

FEASIBILITY STUDY

Client: Sample

Project: Urban

Date: 2025

Prepared By: **Andrew S. Ross**

- 1. SELF -STORAGE CONCEPT**
- 2. CONCLUSIONS**
- 3. COMPETITION**
(Comparison / pricing / pictures)
- 4. DEMAND NUMBERS**
- 5. PROJECT COSTS**
(Unit Mix / Construction Information)
- 6. 5 YEAR VALUATION / ENTREPRENEURIAL**
- 7. PROJECTIONS**
(Budgets)
- 8. DEMOGRAPHICS**



1

THE SELF-STORAGE CONCEPT

THE SELF-STORAGE CONCEPT

The Self-Storage industry is not just enduring; it's thriving! Occupancy and rates are stabilizing, and development continues to be strong. Success in any endeavor depends on understanding the market you want to develop in, embracing technology.

For over a quarter century, self-storage has outperformed every other REIT on the market. Self-storage has also outperformed the S&P 500, which is one of the most followed equity indices and has also yielded positive returns through each of the tech bubble bursts, the housing crisis as well as the global Covid pandemic.

An article that appeared in the Storage Factbook said that.

“The Holy Grail of investments is their potential return. Sophisticated investors understand value is based not only on the *current cash flow* of a property, but also, on its *future* or *residual value* when sold. Obviously, the returns in both categories must be measured against the actual investment made in the property. “The best measure of total return is the overall capitalization rate (OCR) that is applied to properties recently sold in the marketplace. This number reflects the total annual return expected by the buyer when purchasing a property. The OCR encompasses both the *expected current return* plus the *residual value* of the property.

The storage industry is expected to grow at a CAGR of 7.54% between 2022 and 2027. As a result, the self-storage market size is expected to reach USD \$ 83.6 billion in 2027 compared to USD \$ 58.3 billion in 2023.

The self-storage market is projected to hit \$83.6 billion, led by North America's significant contribution and the Asia Pacific region's fastest growth rate.

This past year has been all about inflation. With higher interest rates, the housing market has slowed down in a lot of areas. And once again, our industry proved resilient through tough times. Most people are downsizing their residences and workplaces, while some are using this time to expand either their businesses or their personal lives i.e....purchasing RV's and play toys either way self-storage is key to their goals.

We are starting to see markets that overall shows a low and sometime even a negative demand number based on all types of Self-Storage currently in the

“target area”, however with deeper analyses we see that the current projects are all experiencing high occupancy rates and is in a market that is drastically undersupplied in Temperature Controlled or Climate Controlled Storage, suggesting this still might be a good to great area to build this type of project. We are also seeing project being developed specifically to cater to the RV & Boat Storage market more than we have ever seen in the past due to the explosion of RV purchases the last few years in the U.S.

The largest demographic group in the US, millennials, were born between 1981 and 1996. Their preference for small living spaces creates the need for overflow storage. To cater to this tech-savvy group, Self-Storage operators are focusing on app integration. Using hands-free entry and security, online reservation, and payment options make things convenient.

But where did Self-Storage begin. The self-Storage industry had its beginnings in Texas in 1954 and since the early 1970's the concept of storage as a true business began to emerge and it started to become a viable, worldwide business. Simply stated, the concept of Self-Storage provides an attractive solution to the growing need for temporary additional space for the residential market and for both small and large businesses.

In the past, self-storage was most often thought of as an option for industrial businesses only. Today, Self-Storage is utilized more for retail or residential use and is more accurately considered as a retail business. Why many assume that the daily management of a self-storage facility is simple and the business itself is a simple concept, it is also an industry full of unique nuances.

and how they are handled separate those facilities that are undermanaged and underperforming from those at the top of the industry that are well managed and highly profitable. It is 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.

Additional income is generated at self-storage facilities by offering climate-controlled units, temperature-controlled units, tenants' insurance, PO Boxes, locks and shipping boxes and packing supplies. As with most commercial real estate, selecting the right location for a self-storage facility is very important. Choosing a Self-Storage site on a major arterial is beneficial to both residents and businesses in the immediate neighborhood. High visibility to drive-by traffic also contributes significantly to the success of a Self-Storage facility with drive-

by still being the number one reason people stated how they found a facility with the Internet now being a close second.

Self-storage has proven to be a sound investment. The five largest self-storage operators are REIT's, comprising 20.9% of the facilities and 28.5% of the square footage. When measured by the number of facilities, industry market share paints a better picture for the independent owner-operator than in recent years. The number of facilities owned by the "Rest of the Industry", i.e., independent owner-operators who are not among the top 100 operators grew to 65.9% this year up from 64.6% last year. Source: 2025 Self-Storage Almanac.

This lack of consolidation is one of the principals reasons the self-storage industry has become one of the most viable options for real estate investment.

Investors have been drawn to the self-storage business because as a rule, customers are willing to pay about as much on a per-square foot basis for Self-Storage as they pay for a rental apartment, at the same time, Self-Storage facilities are. relatively cheap to build, for a class B to class A facility ranging from roughly \$75 to \$95 a square foot for a single-story facility and from \$105 to \$145 a square foot for a multistory facility, by contrast, apartments can cost between \$200 a square foot for a simple garden apartment in inexpensive cities to more than \$1,000 a square foot for high-rises in pricier cities.

A recent nationwide survey amply demonstrated how popular Self-Storage has become. The survey reported that 10.6% of the population is currently using some kind of self-storage which is up from 9.4% in 2017. 22% have recently used Self-Storage, and another 15% have used self-storage at some time in the past. An additional 51% of the population is aware of what Self-Storage is but has not yet had reason to use it. Only 3% of the survey did not know what self-storage was.

RV & BOAT DEMAND

The first year of using some kind of "demand" information for RV & Boast Storage was 2023.

It has been determined that the "Storable number of RV's in a Target area is that for every 13 households with vehicles earning a minimum of \$50,000, 1 will use offsite storage for an RV.

The "demand" for Boats is 1.5 boats per 100 persons. *Source Recreational Vehicle Industry Association (RVIA).

ADVANTAGES OF SELF-STORAGE

- Inherent with almost any other type of real estate investment, long-term leases carefully govern how rental rates can be increased over a given three-to-ten-year period. With Self-Storage, however, tenants normally have a month-to-month lease which allows the landlord to increase (adjust?) rents more consistently with market trends instead of having to wait for long-term leases to expire.
- The average stay for Self-Storage tenants is 12.7 months for residential tenants and 21.7 months for commercial tenants. The rent roll of a self-storage facility turns over by an average of approximately 9%+per month. This turnover rate makes it easier for self-storage operators to react quickly to fluctuations in market conditions. This flexibility allows self-storage operators to easily adjust rental rates to new tenants when they move in and to raise rates to existing tenants every six to twelve months.
- Unlike office, retail, or multi-family real estate properties, a significant transaction for self-storage facility in a typical market usually does not exceed \$10 to \$14 million, with land cost a typical facility is averaging approximately \$1 to \$2 million. This relatively small investment in a single asset makes self-storage extremely attractive to investors. They can spread their risk across a market in several properties rather than having all their risk associated with a single asset.
- Operating expenses in self-storage are easily managed. Real estate taxes usually comprise 25 to 30 percent of the total expenses. Payroll, the second largest single expense item, averages between 20 and 30 percent of the total expenses. The remaining expenses are spread over management fees, utilities,

advertising, insurance premiums, costs for repairs and maintenance and miscellaneous office expenses. If real estate taxes and payroll costs are carefully managed, the impact of an increase over budgeted levels in one or two of the other expense categories would be minimal.

- Self-Storage is counter-cyclical. In times of slow economic growth, both business and residential tenants tend to downsize, but Self-Storage business tends to remain constant because tenants will use their self-storage units to store inventories, furniture, and personal goods. During periods of strong economic growth, tenants will characteristically increase inventories, move into, or build larger homes and offices and utilize their self-storage space during this transition. Tenants will often rent on a permanent basis an extra unit for storage of inventory items or household goods such as holiday decorations and other seasonal, bulky possessions.

2

CONCLUSIONS

URBAN

COMMENTS AND CONCLUSIONS

This study is to determine the ability to develop a self-storage facility located at xxxxxxxxxxxxxxxxxxxx and is approximately 4.08 acres.

- If completed, the proposed facility will add a total of approximately 90,690 square feet of self-storage plus 33,300 square feet of parking to the market. The proposed development is projected to have an experienced ownership, well-trained staff, resources for customer service, marketing, modern technology, and modern security enhancements. The facility would be constructed as a “conversion”, multi-story project with a mix of temperature-controlled and non-temperature-controlled units. We do believe the project can be successful, in the proposed location, under specific circumstances.

The following items support this conclusion:

- The proposed facility is projected to be managed in a traditional manner and reach stabilization of 85%-90% occupancy by Month 20.
- Ideally, a self-storage development would reach a minimum debt service coverage ratio of 1.30 by the end of the third year of operations. The facility should reach a projected debt service coverage ratio of 1.00 by Month 13.25 of operation at which time the project will be 66% occupied. The facility is estimated to reach a debt service coverage ratio of 1.71 at the end of the third year of operations. This is assuming a conventional loan with 30% equity and 7% interest.
- Most self-storage developments are currently facing two challenges. The first is the cost of construction. The cost of self-storage construction has increased significantly over the last few years. The second challenge is property tax valuations.

Municipalities have been more aggressive in valuing commercial real estate, which has led to increased property taxes for self-storage facilities. I do believe a self-storage project will have stable demand in the market if the project moves forward. The following items support this conclusion:

- The majority existing self-storage facilities in the area are estimated to have physical occupancies that exceed 95%, which signals a high demand for self-storage in the area.
- In the Target Area there are no additional self-storage facilities planned or under construction and have been included in the demand numbers.
- The “Target Area” is determined to be a three-mile radius. **Out of the 446,314 square feet of storage in the “Targe Area” there is approximately 245,736 square feet of Temperature Controlled storage or 55%. which is why we are proposing approximately 79% of the units being built to be Temperature Controlled units.** Utilizing the current demographic estimates for population and businesses, the current demand numbers using all types of self-storage there’s an excess demand of 239,028 sq.ft. using the national average of 7.83. If using the current Tennessee average of 8.51 there is a demand of 291,140 sq. ft. This includes all sub-par competition and any projects in the development stage. *Source: 2025 Self Storage Almanac. As seen in the demand section there is a need for 1,477 parking units.

A typical RV and Boat Storage Target Area is defined in most storage literature as a one-to-twenty-mile radius.

In defining the RV market according to the found that one out of every 12-13 vehicle-owning households in the United States owns an RV or conversion vehicle. That number rises to one in 10 among households headed by 35–48-year-olds. *Source Recreational Vehicle Industry Association (RVIA)

OPERATIONAL OVERVIEW (UNMANNED)

- The potential project has been designed to support both manned and unmanned styles of operation.
- To support an unmanned operation, it is assumed that the facility will utilize the “Noke system” by Janus, “Passport system” by Onity, PTI DoorBoss and DoorAlarm system. There is a Davinci Lock System that utilizes combination locks, rather than keyed locks, to allow customers to rent units and remove delinquent overlocks without the need to have a facility manager onsite.

