54	\$120.07	\$154.00
Oct-19	\$52.86	\$78.32	\$120.71	\$158.85	\$205.15	\$42.01	\$63.27	\$93.91	\$117.68	\$153.28
Nov-19	\$51.81	\$75.69	\$118.48	\$156.90	\$205.63	\$42.75	\$63.71	\$90.55	\$113.56	\$151.20
Dec-19	\$52.21	\$75.43	\$118.88	\$156.42	\$201.60	\$43.16	\$63.30	\$93.76	\$114.06	\$145.88
Jan-20	\$52.20	\$76.53	\$118.31	\$155.92	\$202.73	\$44.10	\$63.30	\$94.14	\$116.28	\$148.22
Feb-20	\$50.91	\$75.00	\$116.97	\$154.77	\$198.78	\$45.03	\$64.22	\$92.15	\$125.98	\$152.30
Mar-20	\$52.63	\$77.45	\$119.02	\$157.27	\$201.90	\$47.23	\$67.02	\$92.45	\$121.11	\$154.33
Apr-20	\$50.46	\$75.09	\$112.00	\$149.34	\$197.61	\$48.22	\$67.46	\$93.44	\$118.91	\$151.87
May-20	\$49.39	\$72.65	\$110.13	\$145.28	\$198.03	\$44.64	\$64.55	\$91.89	\$120.81	\$150.77
Jun-20	\$49.94	\$75.24	\$114.72	\$147.68	\$196.08	\$43.23	\$63.65	\$91.69	\$117.91	\$144.57
Jul-20	\$51.88	\$78.88	\$119.64	\$152.82	\$204.30	\$44.54	\$62.96	\$93.10	\$118.65	\$146.94
Aug-20	\$54.50	\$82.68	\$128.24	\$167.26	\$218.20	\$45.98	\$64.35	\$96.26	\$117.78	\$157.22
Sep-20	\$53.18	\$82.13	\$129.27	\$169.18	\$223.02	\$46.32	\$62.21	\$94.10	\$121.27	\$152.21
Oct-20	\$53.67	\$80.28	\$127.29	\$170.50	\$223.25	\$45.94	\$65.32	\$93.69	\$120.44	\$151.28
Nov-20	\$53.68	\$80.65	\$126.06	\$169.63	\$216.21	\$46.17	\$65.15	\$96.85	\$130.24	\$159.66
Dec-20	\$52.37	\$79.42	\$125.15	\$166.73	\$213.53	\$46.73	\$64.90	\$95.04	\$127.21	\$154.83
Jan-21	\$52.88	\$80.53	\$125.92	\$165.67	\$212.84	\$47.54	\$66.92	\$99.21	\$130.04	\$146.62
Feb-21	\$53.34	\$79.87	\$124.89	\$166.04	\$217.48	\$46.42	\$71.18	\$96.16	\$135.68	\$161.23
Mar-21	\$54.26	\$81.12	\$127.02	\$166.35	\$217.90	\$48.31	\$72.87	\$103.78	\$129.19	\$172.45
Apr-21	\$55.82	\$83.05	\$129.47	\$168.44	\$219.58	\$49.43	\$69.54	\$106.40	\$135.34	\$163.27
May-21	\$56.05	\$84.10	\$130.43	\$169.21	\$218.74	\$49.82	\$69.19	\$111.08	\$137.75	\$160.54
Jun-21	\$61.79	\$89.54	\$140.35	\$183.56	\$243.28	\$50.32	\$66.45	\$113.02	\$137.53	\$179.79

Source: Radius+

Table 8.21 – South Rent Per Square Foot

(East South Central – Non-Climate-Controlled) Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.75	\$1.29	\$0.92	\$0.78	\$0.74
2018 Q2	\$1.83	\$1.42	\$1.00	\$0.79	\$0.84
2018 Q3	\$1.87	\$1.39	\$1.00	\$0.97	\$0.83
2018 Q4	\$1.81	\$1.37	\$0.95	\$0.90	\$0.76
2019 Q1	\$1.80	\$1.34	\$0.99	\$0.77	\$0.79
2019 Q2	\$1.81	\$1.34	\$1.04	\$0.84	\$0.83
2019 Q3	\$1.74	\$1.27	\$0.99	\$0.81	\$0.79
2019 Q4	\$1.71	\$1.27	\$0.93	\$0.77	\$0.75
2020 Q1	\$1.82	\$1.30	\$0.93	\$0.81	\$0.76
2020 Q2	\$1.81	\$1.30	\$0.92	\$0.79	\$0.75
2020 Q3	\$1.82	\$1.26	\$0.94	\$0.80	\$0.76
2020 Q4	\$1.85	\$1.30	\$0.95	\$0.84	\$0.78
2021 Q1	\$1.90	\$1.41	\$1.00	\$0.88	\$0.80
2021 Q2	\$1.99	\$1.37	\$1.10	\$0.91	\$0.84

Table 8.22 – South Rent Per Square Foot

(East South Central – Climate-Controlled) Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.07	\$1.52	\$1.17	\$1.04	\$1.02
2018 Q2	\$2.19	\$1.63	\$1.26	\$1.09	\$1.06
2018 Q3	\$2.25	\$1.65	\$1.28	\$1.12	\$1.08
2018 Q4	\$2.13	\$1.58	\$1.23	\$1.07	\$1.04
2019 Q1	\$2.11	\$1.59	\$1.22	\$1.05	\$1.04
2019 Q2	\$2.20	\$1.64	\$1.26	\$1.08	\$1.08
2019 Q3	\$2.16	\$1.63	\$1.22	\$1.06	\$1.04
2019 Q4	\$2.09	\$1.53	\$1.19	\$1.05	\$1.02
2020 Q1	\$2.08	\$1.53	\$1.18	\$1.04	\$1.01
2020 Q2	\$2.00	\$1.49	\$1.12	\$0.98	\$0.99
2020 Q3	\$2.13	\$1.62	\$1.26	\$1.09	\$1.07
2020 Q4	\$2.13	\$1.60	\$1.26	\$1.13	\$1.09
2021 Q1	\$2.14	\$1.61	\$1.26	\$1.11	\$1.08
2021 Q2	\$2.32	\$1.71	\$1.33	\$1.16	\$1.14

Rental Rates • Section 8

2020. Unfortunately, the remainder of 2020 was less uniform, with plenty of up-and-down movement with rental rates for climate-controlled and non-climate-controlled units of all sizes. The typical seasonality has not yet returned; in fact,

the opposite of the norm is indicated, with all unit sizes experiencing rental rate increases in Nov. 2020 and more than half posting small upticks in Dec. 2020. Then, after mixed results in Jan. 2021, all climate-controlled unit sizes reported

Table 8.23 – South Rental Rates (West South Central)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$48.54	\$69.40	\$105.69	\$135.67	\$167.93	\$36.47	\$50.64	\$76.96	\$97.12	\$111.97
Feb-18	\$48.70	\$68.82	\$106.83	\$137.07	\$169.54	\$36.50	\$50.88	\$77.02	\$97.69	\$113.53
Mar-18	\$48.10	\$69.49	\$105.78	\$137.02	\$167.96	\$36.55	\$51.27	\$77.77	\$98.79	\$115.42
Apr-18	\$49.79	\$71.14	\$107.17	\$138.08	\$169.95	\$37.04	\$51.81	\$78.92	\$99.73	\$116.33
May-18	\$49.92	\$71.01	\$107.58	\$138.15	\$171.03	\$37.17	\$52.09	\$79.10	\$99.65	\$114.86
Jun-18	\$50.21	\$71.57	\$108.66	\$141.02	\$173.77	\$36.54	\$51.40	\$78.65	\$99.83	\$115.16
Jul-18	\$50.06	\$71.20	\$109.10	\$142.30	\$176.34	\$36.38	\$50.84	\$78.89	\$100.03	\$114.98
Aug-18	\$49.55	\$70.69	\$107.82	\$140.80	\$179.01	\$36.45	\$50.60	\$78.33	\$98.42	\$114.73
Sep-18	\$48.23	\$69.76	\$106.71	\$139.82	\$176.65	\$35.77	\$50.53	\$77.23	\$97.64	\$113.39
Oct-18	\$47.83	\$68.94	\$106.07	\$138.33	\$171.11	\$35.10	\$50.07	\$76.32	\$96.98	\$114.05
Nov-18	\$47.77	\$69.40	\$106.35	\$137.24	\$172.75	\$35.42	\$49.73	\$75.99	\$97.03	\$113.86
Dec-18	\$47.23	\$68.86	\$106.04	\$135.72	\$171.84	\$35.79	\$49.40	\$76.04	\$97.20	\$113.79
Jan-19	\$47.20	\$68.80	\$106.56	\$135.01	\$172.92	\$35.35	\$48.97	\$74.97	\$96.41	\$112.27
Feb-19	\$47.17	\$68.68	\$107.00	\$135.46	\$172.45	\$35.06	\$49.74	\$76.43	\$97.79	\$114.03
Mar-19	\$47.58	\$69.70	\$107.51	\$138.02	\$173.39	\$35.56	\$51.14	\$78.11	\$98.25	\$115.03
Apr-19	\$48.34	\$70.79	\$108.46	\$138.61	\$174.42	\$36.21	\$51.95	\$78.39	\$98.68	\$115.87
May-19	\$47.89	\$71.02	\$109.16	\$140.35	\$175.33	\$36.88	\$52.31	\$78.50	\$98.79	\$115.16
Jun-19	\$48.43	\$71.35	\$108.95	\$141.38	\$175.86	\$37.02	\$52.42	\$78.79	\$98.49	\$115.31
Jul-19	\$49.24	\$71.52	\$108.82	\$141.19	\$178.05	\$36.80	\$51.38	\$78.51	\$98.76	\$115.06
Aug-19	\$49.16	\$70.41	\$108.19	\$140.67	\$177.45	\$36.22	\$50.26	\$76.79	\$96.00	\$112.67
Sep-19	\$48.15	\$69.24	\$105.71	\$138.91	\$176.79	\$35.70	\$49.75	\$76.15	\$95.26	\$111.96
Oct-19	\$48.21	\$69.68	\$106.98	\$139.01	\$176.02	\$34.94	\$49.11	\$75.30	\$95.29	\$112.16
Nov-19	\$47.08	\$69.48	\$106.18	\$138.39	\$175.05	\$35.18	\$48.75	\$74.25	\$94.21	\$110.87
Dec-19	\$47.60	\$69.42	\$106.13	\$138.42	\$174.64	\$35.50	\$49.26	\$74.63	\$94.79	\$111.23
Jan-20	\$47.84	\$69.70	\$106.64	\$139.22	\$173.99	\$35.30	\$49.35	\$74.62	\$94.82	\$111.29
Feb-20	\$47.53	\$68.95	\$105.37	\$138.15	\$173.77	\$35.27	\$49.19	\$74.39	\$94.85	\$111.44
Mar-20	\$47.68	\$68.39	\$105.63	\$137.73	\$172.42	\$35.48	\$49.45	\$74.66	\$95.51	\$112.89
Apr-20	\$46.63	\$67.10	\$103.19	\$134.57	\$168.67	\$35.33	\$48.47	\$73.02	\$93.82	\$112.00
May-20	\$45.33	\$66.58	\$101.65	\$132.58	\$169.02	\$35.97	\$48.34	\$73.36	\$94.35	\$111.61
Jun-20	\$46.27	\$67.91	\$102.89	\$136.03	\$171.79	\$36.13	\$48.99	\$73.74	\$93.88	\$111.13
Jul-20	\$48.09	\$69.04	\$105.33	\$137.93	\$173.81	\$37.44	\$49.81	\$74.29	\$95.64	\$112.67
Aug-20	\$49.43	\$70.93	\$109.12	\$143.49	\$178.80	\$38.21	\$51.32	\$76.59	\$98.26	\$116.06
Sep-20	\$48.49	\$70.93	\$108.62	\$142.64	\$179.70	\$37.35	\$50.73	\$75.84	\$97.57	\$113.88
Oct-20	\$48.45	\$70.40	\$109.15	\$142.99	\$179.60	\$37.22	\$51.07	\$76.89	\$98.25	\$114.37
Nov-20	\$49.06	\$71.52	\$109.73	\$143.43	\$181.25	\$37.56	\$51.22	\$77.30	\$98.55	\$114.54
Dec-20	\$48.95	\$71.16	\$109.70	\$143.65	\$181.45	\$37.69	\$51.31	\$77.12	\$98.57	\$114.82
Jan-21	\$48.97	\$71.11	\$109.97	\$143.37	\$180.31	\$38.25	\$52.08	\$76.94	\$99.58	\$115.43
Feb-21	\$49.19	\$71.36	\$110.92	\$143.68	\$183.92	\$38.48	\$52.07	\$77.35	\$99.93	\$117.43
Mar-21	\$50.17	\$73.02	\$112.78	\$148.04	\$189.18	\$38.30	\$52.41	\$78.46	\$100.64	\$118.37
Apr-21	\$51.54	\$74.86	\$115.65	\$150.96	\$191.57	\$38.99	\$53.40	\$80.57	\$101.47	\$119.88
May-21	\$52.88	\$76.73	\$118.12	\$154.02	\$195.90	\$40.07	\$54.39	\$81.53	\$102.44	\$122.00
Jun-21	\$55.00	\$79.25	\$122.61	\$161.31	\$207.35	\$41.46	\$56.66	\$84.22	\$107.80	\$127.32

Source: Radius+

Table 8.24 – South Rent Per Square Foot

(West South Central – Non-Climate-Controlled) Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.46	\$1.02	\$0.77	\$0.65	\$0.57
2018 Q2	\$1.48	\$1.04	\$0.79	\$0.67	\$0.58
2018 Q3	\$1.45	\$1.01	\$0.78	\$0.66	\$0.57
2018 Q4	\$1.42	\$0.99	\$0.76	\$0.65	\$0.57
2019 Q1	\$1.41	\$1.00	\$0.76	\$0.65	\$0.57
2019 Q2	\$1.47	\$1.04	\$0.79	\$0.66	\$0.58
2019 Q3	\$1.45	\$1.01	\$0.77	\$0.64	\$0.57
2019 Q4	\$1.41	\$0.98	\$0.75	\$0.63	\$0.56
2020 Q1	\$1.41	\$0.99	\$0.75	\$0.63	\$0.56
2020 Q2	\$1.43	\$0.97	\$0.73	\$0.63	\$0.56
2020 Q3	\$1.51	\$1.01	\$0.76	\$0.65	\$0.57
2020 Q4	\$1.50	\$1.02	\$0.77	\$0.66	\$0.57
2021 Q1	\$1.53	\$1.04	\$0.78	\$0.67	\$0.59
2021 Q2	\$1.61	\$1.10	\$0.82	\$0.69	\$0.62

Table 8.25 – South Rent Per Square Foot

(West South Central – Climate-Controlled) Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.94	\$1.39	\$1.06	\$0.91	\$0.84
2018 Q2	\$2.00	\$1.42	\$1.08	\$0.93	\$0.86
2018 Q3	\$1.97	\$1.41	\$1.08	\$0.94	\$0.89
2018 Q4	\$1.90	\$1.38	\$1.06	\$0.91	\$0.86
2019 Q1	\$1.89	\$1.38	\$1.07	\$0.91	\$0.86
2019 Q2	\$1.93	\$1.42	\$1.09	\$0.93	\$0.88
2019 Q3	\$1.95	\$1.41	\$1.08	\$0.94	\$0.89
2019 Q4	\$1.91	\$1.39	\$1.06	\$0.92	\$0.88
2020 Q1	\$1.91	\$1.38	\$1.06	\$0.92	\$0.87
2020 Q2	\$1.84	\$1.34	\$1.03	\$0.90	\$0.85
2020 Q3	\$1.95	\$1.41	\$1.08	\$0.94	\$0.89
2020 Q4	\$1.95	\$1.42	\$1.10	\$0.96	\$0.90
2021 Q1	\$1.98	\$1.44	\$1.11	\$0.97	\$0.92
2021 Q2	\$2.13	\$1.54	\$1.19	\$1.04	\$0.99

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steady rental rate increases from February through June 2021, ending Q2 2021 with topmost rates. June 2021 was an exceptionally good month for climate-controlled 10-by-20s, as rental rates for that size managed to exceed \$200 with a

rate of \$207.35. The second quarter of 2021 was the best one for non-climate-controlled units as well; all five unit sizes posted the highest rates in June 2021 after three consecutive months of increases, and non-climate-controlled 10-by-10s

Table 8.26 – West Rental Rates (Mountain)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$49.08	\$70.46	\$105.16	\$143.45	\$181.39	\$39.67	\$56.24	\$87.12	\$108.52	\$126.78
Feb-18	\$49.22	\$70.83	\$106.51	\$143.52	\$185.81	\$41.03	\$55.64	\$86.69	\$108.69	\$127.84
Mar-18	\$48.92	\$70.78	\$107.27	\$143.07	\$180.01	\$40.98	\$56.30	\$86.95	\$110.93	\$129.45
Apr-18	\$48.37	\$72.05	\$108.08	\$143.03	\$178.31	\$40.52	\$57.21	\$88.03	\$113.97	\$132.83
May-18	\$48.47	\$72.34	\$108.61	\$139.35	\$180.43	\$41.46	\$58.15	\$90.26	\$116.03	\$134.38
Jun-18	\$50.22	\$72.46	\$108.94	\$140.26	\$178.56	\$41.93	\$58.28	\$90.45	\$115.87	\$134.62
Jul-18	\$50.73	\$72.66	\$110.67	\$143.88	\$181.51	\$41.13	\$57.73	\$89.54	\$115.52	\$133.53
Aug-18	\$49.40	\$73.06	\$109.71	\$144.39	\$180.00	\$41.67	\$58.41	\$89.21	\$114.53	\$132.17
Sep-18	\$49.96	\$73.62	\$108.76	\$144.32	\$174.98	\$41.95	\$57.97	\$90.00	\$113.22	\$131.96
Oct-18	\$48.99	\$72.85	\$108.17	\$143.23	\$178.36	\$40.95	\$57.04	\$89.06	\$112.22	\$131.41
Nov-18	\$49.22	\$71.92	\$107.77	\$142.28	\$181.90	\$40.51	\$56.32	\$88.28	\$111.50	\$132.14
Dec-18	\$48.55	\$71.40	\$107.01	\$139.25	\$180.82	\$40.85	\$56.39	\$87.98	\$110.54	\$132.50
Jan-19	\$49.27	\$71.52	\$106.69	\$139.66	\$180.73	\$40.55	\$56.41	\$89.40	\$111.56	\$134.85
Feb-19	\$49.09	\$71.89	\$108.85	\$144.16	\$180.15	\$40.91	\$56.74	\$89.86	\$111.40	\$136.26
Mar-19	\$49.44	\$71.97	\$109.52	\$150.73	\$189.45	\$41.40	\$56.55	\$91.10	\$111.45	\$137.35
Apr-19	\$50.24	\$73.21	\$112.33	\$151.62	\$193.53	\$42.22	\$56.93	\$91.99	\$112.34	\$139.47
May-19	\$50.10	\$75.36	\$114.36	\$150.82	\$198.11	\$43.57	\$57.12	\$92.91	\$113.77	\$141.28
Jun-19	\$49.75	\$75.12	\$114.20	\$158.32	\$194.91	\$44.16	\$58.48	\$92.06	\$114.87	\$134.87
Jul-19	\$50.35	\$73.94	\$112.84	\$153.31	\$193.56	\$44.14	\$58.28	\$92.59	\$114.52	\$134.28
Aug-19	\$49.13	\$73.20	\$110.69	\$146.81	\$189.62	\$42.42	\$57.46	\$91.46	\$114.93	\$136.76
Sep-19	\$48.98	\$71.72	\$110.61	\$146.57	\$184.87	\$40.46	\$56.49	\$89.61	\$114.10	\$131.99
Oct-19	\$47.84	\$70.74	\$107.31	\$143.04	\$186.86	\$41.89	\$56.67	\$89.77	\$115.91	\$133.35
Nov-19	\$47.40	\$70.06	\$105.37	\$143.75	\$186.58	\$40.68	\$56.00	\$87.93	\$113.53	\$131.08
Dec-19	\$47.57	\$69.08	\$104.99	\$138.00	\$181.50	\$41.08	\$56.20	\$87.14	\$112.11	\$130.01
Jan-20	\$48.07	\$69.21	\$106.05	\$142.32	\$174.83	\$41.34	\$56.86	\$87.29	\$112.33	\$129.72
Feb-20	\$48.49	\$71.02	\$106.83	\$143.62	\$176.14	\$40.90	\$55.82	\$86.35	\$111.47	\$129.33
Mar-20	\$48.66	\$70.24	\$107.52	\$141.03	\$182.46	\$40.57	\$56.25	\$86.30	\$110.83	\$130.18
Apr-20	\$47.22	\$68.76	\$103.95	\$136.73	\$175.01	\$40.41	\$55.75	\$85.50	\$108.57	\$127.21
May-20	\$47.50	\$69.53	\$106.05	\$140.05	\$179.13	\$41.08	\$56.60	\$86.69	\$110.42	\$127.24
Jun-20	\$49.27	\$69.61	\$108.22	\$142.90	\$187.89	\$41.79	\$57.40	\$88.31	\$112.64	\$130.14
Jul-20	\$49.23	\$72.30	\$112.75	\$147.49	\$199.60	\$43.58	\$58.52	\$90.03	\$114.62	\$131.29
Aug-20	\$51.08	\$75.18	\$116.02	\$153.88	\$200.10	\$43.94	\$59.49	\$91.77	\$115.90	\$133.09
Sep-20	\$50.76	\$74.10	\$116.16	\$154.39	\$202.52	\$43.72	\$59.93	\$91.10	\$115.17	\$132.75
Oct-20	\$51.17	\$74.79	\$117.61	\$154.68	\$204.51	\$43.36	\$60.22	\$91.11	\$116.16	\$133.19
Nov-20	\$51.97	\$75.36	\$118.47	\$156.40	\$204.12	\$43.86	\$60.64	\$92.27	\$117.09	\$134.25
Dec-20	\$51.87	\$74.71	\$117.24	\$154.50	\$203.47	\$43.89	\$60.82	\$92.70	\$117.82	\$135.22
Jan-21	\$51.60	\$75.17	\$117.96	\$155.03	\$201.38	\$44.57	\$61.46	\$93.29	\$118.60	\$135.61
Feb-21	\$53.28	\$76.61	\$120.84	\$156.99	\$203.70	\$45.03	\$62.33	\$94.82	\$120.44	\$140.16
Mar-21	\$53.71	\$77.78	\$123.03	\$160.66	\$209.83	\$45.91	\$63.27	\$96.31	\$122.66	\$141.91
Apr-21	\$55.46	\$82.27	\$127.58	\$166.17	\$217.66	\$47.49	\$64.70	\$97.71	\$124.72	\$142.84
May-21	\$56.60	\$83.53	\$130.66	\$170.91	\$224.60	\$48.80	\$65.74	\$99.74	\$126.74	\$145.51
Jun-21	\$59.29	\$87.53	\$136.37	\$182.31	\$239.80	\$50.81	\$68.56	\$104.84	\$133.28	\$152.93

Source: Radius+

**Table 8.27 – West Rent Per Square Foot
(Mountain – Non-Climate-Controlled)**

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.62	\$1.12	\$0.87	\$0.73	\$0.64
2018 Q2	\$1.65	\$1.16	\$0.90	\$0.77	\$0.67
2018 Q3	\$1.66	\$1.16	\$0.90	\$0.76	\$0.66
2018 Q4	\$1.63	\$1.13	\$0.88	\$0.74	\$0.66
2019 Q1	\$1.64	\$1.13	\$0.90	\$0.74	\$0.68
2019 Q2	\$1.73	\$1.15	\$0.92	\$0.76	\$0.69
2019 Q3	\$1.69	\$1.15	\$0.91	\$0.76	\$0.67
2019 Q4	\$1.65	\$1.13	\$0.88	\$0.76	\$0.66
2020 Q1	\$1.64	\$1.13	\$0.87	\$0.74	\$0.65
2020 Q2	\$1.64	\$1.13	\$0.87	\$0.74	\$0.64
2020 Q3	\$1.75	\$1.19	\$0.91	\$0.77	\$0.66
2020 Q4	\$1.75	\$1.21	\$0.92	\$0.78	\$0.67
2021 Q1	\$1.81	\$1.25	\$0.95	\$0.80	\$0.70
2021 Q2	\$1.96	\$1.33	\$1.01	\$0.86	\$0.74

**Table 8.28 – West Rent Per Square Foot
(Mountain – Climate-Controlled)**

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$1.96	\$1.41	\$1.06	\$0.96	\$0.91
2018 Q2	\$1.96	\$1.45	\$1.09	\$0.94	\$0.90
2018 Q3	\$2.00	\$1.46	\$1.10	\$0.96	\$0.89
2018 Q4	\$1.96	\$1.44	\$1.08	\$0.94	\$0.90
2019 Q1	\$1.97	\$1.44	\$1.08	\$0.97	\$0.92
2019 Q2	\$2.00	\$1.49	\$1.14	\$1.02	\$0.98
2019 Q3	\$1.98	\$1.46	\$1.11	\$0.99	\$0.95
2019 Q4	\$1.90	\$1.40	\$1.06	\$0.94	\$0.92
2020 Q1	\$1.94	\$1.40	\$1.07	\$0.95	\$0.89
2020 Q2	\$1.92	\$1.39	\$1.06	\$0.93	\$0.90
2020 Q3	\$2.01	\$1.48	\$1.15	\$1.01	\$1.00
2020 Q4	\$2.07	\$1.50	\$1.18	\$1.03	\$1.02
2021 Q1	\$2.11	\$1.53	\$1.21	\$1.05	\$1.02
2021 Q2	\$2.28	\$1.69	\$1.32	\$1.15	\$1.14

were able to reach rates in the \$80s during that quarter. Tables 8.24 and 8.25 depict the same patterns for rents per square foot by quarter, with Q2 2021 having the best rents for all sizes of climate-controlled and non-climate-controlled units and most of the lowest rents recorded for Q2 2021.

