

# SELF-STORAGE DESKTOP MARKET STUDY



Site Location:  
**2752 SW Fondura Road**  
**Port St Lucie, FL 34953**

Client: John Hettinger

Desktop Market Analysis performed by: Self Storage 101



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## ***DESK MARKET STUDY SCOPE***

- Executive Summary and Conclusions
- Site Review
  - Satellite View
  - Map View
  - Location & Access Commentary
- Market review
  - Demographic information
    - Market
    - Growth projections
    - Income levels
    - Commercial base
  - Competitor Information
    - Map market competitors
    - Rate Matrix
    - Determine subject property's potential market
    - Review traffic patterns, likelihood that potential customers will travel to subject site
- Basic Financial Analysis
  - Recommended unit mix
  - Basic Stabilized Income statement
- Operations and Marketing Recommendations

A comprehensive study of the market area is necessary to determine the underlying fundamentals that impact the occupancy rates and rental rates.

The first step is to define the trade area as a radius. Generally, a suburban property will have a trade area radius of two or three miles, and a more rural property may have a trade area radius of four or five miles. Very dense areas such as Manhattan may only require a trade area of one mile or less.

Next, a survey of all the facilities within the trade area must be taken. The most important information to be gathered includes an approximation of the net rentable area and the occupancy rate. While this information can be difficult to obtain due to its proprietary nature, estimates can be obtained from sources such as assessor's offices, phone surveys, and other public sources. This will allow the supply per foot to be calculated.

Demand for self-storage is difficult to quantify; however, the following three demographic variables have been shown to induce demand for self-storage: *population growth, population density and average household income*. Additionally, there may be further demand factors that are difficult to quantify such as a nearby university or highway. An estimate can also be compared to the average supply on the state and national level.

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On a per-person basis, if the supply is less than the demand, the market is deemed to be undersupplied. If the supply is greater than the demand, the market is deemed to be oversupplied. As a test of reasonableness, a comparison of the conclusion to the average occupancy in the trade area can be made. Generally speaking, oversupplied markets have occupancy rates less than 80 percent and undersupplied markets have rates greater than 90 percent. A market with an average occupancy rate between 80 and 90 percent is deemed to be near equilibrium.

Understanding the supply and demand of the trade area is a key component to analyzing and forecasting rental rates.

## **FORWARD**

The client has engaged Self Storage 101 to conduct a Desktop Pre-Development Site and Market Study for a potential self-storage development or conversion location. The purpose of this report is to provide a cursory offsite review of the subject site and subject market as related to the potential for self-storage development. This study researches sub-markets as related to demographic and competitive data, potential site and location viability within the existing self-storage market and a snapshot of the existing self-storage markets and the potential site's position within those markets.

When reviewing the 'marketability' of a potential self-storage location, Self Storage 101 reviews four distinct areas that are critical in determining the site and market viability:

- 1. The Site and its Location.** As self-storage has become ever more a retail-type business, facility location has become more critical than in past times when self-storage facilities were located in industrial parks or behind the local airport.

From a location standpoint, customers typically want their stored goods within a convenient distance. Although few do, nearly all new customers perceive that they will be accessing their unit frequently. Therefore, they will seek a location that is in close proximity to where they live, work, shop, or otherwise frequent. This would include residential areas, grocery stores, banks, restaurants, or recreational areas. The industry is evolving where the trend is to locate self storage away from industrial areas and into retail and residential areas.

When looking at the specific location, we are evaluating the site for its visibility, accessibility, proximity to potential residential and commercial tenants and its geographical relationship to the other self-storage competitors within the subject market. While contemplating a potential site's suitability it is important to review signage and other marketing opportunities necessary to enhance the subject location's 'statement' within the market.

**Access:** Some self storage facilities are quite visible but have poor access. That is, the customer who wants to visit cannot locate the facility entrance, has difficulty crossing traffic or slowing down, or has a moving truck that cannot make a certain turn required to enter the facility. Prospective customers will visit facilities with easy access more often.

**Visibility:** The typical storage customer, upon deciding that a storage unit is needed, will remember seeing a storage facility in or around an area that they frequent. They usually will inquire at this facility to determine the price and availability of storage. A visible development, which is clearly a storage facility, will maximize the number of new customer inquiries.

**Traffic Count:** It is important to know the traffic count of the roadways in which the facility is visible. This represents the number of cars that will pass by the facility during the average day. Annual average daily traffic information can be obtained from the local department of transportation.

Ideally, the majority of the cars passing the site represent local traffic as opposed to commuter traffic; that is, they carry people who are living, working, or shopping in the immediate area. How much local traffic is necessary depends upon the size of the facility. Facilities that are quite large should have traffic counts in excess of 15,000 cars per day, whereas, small facilities may require less than 5,000.

It is also important to note the following as they relate to market position:

1. **Amenities.** Self-storage customers are becoming more discerning about their self-storage choices and those facilities lacking in 'market amenities' are finding themselves at a disadvantage.
  2. **Curb Appeal.** Self-storage customers sometimes make their decisions regarding a specific site based on the initial look of the facility. A dirty, debris-laden parking lot and trashy landscaping is likely indicative of a poorly managed facility and uncaring managers.
  3. **Specials and Discounts.** The more competitive a market, the more likely it is that a facility will be forced to integrate some type of aggressive move-in discounting in its marketing scheme.
  4. **Statistics.** Most self-storage customers 'shopping' for storage end up renting storage. A critical question to ask when reviewing a self-storage facility is 'why or why not would a potential customer rent here?'
2. **The Market.** Self-storage demand in any market is determined by the needs of potential customers and thus, simply having self-storage inventory does nothing to increasing that potential demand. A crucial piece of the 'marketability' puzzle is attempting to determine if there is sufficient demand for self-storage supply. New self-storage customers can come from only a small number of demand pools: population growth, commercial growth or pent up demand not being met by the existing competitors. An underlying question we must ask in evaluating a self-storage facility is 'why would potential self-storage customers rent here?' What about the market indicates that the subject site should garner a share of the move-in activity?
3. **The Competitors.** Determining the rates, occupancy levels and amenities offered by the market competitors is an important factor in determining the quality of the local self-storage market and the propensity for a reasonable occupancy level and revenue growth for a new self-storage development. Our in-person evaluations of the market competitors are designed to compile both anecdotal and quantitative evidence of the 'marketability' of a particular self-storage facility.

The days of 'build it and they will come' are long over within the self-storage industry. More than ever before it does matter what the competitors are offering in order to entice potential customers. There simply may not be enough potential customers looking for storage in a particular sub-market and any new development will have to be positioned within the market to garner an acceptable percentage of the existing self-storage demand.

**4. The Manager.** There are very few business models that are as 'manager-centric' as self-storage. Oftentimes, customers do not remember the name of the facility but they almost always know the name of the manager. **We believe that an A+ facility with a C- manager is a C- facility.** It is absolutely critical that a self-storage company hire, train and develop on-site managers at the highest level. The view of managers as 'baby sitters' reflects a view of the business model that is outdated and becoming increasingly less viable. A self-storage manager must have excellent sales abilities, know how to use effective collections techniques and effectively utilize time management skills. In an ever increasingly competitive business cycle, self-storage facilities must have a higher level manager than their competitors. Our evidence shows that in any market, the facilities with the most professional managers almost always have the highest occupancy levels and the highest market rates.

It is important to note that 'manager' can also indicate the 'management' of the site as a growing number of self storage facilities are being developed as automated, unattended facilities. Our commentary related to the necessity of a higher quality manager also relate to those aspects of managing an unattended facility:

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

This report was prepared exclusively for our client. While every attempt is made to provide the highest level of accuracy and reliability, it must be recognized that the report relies heavily on written and verbal information provided by others. In some cases, these sources are competitors, who may have a vested interest in skewing data. Every attempt has been made to eliminate possible misrepresentations. Self Storage 101 accepts no responsibility and shall not be liable for misinformation, either intentional or accidental, and cannot be held responsible for any decisions the developer may make based on this report. Reliable sources and redundant checks are employed, but there is always an outside chance that data can be missed. One should be aware of that fact in decision making based on this report.

It should be noted that the assumptions herein are based on the use of seasoned professionals in the development, entitlement, design, construction, marketing and management of the property.

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



## **EXECUTIVE SUMMARY & OPINIONS**

On or about May 17, 2021, the Team at Self Storage 101 conducted a Self Storage Desk Market Study for a potential expansion of an existing self storage project in the Port St Lucie, FL market. The study included an offsite examination of the subject property, a review of the self-storage competitors in the market and the demographic profile of the subject market.

It is our opinion that the market is favorable for the development of the amount of self-storage space contemplated by the developer. We believe it is likely that acceptable financial assumptions and returns can be met, assuming the land and development costs are not overly burdensome, and that these return calculations may be impacted by what we would calculate to be a reasonable lease-up period and moderately high rental rates.

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

Our opinion is based on the following:

- The square foot demand calculations and anecdotal occupancy levels would appear to indicate that the subject market up to the four-mile demographic profile is under-developed by at least a modest amount of storage space and there is sufficient amount of unmet self storage space demand for the contemplated development.
- The developer plan to utilize the services of a professional, 'branded' third-party management company will afford the subject facility a marked operational and marketing advantage over several of the market competitors.
  - The sophisticated online marketing and other marketing programs employed by these companies and their ability to garner at least, if not more than, their 'fair share' of the self storage market results in quicker lease up period that would otherwise be expected.
  - The sophisticated revenue management systems and algorithms employed by the companies results in increased incomes and asset value than would otherwise be realized.
- The subject site's financial viability is impacted by the moderately high rental rates for self storage space in place at the market competitors.
  - The average rental rate for a 5x10 non climate unit is \$78 per month while the average rental rate for a 5x10 climate unit is \$85 per month.
  - The 'blended' rental rate for the recommended unit mix is \$17.62 per square foot (per year), a rental rate generally found to be high enough to warrant new development and a rate that is likely to produce sufficiently high enough financial returns to warrant the investment risk associated with the asset class.

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- The financial viability of the subject project will be dependent on the developer's securing reasonable development costs.
- The recommended unit mix would indicate an increased asset value of +/- \$2,895,000 (assuming a 90% occupancy, 35% expenses and a 5.75% cap rate).

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

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

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

The amount of storage space owned and operated by sophisticated, institutional operators in the market does indicate that rental rate increases should likely be expected as occupancy levels increase. Any proforma increases in the rental rates would be influenced by the presence of properties owned and managed by institutions.

