

---

---

# **Self-Storage Appraisal Sales Comparison Approach**

Everett (Allen) Greer, MAI, FRICS  
Greer Advisors, LLC

R. Christian Sonne, MAI, MRICS  
Cushman Wakefield, Self Storage Industry Group

Sept. 12, 2014 – Appraisal Institute, Iowa

# Sales Approach

---

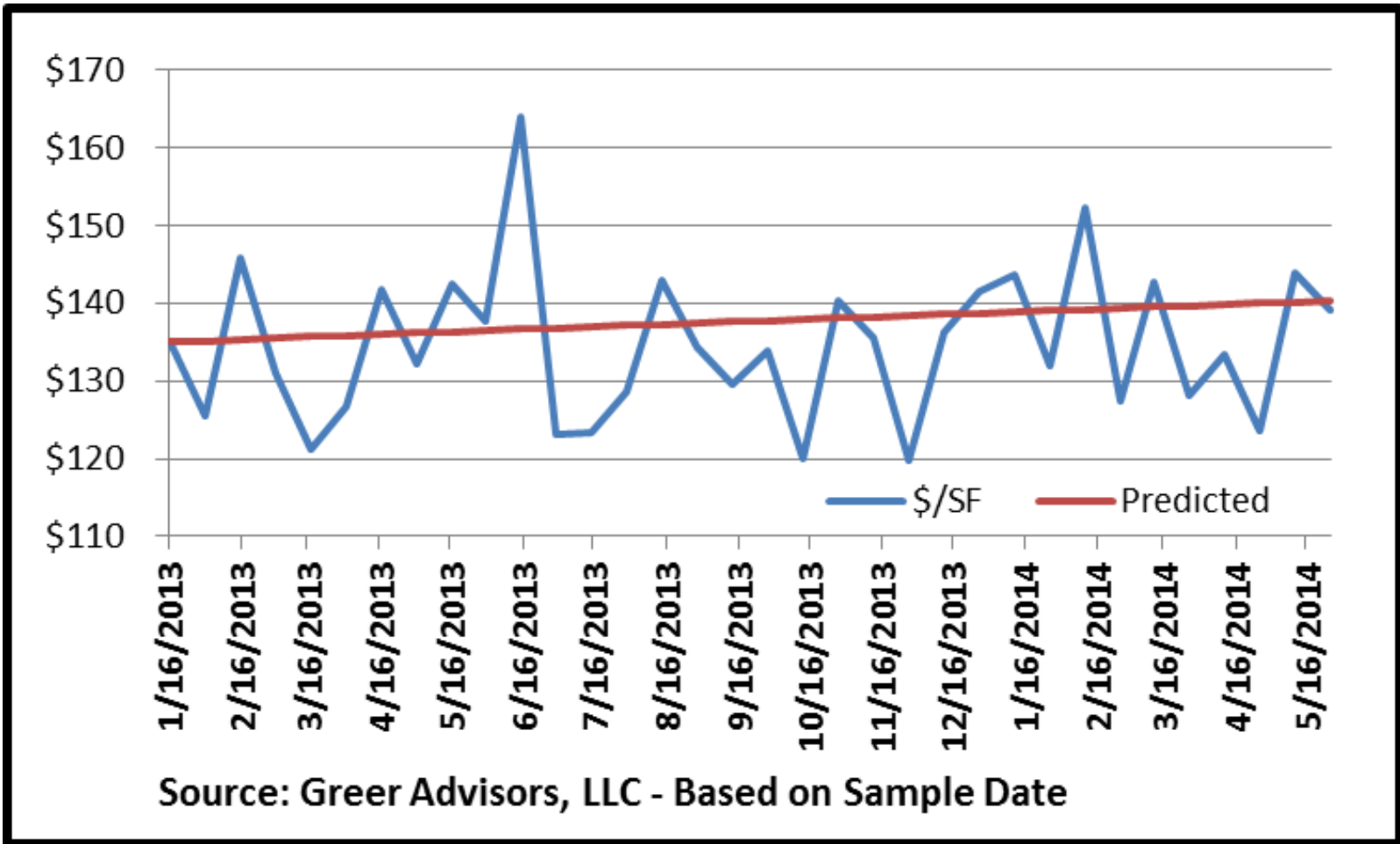
- **Considers the recent reselling price of similar properties compared to the subject, broken down into common units of comparison, with adjustments made for differences.**