West (Mountain) – Tables on page 74

The West (Mountain) region consists of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. The most populous CBSAs within the West (Mountain) region are Phoenix-Mesa-Scottsdale, Ariz.; Denver, Colo.; Las Vegas-Henderson-Paradise, Nev.; Salt Lake City, Utah; Tucson, Ariz.; Albuquerque, N.M.; Colorado Springs, Colo.; Boise City, Idaho; Ogden-Clearfield, Utah; and Provo-Orem, Utah. Phoenix is the largest city, as well as the largest MSA, in this region.

Table 8.26 presents rental rate data for the West (Mountain) region. Following declines at the onset of the pandemic, all 10

West (Pacific) – Tables on page 76

The states in the West (Pacific) region include Alaska, California, Hawaii, Oregon, and Washington. Top CBSAs in this section of the West include Los Angeles-Long Beach-Anaheim, Calif.; Riverside-San Bernardino-Ontario, Calif.; Seattle-Tacoma-Bellevue, Wash.; San Francisco-Oakland-Hayward, Calif.; Sacramento-Roseville-Arden-Arcade, Calif.; San Diego-Carlsbad, Calif.; Portland-Vancouver-Hillsboro, Ore.-Wash.; San Jose-Sunnyvale-Santa Clara, Calif.; Oxnard-Thousand Oaks-Ventura, Calif.; Spokane-Spokane Valley, Wash.; Bakersfield, Calif.; Fresno, Calif.; and Honolulu, Hawaii. Los Angeles is the largest city in this region, with approximately 4 million residents.

In the Pacific West, eight of 10 unit sizes featured in Table 8.29 posted bottommost rates in either April or May of 2020; only climate-controlled 5-by-10s and non-climate-controlled 10-by-10s reported increases in May 2020. Rental

Obviously, the data presented in this section of the Almanac provides a snapshot of rental rates and should only be used as a benchmark for your market area when conducting due diligence. The fluctuation that is visible within the tables from month to month can be witnessed on a daily basis, or more frequently depending on the rates you are seeking.

unit sizes posted nominal gains to rates in May and June 2020. While climate-controlled 5-by-5s reported a miniscule decline in July 2020, rental rates for all other unit sizes and types continued to increase. Again in August, rates for all 10 unit sizes were on the rise. There were some declines logged for several unit sizes from September through December, and 2021 started off with dropping rental rates for eight of the 10 unit sizes in January, but the rest of the months listed show nothing but growth. All 10 unit sizes managed to make monthly increases to rental rates and end June 2021 with top rates. Of all the unit sizes, non-climate-controlled 5-by-10s had the best year, enjoying steady gains for 13 consecutive months. In addition, rates for non-climate-controlled 10-by-10s exceeded \$100 in June 2021, with an average rental rate of \$104.84.

That same high rental rate pattern is visible in Tables 8.27 and 8.28, which provide data for rents per square foot, with best rents being posted in the second quarter of 2021 for climate-controlled and non-climate-controlled units of every size. On the opposite end of the rental rate scale, non-climate-controlled units' rents were lowest in the first quarter of 2018; those bottommost rents were repeated for 10-by-10s (\$0.87) in Q1 and Q2 of 2020 as well as 10-by-20s (\$0.64) in Q2 2020. As for climate-controlled units, three of the five sizes also hit lows in the second quarter of 2020 (5-by-10s, 10-by-10s, and 10-by-15s).

rates for the remainder of 2020 were less consistent for all unit sizes, with plenty of ups and downs from month to month. In Jan. 2021, there was an even split; half of the unit sizes posted gains, while the other five sizes saw slight drops in rates. Then, in February, two more unit sizes managed to bump up rates, bringing the total number of units with increases that month to seven of 10. Of the entire 40 rental rate averages recorded from March 2021 through June 2021, only two decreases were listed: 10-by-15s and 10-by-20s in May 2021. Finally, all climate-controlled and non-climate-controlled unit sizes experienced topmost rates in June 2021. Tables 8.30 and 8.31 show that same rent data by square foot: The best rents were logged in the second quarter of 2021 for units of every size.

Real-Time Rates

Obviously, the data presented in this section of the *Almanac* provides a snapshot of rental rates and should only be used as a benchmark for your market area when conducting due diligence. The fluctuation that is visible within the tables from month to month can be witnessed on a daily basis, or more frequently depending on the rates you are seeking. Because some REITs and larger self-storage companies have the money and the means to make numerous rental rate adjustments throughout the day, referred to as "real-time" rates, which mimic the ever-changing prices of airfare, you

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may find it difficult to pin down precise rates when scraping the internet for data to set comparable rates. For this reason, it is advisable to make in-person visits or telephone calls to “shop” the competition.


Remember: Demand and supply impact rental rates. A good balance of supply and demand is vital to a market's health, and you should always keep a pulse on your market to make astute rental rate decisions. 

Table 8.29 – West Rental Rates (Pacific)

	Climate-Controlled Units					Non-Climate-Controlled Units				
	5x5	5x10	10x10	10x15	10x20	5x5	5x10	10x10	10x15	10x20
Jan-18	\$67.13	\$105.05	\$180.10	\$236.22	\$309.89	\$61.43	\$93.17	\$145.65	\$192.71	\$234.65
Feb-18	\$68.23	\$104.60	\$180.16	\$236.98	\$325.31	\$61.35	\$90.58	\$146.53	\$195.61	\$236.19
Mar-18	\$69.55	\$106.01	\$179.01	\$235.76	\$303.32	\$60.28	\$92.02	\$148.87	\$198.08	\$233.73
Apr-18	\$70.30	\$107.18	\$184.29	\$236.17	\$299.16	\$61.29	\$94.76	\$155.79	\$205.45	\$235.58
May-18	\$69.73	\$107.54	\$181.61	\$235.12	\$300.15	\$63.16	\$96.09	\$161.55	\$208.20	\$236.58
Jun-18	\$68.97	\$109.56	\$184.33	\$240.78	\$315.80	\$62.55	\$93.99	\$156.74	\$210.00	\$236.59
Jul-18	\$69.68	\$112.08	\$184.65	\$240.16	\$312.45	\$64.09	\$97.47	\$160.13	\$207.91	\$235.29
Aug-18	\$70.98	\$110.43	\$184.12	\$238.20	\$302.26	\$62.97	\$101.09	\$164.27	\$207.04	\$241.68
Sep-18	\$70.42	\$107.93	\$179.21	\$230.96	\$302.27	\$61.63	\$100.86	\$163.74	\$205.07	\$242.83
Oct-18	\$68.53	\$106.85	\$175.88	\$223.48	\$297.15	\$61.46	\$94.70	\$157.38	\$201.31	\$236.80
Nov-18	\$68.38	\$106.94	\$175.72	\$228.75	\$299.79	\$60.84	\$92.59	\$156.83	\$197.11	\$233.76
Dec-18	\$69.29	\$107.43	\$173.75	\$228.51	\$291.52	\$60.51	\$91.71	\$151.45	\$196.80	\$234.14
Jan-19	\$69.37	\$108.25	\$176.08	\$228.95	\$298.57	\$60.98	\$90.42	\$150.35	\$195.33	\$232.76
Feb-19	\$68.66	\$105.84	\$178.16	\$232.05	\$313.95	\$60.74	\$91.46	\$151.72	\$196.77	\$230.93
Mar-19	\$67.00	\$104.93	\$177.08	\$232.41	\$315.49	\$62.94	\$91.36	\$149.22	\$194.04	\$232.67
Apr-19	\$69.15	\$105.36	\$179.62	\$231.42	\$320.86	\$62.70	\$93.48	\$150.73	\$199.24	\$232.30
May-19	\$70.07	\$107.64	\$181.38	\$234.91	\$297.75	\$61.91	\$97.11	\$157.79	\$205.55	\$230.10
Jun-19	\$72.64	\$110.16	\$185.46	\$238.91	\$306.58	\$63.03	\$99.98	\$162.74	\$205.14	\$227.51
Jul-19	\$71.15	\$109.16	\$181.59	\$235.26	\$309.40	\$63.92	\$100.93	\$162.68	\$204.90	\$231.02
Aug-19	\$71.90	\$106.48	\$176.71	\$228.29	\$284.86	\$63.14	\$101.54	\$162.85	\$204.71	\$227.71
Sep-19	\$69.63	\$101.49	\$175.44	\$225.19	\$284.77	\$60.54	\$98.32	\$156.62	\$197.19	\$228.58
Oct-19	\$68.29	\$102.01	\$174.58	\$224.46	\$299.51	\$59.19	\$92.44	\$151.63	\$198.08	\$225.53
Nov-19	\$67.91	\$104.24	\$176.59	\$229.30	\$308.93	\$62.94	\$93.60	\$153.54	\$200.93	\$222.86
Dec-19	\$68.85	\$105.68	\$172.90	\$227.43	\$296.13	\$64.11	\$93.79	\$154.48	\$195.14	\$229.62
Jan-20	\$70.77	\$106.63	\$176.00	\$229.69	\$293.17	\$63.44	\$93.46	\$154.76	\$197.76	\$226.86
Feb-20	\$70.07	\$105.72	\$176.23	\$229.86	\$302.92	\$63.13	\$91.23	\$151.53	\$196.80	\$222.61
Mar-20	\$71.26	\$107.71	\$176.34	\$229.67	\$306.49	\$63.52	\$93.86	\$156.32	\$198.98	\$228.94
Apr-20	\$70.40	\$104.72	\$169.67	\$222.37	\$289.86	\$62.05	\$89.41	\$147.79	\$191.66	\$220.89
May-20	\$66.75	\$105.49	\$167.72	\$216.14	\$291.89	\$60.41	\$89.74	\$151.31	\$185.52	\$217.61
Jun-20	\$70.55	\$107.44	\$175.45	\$227.53	\$312.63	\$63.62	\$95.63	\$159.91	\$197.27	\$225.43
Jul-20	\$70.00	\$111.20	\$180.32	\$234.24	\$317.97	\$63.36	\$94.38	\$158.29	\$196.04	\$225.38
Aug-20	\$71.92	\$110.90	\$183.91	\$238.89	\$323.63	\$63.79	\$96.51	\$163.05	\$200.70	\$239.70
Sep-20	\$71.69	\$111.03	\$183.84	\$242.60	\$334.77	\$62.58	\$95.16	\$158.09	\$198.54	\$236.46
Oct-20	\$71.48	\$110.13	\$184.72	\$249.44	\$331.90	\$62.26	\$93.62	\$156.10	\$195.80	\$236.63
Nov-20	\$72.60	\$110.91	\$182.93	\$251.21	\$335.31	\$62.04	\$94.66	\$156.71	\$203.51	\$234.08
Dec-20	\$73.17	\$110.82	\$182.26	\$252.04	\$335.47	\$61.85	\$94.88	\$156.50	\$200.66	\$235.31
Jan-21	\$73.02	\$110.95	\$182.28	\$247.72	\$333.01	\$62.80	\$94.69	\$158.44	\$198.87	\$239.63
Feb-21	\$73.86	\$110.68	\$184.27	\$254.44	\$346.47	\$62.52	\$95.65	\$160.01	\$203.19	\$234.71
Mar-21	\$75.42	\$113.92	\$188.54	\$258.31	\$349.68	\$63.89	\$96.90	\$161.29	\$203.84	\$235.97
Apr-21	\$78.08	\$120.90	\$196.64	\$266.60	\$356.34	\$65.79	\$98.74	\$166.31	\$205.01	\$247.87
May-21	\$79.48	\$122.73	\$200.36	\$264.68	\$355.46	\$67.81	\$100.51	\$170.48	\$209.29	\$252.35
Jun-21	\$80.73	\$129.21	\$207.95	\$271.37	\$372.72	\$69.27	\$102.06	\$172.53	\$211.34	\$256.34

Source: Radius+

Table 8.30 – West Rent Per Square Foot

(Pacific – Non-Climate-Controlled)

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.44	\$1.84	\$1.47	\$1.30	\$1.17
2018 Q2	\$2.49	\$1.90	\$1.58	\$1.39	\$1.18
2018 Q3	\$2.52	\$2.00	\$1.63	\$1.38	\$1.20
2018 Q4	\$2.44	\$1.86	\$1.55	\$1.32	\$1.17
2019 Q1	\$2.46	\$1.82	\$1.50	\$1.30	\$1.16
2019 Q2	\$2.50	\$1.94	\$1.57	\$1.36	\$1.15
2019 Q3	\$2.50	\$2.01	\$1.61	\$1.35	\$1.15
2019 Q4	\$2.48	\$1.87	\$1.53	\$1.32	\$1.13
2020 Q1	\$2.53	\$1.86	\$1.54	\$1.32	\$1.13
2020 Q2	\$2.48	\$1.83	\$1.53	\$1.28	\$1.11
2020 Q3	\$2.53	\$1.91	\$1.60	\$1.32	\$1.17
2020 Q4	\$2.48	\$1.89	\$1.56	\$1.33	\$1.18
2021 Q1	\$2.52	\$1.92	\$1.60	\$1.35	\$1.18
2021 Q2	\$2.70	\$2.01	\$1.70	\$1.39	\$1.26

Table 8.31 – West Rent Per Square Foot

(Pacific – Climate-Controlled)

Source: Radius+

	5x5	5x10	10x10	10x15	10x20
2018 Q1	\$2.73	\$2.11	\$1.80	\$1.58	\$1.56
2018 Q2	\$2.79	\$2.16	\$1.83	\$1.58	\$1.53
2018 Q3	\$2.82	\$2.21	\$1.83	\$1.58	\$1.53
2018 Q4	\$2.75	\$2.14	\$1.75	\$1.51	\$1.48
2019 Q1	\$2.73	\$2.13	\$1.77	\$1.54	\$1.53
2019 Q2	\$2.82	\$2.15	\$1.82	\$1.57	\$1.54
2019 Q3	\$2.84	\$2.12	\$1.78	\$1.53	\$1.47
2019 Q4	\$2.73	\$2.08	\$1.75	\$1.51	\$1.51
2020 Q1	\$2.83	\$2.13	\$1.76	\$1.53	\$1.50
2020 Q2	\$2.77	\$2.12	\$1.71	\$1.48	\$1.49
2020 Q3	\$2.85	\$2.22	\$1.83	\$1.59	\$1.63
2020 Q4	\$2.90	\$2.21	\$1.83	\$1.67	\$1.67
2021 Q1	\$2.96	\$2.24	\$1.85	\$1.69	\$1.72
2021 Q2	\$3.18	\$2.49	\$2.02	\$1.78	\$1.81

Self-Storage Market Conditions • Section 13

The pace of investor interest in the self-storage asset class continues to increase significantly due to superior returns during the pandemic. However, the competitive landscape also increases as more institutional investors store equity in the asset class. And, as competition increases, the level of sophistication of investment decisions increases.

In “Self-Storage Economics and Appraisal,” market conditions is outlined as the core of self-storage economics. It is described as an analysis of the market conditions that affect value using both qualitative and quantitative techniques. One tool, benchmarking, can be a starting point of analysis. For example, a measure of the total self-storage supply per person in the local trade area can be benchmarked to core-based statistical area (CBSA) data published by the *Almanac*. Another tool, the Cost of Occupancy, can measure rents as a ratio of average household income to CBSA data also published in the *Almanac*.

In “Self-Storage Economics and Appraisal,” market conditions is outlined as the core of self-storage economics. It is described as an analysis of the market conditions that affect value using both qualitative and quantitative techniques.

CBSA Analysis

The CBSA tables (13.1a and 13.1b on pages 106 and 107) can be used for comparisons and benchmarking; however, it does not address local self-storage market conditions. Studies and research have shown that demand for a typical self-storage facility is local. On average, most facilities draw at least 75 percent of its customers from within a three-mile radius. Moreover, as the industry continues its mainstream maturation, and product awareness on its own grows the demand side of the economics, a greater percentage of the tenant-base at a given facility will source from within a larger radius than three miles. Marketing platforms focused on social media are increasing trade areas. However, in urban markets and in high-density suburban markets, customers may come from inside a 1.5-mile radius. Add to that the reality that demand for self-storage is difficult to induce from outside the local sub-market trade area, and finite due diligence on a specific trade area is paramount to success. It is important to understand the general market characteristics within the CBSA and then reduce the apparent demand behavior within the micro-local trade area specific to the subject property.

Supply data by CBSA comes directly from the proprietary database of Radius+ with known self-storage locations based upon latitude and longitude confirmations. The Radius+ database also includes actual square footage data; therefore, the square footage contained in the *Almanac* is not reported on a site-specific basis rather than on an industry average.

Determinants of the self-storage market relate to the forces of supply and demand, as is the case with other types of real estate. The analysis of demand generators, however, is focused on four key variables:

- Population
- The percentage of renters
- Average household size
- Average household income

A simple econometric model can be used to estimate self-storage demand. Table 13.1 shows the results of regression analysis using a proprietary model registered with the Library of Congress. However, this data can be easily duplicated in spreadsheet software or statistical packages. In the multiple regression model, the dependent variable is square feet of self-storage per person. The independent variables are the demographic variables by CBSA: population, percentage of renters, average household size, and average household income. Testing these variables for relationships and rank indicates a moderate correlation with a multiple r coefficient of 0.51409 and an r -squared of 0.26429. Comparing existing supply to demand can be used as a benchmark to determine if a CBSA is under-supplied, over-supplied, or at equilibrium.

Cost Of Occupancy Analysis

As a test of reasonableness, we have calculated the cost of occupancy by CBSA based on market rents (average annual unit price of the market rent divided by the average household income of the trade area). As an example, if an average unit rent is \$100 a month or \$1,200 a year, and average household income is \$60,000, the cost of occupancy is two percent. For self-storage, we note trade areas below 3.5 percent generally have room to improve rental rates through revenue enhancement. The CBSA data is skewed downward from trade area analysis because of outliers or rents that are included in more suburban or rural markets. In a local trade area, a three percent cost of occupancy is considered good with room for revenue enhancement. In most trade areas, rents peak near four percent. However, we have seen a cost of occupancy exceed four percent in urban markets. The cost of occupancy is a test of reasonableness of market conditions on a relative basis to other CBSAs. In practice, the cost of occupancy in the local trade area is best. We also note that complex algorithms or pricing models are dynamic, and asking rents can change 24 hours a day, seven days a week.