DEMOGRAPHIC: PLANNING & CONSTRUCTION ACTIVITY

1. Generally, a suburban property will have a target area radius of two or five miles, and a more rural property may have a trade area radius of seven to twenty. Very dense areas such as Manhattan may only require a target area of one mile or less.
2. In most subject markets there are additional self-storage competitors we may not have included on the profile. If we have not included any competitors within the subject target area, 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. This type of facility would be rated a C- or less.
3. It is important to note that despite any one group’s due diligence efforts in determining whether 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.
4. The U.S average is currently as of 2024 at 7.83 square feet per person according to the 2025 Self Storage Almanac.
5. The self-storage asset category is basically need-based and recession-resilient in nature. This asset class has low capital-expenditure requirements and generates high operating margins. Additionally, the self-storage industry continues to benefit from favorable demographic changes. Specifically, migration and downsizing trends, and the increase in the number of people renting homes have escalated the needs of consumers to rent spaces at a storage facility to park their possessions.

6. A surge in mobility continues to drive demand for self-storage operations. According to XPS Solutions, one of the most significant shifts expected for 2025 is the increase in moving activity across the United States. Recent data indicates that 37 percent of respondents are planning or considering a move in the next six to 12 months, up from 25 percent in early 2024.
7. In the “target” area the median household income for this project is at \$69,746 while the national median as of 2024 was \$80,610 which means when this property increases rates it will have a minimal impact to the occupancy. The current “Self-Storage Demand stated that renter’s income was as follows; 17% over \$125,000, 9% \$100,000 to \$125,000 and 13% \$75,000 to \$100,000, 10% \$60,000 to \$75,000, 7% \$50,000 to \$60,000, 10% \$40,000 to \$50,000, 10% \$30,000 to \$40,000, 12% \$20,000 to \$30,000 and 12% less than \$20,000.
8. 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 or barriers to access. 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 target area can be made. 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.
9. Customers for RV & Boat type of storage will typically drive farther than they will for traditional self-storage units. Typically, 10-miles and in some cases up to 20 miles for RV and Boat Storage. A typical RV and Boat Storage Target Area is defined in most storage literature as a one-to-twenty-mile radius.
10. Outdoor recreation contributes \$1.1 trillion to the U.S. economy, outpacing U.S. economy and contributing \$563 billion GDP. The top U.S. Conventional Activities are RVing #1 at \$36 billion and the top 3 states are Indiana, Texas, and California. Boating #2 at \$32 billion and the top 3 states are Florida, California, and Texas. Motorcycling/ATVing is #3 at \$11 billion and the top 3 states are Wisconsin, California, and Texas.
11. With RV and Boat Storage a tenant is entrusting the Storage proprietor with the metaphorical “key to their happiness”. They entrust the Self-Storage Business to safeguard their RV’s and boats that have become more than just vehicles and are now memory making instruments and they are willing to pay for this protection.
12. As of 2023 there are 12 million U.S. Households who own RV’s, which is a 62% increase in the last 20 years. In 2023 15 million own boats.
13. 9.6% of the population in 2023 plan to buy an RV within the next 5 years.

14. The median Age of a New Buyer for an RV is 41 years old, with an average income of \$90,700. The average spent on an RV is \$75,000 with millennials spending the most, with an average of \$82,000. The new buyers of RV break down as follows: 38% Millennials, 31% Gen X, 22% Boomers and 9% Gen Z. Also 20% of Leisure travelers reported to have worked remotely from an RV in the past 2 years.
15. The RV's current market value is approximately \$48 billion and is expected to increase to \$80 billion by 2035. In the last five years the boat market has increased from \$170 billion to \$230 billion. The projected CAGR (compounded annual growth rate) for RV and boating industries is 4%-8%.
16. The reason stated for purchasing an RV is 33% want to travel in comfort, 33% want to explore, 27% are looking for outdoor recreation basecamp, 22% ability to work remotely and 17% ability to take online classes. Only 16% cited restrictions on other travel due to COVID.
17. 55% of RV owners travel less than 200 miles and 45% travel less than 200 miles on each outing.
18. 50% of HOAs restrict RV and boat parking.
19. RV & Boat Storage has not fully matured in the Target Area for open, canopy, 3-sided and enclosed.
- 20. There is enough depth in the market to accommodate the subject facilities 77 stalls as there the current demand for parking is 1,477 stalls reaching equilibrium. This is under the assumption that the boat user category is at 50% of the demand and is currently being stored in a traditional drive-up unit somewhere in the Target Area.**
21. Typically, with RV and Boat Storage it is more desirable to be closer to a lake and closer to an accessible main highway than it is to be in a population center.
22. The % of renters spending \$150 or more per month on storage has increased 8% since 2013.
23. The area's population in 2024 was 76,636, which is a change of -0.89% from 2020 and is projected to change another 5.62% in the next five years. The census bureau estimates nation growth of only 3.5% over the next five years.
24. Markets that have population growth rates greater than 1.5% with strong migration trends have seen the greatest levels of outsized development activity.
25. Due to population growth, the number of households renting self-storage units is at an all-time, as an industry this industry is expected to grow from US \$58.3 billion in 2023 to US \$83.6 billion by 2027 for a CAGR of 7.54%.
26. There are 31,469 households in the target area with a change of 0.54% from 2020 and is expected to change another 6.32 over the next five years.

27. There are 13,520 multifamily structures or 43%, and 196 Trailers or >1%. These types of structures typically rent the smaller units. Apartment or condo dwellers who do not have enough storage space where they live will use storage. On a nationwide basis 68% of residential customers tend to live in a single-family home, nearly 30% reside in multi-family housing.
28. There are 15,772 renters or 50% of the structures. Typically, we like to see approximately 30% as renters typically stay longer.
29. There are 27,455 white collar jobs which is 22% and 7,728 blue collar jobs in the “target area.”
30. Keep in mind that 85% of all purchases and 80% of purchase decisions are made by women.
31. There are 24,255 households with 1-2 vehicles and 4,689 households with 3+ vehicles in the “target area”. These are the customers that will need the larger storage units and parking spaces.
32. Travel time to work less than 15 minutes is 10,384 people, 15 to 29 minutes is 16,594 people, 30 to 59 minutes is 7,292 people. Surveys state that 39% of business customers travel less than 10 minutes, 30% -10 to 19 minutes and 30% -20+ minutes. Residential customers are 14% less than 10 minutes, 9%- 10 to 19 minutes, 7% -20 to 29 minutes, 36% -30 to 44 minutes and 36% 45 minutes or more.
33. There are currently nine competitors in the “target area” with four of them being a Class B- or less and nothing in the planning process.
34. This is an area where the average household size of 2.3 people with a median age of 32.9. Keep this in mind if you build an onsite apartment.
35. The largest percentage of renters are between the ages of 46 to 55. Right behind this are ages 36 to 45 at 22% and ages 56 to 65 at 21%. 13% are over the age of 65 and the smallest percentage of customers at 3% are millennials under the age of 25.
36. Residential rentals are still 70+% of all storage tenants, however this number can change from market to market. Life changes are the main reason for storage, remodeling, moving, a death in the family, divorce among other reasons.

CONSTRUCTION INFORMATION

37. Currently self-storage building costs for single story construction range from \$65.00- \$75.00 per square foot while multi-story construction ranges from \$95.00 - \$120.00 per square foot. These figures do not account for soft costs or additional building costs.
38. Class A motor homes are the largest and most luxurious of the three types. Their distinctive box shape is built on a bus or truck chassis. Class A RV's have an average height of 10 feet and can range from 21 to 50 feet in length. Class B is the smallest RVs among the three types. Typically built on van chassis. Class B RV's have an average height of 8 feet and can range from 16 to 21 feet in length. Class C RV's fall somewhere between Class A and Class B.

These types of RV's have a distinctive cab-over bunk- sometimes built on small bus or truck chassis. Class C RV's have an average height of about 10 feet and can range from 21 to 35 feet in length.

39. TYPES OF BOAT & RV STORAGE:

Open Parking

Less than a decade ago – most Boat and RV Storage sites were situated on “barely developed” land that allowed vehicle parking as a placeholder while the owner waited for something bigger and better to come along. While still a productive method of storing vehicles, many RV owners today are taking strides to protect their RV's and Boats and are appealing to Storage owners to provide protection and security for their investments. While this type of development is the cheapest way to offer Boat and RV Storage – it does not appeal to the discriminating tenant. It's readily available in many markets and provides the lowest cash on cash return.

Canopy / Roof Only Structures: Canopies continue to be one of the most sought-after products for Self-Storage / Boat and RV Storage owners. The roof only structure deters most of the corrosive elements of weather and provides some long-term protection from the elements. While innately not “secure”, it can be constructed economically in most areas – using a light gauge welded “cee” design. When designing canopy storage, there are a few ‘rules-of-thumb’ that we swear by. One of the most important cost savings considerations is on the roof. While we recommend a “Standing Seam” metal roof with Self Storage and Enclosed RV / Boat Storage – Canopy Storage, is by nature, “open”. We recommend utilizing a “Thru Fastened” roof with this product, as breaches can be easily identified and repaired. For the most economical approach, design posts spacing about every 24'0” (accommodating (2) side by side 12'0” parking stalls.) We recommend that you build at a clearance height of about 14'0.” This economical approach to construction ranges from \$25-\$28 psf to “Turnkey.” and compared to its “open parking” counterpart – is a small investment to draw in a more selective tenant base.

3-Sided Parking: This is adding the enclosed wall around the canopy, this will increase the cost from canopy approximately \$4 per foot.

Enclosed Storage

Fully Enclosed RV / Boat Storage is really the crème-de-la-crème of the storage “for rent” products and should be designed and built with the most discriminating tastes in mind. This is a product that caters to the high-end Class A RV's and Boats – and will attract a more affluent and judicious renter. A typical Enclosed RV Building will consist of 14' to 15' wide units with depths ranging from 30'– 55'. Typical unit sizes should accommodate 12' wide X 14' high roll-up doors. A 14' tall door will accommodate the tallest vehicle on the road today. If you have the room to build “pull through” units, these types of units typically demand a 75% to 100% premium over the traditional back into units. This type of construction is essentially a single story “Self-Storage on Steroids” It's bigger, it's fancier, and its more expensive. If security is paramount and convenience a draw – consider a few upgrades:

Motorized Door Operators

Electricity in the Units That Is Individually Metered

Wash Bay / Dump Station

Ice Machine / RV Supplies in the office.
24hr/7day Access

40. For RV make sure the gate is 100 feet from the street to allow for stacking of vehicles while entering to avoid cross-traffic conflicts and a larger gate of 20' plus is advisable to allow larger vehicles entrance and exit without causing damage.
41. If possible, the stalls should have angled parking at a minimum of 45 degrees up to 90 degrees with 60 degrees being optimal. Keep in mind the higher the degree the fewer spaces.
42. If using gravel for driving areas and parking, you should have a depth of 2.5 to 3".
43. When possible, RV storage should be designed for left-hand turns, which allows the driver to see the left side of the RV, trailer, or boat when making turns while circulating the facility. The main drive aisles should be a minimum of 32 feet wide as this width works well for 60-degree angled spaces. RV storage spaces should be 12 feet wide minimum allowing extra width for mirrors on an 8'6" wide vehicle.
44. I recommend you build covered outside parking spaces along with some spaces that are left uncovered. If you see the demand is heavy, you could not only raise prices but also cover the uncovered units. Remember to keep the center aisles wide enough so tenants can maneuver boats and other items on trailers into their spaces without damaging other tenants' goods.
45. I've talked to boat and RV dealerships; they informed me that including its trailer most of boats will fit through a 10' high door. I spoke with Cruise America, and they said most RVs would fit in a 13' high door. I recommend building the roof at 13'6" to 14'.
46. On the outside parking units have 40'-60' aisles and the same for the intersections to allow easy access to their units and reduce damage of tenants running into other vehicles or boats.
47. When you build "parking" spaces this type of customer also uses inside temperature-controlled units to keep items it that they do not want to leave open in their boats etc....
48. The property will need to be constructed and operated in such a manner as to attract its successful share of the market and probably capture and maintain a substantial portion of its inferior competitive market share.
49. We cannot over-emphasize the value of highly visible, colorful signage. Where zoning will allow use of some type of reader board on your sign. 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 numbers. 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. You 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. This provides space for posting specials along with changing the message weekly and keeps people looking at your facility.