# Property Characteristics that Influence Value

---

- **Property Rights Conveyed**
- **Financial Terms**
- **Condition of Sale**
- **Market Conditions, aka Time**
- **Location**
- **Size**
- **Land : Building Area**
- **Age / Quality / Condition**
- **Utility**
- **Economics**
- **Other Features – temp/humidity controls, height, boxes, size, etc...**

# Market Conditions - Price vs. Date Plotted



# Market Conditions – Using XL FORECAST Function

Comp	1	2	3	4	5	6	7	8	9	10	11	12
Date	1/16/13	1/31/13	2/15/13	3/2/13	3/17/13	4/1/13	4/16/13	5/1/13	5/16/13	5/31/13	6/15/13	6/30/13
\$/SF	\$135.00	\$135.16	\$135.32	\$135.48	\$135.64	\$135.81	\$135.97	\$136.13	\$136.29	\$136.45	\$136.61	\$136.77
Comp	13	14	15	16	17	18	19	20	21	22	23	24
Date	7/15/13	7/30/13	8/14/13	8/29/13	9/13/13	9/28/13	10/13/13	10/28/13	11/12/13	11/27/13	12/12/13	12/27/13
\$/SF	\$136.93	\$137.09	\$137.26	\$137.42	\$137.58	\$137.74	\$137.90	\$138.06	\$138.22	\$138.38	\$138.54	\$138.71
Comp	25	26	27	28	29	30	31	32	33	34		
Date	1/11/14	1/26/14	2/10/14	2/25/14	3/12/14	3/27/14	4/11/14	4/26/14	5/11/14	5/26/14		
\$/SF	\$138.87	\$139.03	\$139.19	\$139.35	\$139.51	\$139.67	\$139.83	\$139.99	\$140.16	\$140.32		
Formula	=FORECAST(AI2,B3:A13,B2:A12)											
Forecast	\$140.32											
Note: Actual Data Runs to Column AI.												

# Location

---

- Typically more qualitative
- Can use paired sales
- Can use trade area information, such as 1-3-5 eco/demo data and compare subject vs. comparable
- Can use economic information (e.g. rents, vacancies, etc.) and compare subject vs. comparable, be careful not to double count adjustment criteria
- Can use regression with “Scoring System” on large data sets
- Regression example follows later...

# Land to Building Area

---

- **Can Regress and/or Plot Land to Building Ratio**
- **Care must be used to compare 'usable' ratio across data vs. 'gross' ratio**
- **Care must also be used to NOT duplicate economic considerations or property traits. For example, RV storage generally has a much lower yield than the self storage facility**
- **Adjustments for this characteristic are frequently less than for a typical industrial property...**

# Age / Quality / Condition

---

- Due to differences in construction types, concrete, block, metal wood, separate adjustments for age vs. quality vs. condition quickly become problematic; hence, these are frequently combined into a single adjustment
- Regression can be used if quality is indexed, e.g. 1, 2, 3, 4, and age considers effective age
- Regression example follows later...



# Economics

---

**Used to reflect differences in:**

- **Occupancy Levels**
- **Operating Expense Ratios**
- **Management**
- **Tenant Quality**
- **Rent Concessions / Lease Terms, and**
- **Other items not covered under prior adjustments that would have an economic impact on the transaction...**

# Other Features

---

- **This list can be quite long, e.g.**
  - **Average Unit Size**
  - **Humidity Control**
  - **Temperature Control**
  - **Wine Storage, e.g. lockers, cages, etc.**
  - **Fire Suppression: e.g. CO2, Halon**
  - **Ceiling Height / Clearance**
  - **Existence of Upper Floors**
  - **Access to Upper Floors, e.g. elevators – number/size/capacity, stairs, etc...**