Section 13 • Self-Storage Market Conditions

Table 13.1a – Regression Demand Per Capita (Top 100 CBSAs)

Source: Radius+ and NKF

	Number Of Facilities	Total Area (SF)	Total Population	% Renters	Household Size (Avg.)	Average HH Income	Total Supply	Estimated Demand	Supply/ Demand	Conclusion	10x10 Avg. Rent	Cost of Occupancy
Dallas-Fort Worth-Arlington, TX	1,303	70,764,396	7,830,258	39.53%	2.76	100,795	9.04	5.90	(3.14)	Over-Supplied	105.66	1.26%
Houston-The Woodlands-Sugar Land, TX	1,099	64,054,898	7,246,553	37.73%	2.85	99,741	8.84	6.19	(2.65)	Over-Supplied	85.69	1.03%
Los Angeles-Long Beach-Anaheim, CA	887	62,043,528	13,303,870	51.38%	2.99	111,121	4.66	4.63	(0.03)	Near Equilibrium	205.09	2.21%
New York-Newark-Jersey City, NY-NJ-PA	1,078	62,927,416	19,352,724	48.99%	2.66	122,318	3.25	3.61	0.36	Under-Supplied	290.65	2.85%
Chicago-Naperville-Elgin, IL-IN-WI	892	44,975,777	9,506,045	35.19%	2.64	104,625	4.73	5.11	0.38	Under-Supplied	127.11	1.46%
Atlanta-Sandy Springs-Roswell, GA	821	43,737,631	6,087,003	33.41%	2.68	99,436	7.19	6.20	(0.98)	Over-Supplied	98.39	1.19%
Miami-Fort Lauderdale-West Palm Beach, FL	544	37,060,476	6,116,286	41.63%	2.64	88,840	6.06	6.59	0.53	Under-Supplied	190.95	2.58%
Riverside-San Bernardino-Ontario, CA	477	32,478,046	4,642,225	35.24%	3.22	91,504	7.00	7.64	0.65	Under-Supplied	130.41	1.71%
Phoenix-Mesa-Scottsdale, AZ	553	33,809,327	4,999,484	33.66%	2.69	93,688	6.76	6.69	(0.07)	Near Equilibrium	133.67	1.71%
Washington-Arlington-Alexandria, DC-VA-MD-WV	471	28,101,936	6,294,486	35.74%	2.65	144,743	4.46	4.66	0.19	Near Equilibrium	145	1.20%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	471	25,836,613	6,165,397	33.26%	2.55	105,676	4.19	5.79	1.60	Under-Supplied	128.32	1.46%
Seattle-Tacoma-Bellevue, WA	453	25,380,684	4,046,743	38.13%	2.50	126,819	6.27	5.64	(0.63)	Over-Supplied	149.64	1.42%
San Francisco-Oakland-Hayward, CA	360	22,606,585	4,641,032	45.30%	2.62	158,125	4.87	4.74	(0.13)	Near Equilibrium	267.38	2.03%
Tampa-St. Petersburg-Clearwater, FL	428	22,731,867	3,228,154	33.55%	2.42	82,576	7.04	7.12	0.08	Near Equilibrium	125.01	1.82%
San Antonio-New Braunfels, TX	447	22,118,527	2,605,310	35.58%	2.75	83,925	8.49	7.75	(0.74)	Over-Supplied	100.31	1.43%
Denver-Aurora-Lakewood, CO	362	20,459,996	3,023,561	37.45%	2.51	113,772	6.77	6.34	(0.43)	Over-Supplied	132.96	1.40%
San Diego-Carlsbad, CA	272	19,890,028	3,287,244	45.57%	2.76	113,225	6.05	6.76	0.71	Under-Supplied	173.04	1.83%
Austin-Round Rock, TX	406	20,148,374	2,356,867	39.00%	2.59	110,038	8.55	6.77	(1.78)	Over-Supplied	102.73	1.12%
Minneapolis-St. Paul-Bloomington, MN-WI	413	19,990,518	3,698,336	28.00%	2.53	109,387	5.41	6.21	0.80	Under-Supplied	142.43	1.56%
Detroit-Warren-Dearborn, MI	384	19,792,055	4,352,332	29.81%	2.50	88,318	4.55	6.71	2.16	Under-Supplied	132.96	1.81%
Boston-Cambridge-Newton, MA-NH	423	19,831,362	4,901,715	39.02%	2.51	130,364	4.05	5.33	1.29	Under-Supplied	169	1.56%
Orlando-Kissimmee-Sanford, FL	328	19,000,531	2,663,804	37.74%	2.66	84,820	7.13	7.60	0.47	Under-Supplied	109.19	1.54%
Sacramento-Roseville-Arden-Arcade, CA	331	18,075,184	2,366,968	38.05%	2.71	102,859	7.64	7.17	(0.47)	Over-Supplied	128.49	1.50%
Charlotte-Concord-Gastonia, NC-SC	411	18,022,836	2,713,817	33.51%	2.57	94,186	6.64	7.09	0.45	Under-Supplied	105.24	1.34%
Las Vegas-Henderson-Paradise, NV	278	18,039,834	2,305,737	41.98%	2.71	84,730	7.82	7.83	0.00	Near Equilibrium	107.3	1.52%
Virginia Beach-Norfolk-Newport News, VA-NC	271	16,456,006	1,800,524	38.16%	2.55	88,911	9.14	7.54	(1.60)	Over-Supplied	103.71	1.40%
Indianapolis-Carmel-Anderson, IN	384	16,732,696	2,108,992	35.31%	2.53	87,843	7.46	7.43	(0.03)	Near Equilibrium	100.4	1.37%
Oklaoma City, OK	328	15,560,613	1,421,923	35.15%	2.52	83,045	10.94	7.74	(3.20)	Over-Supplied	74.14	1.07%
Portland-Vancouver-Hillsboro, OR-WA	331	15,897,694	2,535,563	37.30%	2.53	103,088	6.27	6.84	0.57	Under-Supplied	140.9	1.64%
St. Louis, MO-IL	413	14,926,878	2,843,258	29.38%	2.44	91,386	5.25	6.91	1.66	Under-Supplied	92.24	1.21%
Nashville-Davidson--Murfreesboro--Franklin, TN	344	15,104,364	2,020,111	32.38%	2.53	95,303	7.48	7.17	(0.31)	Near Equilibrium	88.31	1.11%
Kansas City, MO-KS	316	13,992,523	2,188,599	34.19%	2.50	92,146	6.39	7.21	0.81	Under-Supplied	106.42	1.38%
Baltimore-Columbia-Towson, MD	223	13,698,539	2,832,030	31.70%	2.55	114,077	4.84	6.36	1.52	Under-Supplied	136.75	1.44%
Jacksonville, FL	223	13,157,528	1,613,250	33.18%	2.53	89,648	8.16	7.47	(0.69)	Over-Supplied	109	1.46%
Cincinnati, OH-KY-IN	289	12,774,116	2,254,459	32.60%	2.50	91,583	5.67	7.19	1.52	Under-Supplied	81.28	1.07%
Columbus, OH	324	12,539,466	2,135,839	37.30%	2.48	92,038	5.87	7.24	1.37	Under-Supplied	112.64	1.47%
Pittsburgh, PA	378	10,682,154	2,339,652	31.77%	2.25	86,943	4.57	6.94	2.38	Under-Supplied	121.34	1.67%
San Jose-Sunnyvale-Santa Clara, CA	153	10,293,914	1,992,544	45.10%	2.91	173,924	5.17	5.33	0.16	Near Equilibrium	184.01	1.27%
Tulsa, OK	287	10,059,261	1,005,992	33.66%	2.53	81,007	10.00	7.91	(2.09)	Over-Supplied	69.53	1.03%
Boise City, ID	136	10,297,028	796,784	26.46%	2.69	87,515	12.92	7.89	(5.03)	Over-Supplied	102.95	1.41%
Raleigh, NC	206	10,227,151	1,438,110	32.75%	2.59	105,069	7.11	7.09	(0.02)	Near Equilibrium	88.74	1.01%
Milwaukee-Waukesha-West Allis, WI	220	9,877,974	1,594,490	40.20%	2.43	88,203	6.20	7.47	1.27	Under-Supplied	93.77	1.28%
Memphis, TN-MS-AR	194	10,065,271	1,374,115	38.21%	2.62	79,230	7.32	8.07	0.74	Under-Supplied	93.03	1.41%
New Orleans-Metairie, LA	202	10,171,301	1,286,197	37.10%	2.51	79,651	7.91	7.90	(0.01)	Near Equilibrium	108.71	1.64%
Salt Lake City, UT	193	9,705,795	1,283,161	32.87%	2.99	101,069	7.56	7.84	0.28	Near Equilibrium	107.13	1.27%
Richmond, VA	175	9,523,446	1,320,409	34.00%	2.50	95,784	7.21	7.31	0.10	Near Equilibrium	101.86	1.28%
Cleveland-Elyria, OH	221	9,456,729	2,076,177	33.58%	2.35	79,975	4.55	7.41	2.85	Under-Supplied	91.93	1.38%
Louisville/Jefferson County, KY-IN	207	8,962,355	1,280,422	32.44%	2.44	82,909	7.00	7.63	0.63	Under-Supplied	92.42	1.34%
Birmingham-Hoover, AL	248	8,783,502	1,112,085	30.90%	2.49	83,396	7.90	7.71	(0.19)	Near Equilibrium	78.13	1.12%
Baton Rouge, LA	188	8,136,560	882,045	32.42%	2.59	83,156	9.22	7.95	(1.28)	Over-Supplied	76.96	1.11%

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Table 13.1b – Regression Demand Per Capita (Top 100 CBSAs)

Source: Radius+ and NKF

	Number Of Facilities	Total Area (SF)	Total Population	% Renters	Household Size (Avg.)	Average HH Income	Total Supply	Estimated Demand	Supply/ Demand	Conclusion	10x10 Avg. Rent	Cost of Occupancy
Little Rock-North Little Rock-Conway, AR	213	7,786,979	751,765	35.81%	2.46	75,055	10.36	8.10	(2.26)	Over-Supplied	83.94	1.34%
Omaha-Council Bluffs, NE-IA	190	7,837,931	968,376	34.33%	2.53	89,875	8.09	7.64	(0.45)	Over-Supplied	113.58	1.52%
Ogden-Clearfield, UT	155	7,364,987	699,065	23.00%	3.09	94,243	10.54	8.23	(2.31)	Over-Supplied	107.13	1.36%
Greenville-Anderson-Mauldin, SC	210	7,149,811	946,025	31.26%	2.49	80,814	7.56	7.84	0.29	Near Equilibrium	79.44	1.18%
Albuquerque, NM	186	7,060,694	936,582	29.91%	2.51	79,516	7.54	7.90	0.36	Under-Supplied	98.62	1.49%
Bakersfield, CA	93	6,769,289	904,554	37.58%	3.18	75,351	7.48	9.12	1.63	Under-Supplied	89.79	1.43%
Fresno, CA	76	6,872,968	1,010,443	43.54%	3.17	77,713	6.80	9.08	2.28	Under-Supplied	101.03	1.56%
Fayetteville-Springdale-Rogers, AR-MO	163	7,010,128	555,481	38.37%	2.63	85,458	12.62	8.09	(4.53)	Over-Supplied	71.25	1.00%
Charleston-North Charleston, SC	139	6,759,029	824,743	34.63%	2.49	93,830	8.20	7.50	(0.70)	Over-Supplied	119.37	1.53%
Tucson, AZ	130	6,525,806	1,077,673	36.01%	2.46	77,004	6.06	7.96	1.90	Under-Supplied	110.8	1.73%
Colorado Springs, CO	144	6,701,524	766,739	33.53%	2.57	94,327	8.74	7.60	(1.14)	Over-Supplied	129.32	1.65%
North Port-Sarasota-Bradenton, FL	121	6,665,835	866,000	23.42%	2.25	92,589	7.69	7.03	(0.66)	Over-Supplied	130.81	1.70%
Grand Rapids-Wyoming, MI	197	6,320,745	1,081,642	27.97%	2.62	84,314	5.84	7.84	1.99	Under-Supplied	90.22	1.28%
Cape Coral-Fort Myers, FL	112	6,382,863	772,358	24.73%	2.37	88,415	8.26	7.38	(0.88)	Over-Supplied	131.97	1.79%
Reno, NV	88	6,100,627	499,878	40.08%	2.53	94,588	12.20	7.69	(4.52)	Over-Supplied	127.9	1.62%
Oxnard-Thousand Oaks-Ventura, CA	89	5,808,889	847,478	36.07%	3.06	119,654	6.85	7.49	0.64	Under-Supplied	196.14	1.97%
Provo-Orem, UT	113	5,997,883	714,263	28.00%	3.59	99,375	8.40	8.85	0.45	Under-Supplied	100.38	1.21%
Providence-Warwick, RI-MA	141	6,201,727	1,645,833	37.23%	2.46	92,419	3.77	7.32	3.55	Under-Supplied	154.67	2.01%
Spokane-Spokane Valley, WA	133	5,683,556	593,716	33.98%	2.45	77,788	9.57	8.01	(1.56)	Over-Supplied	119.57	1.84%
Knoxville, TN	192	6,024,370	888,103	29.69%	2.40	77,768	6.78	7.81	1.02	Under-Supplied	96.02	1.48%
Columbia, SC	164	5,778,133	860,857	33.33%	2.50	78,572	6.71	7.98	1.27	Under-Supplied	81.22	1.24%
Palm Bay-Melbourne-Titusville, FL	127	5,379,300	620,147	23.59%	2.36	81,039	8.67	7.63	(1.04)	Over-Supplied	163.45	2.42%
Stockton-Lodi, CA	84	5,340,702	772,241	38.58%	3.16	91,588	6.92	8.61	1.69	Under-Supplied	159.34	2.09%
Greensboro-High Point, NC	133	5,414,986	780,221	37.71%	2.43	71,577	6.94	8.19	1.25	Under-Supplied	72.81	1.22%
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	136	5,427,024	506,593	25.79%	2.35	74,594	10.71	7.89	(2.83)	Over-Supplied	119.37	1.92%
Dayton, OH	114	5,118,242	814,571	34.75%	2.35	77,129	6.28	7.84	1.56	Under-Supplied	82.55	1.28%
Huntsville, AL	130	5,407,795	489,610	31.63%	2.42	89,779	11.05	7.58	(3.47)	Over-Supplied	81.01	1.08%
Jackson, MS	125	5,161,368	600,060	30.77%	2.58	73,051	8.60	8.31	(0.29)	Near Equilibrium	74.83	1.23%
Wichita, KS	175	5,323,800	652,657	32.61%	2.55	78,135	8.16	8.11	(0.04)	Near Equilibrium	97.71	1.50%
Springfield, MO	179	4,914,696	477,626	36.88%	2.41	64,722	10.29	8.45	(1.84)	Over-Supplied	71.25	1.32%
Hartford-West Hartford-East Hartford, CT	119	4,848,750	1,220,195	32.90%	2.45	104,488	3.97	6.97	2.99	Under-Supplied	134	1.54%
Corpus Christi, TX	127	4,727,266	434,360	35.83%	2.71	75,900	10.88	8.52	(2.37)	Over-Supplied	110.13	1.74%
Chattanooga, TN-GA	140	4,817,671	581,634	33.91%	2.45	76,476	8.28	8.06	(0.22)	Near Equilibrium	80.44	1.26%
Deltona-Daytona Beach-Ormond Beach, FL	109	4,978,462	686,374	29.64%	2.35	73,565	7.25	7.92	0.67	Under-Supplied	111.93	1.83%
El Paso, TX	105	4,697,383	883,357	36.49%	3.04	62,643	5.32	9.32	4.00	Under-Supplied	97.71	1.87%
Pensacola-Ferry Pass-Brent, FL	110	4,662,664	512,184	34.19%	2.48	77,297	9.10	8.10	(1.01)	Over-Supplied	78.17	1.21%
Killeen-Temple, TX	111	4,562,293	486,002	42.41%	2.66	73,065	9.39	8.61	(0.77)	Over-Supplied	102.73	1.69%
Shreveport-Bossier City, LA	104	4,483,600	404,474	36.44%	2.45	69,121	11.09	8.38	(2.71)	Over-Supplied	76.96	1.34%
Augusta-Richmond County, GA-SC	108	4,480,453	625,509	31.04%	2.52	77,273	7.13	8.08	0.95	Under-Supplied	90.97	1.41%
Albany-Schenectady-Troy, NY	129	4,705,343	894,390	36.85%	2.33	93,418	5.26	7.29	2.03	Under-Supplied	100.24	1.29%
Lakeland-Winter Haven, FL	109	4,581,409	721,312	29.31%	2.63	68,539	6.35	8.48	2.13	Under-Supplied	112.48	1.97%
Rochester, NY	179	4,461,445	1,086,570	35.16%	2.37	82,950	4.11	7.62	3.51	Under-Supplied	88.09	1.27%
Madison, WI	183	4,359,249	678,978	40.08%	2.33	97,591	6.42	7.26	0.83	Under-Supplied	105.56	1.30%
Modesto, CA	76	4,218,411	546,055	41.30%	3.09	81,812	7.73	8.92	1.19	Under-Supplied	159.34	2.34%
Des Moines-West Des Moines, IA	112	4,553,967	718,482	31.59%	2.48	91,671	6.34	7.54	1.20	Under-Supplied	130.54	1.71%
Santa Rosa, CA	69	4,157,054	489,521	36.46%	2.57	113,913	8.49	7.07	(1.42)	Over-Supplied	267.38	2.82%
Buffalo-Cheektowaga-Niagara Falls, NY	112	4,167,169	1,138,953	34.06%	2.28	79,145	3.66	7.58	3.92	Under-Supplied	104.5	1.58%
Lubbock, TX	98	4,065,855	332,513	42.41%	2.54	74,312	12.23	8.44	(3.79)	Over-Supplied	93.8	1.51%
Lafayette, LA	114	4,279,853	493,448	30.09%	2.57	75,737	8.67	8.23	(0.45)	Over-Supplied	76.96	1.22%
Gulfport-Biloxi-Pascagoula, MS	129	3,892,023	422,559	33.78%	2.56	69,093	9.21	8.50	(0.71)	Over-Supplied	65.87	1.14%

Section 13 • Self-Storage Market Conditions

Therefore, the cost of occupancy should be considered a benchmark. The data is shown in Table 13.1. The cost of occupancy and risen during the pandemic as rates have exceeded average household income. New high benchmarks for what customers are willing to pay are now being set, causing pricing markets to be revised dynamically.

As an example, if an average unit rent is \$100 a month or \$1,200 a year, and average household income is \$60,000, the cost of occupancy is two percent. For self-storage, we note trade areas below 3.5 percent generally have room to improve rental rates through revenue enhancement.

Investment Considerations

General market conditions and market sentiment regarding self-storage should always be considered from a macroeconomic perspective. The following Key Performance Indicators are highlighted from the 3Q 2021 Investor Survey (published in the January 2022 issue of *Mini-Storage Messenger*):

- Market participants report strong optimism for the sector in 2022. Many pointed out strong self-storage performance during the pandemic as the sector outperformed all CORE commercial real estate. For example, self-storage REITs experienced a year to date (as of Nov. 19, 2021) increase of 65.65 percent compared to 26.95 percent for the DJIA over the same period. Occupancy and income increased significantly in 2021, while cap rates dropped significantly. As a result, single asset valuations increased robustly.
- In terms of market activity, brokers report deal activity increases in 2021. Market participants report that after a pause due to the pandemic, transaction activity is steadily increasing. Class-C assets remain the most active (generally under \$3 million), but portfolio sale activity is increasing as well including over \$3 billion in portfolio transactions over the past year.
- Brokers and investors surveyed indicate that cash flow modeling is emphasized over cap rates. For example, start with the cash flow modeling to see the implied impact to the cap rate. There are wider spreads in the trailing cap rate to the year one stabilized proforma cap rate, a key indicator of optimistic market sentiment.

- Cap Rates – An average decline of -44 basis points from 1Q to 3Q 2021 is based on Investor Surveys, a pace of decline of 7.3 bps a month or 88 bps (nearly one percent annually). As new capital chases yield in the sector, self-storage is being considered more like CORE sectors such as apartments, industrial, office, and retail. As a result, self-storage cap rates spreads to other sectors like apartments are decreasing.

Many economists are forecasting Federal Reserve increases in 2023, but equity returns have remained steady for self-storage (and generally higher than other sectors). Therefore, cap rates are not expected to increase. We can point to strong correlation of self-storage cap rates to the 10-Year Treasuries, but it appears that expectations in equity returns (cash on cash) will be sufficient to keep cap rates steady, if not decline further.

It will always be the case that the local sub-market around any given site will provide most of the relevant data points.

Inflation is currently reported at 6.2 percent in the U.S., but self-storage is an inflation buster. Because there are no long-term leases (just short-term contracts), rates can be increased at any time. As a result, self-storage rental rates are able to keep pace with inflation better than other sectors. Inflation has been relatively tame for two decades, so this becomes a new incentive to market participants to invest in the self-storage asset class.

- Development – Supply chain problems have restricted self-storage development. Builders may not know the cost or timing of delivery of materials until loaded on the truck. This has caused projects to be delayed or some not to be built at all. Based on the Investor Survey, it has also caused developer's profit expectations to increase as a result of increased risk of new projects.

Market Analysis Summary

It will always be the case that the local sub-market around any given site will provide most of the relevant data points. However, the context provided by comparing a given site or a given market to the industry overall can reveal underlying strengths and weaknesses that otherwise could be ignored. Especially relevant are the overall trends within datasets as well as comparative sets like smaller markets vs. major markets or population centers vs. more rural markets. While rental rates or supply per capita in one market might mean very little to a specific site in another market, the trends and characteristics of the comparisons are extremely relevant. ■

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and developed because while the age of the improvements that are already there makes the depreciation difficult to accurately measure once the renovations are complete. This approach needs to be, and has been done to help determine and validate if the project is financially feasible. This approach will also bring added support to the overall report.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was developed because the subject is an income producing property and there is adequate data to develop a value estimate with this approach.

Cost Approach

The Cost Approach is based on the principle of substitution – that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. I have used the Sales Comparison Approach; the process is as follows:
 - Comparable sales, contracts for sale and current offerings are researched and documented.
 - Each comparable is analyzed and adjusted to equate with the subject property.
 - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

In the cost analysis, we have researched the Marshal and Swift cost book along with the developers cost budget verbally given to us by the buyer and owner. Over the last year and especially over the last 6 months, material and labor cost have skyrocketed. In doing so the Marshal and Swift cost book has become more and more obsolete as it simply cannot keep up with the monthly increases in material. One of the largest increases has been in steel and concrete, which is of course the two largest components of what the subject is going to be built out with.

Due to this we will rely solely on the developers cost approach to ensure that the proposed addition is financially feasible and that it makes sense within the market to do an addition like the one proposed to the facility.

DEVELOPER'S PROJECTED COST ESTIMATE FOR ADDITIONAL UNITS

Proposed Climate-Controlled Building -	\$275,000
Non-Climate-Controlled PODS -	<u>\$200,000</u>
Total	\$475,000

As you can see above on the developer's projected cost estimate for the construction cost was estimated at \$475,000, which does not include a general contractor fee or an entrepreneurial incentive. When we add the general contractor fee of 20% which is a typical number within our market is added along with the entrepreneurial incentive, which is also at least 20% for a project such of this size and risk, the total cost calculates to \$684,000.

Calculations are as follows:

$\$475,000 \times 1.20$ (developers' profit) $\times 1.20$ (entrepreneurial incentive)

Total	\$684,000
Plus, Purchase Price (Building & Land)	\$1,430,000
Total Developer's Projected Cost Estimate	\$2,114,000
Rounded to	\$2,110,000

This price was discussed with local contractors and others in the market and the consensus was that with the increased price of steel and concrete that the cost could easily be in that ball park. One contact stated that he had just gotten word that his steel price was going up another 15% on September 1st. He stated that it was at least the 6th increase there had been in the last year.

With all of this being said and the discussions that were had concerning the cost of the subject. I have chosen to put all of my weight on the developers cost estimate including the initial purchase for the subject rather than even including the Marshal and Swift cost that was so far off from what was indicated that it would not produce creditable results currently. Also, due to the fact that no matter what the Marshal and Swift indicated, the real financial feasibility test is what the buyer is paying plus the cost of the addition. If that does not show financial feasibility then it will not matter what the Marshal and Swift has.

Cost Approach Conclusion

Based on the analysis detailed on the following page, as of May 16, 2023, I have reconciled to a cost approach value of:

\$2,110,000
Two Million One Hundred Ten Thousand Dollars

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

Improved Comparable Sales

I have utilized the following four comparable sales for this analysis; these are documented on the following pages followed by a location map and analysis grid. All the comparable sales have been researched through numerous sources. The process employed in preparing this report involved the use of public, as well as private data sources including city and county records and information contained in the appraiser's files. Sales data utilized in this report were obtained from county assessor records, brokers and various data sources of which the appraiser is a participating member. The property was inspected and the market for similar properties was investigated. Various contacts were made with brokers as well as other appraisers in the gathering of data. When possible, sale price was confirmed with the buyer, seller or the broker of the transaction.

Due to the limited sales available in the subject's immediate market area, we extended our research into the surrounding areas. We will determine the 'as is' market value and the prospective 'as complete and stabilized' market value.

