



AGENDA

Lake Park Town Commission
Town of Lake Park, Florida
Regular Commission Meeting
Wednesday, October 19, 2016 6:30 PM,
Lake Park Town Hall
535 Park Avenue

James DuBois	—	Mayor
Kimberly Glas-Castro	—	Vice-Mayor
Erin T. Flaherty	—	Commissioner
Anne Lynch	—	Commissioner
Michael O'Rourke	—	Commissioner
.....		
John O. D'Agostino	—	Town Manager
Thomas J. Baird, Esq.	—	Town Attorney
Vivian Mendez, CMC	—	Town Clerk

PLEASE TAKE NOTICE AND BE ADVISED, that if any interested person desires to appeal any decision of the Town Commission, with respect to any matter considered at this meeting, such interested person will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. *Persons with disabilities requiring accommodations in order to participate in the meeting should contact the Town Clerk's office by calling 881-3311 at least 48 hours in advance to request accommodations.*

A. **CALL TO ORDER/ROLL CALL**

B. **PLEDGE OF ALLEGIANCE**

C. **SPECIAL PRESENTATIONS/REPORTS**

1. Proclamation for Dwayne Bell, Sr. Employee of the Year for 2015

Tab 1

D. **PUBLIC COMMENT:**

This time is provided for addressing items that do not appear on the Agenda. Please complete a comment card and provide it to the Town Clerk so speakers may be announced. Please remember comments are limited to a TOTAL of three minutes.

E. **CONSENT AGENDA:** All matters listed under this item are considered routine and action will be taken by one motion. There will be no separate discussion of these items unless a Commissioner or person so requests, in which event the item will be removed from the general order of business and considered in its normal sequence on the agenda. Any person wishing to speak on an agenda item is asked to

complete a public comment card located on either side of the Chambers and given to the Town Clerk. Cards must be submitted before the item is discussed.

- 2. Final Public Hearing on the Budget Meeting Minutes of September 20, 2016 Tab 2
- 3. Regular Commission Meeting Minute of September 21, 2016 Tab 3
- 4. Resolution No. 46-10-16 Second Amendment to the U.S. Security Associates, Inc. Contract Tab 4
- 5. Notification and Approval of Emergency Purchasing Procedures used in Response to Hurricane Matthew Activities Tab 5

F. PUBLIC HEARING(S) - ORDINANCE ON FIRST READING:

6. Ordinance No. 10-2016 A TOWN INITIATED ORDINANCE PROPOSING THE MODIFICATION OF TOWN CODE SECTION 6-6 TO PROVIDE FOR FLEXIBILITY THAT IS CONSISTENT WITH FLORIDA STATE STATUTE 562.45(2)(A) FOR THE SALE OF ALCOHOL NEAR CERTAIN USES AND ADDITIONAL CLARIFICATIONS.

Tab 6

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF LAKE PARK, FLORIDA AMENDING CHAPTER 6, SECTION 6-6 OF THE TOWN CODE PERTAINING TO THE SALE OF ALCOHOL NEAR CERTAIN USES PROHIBITED; PROVIDING FOR AMENDMENT OF SECTION 6-6 TO PROVIDE THE SAME FLEXIBILITY AS FLORIDA STATE STATUTE 562.45(2)(A); PROVIDING FOR THE REPEAL OF LAWS IN CONFLICT; PROVIDING FOR CODIFICATION; AND PROVIDING FOR AN EFFECTIVE DATE.

G. PUBLIC HEARING(S) - ORDINANCE ON SECOND READING:

None

H. PUBLIC HEARING(S)-QUASI-JUDICIAL – RESOLUTION:

7. Resolution No. 39-09-16 Site Plan Application for the Special Exception use for a Self-Storage Facility that is proposed in Two Phases and will include a total of 201,600 Square Feet, to be located with the Congress Business Park Planned Unit Development.

Tab 7

I. NEW BUSINESS:

8. A Request from the Event Organizers of the Veterans Day Car Show proposed for Sunday, November 13, 2016 to allow the Town to be a Co-Sponsor, thereby allowing for the waiver of certain fees.

Tab 8

9. Commission Approval to Reject Bids Associated with the Kelsey Park & Lake Shore Park Community Development Block Grant (CDBG) Improvements Project – RFP No. 104-2016; Re-bid Project

Tab 9

10. Resolution No. 44-10-16 Award Contract for RFP 105-2016, Sanitation Vehicle Refurbishment, Public Works Vehicle No. 50, to Sunbelt Hydraulics

- & Equipment, Inc. Tab 10**
- 11. Resolution No. 45-10-16 to Amend the Town of Lake Park Uniform Classification System to Revise the Job Description for the Position of Grants Writer Tab 11**
- 12. Resolution No. 47-10-16 Extension of Emergency Management Standby Disaster Debris Removal and Disposal Agreement with Crowder Gulf Joint Venture, Inc. Tab 12**
- 13. Resolution No. 48-10-16 Extension of Emergency Management Standby Disaster Debris Removal and Disposal Agreement with Phillips and Jordan, Inc. Tab 13**
- 14. Reimburse Legal Fees Incurred from a Florida State Ethics Complaint Filed Against Former Commissioner Kathleen Rapoza Acting in her Official Capacity as a Town Commission Member in the Amount of \$10,110.85 Tab 14**
- 15. Christmas Tree Sales in Kelsey Park Tab 15**

I. TOWN ATTORNEY, TOWN MANAGER, COMMISSIONER COMMENTS:

J. ADJOURNMENT:

Next Scheduled Regular Commission Meeting will be held on Wednesday, November 2, 2016

Public Hearing Quasi- Judicial

TAB 7



Town of Lake Park Town Commission

Agenda Request Form

Meeting Date: October 19, 2016

Agenda Item No.

Agenda Title: SITE PLAN APPLICATION FOR THE SPECIAL EXCEPTION USE OF A SELF-STORAGE FACILITY THAT IS PROPOSED IN TWO PHASES AND WILL INCLUDE A TOTAL OF 201,600 SQUARE FEET, TO BE LOCATED WITHIN THE CONGRESS BUSINESS PARK PLANNED UNIT DEVELOPMENT. **(CONTINUED FROM SEPTEMBER 21, 2016 MEETING)**

- SPECIAL PRESENTATION/REPORTS
- BOARD APPOINTMENT
- PUBLIC HEARING ORDINANCE ON ___ READING
- RESOLUTION – PUBLIC HEARING/QUASI-JUDICIAL
- OTHER
- CONSENT AGENDA
- OLD BUSINESS

Approved by Town Manager *Nadia Di Tommaso* Date: 10/12/2016
ACTING TOWN MGR.