50. Recommend putting up a LARGE American Flag. No zoning will refuse this, and it keeps people looking at your property and is useful when directing people to your property and using it for marketing material.
51. It is recommended to install asphalt driveways instead of concrete. Concrete is approximately 500% higher in cost. Also repairs on concrete, which will crack, are much more expensive than asphalt.
52. When installing the keypad, it should be located with enough room to allow 3 cars bumper to bumper to bumper to bumper to line up. Also, it should be accessible from the vehicle window in case of inclement weather. Make sure the facility has bright security lighting on the grounds, so tenants feel safe at night.
53. If using a metal building, you might want to consider using split brick on the outside and metal partitions for the inside. It is my understanding that REITS and companies like Extra Space Storage consider this type of construction superior and will offer a better price. This is important if selling is part of your exit strategy. Remember to have the roofs insulated on the inside, as the metal building tends to sweat when the temperature changes.
54. My suggestion would be to build the outside units with 20'-25' aisles and 30'-35' intersections to allow moving trucks easy access. At the end of the buildings most fire departments require a 35' inside turning radius and a 55' outside turning radius.
55. Remember to install bollards at the corners of each building and around the touch pads for the gate. This will reduce the damage caused by vehicles running into your buildings or gate equipment.
56. We suggest building rows of storage units parallel to the longest side of the parcel. This allows for more square footage and if the rows are perpendicular to the office, it gives the manager a view of every unit by walking down one side.
57. To stop water flow under the doors you should slope floors and have a 1 ½ inch step up into each unit.
58. When selecting latches for the doors, if you are not using a system like the Davinci Lock System or something comparable. The optimum choice would be the use of cylinder locks as they enhance the look of the facility and require that the tenant purchases a lock from you. You must train the manager on the benefits of the cylinder lock over the traditional lock to make this a success.

59. You should make no compromises in security technology. In addition to an electronic gate installing large security camera monitors placed behind the sales counter so that customers can see that the facility is being monitored. And install door alarms. By having the bells and whistles it makes the property more desirable when selling if this becomes your exit strategy.
60. If you choose to install door alarms, it is much less expensive and simpler to do during construction rather than trying to retrofit them later. This project has a construction budget to have door alarms. To support an unmanned operation, it is assumed that the facility will utilize the "Noke system" by Janus, "Passport system" by Onity, PTI DoorBoss and DoorAlarm system. There is a Davinci Lock System that utilizes combination locks, rather than keyed locks, to allow customers to rent units and remove delinquent overlocks without the need to have a facility manager onsite.
61. The unit mix is designed to include an average number of sizes since too many sizes tend to confuse the customer, clutter your layout, and increase the complexity of construction.
62. The recommendation is to build 69+% of the total square footage or 79+-% total units as temperature-controlled storage. This type of storage can demand approximately a 50+% premium in this area.
63. If you build both traditional and temperature-controlled storage, you are available to multiple types of storage customers.
64. For every 1,200 to 1,500 square feet, you will need a 1-ton air conditioning unit. If you purchase 10-ton units each one should be enough for up to 15,000 square feet of storage. You will set the temperature to be no higher than 60 degrees in the winter and no lower than 75 degrees in the summer.
65. **When building the temperature-controlled units, you must build at least one building adjacent to the office so that when the manager takes a prospective tenant to look at units they are forced to walk through the temperature-controlled units to access the outside units. This helps the managers explain the benefits of using temperature-controlled space to a tenant who otherwise may not be interested in this type of unit. Also, it is beneficial to have soft music playing in this building.**
66. By building the temperature-controlled units next to the office, if you decide to build an apartment above the office your building cost is minimal for the apartment as electrical and air conditioning are already in this building. Remember to build a 2-bedroom apartment so that your manager does not feel overcrowded in their living space.
67. If you do build an on-site apartment, build it above the office. This allows them to separate the office time from home time as access to the apartment is limited. If you connect the apartment to the office on the same level, managers tend to go in their apartment during office hours to watch TV, do laundry and cook among other things.

68. When planning the layout for the temperature-controlled building larger units should be built close to the access doors, making it easier for people to move into them. Install bollards around the building(s) and security entrance as well as the loading area to reduce damage.
69. Installing panic alarm buttons in the temperature-controlled area gives your customer peace of mind. These areas are typically long, dim hallways that are usually vacant and may make your customers feel vulnerable. By installing alarm buttons, music, and using white doors and panels along with good lighting in these areas you make the temperature-controlled building more inviting. Surveys by the storage industry show that after the initial move in, women are typically the ones who visit the facility. The more comfortable you make them the longer they will stay and less likely they are to move based solely on price.
70. Install timers or motion sensors in all hallways and any units with lighting. This will reduce the utilities expenses and will discourage tenants from trying to install their own outlets in the units.
71. Inside the Temperature-Controlled buildings have the storage units parallel to the longest side of the building.
72. When the humidity rises to 90% or above items stored in traditional storage units can become damaged, therefore we recommend building some temperature-controlled units. Keep the temperature-controlled units above 60 degrees and not over 85 degrees.

MARKETING INFORMATION

73. Marketing and advertising are crucial to the success of any self-storage facility. A well implemented marketing plan can be the difference between an underperforming facility and a stabilized one. The most important marketing strategy is to track the results of your marketing efforts.
74. As important as the design and deployment of the marketing campaigns, tracking which marketing campaigns are generating leads and how many of those leads are being converted to actual customers is vital to understanding the Return on Investment (ROI). Campaigns that do not generate a consistent ROI should be eliminated.
75. Online marketing campaigns are vital to the success of self-storage facilities. Online campaigns such as a website, pay per click, aggregator partnerships, etc. have been identified and accounted for in the financial projections.
76. Printed materials for flyers targeting alliances with realtors, movers, and apartment complexes should be created and distributed. This should happen before the grand opening of any self-storage facility.
77. Set up a referral program not only with your current tenants. Also consider setting up referral programs with existing competition. As competitors in this market are very well occupied, let them help you during rent up.

78. You will want to use at least the amount of money that is outlined in the marketing budget each month. A facility will need additional marketing up front to produce a faster rent up. Keep in mind the average stay in storage is 11.3-23.3 months with the average number of move outs being approximately 3%-10% of the previous month's ending occupancy. This means the faster you can rent up before experiencing high move outs the faster the facility will obtain stabilization.
79. The key to pricing is to have desirable pricing along with a move in special without driving the entire market pricing down. The pricing has been based very conservatively and includes offering a move in special of ½ off the first month.
80. The self-storage industry is currently experiencing significant changes to both revenue management techniques and the technology available to implement these new systems. Traditionally, self-storage operators manage rental revenue in two ways:
The first is by adjusting Street Rates, or the initial rate advertised to customers at the time of move in.
The second is by adjusting Actual Customer Rates, or the rate an existing customer is charged each month.

Street Rates: Historically, the street rates of most self-storage facilities will increase and decrease in a seasonal pattern. Self-storage demand is historically lowest during the months of October through February, and highest during the months of March through September. In addition to this seasonal pattern, larger self-storage operators such as Extra Space, Public Storage, and CubeSmart offer both an "Online" and "Office" rate. Online rates are generally offered at a 35%-50% discount compared to the advertised "Office" rate. In general, the "Office" rate would be considered an ideal rental rate target for a given size code.

Actual Customer Rates: One of the more dynamic aspects of self-storage, compared to other types of commercial real estate, is the use of monthly rental agreements. Self-Storage rental agreements typically renew each month. This allows self-storage operators to make changes to the agreement if sufficient notice is provided to the customer. This format allows a self-storage operator to raise the actual rate assigned to an existing customer as often as required.

The larger self-storage REITs such as Extra Space, Public Storage, and CubeSmart have started utilizing a combination of the lower "Online" street rates along with higher and more frequent rate increases on existing customers. Their goal is to average the grayed-out rate over the first 17 months of a unit being rented. In some cases, the REITs have started either NOT showing a greyed-out rate on their web sites or showing a very low rate as their greyed-out rate. This is being done to mess with the companies that use algorithms to predict rates for new competitors to keep them out of the market. Typically, whatever the grayed-out rate is "in house" they are projecting the actual "AVERAGE" rate to achieve is 30% to 60% higher than what they are showing on-line. This is a very difficult strategy for an independent operator to replicate. To combat this, independent operators have started discounting the "Office" street rates more heavily during the initial rental period and then allow the discount to naturally expire rather than attempt to replicate the rate strategy the larger operators. An example of this strategy would be a move in special such as "50% Off the First Three Months' Rent."

FINANCIAL ANALYSIS

81. In 2024 the Cap Rate Average for a Class A facility was 5.05%, for a Class B was 5.95% and for a Class C was 6.75%. *Source: 2025 Self Storage Almanac.
82. On the “Entrepreneurial Report” If this property were being appraised or sold in today’s market at maturity it would demand between a 4.5-cap and would have a 126% “created profit” or \$28,175,736 with a ROC “Return On Cost” of 226% and a 5.5 -cap and would have an 85% “created profit” or \$18,984,560 with an ROC of 185%
83. Based on assumption of 600 self-storage units along with 45 canopy and 12 enclosed stalls (part of the drive-up traditional self-storage) and 20 open stalls (which is subject to change when plans are completed). The project income at 100% occupied the rents would be \$230,195 monthly which is \$2,762,340 annually. The project should be fully leased by the month 20. You can expect rents to increase rents 5% to 10% annually.
84. Built into the projection cost is “Lease Up” interest to help the property cover the mortgage until the facility reaches maturity. This is represented as holding costs on the construction projections.
85. Bear in mind that answering the phone is especially important. Usually if a customer is calling for prices and they get an answering machine they will hang up and call the next number in the phone book. Most of the messages received are from current tenants. Using an average stay of 17 months and your average price per unit is \$346.16. This means each missed phone call could cost you \$5,884.72.
86. This property will break even and cover the debt service at 66% occupied and should be achieved by approximately the 13.25th month of operation.
87. Debt service for the facility was figured on an interest only loan at the rate of 7% with 30% down. Projected time of construction is 12 Months. Expenses were estimated as accurately as possible for a future facility in this area.

MISCELLANEOUS

88. As the sector transitioned from the lockdown that started mid-March into the new socially distanced normal, consumer activity has proven the product type remains essential to the U.S. consumer and is only further emphasized by societal dislocation seen in recession environments.
89. The strong performance of the sector throughout the pandemic has industry professionals characterizing it as having moved out of recession territory and into a V-shaped recovery, with Memorial Day 2020 as the inflection point. This likely applies more to stabilized and near-stabilized assets with remaining uncertainty for lease-up properties.
90. Revenue management systems were built during the last recovery and are conditioned to thrive in this environment, as performance metrics are showing today.

91. The five largest self-storage operators are REIT's, comprising 20.9% of the facilities and 28.5% of the square footage. When measured by the number of facilities, industry market share paints a better picture for the independent owner-operator than in recent years. The number of facilities owned by the "Rest of the Industry", i.e., independent owner-operators who are not among the top 100 operators grew to 65.9% this year up from 64.6% last year. Source: 2025 Self-Storage Almanac.
92. Recent surveys show roughly 38% of Americans use self-storage, with Gen X and Baby Boomers using the most. Before 1997, price was the primary reason for choosing a facility, however today less than 2% state cost as the reason for choosing a facility.
93. 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 away customers, 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.
94. Exit surveys state an on-site manager is still especially important to the tenant. Today's renter expects a high level of professionalism in all aspects of the facility, and this must be taken into consideration when developing your facility.
95. 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 you consider adding U-Haul rental trucks to the subject site.
96. You can expect 11% of the total number of units to visit their unit within a 24-hour period.
97. Printed materials for direct mailers along with coupons should be made available and widely distributed before Grand Opening to maximize rent up. The cost for this initial marketing campaign is not within the budget. The line item for direct mail is for the mailing lists and postage to be used during the rent-up process.
98. It is especially important to have a "GREAT" Web Site, with the younger generation's use of smart phones, drive by is not as important to the success of a property as it once was. In 2007 the number of customers who said they found a facility was less than 1% and in 2015 that number had risen to 23%, nearly one-fourth of all customers and is second only to drive-by with 22% of new customers.
99. Residential storage accounts for 77% of all rentals with businesses being 19% and Military and Students each being 4%. Out of the 19% businesses 24% are professionals, CPA, Doctors, etc. and they are storing records.
100. You should implement a program to accept credit cards along with monthly auto payment option for your tenants. Those tenants who automatically have their monthly payment charged

to their credit cards stay longer. This is especially useful because a substantial number of your tenants will not live locally. The “Self-Storage Demand Study” states the means of payment as; 36% check or money order, 35% credit or debit card, 14% cash and 15% on-line or automatic deduction.

101. You should offer insurance programs for added peace-of-mind for prospective tenants. Offering boxes and other packing materials will increase your monthly profit and provide another valuable service to your customers.
102. Retiring “baby boomers” tend to remain consumers who do not easily dispose of possessions; this increases the demand for self-storage. 78% of tenants have income between the lower middle and upper middle-income range.
103. The two main reasons residential tenants use self-storage are 54% are moving and 32% are cleaning out their garage or basement for more living space.
104. Storage REITS typically have in their “Revenue Management” to raise existing tenants 7% every 9 months. Storage REITS typically during rent up will have a stated price 10% to 35% less than anticipated as they reduce the discount as they approach the anticipated street rates.
105. Facilities that have a “Web Price” and a “Walk in Price” typically will honor the web price for 90 days then raise the tenant to the Walk in Price and then at 9 months occupancy raise the traditional 7% on the rate.

MANAGEMENT

106. In my experience it is easier to find managers when you have an on-site apartment. Most managers realize this is a great benefit if the apartment is built correctly. There is no commute time to work, and they do not have to worry about paying rent or utilities. You can also typically hire a couple for a little more than the cost for one full-time off-site manager. With two people the phone should always be answered instead of going to an answering machine. One person can show a unit and clean while one answers the phone. Normally \$12 to \$15 per hour per person is needed for a couple that lives onsite and \$20 per hour per person for an offsite person.
107. This project will have one manager working 40 hours a week making \$20 per hour and one manager working 20 hours per week making \$20 per hour.
108. It is important that whoever answers the phone be trained in the benefits of covered RV storage over uncovered outside storage. They must also be able to explain the cost benefit of this type of storage as opposed to putting it inside of a unit.
109. It is ESPECIALLY important whoever answers the phone to be trained on the benefits of temperature-controlled storage.

110. Because your facility is a multi-level facility you must train your manager to rent starting from the top floor and then moving down.
111. 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 critical that a self-storage company hires, trains, and develops on-site managers at the highest level. 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. 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.
112. 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:
113. Personnel costs offer the most potential for operating expense optimization as past practices of over-staffing offices could permanently disappear and interaction-less experiences become more popular; further enabled by digital online leases, contact free access, and other technology processes evolving because of COVID. However, I do not believe for the most part that you should go “manager less” especially during rent up.
114. 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.
115. You need a good offsite and onsite management team. Except for pricing, which accounted for 83% of new rentals along with availability 69%, Location 34%, hours of operation 30%, Management/Features was the reason someone stored at 26%.

ITEMS THAT MAY HAVE A MATERIAL IMPACT ON A SELF-STORAGE PROJECT

- Construction Costs: The cost of construction, including commodities such as steel, are variable.
- Financing: Available financing for a project may be affected by a financial institution’s lending standards or potential loan covenants. In addition, the terms for

specific loans may be variable. Items such as interest rates, equity requirements, loan terms, and valuations regarding industry CAP rates can and do change over time.

- **Valuations:** The valuations used by a lending institution to make a loan may be different than a valuation given in the open market for a property sale. A lending institution will typically use a higher cap rate, based on an appraised value, when valuing a property for financing. A commercial real estate broker will use the market cap rate when valuing a property for sale. In addition, financial institutions will typically have a Loan to Value limit regarding lending on commercial real estate.
- **Rate Variability:** Unit rates for self-storage are variable and are susceptible to market forces. Rates may fluctuate during the time an investor holds a self-storage investment.
- **Move In Discounts & Specials:** Move in Discounts & Specials are necessary to help stimulate rentals. These are variable and can be adjusted depending on the needs of the market. We have projected half off the first month's rent as the discount.
- **Lease Up Period:** Lease up periods for self-storage are variable. The goal of any self-storage investment is to lease the property as quickly as possible. Lease up may be affected by items such as additional competition, rate variability, investment in items such as marketing, and facility management.
- **Variability in Expenses:** Items such as payroll, insurance, and property taxes may be variable.

Acts of God: Items considered Acts of God such as events caused by Meteorological, Geological, Biological, or Military actions may have a drastic impact on variables used to project a potential investment. The effect of these types of events is not projected. Based on the costs to build the property, correct models of operation, estimated lease up time, and the overall status of the market it is my belief that this location is viable for additional self-storage development. In our opinion, the project proposed is rated as an A-.



3

COMPETITION / MARKET INFORMATION

COMPETITION

GENERAL

The population density in the target area determines how much square footage a market area needs,. How many competitors and how much square footage is already available, the class of competition in the area and the overall occupancies in the target area help determine what will be the impact of the subject facility being built in this market.

The success of a self-storage facility is based on the following factors: location (demographics and traffic count), visibility, management, security, and accessibility, curb appeal, appearance and building structure. A lacking in one area can be offset by strength in other areas. However, if there are weaknesses in a number of the factors or if the facility does not compare well with the competition, the project will be forced to use price as the main competing factor, thus potentially reducing the success of the facility. Bear in mind that having the highest count in one area does not always produce the optimum result, such as a traffic count at highway usage levels, of over 60,000 cars per day past the main entrance of a facility, particularly at high speeds, can actually discourage business. Most successful self-storage facilities are in areas either growing or stable economically and demographically. If you do not pick a stable area, you could have a lot of problems.

Also taken into consideration to determine the major competitors are any market barriers such as freeways, lakes, rivers, large open areas (airports, large recreation areas, landfills, etc), railways and any other hindrance that make the facility hard to reach or separates one facility from another by segregating their market area. The biggest barrier is if a property needs to be rezoned for any reason but if you take the time and get a property rezoned the probability of another competitor being built in your area is substantially less.

A personal visit and telephone call is made to each of the competitors being evaluated as having an impact on the proposed facility. The visit is to gather information on pricing, occupancy, unit mix (if possible), square footage available, security, and appearance of facility and to evaluate the managers. The telephone calls are used to evaluate the managers in their telephone techniques, which are critical to the success of a self-storage facility.

SPECIFICS

The following tables compare the major competitors on the major criteria for a successful self-storage facility. The scores are graded 1-10 with 10 being excellent. A table can be seen in this section.

MARKETING ATTRIBUTES

VISIBILITY

It is important that the facility can be seen from a high daily traffic count. The facility should be laid out so that it is recognizable as self-storage. Signage should be placed to be visible to the highest possible traffic count and clearly state that it is a self-storage facility.

TRAFFIC COUNT

A high traffic count is repetitive advertisement to the potential customers in your target area. When the need arises, they will likely seek information from a location with which they are familiar, especially if it is within proximity of their residence or business. This is rated as a "type" of artery i.e., surface street, main artery, highway, not by actual traffic count.

MANAGEMENT

There are several levels of management in self-storage. On-site managers are preferable, and a professional property management company can provide optimal performance. There are professional property management companies, which specialize in self-storage facilities. Aggressiveness of manager to close a sale is also important.

DEMOGRAPHICS

When selling a service to people, you must be where the people are. Being centrally located in a high-density population area reduces the distance from your customers. This makes your potential tenants easier to reach, reducing advertising and marketing costs. It is also important that there is a good mix of multi-family residences, commercial business, and single-family homes.

SECURITY

People want to know that their goods will be safe while stored at your facility. They also want to feel secure while they are at your facility. The objective of your security system should be that only tenants can access your facility and that the managers know who is always in the facility. The managers should be required to make timely rounds through their facility. The facility should be well lit inside and out.

ACCESSIBILITY

The facility should be designed for and located in a position along the street to give easy ingress and egress. It should be in a location that will be easy to reach for your perspective tenants. Also, it should be easy to give tenants directions to the facility. 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.

CURB APPEARANCE

Good design, landscaping, color combinations, cleanliness and maintenance of the grounds contribute to the general overall appearance of your facility. A well-maintained facility gives the tenant a feeling of security and peace of mind that their goods will be kept in a clean safe manner, perceived to be professional and competent.

CLASS GRADE

Is the property a grade A, B, C or less? Potential customers feel good about buildings that look safe, secure, and well maintained. People tend to believe that buildings with concrete are more secure than metal buildings, and that metal buildings are more secure than wooden buildings, even though locks, latches and doors are identical.

DO NOT USE CLASS "D" OR LOWER AS COMPETITION:

- **Class "A" EXCELLENT:** These properties feature an above-average design and construction quality. Offer a retail area and have a security system along with computerized access. These sites typically have an on-site manager. Newer construction and well maintained with no deferred maintenance. These are clean and appealing. Must offer some Temperature-Controlled or Climate Controlled units. These also command a higher rental rate and have a superior location in terms of desirability or accessibility. Might have a high barrier to enter the market. According to lenders the approximate size is between 65,000 and 85,000 net rentable square feet as this is the average size of “new construction” for REITS.

Cap rate for a Class A: 4.75 - 5.50.

- **Class "B" GOOD:** These properties usually have an adequate design and construction quality. Typically, they have security cameras and computerized access along with an on-site manager. These properties have aging improvements but are well maintained and clean. These sites typically command average rental rates and are generally well maintained and desirable to most tenants. Minimum size of approximately 40,000 to 65,000 square feet.

Cap rate for a Class B: 5.25% - 6.50%.

- **Class "C" AVERAGE:** These properties offer adequate functionality but few amenities. The physical condition is acceptable but may have some deferred maintenance. Generally managed by the owner and may not have an onsite office. This type of facility might have all shipping containers. These sites typically command below average rental rates and are in a less desirable location. Typically, inconsistent occupancy rates.

Cap rate for a Class C 6.25% - 8.00%

***Source: 2025 Self Storage Almanac.**

SITE: URBAN
Date: 2025

COMPETITION COMPARISON

Site Name										
Address										
City										
Phone Number										
Approx.Current Occupancy		98%	98%	98%	92%	94%	97%	95%	99%	91%
Approximate Total Drive Up	27840	0	0	39396	65506	91712	0	15070	0	52464
Approximate Total Temperature	62850	35403	53379	46339	11867	11846	73319	45005	45755	704
Approx. Rentable Sq. Feet	90,690	35,403	53,379	85,735	77,373	103,558	73,319	60,075	45,755	53,168
Approx. Number of Units	600	307	464	745	672	900	637	522	397	462
Heated or CC Units available	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Very Little
Approximate Number of Parking, Available	65	N/A	N/A	N/A	N/A	35	20	N/A	N/A	N/A
Approximate Number of Parking, Vacant		N/A	N/A	N/A	N/A	0	0	N/A	N/A	N/A
Class of Facility (A,B or C)	A-	C+	B+	B-	B	B+	B-	B-	B	B
Approx. Distance (In Miles)		0.49	0.53	0.80	0.91	1.60	1.86	1.88	2.12	2.86
Merchandise Area	Yes	Y	Y	Small	N	Y	Y	Small	Y	Y
Multi-Story	20,370 Ft Mezzanine	N	Y	Y	N	N	N	Y	Y	Y
Resident Manager	No	N	N	N	Y	N	N	N	N	Y
Computerized Access	Yes	Y	Y	Y	Y	Y	Y	Y	Y	Y
Fenced / Walled Permiter / Inside Building	Yes	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cameras	Yes	Y	Y	Y	Y	Y	Y	Y	Y	Y
Door Alarms	Yes	N	N	N	N	N	N	N	N	N
Truck Rentals	Yes	N	N	N	N	N	N	N	N	N
Large Truck Access	Yes	Y	Y	Y	Y	Y	Y	Y	Y	Y
# Lanes of Traffic	2	2 - I65	2 - I65	2 - 2	2 - 2	2	2	2	2 - 2	4 - 2
Access both directions	Yes	Y	Y	Y	Y	Y	N	Y	Y	Y
Visible 2 or more arteries	No	Y	Y	Y	Y	N	N	N	Y	Y
Construction Material	Block	Brick	Brick	Brick	Brick/Metal	Brick/Metal	Metal	Brick	Brick	Brick/Metal
Access Hours (typical storage)	24 Available	6:00-11:00	6:00-10:00	6:00-9:00	6:00-9:00	6:00-10:00	6:00-7:00	6:00-9:00	6:00-10:00	6:00-9:00
Access Hours (temperature controlled)	6:00-10:00	6:00-11:00	6:00-10:00	6:00-9:00	6:00-9:00	6:00-10:00	N/A	6:00-9:00	6:00-10:00	6:00-9:00
Office Hours (M-F)	9:30-6:00	9:00-5:30	9:30-6:00	Kiosk	9:00-4:00	9:30-6:00	8:00-5:00	Kiosk	9:30-6:00	9:30-6:00
Office Hours (Sat.)	8:30-5:00	9:00-3:00	9:00-5:30	Kiosk	10:00-3:00	8:30-5:00	8:00-5:00	Kiosk	9:00-5:30	8:30-5:00
Office Hours (Sun.)	Closed	Closed	Closed	Kiosk	Closed	Closed	Closed	Kiosk	Closed	Closed
Administrative Fee \$	\$25.00	\$30.00	\$24.00	\$29.00	\$22.00	\$24.00	\$0.00	\$29.00	\$24.00	\$29.00
Deposit \$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Require Insurance	Yes	N	Y	Y	N	Y	N	Y	Y	Y
Minimum Insurance Premium	\$9.00	\$0.00	\$12.00	\$15.00	\$0.00	\$12.00	\$0.00	\$15.00	\$12.00	\$15.00
Pro Rate 1st Mth Rent	No	N	N	N	N	N	N	N	N	N
Coments (car wash, KIOSK, etc..)	4.07 Acres Conversion	Free Lock		Appointment Only	Kiosk Available			Appointment Only	Was Life Storge	
Opened	Building Built 2017	2003	2018	1973	1995	2000	1979	1989	2017	1998

THIS WILL BE THE
PAGE WITH ALL THE COMPETITION
AND A LINE SHOWING THE MARKET AREA

PROPOSED



Visibility	10
Traffic Count	5
Management	10
Demographics	9.5
Security	8
Accessibility	8
Curb Appeal	10
Class Grade	8
Overall Average	8.5625

Additional Information

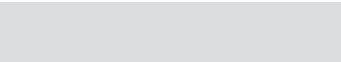
Merchandise Area	Yes
Temperature Control Available	Yes
Multi Story	Yes
Drive Surface	Asphalt
RV / Boat Parking Covered / Open	Covered
Parking Drive Surface	Asphalt
Room For Expansion	No
Plans For Expansion	N/A



CUTTINGEDGE
SELF STORAGE DEVELOPMENT

ALL COMPETITION

WILL HAVE THIS PAGE
Scored for them



Visibility	10
Traffic Count	5
Management	10
Demographics	9.5
Security	8
Accessibility	8
Curb Appeal	10
Class Grade	8
Overall Average	8.5625

Additional Information

Merchandise Area	Yes
Temperature Control Available	Yes
Multi Story	Yes
Drive Surface	Asphalt
RV / Boat Parking Covered / Open	Covered
Parking Drive Surface	Asphalt
Room For Expansion	No
Plans For Expansion	N/A



CUTTINGEDGE
SELF STORAGE DEVELOPMENT

COMPARATIVE PRICING ANALYSIS
SITE LOCATED: URBAN
RECOMMENDED PRICING

\$ ON WEB and if applicable UPSTAIRS / \$ IN OFFICE

Lowest and Highest Price For Each Size Code

NAME: Proposed Facility										
CLASS SIZES	A- \$ IN 2025	C+	B+	B-	B	B+	B-	B-	B	B
5X5		None	None				\$70/\$80		None	\$98
5X10					\$79		\$91/\$101			\$93/\$108
10X10	\$179				\$145	\$132/\$176	\$145	\$101/\$148		\$60
10X15	\$239			\$130/\$146	\$189	\$187/\$249	\$180			\$74
10X20	\$299			\$119/\$170	\$175	\$224/\$373	\$212			
10X25	\$359				\$245	\$249/\$332	\$246			
10X30	\$419			\$245/\$258	\$285	\$270/\$450	\$277	\$182/\$260		
10X35						\$410/\$546				
10X40				\$255/\$268	\$399	\$425/\$566	\$348			
12X45X14	\$699									
15X50X14	\$899									
PARKING all 14' high canopy		None	None	None	None	100%	100%	None	None	None
12X35	\$329									
12X40	\$389									
12X50	\$459									
outside							\$55			
Up to 40'	\$199									
Up to 50'	\$259									
TEMPERATURE OR CLIMATE CONTROLLED										
5X5	\$99	\$74/\$79					None			\$92
5X10	\$159	\$142/\$149	\$107/\$152		\$119				\$185/\$268	\$63/\$93
5X20						\$191/\$319				
10X10	\$299		\$295/\$402	\$160/\$180	\$199	\$200/\$332			\$376/\$487	
10X15	\$399		\$461/\$581							
10X20	\$499	\$332/\$349				\$435/\$725				
10X25	\$599		\$765/\$929					\$182/\$260		
10X30			\$887/\$1063					\$210/\$300		

Typically Storage REITS put in their rate management a 7% increase every 9 months to existing tenants.



4

DEMAND

TARGET AREA SUPPLY AND DEMAND

RV & BOAT DEMAND

The first year of using some kind of “demand” information for RV & Boat Storage was 2023. It has been determined that the “Storable number of RV’s in a Target area is that for every 13 households with vehicles earning a minimum of \$50,000, 1 will use offsite storage for an RV. The “demand” for Boats is 1.5 boats per 100 persons. *Source Recreational Vehicle Industry Association (RVIA).

FLEX SPACE DEMAND

There are currently no universally accepted algorithms for determining demand for Flex Space.

STORAGE DEMAND

The self-storage industry has had numerous supply and demand studies completed over the past years. Most experienced and successful self-storage developers have been able to determine supply and demand factors based on individual population, households, traffic counts, and rent-up history of competitors. 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.

Using the square feet per capita has become the industry standard to measure self-storage demand. This measurement along with the occupancy levels of a given market allows us to calculate future demand in an area and determine market equilibrium. When the average occupancy is lower than 80% in the market and continuing to drop the area is considered saturated. When average occupancy is in the range of 85% and up and neither increases nor decreases, the market is at or nearing equilibrium. When the average occupancy is high steadily increasing, the market is considered a demand driven market.

The U.S. average is currently 7.83 square feet according to the 2025, Self-Storage Almanac.

SITE: URBAN

TARGET AREA DETERMINED TO BE A:				3 MILE RADIUS			
The population in this area for the year				2024	76,636		
The current U.S. supply of storage per person is					7.83		
In 2024 according to the 2025 Self-Storage Almanac the rentable sq. foot per person in the						Sample	MSA 8.51
MARKET DEMAND IN 2024							
Square Footage using the	U.S.	Demand for population is			600,060		
Square Footage using the	Sample	Demand for population is			652,172		
Number of business in Target area:		3326					
Number of business renters at 11.1% penetration.				369			
Business national average is 2.1 units at 110 square feet average unit size.				85282			
Total Square Footage Demand	Sample	737,454					
Total Square Footage Demand	U.S	685,342					
ESTIMATED RENTABLE SQUARE FEET OF STORAGE							
MARKET SUPPLY							
Competition	Square Feet Existing	Miles Away	% in Market	Square Feet In Market	Number Of Units	At % in Market	
0	35,403	0.49	92%	32,512	307	282	
0	53,379	0.53	91%	48,664	464	423	
0	85,735	0.80	87%	74,304	745	646	
0	77,373	0.91	85%	65,638	672	570	
0	103,558	1.60	73%	75,943	900	660	
0	73,319	1.86	69%	50,590	637	440	
0	60,075	1.88	69%	41,252	522	359	
0	45,755	2.12	65%	29,588	397	257	
0	53,168	2.86	52%	27,825	462	242	
Total:	587,765			446,314		3,878	
Total Supply of Temperature Controlled:	323,617			245736		55% % of Temperature Controlled	
EXCESS DEMAND IN MARKET							
				7.83	Sample Using	8.51	
Total Demand in Market				685,342			737,454
Total Supply in Market				446,314			446,314
				Square Feet 239,028		Square Feet	291,140

URBAN
RV & BOAT STORAGE DEMAND

TARGET AREA DETERMINED TO BE A:		3	MILE RADIUS
RV'S			
Number of vehicle-owning households in this area for the year 2024		28,944	
Minus households with less than \$50,000 income.		11,433	
Adjusted Households		17,511	
Storable number of vehicles in a ratio of 1 vehicle for 13 households.		1,347	
*Source Recreational Vehicle Industry Association (RVIA)			
Plus up to 25% increase for project being near recreation area.		337	
Adjusted number of storable RV's		1,684	
BOATS			
The population in 2024 in this area		76636	
1.5 boats per 100 persons,		1,150	
*Source Recreational Vehicle Industry Association (RVIA)			
Plus between 10% and 50% increase for project being near a body of water.		20%	230
Adjusted number of storable Boats		1,379	
Total number of storable RV's and Boats		3,063	
Minus 50% for boats stored in a typical self-storage facility or at their residences.		1532	
Number of RV & Boat Storage assumption of equilibrium.		1,532	
Current number of parking spaces in the Target Area:		55	
Number of parking spaces needed in the Target Area:		1,477	
Number of parking spaces projected to be built for this project:		77	Includes any 14" tall drive-up units.



5

**UNIT MIX /
SITE CONSTRUCTION**

**URBAN
UNIT MIX PRO-FORMA**

Unit Sizes	% Of Total Units Built	# Of Units	Rentable Square Feet	Rent Per Unit	Gross Potential Monthly Rent	Gross Potential Annual Rent	Rent Per Square Foot	
5X5T	5%	30	750	\$99.00	\$2,970	\$35,640	\$47.52	
5X10T	15%	90	4,500	\$159.00	\$14,310	\$171,720	\$38.16	
10X10	5%	30	3,000	\$179.00	\$5,370	\$64,440	\$21.48	
10X10T	20%	120	12,000	\$299.00	\$35,880	\$430,560	\$35.88	
10X15	5%	30	4,500	\$239.00	\$7,170	\$86,040	\$19.12	
10X15T	15%	90	13,500	\$399.00	\$35,910	\$430,920	\$31.92	
10X20	5%	30	6,000	\$299.00	\$8,970	\$107,640	\$17.94	
10X20T	13%	78	15,600	\$499.00	\$38,922	\$467,064	\$29.94	
10X25	2%	12	3,000	\$359.00	\$4,308	\$51,696	\$17.23	
10X25T	11%	66	16,500	\$599.00	\$39,534	\$474,408	\$28.75	
10X30	2%	12	3,600	\$419.00	\$5,028	\$60,336	\$16.76	
12X45X14	1%	6	3,240	\$699.00	\$4,194	\$50,328	\$15.53	
15X50X14	1%	6	4,500	\$899.00	\$5,394	\$64,728	\$14.38	
Parking								
Canopy		12X35X14	15	6,300	\$329.00	\$4,935	\$59,220	\$9.40
Canopy		12X40X14	15	7,200	\$389.00	\$5,835	\$70,020	\$9.73
Canopy		12X50X14	15	9,000	\$459.00	\$6,885	\$82,620	\$9.18
Open		12X40	10	4,800	\$199.00	\$1,990	\$23,880	\$4.98
Open		12X50	10	6,000	\$259.00	\$2,590	\$31,080	\$5.18
	100%	Storage	600	90,690		\$207,960	\$2,495,520	\$27.52
		Parking	65	33,300		\$22,235	\$266,820	\$8.01
	TOTAL		665	123,990		\$230,195	\$2,762,340	\$22.28
STORAGE								
TYPICAL	21%	126	27,840	31%	% OF TOTAL SQUARE FOOTAGE			
TEMPERATURE	79%	474	62,850	69%	% OF TOTAL SQUARE FOOTAGE			
Percentage Of Typical Storage By Unit		21%						
Percentage Of Temperature Controlled By Unit		79%						
Percentage Of Typical Storage By Square Footage		31%						
Percentage Of Temperature Controlled By Footage		69%						

SITE: URBAN

TOTAL PROJECT COSTS

	Net Square Footage			
Typical Storage square footage	27,840			
Conversion Temperature Controlled	62,850			
Total Net Storage units	27,840			
Office	800			
Total Enclosed Units	28,640			
Open Parking	10800			
Canopy Parking	22500			
General Conditions		\$	103,104	
Direct costs associated with the GC. Costs ie.. Insurance, Project manager, project engineer superintendent, tempory office, job sign, etc.	\$ 103,104		\$	3.60
Site work		\$	57,280	
Fencing, drive surface, Landscaping	\$ 57,280		\$	2.00
Site Fire Water, Utilities, etc.				
Concrete		\$	28,640	
Concrete & Excavation	\$ 28,640		\$	1.00
Masonry		\$	14,320	
Traxh enclousure, any Stone Veneer	\$ 14,320		\$	0.50
Steel		\$	890,880	
Unit Building System	\$ 890,880		\$	32.00
Rough Carpentry/Millwork		\$	6,587	
Framing office, etc...(wood and Plastics)	\$ 6,587		\$	0.23
Thermal & Moisture Protection		\$	2,400	
Waterproofing / Insulation (office and Temp Only)	\$ 2,400		\$	0.08
Doors & Windows		\$	28,640	
Doors & Windows	\$ 28,640		\$	1.00
Finishes		\$	67,877	
Drywall, Painting, Stucco	\$ 67,877		\$	2.37
Specialties		\$	8,592	
Toilet accessories, Knox Box, Fire Extinguishers, etc...	\$ 8,592		\$	0.30
Conveying System		\$	75,000	
Elevators: one shaft two cars 9'9" H (Installed)			\$	2.62
AJAY Lift (Installed)	\$ 75,000			
Mechanical		\$	23,520	
Fire Protection, Plumbing & HVAC	\$ 23,520		\$	0.82
Electrical		\$	85,920	
Electrical	\$ 85,920		\$	3.00
Other		\$	2,864	
ie...Geotech,Gas	\$ 2,864		\$	0.10
Contractor Overhead 6% Construction costs		\$	83,737	
Contractor Profit	\$ 83,737		\$	2.92
Conversion Cost		\$	3,627,600	
Conversion Cost @ \$40 per foot	\$ 3,627,600			
ENCLOSED UNITS HARD COST		\$	5,106,961	\$ 52.55

Contingency Enclosed units		\$	306,418	6% of Sub Total
	\$	306,418		
Soft Costs: Fees		\$	169,690	
Permits, Inspections, Submittals, etc.	\$	169,690		\$ 4.27
Soft Costs: Due Diligence & Design		\$	186,381	
Civil Design & Development Permit Prep	\$	186,381		\$ 4.69
Alta Survey & Topo, Final Plat				\$ 61.51
Soils Reports, Landscape Plan				
Architectural Plans & Elevations				
Photometric Plans				
Civil Engineering, Architectural				
Structural Engineering,				
Utility Coordination & Oversight				
HVAC, Plumbing & Electrical Design, etc.				
Paeking & Custom Building Costs		\$	944,532	
Outside Parking	\$	54,000		\$ 5.00
Canopy Parking (concrete/pier and lighting)	\$	787,500		\$ 35.00
Office	\$	32,000		\$ 40.00
- Warehouse Building EXTRA \$40 per foot	\$	-		\$ 40.00
Automated Door Entry		\$71,032		\$ 2.48
- Kiosk	\$	-		\$ 22,000.00
Miscellaneous Costs		\$	487,332	
Office Allowance	\$	8,592		\$ 0.30
Gate	\$	14,000		\$ 0.49
Sign and possible Flag	\$	40,000		\$ 1.40
Security System	\$	119,330		\$ 1.00
Acquisition Fee	\$	-		\$ -
Development Fee				\$ -
Project Management Fee	\$	305,410		\$ 10.66
TOTAL CONSTRUCTION COSTS		\$	7,201,314	
	5			
Building/Property Value: 4.08 Acres		\$	13,950,000	
Holding Fee		\$	893,741	
Construction short fall	\$	(297,914)		
First year short fall, Lease up	\$	(595,827)		
Second year short fall, Lease up				
PROJCET COST		\$	22,045,054	
Closing Costs (1.5 point)		\$	330,676	
TOTAL PROJECT COST		\$	22,375,730	



6

**5 YEAR VALUATION /
ENTREPRENEURIAL
PROFIT**

URBAN
5 YEAR RECAP WITH VALUATION

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
Occupancy	62%	Month 12 Income	5% rate increase 96%	Month 24 Income	5% rate increase 96%	Month 36 Income	5% rate increase 96%	5% rate increase 96%		
Revenue	\$ 1,513,356	\$ 126,113	\$ 2,535,540	\$ 211,295	\$ 2,677,188	\$ 223,099	\$ 2,811,047	\$ 2,951,600		
Expenses	\$ 369,060	Expenses \$ 30,755	4% expense Increase \$ 393,024	Expenses \$ 32,752	4% expense Increase \$ 402,372	Expenses \$ 33,531	4% expense Increase \$ 418,467	4% expense Increase \$ 435,206		
Net Operating Income	\$ 1,144,296		\$ 2,142,516		\$ 2,274,816		\$ 2,392,581		\$ 2,516,394	
ESTIMATED VALUE	8 CAP		\$ 26,781,450		\$ 28,435,200		\$ 29,907,257		\$ 31,454,928	
	7.5 CAP		\$ 28,566,880		\$ 30,330,880		\$ 31,901,074		\$ 33,551,923	
	7 CAP		\$ 30,607,371		\$ 32,497,371		\$ 34,179,722		\$ 35,948,489	
	6.5 CAP		\$ 32,961,785		\$ 34,997,169		\$ 36,808,931		\$ 38,713,757	
	6 CAP		\$ 35,708,600		\$ 37,913,600		\$ 39,876,342		\$ 41,939,904	
	5.5 CAP		\$ 38,954,836		\$ 41,360,291		\$ 43,501,464		\$ 45,752,622	
	5 CAP		\$ 42,850,320		\$ 45,496,320		\$ 47,851,610		\$ 50,327,884	
	4.5 CAP		\$ 47,611,467		\$ 50,551,467		\$ 53,168,456		\$ 55,919,871	

FOR STORAGE
THE CURRENT CAP RATES FOR A CLASS A PROPERTY ARE BETWEEN A 4.5 AND A 5.5 CAP RATE FOR A VALUE TODAY OF:

On a 4.5 Cap	\$ 50,551,467
On a 5.5 Cap	\$ 41,360,291

ENTREPRENEURIAL PROFIT

URBAN

The secret to a profitable development of any type is to provide amenities for which the market will pay more than actual cost. Therefore, this facility must meet the appropriate design criteria, while controlling costs. I have used the following numbers as estimated cost per square foot.

Building & Land
Value \$ 13,950,000

Building Cost Sub Total	Plus Soft Cost Fees	Plus Soft Cost Due Diligence	Plus Contingency	Plus Building & Land	Plus Custom Cost	Plus Misc Cost	Plus Holding Fee Cost	Plus Closing Cost	Total Porject Cost
\$ 5,106,961	\$ 169,690	\$ 186,381	\$ 306,418	\$ 13,950,000	\$ 944,532	\$ 487,332	\$ 893,741	\$ 330,676	\$ 22,375,731

	Created Profit:	Estimated Value	Cost of	Percentage Profit	Return On Cost ROC
On a 4.5 Cap Rate	\$28,175,736	\$ 50,551,467	\$22,375,731	126%	226%
On a 5.5 Cap Rate	\$18,984,560	\$ 41,360,291	\$22,375,731	85%	185%



7

PROJECTIONS

URBAN

EXPLANATION FOR PROJECTIONS

- Units at facility: Number of all units to be built according to Proposed Unit Mix.
- Projected Units Rented: Number of total storage units occupied.
- Projected Parking Rented: Number of total occupied parking spaces.
- Total Number of Units Rented: Total number of units occupied and parking spaces.
- Projected % Occupancy: Percent occupied by number of units.
- Rental Income: is the average amount charged per unit. We also take into consideration a 5% prior month vacancy and a move in special of ½ off the first month's rent. A constant 10% off starting the 3rd month is for ongoing delinquencies.
- Late Fees (1%): 1% of rental income is the average amount collected per facility. I projected 0 for the first 2 months, as tenants will not have time to become delinquents.
- Administrative Fees: This is the \$25 per new rental. This also takes into consideration a 5% move out rate from the previous month.
- Truck Rental Commission: Projected at \$500.
- Lock & Merchandise Sales: This is projected at 1.3% of the rental income.
- Insurance Commission Income: Your site will offer insurance with their payment; the insurance company will pay you a commission.
- Managers' Salary: Projected at 60 hours a week @ \$20 per hour. Projected at 8 hours a week at \$20 per hour for cleaning and maintenance. Projected at 8 hours a week for someone to do cleaning and security check.
- Performance Bonus: Projected at \$0. This can be decided when a manager is hired.
- Merchandise Commission: Projected at \$0. If you decide to give the managers some type of commission, they will usually sell more merchandise. Typically, this is 25% of gross if over \$200 per month.
- Group Medical Insurance: Projected at \$0. If possible, you may want to consider this to compete with the R.E.I.T.S. in storage.
- 401k: Projected at \$0. This is an additional benefit to your managers if they stay over 1 year. Typically, around 3% of gross income matched.
- Auto Allowance: Projected at \$35 per month for 1 manager. This is gas and maintenance money for the use of their vehicle for work related duties. (Bank deposits, getting supplies)
- Payroll & Burden: This includes all taxes and workers' compensation for payroll.
- **Management Fee: The fee for a management company who specializes in self-storage. The typical rate for complete management is 6% of gross income or a minimum of \$2,000 per month along with a \$5,000 set up fee. Cutting Edge Management's charge for a facility this size in this location is \$2,000 or 5% with a ceiling of \$5,000 per month and a \$5,000 set up fee not on the monthly budget.**
- Yellow Pages: \$0 not planning on anything but the line entry.
- Other Advertising: Budget amount for the first two months open for a direct mail campaign.

- Internet Advertising: Projected at \$1,745 per month for pay per click and SEO with a \$3,500 fee to have a web site built.
- Electricity and or Gas: Based on like property.
- Water & Sewer: Based on a-like property.
- Office Supplies: Daily supplies needed for the property. This does not include set up.
- Postage/FedEx: Needed for billing, late letters and mailing of reports to Management Company.
- Bank Charges: This assumes 60% of total revenue paid with credit cards at 1.78% with an additional \$25 per month for service charges and NSF fees.
- Legal & Professional: Projected at \$0. This would be used for items like disputing the property taxes or when you need an attorney if a tenant sues the property.
- Fees & Licenses: This would be for items like the Business License or subscription to an industry publication.
- Employee Relations/Training: Used for recognition items such as movie passes, or paying for their dinner, uniforms or sending them to a seminar.
- Telephone / Internet: Based on a-like property.
- Computer Support: Based on standard industry software.
- Maintenance & Site Repairs: Based on average of like properties.
- Trash Removal: Based on like property.
- Elevator Maintenance: Projected at \$0 as this property will use an A-Jay lift for the mezzanine level and does not have a monthly fee.
- Pest Control: Based on like property.
- Fire / Security Monitoring: Projected at \$113. Zoning may require fire alarm to be monitored in the Temperature Controlled and Condo buildings.
- Landscaping: Based on the setbacks (size of green area) that will be required. The manager could do this during slow times if you use mostly ground cover with minimal grass area.
- Kiosk Maintenance: Projected at \$0.
- Auction Expense: The property will need to do auctions as it rents out. The higher the delinquency the more this line item will be.
- Lock & Merchandise Purchase: Based on a 100% mark up.
- Moving Truck Rental: Projected at \$0.
- Real Property Taxes: This is an estimate based on the current taxes and estimated the change after the conversion.
- Property & Casualty Insurance: This is an estimate depending on your deductibles. This includes \$100,000 customer goods and wrongful sale and disposal, also 1 million general liabilities.
- Total Operating Expenses: Total of all expenses.
- Net Operation Income: Income minus expenses not including Capital Expenses or mortgage.
- **Debt Service: Should be interest only for the first 2 years of operations. Projected 30% equity and 7% interest rate.**
- **Debt Service Coverage Ratio. Ratio of coverage on the completed project.**
- **Starting in the 2nd year we are expected to have a 4% increase in expenses every year and a 5% increase in board prices each year.**

URBAN

[illegible]

1/2 OFF FIRST MONTH

URBAN

Month	TOTAL	1	2	3	4	5	6	7	8	9	10	11	12	
UNITS AT FACILITY	665													
PROJECTED UNITS RENTED	600	30	60	90	120	150	180	210	240	270	300	325	350	
PARKING SPACES RENTED	65	5	10	15	20	25	30	35	40	45	50	55	60	
TOTAL NUMBER OF UNITS RENTED		35	70	105	140	175	210	245	280	315	350	380	410	
PROJECTED % OCCUPANCY		5%	11%	16%	21%	26%	32%	37%	42%	47%	53%	57%	62%	
BANK & CREDIT CARD CHARGES		106	220	336	454	572	690	809	927	1,045	1,163	1,271	1,372	8,965
LEGAL & PROFESSIONAL		0	0	0	0	0	0	0	0	0	0	0	0	0
FEES & LICENSES		56	56	56	56	56	56	56	56	56	56	56	56	677
EMPLOYEE RELATIONS/TRAINING		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OFFICE EXPENSE		626	740	856	974	1,092	1,210	1,328	1,446	1,564	1,682	1,791	1,892	15,202
TELEPHONE / INTERNET		257	257	257	257	257	257	257	257	257	257	257	257	3,078
COMPUTER SUPPORT		300	300	300	300	300	300	300	300	300	300	300	300	3,600
MAINTENANCE & REPAIRS														
MAINTENANCE & SITE REPAIRS		756	756	756	756	756	756	756	756	756	756	756	756	9,069
TRASH REMOVAL		302	302	302	302	302	302	302	302	302	302	302	302	3,628
ELEVATOR MAINTENANCE		0	0	0	0	0	0	0	0	0	0	0	0	0
PEST CONTROL		302	302	302	302	302	302	302	302	302	302	302	302	3,628
FIRE PREVENTION		0	0	0	0	0	0	0	0	0	0	0	0	0
FIRE / SECURITY MONITORING		113	113	113	113	113	113	113	113	113	113	113	113	1,354
LANDSCAPING		0	0	0	0	0	0	0	0	0	0	0	0	0
KIOSK MAINTENANCE		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MAINT. & REPAIRS		1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	17,679
OTHER EXPENSES														
AUCTION EXPENSE		0	0	20	20	20	20	50	50	50	50	50	50	380
LOCK & MERCHANDISE PURCHASES		39	107	174	243	312	381	450	519	588	657	721	781	4,972
MOVING TRUCK RENTAL		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER EXPENSES		39	107	194	263	332	401	500	569	638	707	771	831	5,352
REAL PROPERTY TAXES		9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	111,879
PROPERTY & CASUALTY INS		982	982	982	982	982	982	982	982	982	982	982	982	11,790
Total Operating Expense		33,698	30,879	26,083	26,270	27,020	27,760	28,530	29,269	30,009	30,423	30,595	30,755	351,292
Net Operating Income		(26,097)	(12,637)	3,066	13,933	24,236	34,550	44,834	55,147	65,461	76,101	86,045	95,357	459,996
CAPITAL EXPENDITURES @ .07			0	0	0	0	0	0	0	0	0	0	0	0
Budgeted Net Cash Flow		(26,097)	(12,637)	3,066	13,933	24,236	34,550	44,834	55,147	65,461	76,101	86,045	95,357	459,996
TOTAL CONSTRUCTION	\$22,375,730													
Debt Service 30% DOWN	\$15,663,011	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(1,096,411)
Interest Only	7.00%													
Ending Cash: Interest Only		(117,464)	(104,005)	(88,301)	(77,435)	(67,131)	(56,818)	(46,534)	(36,220)	(25,907)	(15,267)	(5,322)	3,990	(\$636,415)
Debt service Principal & Interest	25 year am	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	
Ending Cash: Principal & Interest		(136,800)	(123,340)	(107,636)	(96,770)	(86,467)	(76,153)	(65,869)	(55,556)	(45,242)	(34,602)	(24,658)	(15,346)	(\$868,439)
Debt Service Coverage Ratio		-0.24	-0.11	0.03	0.13	0.22	0.31	0.40	0.50	0.59	0.69	0.78	0.86	