Comp	Address	Grantor	Price	Price Per SF	Year Built	
	City	Grantee	Date	GBA	Construction	Comments
Subject	112 Benton Way				2007; renovated in 2020 / Proposed construction for 2023	This is the subject property.
	Benton			Existing - 15,420 Existing & Proposed - 25,670	Steel / Metal / Concrete Block	
1	4819 Highway 58	Great Value Self Storage, LLC	\$2,000,000	\$82.64	1997	This is a mini warehouse facility with 15 climate-controlled storage units and 143 non-climate controlled storage units. The property has a gated entry with plenty of parking situated on 1.75 acres of land. This property sold on 08/18/2022 for \$2,000,000 or \$82.64 per square foot. The units range from 5x10 up to 10x15 and rents range from \$49 per month up to \$130 per month. This information was verified by the tax assessor, tax card and other public documentation.
	Chattanooga	KosFI Chattanooga, LLC	8/18/2022	24,200	Metal	
2	6808 Middle Valley Road	Boardwalk Storage Middle Valley Road, LLC	\$5,305,500	\$99.32	1995	This is the sell of a self storage facility that sold on 07/11/2022 for \$5,305,500. This building is located on Middle Valley Road in Hixson, TN. The building is situated on 3.75 acres and contains 53,420 square feet. They have drive up non climate and climate controlled units ranging from 5'x10'-10'x20' with rents ranging from \$63.00-\$158.00 per month. This information was verified by the tax assessor, tax card, deed and other public documentation.
	Hixson	FreeUp	7/11/2022	53,420	Metal	
3	8307 Hixson Pike	Simple Storage Solutions, LLC	\$3,250,000	\$82.70	2019	This is a mini warehouse facility with climate and non-climate controlled storage units situated on 2.99 acres of land with 39,300 square feet of building space. This property sold on 04/29/2022 for \$3,250,000 or \$82.70 per square foot. The units range from 5x5 up to 10x30 and rents range from \$83 per month up to \$127 per month. Occupancy at the time of sale was approximately 90%. This information was verified by the broker Darrell Henry with Fletcher Bright Company, the tax assessor, tax card and other public documentation.
	Hixson	Sroa 8307 Hixson Tn, LLC	4/29/2022	39,300	Metal & Block	
4	500 W Manning Street	Thomas Orton	\$1,030,000	\$96.71	2006	This is a mini warehouse facility with 170 total units to include climate-controlled and non-climate-controlled storage units situated on 0.67 acres of land with 10,650 square feet of building space. This property sold on 11/16/2021 for \$1,030,000 or \$96.71 per square foot. The units range from 5x5 up to 10x20 and rents range from \$75 per month up to \$300 per month. Occupancy at the time of sale was approximately 95%. This information was verified by the broker's office Fletcher Bright, the tax assessor, tax card and other public documentation.
	Chattanooga	Aaron Nesbitt	11/16/2021	10,650	Metal & Block	

Comparable 1



Transaction			
ID	4588	Date	8/18/2022
Address	4819 Highway 58	Price	\$2,000,000
City	Chattanooga	Price Per SF	\$82.64
State	TN	Transaction Type	Closed Sale
Tax ID	129B-C-005.02	Financing	Conventional
Grantor	Great Value Self Storage, LLC	Property Rights	Leased Fee
Grantee	Kosf I Chattanooga, LLC	Days on Market	Undisclosed
Book/Page or Reference	13067-724	Sale Verification Source	Tax Card/CoStar
Site			
Acres	1.75	Topography	Mostly Level
Land SF	76,230	Zoning	C-2
Shape	Irregular	Flood Zone	X
Utilities	All Municipal		
Improvements			
Source For SF Area	Tax Card/CoStar		
Rentable Area	24,200		
Year Built	1997		
Renovations	Unknown		
Condition	Average		
Comments			

This is a mini warehouse facility with 15 climate-controlled storage units and 143 non-climate controlled storage units. The property has a gated entry with plenty of parking situated on 1.75 acres of land. This property sold on 08/18/2022 for \$2,000,000 or \$82.64 per square foot. The units range from 5x10 up to 10x15 and rents range from \$49 per month up to \$130 per month. This information was verified by the tax assessor, tax card and other public documentation.

Comparable 2



Transaction

ID	10111	Date	7/11/2022
Address	6808 Middle Valley Road	Price	\$5,305,500
City	Hixson	Price Per SF	\$99.32
State	TN	Transaction Type	Closed Sale
Tax ID	091L A 001	Financing	Conventional
Grantor	Boardwalk Storage Middle Valley	Property Rights	Leased Fee
Grantee	FreeUp	Days on Market	Unknown
Book/Page or Reference	13021-0384	Sale Verification Source	Tax Card/CoStar

Site

Acres	3.75	Topography	Basically level
Land SF	163,349	Zoning	C-2
Shape	Irregular	Flood Zone	AE
Utilities	All municipal		

Improvements

Source For SF Area	Assessor
Rentable Area	53,420
Year Built	1995
Renovations	Unknown
Condition	Average

Comments

This is the sell of a self storage facility that sold on 07/11/2022 for \$5,305,500. This building is located on Middle Valley Road in Hixson, TN. The building is situated on 3.75 acres and contains 53,420 square feet. They have drive up non climate and climate controlled units ranging from 5'x10'-10'x20' with rents ranging from \$63.00-\$158.00 per month. This information was verified by the tax assessor, tax card, deed and other public documentation.

Comparable 3



Transaction			
ID	17550	Date	4/29/2022
Address	8307 Hixson Pike	Price	\$3,250,000
City	Hixson	Price Per SF	\$82.70
State	TN	Transaction Type	Closed Sale
Tax ID	083 154	Financing	Conventional
Grantor	Simple Storage Solutions, LLC	Property Rights	Leased Fee
Grantee	Sroa 8307 Hixson Tn, LLC	Days on Market	Unknown
Book/Page or Reference	12945-381	Sale Verification Source	Broker & Tax Card
Site			
Acres	2.99	Topography	Mostly Level
Land SF	130,244	Zoning	C-3
Shape	Irregular	Flood Zone	X
Utilities	All Municipal		
Improvements			
Source For SF Area	Broker & Tax Card		
Rentable Area	39,300		
Year Built	2019		
Renovations	Unknown		
Condition	Average		
Comments			

This is a mini warehouse facility with climate and non-climate controlled storage units situated on 2.99 acres of land with 39,300 square feet of building space. This property sold on 04/29/2022 for \$3,250,000 or \$82.70 per square foot. The units range from 5x5 up to 10x30 and rents range from \$83 per month up to \$127 per month. Occupancy at the time of sale was approximately 90%. This information was verified by the broker Darrell Henry with Fletcher Bright Company, the tax assessor, tax card and other public documentation.

Comparable 4



Transaction

ID	17587	Date	11/16/2021
Address	500 W Manning Street	Price	\$1,030,000
City	Chattanooga	Price Per SF	\$96.71
State	TN	Transaction Type	Closed Sale
Tax ID	135F B 004	Financing	Conventional
Grantor	Thomas Orton	Property Rights	Leased Fee
Grantee	Aaron Nesbitt	Days on Market	Unknown
Book/Page or Reference	12740-554	Sale Verification Source	Broker & Tax Card

Site

Acres	0.67	Topography	Mostly Level
Land SF	29,185	Zoning	E-IX-3
Shape	Irregular	Flood Zone	AH & 0.2 PCT
Utilities	All Municipal		

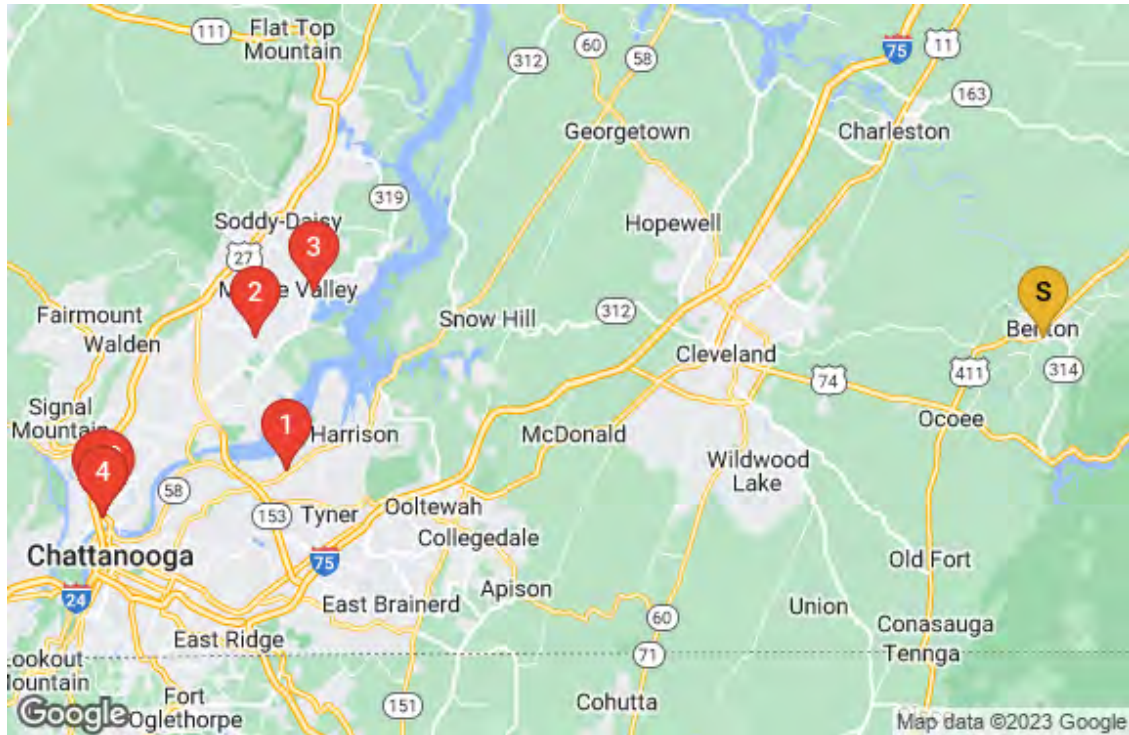
Improvements

Source For SF Area	Tax Card/CoStar
Rentable Area	10,650
Year Built	2006
Renovations	Unknown
Condition	Average

Comments

This is a mini warehouse facility with 170 total units to include climate-controlled and non-climate-controlled storage units situated on 0.67 acres of land with 10,650 square feet of building space. This property sold on 11/16/2021 for \$1,030,000 or \$96.71 per square foot. The units range from 5x5 up to 10x20 and rents range from \$75 per month up to \$300 per month. Occupancy at the time of sale was approximately 95%. This information was verified by the broker's office Fletcher Bright, the tax assessor, tax card and other public documentation.

Comparable Market Sales Map



Analysis Grid

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:





- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.



Analysis Grid			Comp 1		Comp 2		Comp 3		Comp 4	
Address	112 Benton Way		4819 Highway 58		6808 Middle Valley Road		8307 Hixson Pike		500 W Manning Street	
City	Benton		Chattanooga		Hixson		Hixson		Chattanooga	
State	TN		TN		TN		TN		TN	
Date	5/16/2023		8/18/2022		7/11/2022		4/29/2022		11/16/2021	
Price			\$2,000,000		\$5,305,500		\$3,250,000		\$1,030,000	
GBA	Existing - 15,420		24,200		53,420		39,300		10,650	
	Existing & Proposed - 25,670									
GBA Unit Price			\$82.64		\$99.32		\$82.70		\$96.71	
Transaction Adjustments										
Property Rights			Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%
Financing			Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale			Normal	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjusted GBA Unit Price			\$82.64		\$99.32		\$82.70		\$96.71	
Market Trends Through	5/16/2023	0.0%	0.0%		0.0%		0.0%		0.0%	
Adjusted GBA Unit Price			\$82.64		\$99.32		\$82.70		\$96.71	
Location	Average		Superior		Superior		Superior		Superior	
% Adjustment			-5%		-5%		-5%		-5%	
\$ Adjustment			-\$4.13		-\$4.97		-\$4.13		-\$4.84	
GBA	25,670		24,200		53,420		39,300		10,650	
% Adjustment			0%		0%		0%		0%	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$0.00	
Year Built	Existing - 2007; renovated in 2020 / Proposed construction for 2023		1997		1995		2019		2006	
% Adjustment			5%		5%		0%		0%	
\$ Adjustment			\$4.13		\$4.97		\$0.00		\$0.00	
Unit Type	Non-climate and Climate controlled		Similar		Similar		Similar		Similar	
% Adjustment			0%		0%		0%		0%	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$0.00	
Adjusted GBA Unit Price			\$82.64		\$99.32		\$78.56		\$91.88	

Comparable Sale Adjustments


When analyzing sales, certain characteristics of each must first be considered, including property rights transferred, financing terms, and conditions of the sale. These adjustments are applied to the actual sales price prior to adjusting for market conditions. The following cumulative adjustments are applied to the sales before other adjustments, in order to reconcile the sales price for intangible factors that affect the sale prices.


-  **Property Rights Conveyed** – All sales included for analysis represent the transfer of leased fee interest, and no adjustments were required for differences in property rights.
-  **Financing** – An adjustment for financing accounts for favorable terms for the buyer, such as below market interest rates on seller carried notes. All the sales were reported to be cash to seller or cash equivalent and our analysis of the sales did not indicate any unusual or non-market financing, therefore, no adjustment is made for financing terms.
-  **Conditions of Sale** – An adjustment for conditions of sale accounts for non-arms-length sales, distressed sales, or sales with atypical conditions. All the comparable sales were reported to be arms-length transactions with no unusual circumstances or atypical motivations. No adjustments were necessary for conditions of sale.
-  **Market Conditions (Date of Sale)** – Market conditions reflect changes that have occurred since the date of sale. Changes in market condition may result from factors such as fluctuations in supply and demand, shifts in investor's perception of the market, and deflationary trends. Market trends have been reasonably stable over this period of time and on through the date of valuation. Therefore, no adjustment is applied.

The preceding adjustments are cumulative in nature, with the time-adjusted price now the basis upon which secondary comparisons is made. Secondary comparisons typically account for differences in features such as location, size, utility, and topography as further described below.

-  **Location** – Adjustments for location reflect the difference in value attributable to characteristics such as location on a primary versus secondary roadway, proximity to a major intersection, or proximity to quality commercial development. Market comparable sales 1 – 4 have been judged superior for location due to being located in more populated and/or heavily traveled areas. Therefore, these comparables have been adjusted downward accordingly.
-  **Size** – The existing subject improvements contain a gross building area of 15,420± square feet and the proposed subject improvements will contain a gross building area of 10,250± square feet. This gives a total gross building area for the existing and proposed subject improvements will contain a gross building area of 25,670± square feet. The comparable self-storage facilities range from 10,650± square feet to 53,420± square feet. No adjustments were indicated for size since there was no

clear indication that the market was willing to pay more or less on a price per square foot based on the size of the comparable sales.

 **Year Built / Condition** – The existing subject improvements were built in 2007 and renovated in 2020 while a portion of the subject improvements are proposed. Market comparables 1 and 2 were judged inferior for year built / condition and have been adjusted upward accordingly. The calculations were based on the age to life method of depreciation.

 **Unit Type** – The subject's existing improvements are all climate-controlled while the subject's existing and proposed improvements will have climate-controlled and non-climate-controlled units. No adjustments were necessary for unit type as the comparable sales are a mix of climate and non-climate-controlled units.

Sales Comparison Approach Conclusion

The adjusted values of the comparable properties range from \$78.56 to \$99.32 per square foot. All of the value indications have been considered in arriving at my final reconciled per square foot value of \$88.00.

The existing building consists of a gross building area of 15,420± square feet. The following is the current as is market value of the existing improvement:

Current As Is Market Value	
Indicated Value per Square Foot:	\$88.00
Subject Size (Existing):	15,420± SF
Indicated Value:	\$1,356,960
Rounded:	\$1,360,000
One Million Three Hundred Sixty Thousand Dollars	

The proposed improvements will consist of a gross building area of 10,250± square feet. When adding the proposed and existing square footages together this gives a total gross building area of 25,670± square feet. The following is the prospective as complete and stabilized market value of the existing and proposed improvements:

Prospective Market Value as Complete & Stabilized	
Indicated Value per Square Foot:	\$88.00
Subject Size (Existing & Proposed):	25,670± SF
Indicated Value:	\$2,258,960
Rounded:	\$2,260,000
Two Million Two Hundred Sixty Thousand Dollars	

Income Approach

The Income Approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property.

Direct Capitalization Analysis

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate (R_o).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

Potential Gross Income (PGI)

The first step in the economic analysis is the estimation of a market rental rate for the subject property. The subject property is improved with a mini storage facility doing business as American Sentry Mini Storage. Currently, there is one, one-story, metal building with a gross building area of 15,420± square feet and a rentable area of 11,000± square feet with a total of 61 climate-controlled storage units. There are also 22 outdoor spaces; 16 uncovered and 6 covered. The buyer plans to add one new building that will consist of a gross building area of 5,250± square feet and a rentable area of 4,200± square feet that will be all climate-controlled. Per the buyer, the exact number of units has not been determined at this time for the proposed climate-controlled building. There will also be 40 non-climate-controlled storage pods; 20 - 10 x 10 units and 20 - 10 x 15 units for a gross building area of 5,000± square feet and a rentable area of 5,000± square feet. This will give the proposed gross building area of 10,250± square feet and a rentable area of 9,200± square feet. After completion, the total rentable area will be 20,200± square feet with a total gross building area of 25,670± square feet. Therefore, we will include all spaces that are climate controlled together and all spaces that are to be non-climate controlled together in the income analysis.

The first table summarizes the subject's existing potential gross income based on the market rents utilized after researching the local market.

Annual Income Summary - As Is	
Unit/Space Type	Amount
Existing climate-controlled	\$143,000
Uncovered outdoor spaces	\$13,440
Covered outdoor spaces	\$9,360
Totals	\$165,800

The second table summarizes the subject's existing and proposed potential gross income based on the market rents utilized after researching the local market.

Annual Income Summary - As Complete & Stabilized	
Unit/Space Type	Amount
Existing climate-controlled	\$143,000
Proposed climate-controlled	\$54,600
Non climate-controlled	\$40,000
Uncovered outdoor spaces	\$13,440
Covered outdoor spaces	\$9,360
Totals	\$260,400

Market Rental Rates for Self-Storage Units

In the market rent analysis section, we will provide multiple charts showing national averages and local averages in order to determine what the market rental rate for the different sizes and types of self-storage units. This analysis will also help us to determine if the current rents in place at the subject's self-storage facility fall in line with the national and regional averages.

National Asking Rental Rates

Pricing mainly comes down to size (bigger units cost more) and availability. Storage units cost approximately \$190.00 per month. Seven self-storage companies were asked for more than 2,500 quotes and found that monthly prices range from about \$90.00 per month for a small storage unit to nearly \$300.00 per month for a large storage unit.

Common storage unit sizes and dimensions		
Size	Dimensions	Average monthly price
Small	5 x 5 ft.	\$90
	5 x 10 ft.	
Medium	5 x 15 ft.	\$160
	10 x 10 ft.	
	10 x 15 ft.	
Large	10 x 20 ft.	\$290
	10 x 25 ft.	
	10 x 30 ft.	

Data as of 2/26/21. Average prices include online rates plus taxes and insurance. Applicable one-time administrative fees of approximately \$25 not included. Offers and availability may vary by location and are subject to change.

Market Rental Rates for Self-Storage Units in the Subject's Area

I have researched numerous comparable properties and have utilized the following comparable rents for this analysis. The following chart details comparable facilities that layout the different sizes for climate and non-climate-controlled units with the price per square foot prices listed for review. Because there are different unit types, we have researched comparable storage facilities in the local area and surrounding areas to try to determine a price per square foot paid for climate and non-climate -controlled units similar to the subject.

Comp #	Address City/State	Mini Storage Facility Name Tenant	Rent/Monthly Rent/SF	Comments
1	112 Benton Way	Subject		
1		(10 x 20) Individual tenant	\$11.70	This is the subject property 'as is'. The facility currently has climate-controlled storage units, covered and uncovered boat and RV storage. The 10 x 10 climate-controlled units rent for \$120.00 mo.; \$14.40 per sf, the 10 x 15 climate-controlled units rent for \$170.00 mo.; \$13.60 per sf, the 10 x 20 climate-controlled units rent for \$195.00 mo.; \$11.70 per sf. (Avg price per sf: \$13.23) The covered boat/RV parking rents for \$130.00 per month and uncovered boat/RV parking rents for \$70.00 per month.
1		(10 x 15) Individual tenant	\$13.60	
1		(10 x 10) Individual tenant	\$14.40	
2	2530 Georgetown Road NW			
	Cleveland, TN	(10 x 10) Individual tenant	\$13.44	The 10 x 10 climate-controlled units rent for \$112.00 mo.; \$13.44 per sf, 10 x 15 climate-controlled units rent for \$150.00 mo.; \$12.00 per sf, the 10 x 20 climate-controlled units rent for \$ 180.00 mo.; \$10.80 per sf (Avg rent per sf: \$12.08)
2		(10 x 15) Individual tenant	\$12.00	
2		(10 x 20) Individual tenant	\$10.80	
3	3300 Davy Crockett Rd NE			
	Cleveland, TN	(10 x 10) Individual tenant	\$11.40	This is Posey's Storage located at Davy Crockett Road NE and 20th Street NE in Cleveland, TN. This facility has climate controlled storage units, which range in price from \$9.60 to - \$11.40 per square foot. The per month / per sq. ft. breakdown is as follows: 10 x 10 = \$95.00/mo; \$11.40/sf, 10 x 15 = \$125.00 per mo.; \$10.00/sf and 10 x 20 = \$160.00 per mo.; \$9.60/sf.
1		(10 x 15) Individual tenant	\$10.00	
1		(10 x 20) Individual tenant	\$9.60	
4	125 Poplar Street			
	Benton, TN	(5 x 10) Individual tenant	\$14.40	This is Crossover Self-Storage located on Poplar Street in Benton, TN. This facility has non-climate controlled which range in price from \$60.00-\$165.00 per month. The per month / per sq. ft. breakdown for the non-climate controlled units are as follows: 5 x 10 = \$60.00/mo.; \$14.40/sf and 10 x 20 = \$165.00/mo.; \$9.90/sf. (\$12.15 avg per sf monthly rent)
4		(10 x 20) Individual tenant	\$9.90	
5	3307 Davy Crockett Rd NE			
	Cleveland, TN	(10 x 10) Individual tenant	\$7.80	This is Posey's Storage located at Davy Crockett Road NE and 20th Street NE in Cleveland, TN. This facility has non-climate controlled storage units, which range in price from \$7.60 to \$7.80 follows: 10 x 10's rent for \$65.00 mo.; \$7.80 per sf, 10 x 15's rent for \$95.00 mo.; \$7.60 per sf and 10 x 20's rent for \$130.00 mo.; \$7.80 per sf. (Avg price per sf: \$7.70)
5		(10 x 15) Individual tenant	\$7.60	
5		(10 x 20) Individual tenant	\$7.80	
6	2501 20th Street NE			
	Cleveland, TN	(10 x 10) Individual tenant	\$5.40	The 10 x 10 non-climate controlled units rent for \$45.00 mo.; \$5.40 per sf, the 10 x 20 non-climate controlled units rent for \$69.00 mo.; \$4.14 per sf. (Avg price per sf rent: \$4.77)
6		(10 x 20) Individual tenant	\$4.14	
7	6358 Waterlevel Hwy			
7	Cleveland, TN	(Covered) Individual tenant	\$130.00	This is a storage facility that has covered and uncovered boat and RV storage. Covered rents for \$130 per month and uncovered rents for \$70 per month.
7		(Uncovered) Individual tenant	\$70.00	
8	2610 20th St NE			
	Cleveland, TN	(Covered) Individual tenant	\$160.00	This is a storage facility that has covered and uncovered boat and RV storage. Covered rents for \$160 per month and uncovered rents for \$100 per month.
8		(Uncovered) Individual tenant	\$100.00	
9	112 Benton Way	Subject		
9	Benton, TN	(Covered) Individual tenant	\$130.00	This is the subject property 'as is'. The facility currently has climate-controlled storage units, covered and uncovered boat and RV storage. The 10 x 10 climate-controlled units rent for \$120.00 mo.; \$14.40 per sf, the 10 x 15 climate-controlled units rent for \$170.00 mo.; \$13.60 per sf, the 10 x 20 climate-controlled units rent for \$195.00 mo.; \$11.70 per sf. (Avg price per sf: \$13.23) The covered boat/RV parking rents for \$130.00 per month and uncovered boat/RV parking rents for \$70.00 per month.
9		(Uncovered) Individual tenant	\$70.00	

Lease Comparable 1



Location

Address	112 Benton Way	Name	Storage Facility 112 Benton
City	Benton	Condition	Average
State	TN		

Comments

This is the subject property 'as is'. The facility currently has climate-controlled storage units, covered and uncovered boat and RV storage. The 10 x 10 climate-controlled units rent for \$120.00 mo.; \$14.40 per sf, the 10 x 15 climate-controlled units rent for \$170.00 mo.; \$13.60 per sf, the 10 x 20 climate-controlled units rent for \$195.00 mo.; \$11.70 per sf. (Avg price per sf: \$13.23) The covered boat/RV parking rents for \$130.00 per month and uncovered boat/RV parking rents for \$70.00 per month.