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

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

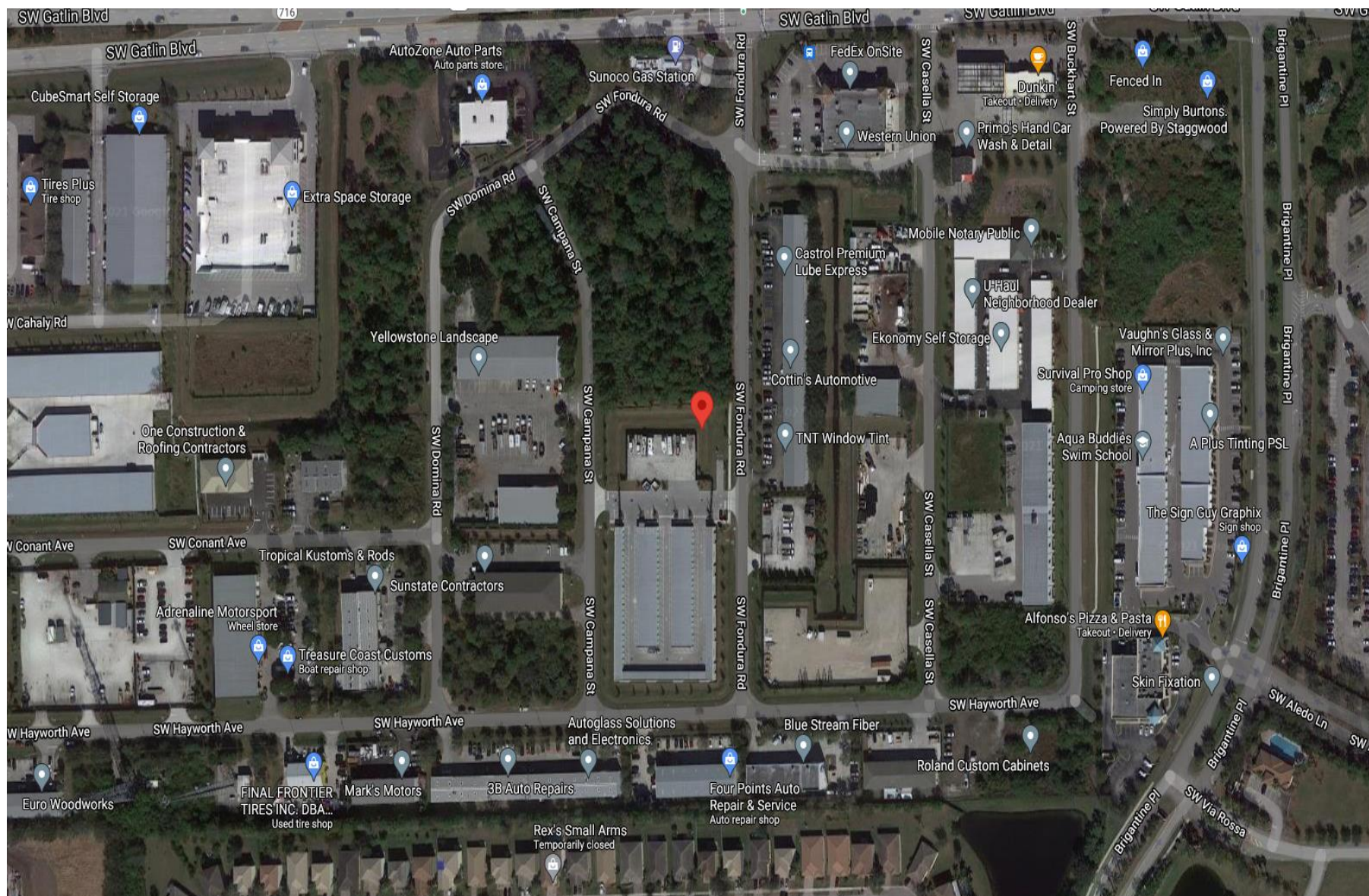
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We strongly believe that the full-fledged professional third party management company engagement regarding this facility helps to mitigate any existing or inherent risk with this particular self storage asset.

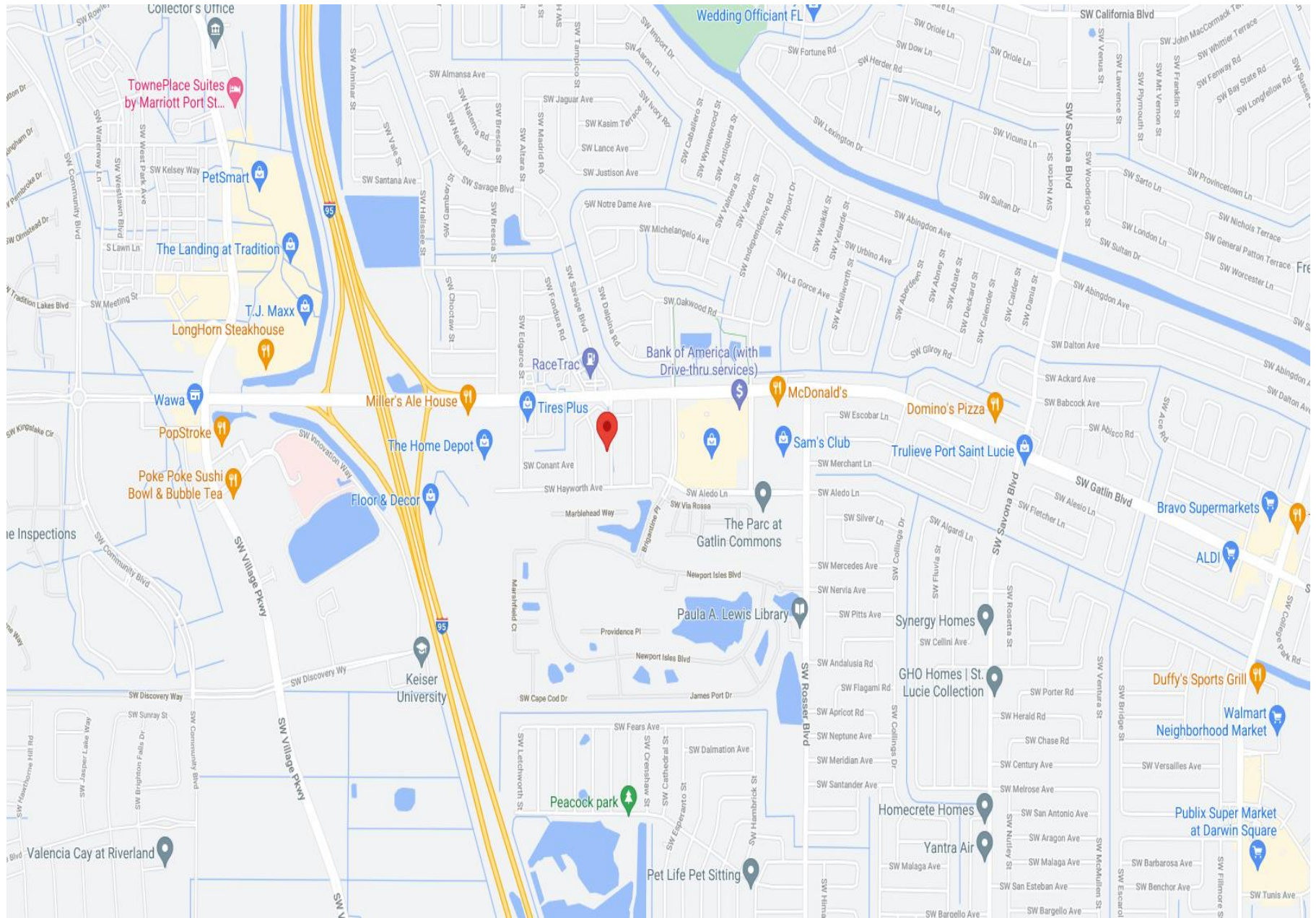
***Our Opinions and Recommendations are based on the information contained herein the following report.***

***Based on our expertise in the self-storage industry and the information that we have reviewed in preparing this study, we recommend that the developer proceed with the project as currently contemplated.***

Port St Lucie FL  
**SITE REVIEW**  
**AERIAL VIEW**



Port St Lucie FL  
MAP VIEW



## SITE EVALUATION

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



**ACCESS:** The subject site should have very good access for both directions of travelers on SW Fondura Road as there are no road dividers in this section of the roadway.



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

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

**LOCATION RELATIVE TO COMPETITORS:** The subject site does not appear to enjoy any particular level of location advantage as it is located with very good visibility and access from a lower traffic count roadway than some of the competitors. It appears to 'own' a sub-section of the market as there are no self storage competitors located in close proximity to the east.