URBAN

Month	TOTAL	13	14	15	16	17	18	19	20	21	22	23	24	
UNITS AT FACILITY	665													
PROJECTED UNITS RENTED	600	370	390	410	430	450	470	490	510	530	550	570	580	
PARKING SPACES RENTED	65	60	60	60	60	60	60	60	60	60	60	60	60	
TOTAL NUMBER OF UNITS RENTED		430	450	470	490	510	530	550	570	590	610	630	640	
PROJECTED % OCCUPANCY		65%	68%	71%	74%	77%	80%	83%	86%	89%	92%	95%	96%	
REVENUES														
RENTAL INCOME	\$363.47	134,038	140,417	146,796	153,175	159,554	165,933	172,312	178,691	185,070	191,449	197,828	202,571	2,027,834
LATE FEES (1%)		1,340	1,404	1,468	1,532	1,596	1,659	1,723	1,787	1,851	1,914	1,978	2,026	20,278
ADMINISTRATIVE FEES	\$25.00	1,525	1,575	1,625	1,675	1,725	1,775	1,825	1,875	1,925	1,975	2,025	1,825	21,350
TRUCK RENTAL COMMISSION		500	500	500	500	500	500	500	500	500	500	500	500	6,000
LOCK & MERCHANDISE SALES		1,742	1,825	1,908	1,991	2,074	2,157	2,240	2,323	2,406	2,489	2,572	2,633	26,362
INSURANCE COMMISION		1,110	1,170	1,230	1,290	1,350	1,410	1,470	1,530	1,590	1,650	1,710	1,740	17,250
OTHER INCOME														
TOTAL REVENUES		140,256	146,892	153,528	160,163	166,799	173,435	180,070	186,706	193,341	199,977	206,613	211,295	2,119,074
EXPENSES														
PAYROLL & BURDEN														
MANAGER'S SALARY		3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	44,520
RELIEF PAYROLL		1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	21,840
PERFORMANCE BONUS		0	0	0	0	0	0	0	0	0	0	0	0	0
MERCHANDISE COMMISSION		0	0	0	0	0	0	0	0	0	0	0	0	0
GROUP MEDICAL INSURANCE		0	0	0	0	0	0	0	0	0	0	0	0	0
401K		0	0	0	0	0	0	0	0	0	0	0	0	0
AUTO ALLOWANCE		35	35	35	35	35	35	35	35	35	35	35	35	420
PAYROLL BURDEN		1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	1,106	13,272
TOTAL PAYROLL & BURDEN		6,671	6,671	6,671	6,671	6,671	6,671	6,671	6,671	6,671	6,671	6,671	6,671	80,052
MANAGEMENT FEE (5%) or \$2,000		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
ADVERTISING														
YELLOW PAGE ADVERTISING		0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER ADVERTISING		0	0	0	0	0	0	0	0	0	0	0	0	0
INTERNET SEO/PAY PER CLICK		1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	20,940
1ST MONTH WEB SITE DESIGN														
TOTAL ADVERTISING		1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	20,940
UTILITIES														
ELECTRICITY AND OR GAS		2,608	2,608	2,608	2,608	2,608	2,608	2,608	2,608	2,608	2,608	2,608	2,608	31,291
WATER & SEWER		88	88	88	88	88	88	88	88	88	88	88	88	1,057
TOTAL UTILITIES		2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	32,348
OFFICE EXPENSE														
OFFICE SUPPLIES		393	393	393	393	393	393	393	393	393	393	393	393	4,716
POSTAGE/FEDEX		88	88	88	88	88	88	88	88	88	88	88	88	1,057

1/2 OFF FIRST MONTH

URBAN													
Month	TOTAL	13	14	15	16	17	18	19	20	21	22	23	24
UNITS AT FACILITY	665												
PROJECTED UNITS RENTED	600	370	390	410	430	450	470	490	510	530	550	570	580
PARKING SPACES RENTED	65	60	60	60	60	60	60	60	60	60	60	60	60
TOTAL NUMBER OF UNITS RENTED		430	450	470	490	510	530	550	570	590	610	630	640
PROJECTED % OCCUPANCY		65%	68%	71%	74%	77%	80%	83%	86%	89%	92%	95%	96%
BANK & CREDIT CARD CHARGES		1,523	1,594	1,665	1,736	1,806	1,877	1,948	2,019	2,090	2,161	2,232	2,282
LEGAL & PROFESSIONAL		0	0	0	0	0	0	0	0	0	0	0	0
FEES & LICENSES		58	58	58	58	58	58	58	58	58	58	58	58
EMPLOYEE RELATIONS/TRAINING		0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OFFICE EXPENSE		2,062	2,133	2,204	2,275	2,346	2,417	2,487	2,558	2,629	2,700	2,771	2,821
TELEPHONE / INTERNET		264	264	264	264	264	264	264	264	264	264	264	264
COMPUTER SUPPORT		312	312	312	312	312	312	312	312	312	312	312	312
MAINTENANCE & REPAIRS													
MAINTENANCE & SITE REPAIRS		786	786	786	786	786	786	786	786	786	786	786	786
TRASH REMOVAL		314	314	314	314	314	314	314	314	314	314	314	314
ELEVATOR MAINTENANCE		0	0	0	0	0	0	0	0	0	0	0	0
PEST CONTROL		314	314	314	314	314	314	314	314	314	314	314	314
FIRE PREVENTION		0	0	0	0	0	0	0	0	0	0	0	0
FIRE / SECURITY MONITORING		116	116	116	116	116	116	116	116	116	116	116	116
LANDSCAPING		0	0	0	0	0	0	0	0	0	0	0	0
KIOSK MAINTENANCE		0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MAINT. & REPAIRS		1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531
OTHER EXPENSES													
AUCTION EXPENSE		50	50	50	50	50	50	50	50	50	50	50	50
LOCK & MERCHANDISE PURCHASES		871	913	954	996	1,037	1,079	1,120	1,161	1,203	1,244	1,286	1,317
MOVING TRUCK RENTAL		0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER EXPENSES		921	963	1,004	1,046	1,087	1,129	1,170	1,211	1,253	1,294	1,336	1,367
REAL PROPERTY TAXES		9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323
PROPERTY & CASUALTY INS		1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022
Total Operating Expense		31,547	31,660	31,772	31,884	31,997	32,109	32,221	32,334	32,446	32,558	32,671	32,752
Net Operating Income		108,708	115,232	121,756	128,279	134,802	141,325	147,849	154,372	160,895	167,419	173,942	178,543
CAPITAL EXPENDITURES @ .07			0	0	0	0	0	0	0	0	0	0	0
Budgeted Net Cash Flow		108,708	115,232	121,756	128,279	134,802	141,325	147,849	154,372	160,895	167,419	173,942	178,543
TOTAL CONSTRUCTION	\$22,375,730												
Debt Service 30% DOWN	\$15,663,011	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)	(91,368)
Interest Only	7.00%												
Ending Cash: Interest Only		17,341	23,864	30,388	36,911	43,435	49,958	56,481	63,004	69,528	76,051	82,574	87,176
Debt service Principal & Interest	25 year am	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)	(110,703)
Ending Cash: Principal & Interest		(1,994)	4,529	11,053	17,576	24,099	30,623	37,146	43,669	50,192	56,716	63,239	67,841
Debt Service Coverage Ratio		0.98	1.04	1.10	1.16	1.22	1.28	1.34	1.39	1.45	1.51	1.57	1.61

\$404,688

1/2 OFF FIRST MONTH

URBAN

Month	TOTAL	25	26	27	28	29	30	31	32	33	34	35	36	
UNITS AT FACILITY	665													
PROJECTED UNITS RENTED	600	580	580	580	580	580	580	580	580	580	580	580	580	
PARKING SPACES RENTED	65	60	60	60	60	60	60	60	60	60	60	60	60	
TOTAL NUMBER OF UNITS RENTED		640	640	640	640	640	640	640	640	640	640	640	640	
PROJECTED % OCCUPANCY		96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	
REVENUES														
RENTAL INCOME	\$381.64	214,329	214,329	214,329	214,329	214,329	214,329	214,329	214,329	214,329	214,329	214,329	214,329	2,571,948
LATE FEES (1%)		2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	25,719
ADMINISTRATIVE FEES	\$25.00	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	19,200
TRUCK RENTAL COMMISSION		500	500	500	500	500	500	500	500	500	500	500	500	6,000
LOCK & MERCHANDISE SALES		2,786	2,786	2,786	2,786	2,786	2,786	2,786	2,786	2,786	2,786	2,786	2,786	33,435
INSURANCE COMMISSION		1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	20,880
OTHER INCOME														
TOTAL REVENUES		223,099	223,099	223,099	223,099	223,099	223,099	223,099	223,099	223,099	223,099	223,099	223,099	2,677,183
EXPENSES														
PAYROLL & BURDEN														
MANAGER'S SALARY		3,896	3,896	3,896	3,896	3,896	3,896	3,896	3,896	3,896	3,896	3,896	3,896	46,746
RELIEF PAYROLL		1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	22,932
PERFORMANCE BONUS		0	0	0	0	0	0	0	0	0	0	0	0	0
MERCHANDISE COMMISSION		0	0	0	0	0	0	0	0	0	0	0	0	0
GROUP MEDICAL INSURANCE		0	0	0	0	0	0	0	0	0	0	0	0	0
401K		0	0	0	0	0	0	0	0	0	0	0	0	0
AUTO ALLOWANCE		35	35	35	35	35	35	35	35	35	35	35	35	420
PAYROLL BURDEN		1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	13,936
TOTAL PAYROLL & BURDEN		7,003	7,003	7,003	7,003	7,003	7,003	7,003	7,003	7,003	7,003	7,003	7,003	84,034
MANAGEMENT FEE (5%) or \$2,000		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
ADVERTISING														
YELLOW PAGE ADVERTISING		0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER ADVERTISING		0	0	0	0	0	0	0	0	0	0	0	0	0
INTERNET SEO/PAY PER CLICK		1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	20,940
1ST MONTH WEB SITE DESIGN														
TOTAL ADVERTISING		1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	20,940
UTILITIES														
ELECTRICITY AND OR GAS		2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	32,500
WATER & SEWER		91	91	91	91	91	91	91	91	91	91	91	91	1,090
TOTAL UTILITIES		2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799	33,589
OFFICE EXPENSE														
OFFICE SUPPLIES		409	409	409	409	409	409	409	409	409	409	409	409	4,904
POSTAGE/FEDEX		91	91	91	91	91	91	91	91	91	91	91	91	1,090

URBAN

[illegible]

8

WAIVER: DEMOGRAPHICS

WAIVER:

No responsibility for legal or economic matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property has been analyzed as though it has no construction/permanent loan and is of fee simple title, under responsible ownership and competent management. All maps and exhibits in this report are intended to be visual aids and should not be construed as surveys or engineering reports.

All information in this report has been obtained from reliable sources. The author, however, cannot guarantee or be responsible for the accuracy of information furnished by these sources. We reserve the right without penalty, to amend our assumptions and conclusions should any further information regarding subject property be discovered. Statistical data has been derived from industry knowledge, Self-Storage Almanacs, Inside-Self-Storage Fact Books, and other industry periodicals.

It should be noted that the competitive information contained with this report can and does change on a daily basis in a competitive market, and this report represents only a snapshot in time.

Possession of this report or a certified copy hereof does not imply the right of publication or use for any purpose by any other than the addressee without the written consent of Cutting-Edge Development LLC. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent of Cutting-Edge Development LLC.

Testimony or attendance in court or at any other hearing is not required by reason of rendering this analysis unless such arrangements are made a reasonable time in advance to such additional employment.

The land and particularly the soil of the area under analysis is of unknown stability and unknown environmental impact, the undersigned does not warrant against this condition or other occurrences. Subsurface rights (minerals and oils) were not considered in making this analysis. Environmental and physical issues to be the responsibility of others.

There are no other statements, written or oral not contained herein. Cutting-Edge Development LLC. warrants to the best of their knowledge that the statements of fact contained in this report are true and correct. This feasibility study is not to be construed as a real estate appraisal; verification of current and/or future valuation should be completed by a licensed appraiser.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and personal, unbiased professional analysis, opinions, and conclusions.

Acts of God: Items considered Acts of God such as events caused by Meteorological, Geological, Biological or Military actions may have an impact on variables used to project and potential investment. The effect of these types of events are taken into consideration when possible.

Cutting-Edge Development LLC, its owners or agents have acted in an independent capacity and the market analysis is not based on a requested conclusion or direction of analysis that favors the client nor was this assignment based on a requested outcome. The analyst has extensive experience performing due diligence and market research on similar type properties.