****SUBJECT***

Lease Comparable 2



Location		Building	
Address	2530 Georgetown Road NW	Name	2530 Georgetown Road NW
City	Cleveland	Condition	Average
State	TN		
Comments			
The 10 x 10 climate-controlled units rent for \$112.00 mo.; \$13.44 per sf, 10 x 15 climate-controlled units rent for \$150.00 mo.; \$12.00 per sf, the 10 x 20 climate-controlled units rent for \$ 180.00 mo.; \$10.80 per sf (Avg rent per sf: \$12.08)			

Lease Comparable 3



Location		Building	
Address	3300 Davy Crockett Rd NE	Name	Posey's Storage
City	Cleveland	Condition	Average
State	TN		

Comments
This is Posey's Storage located at Davy Crockett Road NE and 20th Street NE in Cleveland, TN. This facility has climate controlled storage units, which range in price from \$9.60 to - \$11.40 per square foot. The per month / per sq. ft. breakdown is as follows: 10 x 10 = \$95.00/mo; \$11.40/sf, 10 x 15 = \$125.00 per mo.; \$10.00/sf and 10 x 20 = \$160.00 per mo.; \$9.60/sf.

Lease Comparable 4



Location		Building	
Address	125 Poplar Street	Name	Crossover Self-Storage
City	Benton	Condition	Average
State	TN		

Comments
This is Crossover Self-Storage located on Poplar Street in Benton, TN. This facility has non-climate controlled which range in price from \$60.00-\$165.00 per month. The per month / per sq. ft. breakdown for the non-climate controlled units are as follows: 5 x 10 = \$60.00/mo.; \$14.40/sf and 10 x 20 = \$165.00/mo.; \$9.90/sf. (\$12.15 avg per sf monthly rent)

Lease Comparable 5



Location		Building	
Address	3307 Davy Crockett Rd NE	Name	Posey's Storage - Non-
City	Cleveland	Condition	Average
State	TN		
Comments			

This is Posey's Storage located at Davy Crockett Road NE and 20th Street NE in Cleveland, TN. This facility has non-climate controlled storage units, which range in price from \$7.60 to \$7.80 follows: 10 x 10's rent for \$65.00 mo.; \$7.80 per sf, 10 x 15's rent for \$95.00 mo.; \$7.60 per sf and 10 x 20's rent for \$130.00 mo.; \$7.80 per sf. (Avg price per sf: \$7.70)

Lease Comparable 6



Location		Building	
Address	2501 20th Street NE	Name	20th Street Storage - Non-
City	Cleveland	Condition	Average
State	TN		

Comments
The 10 x 10 non-climate controlled units rent for \$45.00 mo.; \$5.40 per sf, the 10 x 20 non-climate controlled units rent for \$69.00 mo.; \$4.14 per sf. (Avg price per sf rent: \$4.77)

Lease Comparable 7



Location		Building	
Address	6358 Waterlevel Hwy	Name	6358 Waterlevel Hwy
City	Cleveland	Condition	Average
State	TN		

Comments
This is a storage facility that has covered and uncovered boat and RV storage. Covered rents for \$130 per month and uncovered rents for \$70 per month.

Lease Comparable 8



Location		Building	
Address	2610 20th St NE	Name	Toy Yard RV & Boat
City	Cleveland	Condition	Average
State	TN		

Comments

This is a storage facility that has covered and uncovered boat and RV storage. Covered rents for \$160 per month and uncovered rents for \$100 per month.

Lease Comparable 9



Location		Building	
Address	112 Benton Way	Name	Storage Facility 112 Benton
City	Benton	Condition	Average
State	TN		

Comments

This is the subject property 'as is'. The facility currently has climate-controlled storage units, covered and uncovered boat and RV storage. The 10 x 10 climate-controlled units rent for \$120.00 mo.; \$14.40 per sf, the 10 x 15 climate-controlled units rent for \$170.00 mo.; \$13.60 per sf, the 10 x 20 climate-controlled units rent for \$195.00 mo.; \$11.70 per sf. (Avg price per sf: \$13.23) The covered boat/RV parking rents for \$130.00 per month and uncovered boat/RV parking rents for \$70.00 per month.

****SUBJECT***

Lease Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		Comp 6		Comp 7	
Address	112 Benton Way	112 Benton Way	2530 Georgetown	3300 Davy Crockett	125 Poplar Street	3307 Davy	2501 20th Street	6358	Waterlevel						
City	Benton	Benton	Cleveland	Cleveland	Benton	Cleveland	Cleveland		Cleveland						
State	TN	TN	TN	TN	TN	TN	TN		TN						
Rent/SF		\$11.70 - \$14.40 (\$13.23 avg)	\$10.80 - \$13.44 (\$12.08 avg)	\$9.60 - \$11.40 (\$10.33 avg)	\$9.90 - \$14.40 (\$12.15 avg)	\$7.60 - \$7.80 (\$7.70 avg)	\$4.14 - \$5.40 (\$4.77 avg)	\$70.00 (uncovered) - \$130.00 (covered)	\$70.00 (uncovered) - \$130.00 (covered)						
Lease Type		Monthly	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly						
Term		Monthly	Monthly	Monthly	Monthly	Monthly	Monthly		Monthly						
Type		10 x 10 - 10 x 20 Climate Controlled units	10 x 10 - 10 x 20 Climate Controlled units	10 x 10 - 10 x 20 Climate Controlled units	10 x 10 - 10 x 20 Non-Climate Controlled units	10 x 10 - 10 x 20 Non-Climate Controlled units	10 x 10 - 10 x 20 Non-Climate Controlled units		Outdoor Spaces						
Transaction Adjustments															
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%	Normal	0%	Normal	0%	Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%	Similar	0%	Similar	0%	Similar	0%	Similar	0%	Similar	0%
Adjusted Rent		\$11.70 - \$14.40 (\$13.23 avg)	\$10.80 - \$13.44 (\$12.08 avg)	\$9.60 - \$11.40 (\$10.33 avg)	\$9.90 - \$14.40 (\$12.15 avg)	\$7.60 - \$7.80 (\$7.70 avg)	\$4.14 - \$5.40 (\$4.77 avg)	\$70.00 (uncovered) - \$130.00 (covered)	\$70.00 (uncovered) - \$130.00 (covered)						
Location	Average	Similar	Similar	Similar	Similar	Similar	Similar		Similar						
% Adjustment		0%	0%	0%	0%	0%	0%		0%						
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00						
Condition	[1] Average [2] Proposed [3]	Similar	Similar	Similar	Similar	Similar	Similar		Similar						
% Adjustment		0%	0%	0%	0%	0%	0%		0%						
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00						
Adjusted Rent		\$11.70 - \$14.40 (\$13.23 avg)	\$10.80 - \$13.44 (\$12.08 avg)	\$9.60 - \$11.40 (\$10.33 avg)	\$9.90 - \$14.40 (\$12.15 avg)	\$7.60 - \$7.80 (\$7.70 avg)	\$4.14 - \$5.40 (\$4.77 avg)	\$70.00 (uncovered) - \$130.00 (covered)	\$70.00 (uncovered) - \$130.00 (covered)						

Lease Analysis Grid		Comp 7		Comp 8		Comp 9	
Address	112 Benton Way	6358 Waterlevel Hwy	2610 20th St NE	112 Benton Way			
City	Benton	Cleveland	Cleveland	Benton			
State	TN	TN	TN	TN			
Rent/SF		\$70.00 (uncovered) - \$130.00 (covered)	\$100.00 (uncovered) - \$160.00 (covered)	\$70.00 (uncovered) - \$130.00 (covered)			
Lease Type		Monthly	Monthly	Monthly			
Term		Monthly	Monthly	Monthly			
Type		Outdoor Spaces	Outdoor Spaces	Outdoor Spaces			
Transaction Adjustments							
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%	Similar	0%
Adjusted Rent		\$70.00 (uncovered) - \$130.00 (covered)	\$100.00 (uncovered) - \$160.00 (covered)	\$70.00 (uncovered) - \$130.00 (covered)			
Location	Average	Similar	Similar	Similar			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0.00	\$0.00	\$0.00			
Condition	[1] Average [2] Proposed [3]	Similar	Similar	Similar			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0.00	\$0.00	\$0.00			
Adjusted Rent		\$70.00 (uncovered) - \$130.00 (covered)	\$100.00 (uncovered) - \$160.00 (covered)	\$70.00 (uncovered) - \$130.00 (covered)			

Market Rent Reconciliation

Based on the above analysis, I have reconciled to a market rent of \$13.00 per square foot for climate-controlled units, \$8.00 per square foot for the non-climate-controlled units, \$70.00 per month for the uncovered outdoor spaces and \$130.00 per month for the covered outdoor spaces. We will utilize these market rental rates in the income analysis for the ‘as is’ and prospective ‘as complete and stabilized’ values.

Occupancy Trends

The Charts below shows the National Occupancy Rate through the 2nd quarter of 2021 based on the 2022 Self Storage Almanac.

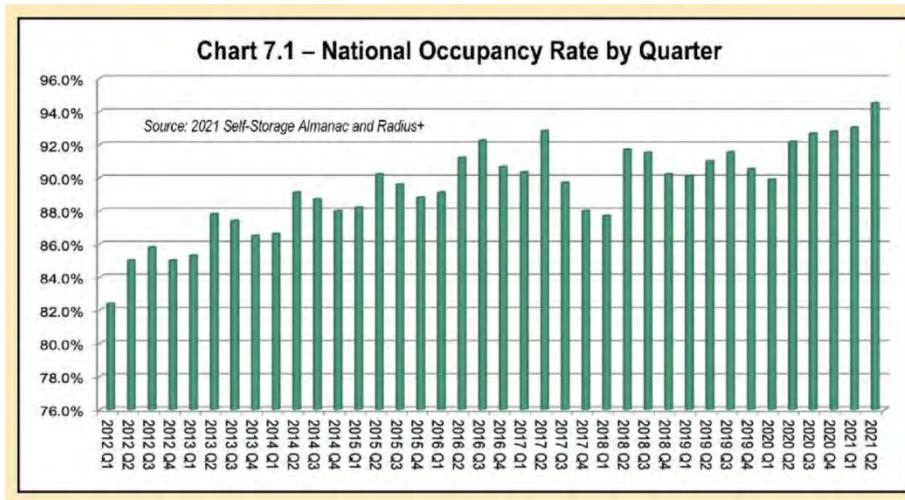


Table 7.1 – Historical National Occupancy

Year	Occupancy
2000	83.7%
2001	86.1%
2002	85.4%
2003	84.6%
2004	84.2%
2005	83.0%
2006	83.0%
2007	81.4%
2008	80.3%
2009	76.7%
2010	75.7%
2011	79.7%
2012	85.0%
2013	87.8%
2014	89.1%
2015	90.2%
2016	91.2%
2017	92.8%
2018	91.7%
2019	91.0%
2020	92.2%
2021	94.5%

*Based on 2nd Quarter Numbers
Sources: 2021 Almanac and Radius+

The Charts below shows the South Atlantic Occupancy Rate through the 2nd quarter of 2021 based on the 2022 Self Storage Almanac.

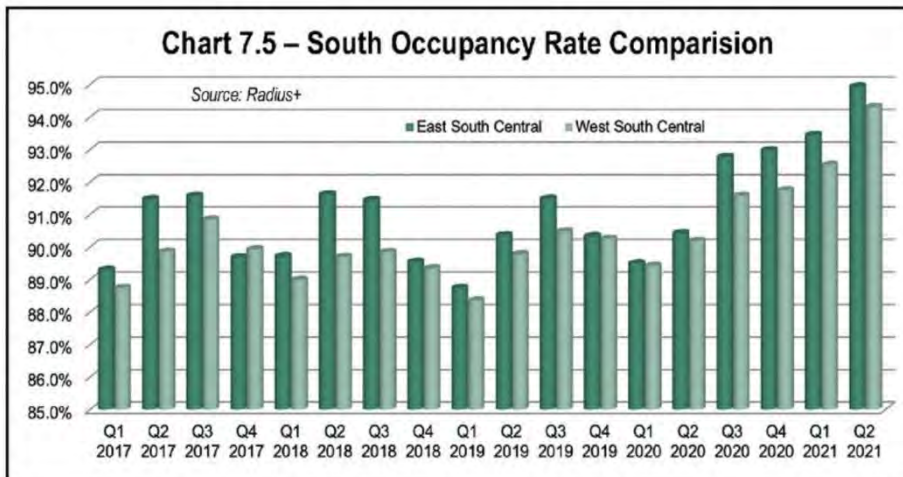


Table 7.8 – South Occupancy (South Atlantic)

Q1 2017	90.0%
Q2 2017	91.4%
Q3 2017	91.7%
Q4 2017	90.0%
Q1 2018	89.8%
Q2 2018	91.3%
Q3 2018	91.6%
Q4 2018	89.6%
Q1 2019	89.3%
Q2 2019	90.7%
Q3 2019	91.4%
Q4 2019	89.7%
Q1 2020	89.5%
Q2 2020	90.6%
Q3 2020	93.0%
Q4 2020	93.1%
Q1 2021	93.4%
Q2 2021	94.9%

Source: Radius+

Vacancy and Collection Loss

Given the survey data on the previous pages and the local comparable occupancy rates shown below, we have projected a vacancy and collection loss at 5% for the subject property mainly due to its location.

Local Occupancy Rates		
5658 Georgetown Road NW, Cleveland, TN	2530 Georgetown Rd NW, Cleveland, TN	3303 Davey Crockett Dr NE, Cleveland, TN
95%	85%	100%

Expenses

The following tables detail the subject's expenses for the property 'as is' and 'as complete and stabilized' based on information provided by the owner along with some expenses being estimated based off of the market and your appraiser's local knowledge of similar properties within the immediate subject area. This is due to the fact that we were not provided with any historical expense data.

Annual Expense Summary - As Is	
Expense	Amount
Taxes	\$10,640
Insurance	\$6,000
Utilities	\$7,000
Repairs & Maintenance	\$5,000
Miscellaneous	\$2,000
Management	\$9,451
Reserves	\$3,150
Totals	\$43,241

Annual Expense Summary - As Complete & Stabilized	
Expense	Amount
Taxes	\$17,710
Insurance	\$8,000
Utilities	\$9,000
Repairs & Maintenance	\$8,000
Miscellaneous	\$4,000
Management	\$14,843
Reserves	\$4,948
Totals	\$66,500

In an effort to project the subject's expenses for the projection period, we have included the following data was taken from the 2022 Self-Storage Expense Guidebook.

Expenses

Tables 6 through 9 reflect self-storage facility expense information in two categories. Variable Expenses and Fixed Expenses.

Variable Expenses:

- Utilities
- Repairs & Maintenance
- Administration
- Off-Site Management
- On-Site Management
- Advertising
- Miscellaneous

Table 6 – Facility Variable Expenses

Region/Division	Utilities	Repairs & Maintenance	Administration	Off-Site Management Fee	Off-Site Management Fee (% of EGI)	On-Site Management	Advertising	Miscellaneous
East Region	\$7,248,501	\$9,832,219	\$11,388,259	\$16,895,124	5.59%	\$20,434,858	\$5,641,265	\$8,131,378
Midwest Division	\$997,758	\$1,288,992	\$2,036,604	\$3,258,051	6.48%	\$3,555,201	\$1,176,587	-\$584
Northeast Division	\$6,250,743	\$8,543,227	\$9,351,655	\$13,637,074	5.41%	\$16,879,656	\$4,464,678	\$8,131,962
Midwest Region	\$1,562,190	\$2,625,364	\$2,963,044	\$3,472,944	5.37%	\$5,953,994	\$1,762,243	\$1,560,435
East North Central Division	\$1,314,122	\$2,248,622	\$2,550,804	\$3,137,658	5.61%	\$5,058,841	\$1,540,733	\$1,547,450
West North Central Division	\$248,068	\$376,742	\$412,241	\$335,286	3.82%	\$895,153	\$221,510	\$12,985
South Region	\$6,353,804	\$7,288,337	\$9,930,331	\$11,305,317	5.52%	\$17,602,227	\$4,863,026	\$8,574,462
Southeast Division	\$3,884,051	\$4,429,571	\$6,133,884	\$7,548,878	5.73%	\$10,944,740	\$3,163,283	\$6,177,956
Southwest Division	\$2,469,753	\$2,858,765	\$3,796,447	\$3,756,439	5.15%	\$6,657,487	\$1,699,743	\$2,396,505
West Region	\$6,570,559	\$9,596,673	\$14,226,156	\$16,025,218	5.27%	\$22,695,747	\$5,973,104	\$18,177,309
Mountain Division	\$1,505,774	\$1,680,191	\$2,911,881	\$2,662,856	5.51%	\$4,360,343	\$1,472,578	\$3,169,698
Pacific Division	\$5,064,785	\$7,916,482	\$11,314,275	\$13,362,362	5.22%	\$18,335,404	\$4,500,526	\$15,007,611
National	\$21,735,054	\$29,342,592	\$38,507,791	\$47,698,603	5.45%	\$66,686,826	\$18,239,638	\$36,443,584

Table 7 – Facility Variable Expenses Per Square Foot

Region/Division	Utilities	Repairs & Maintenance	Administration	Off-Site Management Fee	On-Site Management	Advertising	Miscellaneous
East Region	\$0.45	\$0.61	\$0.71	\$1.05	\$1.27	\$0.35	\$0.50
Midwest Division	\$0.30	\$0.39	\$0.61	\$0.98	\$1.07	\$0.35	\$0.00
Northeast Division	\$0.49	\$0.67	\$0.73	\$1.06	\$1.32	\$0.35	\$0.63
Midwest Region	\$0.24	\$0.40	\$0.45	\$0.52	\$0.90	\$0.27	\$0.24
East North Central Division	\$0.23	\$0.40	\$0.45	\$0.56	\$0.90	\$0.27	\$0.27
West North Central Division	\$0.25	\$0.39	\$0.42	\$0.34	\$0.92	\$0.23	\$0.01
South Region	\$0.32	\$0.37	\$0.50	\$0.57	\$0.89	\$0.25	\$0.43
Southeast Division	\$0.35	\$0.40	\$0.56	\$0.69	\$0.99	\$0.29	\$0.56
Southwest Division	\$0.28	\$0.33	\$0.43	\$0.43	\$0.76	\$0.19	\$0.27
West Region	\$0.32	\$0.47	\$0.69	\$0.78	\$1.11	\$0.29	\$0.89
Mountain Division	\$0.28	\$0.31	\$0.53	\$0.49	\$0.80	\$0.27	\$0.58
Pacific Division	\$0.34	\$0.53	\$0.75	\$0.89	\$1.22	\$0.30	\$1.00
National	\$0.34	\$0.47	\$0.61	\$0.76	\$1.06	\$0.29	\$0.58

Expenses (continued)

Fixed Expenses:

- Real Estate Taxes
- Insurance

Table 8 – Fixed Expenses

Region/Division	Real Estate Taxes	Insurance
East Region	\$38,190,753	\$3,233,882
Midwest Division	\$5,475,269	\$377,654
Northeast Division	\$32,715,484	\$2,856,228
Midwest Region	\$7,545,081	\$800,201
East North Central Division	\$6,338,743	\$663,652
North Central Division	\$1,206,338	\$136,549
South Region	\$21,787,644	\$4,785,528
Southeast Division	\$11,330,513	\$3,290,421
Southwest Division	\$10,457,131	\$1,495,107
West Region	\$21,423,645	\$5,627,205
Mountain Division	\$4,437,424	\$718,717
Pacific Division	\$16,986,220	\$4,908,489
National	\$88,947,123	\$14,446,817

Table 9 – Fixed Expenses Per Square Foot

Region/Division	Real Estate Taxes	Insurance
East Region	\$2.37	\$0.20
Midwest Division	\$1.65	\$0.11
Northeast Division	\$2.55	\$0.22
Midwest Region	\$1.14	\$0.12
East North Central Division	\$1.12	\$0.12
West North Central Division	\$1.24	\$0.14
South Region	\$1.10	\$0.24
Southeast Division	\$1.03	\$0.30
Southwest Division	\$1.19	\$0.17
West Region	\$1.05	\$0.27
Mountain Division	\$0.81	\$0.13
Pacific Division	\$1.13	\$0.33
National	\$1.41	\$0.23

Definitions Of Expenses

The purpose of the 2022 Expense Guidebook is to provide a foundation or benchmark for analyzing operating expenses. Therefore, it is important to note that expenses can vary widely, particularly when analyzed solely on a single unit of analysis such as per square foot of rentable building area. Therefore, we offer the following clarification on some of the expenses listed on the opposite page.

• **Utilities** – This expense category includes natural or propane gas, electricity, water and sewer services. The age of the facility can have an impact on this category, especially given that many newer sites utilize motion detectors to control lighting, thereby reducing utility costs. Moreover, single-level facilities with drive-up access only will have lower utility costs than multi-story facilities with indoor/elevator access or climate-controlled units.

• **Repairs & Maintenance** – This expense category will be influenced by the age of the facility, the quality of construction, and overall condition of the property. Actual expenses may include but are not limited to items such as:

- Electrical repairs
- Elevator maintenance and repairs
- Gate maintenance and repairs
- Landscaping
- Pest control
- Plumbing repairs
- Roll-up door maintenance and repairs
- Roof repairs and maintenance
- Security system, alarms, and monitor maintenance
- Site clean-up
- Trash removal

• **Administration** – In this category, expenses relate to office functions such as dues, subscriptions, copy machine, telephone, office supplies, printing, professional fees including legal services (eviction costs), data processing, travel expenses, partnership professional fees (legal and accounting), local licensing and permit fees, computer hardware and software, and other expenses incurred in the operation of a self-storage property.

• **Off-Site Management** – This category includes either:

1. Any costs associated with a third-party management service, or
2. All general and administrative costs associated with expenses at the corporate office for a facility operated by vertically integrated ownership.