Nadia Di Tommaso / Community Development Director
 Name/Title

<p>Originating Department: Community Development</p>	<p>Costs: \$ Legal/Consultant review and required advertisement and certified mail</p> <p>Funding Source: Applicant ("Spacebox Lake Park, LLC")</p> <p>Acct. # 4954</p> <p><input type="checkbox"/> Finance _____</p>	<p>Attachments:</p> <ul style="list-style-type: none"> → Updated Staff Report → Resolution 39-09-16 → Copy of Application, Legal Ad, Certified Letter and Associated Documents → Copy of Applicant's Updated Ad Valorem Analysis → Copy of Applicant's Market & Site Feasibility Report → Site Plan Package (with updated plans) – available in the drop box and in paper format in the Community Development Department. The Commission will be provided with a complete reduced paper set and a large plan set will be available on the dais at the meeting.
<p>Advertised: Date: 08-08-2016 Paper: Palm Beach Post <input type="checkbox"/> Not Required</p>	<p>All parties that have an interest in this agenda item must be notified of meeting date and time. The following box must be filled out to be on agenda.</p>	<p>Yes I have notified everyone <u>ND</u> – see notation in costs field</p> <p>OR</p> <p>Not applicable in this case _____</p> <p>Please initial one.</p>

Summary Explanation/Background:
 Please refer to the enclosed staff report.

Recommended Motion: I MOVE TO APPROVE RESOLUTION 39-09-16 WITH THE CONDITIONS OF APPROVAL PROPOSED BY STAFF.



**TOWN LAKE OF PARK
TOWN COMMISSION
MEETING DATE: October 19, 2016**

STAFF REPORT

***(CONTINUED FROM THE SEPTEMBER 21, 2016
MEETING VIA A 5-0 VOTE)***

APPLICATION:

SITE PLAN APPLICATION FOR THE SPECIAL EXCEPTION USE OF A SELF-STORAGE FACILITY THAT IS PROPOSED IN TWO PHASES AND WILL INCLUDE A TOTAL OF 201,600 SQUARE FEET, TO BE LOCATED WITHIN THE CONGRESS BUSINESS PARK PLANNED UNIT DEVELOPMENT

SUMMARY OF APPLICANT’S REQUEST: Spacebox Lake Park, LLC (“Applicant”), is proposing to develop a self-storage FACILITY in two phases that will provide 201,600 square feet (*100,800 square feet in each phase*) of self-storage within Tract G1 of the Congress Business Park Planned Unit Development (PUD) (“the Site”). The Site is currently owned by Congress Avenue Properties (“Owner”) that the Applicant has a contract to purchase the Site.

The Site has a “Commercial/Light Industrial” future land use designation and is within the Congress Business Park PUD Zoning District. The Site has an underlying Commercial-2 Business District (C-2) zoning designation. The C-2 designation allows “storage warehouses” as special exception uses.

Staff Recommendation: APPROVAL with conditions. Refer to pages 10-12 of this staff report for conditions. The Applicant has provided staff with a Market Feasibility Study for the proposed self-storage use, which the Applicant will present at the TC Meeting on September 21.

Planning & Zoning Board: The Planning and Zoning Board held a meeting on August 22, 2016 to consider this application. The Board approved the application (4-0) and requested three modifications to the plans, which include:

- (1) Add some additional El Dorado stone work (or other complementary colors/textures) within the upper stories of the facades to further break up to the empty spaces, while not overwhelming the facades. → **(09/21/16 meeting)** The Applicant has indicated that “The Architect did a texture change to the large panels on the second floor and confirms that those panels will be smooth (sandblast finish) versus the rest of the stucco areas as (sand pebble finish). No added stone was added as it will get too heavy for such a large building”.
- (2) Add additional Cypress trees and wet tolerant Florida native plants around the sodded retention area. → **(09/21/16 meeting)** Additional Bald Cypress trees and native grasses were added – see landscape plans.
- (3) Ensure the overhang along the front building façade will be wide enough to cover the perimeter walkway. → **(09/21/16 meeting)** The Applicant has indicated that “The Architect increased the width of the canopy an additional 18” as they were meant to satisfy the facade requirements and they are not designed as a pedestrian covering. The final configuration provides for almost 5’ of overhang which will allow pedestrians partial coverage”.
- (4) Add additional plantings around the outdoor storage area by possibly incorporating additional palms (or other plantings) in the void spaces. → **(09/21/16 meeting)** The Applicant has provided additional landscaping in the form of increased shrubs around the outdoor storage area and infill palm clusters - see landscape plans.

UPDATES

Town Commission Meeting:

This item was presented and discussed by the Town Commission at their September 21, 2016 meeting. At this meeting, several items were discussed pursuant to the minutes recorded for this meeting. The Commission voted (5-0) to continue the item to the October 19, 2016 meeting and requested that the Applicant revisit/resubmit the following:

- Landscaping around the perimeter, particularly around the proposed outdoor storage area proposed in Phase 1 – **The Applicant resubmitted updated landscape plans with more robust specs for the perimeter landscaping and will review these at the meeting.**
- Clarification and consistency on the site plan SP-1 regarding the screening around the outdoor storage area. The Applicant identified it as a fence at the meeting however, the plan identified a wall. – **The Applicant resubmitted a modified site plan SP-1 with a notation identifying the barrier as a decorative metal fence and also provided details with alternative decorative metal fence types should the Commission desire a different style.**
- Clarification on the Ad Valorem Tax Analysis and the Market & Site Feasibility Study as it relates to Phase 1 and Phase 2 separately and neighboring self-storage facilities. – **The Applicant resubmitted an updated Ad Valorem Tax Analysis and Market & Site Feasibility Study which have been included in the packet.**
- Hesitation of whether Phase 2 will ever be built. – **The Applicant has identified their willingness to adhere to Town Code Section 67-42(C)(1)(a-c) whereby the Applicant shall initiate the bona fide and continuous development of Phase 1 of the property within 18 months from the effective date of the approval. Phase 1 development of the property shall be completed within 18 months from the effective date of the approval (*as previously indicated on the record by the Applicant, they anticipate applying for permits and initiating development immediately and that this process will likely take 12 months for completion*). The Applicant shall initiate the bona fide and continuous development of Phase 2 of the property within 18 months from the issuance of the Certificate of Completion of Phase 1 of the project. Phase 2 development of the property shall be completed within 18 months from the effective date of initiation of the Phase 2 development of the property. Therefore, assuming Phase I is completed by October 2017, if the entire timeline for Phase 2 were to be utilized, Phase 2 would have until approximately October 2020 to be complete and of course any updated concurrency approvals would also be required at that time.**

Additionally, the Applicant also provided actual dollar amounts associated with previously included condition of approval #15 which stipulates that the Applicant is required to submit a Cash Surety to the Town in the amount equal to the 110% of the perimeter infrastructure and landscaping improvements of Phase II, for a total of \$126,417.50. The Cash Surety is required prior to the issuance of a development permit for Phase I. The cash surety will be retained by the Town in the event Phase II is not constructed per the standard Town Code Section 67-42(c)(1)(a)and(b) without the ability to apply for extensions.