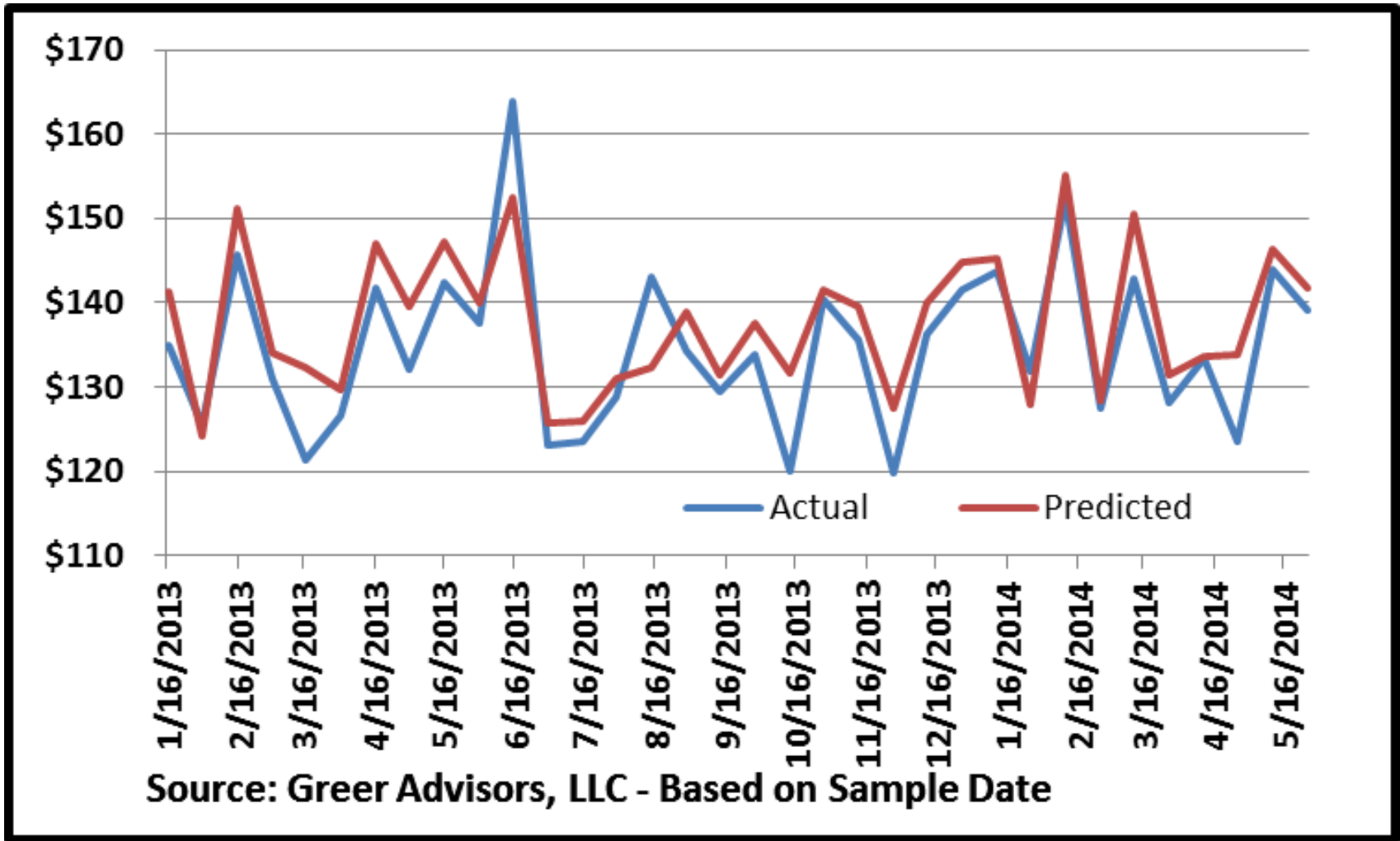
# Analysis within Excel – Multiple Regression – Dataset

	Date	Price	SaleYr	LocScr	AQCSr
1	1/16/2013	135.26	(1.36)	8	3
2	1/31/2013	125.52	(1.32)	1	6
3	2/15/2013	145.78	(1.27)	10	5
4	3/2/2013	131.05	(1.23)	3	8
5	3/17/2013	121.31	(1.19)	6	1
6	4/1/2013	126.57	(1.15)	2	7
7	4/16/2013	141.84	(1.11)	9	4
8	5/1/2013	132.10	(1.07)	4	9
9	5/16/2013	142.37	(1.03)	9	4
10	5/31/2013	137.63	(0.99)	4	9
11	6/15/2013	163.90	(0.95)	10	5
12	6/30/2013	123.17	(0.90)	1	6
13	7/15/2013	123.43	(0.86)	1	6
14	7/30/2013	128.70	(0.82)	2	7
15	8/14/2013	142.97	(0.78)	5	2
16	8/29/2013	134.24	(0.74)	7	2
17	9/13/2013	129.51	(0.70)	2	7
18	9/28/2013	133.78	(0.66)	6	3
19	10/13/2013	120.05	(0.62)	2	7
20	10/28/2013	140.32	(0.58)	4	9
21	11/12/2013	135.59	(0.53)	7	2
22	11/27/2013	119.86	(0.49)	1	6
23	12/12/2013	136.14	(0.45)	7	2
24	12/27/2013	141.41	(0.41)	8	3
25	1/11/2014	143.68	(0.37)	6	7
26	1/26/2014	131.96	(0.33)	1	6
27	2/10/2014	152.23	(0.29)	10	5
28	2/25/2014	127.51	(0.25)	1	6
29	3/12/2014	142.78	(0.21)	9	4
30	3/27/2014	128.06	(0.16)	5	0
31	4/11/2014	133.34	(0.12)	2	7
32	4/26/2014	123.61	(0.08)	2	7
33	5/11/2014	143.89	(0.04)	8	3
34	5/26/2014	139.17	-	7	2