Table 10 – National Operating Expenses

	Range		Average	% of Expenses
	Low \$/SF	High \$/SF		
Real Estate Taxes	0.38	3.74	1.41	24.6%
Property Insurance	0.04	0.39	0.23	4.0%
Utilities	0.05	0.94	0.34	6.0%
Repairs & Maintenance	0.12	1.99	0.47	8.1%
Administration	0.13	0.91	0.61	10.6%
Off-Site Management	0.17	1.35	0.76	13.2%
On-Site Management	0.34	1.75	1.06	18.4%
Advertising	0.01	0.49	0.29	5.0%
Miscellaneous	-0.02	1.47	0.58	10.1%
Total Expenses	1.22	13.02	5.75	100%

Table 13 – South Region Operating Expenses

	Range		Average	% of Expenses
	Low \$/SF	High \$/SF		
Real Estate Taxes	0.67	1.74	1.10	23.6%
Property Insurance	0.09	0.39	0.24	5.2%
Utilities	0.21	0.94	0.32	6.9%
Repairs & Maintenance	0.25	1.99	0.37	7.9%
Administration	0.42	0.79	0.50	10.7%
Off-Site Management	0.20	1.35	0.57	12.2%
On-Site Management	0.34	1.17	0.89	19.0%
Advertising	0.09	0.49	0.25	5.3%
Miscellaneous	0.00	1.25	0.43	9.3%
Total Expenses	2.28	10.09	4.68	100%

We have analyzed and included local comparable properties for which operating expense ratios are available in the chart below. The expense ratios for the storage facilities listed below range from 22% to 32%. The subject's expense ratio of 27.45% for the subject 'as is' falls within the range and therefore appears reasonable and the subject's expense ratio of 26.88% for the subject's prospective 'as complete and stabilized' falls within the range and therefore appears reasonable.

Local Expense Ratios		
Highway 11 S Calhoun, TN	125 Stuckey Dr NW Cleveland, TN	3005 Overlook Dr NE Cleveland, TN
32%	22%	22%

Fixed Expenses

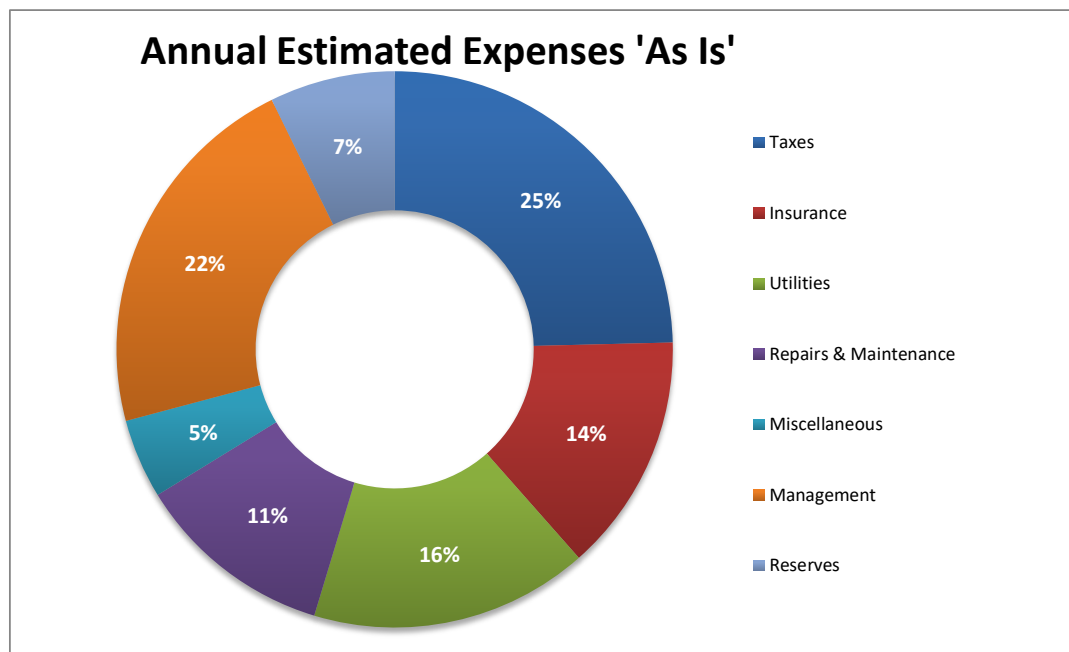
Fixed expenses are expenses that do not vary depending on production or sales levels, such as rent, property tax, insurance, or interest expense.

Variable Expenses

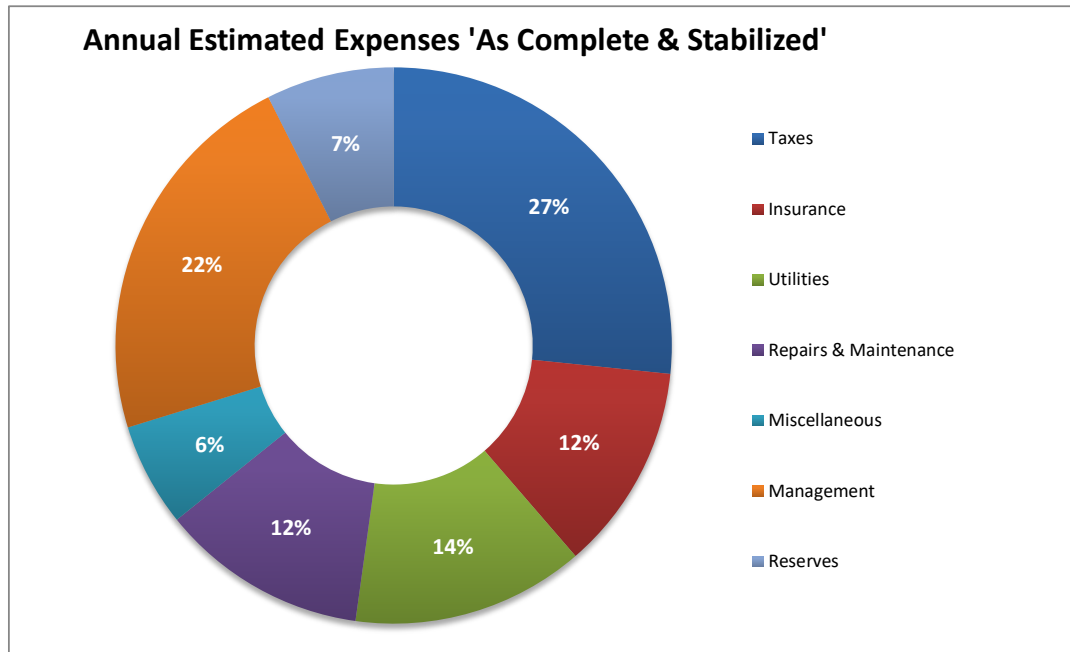
Variable expenses are expenses that do vary depending on production or sales levels, such as water, maintenance and utilities.

Replacement Allowance

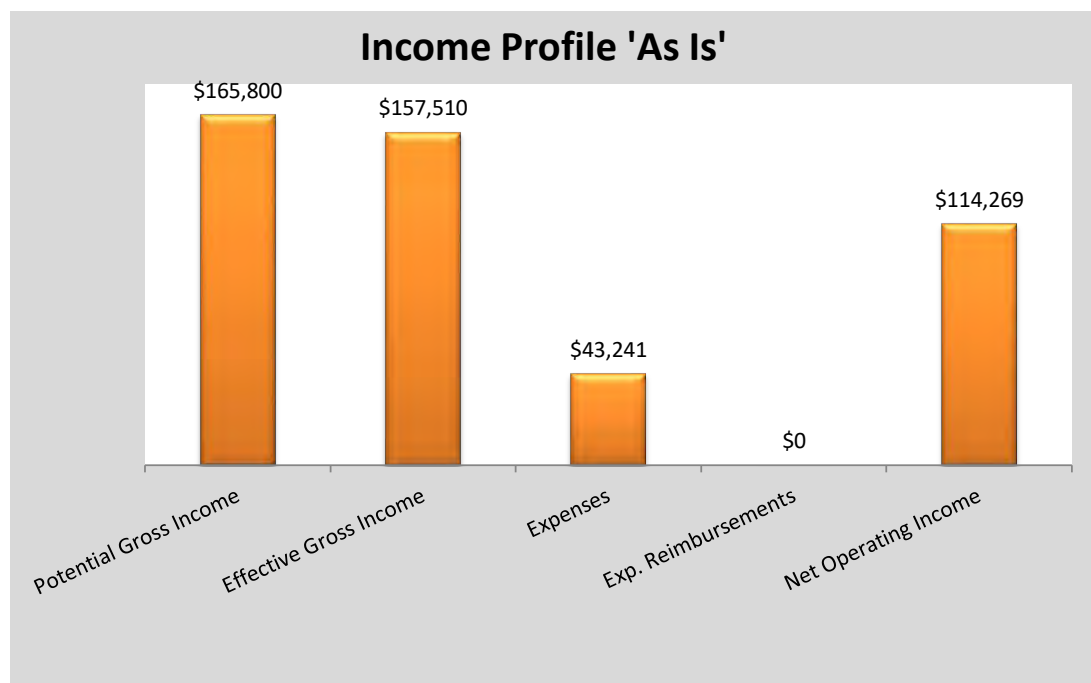
A fund set aside for replacement of common property in a project particularly that which has a short life expectancy, such as carpeting, furniture, heating and cooling system (HVAC) etc.



The expenses have been estimated

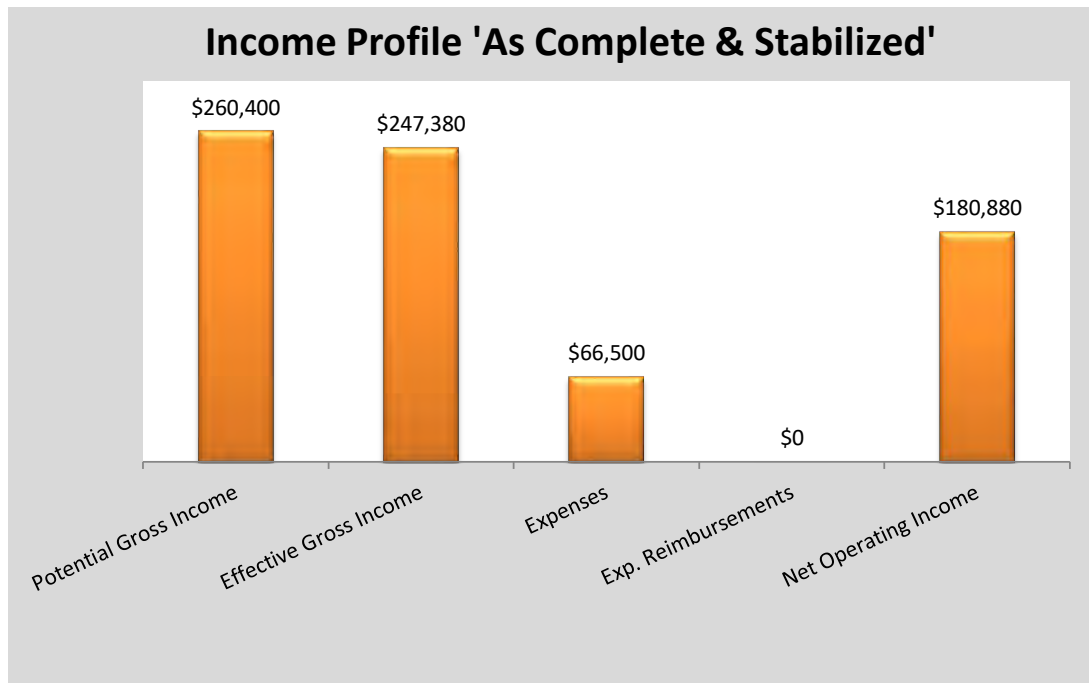


The expenses have been estimated



Potential Gross Income	Effective Gross Income	Expenses	Exp. Reimbursements	NOI
\$165,800	\$157,510	\$43,241	\$0	\$114,269

**the income has been estimated based on market rents*



Potential Gross Income	Effective Gross Income	Expenses	Exp. Reimbursements	NOI
\$260,400	\$247,380	\$66,500	\$0	\$180,880

**the income has been estimated based on market rents*

Capitalization Rate

In determining an appropriate capitalization rate for a property multiple sources can be utilized. The four most commonly used techniques are recent comparable sales, Investor Surveys, Market Participant Interviews, and the Band of Investment Technique. *Source: 2022 Self-Storage Almanac*

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

$$\text{NOI} \div \text{Sale Price} = \text{Capitalization Rate}$$

For example, if a property sells for \$500,000, and has a stabilized NOI of \$50,000, the indicated capitalization rate is 10%.

Band of Investment

This technique utilizes lender and real estate investor investment criteria to develop, or synthesize a capitalization rate. There are four key inputs necessary for this method:

1. The loan-to-value ratio (M)
2. The mortgage interest rate (i)
3. The loan term (n)
4. The equity cap rate or equity dividend rate (R_E)

The mortgage variables are used to build the mortgage constant (R_M), which is the total amount of the payments made in one year, expressed as a percentage of the original loan amount.

$$\text{Payments} \times 12 / \text{Original Loan Amount} = \text{Mortgage Constant } (R_M)$$

The equity cap rate is the annual return to the investor, expressed as a percent of the original amount invested. The annual return to the investor is also known as the equity dividend rate; it is the profit remaining after debt service and all other expenses.

$$\text{After Debt Service Profit} / \text{Equity Investment} = \text{Equity Cap Rate } (R_E)$$

Note that the equity cap rate is not the same (usually, that is) as the equity yield rate. The equity yield rate reflects the total return to the investor over the life of the investment. Factors such as appreciation and mortgage pay down affect and usually increase this return to a point higher than the equity dividend rate. In markets where substantial appreciation is expected, investors will often accept a low or even negative equity dividend rate, anticipating a compensating payoff when the property is eventually sold. In markets where little appreciation is expected, much more weight is given to the annual equity dividend.

Formula:

$$\begin{aligned} R_M \times M &= \text{rate} \\ R_E \times (1-M) &= \text{rate} \\ &= \text{Cap Rate } (R_o) \end{aligned}$$

Debt Coverage Ratio Analysis

This technique develops a capitalization rate based on typical mortgage terms. There are four variables necessary for this method:

1. The loan-to-value ratio (M)
2. The mortgage interest rate (i)
3. The loan term (n)
4. The debt coverage ratio (DCR)

Items 1 through 3 are discussed above under the Band of Investment section. In this method it is also used to develop the mortgage constant (R_M). The debt coverage ratio is the factor by which income exceeds debt on an annual basis.

Formula:

$$\begin{aligned} \text{Debt Coverage Ratio} \times \text{Loan to Value Ratio} \times \text{Mortgage Constant} &= R_o \\ \text{or: } \text{DCR} \times M \times R_M &= R_o \end{aligned}$$

I have researched mortgage rates and terms typical for the subject within the market area. The table below details the Band of Investment and Debt Coverage Ratio Analyses calculations.

Survey of Overall Rate (OAR) Data

An overall rate for the subject was estimated. It should be noted that it is very difficult to derive local comparable rates due to the owner's confidentiality that they try and maintain when your appraiser calls to discuss their net operating income. However, we were able to obtain capitalization rates from the comparable sales utilized in the Sales Comparison Approach and local market extracted rates. Therefore, the capitalization rates from the comparable sales and the local market extracted capitalization rates have been relied upon heavily in determining the appropriate overall capitalization rate for the subject property along with support by the national averages. Below and on the following pages is a portion of the research we utilized in order to determine an appropriate capitalization rate for the subject.

Capitalization Rate Calculations

Capitalization Rate Variables

Mortgage Interest Rate	6.00%
Loan Term (Years)	20
Loan To Value Ratio	80.0%
Debt Coverage Ratio	1.5
Equity Dividend Rate	10.00%

Band of Investment Analysis

Mortgage Constant		Loan Ratio	Contributions
0.085971727	x	80.0%	= 6.88%
Equity Dividend Rate		Equity Ratio	
10.00%	x	20.0%	= 2.00%
Band of Investment Capitalization Rate			8.88%

Debt Coverage Ratio Analysis

Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant		
1.5 x 0.8 x 0.0859717270173798	=	10.32%
Debt Coverage Ratio Capitalization Rate		10.32%

Investor Surveys

Emphasis is also given to the investor survey published by RealtyRates.com Investor Survey – 1st Quarter 2023 (*4th Quarter 2022 data). This data is derived from a quarterly investment survey of market participants to include real estate lenders, investment advisors and portfolio managers.

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2023*							
SELF-STORAGE - MINI STORAGE							
Item	Input						OAR
Minimum							
Spread Over 10-Year Treasury	1.05%	DCR Technique	1.10	0.057388	0.80		5.05
Debt Coverage Ratio	1.10	Band of Investment Technique					
Interest Rate	4.94%	Mortgage	80%	0.057388	0.045910		
Amortization	40	Equity	20%	0.075051	0.015010		
Mortgage Constant	0.057388	OAR					6.09
Loan-to-Value Ratio	80%	Surveyed Rates					5.73
Equity Dividend Rate	7.51%						
Maximum							
Spread Over 10-Year Treasury	4.81%	DCR Technique	1.95	0.119580	0.60		13.99
Debt Coverage Ratio	1.95	Band of Investment Technique					
Interest Rate	8.70%	Mortgage	60%	0.119580	0.071748		
Amortization	15	Equity	40%	0.136782	0.054713		
Mortgage Constant	0.119580	OAR					12.65
Loan-to-Value Ratio	60%	Surveyed Rates					11.89
Equity Dividend Rate	13.68%						
Average							
Spread Over 10-Year Treasury	2.93%	DCR Technique	1.46	0.080624	0.70		8.24
Debt Coverage Ratio	1.46	Band of Investment Technique					
Interest Rate	6.82%	Mortgage	70%	0.080624	0.056437		
Amortization	28	Equity	30%	0.102830	0.030849		
Mortgage Constant	0.080624	OAR					8.73
Loan-to-Value Ratio	70%	Surveyed Rates					10.56
Equity Dividend Rate	10.28%						

*4th Quarter 2022 Data

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Shown in the chart, is a range from 5.73% to 11.89% overall capitalization for Self-Storage – Mini Storage with an average approximately 10.56%. Variances in the capitalization rates are a function of numerous property and market specific characteristics to include supply/demand equilibrium, tenant credit worthiness, lease term and investment risk characteristics.

The Overall Capitalization Rate • Section 14

The overall capitalization rate, or “cap rate,” is used to convert income to value. One of the easiest ways to think of the relationship of a cap rate to value is the acronym IRV: Income divided by Rate equals Value ($I/R = \text{Value}$). As the cap rate goes down, the value goes up. Officially, the direct capitalization is defined by The Appraisal Institute in the Dictionary of Real Estate as follows (page 65):

“A method used to convert an estimate of a single year’s income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year’s income is used. Yield and value changes are implied, but not explicitly identified.”

One of the easiest ways to think of the relationship of a cap rate to value is the acronym IRV: Income divided by Rate equals Value ($I/R = \text{Value}$).

To complicate matters, a cap rate can be calculated on last year’s net operating income (often called trailing), a forecast of next year’s expectations of net operating income (forecast). Moreover, the “true” cap rate is often a perspective, not a fact. For example, the seller may believe the cap rate was a 5.5 percent, implying a higher value, while the buyer may believe the cap rate was a six percent, implying a higher return. And the broker involved in the deal may report a 5.75 percent cap rate. While all three perspectives are important to understand, it doesn’t exactly determine the cap rate.

For comparison purposes, it is best to understand the forecast or stabilized cap rate (for example, this is the cap rate used in an appraisal) and the trailing cap rate to understand expectations of buyers and sellers in the transaction. It is also important to understand if expenses were adjusted to market, particularly real estate taxes, in the forecast or stabilized cap rate. For the purposes of this article, the stabilized or forecast (sometimes called Year 1) cap rate will be addressed because it is typically the most consistent cap rate

considered for comparison purposes (for example, it is the basis of Investor Survey’s on cap rates).

Capitalization Rates And Techniques

To understand the cap rate, four techniques will be analyzed: direct cap comparables, two mathematical models called the Band of Investment, and the Mortgage Equity Technique (or Akerson format), and Survey Research.

• **Direct Cap Comparables** – Deriving comparables from similar properties that have sold is generally the preferred technique when sufficient information is available. For example, what cap rate is reported? The trailing or the stabilized? Comparable cap rates are summarized in Table 14.1 below.

These properties are all stabilized economically (at least three years of operating history with stabilized physical and economic vacancy) and reflect Class-B assets. The primary variance is economic characteristics that can be simply measured in terms of NOI/SF of rentable area. The range is 67 basis points (bps), suggesting a large range. Bear in mind, this underscores how important it is to understand the perspective of the person verifying the cap rate. And these cap rates represent market expectations at the time of sale. The perception of investors of the self-storage market two years ago may vary to current conditions. Therefore, additional analyses are warranted.

Table 14.1 – Comparable Cap Rates

No.	Yr. Built	Sale Date	Rentable Area	Occ. %	Price per SF	OAR
1	1988	Jun-2020	28,359	90%	\$149	5.48%
2	2002	Aug-2020	55,780	92%	\$143	5.38%
3	1979	Nov-2020	47,562	89%	\$159	5.21%
4	1983	Jan-2021	50,253	90%	\$157	4.92%
5	1991	Mar-2021	69,825	92%	\$168	4.81%
6	1999	May-2021	28,113	94%	\$155	5.41%
Low Cap Rate						4.81%
High Cap Rate						5.48%
Average Cap Rate:						5.20%

Source: Compiled by NKF

Table 14.2 – Overall Capitalization Rates

Investment Type		Cap Rate Range	Average
NKF Self Storage Investor Survey:	3rd Qtr. 2019	4.50% - 8.50%	5.60%
NKF Self Storage Investor Survey:	3rd Qtr. 2020	4.50% - 8.50%	5.50%
NKF Self Storage Investor Survey:	1st Qtr. 2021	4.25% - 8.00%	5.37%
NKF Self Storage Investor Survey:	3rd Qtr. 2021	4.00% - 6.50%	4.93%

Source: Compiled by NKF

Section 14 • The Overall Capitalization Rate

• **Investor Surveys** – Survey research is based on periodic publications of the current thinking of investors, compared to historical performance data of comparable sales. Surveys are generally used as support and should not be relied upon as a primary source. They are very useful to understand real-time market dynamics. Surveys can vary in scope of research, so it is worthwhile to review a wide variety of publications. The results of the most recent self-storage investor surveys are summarized in Table 14.2 on page 111.