- Additional architectural details on the upper floor through the incorporation of scoring, louvres, Bahama shutters, fenestration around building corners, and so on. –**The Applicant resubmitted architectural elevations with additional detailing per the recommendations and has included two options the Town Commission can choose from if so desired.**

BACKGROUND:

Applicant(s):	Spacebox Lake Park, LLC
Owner(s):	Congress Avenue Properties, LLC
Address/Location:	North Congress Avenue

Net Acreage: 4.665 acres
Legal Description: see survey
Existing Zoning: Planned Unit Development (PUD)/Commercial 2 (C-2)
Commercial 2 (C-2) Business District
Future Land Use: Commercial/Light Industrial

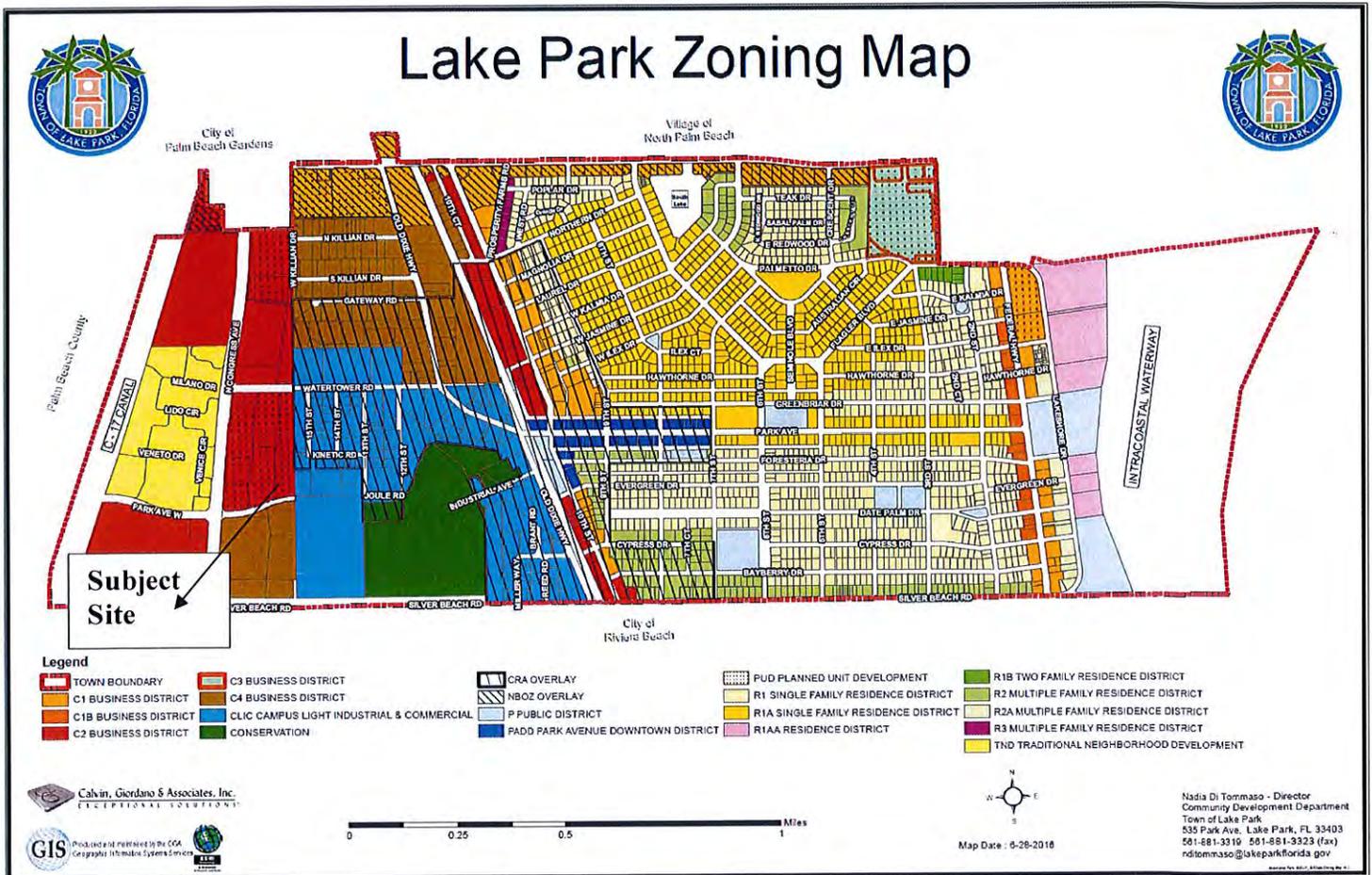
Figure 1: Aerial View of Site (image not to scale; for visual purposes only)