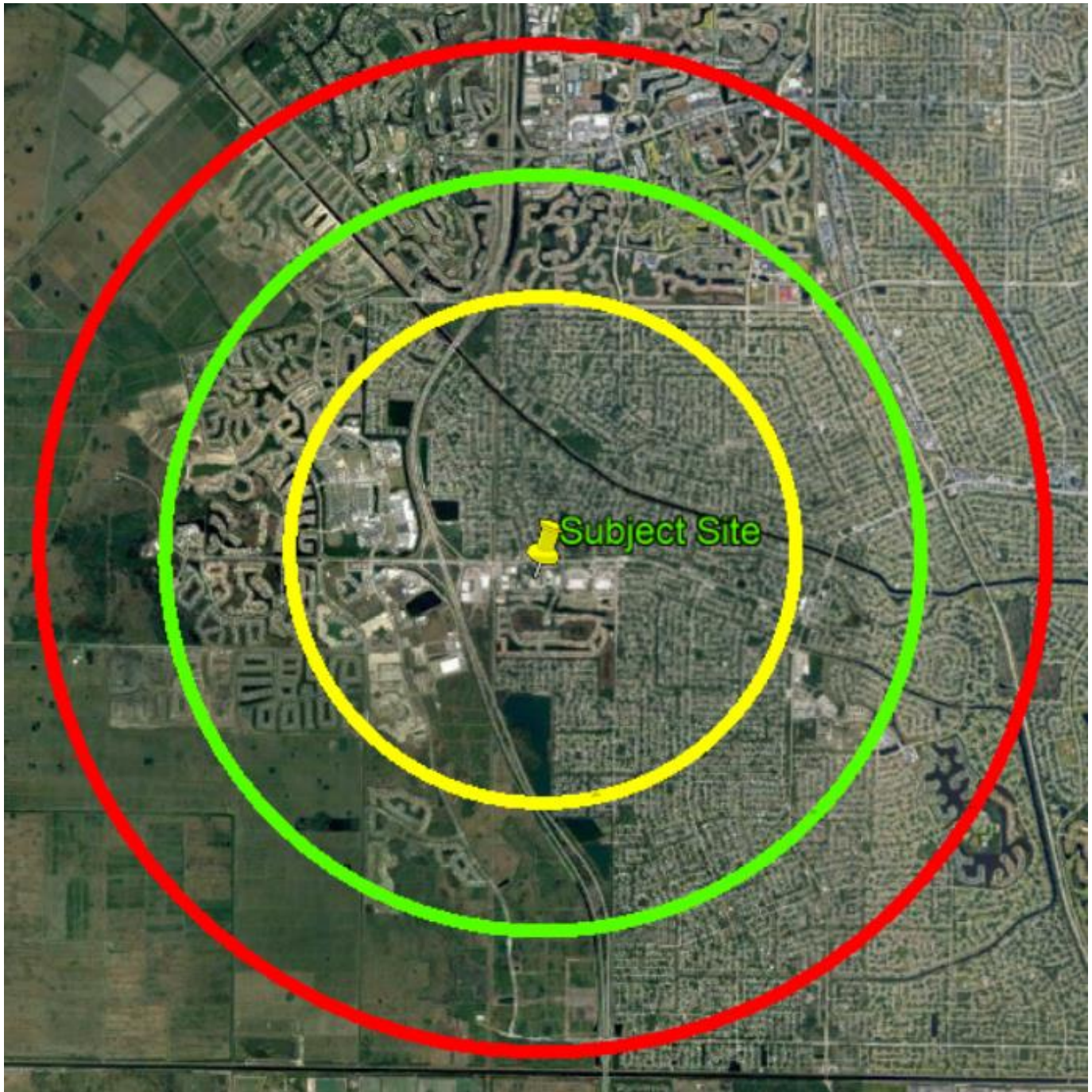
**It is important to note that the subject property should have a distinct management advantage over most of the competitors. Self-storage is a highly 'manager-centric' business model and the level of management expertise in the Port St Lucie sub-market is, at best, mediocre to very good. Our opinion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

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



## **MARKET REVIEW**

The following demographic profile is based on the concentric map: 1-, 2- and 3-mile radii from the subject site. It is our belief that the primary customer base for the subject site resides within three miles of the subject site.



Understanding the customer demographics of the surrounding market area is essential for storage developers, owners, and operators. Accurately identifying the types of customers, as well as their wants and needs, is critical in order to form the necessary operational and marketing decisions for a facility.

In a market area comprised of a high percentage of commercial or business tenants, add-ons such as on-site conference rooms, free Wi-Fi, central workspaces, climate control, or other amenities that carry special appeal for business customers can be profitable. In areas with older renters or senior citizens, convenience-oriented services such as professional packing and moving assistance could prove valuable.

The largest proportion of tenants is typically residential customers. While approximately 70 percent of all storage tenants tend to fall in this category, it is important to understand that these numbers can change from market area to market area. In those areas with a predominantly residential customer base, operators need to keep in mind that life changes often drive the decision to need storage. This can range from a divorce or death in the family to remodeling or selling a home.

Depending on the housing specifics in the market area, residential customers may also consist of apartment or condo dwellers who do not have enough storage space where they live. On a national basis while 68 percent of residential customers tend to live in a single-family home, nearly 30 percent reside in multi-family housing.

Another important demographic for self-storage is to know what percentage of your customers are male and female. It is noted that 85 percent of all purchases are made by women and 80 percent of all purchasing decisions are made by women. This means that although men may do the heavy lifting in terms of moving in or out of a unit, the actual rental or decision to rent was likely made by a woman. It should be noted that 57.7 percent of storage renters in 2014 were men and 42.3 percent were women. However, if 85 percent of the decisions on where to rent are actually made by women, the scales are tipped even farther in favor of women as likely storage customers.

Customer age is another demographic that should be considered, especially in terms of the amenities and services offered at a facility. The largest percentage of renters are between the ages of 46 and 55. Falling right behind that are the 36 to 45 and 56 to 65 age groups at 22 percent and 21 percent, respectively. On average, 13 percent tend to be customers over age 65. Understandably, the smallest percentage of storage customers—3 percent—is represented by millennials under age 25.

**DEMOGRAPHICS<sup>1</sup>**

Description	2 Miles	3 Miles	4 Miles
<b>POPULATION BY YEAR</b>			
Population (4/1/1990)	2,841	8,089	14,346
Population (4/1/2000)	9,583	19,304	31,347
Population (4/1/2010)	21,423	47,907	76,001
<b>Population (1/1/2020)</b>	<b>25,917</b>	<b>58,091</b>	<b>91,823</b>
Population (1/1/2025)	26,908	60,301	95,315
Percent Growth (2020/2010)	20.98	21.26	20.82
<b>Percent Forecast (2025/2020)</b>	<b>3.82</b>	<b>3.80</b>	<b>3.80</b>
<b>HOUSEHOLDS BY YEAR</b>			
Households (4/1/1990)	955	2,702	4,907
Households (4/1/2000)	3,539	7,171	11,640
Households (4/1/2010)	6,982	16,500	26,852
Households (1/1/2020)	8,445	20,011	32,416
Households (1/1/2025)	8,726	20,673	33,486
Percent Growth (2020/2010)	20.95	21.28	20.72
<b>Percent Forecast (2025/2020)</b>	<b>3.33</b>	<b>3.31</b>	<b>3.30</b>
<b>GENERAL POPULATION CHARACTERISTICS</b>			
Median Age	36.3	38.2	39.2
Male	12,799	28,731	45,220
Female	13,118	29,360	46,603
<b>Density</b>	<b>3,217.9</b>	<b>1,208.8</b>	<b>1,514.1</b>
Urban	25,917	57,678	91,410
Rural	0	413	413
<b>GENERAL HOUSEHOLD CHARACTERISTICS</b>			
Households (1/1/2020)	8,445	20,011	32,416
Families	6,751	15,478	24,699
Non-Family Households	1,694	4,533	7,717
Average Size of Household	3.07	2.90	2.83
Median Age of Householder	49.8	51.9	52.8
Median Value Owner Occupied (\$)	137,128	140,475	142,104
Median Rent (\$)	1,160	1,084	1,037
Median Vehicles Per Household	2.4	2.3	2.3
<b>GENERAL HOUSING CHARACTERISTICS</b>			
Housing, Units	9,393	23,384	37,328
Housing, Owner Occupied	6,730	15,519	25,121
Housing, Renter Occupied	1,715	4,492	7,295
Housing, Vacant	948	3,373	4,912
<b>POPULATION BY RACE</b>			
White Alone	16,393	38,336	61,078
Black Alone	6,153	12,781	20,046
Asian Alone	701	1,674	2,514
American Indian and Alaska Native Alone	131	326	464
Other Race Alone	1,254	2,235	3,489
Two or More Races	1,285	2,739	4,232

<sup>1</sup> The demographic profile is compiled through a subscription service.

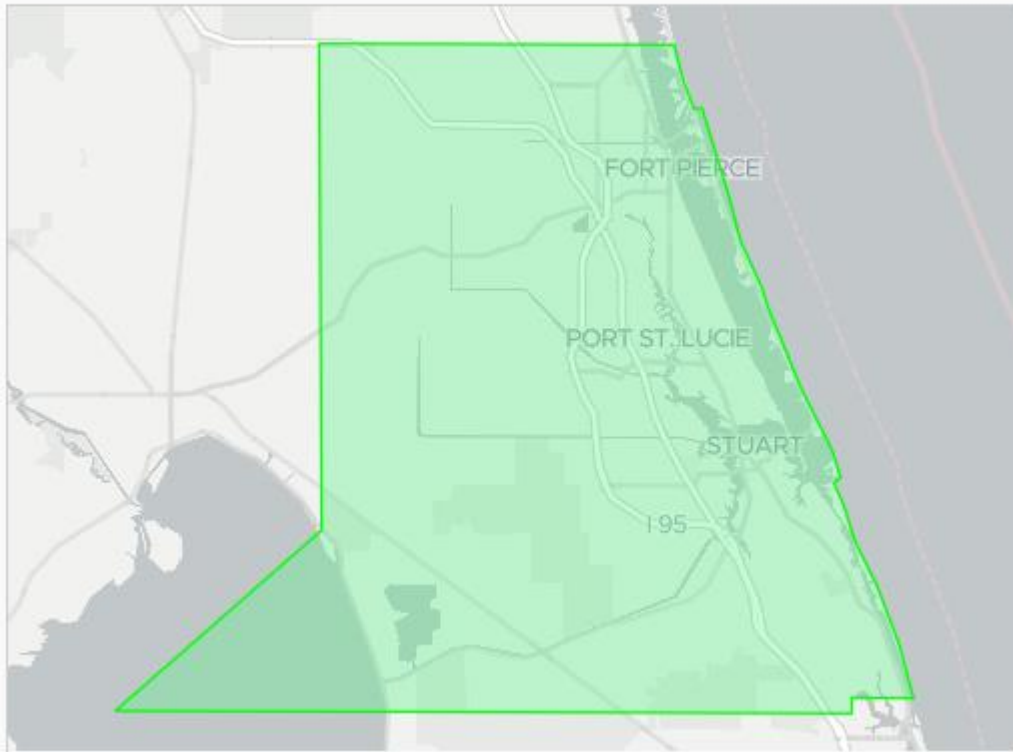
<b>POPULATION BY ETHNICITY</b>			
Hispanic	6,454	13,265	20,551
White Non-Hispanic	11,985	28,966	46,581
<b>GENERAL INCOME CHARACTERISTICS</b>			
Total Household Income (\$)	775,509,271	1,933,550,417	3,067,619,000
Median Household Income (\$)	<b>78,115</b>	<b>73,874</b>	<b>73,751</b>
Average Household Income (\$)	<b>91,831</b>	<b>96,624</b>	<b>94,633</b>
Per Capita Income (\$)	<b>29,993</b>	<b>33,331</b>	<b>33,443</b>
<b>RETAIL SALES</b>			
Total Retail Sales (including Food Services) (\$)	233,850	565,428	2,741,087
<b>CONSUMER EXPENDITURES</b>			
Total Annual Expenditures (\$000)	560,532.0	1,330,905.2	2,154,513.7
<b>EMPLOYMENT BY PLACE OF BUSINESS</b>			
Employees, Total (by Place of Work)	2,168	5,755	13,741
Establishments, Total (by Place of Work)	403	778	1,448