It is interesting to compare the sales data in Chart 1 to the survey research in Chart 2. For example, an average cap rate of 5.2 percent was indicated by the comparable sales chart, and the investor survey (most recent data) indicates a 4.93 percent cap rate overall. Segmented by investment quality, a Class-B average cap

Table 14.3 – Cap Rates by Investment Class

	Class A	Class B	Class C
Cap Rate Range	4.00% - 4.75%	4.50% - 5.25%	5.00% - 6.50%
Cap Rate Average	4.56%	5.10%	5.50%

Source: NKF Self-Storage Investor Survey, 3rd Qtr. 2021

Table 14.4 – Band of Investment

Mortgage and Equity Assumptions

Loan-to-Value Ratio	65%
Interest Rate	3.50%
Amortization (Years)	30
Mortgage Constant	5.90%
Equity Ratio	35%
Equity Dividend Rate	5.00%
Weighted Average of Mortgage Equity Requirements	
Mortgage Requirement	65% x 5.39% = 3.50%
Equity Requirement	35% x 5.00% = 1.75%

Indicated Capitalization Rate (Rounded)

5.25%

Source: Compiled by NKF

Table 14.5 – Mortgage Equity Analysis

Loan-to-Value Ratio	65%
Interest Rate	3.50%
Amortization Term	30 Years
Mortgage Constant	5.90%
Equity Yield Rate (YE)	13.25%
Projection Period (n)	10 Years
Compound Annual Appreciation / Depreciation	3.5% per Year
Total Appreciation/Depreciation	41.06%

Source: Compiled by NKF

rate from the survey is 5.1 percent (NKF Self Storage Investor Survey; 3rd Qtr. 2021). This may reflect national data compared to geographic specific data. The investor survey data also suggests a significant downward trend over the past six months, suggesting self-storage real estate values have increased. Survey research may bifurcate among quality of the asset class as indicated in Table 14.3.

Survey research is based on periodic publications of the current thinking of investors, compared to historical performance data of comparable sales.

This is useful because cap rates vary by the physical and economic characteristics of a property. In general, the higher quality or class of property, the lower the cap rate (resulting in higher values). Survey research can also be supplemented by direct interviews with market participants such as real estate brokers who specialize in the self-storage asset class. In this regard, local participants can provide anecdotal but vital understanding of the local market conditions. For example, in markets with new construction, the cap rates may be impacted.

• **Band of Investment** – This technique is based on returns to debt and equity, sometimes called a built-up model. It accounts for market-based financing with a market-based return to equity. The return to equity for a single asset is typically higher than a comparable self-storage annual return to investor or dividend from a self-storage REIT or stock (does not account for appreciation of the asset). Another way to look at the equity dividend or cash on cash, is the annual return on every dollar of equity. Since most properties are purchased with a combina-

tion of debt and equity, the technique has relevance in the market. A Band of Investment Analysis example is summarized in Table 14.4.

In this example, the model solves for a cap rate that is similar to the average of the latest investor survey and in the range of the comparable cap rate data. Mathematical models like the Band of Investment or Mortgage Equity Technique should generally bracket the concluded market cap rate. These tools are useful because they allow for comparison of equity dividend returns and equity yield returns to be compared to alternative investments. Alternatively, a Band of Investment can also solve for returns to land and building.

• **Mortgage Equity Analysis** – This analysis derives from the idea that real property investments are a combination of two components: debt and equity. It differs from the Band of Investment because it accounts for total yield: equity dividend and appreciation over time. It is a useful tool because it solves for a levered equity yield (that includes both cash flow or equity dividend and appreciation over time). Self-storage as an asset class has demonstrated superior returns for many years. For example, comparing total return of self-storage REITs over the last 25 years, self-storage has provided an 16.04 percent return on average and is superior to other core sectors such as office, industrial, retail, or apartments (based on NAREIT data). As a result, institutional investors have been storing capital in

of the cap rate market data presented. There are other good tools and analyses, such as a Debt Service Coverage Ratio, debt yield, and residual techniques that can provide tests of reasonableness to a cap rate conclusion (not presented here). A favorite is the EGIM multiplier that tests the effective gross income (all income after vacancy and collection loss) compared to expense ratios, using the formula of $1 - \text{expense ratio} \div \text{the EGIM} = \text{cap rate}$. This multiplier is market derived, and the analysis tests overall assumptions of the net operating income forecast, such as income, vacancy, and expenses, to the concluded cap rate. Altogether, these analytical tools can be effective resources in concluding a reasonable and credible cap rate for a self-storage property. ■

In general, market derived data is best. However, the data represents historical views. Survey research represents what investors view now going forward and is the best estimate of current market sentiment. These analyses are further supported by two mathematical techniques to test the reasonableness of the cap rate market data presented.

the sector. The Mortgage Equity Analysis solves for equity yield, a common metric of the comparison of returns among investments for the institutional market. The equity yield rate estimated is lower for a single asset (in this case estimated at 13.25 percent) than publicly traded REIT data because REITs offer greater liquidity. The mortgage equity example, with the same mortgage requirements as the Band of Investment example for consistency, is presented in Tables 14.5 and 14.6.

Cap Rate Summary

Table 14.7 summarizes the four techniques utilized to derive a cap rate and understand self-storage investment returns.

In general, market derived data is best. However, the data represents historical views. Survey research represents what investors view now going forward and is the best estimate of current market sentiment. These analyses are further supported by two mathematical techniques to test the reasonableness

Table 14.6 – Mortgage Equity Analysis - Akerson Format

Loan Ratio x Annual Constant	=	65.00%	x	5.39%	=	3.50%
Equity Ratio x Equity Yield Rate	= +	35.00%	x	13.25%	=	4.64%
Weighted Average						8.14%
Less Credit for Equity Build-up						
Loan Ratio x % Paid off in						
Projected Period x Sinking Fund Factor	= -	65.00%	x	22.57%	x	5.36%
Basic Rate						7.35%
Less Appreciation / Plus Depreciation						
Appreciation / Depreciation x Sinking Fund Factor	= +/-	41.06%	x	5.36%	=	2.20%
Overall Capitalization Rate						5.15%

Source: Compiled by NKF

Table 14.7 – Overall Capitalization Rate Summarized

Source	Indicated OAR
Comparable Sales	4.81% – 5.48%
NKF Self-Storage Investor Survey: 3Q 2021	4.00% – 6.50%
Band of Investment	5.25%
Mortgage Equity Analysis - Akerson Format	5.15%

Source: Compiled by NKF

Market Extracted Rates

The following table details the local capitalization rates extracted from the market of similar self-storage facilities within a 150 mile radius that have been used to help determine an overall rate for the subject properties.

Property Address	Property City	Property State	Property Type	Sale Status	Building SF	Year Built	Sale Date	Sale Price	Price Per SF	Actual Cap Rate
7935 Senoia Rd	Fairburn	GA	Self Storage	Sold	114,000	2021	4/12/2023	\$20,200,000	\$177.19	7.00
5859 Rutledge Pike	Knoxville	TN	Self Storage	Sold	86,966	2022	3/29/2023	\$11,750,000	\$135.11	5.20
324 Wears Valley Rd	Pigeon Forge	TN	Self Storage	Sold	22,000	1988	2/14/2023	\$3,600,000	\$163.64	6.05
15 Fallen Spruce Dr	Asheville	NC	Self Storage	Sold	21,000	2004	1/19/2023	\$2,600,000	\$123.81	5.58
6497 Andrew Johnson Hwy E	Afton	TN	Self Storage	Sold	39,500	1989	1/10/2023	\$4,230,000	\$107.09	6.00
209 Rock Hill	Fair Play	SC	Self Storage	Sold	6,000	1985	8/28/2022			7.30
2916 Pelzer Hwy	Easley	SC	Self Storage	Sold	7,400	1990	6/28/2022	\$500,000	\$67.57	7.00
605 US-29 Bypass Byp	Anderson	SC	Self Storage	Sold	6,000	1985	6/20/2022	\$749,000	\$124.83	7.00
1991 US 70 Hwy	Swannanoa	NC	Self Storage	Sold	25,525	1995	2/14/2022	\$2,450,000	\$95.98	7.00
125 Saco-Iowell Rd	Easley	SC	Self Storage	Sold	17,934	1995	1/3/2022	\$1,050,000	\$58.55	9.00

Capitalization Rate Conclusion

Indications for an appropriate capitalization rate were derived from the locally extracted rates, the Investor's Survey, as well as the Band of Investment Technique. Therefore, with consideration to the data presented and researched, I have selected an overall capitalization rate of 8.00% for the subject property. This rate is supported by the local averages and is considered reasonable based on the subject's location, access, current market conditions, historical income and vacancy loss and the potential quality of income stream.

Capitalization Rate Summary	
Market Extracted Rates	5.20% - 9.00%
Realty Rates Investor Survey-Mini Storage	5.73% - 11.89%
Band of Investments Analysis	8.88%
Williamson Group Utilized Rate	8.00%

Capitalization to Value – As Is

Income Capitalization Analysis - As Is					
Unit/Space Type	Income	Method	Units/SF	Annual	% of PGI
Existing climate-controlled	\$13.00	\$/SF/Year	11,000	\$143,000	86.2%
Uncovered outdoor spaces	\$70.00	\$/Month	16	\$13,440	8.1%
Covered outdoor spaces	\$130.00	\$/Month	6	\$9,360	5.6%
Potential Gross Income:				\$165,800	100.0%
Vacancy & Collection Loss 5.00%				\$8,290	
Other Income:				\$0	
Effective Gross Income (EGI):				\$157,510	95.0%
Expense	Amount	Method	Annual	\$/SF	
Taxes	\$10,640	\$/Year	\$10,640	\$0.69	
Insurance	\$6,000	\$/Year	\$6,000	\$0.39	
Utilities	\$7,000	\$/Year	\$7,000	\$0.45	
Repairs & Maintenance	\$5,000	\$/Year	\$5,000	\$0.32	
Miscellaneous	\$2,000	\$/Year	\$2,000	\$0.13	
Management	6%	% of EGI	\$9,451	\$0.61	
Reserves	2%	% of EGI	\$3,150	\$0.20	
Total Expenses:				\$43,241	\$2.80
Expense Ratio (Expenses/EGI):				27.45%	
Expense Reimbursements:				\$0	
Net Expense Ratio				27.45%	
Net Operating Income (NOI):				\$114,269	\$7.41
Capitalization Rate:				8.00%	
Value (NOI/Cap Rate):				\$1,428,365	\$92.63
Rounded:				\$1,430,000	\$92.74

Direct Capitalization Analysis Conclusion – As Is

Based on the analysis detailed above, as of May 16, 2023, I have reconciled to a direct capitalization approach value ‘as is’ of:

\$1,430,000
One Million Four Hundred Thirty Thousand Dollars

Capitalization to Value – As Complete & Stabilized

Income Capitalization Analysis - As Complete and Stabilized					
Unit/Space Type	Income	Method	Units/SF	Annual	% of PGI
Existing climate-controlled	\$13.00	\$/SF/Year	11,000	\$143,000	54.9%
Proposed climate-controlled	\$13.00	\$/SF/Year	4,200	\$54,600	21.0%
Non-climate controlled	\$8.00	\$/SF/Year	5,000	\$40,000	15.4%
Uncovered outdoor spaces	\$70.00	\$/Month	16	\$13,440	5.2%
Covered outdoor spaces	\$130.00	\$/Month	6	\$9,360	3.6%
Potential Gross Income:				\$260,400	100.0%
Vacancy & Collection Loss 5.00%				\$13,020	
Other Income:				\$0	
Effective Gross Income (EGI):				\$247,380	95.0%
Expense	Amount	Method	Annual	\$/SF	
Taxes	\$17,710	\$/Year	\$17,710	\$0.69	
Insurance	\$8,000	\$/Year	\$8,000	\$0.31	
Utilities	\$9,000	\$/Year	\$9,000	\$0.35	
Repairs & Maintenance	\$8,000	\$/Year	\$8,000	\$0.31	
Miscellaneous	\$4,000	\$/Year	\$4,000	\$0.16	
Management	6%	% of EGI	\$14,843	\$0.58	
Reserves	2%	% of EGI	\$4,948	\$0.19	
Total Expenses:				\$66,500	\$2.59
Expense Ratio (Expenses/EGI):				26.88%	
Expense Reimbursements:				\$0	
Net Expense Ratio				26.88%	
Net Operating Income (NOI):				\$180,880	\$7.05
Capitalization Rate:				8.00%	
Value (NOI/Cap Rate):				\$2,260,995	\$88.08
Rounded:				\$2,260,000	\$88.04

Direct Capitalization Analysis Conclusion – As Complete & Stabilized

Based on the analysis detailed above, as of November 16, 2023, I have reconciled to a direct capitalization approach value ‘as complete and stabilized’ of:

\$2,260,000
Two Million Two Hundred Sixty Thousand Dollars

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Value Indications

Cost Approach:	\$2,110,000 As Complete
Sales Comparison Approach:	\$1,430,000 As Is \$2,260,000 As Complete & Stabilized
Income Approach - Direct Capitalization:	\$1,430,000 As Is \$2,260,000 As Complete & Stabilized

Cost Approach

The Cost Approach was applied as while the age of the improvements that are already there makes the depreciation difficult to accurately measure once the renovations are complete. This approach needs to be, and has been done to help determine and validate if the project is financially feasible. This approach will also bring added support to the overall report.

Sales Comparison Approach

The Sales Comparison Approach is predicated on the principle that an investor would pay no more for an existing property than for a comparable property with similar utility. This approach is contingent on the reliability and comparability of available data.

The Sales Comparison Approach was considered as we were able to find comparable sales that have sold within the last few years. However, less weight will be placed on the Sales Comparison Approach in the final analysis as it was indicated that the typical market participant would look more to the Income Approach to value properties such as the subject.

Income Approach – Direct Capitalization

If accurately applied, the Income Approach is often quite reliable in valuing properties of this type, as they are typically exchanged based on their income-generating potential. The reliability of this approach is enhanced when adequate data are available to assure proper development of the income, expense, and capitalization rate analysis.

The value derived from the Income Capitalization Approach is supported by a large quantity of market data regarding, expenses and capitalization rates; and is considered consistent with market indications.

The Income Capitalization Approach was given the greatest weight in the final value estimate since this type of property would typically be purchased for its income producing capabilities and there is adequate data to develop a value estimate with this approach.

Value Conclusion

The final value conclusion and the approaches relied upon give strong consideration to the behavior of the typical buyer/investor and current market environment of the property.

Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion(s), as of May 16, 2023, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s): Premise: As Is Market Value
Interest: Leased Fee
Effective Date: May 16, 2023
Value Conclusion: **\$1,430,000**
One Million Four Hundred Thirty Thousand Dollars

Premise: Prospective Market Value As Complete
Effective Date: November 16, 2023
Interest: Leased Fee
Value Conclusion: **\$2,110,000**
Two Million One Hundred Ten Thousand Dollars

Premise: Prospective Market Value As Complete & Stabilized
Effective Date: November 16, 2024
Interest: Leased Fee
Value Conclusion: **\$2,260,000**
Two Million Two Hundred Sixty Thousand Dollars

Certification Statement

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or contemplated future interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- As of the date of this report, Michael E. Williamson is a candidate for designation member of the Appraisal Institute;
- My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- To the best of my knowledge, this report was performed in accordance with the requirements of Title XI of FIRREA and any implementing regulations.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
- Tuwana Commons assisted Michael Williamson in all aspects of the report other than the physical inspection of the property. No one else outside of the signatories below provided significant professional assistance in the development of the conclusions contained in this report.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The value conclusion(s) and other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.
- Michael Williamson has made an exterior inspection of the subject property. It should be noted that none of the units were inspected on the interior.
- In the last three years, my firm has not prepared an appraisal in connection with the property nor provided any other services of any kind in connection with the property.
- The use of any and all extraordinary assumptions or hypothetical conditions if found to be false may have a direct effect on the assignment results.



Michael Williamson, CG
TN - 2819

Definitions

Market Value: As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation in compliance with Title XI of FIRREA, as well as by the Uniform Standards of Appraisal Practice as promulgated by the Appraisal Foundation, is as follows.

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby,

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

A **Fee Simple** interest is defined³ as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

A **Leased Fee** interest is defined³ as:

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

³ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022).

Marketing Time is defined⁴ as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.)

Exposure Time is defined⁴ as:

- 1 The time a property remains on the market.
2. [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2016-2017 ed.)

Gross Building Area (GBA) is defined⁴ as:

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super-structure and substructure basement; typically does not include garage space.

Rentable Area is defined⁴ as:

For office or retail buildings, the tenant’s pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

⁴ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022).

Gross Leased And Occupied Area (GLOA) is defined⁵ as:

The amount of area leased and occupied by tenants; relates to determination of common area expenses for vacant space in a shopping center. If stipulated in the lease, landlords may calculate a tenant's pro rata share for expense reimbursement based on the percentage of GLOA.

As Is Market Value is defined⁵ as:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal Guidelines) Note that the use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an "as is" value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.

Prospective market value "as completed" and "as stabilized" is defined⁵ as:

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed—reflects the property's market value as of the time that development is expected to be completed. The prospective market value—as stabilized—reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after

the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4 [retired] and Advisory Opinion17.) (Interagency Appraisal and Evaluation Guidelines)

Prospective Opinion of Value is defined⁵ as:

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

⁵ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022).

Deficit Rent is defined⁶ as:

The amount by which market rent exceeds contract rent at the time of the appraisal; created by a lease favorable to the tenant, resulting in a positive leasehold, and may reflect uninformed or unusually motivated parties, special relationships, inferior management, a lease executed in a weaker rental market, or concessions agreed to by the parties.

Destination Shopping is defined⁶ as:

1. A classification of retail tenant and a type of shopping experience for which consumers have planned a specific purchase and trip to a store. A destination shopping experience often involves comparison shopping, and it can be considered the opposite of convenience shopping.

2. A shopping excursion to a commercial area combining complementary entertainment, dining, and retail functions.

Going Concern Value is defined⁶ as:

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business.

Going Concern Premise is defined⁶ as:

One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).

Going Concern is defined⁶ as:

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.

Market Value of the Going Concern is defined⁶ as:

The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.

Interim Use is defined⁶ as:

The temporary use to which a site or improved property is put until a different use becomes maximally productive.

⁶ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022).

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Williamson Group, LLC. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise state in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Williamson Group, LLC's regular per diem rate plus expenses.

The use of any and all extraordinary assumptions used in this report may have a direct effect on the assignment results if found to be false or unattainable.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Williamson Group, LLC has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

ADDENDA

Appraisers Resume - [x](#)

License - [x](#)

Subject Deed - [x](#)

Flood Map & Panel - [x](#)

Engagement Letter - [x](#)

Glossary of Terms - [x](#)



Specializing in commercial, residential, FHA appraisals and real estate investments



APPRAISAL & CONSULTING SERVICES

Market Valuation
Going Concern Analysis
Consulting
Appraisal Reviews
Market & Feasibility Studies
Highest & Best Use Studies
Leased Fee / Leasehold Analysis
Rental Surveys
Investment Analysis
Litigation Support / Expert Testimony
Property Tax Counseling & Appeal
Estate Valuation
Land Use Studies

PROPERTY SPECIALTIES

Apartments
Convenience Stores
Hotel / Motel Properties
Industrial & Manufacturing Facilities
Medical Facilities
Multi-Use Developments
Office Buildings
Restaurant Properties
Retail Buildings
Shopping Centers
Special Purpose Properties
Subdivisions
Warehouse / Self-Storage
Vacant Land

PARTIAL CLIENT LIST

Andrew Johnson Bank
Athens Federal
Atlantic Capital
Bank of Cleveland
Community & Southern Bank
First Bank
First Citizens National Bank
First Horizon National Bank
First National Community Bank
Greenville Federal Bank
Habitat for Humanity
Pinnacle Bank
Regions Bank
Simmons Bank
SmartBank
SouthEast Bank
Southern Community Bank
Tennessee Valley Federal Credit Union
Vanderbilt Mortgage
Wells Fargo Financial
Your Community Bank

MICHAEL E. WILLIAMSON, CG

Partner / Senior Appraiser

WILLIAMSON GROUP, LLC

PO Box 2667 / Cleveland, Tennessee 37320 / Phone (423) 476-0066 / Fax (423) 476-4046

PROFESSIONAL EXPERIENCE

Michael E. Williamson, CG, is the senior appraiser of Williamson Group, LLC. Williamson Group, LLC is comprised of a team of appraisers and staff dedicated to providing quality valuation services for lenders, corporations and individuals alike. Specializing in commercial appraisals throughout the Southeastern Tennessee and North West Georgia region, the Williamson Group, LLC is committed to excellence in both service and quality.

Mr. Williamson has over eighteen years of diversified real estate valuation and consulting experience. Assignments have included an array of general property types and special purpose properties. Mr. Williamson also owns an assortment of commercial real estate so he is familiar with the inner workings of many property types.

PROFESSIONAL AFFILIATIONS

Candidate for Designation Member - Appraisal Institute
2014-2015 Regional Representative for Greater Tennessee Chapter of the Appraisal Institute
2015-2017 Leadership Development and Advisory Council (LDAC) Attendee Appraisal Institute
2018-2021 Board of Directors for Greater Tennessee Chapter of the Appraisal Institute -3-year appointment

EDUCATION

United States Marine Corp. (4 years)
Central Texas University (3 years)

Appraisal Institute / Tennessee Real Estate Education Systems

- Appraisal Principles
- Appraisal Procedures
- Basic Income Capitalization
- Advanced Income Capitalization
- Standards of Professional Appraisal Practice
- Report Writing and Valuation Analysis
- Highest and Best Use
- Foundations of Real Estate Appraisal
- Two to Four Unit Case Studies
- Advanced Market Analysis & Highest and Best Use
- Advanced Applications
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
- Understanding and Testing DCF Valuation Models
- Forecasting Revenue

STATE CERTIFICATIONS

Tennessee: Certified General Real Estate Appraiser, License No. CG 2819
Georgia: Certified General Real Estate Appraiser, License No. 262990

PROFESSIONAL EXPERIENCE

From March 2002 to Present - Partner and Senior Appraiser with Williamson Group, LLC

State of Tennessee

TENNESSEE REAL ESTATE APPRAISER COMMISSION
CERTIFIED GENERAL REAL ESTATE APPRAISER
MICHAEL EUGENE WILLIAMSON

This is to certify that all requirements of the State of Tennessee have been met.

ID NUMBER: 2819
LIC STATUS: ACTIVE
EXPIRATION DATE: May 31, 2023



IN-1313
DEPARTMENT OF
COMMERCE AND INSURANCE

Subject Deed

This Instrument Prepared by Valley Title Services, LLC
200 Decatur Pike, Athens, Tennessee 37303

The following description is:
XX taken from the prior deed:
_____ based upon a new survey:
_____ provided by the parties:
_____ (Other) _____
(TCA 66-24-121)

ADDRESS OF NEW OWNER:

RUCO, INC.

114 Mapleton Forest Dr
Cleveland, TN 37312

SEND TAX BILLS TO:

Same

I, or We, hereby swear or affirm that the actual consideration for this transfer or value of the property transferred whichever is greater is \$300,000.00, which amount is equal to or greater than the amount which the property transferred would command at a fair voluntary sale.

Sharon Kennedy
AFFIANT

Subscribed and sworn to before me this 16th day of June 2020.

Sharon Kennedy
NOTARY PUBLIC

My Commission Expires: August 2, 2023

For Register's Office Stamp - Recording Information

BK/PG: WD323/100-102

20001348

3 PGS:AL-WARRANTY DEEDS

JACKIE BATCH: 45878

06/19/2020 - 10:05:52 AM

VALUE 300000.00

MORTGAGE TAX 0.00

TRANSFER TAX 1110.00

RECORDING FEE 15.00

DP FEE 2.00

REGISTER'S FEE 1.00

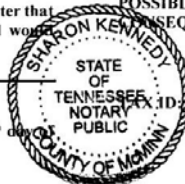
TOTAL AMOUNT 1128.00

STATE OF TENNESSEE, POLK COUNTY

DONNA BRAMLETT

REGISTER OF DEEDS

THIS DEED HAS BEEN PREPARED FROM INFORMATION SUPPLIED BY OR ON BEHALF OF THE PARTIES. THE PREPARER DOES NOT WARRANT OR CERTIFY TITLE, ACCURACY OF DESCRIPTION, NOR COMPLIANCE WITH PLANNING AND ZONING LAWS. BEFORE SIGNING THIS DEED, CONSULT WITH YOUR TAX ADVISOR REGARDING POSSIBLE STATE AND FEDERAL TAX CONSEQUENCES.