# Analysis within Excel – Multiple Regression - Output

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.869897096							
R Square	0.756720958							
Adjusted R Square	0.732393054							
Standard Error	5.043169511							
Observations	34							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	3	2373.337236	791.1124119	31.10506165	2.4348E-09			
Residual	30	763.0067615	25.43355872					
Total	33	3136.343997						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	113.2405779	3.53349919	32.04771582	9.14041E-25	106.0242098	120.456946	106.0242098	120.456946
SaleYr	-3.920505672	2.198617058	-1.783168951	0.084680571	-8.410680731	0.569669387	-8.410680731	0.569669387
LocScr	3.167412829	0.334461646	9.470182516	1.60046E-10	2.484351022	3.850474636	2.484351022	3.850474636
AQCSr	1.649871014	0.437912413	3.7675822	0.000720198	0.755534554	2.544207474	0.755534554	2.544207474

# Analysis within Excel – Multiple Regression - Graph



# Improved Sales

SUMMARY OF IMPROVED SELF STORAGE SALES																
PROPERTY INFORMATION						TRANSACTION INFORMATION										
No.	Property Name Address, City, State	Land (SF)	Building NRA	Year Built	No. of Units	Grantor	Grantee	Sale Date	Sale Price	\$/Sqft	NOI/Sqft	OAR	Occup.	Expense Ratio	EGIM	Comments
S	McCall Self Storage 27370 McCall Boulevard, Sun City, CA	107,325	30,000	2008	175						\$5.26		73.92%	41%		
1	Five Star Storage 1320 Lemon Street, Vallejo, Ca	193,406	81,664	1980	483	John V & C Aline Maher Revocable Trust	Maher Family Trust	Jan-10	\$4,500,000	\$55.10	\$4.72	8.57%	96%	33%	7.81	According to the broker, the property was 96% occupied (physically), however there was upside to the subject rents.
2	Springville Storage Suites 396 West Ventura Boulevard, Camarillo, Ca	104,980	41,624	2007	397	SA California Group Inc.	Smart Choice Storage LLC	Oct-09	\$4,300,000	\$103.31	\$12.53	12.13%	39%	33%	5.53	The property was listed at \$4,660,000 for only about two weeks. The facility represents a value add property. As the property was only 37.5% occupied at time of sale, it was not operating on a stabilized basis. The transaction represents a 1.65% cap rate based on trailing twelve months but a stabilized pro forma cap rate of 12.13%
3	Longview Drive Self Storage 4203 Industry Drive, North Highlands, Ca	242,359	86,146	1975	605	Sacramento Storage Associates II	CIP / MAC Properties	Sep-09	\$5,250,000	\$60.94	\$5.25	8.61%	66%	31%	8.02	The property was constructed in 1975 but renovated in 1999. The property has frontage along Interstate 80. The transaction was confirmed with a confidential source deemed reliable.
4	Monterey Palms SS 73230 Varner Road, Thousand Palms, CA	239,580	113,000	2007	549	Monterey Palms Self Storage LLC	NETREIT	Aug-09	\$6,200,000	\$54.87	\$6.86	12.50%	80%	34%	5.28	The facility consists of 549 self storage units and 94 enclosed RV storage units. The purchase price of 6.2 million was based on a trailing one month NOI of \$ 80,000 annually or a 1.29 % cap rate but a 12.50 % stabilized pro forma. The property had 80% physical occupancy but an economic occupancy of 30 % with NOI flat since January. The property was originally listed in Jan 2007 for \$ 13,000,000. Although the stabilized cap rate was reported at 12.50%, the cap rate would really be closer to 9.50 to 10.00% based on stabilized value. This reflects the distressed conditions of the submarket and risk of upside for properties in absorption.
5	Firestone Self Storage 5951 E. Firestone Blvd, South Gate CA	178,160	91,000	1991	800	Granite Investment Group	Lawrence F. Layne	Mar-09	\$8,568,800	\$75.83	\$6.59	7.10%	85%	35%	9.28	Originally constructed in 1988 as a warehouse, it was converted in 1991 to self storage. Although physically stable at time of sale, the economic occupancy is low due to specials and collection losses.
6	Highway 79 Super Storage 31524 Rancho Pueblo Road, Temecula, CA	152,024	89,343	2006	700	Rancho Pueblo LLC	STRATA HWY 79 LLC	Mar-10	\$6,990,000	\$78.24	\$8.77	11.21%	75%	37%	9.36	The property was on the market for 29 days and was listed for \$7,500,000. The property received about 9 to 10 offers. The property contains six buildings, out of which two are two levels. The property contains keypad, cameras, and receives income from cell tower. The transaction represents a 6.68% cap rate on TTM but an 11.21% cap rate based on pro forma data provided by the broker. The property also contained some surplus land for possible expansion.
STATISTICS																
Low		104,980	41,624	1975	397			Mar-09	\$4,300,000	54.87	4.72	7.10%	39%	31%	5.28	
High		242,359	113,000	2007	800			Mar-10	\$8,568,800	103.31	12.53	12.50%	96%	37%	9.36	
Average		185,085	83,796	1994	589			Sep-09	\$5,968,133	71.38	7.45	10.02%	73%	34%	7.55	

# Improved Sales Adjustment Grid

IMPROVED SALE ADJUSTMENT GRID												
ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)					
No.	\$/Sqft & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market <sup>(1)</sup> Conditions	Per Sqft Subtotal	Location	Size	Age, Quality & Condition	Economics	Adj. \$/Sqft	Overall
1	<b>\$55.10</b> 1/10	Fee Simple 0.0%	Arms-Length 0.0%	None 0.0%	Superior -1.2%	<b>\$54.44</b> -1.2%	Superior -5.0%	Larger 5.0%	Inferior 10.0%	Inferior 5.0%	<b>\$62.60</b> 15.0%	Inferior
2	<b>\$103.31</b> 10/09	Fee Simple 0.0%	Arms-Length 0.0%	None 0.0%	Superior -2.3%	<b>\$100.93</b> -2.3%	Superior -20.0%	Larger 5.0%	Similar 0.0%	Superior -25.0%	<b>\$60.56</b> -40.0%	Superior
3	<b>\$60.94</b> 9/09	Fee Simple 0.0%	Arms-Length 0.0%	None 0.0%	Superior -2.5%	<b>\$59.42</b> -2.5%	Superior -5.0%	Larger 10.0%	Inferior 10.0%	Superior -10.0%	<b>\$62.39</b> 5.0%	Inferior
4	<b>\$54.87</b> 8/09	Fee Simple 0.0%	Arms-Length 15.0%	None 0.0%	Superior -3.4%	<b>\$60.95</b> 11.1%	Similar 0.0%	Larger 10.0%	Similar 0.0%	Superior -10.0%	<b>\$60.95</b> 0.0%	Similar
5	<b>\$75.83</b> 3/09	Fee Simple 0.0%	Arms-Length 0.0%	None 0.0%	Superior -5.3%	<b>\$71.81</b> -5.3%	Superior -10.0%	Larger 10.0%	Inferior 5.0%	Superior -15.0%	<b>\$64.63</b> -10.0%	Superior
6	<b>\$78.24</b> 3/10	Fee Simple 0.0%	Arms-Length 0.0%	None 0.0%	Superior -0.4%	<b>\$77.92</b> -0.4%	Superior -5.0%	Larger 10.0%	Similar 0.0%	Superior -15.0%	<b>\$70.13</b> -10.0%	Superior
<b>STATISTICS</b>												
	\$54.87	<b>- Low</b>									\$60.56	
	\$103.31	<b>- High</b>									\$70.13	
	\$71.38	<b>- Average</b>									\$63.54	
Compiled by Cushman & Wakefield Western, Inc.												

Cushman & Wakefield, Self Storage Industry Group

# Alternate Techniques

<b>EGIM SUMMARY</b>					
<b>Prospective Value Upon Stabilization</b>					
<b>No.</b>	<b>Name and Location</b>	<b>Sale Price</b>		<b>Effective Gross Income</b>	<b>EGIM</b>
1	Five Star Storage 1320 Lemon Street, Vallejo, Ca	\$4,500,000	÷	\$576,184 =	7.81
2	Springville Storage Suites 396 West Ventura Boulevard, Camarillo, Ca	\$4,300,000	÷	\$777,577 =	5.53
3	Longview Drive Self Storage 4203 Industry Drive, North Highlands, Ca	\$5,250,000	÷	\$654,613 =	8.02
4	Monterey Palms SS 73230 Varner Road, Thousand Palms, CA	\$6,200,000	÷	\$1,174,242 =	5.28
5	Firestone Self Storage 5951 E. Firestone Blvd, South Gate CA	\$8,568,800	÷	\$923,362 =	9.28
6	Highway 79 Super Storage 31524 Rancho Pueblo Road, Temecula, CA	\$6,990,000	÷	\$746,795 =	9.36
<b>ANALYSIS</b>					
<b>Range</b>	<b>EGIM</b>	<b>EGI</b>	<b>Value</b>	<b>\$/SF</b>	
Low	5.28	\$265,788	\$1,403,362	\$46.78	
High	9.36	\$265,788	\$2,487,778	\$82.93	
Median	7.92	\$265,788	\$2,103,714	\$70.12	
Average	7.55	\$265,788	\$2,005,815	\$66.86	
<b>VALUE CONCLUSION</b>					
Estimated EGIM				6.50	
Effective Gross Income			x \$265,788		
Indicated Value				\$1,727,623	
<b>LESS</b> Curable Depreciation				\$0	
Adjusted Value				\$1,727,623	
Rounded to nearest \$10,000				\$1,730,000	
Per Square Foot				\$57.67	
<i>Compiled by Cushman &amp; Wakefield, Inc.</i>					



# Alternate Techniques

SECONDARY SELF STORAGE DATA							
No.	Name	Location	Date:	Sales Price	NRA	Price psf	Cap Rate
1	Hillsdale Self Storage	3510 Charter Park Drive, San Jose	Listing	\$ 4,700,000	33,318	\$141.06	6.20%
2	Bidwell Self Storage	65 Heritage Lane, Chico	Listing	\$ 2,600,000	36,255	\$ 71.71	7.40%
3	All Storage	42738 4th Street, Lancaster	Listing	\$ 2,200,000	29,287	\$ 75.12	9.42%
4	Orange Self Storage	1395 Manzanita, Orange	Listing	\$ 4,600,000	39,450	\$116.60	8.00%
5	Maxi Self Storage	1831 Golden State Avenue, Bakersfield	Listing	\$ 1,100,000	26,990	\$ 40.76	9.62%
6	Long Beach Self Storage	1430 East Anaheim, Long Beach	Listing	\$ 3,295,000	43,228	\$ 76.22	7.09%
7	A+ Mini Storage	428 East Avenue L-8, Lancaster	Listing	\$ 500,000	10,520	\$ 47.53	N/A
8	Executive Mini Storage	6340 Freeport Drive, Sacramento	Listing	\$ 2,100,000	25,350	\$ 82.84	8.87%
9	Atlas SS	201 Gertrude Avenue, Atwater	Listing	\$ 3,095,000	53,900	\$ 57.42	N/A
10	Oasis Mini Storage	1004 South 5th Avenue, Avenal	Listing	\$ 575,000	30,000	\$ 19.17	8.00%
11	U Store America	767 Elmira, Vacaville	Listing	\$ 6,000,000	56,030	\$107.09	7.50%
12	EZ Self Storage	444 Edgehill Lane, Oceanside	Listing	\$ 4,500,000	42,024	\$107.08	7.99%
13	AAA Flying Tigers	44130 10 Street West, Lancaster	Jul-09	\$ 6,500,000	116,778	\$ 55.66	N/A
14	Penn Street	12331 Penn Street, Whittier	Aug-09	\$ 5,700,000	46,504	\$122.57	N/A
15	Global SS	14598 Palmdale Road, Victorville	Jan-09	\$ 5,000,000	92,781	\$ 53.89	N/A
	Low			\$ 500,000	10,520	\$ 19.17	6.20%
	High			\$ 6,500,000	116,778	\$ 141.06	9.62%
	Average			\$ 3,497,667	45,494	\$ 78.32	8.01%

Cushman & Wakefield, Self Storage Industry Group

Questions / Answers



**Greer Advisors, LLC**

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