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

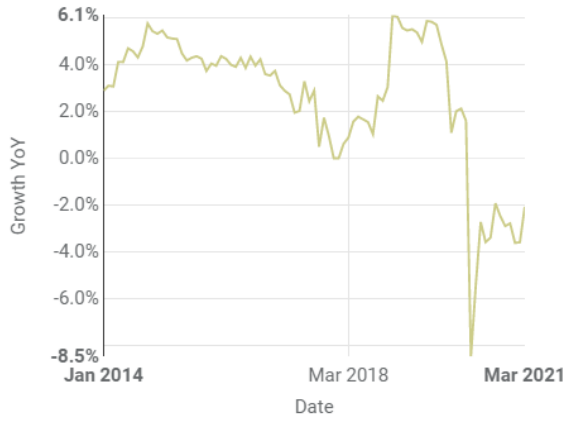
## MARKET SUMMARY

Port St. Lucie, FL

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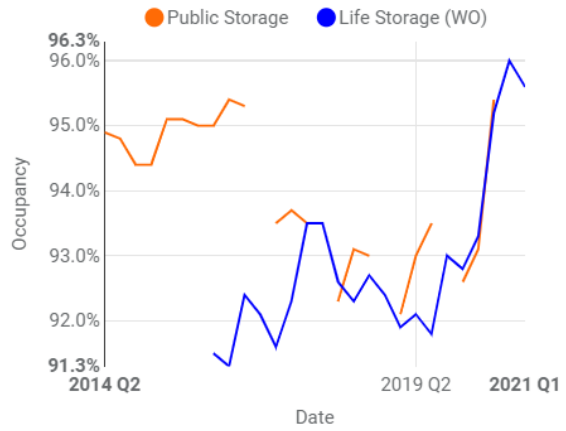
Employment



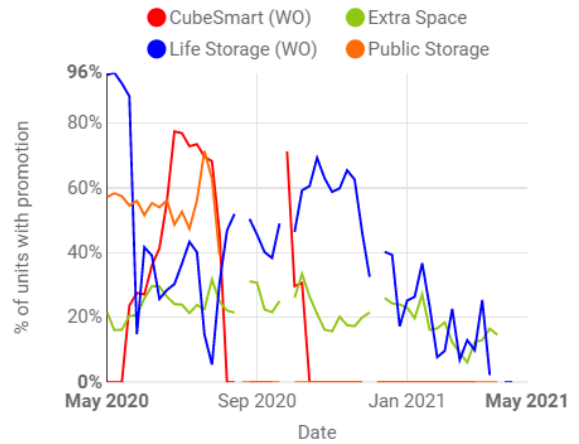
Pricing



Occupancy

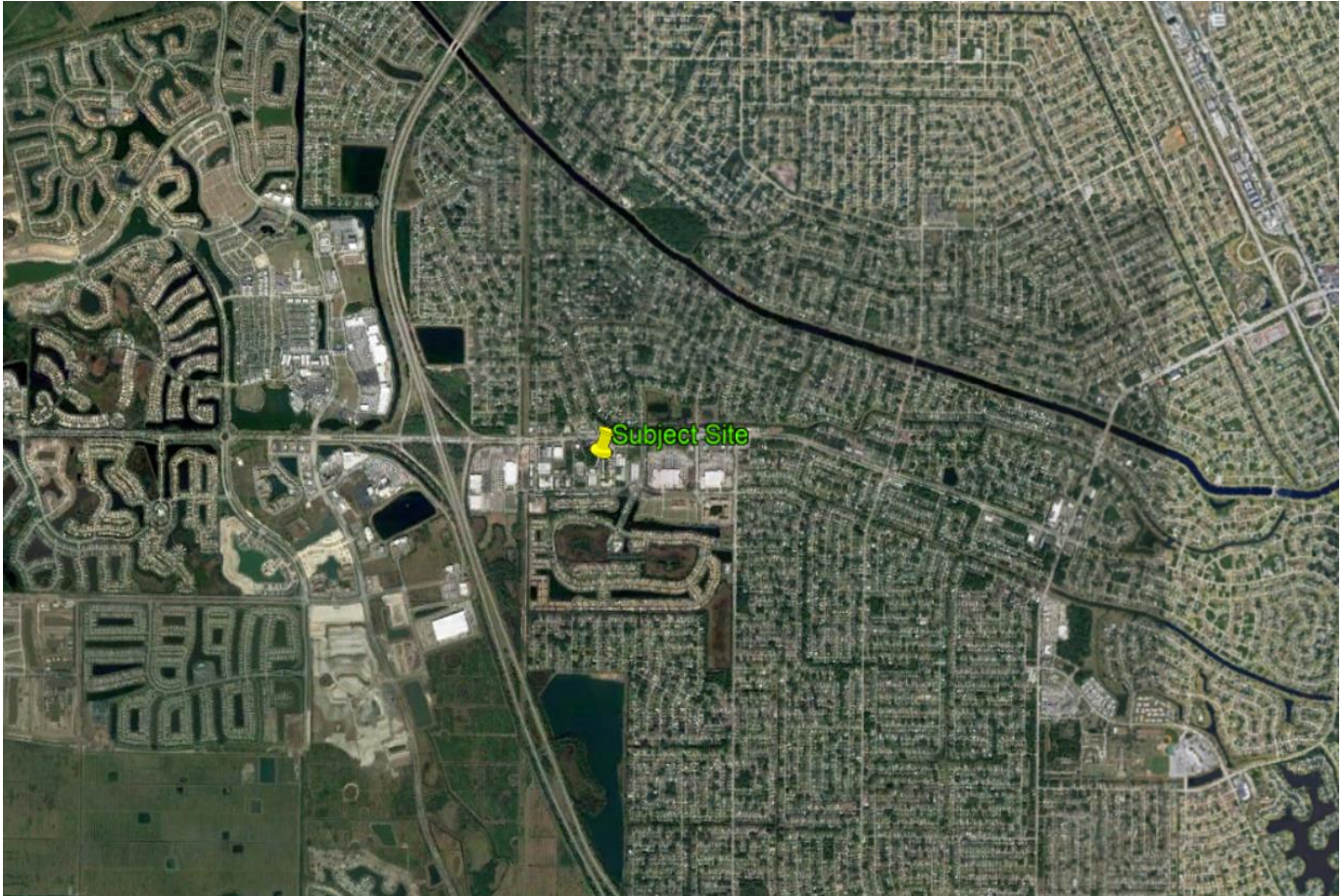


Promotions



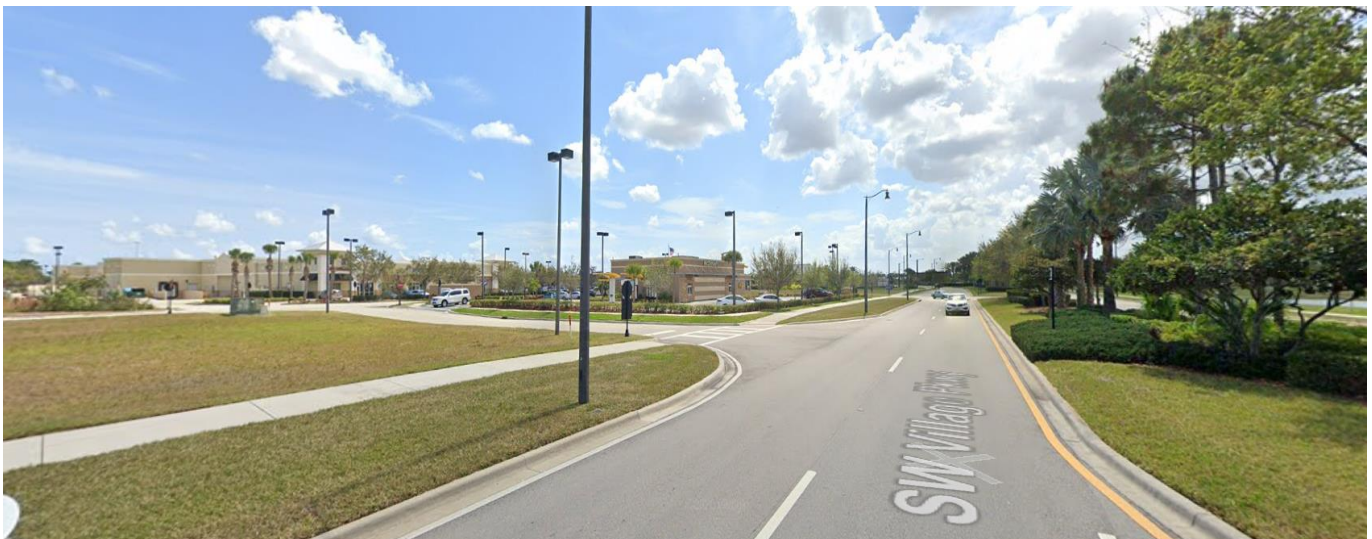
## NEIGHBORHOOD

The neighborhood in close proximity to the subject site is primarily comprised of vacant land parcels, single family homes and residential neighborhoods and a number of commercial enterprises of various types and sizes.











## COMPETITORS BY LOCATION



In most subject markets there are additional self storage competitors we may not have included in the map and profiles. If we have not included any competitors within the subject market it is due to those facilities being very small or small (as related to rentable square footage or numbers of units) and/or their being so limited in quality and amenities as to not warrant consideration as a competitor of the subject site.

An important step in determining the feasibility of building a self storage facility at a particular location is the level and quality of competition within the target market area as well as the potential for future competition. The examination of the existing competition must be done using both market demand calculations and a review of the quality of the market competitors.

The 'quality' issues include the examination of the competitive stores' curb appeal, ingress and egress, over-all visibility, the professionalism of the management staff, security features, the facility's Unit Mix between standard and climate controlled spaces and the competitors' locations relative to the subject site within the target market area.

We should point out that there is a clear delineation between 'primary' and 'secondary' competitors. 'Primary' competitors consist of those self-storage facilities that are the most likely to compete for the same tenant base as the subject site. These competitors are determined by proximity to the primary market, amenity level, marketing prowess and management expertise. A self-storage facility that is close in proximity may not necessarily qualify as a primary competitor if the level of amenities is low, they have no marketing in place or the management is of a very low quality.

When deciding on the primary competitors, we ask ourselves 'if a prospective tenant does not rent from the subject site, where would they rent?'

## COMPETITOR PROFILES<sup>2</sup>

### 1. Economy Self Storage 2732 Southwest Buckhart St Port St Lucie, FL 34953 (772) 344-0505

Distance from Subject	Year Built	Occupancy	Net Square Feet	REIT?	Single or Multi Story	Generation
0.16 miles	2003	100%	+/- 31,480	No	Single	2 <sup>nd</sup>
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	Yes	Yes	No	Yes	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Yes	No	Yes	Yes	Yes	Yes	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	B	A	A	A
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B+			A	M-F 8-5	Sat 8-5 Sun 9-3	24 hours
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Overall Rating
Yes	Yes	No	No	No	Yes	B+

	5x5	5x10	10x10	10x15	10x20	Parking
Climate Down	\$49	\$84	\$139	\$184	\$279	40ft \$170
Climate Up		\$69	\$114	\$165	\$219	
Non Climate			\$139 (10x12)	\$159	\$194	

**Comments:** completely full right now

### Property Photo



<sup>2</sup> The Competitor Profiles are completely filled in during onsite visits as part of the scope of work in a full Feasibility Study.  
Prepared by Self Storage 101 for J Hettinger ©2021

2. **Extra Space Storage** 2100 SW Gatlin Blvd Port Saint Lucie, FL 34953 (772) 873-7183 – **subject site-**

Distance from Subject	Year Built	Occupancy	Net Square Feet	REIT?	Single or Multi Story	Generation
0.00 miles	2018	90-95%	+/- 125,000	Yes	Multi	State of Art
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	No	Yes	No	Yes	Yes
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Yes	No	No	Yes	No	Yes	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	A	B+	A	A
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B+			A	M-F 9:30-6	Sat 9-5:30 Sun Closed	6AM-10PM Daily
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Overall Rating
Yes	Yes	Yes	Yes	Yes	Yes	A

	5x5	5x10	10x10	10x15	10x20	Parking
Climate Down			\$217/\$250			35ft \$262/\$302
Climate Up			\$175/\$202			
Non Climate				\$224/\$258	\$311/\$358	

**Comments:** limited units available, online discount; facility has an annex site located at 2792 SW Fondura. Square footage noted above includes both facilities.

**Property Photo**



**3. CubeSmart Self Storage** 2140 SW Gatlin Blvd Port Saint Lucie, FL 34953 (772) 336-9900

Distance from Subject	Year Built	Occupancy	Net Square Feet	REIT?	Single or Multi Story	Generation
0.27 miles	1995	90-95%	+/- 36,700	Yes	Multi	2 <sup>nd</sup>
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	No	Yes	No	Yes	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
No	No	No	Yes	No	No	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	A	B+	A	A
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B			A	M-F 9:30-6	Sat 8:30-5 Sun 11-3	6AM-10PM Daily
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Overall Rating
Yes	Yes	Yes	Yes	Yes	Yes	A

	5x5	5x10	10x10	10x15	10x20	Parking
Climate Down			\$186/\$248	\$264.75/\$353		
Climate Up						
Non Climate		\$79.50/\$106				

**Comments:** limited units available, online discount

**Property Photo**



4. **Farrell Storage** 10218 SW Village Pkwy Port St Lucie, FL 34987 (772) 873-7444

Distance from Subject	Year Built	Occupancy	Net Square Feet	REIT?	Single or Multi Story	Generation
1.89 miles	2019	98%	+/- 89,040	No	Multi	State of Art
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	No	Yes	No	Yes	Yes
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
No	No	No	Yes	No	Yes	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	B+	A	A	A
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
+			A	M-F 9:30-6	Sat 9-5 Sun 10-3	6AM-10PM Daily
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Overall Rating
Yes	Yes	No	Yes	Yes	Yes	A

	5x5	5x10	10x10	10x15	10x20	Parking
Climate Down	\$52/\$58	\$105/\$116	\$205/\$226	\$300/\$330	\$302/\$333	
Climate Up	\$34/\$38	\$95/\$105	\$154/\$170	\$259/\$285	\$262/\$289	
Non Climate	\$75/\$83	\$78/\$86			\$312/\$344	

**Comments:** only have a 5x5 available now, online discount

**Property Photo**





**5. Snapbox Self Storage** 1849 SW South Macedo Blvd Port St Lucie, FL 34984 (772) 291-5274

Distance from Subject	Year Built	Occupancy	Net Square Feet	REIT?	Single or Multi Story	Generation
3.29 miles	1986	90-95%	+/- 70,920	No	Single	2 <sup>nd</sup>
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	No	Yes	No	Yes	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Yes	No	Yes	Yes	No	No	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	B	A	B+	B+	B+
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B			B+	M-F 9-5	Sat 9-2 Sun Closed	6AM-11PM Daily
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Overall Rating
Yes	Yes	No	Yes	Yes	Yes	A

	5x5	5x10	10x10	10x15	10x20	Parking
Climate Down			\$147	\$227	\$317	20ft \$134
Climate Up						
Non Climate	\$54			\$219		

**Comments:** limited units available, first month half off for 10x10 and 10x20, first month free for 10x15

**Property Photo**



6. **SmartStop Self Storage** 501 NW Business Center Dr N Port St Lucie, FL 34986 (772) 521-3579

Distance from Subject	Year Built	Occupancy	Net Square Feet	REIT?	Single or Multi Story	Generation
4 miles	1996	90%	+/- 81,050	No	Single	2 <sup>nd</sup>
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Yes	Yes	No	Yes	No	Yes	No
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Yes	No	No	Yes	No	No	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	B+	B+	B+	B+	B
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B			B+	M-F 9:30-6	Sat 9-4 Sun 10-2	6AM-10PM Daily
Website	Online Rates?	Dynamic?	Reservations?	Specials?	Features?	Overall Rating
Yes	Yes	No	Yes	Yes	Yes	A

	5x5	5x10	10x10	10x15	10x20	Parking
Climate Down	\$41	\$66	\$152			20ft \$87
Climate Up						25ft \$108
Non Climate					\$212	35ft \$147

**Comments:** limited units available, first month free for 5x5, first month half off for 5x10

**Property Photo**



## **POTENTIAL NEW SELF STORAGE DEVELOPMENT**

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

There is at least one new self-storage facility either in planning stages or under construction within the subject market:

- Tradition Self Storage and Gas Station
  - 716 SW Tillbo Cv Port St Lucie, FL 34986
  - Scheduled square feet: 50,000
  - Pipeline status: permitted
  - Site is 2.23 miles from the subject site

It is important to note that despite any one group's due diligence efforts in determining whether or not new self storage developments may or may not be coming into a particular sub-market, there is always the possibility that a new development is planned but has not yet progressed sufficiently to have shown up in any new construction websites or databases.

## DEMAND ANALYSIS

A widely accepted methodology for calculating demand in a market is to examine the amount of storage square footage in the market per capita. **The reader is cautioned that the square-foot-per-capita analysis lacks some credibility.** A benchmark that reflects saturation or demand levels has not been established for any U.S. market. Sufficient data is not available to determine what the threshold for demand may be. Furthermore, making use of the Self-Storage Almanac metro guides and top markets is problematic because of their methodology in determining the supply. What the Almanac has done is to apply an average size facility of 39,668 square feet and multiply the number of facilities in a market (presumably from the phone book) times 39,668. That is how they calculated the number of square feet in a market. The analysis is only as good as the analyst's confidence that the average size of stores (facilities) is the same in every market in the U.S., and that the average size is 39,668.

**It is also important to note that this methodology makes no distinction between demand for climate controlled and non-climate controlled storage space. This distinction is a critical factor in the evaluation of demand for the subject property. Other important demand drivers ignored by this methodology include per capita income levels and market rental rates.**

What one will find in making use of data from the Almanac is that it is difficult to draw any conclusion as to what the "right" or maximum square-foot-per-capita number is. For example, the highest level is in Boise ID at 12.64 square feet per capita. The lowest is in the New York metropolitan area at 2.82 square feet per capita. In both markets, occupancies can be found to be similar. You cannot, therefore, conclude that the supply threshold for New York is over 10 times the current supply.

The only way to properly assess and analyze square-foot-per-capita demand analysis is to first get an accurate count of square footage. Second, the supply needs to be juxtaposed with occupancies. There are only too many square feet per capita when there are too many available square feet, as measured by vacancy. That is to say that the number of square feet per capita has to be quantified by occupancy, and when occupancy drops, then supply has exceeded demand.

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

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

Those demand calculations follow.

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

Notes:

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

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

RADIUS	SUBJECT PROPERTY		MSA SQ/CAP	STATE SQ/CAP	SF EQUIL	HIGHEST MSA US	LOWEST MSA US	US AVERAGE
			6.59	6.59	7.5	12.64	2.82	5.71
		<b>Variances</b>						
<b>2 MILE</b>	10.89		4.30	4.30	3.39	-1.75	8.07	
<b>3 MILE</b>	5.72		-0.87	-0.87	-1.78	-6.92	2.90	
<b>4 MILE</b>	5.27		-1.32	-1.32	-2.23	-7.37	2.45	
CALCULATION								
<i>Demand Calculations Including the noted competitors in the subject market</i>								
	2020 POPULATION	# OF FACILITIES	SQUARE FOOTAGE	SQUARE FEET PER CAPITA	Potential Unmet Demand Comp: MSA SF/Person Plus 10% Commercial		Potential Unmet Demand Comp: MSA SF/Person No Commercial	
RADIUS								
<b>2 MILE</b>	25,917	4	282220	10.89	-68405		-87843	
<b>3 MILE</b>	58,091	5	332220	5.72	147031		103463	
<b>4 MILE</b>	91,823	7	484190	5.27	273350		204483	

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

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

We should note that we have used estimated square footage sizes for the market competitors based on local assessor or other websites and/or google earth views. While it is likely these facility sizes would change with a more thorough onsite market study we do not believe the numbers would change dramatically.

While we acknowledge that consideration of a particular market’s per person square footage demand is an important consideration when contemplating the development of a new self storage facility we also strongly believe that there is a temptation to assign far too much importance to this one aspect of a potential development.

Port St Lucie FL

These demand numbers and anecdotal occupancy levels would suggest that there is likely at least a modest amount of unmet demand within the four-mile demographic profile of the subject site and that it is more than likely that this subject market is under-supplied.

## **LEASE-UP PERIOD**

To deliver the most successful pricing plans, many factors are evaluated including street rates, discounts, inventory levels, historic trends, and move-in specials. Combining the data to determine optimal target occupancy for a specific self-storage store is somewhat of an art form. As always, business conditions in a facility's immediate market area must be considered when creating occupancy strategies for individual storage stores.

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

On the other end of the spectrum, new home developments, an explosion in recruitment at local companies, and other dynamics are often met with sharp increases in occupancy rates.

In general, most industry experts agree that target occupancy rates for self-storage stores in the U.S. should hover in the 90 to 95 percent range. When a store has too many unoccupied units, it is unable to generate money to its full potential. On the other hand, self-storage facilities with too few vacant storage spaces will have to turn customers away—some of whom would have been willing to pay more for a unit than the current tenants are paying. In addition, most unserved potential customers will end up as tenants at competing self-storage stores.

***Due to the current unmet demand for self-storage space in the micro market as represented by the mostly high to very high occupancy levels in the market, it is our opinion that the subject facility should anticipate an 18-24 month lease-up period to stabilization.*** This assumption is predicated upon the belief that the market will remain as strong as it currently is and that the developer will upgrade, manage and market the facility as an 'A+' facility using most, if not all, of the included recommendations (such as employing only the highest caliber of onsite management). We also predicate this opinion on the recognition that the developer is an experienced self-storage operator or will utilize the services of an experienced self-storage operator or third-party management company.

This assumption is based on the following:

- There is some amount of calculated and anecdotal unmet demand for new self-storage inventory near the subject facility based on the estimated and known occupancy levels of the market competitors as well as comments from competitor managers.
- There is at least one other known potential self-storage project in development within the subject micro-market.
- The management expertise level at the subject site should afford the new facility a substantial sales and marketing advantage over the market competitors.

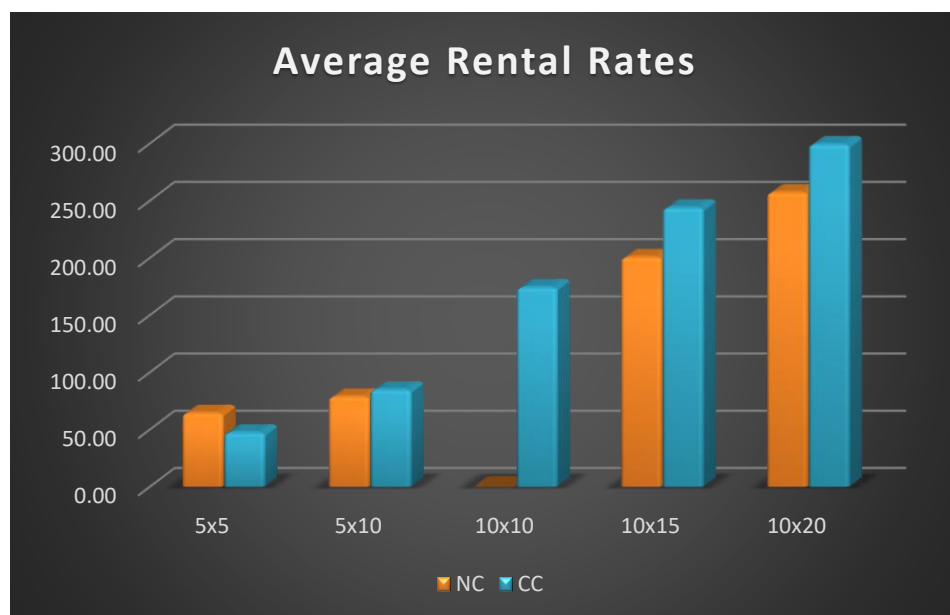


### COMPETITOR RATE MATRIX

NON CLIMATE CONTROL							
PROPERTY	Map #	5 x 5	5 x 10	10 x 10	10x15	10 x 20	
Ekonomy Self Storage	1	\$ 0.00	\$ 0.00	\$ 0.00	\$ 159.00	\$ 194.00	
Extra Space Storage	2	\$ 0.00	\$ 0.00	\$ 0.00	\$ 224.00	\$ 311.00	
CubeSmart Self Storage	3	\$ 0.00	\$ 79.50	\$ 0.00	\$ 0.00	\$ 0.00	
Farrell Storage	4	\$ 75.00	\$ 78.00	\$ 0.00	\$ 0.00	\$ 312.00	
Snapbox Self Storage	5	\$ 54.00	\$ 0.00	\$ 0.00	\$ 219.00	\$ 0.00	
SmartStop Self Storage	6	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 212.00	
<b>Average</b>		<b>\$ 64.50</b>	<b>\$ 78.75</b>	<b>\$ 0.00</b>	<b>\$ 200.67</b>	<b>\$ 257.25</b>	

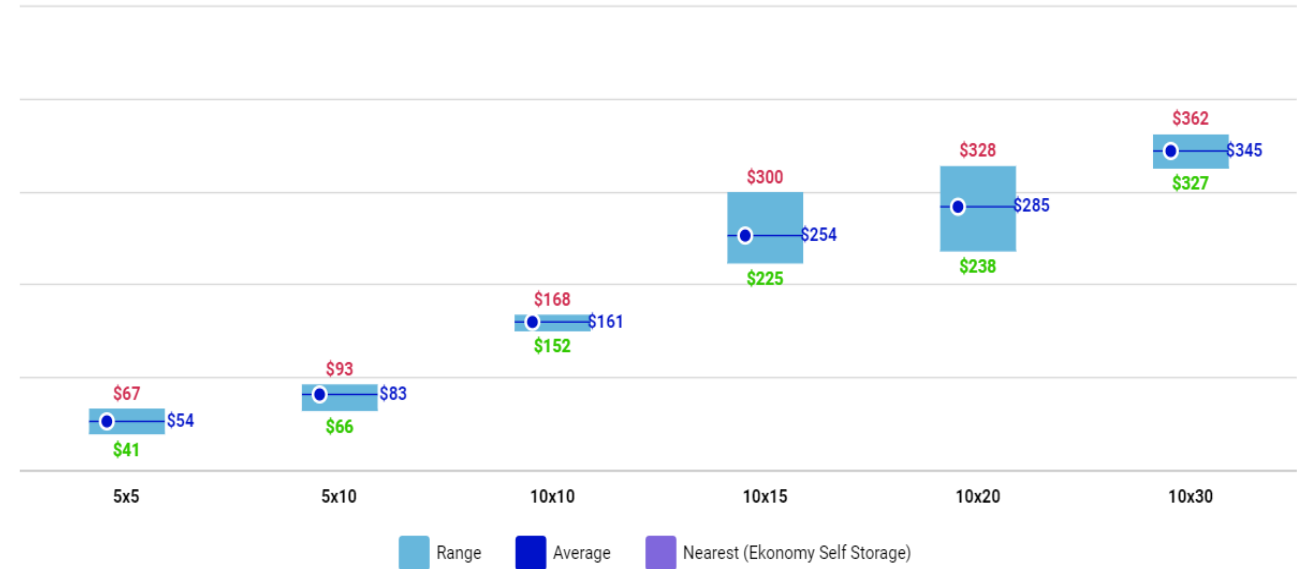
  

CLIMATE CONTROL							
PROPERTY	Map #	5 x 5	5 x 10	10 x 10	10x15	10 x 20	
Ekonomy Self Storage	1	\$ 49.00	\$ 84.00	\$ 139.00	\$ 184.00	\$ 279.00	
Extra Space Storage	2	\$ 0.00	\$ 0.00	\$ 217.00	\$ 0.00	\$ 0.00	
CubeSmart Self Storage	3	\$ 0.00	\$ 0.00	\$ 186.00	\$ 264.75	\$ 0.00	
Farrell Storage	4	\$ 52.00	\$ 105.00	\$ 205.00	\$ 300.00	\$ 302.00	
Snapbox Self Storage	5	\$ 0.00	\$ 0.00	\$ 147.00	\$ 227.00	\$ 317.00	
SmartStop Self Storage	6	\$ 41.00	\$ 66.00	\$ 152.00	\$ 0.00	\$ 0.00	
<b>Average</b>		<b>\$ 47.33</b>	<b>\$ 85.00</b>	<b>\$ 174.33</b>	<b>\$ 243.94</b>	<b>\$ 299.33</b>	

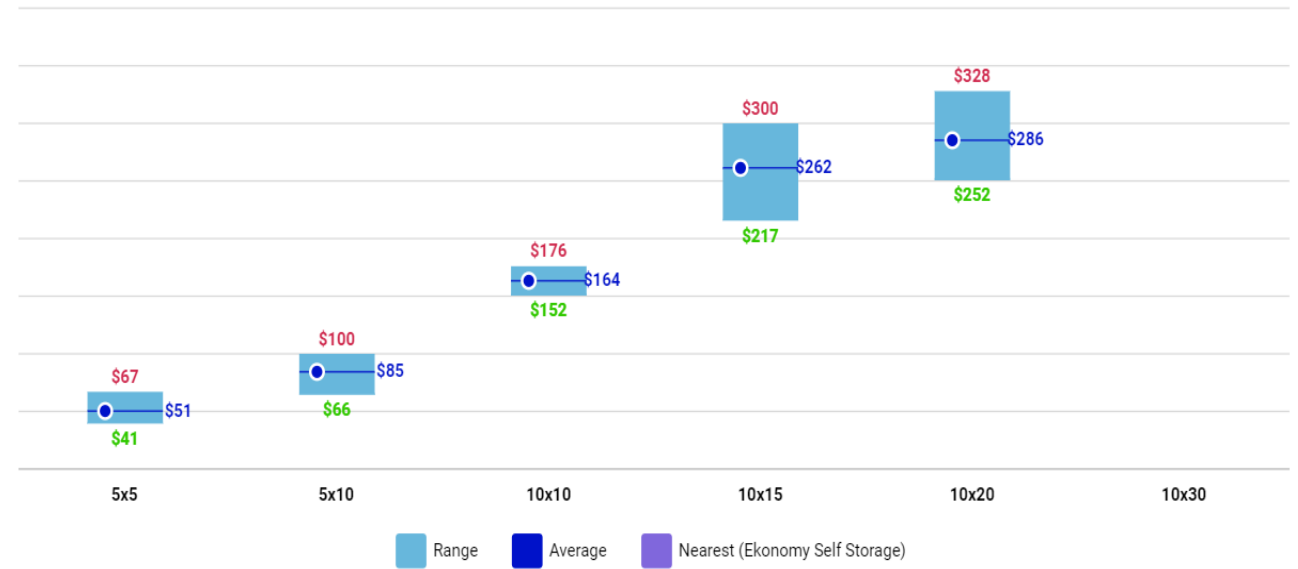


## MARKET PRICING

### Latest Pricing - All Units

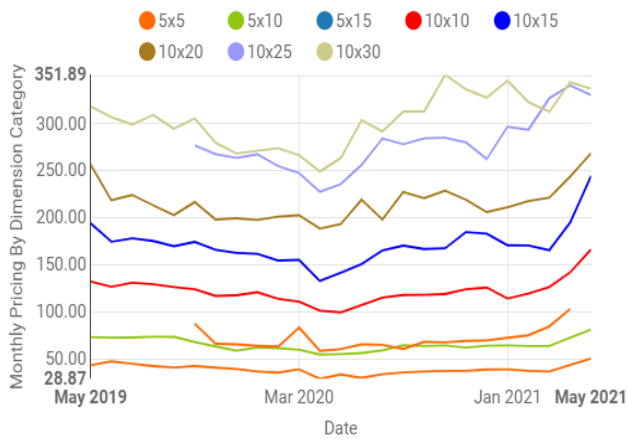


### Latest Pricing - CC

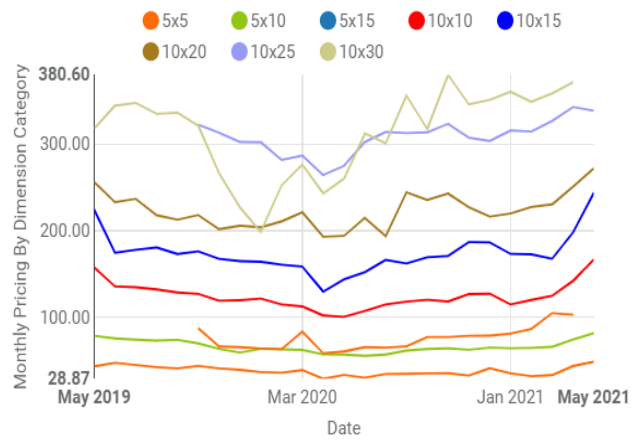


Port St Lucie FL

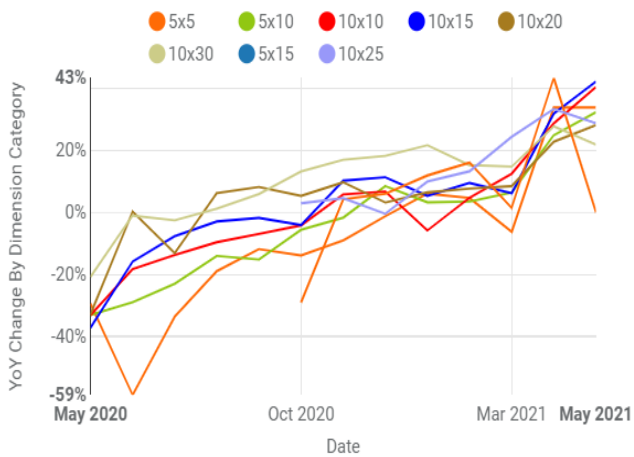
Monthly Pricing - All Units



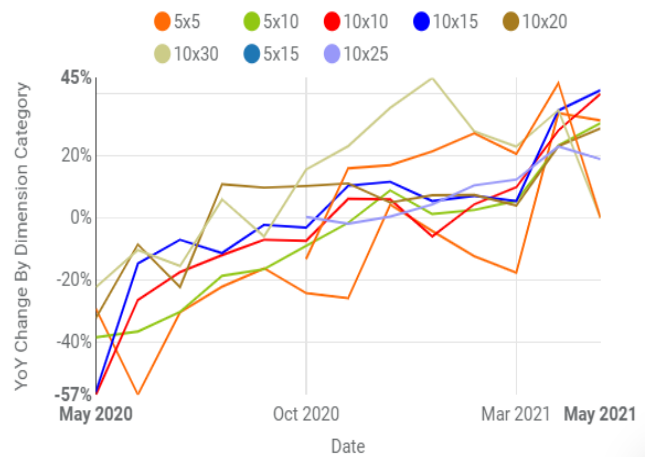
Monthly Pricing - CC



YoY Change - All Units



YoY Change - CC

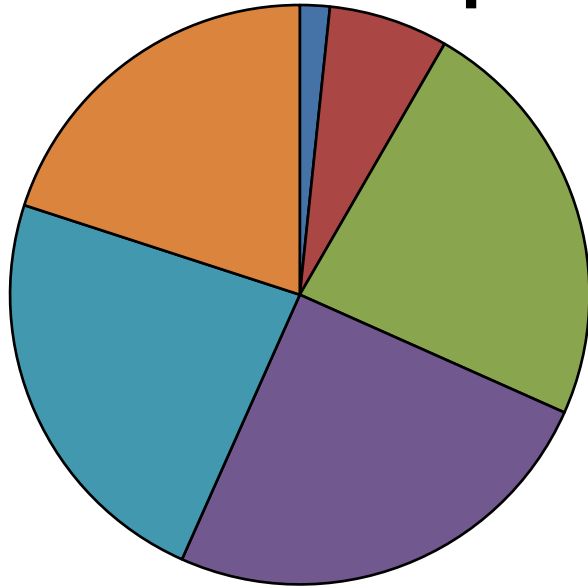


**RECOMMENDED UNIT MIX**

UNIT MIX									
SIZE		UNIT SQ FT	SPACE TYPE	% OF SF TOTAL	TYPE SQ FT	# OF SPACES	% OF UNITS TOTAL		
5 x	5	25	Standard DOW	2%	500	20	9%		
5 x	10	50	Standard DOW	7%	2,000	40	17%		
10 x	10	100	Standard DOW	23%	7,000	70	30%		
10 x	15	150	Standard DOW	25%	7,500	50	21%		
10 x	20	200	Standard DOW	23%	7,000	35	15%		
10 x	30	300	Standard DOW	20%	6,000	20	9%		
				TOTAL SQ FT	AVERAGE	TOTAL UNITS	% OF SPACE		
<b>Standard DOW BUILDINGS TOTAL</b>				30,000	128	235	100%		
<b>PROJECT TOTALS</b>				30,000		235			

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

## Square Footage By Percentage Unit Mix Composition



■ 5 x 5 25 Standard DOWN

■ 5 x 10 50 Standard DOWN

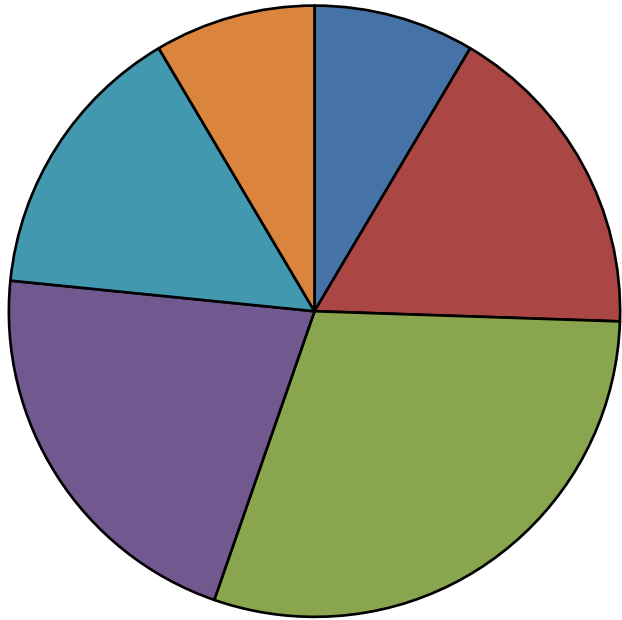
■ 10 x 10 100 Standard DOWN

■ 10 x 15 150 Standard DOWN

■ 10 x 20 200 Standard DOWN

■ 10 x 30 300 Standard DOWN

# # of Units By Percent Unit Mix Composition



■ 5 x 5 25 Standard DOWN

■ 5 x 10 50 Standard DOWN

■ 10 x 10 100 Standard DOWN

■ 10 x 15 150 Standard DOWN

■ 10 x 20 200 Standard DOWN

■ 10 x 30 300 Standard DOWN



## **OPERATIONS/MARKETING RECOMMENDATIONS**

- **Signage.** We cannot over-estimate the value of highly visible, colorful signage. Self-storage is primarily a retail business and proper signage is critical. We recommend that the reader consider maximizing the amount of signage allowed:
  - ‘Self Storage’ should be the largest words on the sign
  - Facility phone number in large numerals
  - Manual reader boards are not recommended, but if the budget allows, an electronic reader board can be used to point out specials, community events, time & temperature, etc.
  - We highly recommend that the developer immediately create a ‘Coming Soon!’ sign on the property with an 800# to begin monitoring demand and creating a ‘pre-leasing ‘energy. Such a sign might also work to discourage any potential new self storage developments in the subject market.
  - The developer might consider having a third party call center answer the ‘Coming Soon’ phone number, especially as the opening of the facility becomes imminent and pre-leasing opportunities start to happen.
- **Trucks.** There is a strong relationship between self-storage and truck rentals indicated by the large percentage of customers who rent trucks when moving into and out of self-storage (+/- 25%). We recommend that the developer consider adding Uhaul rental trucks at the subject site.
  - **Uhaul 800-528-0361** [www.uhaul.com/dealer](http://www.uhaul.com/dealer)
- **Call Center.** **Already a proven strategy among the big boys in the U.S. marketplace, the call center concept is noted as one of the greatest competitive advantages in all of self-storage.** Self-storage operators cannot afford to miss prospective customer inquiries and will not miss those calls by using a third party call center. We are surprised that in 2020 that any existing self-storage facility does not use a call center. The call center provides self-storage owners with a remote level of services that range from answering all facility calls, rollover facility calls that give managers the opportunity to answer first, and after-hour facility calls.

Moreover, call centers can handle all incoming calls with 24/7 options. The strategy allows the manager to focus on operational duties, marketing, and face-to face customer service. The value of every rental is far too high to trust to an answering machine. Too many studies indicate that potential customers simply will not leave a message and continue to call through the Yellow Pages or various web sites (or other marketing sources) until they are able to reach someone. Self storage centers are at a clear marketing disadvantage in their marketing efforts by not using a call center.



- The call center answers the phone when the manager can't (usually after the third or fourth ring as well as before and after the facility office closes)
- The calls transfer seamlessly to the call center and oftentimes the customer doesn't know they have reached a call center.
- The call center agent can take a reservation, take a payment, answer questions about the account, etc.
- The call center will increase rentals and increase customer service.
- Managers have to be trained to effectively utilize the benefits of a call center.

***Self Storage Call Centers we highly recommend:***

- **XPS** – Mike Roberts 972-865-4312 [www.xpsusa.com](http://www.xpsusa.com)
- **Automated Storage** – Dakota Harwell – 205-503-8267
  
- **State-of-the-Art Security.** The developer should make no compromises in security technology.
  - Individual door alarms are not recommended for this facility.
  - Access controlled facility entry
  - Recorded security surveillance
  - A large number of security cameras
  - Large security camera monitors placed behind the sales counter so that customers can see that the facility is being monitored.
  - We highly recommend contacting PTI Security Systems, 800-523-9504 [www.ptisecurity.com](http://www.ptisecurity.com)
- **Tenant Goods Insurance.** The facility should offer the benefit of pay-with-payment tenant goods insurance to the tenants.
  - Tenant goods insurance is designed to protect tenant goods for various maladies typically including theft and natural disasters.
  - We highly recommend contacting the following tenant insurance companies:
    - **Bader Company** – Tim Parnell 888-223-3726 [www.baderco.com](http://www.baderco.com)
    - **StoreSmart Insurance** – Michael Rhoads 888-545-7627 [www.storsmartinsurance.com](http://www.storsmartinsurance.com)
- **Manager considerations.** There are few businesses as 'manager-centric' as the self-storage business. Oftentimes customers won't know the name of the facility but will know the name of the manager. While an established, stabilized facility can 'make do' with a sub-par manager, a facility in lease-up or a challenging market cannot. We believe it would be difficult to implement most if not all of the recommendations with a subpar manager. We highly recommend that the developer implement an intensive hiring and training program.
  - Given the increased importance of the Internet and email as a marketing source to attract customers, it has also shifted the dynamics of self-storage managers. No longer can they be merely efficient at renting space in person or on the phone.

- Self-storage is a sales business. Managers must have the skills to professional ‘sell’ prospects on renting and on paying their rent.
- The professionalism and appearance of the on-site manager should match or be superior to the facility itself (‘a nice facility with a poor manager is a poor facility’).
- We would recommend not including on-site living quarters and employing a professional manager that does not live on site.
- The manager for this facility needs to be professional, outgoing, have the ability to market and represent the facility in the community.
- ***It’s understood industry-wide that today’s self-storage managers must be skilled professionals; gone is the caretaker role of the past. This type of manager has gone the way of first-generation facilities that served as a placeholder until the land could be used for some higher purpose. Fittingly, the job benefits enjoyed by self-storage managers have grown in correlation with their required talents and abilities.***
- We highly recommend contacting Brett Copper, Self Storage 101 VP of Marketing and Manager Training, for a complete description of our manager training opportunities, including webinars, books and videos and in-person training sessions and workshops.
- ***Marketing Plan:*** The developer should immediately employ a consultant to develop a complete and detailed marketing plan for the store. The marketing plan should include many of the suggestions listed **including a direct mail 'drip' campaign to local businesses and a 'declutter sale ready' service for realtors.** The marketing plan should give specific costs and implementation strategies.
- ***Sales Management:*** A specific plan for monitoring on-site sales effectiveness and retail sales should be a strong component of the management plan.
- ***Extended Access Hours:*** The store should offer extended access hours and, commensurate with the extended access, increased security. The recommended gate hours are 6:00 am to 10:00 pm, seven days a week. Commercial tenants should be offered extended hours as needed.
- ***Internet Strategy:*** Today, more and more self-storage owners are continuing to incorporate self-service into their website storefronts to compete for added rentals. Consumers are carrying around smartphones—business tools in the palms of their hands. And as a result, storage companies with optimized websites are enjoying great success by renting units on-demand. For new online tenants, it is a welcome reprieve from the task of visiting a store during office hours and dealing with all the paperwork in person.

Should this trend continue, facilities that dismiss the use of a functional website will find themselves unable to serve and engage a broader customer base through Web and mobile channels. In fact, current case studies reveal how online storage shoppers are responding when facilities implement a personalized Web-mobile rental channel.

The Marketing plan should have an E-Commerce component and should deploy a strong Internet presence. The E-Commerce strategy should include:

- Website
  - Easy to navigate
  - Clear 'call to action'
  - 'clutter-free'
- On-line rental capability
  - Allows potential customers to conduct business with you when you are not open
  - Research clearly indicates this is a highly desirable service for customers.
- Search engine optimization
  - It is important that facility's website ranked consistently high among web searches within the subject market
- On-line payment options
  - Credit cards
  - Debit cards
  - ACH
- Link to call center during business hours
  - Call center can implement 'live chat' for facility
- Real-time inventory management
  - Accurate availability.
- We highly recommend contacting Chris Baird at **Automatit**, 520-293-4608 [www.automatit.net](http://www.automatit.net).
- **Automated Technology.** We recommend that the developer consider adding automated technology to the subject facility. This technology extends the reach of customer acquisition and customer service. In an industry that typically serves customers in person between the hours of 9 to 5, incremental sales and reduced labor costs represent the top drivers that motivate owners to integrate automated technology. In turn, the reality of losing recurring business to nearby competitors marks these new technologies as one of the most prominent strategic solutions. This is because automated technology is always onsite to take care of a new renter—keeping a facility open when others in the marketplace are closed.
  - This technology has several benefits:
    - Low cost for the initial investment.
    - Extends rental hours when tied to one of the third party call centers.
    - Reduces staff activities and may allow for reduction of operating hours.
    - Reduced operating costs and increased profits, NOI and asset values.
    - Creates a unique marketing and sales position for the subject facility.
    - Automation allows owners and operators the ability to conduct business both during and outside of normal office hours, thereby helping to maximize income for self-storage facilities.
- **USP:** The store should have a strong Unique Selling Proposition to set it apart from the competition.
  - Automated payments and rentals.
  - Free rental truck with move-in.
  - Climate controlled units.
  - Complete selection of moving and packing supplies.

- **Affiliations to Gain Sales:** The developer should consider Preferred Partner Programs to increase traffic.
  - Apartment managers
  - Home Owner’s Associations
  - Pizza Delivery stores
  - Realtors
- **Guerilla Marketing:** The Marketing Plan should address a direct sales effort to area businesses and multi-family communities.
- **Direct Marketing and Community Involvement:** The store managers should be active in the local Chamber of Commerce. **Self-storage is a local business** that relies on referrals. Chamber members know many people in the community.
- **Direct Mail Campaign:** The Marketing Plan should identify the targets, frequency and nature of a direct mail campaign. The plan may or may not include Val-pak recommendations.
- **Collateral Materials:** Hire a self-storage marketing consultant to create a logo, brochures, collateral, web page, property signs, etc. The developer can contact Brett Copper at Self Storage 101, 205-643-0712, the Self Storage Association or the Florida Self Storage Association for recommendations.
- **Competitor Referral Program:** A program to receive referrals from competitors should be developed.
- **Tenant Retention Program:** A specific program for tenant retention should be developed as part of the management plan.
- **B2B Marketing:** A specific marketing effort to attract commercial customers should be presented.
- **Custodial Management:** Commit to keeping the property “clean and green.” There is longstanding value to keeping the property in exceptional condition. Landscaping doesn’t need to be elaborate, just well-maintained.
- **Management Software:** The subject facility should use a web-based management software system. The newer programs now available to the self-storage industry allow owner-operators to review reports and on-site activities in real time and the array of reports allows for more effective oversight of the facility. Owners can more readily review various rent change scenarios, check for rent allowances and discounts and implement tenant rent increases, all without necessarily engaging the onsite manager. (We are not recommending that all functions, such as rent increases, be implemented without manager ‘buy-in.) We highly recommend contacting the following companies about their management software programs:
  - Syrasoft Mark Somers 315-236-5496, [www.syrasoft.com](http://www.syrasoft.com)
  - storEdge Austin Jones 913-954-4110, [www.storedge.com](http://www.storedge.com)
  - WebSelfStorage Toni Colasso 866-693-6683 [www.webselfstorage.com](http://www.webselfstorage.com)
  - Sitelink Dave McCormack 919-865-0789, ext 1 [www.sitelink.com](http://www.sitelink.com)

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

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

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

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

### Hours of Operation

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

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

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

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

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

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

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

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

### Managing Unmanned Facilities

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

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

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

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

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

## Technology

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

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

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

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

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

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

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

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

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

### ***Sales***

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



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

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

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

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

### ***Operation***

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

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

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

### ***Monitoring***

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

### ***Challenges***

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

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

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

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

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

Port St Lucie FL

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

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

## **Automation Makes Its Way Into Self-Storage**

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

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

Whether you're depositing a check or buying groceries, many aspects of your daily routine may look very different than they did 10 years ago. Technology has given us tools including bank mobile apps and self-checkout lanes to make everyday transactions faster, easier and more convenient for consumers while increasing business efficiency. Many industries are adopting automation to provide customers and users with fast, real-time results. It was only a matter of time before this trend made it to self-storage.

Five years ago, kiosks weren't readily accessible in storage facilities. Customers came in, visited with the manager, went to their units and left. Believe it or not, there wasn't nearly as much hustle and bustle back in 2013. Many sites didn't even have a website, so payments were made in person or through the mail.

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

Port St Lucie FL

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

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



## Bob Copper

Self Storage 101

671 Oak Haven Trail

Columbiana AL 35051

Office: 866-269-1311

Fax: 866-398-5859

[www.selfstorage101.com](http://www.selfstorage101.com)



### Consultant Qualifications:

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

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

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

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

#### **2001-2004 Regional Manager, Metro Storage LLC**

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

#### **1998-2001 District Manager, Public Storage**

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

#### **Education: Stetson University, 1979-1983**

Professional References gladly provided upon request.



**Bill Copper**

Self Storage 101  
406 Oliver Approach  
Johnson City, TN 37601  
Cell 828-381-5631



**Consultant Qualifications:**

**2006-Present Consultant, Self Storage 101**

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

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

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

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

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

**Education: Stetson University, 1980-1984**

Professional References gladly provided upon request.