45-28.17
(Map - Parcel)

WARRANTY DEED

THIS INDENTURE, made this 16th day of June 2020, between

TIMOTHY CATHEY, Grantor, and

RUCO, INC., a Tennessee Corporation, Grantee.

WITNESSETH: that said Grantor, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable considerations, to them in hand paid by the Grantee, the

20-05-079

Book WD323 Page 100

receipt of which is hereby acknowledged, have bargained, sold and conveyed unto the Grantee the following described premises, to-wit:

SITUATED in the First Civil District of Polk County, Tennessee, and being more particularly described as follows:

BEING all of **Lot Two (2), consisting of 2.05 acres, more or less, and Lot Three (3), consisting of 0.30 acre, more or less**, as set forth on **Survey Final Plat of Welcome Valley Crossing**, of record in **Plat Book 12, Page 39**, Register's Office of Polk County, Tennessee.

SUBJECT to any setback lines, drainage and/or utility easements and conditions and limitations depicted and/or noted on or attached to the referenced recorded plat and prior plats recorded in Plat Book 12, Page 25; Plat Book 12, Pages 22; and Plat Book 8, Page 362.

SUBJECT to all prior easements, rights of way and restrictions, visible or otherwise, and further subject to any governmental zoning or regulations and subdivision ordinances or regulations in effect with respect to the property.

SUBJECT to and **CONVEYED** herewith a permanent, perpetual and non-exclusive easement along and with that area designated on the referenced plat as proposed Benton Way, to be dedicated by the Grantors herein to the City of Benton and maintained by the City per the plat.

SUBJECT to and **CONVEYED** herewith, a permanent, perpetual, and non-exclusive easement for ingress, egress, and utilities. The easement being 50 feet in width and extending to the property in a northeastwardly direction from Welcome Valley Road as set forth on the referenced plat.

BEING the same property conveyed to Timothy Cathey by Special Warranty Deed from PNB Holding Co. 1, Inc. a Tennessee Corporation, recorded on March 2, 2020 in Deed Book 321, Pages 118-120, Register's Office of Polk County, Tennessee.

WITH THE HEREDITAMENTS and appurtenances thereto appertaining, hereby releasing all claims to homestead and dower therein. **TO HAVE AND TO HOLD THE** said premises to the said Grantee, their heirs and assigns forever.

And said Grantor, for themselves and for their heirs, executors and administrators do hereby covenant with said Grantee, their heirs, and assigns, that they are lawfully seized in fee simple of the premises above conveyed and have full power, authority and right to convey the same, and that said premises are free from all encumbrances and that they will forever **WARRANT** and **DEFEND** the said premises and the title thereto against the lawful claims of all persons whomsoever.

Whenever in this instrument a pronoun is used it shall be construed to represent either singular or plural, as the case may demand.

20-05-079

IN WITNESS WHEREOF, the said Grantor hereunder set their hands and seals the day and year first above written.



TIMOTHY CATHEY

STATE OF TENNESSEE
COUNTY OF McMINN

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, the within named bargainor, **TIMOTHY CATHEY**, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who acknowledged that they executed the within instrument for the purposes therein contained.

Witness my hand and official seal at office, this 16th day of June 2020.

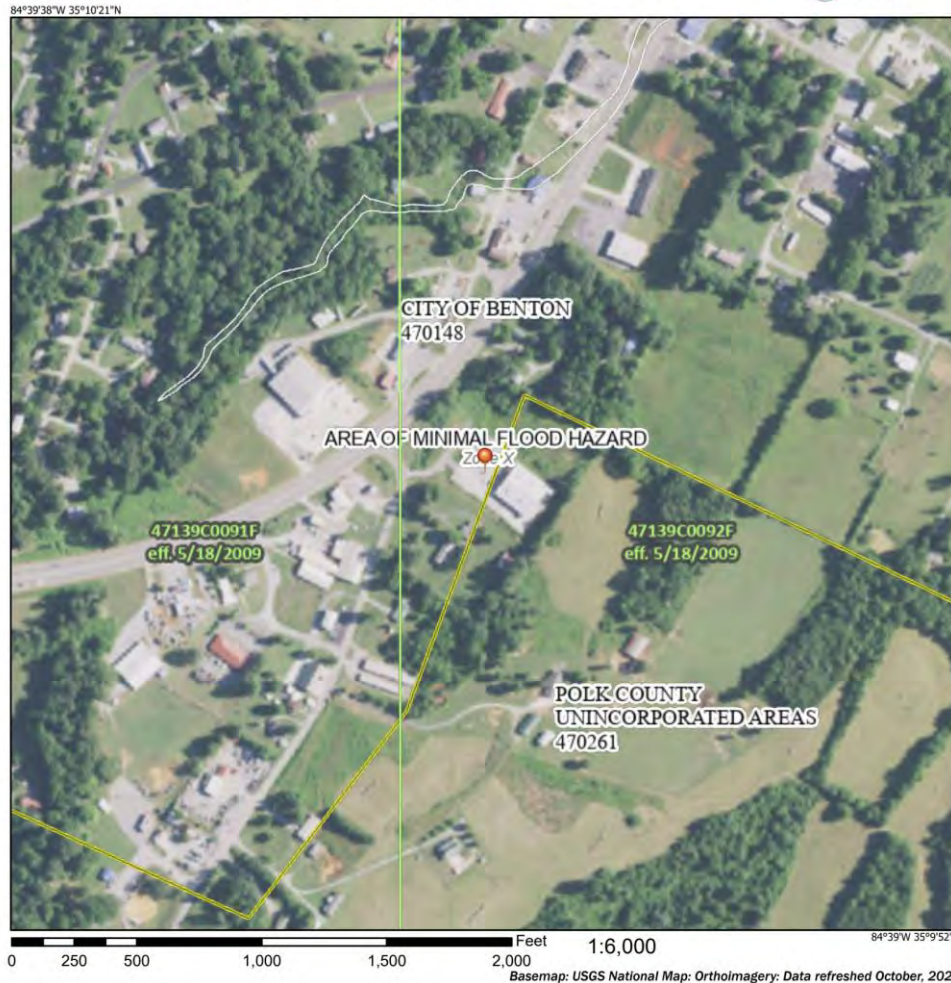



NOTARY PUBLIC
My Commission Expires: August 2, 2023

20-05-079

Flood Map

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, AD9
	With BFE or Depth Zone AE, AO, AH, VE, AR
	Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
	Future Conditions 1% Annual Chance Flood Hazard Zone X
	Area with Reduced Flood Risk due to Levee. See Notes. Zone X
	Area with Flood Risk due to Levee Zone D
OTHER AREAS	NO SCREEN Area of Minimal Flood Hazard Zone X
	Effective LOMRS
GENERAL STRUCTURES	Area of Undetermined Flood Hazard Zone D
	Channel, Culvert, or Storm Sewer
OTHER FEATURES	Levee, Dike, or Floodwall
	Cross Sections with 1% Annual Chance Water Surface Elevation
MAP PANELS	Coastal Transect
	Base Flood Elevation Line (BFE)
	Limit of Study
	Jurisdiction Boundary
	Coastal Transect Baseline
	Profile Baseline
	Hydrographic Feature
	Digital Data Available
	No Digital Data Available
	Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 5/22/2023 at 12:20 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Engagement Letter

APPRAISAL ENGAGEMENT

To: Michael Williamson
Williamson Group, LLC
Cleveland, TN 37320
Phone: 423-476-0066
Email: appraisals@williamsongroupllc.com

From: The Citizens Bank
PO Box 268
1522 Union City Hwy
Hickman, KY 42050
Ph: 270-236-2525
Fax: 270-236-2528

Date: 5/15/2023

Requested by: Candice Grimes, Loan Clerk for The Citizens Bank
Send Appraisals to appraisals@citizenshickman.com

Property Address: 112 Benton Way, Benton, TN 37307

Type of Property: ☐ Residential ☒ Commercial ☐ Farm

Borrower Name: Nader S Ashchi Email Address: _____

Is this a pending sale? If Yes:

Seller: Roy Underwood and/or Ruco, Inc. Buyer Nader S Ashchi
Current Sale: Contract Attached ☒ Owner Disclosure Attached: ☐

If No, please provide: Name of Owner: _____
Deed Book _____ Page # _____ Copy of Deed Attached: Yes ☐ No ☐

For Entry to Property Contact: Roy Underwood
Email Address: _____
Cell Phone: 770-722-5027 Home Phone: _____
Work Phone: _____ (Best time to contact: Any)

Need Appraisal Completed as is ☐ subject to ☒
First Time Home Buyer? ☐ This appraisal is subject to FIRREA Title XI ☒

Special Instruction: The buyer is planning on expanding by an additional 80 units. Please appraise subject to the completion
of these new units. The buyer will have the details. His name is Nader Ashchi, and he can be reached at
407-500-0109

By accepting this request, the appraiser certifies:
♦ I have no direct / indirect interest financially or otherwise
♦ I will issue the appraisal report in accordance with USPAP standards

The appraisal will:
♦ The appraisal will be written and contain sufficient information and analysis to support the opinion of the value expressed and to support Bank's decision to engage the transaction.
♦ It will analyze and report appropriate deduction and discounts for proposed construction or renovation of partially leased buildings, non-market lease terms and tract development with unsold units.
♦ The appraisal will be based on the definition of market value
♦ Contain a description of the actual property condition as the appraisal dates as well as current and proposed zoning and its effect on the property; and
♦ Be performed by state licensed or certified appraisers
♦ Include this engagement request in the final appraisal

Signature of the Appraiser



GLOSSARY OF TERMS

Appraisal (1) An analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interest in, or aspects of, identified real estate; (2) The act or process of estimating value; an estimate of value.

Appraisal Types (1) Appraisal Report
(2) Restricted Appraisal Report

Appraisal Formats

Appreciation An increase in property value resulting from an excess of demand over supply.

Assessed Value 1.A value set on real estate and personal property by a government as a basis for levying taxes. (IAAO)

2.The monetary amount for a property as officially entered on the assessment roll for purposes of computing the tax levy. Assessed values differ from the assessor's estimate of actual (market) value for three major reasons: fractional assessment ratios, partial exemptions, and decisions by assessing officials to override market value. The process of gathering and interpreting economic data to provide information that can be used by policymakers to formulate tax policy. (IAAO)

Assessment 1.The official valuation of property for ad valorem taxation.

2.A single charge levied against a parcel of real estate to defray the cost of a public improvement that presumably will benefit only the properties it serves, e.g., assessment for the installation of sidewalks, curbs, or sewer and water lines.3.An official determination of the

amount to be paid by or to the owners of real estate to defray the cost of a public improvement that is presumed to benefit the properties it serves in an amount at least equal to the cost of the improvement, e.g., assessment of benefits and/or damages for public sewer or water lines.

Assumption That which is taken to be true.

Business Enterprise Value (BEV)

A term applied to the concept of the value contribution of the total intangible assets of a continuing business enterprise such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements.

Capitalization Rate (R) Any rate used to convert income into value.

Cash Equivalency A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts. Calculating the cash-equivalent price requires an appraiser to compare transactions involving atypical financing to transactions involving comparable properties financed at typical market terms.

Comparables A shortened term for similar property sales, rentals, or operating expenses used for comparison in the valuation process; also called comps.

Contract Rent The actual rental income specified in a lease.

Curable Functional Obsolescence An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design.

Curable Physical Deterioration An element of depreciation; a curable defect caused by deferred maintenance.

Debt Coverage Ratio (DCR) The ratio of net operating income to annual debt service; measures the ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR).

Deed A written, legal instrument that conveys an estate or interest in real property when it is executed and delivered.

Deed Restriction A limitation that passes with the land regardless of the owner; usually limits the property's type or intensity of use. See also restrictive covenant; title defect.

Deferred Maintenance Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past.

Depreciation 1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

Developer's Profit The profit anticipated by the developer of a subdivision.

Direct Costs 1. Expenditures for the labor and materials used in the construction of improvements; 2. The labor, material, subcontractor, and heavy equipment costs directly incorporated into the construction of physical improvements. (R.S. Means)
Also called hard costs.

Discounted Cash Flow (DCF) analysis
The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis.

Discount Rate An interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same as the internal rate of return (IRR) or yield rate depending on how it is extracted from the market and/or used in the analysis.

Easement An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right of way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements.

Economic Life The period over which improvements to real property contribute to property value.

Effective Age The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (USPAP, 2002 ed.)

Effective Gross Income (EGI)

The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses. Effective gross income includes items constituting other income, i.e., income generated from the operation of the real property that is not derived from space rental (e.g., parking rental or income from vending machines).

Effective Rent The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis.

Entrepreneurial Incentive A market-derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project and risk. See also entrepreneurial profit.

Entrepreneurial Profit 1.A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.

2.In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land,

labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Escalation Clause A clause in an agreement that provides for the adjustment of a price or rent based on some event or index, e.g., a provision to increase rent if operating expenses increase; also called expense recovery clause.

Estate A right or interest in property.

Exposure Time 1.The time a property remains on the market. 2.The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and

adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.)

Expense Stop A clause in a lease that limits the landlord's expense obligation because the lessee assumes any expenses above an established level.

External Obsolescence An element of depreciation; a defect, usually incurable, caused by negative influences outside a site and generally incurable on the part of the owner, landlord, or tenant.

Extraordinary Assumption An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- o It is required to properly develop credible opinions and conclusions;
- o The appraiser has a reasonable basis for the extraordinary assumption;
- o Use of the extraordinary assumption results in a credible analysis; and
- o The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.(USPAP, 2002 ed.)

Fee Simple Estate Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

FIRREA The financial Institutions Reform, Recovery, and Enforcement Act. Legislation enacted in 1989 to bail out the savings and loan industry; FIRREA created the office of the Thrift Supervision (OTS), the Resolution Trust Company (RTC), and the Appraisal Subcommittee to implement Title IX of FIRREA mandating state certification and licensing of appraisers.

Fixed Expenses Operating expenses that generally do not vary with occupancy and that prudent management will pay whether the property is occupied or vacant.

Floor Area Ratio (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. See also land-to-building ratio.

Franchise A privilege or right that is conferred by grant on an individual or a group of individuals; usually an exclusive right to furnish public services or to sell a particular product in a certain community.

Frictional Vacancy Vacancy unrelated to disequilibria in supply and demand, but rather due to tenant relocations as leases roll over and expire. Frictional vacancy is considered a typical vacancy rate in a

given market operating in equilibrium. Typically used in demographic analysis or supply and demand studies. Closely related but distinct from the concept of vacancy and collection loss as it relates to a single property. See also vacancy.

Functional Obsolescence An element of depreciation resulting from deficiencies or super-adequacies in the structure.

Functional Utility The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms.

Furniture, Fixtures, and Equipment (FF&E) The movable property of a business enterprise not classified as stock or inventory or leasehold improvements; frequently found in the ownership of hotels or motels, restaurants, assisted-living facilities, service stations, car washes, greenhouses and nurseries, and other service-intensive properties. Furniture, fixtures, and equipment frequently wears out much more rapidly than other components of those properties.

Going-Concern Value 1.The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; also called value of the going concern.2.Tangible and intangible elements of value in a business enterprise resulting from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place. The value of an operating business enterprise. Goodwill

may be separately measured but is an integral component of going-concern value. (USPAP, 2002 ed.)

Gross Building Area (GBA)

The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded.

Gross Income

Income from the operation of a business or the management of property, customarily stated on an annual basis.

Gross Leasable Area (GLA)

The total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines, and measured from the center of interior partitioning to outside wall surfaces; the standard measure for determining the size of shopping centers where rent is calculated based on the GLA occupied. The area for which tenants pay rent.

Gross Lease A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes. See also lease.

Highest and Best Use The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Hypothetical Condition That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

1. Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
2. Use of the hypothetical condition results in a credible analysis; and
3. The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2002 ed.)

Income Capitalization Approach

A set of procedures through which an appraiser derives a value indication for an income-producing property by

converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or super adequacy in the structure, materials, or design, which cannot be practically or economically corrected.

Incurable Physical Deterioration

An element of depreciation; a defect caused by physical deterioration that cannot be practically or economically corrected.

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and the builder's or developer's all-risk insurance during construction; and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called soft costs.

Intangible Property Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities, and contracts, as distinguished

from physical assets such as facilities and equipment. (USPAP, 2002 ed.)

Intended Use The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2002 ed.)

Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2002 ed.)

Land-to-Building Ratio

The proportion of land area to gross building area; one of the factors determining comparability of properties.

Leased Fee Interest An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Leasehold Interest The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.

Liquidation Value

The most probable price that a specified interest in real property is likely to bring in all of the following conditions:

1. Consummation of a sale will occur within a severely limited future marketing period specified by the client.

2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.

3. The buyer is acting prudently and knowledgeably.

4. The seller is under extreme compulsion to sell.

5. The buyer is typically motivated.

6. The buyer is acting in what he or she considers his or her best interest.

7. A limited marketing effort and time will be allowed for the completion of a sale.

8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can be modified to provide for valuation with specified financing terms. See also disposition value; distress sale; forced price; market value.

Market Area The geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users. See also trade area.

Market Rent The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

Marketing Time

1. The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.
2. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time

required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)

Market Study

A macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.

Market Value

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. Continual refinement is essential to the growth of the appraisal profession.

1. The most widely accepted components of market value are incorporated in the following definition:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently,

knowledgeably, and for self-interest, and assuming that neither is under undue duress.

2. Market value is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2002 ed.)

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the

opinion of value must be described and explained.

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. In 1993, the Appraisal Institute Special Task Force on Value

Definitions put forward the following definition of market value:

The most probable price which a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale occurs as of a specified date.
- An open and competitive market exists for the property interest appraised.
- The buyer and seller are each acting prudently and knowledgeably.
- The price is not affected by undue stimulus.
- The buyer and seller are typically motivated.
- Both parties are acting in what they consider their best interest.
- Marketing efforts were adequate and a reasonable time was allowed for exposure in the open market.
- Payment was made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

5. The International Valuation Standards Committee defines market value for the purpose of international standards as follows:

Market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards 2001. London: International Valuation Standards Committee, 2001, 92.)

Persons performing appraisal services that may be subject to litigation are cautioned to seek the exact definition of market value applicable to the jurisdiction where the services are being performed. For further discussion of this important term, see *The Appraisal of Real Estate*, 12th ed. (Chicago: Appraisal Institute, 2001), 21-24

Market Value “As Is” The value of specific ownership rights to an identified parcel of real estate in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of the appraisal.

Neighborhood A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Net Lease

Generally a lease in which the tenant pays for utilities, janitorial services, and either property taxes or insurance, and the landlord pays for maintenance, repairs, and the property taxes or insurance not paid by the tenant. Sometimes used synonymously with single net lease but better stated as a partial net lease to

eliminate confusion. Also called single net lease; modified gross lease; single net lease; modified gross lease. See also lease.

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service and book depreciation are deducted; may be calculated before or after deducting replacement reserves.

Net Rentable Area (NRA) (1) The area on which rent is computed, (2) The rentable area of a floor as measured to the inside of the finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Includes spaces such as mechanical rooms, janitorial rooms, restrooms, and lobby areas.

Obsolescence One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external.

Operating Expenses

The periodic expenditures necessary to maintain the real property and continue production of the effective gross income, assuming prudent and competent management. See also total operating expenses.

Overall Capitalization Rate

An income rate for a total real property

interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value.

Personal Property

1. Identifiable tangible objects that are considered by the general public as being "personal," for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2002 ed.)

2. Consists of every kind of property that is not real property; movable without damage to itself or the real estate; subdivided into tangible and intangible. (IAAO)

Present Value (PV) The value of a future payment or series of future payments discounted to the current date or to time period zero.

Prospective Value Opinion

A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Prospective Future Value "upon completion of construction" The value presented assumes all proposed construction, conversion, or rehabilitation is hypothetically completed, or under other specified hypothetical conditions, as of the future

date when such construction completion is projected to occur. If anticipated market conditions indicated that stabilized occupancy is not likely as of the date of completion, the estimate shall reflect the market value or the property in the then “as is” leased state. For properties where individual units are to be sold over a period of time, this value should be represent that point in time when all construction and development cost have been expended for that phase, or those phases under valuation.

Prospective Future Value “upon reaching stabilized occupancy”

The value presented assumes the property has attained the optimum level of long-term occupancy, which an income-producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings.

Real Estate

Physical land and appurtenances attached to the land, e.g., structures. An identified parcel or tract of land, including improvements, if any.

Real Property

All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. In some states, real property is defined by statute and is synonymous with real estate. See also personal property; real estate.

Remaining Economic Life

The estimated period during which improvements will continue to contribute to property value; an estimate of the

number of years remaining in the economic life of the structure or structural components as of the date of the appraisal; used in the age-life method of estimating depreciation.

Replacement Allowance

An allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life.

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

Report

Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment. (USPAP, 2002 ed.)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super adequacies, and obsolescence of the subject building.

Reversion

A lump-sum benefit that an investor receives or expects to receive at the termination of an investment; also called reversionary benefit.

Scope of Work

The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- The degree to which the property is inspected or identified;
- The extent of research into physical or economic factors that could affect the property;
- The extent of data research; and
- The type and extent of analysis applied to arrive at opinions or conclusions.

Shell Rent

The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called plain vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.

Super-adequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards.

Terminal Capitalization Rate

The rate used to convert income, e.g., NOI, cash flow, into an indication of the anticipated value of the subject real property at the end of an actual or anticipated holding period. The terminal capitalization rate is used to estimate the resale value of the property. Also called reversionary capitalization rate or going-out capitalization rate.

Usable Area

The area available for assignment or rental to an occupant, including every type of usable space; measured from the inside finish of outer walls to the office side of corridors or permanent partitions and from the centerline of adjacent spaces; includes subdivided occupant space, but no deductions are made for columns and projections. There are two variations of net area: single occupant net assignable area and store net assignable area.

Use Value

1. In economics, the attribution of value to goods and services based upon their usefulness to those who consume them.

2. In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes.

USPAP Uniform Standards of Professional Appraisal Practice

Current standards of the appraisal profession, developed for appraisers and the users of appraisal services by the Appraisal Standards Board of The Appraisal Foundation. The Uniform Standards set forth the procedures to be followed in developing an appraisal, analysis, or opinion and the manner in which an appraisal, analysis, or opinion is communicated. They are endorsed by the Appraisal Institute and by other professional appraisal organizations.

Vacancy and Collection Loss

An allowance for reductions in gross potential income attributable to projected vacancy (physical or economic) and

potential collection loss considerations. Vacancy is an expected loss in income as a result of periodic vacant space attributable to un-rented space and tenant turnover. Credit loss considers nonpayment of rent and can consider units rented at below-market rates (also known as lag vacancy). Vacancy and collection loss is usually estimated on a property-specific basis as part of the reconstructed operating statement in the income capitalization approach and applied, as a percentage, to potential gross income or as a percentage of rentable area of the property; may also refer to a study of vacancy and collection loss in a defined market or submarket.

Yield Rate (Y)

A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment.