

SELF STORAGE NEWSLETTER

SPRING 2018

What's in Store for 2018
Construction & Development Analysis
REITS: U.S. Self Storage Industry Statistics
Revenue in the U.S. Self Storage Industry



Self Storage: What is in Store for 2018?

3 Trends - Reshaping Self Storage in 2018

1. Millennial Influence - As Millennials gain spending power, their consumer behaviors and preferences are shaping how companies market and conduct business. Millennials are accustomed to accessing apps for all manner of services, and storage is no exception.
2. Automation - One of the major trends in self storage has been the increased adoption of automation.
3. Residential Downsizing - This Baby Boomer phenomenon creates a unique data set when analyzing the self-storage asset class. There are 10,000 Baby Boomers hitting the age of 65 each day and projected to do so for the next 15 years.

- Cash Flow Connections.com - Hunter Thompson



The Elements of Self Storage Style: Design Factors to Ensure Success in 2018

Most traditional self storage facilities aren't the greatest display of architectural genius. Here are some ways to add elements of style to your project:

- Match the color of your buildings to those of surrounding structures.
- Use bold colors.
- Incorporate unique architectural features.
- Build up! Multi-story facilities stand out.
- Add glass through real or faux windows. It adds a nice touch.
- Install lush landscaping.
- Use masonry to add aesthetic appeal.

- Dakota Kerkove

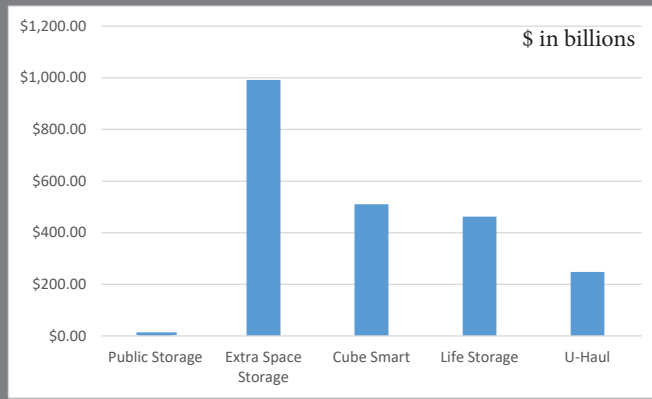


Self Storage: Construction and Development Analysis:

- Over the last 12-36 months, the self storage development train has been picking up steam and it is clear that certain markets are starting to feel the effects of new supply.
- The Dallas/Fort Worth metro area has the most construction underway which is estimated at more than 9,000,000 SF, and 5 additional markets moved from either under-supplied to equilibrium or equilibrium to over-supplied.

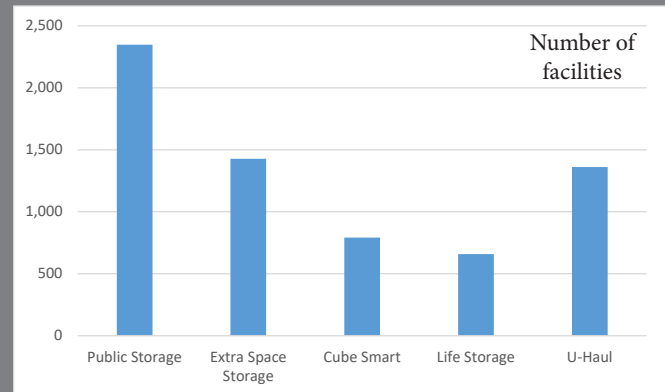
*Data obtained from Argus Self Storage Sales

REITS: U.S. Self Storage Industry Statistics



*Data obtained from The SpareFoot Storage Beat

Largest self storage operators (publicly traded) in the U.S. (by revenue)



The window to sell is now.

The market has already begun to turn and we know that a larger shift is coming due to four main factors:

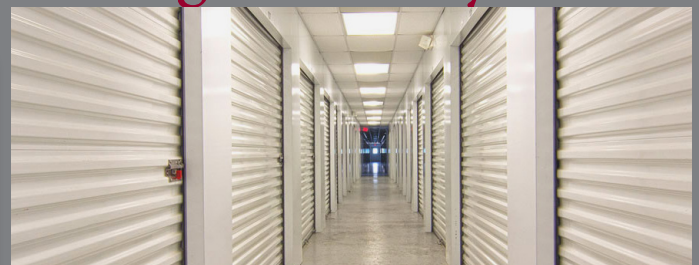
1. Rising Interest Rates
2. Record New Construction - There are no signs of it slowing down.
3. Pressure on Operating Fundamentals - With all the new supply coming online, there will be more competition for existing facilities.
4. End to Historic CAP Rate Compression - Transaction volume has dropped significantly as the gap between buyer and seller price expectations has grown.

Revenue in the U.S. Self Storage Industry

Self Storage Market Trends to Watch For

- **Third Party Management:** I believe that the third-party management business will continue to grow and add tremendous value to owners and the industry.
- **Self Storage Technology:** Has really grabbed hold over the last several years. The use of online SEO, web-based operating systems, e-Leases, mobile apps, kiosks, fully automated stores, energy efficient operating devices, and website and marketing firms will continue to allow owners and operators to refine their operations and grow their profitability by protecting the already strong operating margins that the self storage business enjoys.
- **Self Storage Consolidation**
- **The Value of Self Storage:** has more to do with where we are in the real estate cycle and market sentiment rather than the actual performance of the property. Most independent self storage owners appear to still be selling primarily because of life events.

*Argus Self Storage Network Issue XI -2017



Self Storage Auction

The popularity of online self storage auctions has surged in recent years as operators abandon the hassles of live on-site auctions for the convenience, efficiency and cost effectiveness of an online platform.

A good storage auction website removes the aggravation of crowd control and annoyed tenants trying to access their units.

Getting rid of bad debt immediately brings in money and opens storage space for paying customers.

Online auctions are safer and more secure.

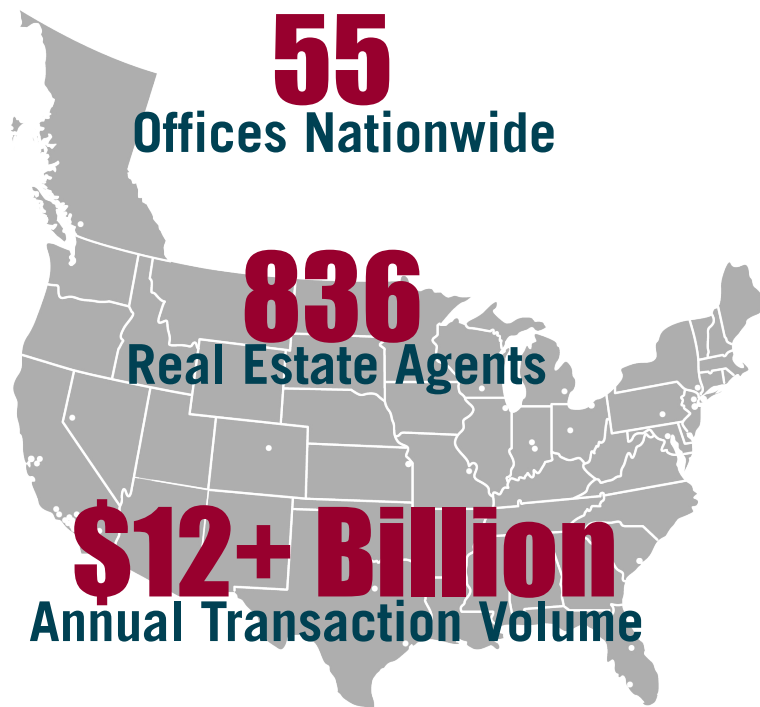
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NATIONAL PRESENCE. Founded in 1979, Lee & Associates is the largest privately held commercial real estate firm in the country.

Our Self Storage Advisory Team provides seamless, consistent execution and value driven market services for our clients.

LOCAL EXPERTISE. As your self storage partner, we provide a full scope of services and the expertise to successfully handle any type of project or request.



Give Me A Call: I am happy to provide you with a Broker Opinion of Value (BOV) for your facility.



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