



NEW YORK  
**SELF STORAGE**  
ASSOCIATION

Thursday, May 5, 2022

---

# Acquisition Panel Discussions

*Moderated by Nick Malagisi, SIOR  
SVN Commercial Real Estate Advisors*



# Panel Discussion

## Members:

### REIT Real Estate Representatives

|                              |  |
|------------------------------|--|
| <b>Elizabeth Schlesinger</b> | <b>Founder and CEO, Merit Hill Capital</b>       |
| <b>Zach Dickens</b>          | <b>Chief Investment Officer,<br/>Extra Space</b> |
| <b>Eric Carlson</b>          | <b>VP Real Estate, Life Storage</b>              |
| <b>Daniel Ruble</b>          | <b>VP Real Estate, CubeSmart</b>                 |

# Panel Discussion

## Questions:

- I. Last year this time we had a Virtual Zoom Investment Forum conference. The Calendar Year 2020 had just concluded with 3 Very huge transactions as follows:
  - A. CubeSmart acquisition of the Storage Deluxe portfolio in New York City with an unheard of price of \$600/NRSF and \$650,000,000.
  - B. Acquisition of the Storage-Mart Company for \$2.3B+/-
  - C. Acquisition of Simply Self Storage Company for \$1,200,000,000.



## **I. Continued**

**But Calendar Year 2021 has broken all acquisition records.**

**Q. In your opinion, is this record-setting Buying Spree going to continue and what is the impetus for why this is?**

## REIT Acquisitions for 2021

| <u>Company</u>        | <u>#<br/>Facilities</u> | <u>NRSF</u> | <u>\$<br/>Value</u> | <u>Avg.<br/>Size<br/>(SF)</u> |
|-----------------------|-------------------------|-------------|---------------------|-------------------------------|
| Public Storage        | 232                     | 21,800,000  | \$5,100,000,000     | 73,684                        |
| CubeSmart             | 84                      | 6,364,325   | \$2,199,590,668     | 75,766                        |
| Extra Space           | 119                     | 9,091,000   | \$2,026,000,000     | 76,395                        |
| U-Haul                | 22                      | 985,000     | \$83,000,000        | 44,773                        |
| Life Storage          | 31                      | 2,521,000   | \$460,700,000       | 81,322                        |
| NSA REIT              | 229                     | 16,005,278  | \$2,175,026,000     | 69,892                        |
| Merit Hill<br>Capital | 126                     | 8,400,000   | \$1,080,000,000     | 66,667                        |

**II. I have the Co-Star slide of their record of self storage acquisitions for Calendar Year 2021.**

**Q. With so much product becoming available to you, how do you filter through the number of Offering Memorandums coming across your desk each week and decide which one you're to be spending the time to Underwrite?**

## Sale Comps Analytics

|          |               |                    |              |                      |            |                |
|----------|---------------|--------------------|--------------|----------------------|------------|----------------|
| CAP RATE | SALE PRICE/SF | AVERAGE SALE PRICE | SALES VOLUME | SALE VS ASKING PRICE | AVERAGE SF | MONTHS TO SALE |
| 6.6%     | \$179         | \$12.6M            | \$19.5B      | -4.0%                | 65.9K      | 7.9            |

### Key Metrics

#### Sales Volume

|                 | Search  | Lowest  | Highest |
|-----------------|---------|---------|---------|
| Transactions    | 2,281   | -       | -       |
| Sales Volume    | \$19.5B | \$17.5K | \$3.2B  |
| Properties Sold | 2,651   | 1       | 59      |
| Sold SF         | 150M    | 10      | 6.3M    |
| Average SF      | 65.9K   | 10      | 6.3M    |

#### Sales Price

|                      | Search  | Lowest  | Highest |
|----------------------|---------|---------|---------|
| Cap Rate             | 6.6%    | 1.3%    | 15.0%   |
| Sale Price/SF        | \$179   | \$1     | \$7,297 |
| Average Sale Price   | \$12.6M | \$17.5K | \$3.2B  |
| Sale vs Asking Price | -4.0%   | -90.3%  | 297.9%  |
| % Leased at Sale     | 98.8%   | 0%      | 100.0%  |

#### For Sale

|               | Search | Lowest | Highest |
|---------------|--------|--------|---------|
| Listings      | 349    | -      | -       |
| For Sale SF   | 8.6M   | 1      | 431K    |
| List Price/SF | \$94   | \$1    | \$1,406 |
| Cap Rate      | 6.4%   | 2.7%   | 12.0%   |
| Average SF    | 24.5K  | 1      | 431K    |



### **Current Analytics**

|                              |             |
|------------------------------|-------------|
| Active Listings              | 191         |
| Average Listing Price        | \$2,803,790 |
| Average Rentable Square Feet | 54,150      |

### **Historical Analytics**

#### Number of Listings Added

|       |     |
|-------|-----|
| Q1    | 85  |
| Q2    | 92  |
| Q3    | 105 |
| Q4    | 68  |
| Total | 350 |

#### Average Listing Price

|                 |             |
|-----------------|-------------|
| Q1              | \$4,074,792 |
| Q2              | \$3,576,903 |
| Q3              | \$3,685,590 |
| Q4              | \$3,315,300 |
| Overall Average | \$3,663,146 |

#### Average Rentable Square Footage

|                 |        |
|-----------------|--------|
| Q1              | 55,324 |
| Q2              | 47,769 |
| Q3              | 63,558 |
| Q4              | 40,120 |
| Overall Average | 51,693 |



**III. We recently listed a \$9,500,000 property for sale in Westchester County and when we decided to have a call for Best & Final offers from the three top buyers, one of them blew away the other two by offering an additional \$700,000 above the other two bidders.**

**They did this by an interesting combination of procedures. 1) Getting Seller to agree to a substantial portion of the sale price go to “Goodwill”: 2) Getting Seller to agree to sell the single asset corporation; 3) by reducing the number of man hours in their payroll Budget.**

**Q. What are you all doing to win the bidding contest and separate yourselves from the other buyers offers?**

**IV. The SSA says that our industry is primarily made up of Operators that own 1-3 facilities, creating the image that our industry remains ripe for consolidation and that the top 20 Operators in the US still only own 15% of the number of self storage facilities.**

**Q. Is it your company's opinion that the industry is still ripe for consolidation and why?**

**V. What was your largest transaction last year?**

**VI. What was your most significant deal this past year?**



**VI. Many companies have “Preferred Developers” building retail, office, medical, or now warehouse/distribution centers in part of the country where they want to be located.**

**Q. Other than Public Storage, which has their own in-house acquisitions & development staff, has your company entered into such “preferred developer” arrangements? Especially in target market areas**