LAKE PARK ZONING MAP

Adjacent Zoning

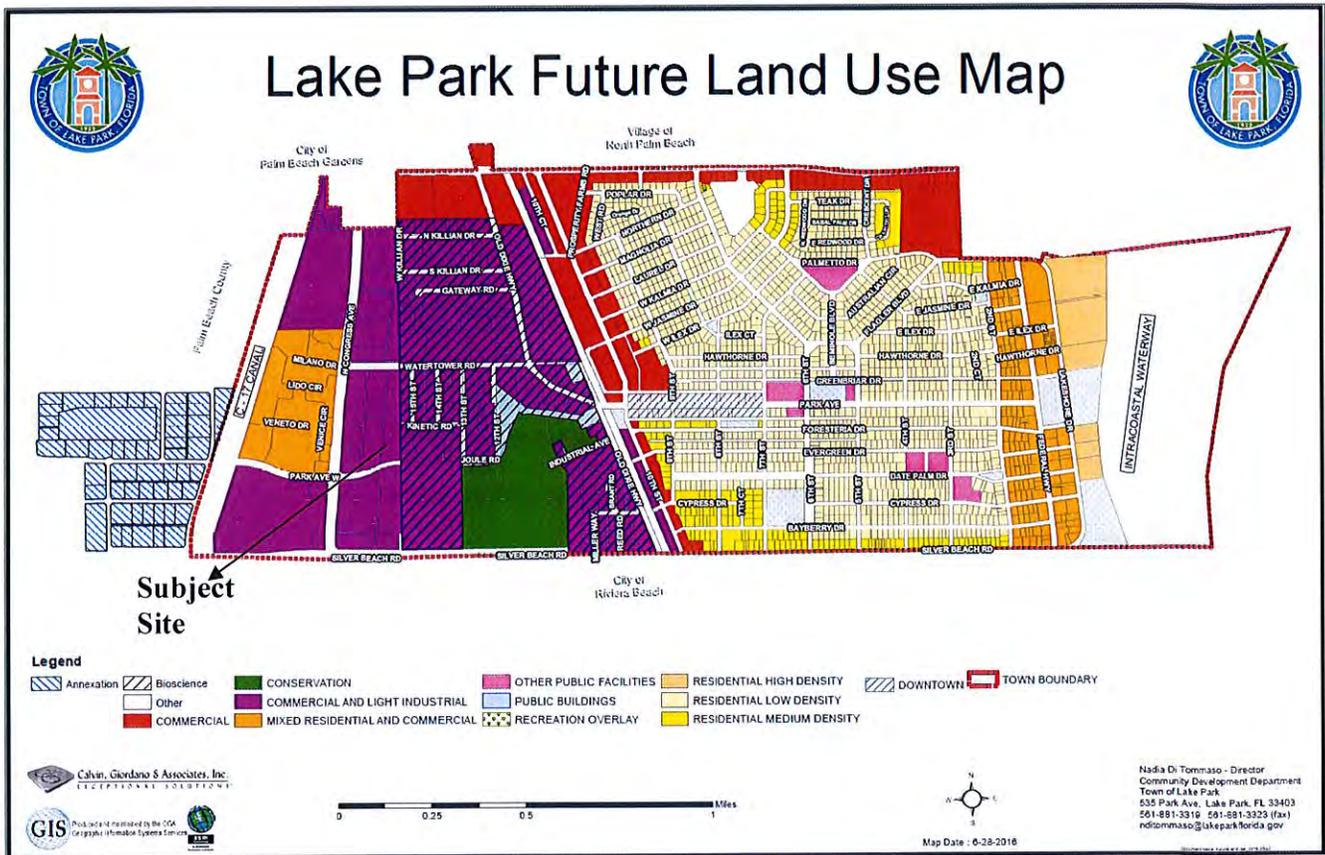
- North: Planned Unit Development (PUD) / Commercial 2 (C-2)
- South: Commercial 4 (C-4)
- East: Planned Unit Development (PUD) / Commercial 2 (C-2)
- West: Planned Unit Development (PUD) / Commercial 2 (C-2)



LAKE PARK FUTURE LAND USE MAP

Adjacent Existing Land Use

North: Commercial/Light Industrial
 South: Commercial/Light Industrial
 East: Commercial/Light Industrial
 West: Commercial/Light Industrial



PART I: APPLICATION FOR A SPECIAL EXCEPTION USE

ANALYSIS OF SPECIAL EXCEPTION CRITERIA

Town Code **Section 78-184** sets forth the criteria, all of which must be met to entitle an applicant to a Special Exception use. **Note: Staff's analysis of the criterion are in bold.**

1. Is the proposed Special Exception Use consistent with the goals, objectives, and policies of the Town's Comprehensive Plan?

Staff has determined that the proposed use would specifically further the following Objective and Policy of the Future Land Use Element of the Comprehensive Plan:

Objective 1, Policy 1.5:

The Town shall encourage development and redevelopment activities which will substantially increase the tax base while minimizing negative impacts on natural and historic resources, existing neighborhoods and development, and adopted Levels of Service standards.

Objective 5:

As a substantially built-out community in an urbanized area, the Town shall promote redevelopment and infill development in a manner that is considerate to existing neighborhoods and uses, the built and natural environments, and neighboring jurisdictions.

New development on what is now an undeveloped parcel will increase the Town's tax base. The Site is not environmentally sensitive or historically significant and therefore, the development of the Site would not cause negative impacts to the surrounding area, or existing neighborhoods. There is a multi-family residential development west of the PUD; however, this neighborhood is separated by North Congress Avenue. The Applicant has also provided a Market Feasibility Study and Ad Valorem Analysis to justify the proposal. Staff finds that the proposed special exception use of a self-storage facility in this area of the Town is consistent with Policy 1.5.

Other properties along Congress Avenue have been developing and the Site is one of the few remaining areas for new development in the Town. Therefore, staff finds that the development of a self-storage facility would be consistent with Objective 5, particularly since the Applicant has justified this request through their Market Analysis which identifies the need in the area.

CRITERIA MET.

2. Is the proposed Special Exception Use consistent with the Town's land development and zoning regulations and all other portions of this Code?

The Site Plan which has been submitted meets the Land Development Regulations and all other portions of the Town Code.

CRITERIA MET

3. Is the proposed Special Exception Use compatible with the character and use (existing and future) of the surrounding properties in its function; hours of operation; type and amount of traffic to be generated; building location, mass, height and setback; and other relevant factors peculiar to the proposed special exception use and the surrounding property?

North Congress Avenue corridor has developed with a variety of intensive commercial uses including gas stations, department stores, retail, fast food restaurants, and financial institutions. The scale and intensity of the proposed self-storage facility is compatible with the character of the surrounding properties. The County Engineering Department has verified that the Site meets the County's traffic concurrency standards.

The Applicant's proposed development meets the Town's Land Development Regulations regarding building setbacks. The self-storage facility is generally compatible with the mass, and height of the character of the surrounding area. Furthermore, the character of the proposed self-storage facility has design features that are incorporated into the ALDI store and RaceTrac gas station that recently received site plan approval, as well as the Bank of America and Sonic restaurant built a few years ago along the Congress Avenue corridor. The proposed self-storage facility, as reviewed by Staff and its Consultants, meets the Town's Architectural Guidelines.

While the self-storage facility is to be open to customers at all hours via secured entrances, this type of establishment is not expected to cause any type of nuisance primarily because patrons of these establishments come and go within a short timeframe and the fact that the actual storage units that will be internalized inside the two buildings. However, it is noted that the Phase I implementation plan will provide outdoor storage of boats, cars, RV's and the like on the site until construction of the Phase II building begins. This outdoor storage area is to be heavily landscaped and screened from public view per plan sheets LP1 – 4 so as to minimize any visual nuisance. Staff recommends a condition that the Phase I outdoor storage area be utilized only for the parking of vehicles and no vehicle may be repaired, have parts installed, or other work such as testing/running of engines so as to further protect the commercial corridor and nearby residential development on Congress Avenue from any noise-based nuisances.

CRITERIA MET

4. Will the proposed Special Exception Use on the Site create a concentration or proliferation of the same or similar type of use, which may be detrimental to the development or redevelopment of the area?

While the Town has several office/warehouse buildings in its industrial area, built many years ago without any architectural interest, there are no self-storage facilities located in the Town of Lake Park and the nearest such facilities include Public Storage located at 3601 Blue Heron Blvd (approx. 1.4 miles from the site); Public Storage at 401 Northlake Blvd (approx. 2.5 miles from the site); and, a storage facility currently being constructed at 545 Northlake Blvd. (approx. 2.4 miles from the site). Approval of this special exception use will not create a concentration or proliferation of the same or similar type of use.

CRITERIA MET

5. Will the proposed Special Exception Use have a detrimental impact on surrounding properties based on:

- a. The number of persons anticipated to be using, residing, or working on the property as a result of the special exception use;

The proposed use is not expected to have a detrimental impact on the surrounding properties based on the number of persons using, residing or working on the property. The proposed use has anticipated patronage that is estimated to occur primarily outside of peak AM/PM traffic hours and on the weekends. The Site Plan meets the Town's Land Development Regulations which have been enacted in order to mitigate adverse impacts on surrounding properties.

CRITERIA MET

- b. The degree of noise, odor, visual, or other potential nuisance factors generated by the special exception use.

Due to the nature of the use, it has the potential to create noise via the loading or unloading activities at loading zones, but not odor or visual nuisances. Loading zones are located on the north, south and western elevations (1 each) of the Phase I building and two on the western elevation and 1 on the southern elevation of the Phase II building. However, noise that may be generated is not expected to exceed what already exists in the area, such as loading dock activity of Aldi, RaceTrac, Sonic or Walmart.

CRITERIA MET

- c. The effect on the amount and flow of traffic within the vicinity of the proposed special exception use.

The Palm Beach County Traffic Division has submitted a Traffic Concurrency Letter to the Town that verifies the projected traffic upon the affected roadways is within

acceptable level of service and therefore consistent with the County's Traffic Performance Standards.

CRITERIA MET

6. Does the proposed Special Exception Use:

- a. Significantly reduce light and air to adjacent properties?

The proposed development will not reduce light and air to adjacent properties. Lighting at the site is comparable to the Aldi store to the west.

CRITERIA MET

- b. Adversely affect property values in adjacent areas.

Developing on a vacant parcel raises the property value of the subject Site and therefore, will not adversely affect property values in the adjacent areas.

CRITERIA MET

- c. Deter the improvement, development or redevelopment of surrounding properties in accord with existing regulations.

The proposed Special Exception Use is not a deterrent to the improvement, development or redevelopment of surrounding properties.

CRITERIA MET

- d. Negatively impact adjacent natural systems or public facilities, including parks and open spaces.

The proposed Site is not within or in close proximity to any naturally sensitive areas or parks. While the Palm Beach County conservation area is nearby, it is not adjacent to the Site and is actually separated by other parcels measuring more than 1,200 feet in width. The PUD has satisfied concurrency standards for the adjacent public facilities which verifies that the proposed use will not be a negative impact.

CRITERIA MET

- e. Provide pedestrian amenities, including, but not limited to, benches, trash receptacles, and/or bicycle parking.

The Site Plan includes a continuous pedestrian network, trash receptacles, and an outdoor seating area. Bike racks have also been incorporated into the Site Plan. A pedestrian pathway around the perimeter of the Site provides connectivity to and from developments to the west of the site that front North Congress Avenue.

CRITERIA MET

PART II: APPLICATION FOR A SITE PLAN

The Site Plan has been reviewed by the Town's consulting Engineers; consulting Design Architect and Landscape Architect, as well as the Community Development Department and the Palm Beach County Sheriff's Office for Crime Prevention through Environmental Design (CPTED) review. Seacoast's final review is also forthcoming. Based upon this review, Staff finds that the Site Plan meets the Land Development Regulations of the Town Code, and is consistent with the Signage and Architectural Guidelines, and the Landscaping Plan established pursuant to the Congress Avenue Park PUD for the basis of site plan approval with certain conditions.

SITE PLAN PROJECT DETAILS:

Building Site: The Site is within Tract G1 of the Congress Business Park PUD.

Site Access: Phase I will have three entrances, one at the south along Park Avenue West; one at the west along the PUD internal road network which connects to Congress Avenue; and one through the internal road network which connects the PUD to Water Tower Road. When Phase II is developed it will provide one additional access point on the north side which will directly connect the property to the PUD internal roadway network.

Traffic: The Applicant has received a letter from Palm Beach County's Traffic Division that confirms there is adequate capacity on the roadways to serve the Site. The Buildout date is December 31, 2018:

June 1, 2016

Department of Engineering
and Public Works
P.O. Box 21229
West Palm Beach, FL 33416-1229
(561) 684-4000
FAX: (561) 684-4050
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Palm Beach County Board of County Commissioners

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Priscilla A. Taylor

County Administrator
Verdenia C. Baker

Ms. Nadia Di Tommaso
Director of Community Development
Town of Lake Park
535 Park Avenue
Lake Park, FL 33403

**RE: Congress Business Park – Parcel 34.03D
Project #: 160414
Traffic Performance Standards Review**

Dear Nadia:

The Palm Beach County Traffic Division has reviewed the **Congress Business Park – Parcel 34.03D** traffic equivalency prepared by Yvonne Ziel Traffic Consultants, revised May 16, 2016, pursuant to the Traffic Performance Standards in Article 12 of the Palm Beach County Unified Land Development Code (ULDC). The project is summarized as follows:

Municipality:	Town of Lake Park
Location:	NE corner Congress Avenue and Park Avenue
PCN #:	36-43-42-19-25-002-0000; 36-43-42-19-26-001-0020; 36-43-42-19-26-008-0000; 36-43-42-19-25-006-0000; 36-43-42-19-26-001-0010; 36-43-42-19-26-007-0000
Access:	Two access driveway connections to Park Avenue and two right-in/right-out access driveway connections to Congress Avenue and two access driveway connections to Water Tower Road
Approved Uses:	Gas Station with 20 FP; 5,928 SF Convenience Store; 90,000 SF Retail and 128,000 SF Light Industrial
Proposed Uses:	Gas Station with 20 FP; 5,928 SF Convenience Store; 90,000 SF Retail; 73,000 SF Light Industrial and 201,600 SF Mini-Warehouse Facility
New Daily Trips:	110
New Peak Hour Trips:	-18 (-23/3) AM; 0 (15/-15) PM
Build-out:	December 31, 2018

Based on our review, the Traffic Division has determined the proposed development will not generate additional trips as compared to that of the already approved project. Therefore, it meets the Traffic Performance Standards of Palm Beach County.

Please note the receipt of a Traffic Performance Standards (TPS) approval letter does not constitute the review and issuance of a Palm Beach County Right-of-Way (R/W) Construction Permit nor does it eliminate any requirements that may be deemed as site related. For work within Palm Beach County R/W, a detailed review of the project will be provided upon submittal for a R/W permit application. The project is required to comply with all Palm Beach County standards and may include R/W dedication.

Landscaping: The Site Plan meets the Town's Landscaping Code regulations per the Town's consulting landscape architect review and is consistent with the Congress Avenue PUD's Landscaping Master Plan.

Drainage: The Town's Engineer has reviewed the Applicant's Paving and Drainage Plan and has determined that it meets the engineering requirements for drainage.

Parking: The Code requires 1 space for each employee on the shift of greatest employment and two customer parking spaces located adjacent to the facility's leasing office plus one space for every 200 storage bays. The Applicant is proposing 13 spaces, inclusive of 2 ADA spaces, for Phase I, which exceeds the minimum number of parking spaces required by the Code. Phase II will add an additional 26 spaces for a grand total of 39 spaces inclusive of 2 ADA spaces, which also exceeds the minimum number of overall required spaces.

Signage: The Applicant's proposed Master Signage Plan is consistent with the Town's Sign Code and the previously approved PUD Master Signage Plan. The Applicant is proposing 1 wall sign and 1 canopy sign on west elevation of the Phase I and Phase II buildings and one wall sign on the north elevation of the Phase II building. Additional freestanding signs are also being proposed. All of the proposed signs are consistent with the PUD signage regulations and Code and will be subject to the Town's signage permitting requirements.

Photometric (Lighting): Meets the minimum requirements in the Town code.

Zoning: Storage warehouses are special exception use in the C-2 zoning district. The proposed building height with rooftop features is just over 40 feet, which meets the intent of the PUD code that calls for a maximum building height of 50 feet. The interior division of the proposed floors is 3 feet and is also consistent with the PUD designation.

Water/Sewer: Forthcoming and conditioned for further review in the permitting process which is standard.

Design: The proposed Elevations for the self-storage facility meets the Town's Architectural Guidelines as well as the architectural guidelines established by the PUD. The Applicant has incorporated design features for the building which are consistent with the intent of the Code and the previously approved PUD.

Fire: PBC Fire will be reviewing the plans in greater detail as part of the building permit review process.

PBSO: The Crime Prevention through Environmental Design (CPTED) review was performed by the Palm Beach Sheriff's Office (PBSO) and the applicant has addressed their questions regarding lighting and site access.

PART III: STAFF RECOMMENDATION

Staff recommends **APPROVAL** of the Site Plan for the special exception use of a 201,600 square foot self-storage facility in the Congress Business Park PUD to be built in TWO Phases, **subject to the following conditions:**

1.
 - a. Phase I: Site Plan, Architectural Plan, Landscape Plan, Irrigation Plans, Civil Plans, Photometric Plan, Electrical Plan, Master Sign Plan and Autoturn Analysis referenced as Sheets SP1, A101, A102, A103, A201, A202, A203, LP1, LP2, LP4, IR1, IR2, IR3, IR4, C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, PHM1, PHM2, E0, E1, MSP1, and ATA1 received and dated by the Department of Community Development on 8/31/16.
 - b. Phase II: Site Plan, Architectural Plan, Landscape Plan, Preliminary Civil Engineering Plan, Site Photometric Plan, Electrical Plan, and Autoturn Analysis referenced as Sheets SP1, A101.2, A102.2, A103.2, A201.0, A202.2, A203.2, LP3, IR1, IR2, IR3, CP, ATA2 received and dated by the Department of Community Development on 8/31/16.
 - c. Survey signed and sealed 10-22-15 and prepared by Lidberg Land Surveying, Inc. received and dated by the Department of Community Development on 8/31/16.
2. The Owner, the Applicant and their successors and assigns shall be subject to the conditions set forth herein.
3. Construction on the Site is permitted only between the hours of 7:00 a.m. and 7:00 p.m., Monday through Saturday, except holidays, unless otherwise approved in writing by the Community Development Director. Any proposed disruption to the normal flow of traffic within the rights of way of North Congress Avenue, Water Tower Road, or the Park Avenue West as part of the construction of the Site, shall be submitted to the Community Development Director and Public Works Director, and shall be subject to their review and approval.
4. Should the Community Development Director (the Director) determine that the construction is disrupting the surrounding entrance/exit streets and parking areas along North Congress Avenue, the Park Avenue West Extension, or Water Tower Road such that the operation of nearby businesses is adversely impacted, the Director may issue a stop work order requiring the immediate cessation of construction activities until such time as the Director determines that there is a resolution of the adverse impacts on nearby businesses.
5. The Applicant shall install and from the date of the issuance of a certificate of occupancy shall continuously maintain the landscaping shown on the Site Plan and the Landscaping Plan. In addition, upon notification by the Director, the Applicant shall replace any and all dead or dying landscape material so that it is consistent with the quantity and quality of the landscaping shown on the approved Site Plan and Landscaping Plan.
6. The hedge material for the Site shall be maintained at five feet unless otherwise noted on the approved plans which have been incorporated herein as a condition.
7. The Applicant shall ensure that pedestrians have safe and adequate passage along each of the Site's entrances.
8. During the construction of the Site, the Applicant shall ensure that any and all contractors use commonly accepted best practices to reduce airborne dust and particulates.
9. The dumpster area shall be kept closed at all times. All dumpsters shall be acquired from the approved franchise supplier for the Town of Lake Park.
10. Prior to issuance of the Certificate of Occupancy, the Applicant shall provide certification from the Landscape Architect of record that the plant installations on the Site are in accordance with the approved Site and Landscaping Plans.
11. The Applicant hereby acknowledges that the development of the Site is subject to the recorded Unity of Control for the PUD, and agrees to comply with the terms thereof.

12. Prior to the issuance of any building permits, the Applicant shall submit copies of any other permits required by other agencies, including but not limited to the Palm Beach County Health Department, Palm Beach County Land Development Division, South Florida Water Management Division and the State of Florida Department of Environmental Protection.
13. Any revisions to the approved Site Plan, Landscape Plan, Architectural Elevations, Signs, Statement of Use, Photometric Plan, colors, materials, or the location of proposed improvements or structures, shall be submitted to the Community Development Department and shall be subject to its review and approval.
14. Cost Recovery. All professional consulting fees and costs, including legal fees incurred by the Town in reviewing the Application and billed to the Owner shall be paid to the Town within 10 days of receipt of an invoice from the Town. The failure of the Applicant to reimburse the Town within the 10 days from the town's mailing of its invoice will result in the suspension of any further review of plans or building activities, and may result in the revocation of the approved Development Order.
15. The Applicant is required to submit a Cash Surety to the Town in the amount equal to the 110% of the perimeter infrastructure and landscaping improvements of Phase II, for a total of \$126,417.50. The Cash Surety is required prior to the issuance of a development permit for Phase I. The cash surety will be retained by the Town in the event Phase II is not constructed per the standard Town Code Section 67-42(c)(1)(a)and(b) without the ability to apply for extensions.
16. The Phase I outdoor storage area shall only be used to park vehicles. The repair, installation of parts, testing of engines or any other mechanical work on vehicles is prohibited.
17. All expired landscaping currently surrounding the Site shall be replaced with trees, vegetation or other plantings which are in accordance with the specifications approved as part of the master plan for the PUD. Additionally, if any existing landscape material is damaged as part of the Applicant's development of the Phase II of the project, the Applicant shall immediately replace it in accordance with the approved specifications.
18. The Applicant shall submit any easements, abandonments, or releases to the Director for review and approval by the Town Attorney. Any documents which have been approved by the Town Attorney and which require recordation shall be the responsibility of the Applicant and shall be recorded prior to the issuance of the building permit for the construction of Phase I.
19. **The Applicant shall initiate bona fide and continuous development of the Site within 18 months from the effective date of this resolution. Should the Director determine that the Applicant has not initiated and continued bona fide development, the approvals granted by this Resolution shall become null and void. Once bona fide development has been initiated, the development of the Site shall be completed within 18 months.**

RESOLUTION NO. 39-09-16

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAKE PARK, FLORIDA, APPROVING A SITE PLAN AND SPECIAL EXCEPTION USE AUTHORIZING THE DEVELOPMENT OF A 201,600 SQUARE FOOT SELF-STORAGE FACILITY (SPACEBOX) WITHIN THE CONGRESS BUSINESS PARK PLANNED UNIT DEVELOPMENT; PROVIDING FOR CONDITIONS ASSOCIATED WITH THE APPROVAL OF THE SPECIAL EXCEPTION USE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, SpaceBox Lake Park, LLC, ("Applicant") is proposing to develop a 201,600 square foot "SpaceBox" self-storage facility on Tract G1 of the Congress Business Park Planned Unit Development (the Site); and

WHEREAS, the Site is currently owned by Congress Avenue Properties ("Owner") and the Applicant has contracted with the Owner to purchase the Site; and

WHEREAS, the Applicant has submitted applications for a Site Plan and the Special Exception Use of "Self-Storage Facility" (the Application); and

WHEREAS, the Site has a future land use designation of "Commercial/Light Industrial"; and the development of the Special Exception Use of "Self-Storage Facility" would be consistent with this future land use designation; and

WHEREAS, the Site is within the previously approved Congress Business Park Planned Unit Development (PUD); and

WHEREAS, the zoning assigned to the Site is PUD with an underlying zoning designation of Commercial-2 Business District (C-2);

WHEREAS, the uses permitted in the PUD include only those uses permitted in the C-2 Zoning District, unless the Commission approves other uses not in the C-2 Zoning District by special exception; and

WHEREAS, the Community Development Department has determined that the use of a "Self-Storage Facility" would be consistent with the uses permitted in the C-2 Zoning District; and

WHEREAS, the Town's Planning and Zoning Board has reviewed the Application and has recommended that the Town Commission approve the Application subject to conditions; and

WHEREAS, the Town Commission has conducted a quasi-judicial hearing to consider the Application; and

WHEREAS, at the hearing, the Town Council considered the evidence presented by the Town Staff, the Applicant, and other interested parties and members of the public, regarding the Application's consistency with the Town's Comprehensive Plan and whether it meets the Town's Land Development Regulations.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LAKE PARK:

Section 1: The whereas clauses are incorporated herein as the findings of fact and conclusions of law of the Town Commission.

1. **Section 2.** The Town Commission hereby approves a Site Plan and the special exception use of "Self-Storage Facility" subject to the following conditions: The Applicant shall develop the Site consistent with the following Plans:
 - a. Phase I: Site Plan, Architectural Plan, Landscape Plan, Irrigation Plans, Civil Plans, Photometric Plan, Electrical Plan, Master Sign Plan and Autoturn Analysis referenced as Sheets SP1, A101, A102, A103, A201, A202, A203, LP1, LP2, LP4, IR1, IR2, IR3, IR4, C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, PHM1, PHM2, E0, E1, MSP1, and ATA1 received and dated by the Department of Community Development on 8/31/16.
 - b. Phase II: Site Plan, Architectural Plan, Landscape Plan, Preliminary Civil Engineering Plan, Site Photometric Plan, Electrical Plan, and Autoturn Analysis referenced as Sheets SP1, A101.2, A102.2, A103.2, A201.0, A202.2, A203.2, LP3, IR1, IR2, IR3, CP, ATA2 received and dated by the Department of Community Development on 8/31/16.
 - c. Survey signed and sealed 10-22-15 and prepared by Lidberg Land Surveying, Inc. received and dated by the Department of Community Development on 8/31/16.
2. The Owner, the Applicant and their successors and assigns shall be subject to the conditions set forth herein.
3. Construction on the Site is permitted only between the hours of 7:00 a.m. and 7:00 p.m., Monday through Saturday, except holidays, unless otherwise approved in writing by the Community Development Director. Any proposed disruption to the normal flow of traffic within the rights of way of North Congress Avenue, Water Tower Road, or the Park Avenue West as part of the construction of the Site, shall be submitted to the Community Development Director and Public Works Director, and shall be subject to their review and approval.
4. Should the Community Development Director (the Director) determine that the construction is disrupting the surrounding entrance/exit streets and parking areas along North Congress Avenue, the Park Avenue West Extension, or Water Tower Road such that the operation of nearby businesses is adversely impacted, the Director may issue a stop work order requiring the immediate cessation of construction activities until such time as the Director determines that there is a resolution of the adverse impacts on nearby businesses.
5. The Applicant shall install and from the date of the issuance of a certificate of occupancy shall continuously maintain the landscaping shown on the Site Plan and the Landscaping Plan. In addition, upon notification by the Director, the Applicant shall replace any and all dead or dying landscape material so that it is consistent with the quantity and quality of the landscaping shown on the approved Site Plan and Landscaping Plan.
6. The hedge material for the Site shall be maintained at five feet unless otherwise noted on the approved plans which have been incorporated herein as a condition.
7. The Applicant shall ensure that pedestrians have safe and adequate passage along each of the Site's entrances.
8. During the construction of the Site, the Applicant shall ensure that any and all contractors use commonly accepted best practices to reduce airborne dust and particulates.
9. The dumpster area shall be kept closed at all times. All dumpsters shall be acquired from the approved franchise supplier for the Town of Lake Park.
10. Prior to issuance of the Certificate of Occupancy, the Applicant shall provide certification from the Landscape Architect of record that the plant installations on the Site are in accordance with the approved Site and Landscaping Plans.
11. The Applicant hereby acknowledges that the development of the Site is subject to the recorded Unity of Control for the PUD, and agrees to comply with the terms thereof.

12. Prior to the issuance of any building permits, the Applicant shall submit copies of any other permits required by other agencies, including but not limited to the Palm Beach County Health Department, Palm Beach County Land Development Division, South Florida Water Management Division and the State of Florida Department of Environmental Protection.
13. Any revisions to the approved Site Plan, Landscape Plan, Architectural Elevations, Signs, Statement of Use, Photometric Plan, colors, materials, or the location of proposed improvements or structures, shall be submitted to the Community Development Department and shall be subject to its review and approval.
14. Cost Recovery. All professional consulting fees and costs, including legal fees incurred by the Town in reviewing the Application and billed to the Owner shall be paid to the Town within 10 days of receipt of an invoice from the Town. The failure of the Applicant to reimburse the Town within the 10 days from the town's mailing of its invoice will result in the suspension of any further review of plans or building activities, and may result in the revocation of the approved Development Order.
15. The Applicant is required to submit a Cash Surety to the Town in the amount equal to the 110% of the perimeter infrastructure and landscaping improvements of Phase II, for a total of \$126,417.50. The Cash Surety is required prior to the issuance of a development permit for Phase I. The cash surety will be retained by the Town in the event Phase II is not constructed per the standard Town Code Section 67-42(c)(1)(a)and(b) without the ability to apply for extensions.
16. The Phase I outdoor storage area shall only be used to park vehicles. The repair, installation of parts, testing of engines or any other mechanical work on vehicles is prohibited.
17. All expired landscaping currently surrounding the Site shall be replaced with trees, vegetation or other plantings which are in accordance with the specifications approved as part of the master plan for the PUD. Additionally, if any existing landscape material is damaged as part of the Applicant's development of the Phase II of the project, the Applicant shall immediately replace it in accordance with the approved specifications.
18. The Applicant shall submit any easements, abandonments, or releases to the Director for review and approval by the Town Attorney. Any documents which have been approved by the Town Attorney and which require recordation shall be the responsibility of the Applicant and shall be recorded prior to the issuance of the building permit for the construction of Phase I.
19. **The Applicant shall initiate bona fide and continuous development of the Site within 18 months from the effective date of this resolution. Should the Director determine that the Applicant has not initiated and continued bona fide development, the approvals granted by this Resolution shall become null and void. Once bona fide development has been initiated, the development of the Site shall be completed within 18 months.**

Section 3: The Applicant and its successors and assigns shall be subject to the conditions of approval.

Section 4. This Resolution shall become effective upon adoption.



**TOWN OF LAKE PARK
COMMUNITY DEVELOPMENT DEPARTMENT**

APPLICATION FOR SITE PLAN REVIEW OR AMENDMENT

*****For Planned Unit Development (PUD) applications, please refer to Section 78-77 of the Town Code of Ordinances for additional requirements*****

Project Name: Spacebox Self Storage

Project Address: The Congress Business Park, a P.U.D.

Property Owner: Congress Avenue Properties, Ltd.

APPLICANT INFORMATION:

Applicant Name: Spacebox Lake Park, LLC

Applicant Address: 112 Sheffield Loop, Suite D, Hattiesburg, MS 39402

Phone: 850.855.0935 **Fax:** _____ **E-Mail:** paige.york@gmail.com

SITE INFORMATION:

General Location: North side of Park Avenue, approx. 350 feet east of Congress Avenue

Address: TBD - Vacant Site

Zoning District: C-2 **Future Land Use:** Comm_Lt_Industrial **Acreage:** 20.013 Acres

Property Control Number (PCN): 36-43-42-19-26-007-0000; -001-0020; -008-0000; -001-0010

ADJACENT PROPERTY:

DIRECTION	ZONING	BUSINESS NAME	USE
North	C-2	Petsmart	Retail Center
East	CLIC	N/A	Office/Warehouse Use
South	C-4	US Army Reserve Facility	Government Facility
West	TND	San Marco Villas	Residential Community

JUSTIFICATION:

Information concerning all requests (attach additional sheets if needed)

1. Please explain the nature of the request:

The Applicant is seeking Site Plan approval for the development of a 2 phase self storage facility. Phase 1 includes 100,800 SF of enclosed Self Storage Use within an air-conditioned building and 87,142 SF of outdoor storage for RVs and Boats. Phase 2 will eliminate the outdoor storage area and replace it with a second 100,800 SF enclosed Self Storage building for a total of 201,600 SF of Self Storage Use.

2. What will be the impact of the proposed change to the surrounding area?

The request to has negligible impacts on the surrounding Commercial/Institutional/Industrial uses that surround the subject 4.665 acre site. The use is being proposed on an interior lot of the Congress Business Park PUD (behind the existing Aldi and Race Trac properties). The use generates less traffic and off-time traffic to traditional commercial or industrial uses.

3. How does the proposed Project comply with the Town of Lake Park's zoning requirements?

The proposed amendment is in full compliance with the previous PUD approval which allowed for increased building heights of 50 feet within the PUD, by way of Resolution 16-06-2014.

LEGAL DESCRIPTION:

The subject property is located approximately 0 feet 0 mile(s) from the intersection of Congress Avenue, on the north, east, xx south, west side of the (street/road).

Legal Description:

SEE LEGAL DESCRIPTION ATTACHED HEREIN

I hereby certify that I am the owner(s) of record of the above described property or that I/we have written permission from the owner(s) of record to request this action.

OWNER/APPLICANT Signature

Date

CONSENT FORM
FROM PROPERTY OWNER AND DESIGNATION OF AUTHORIZED AGENT:

Before me, the undersigned authority, personally appeared _____,
who, being by me first duly sworn, on Oath deposed and says:

1. That he/she is the fee simple title owner of the property described in the attached Legal Description;
2. That he/she is requesting Site Plan / Special Exception / PUD Amend. in the Town of Lake Park, Florida;
3. That he/she is appointed Brian Cheguis - iPlan & Design, LLC to act as authorized on his/her behalf to accomplish the above Project.

Property Owner Name: Congress Avenue Properties, Ltd
[Signature] *Philip Brandt, Auth Agt*
Property Owner Signature By: Name/Title
4500 PGA BLVD., SUITE 207 Palm Beach Gardens, FL 33418
Street Address City, State, Zip Code
561.691-9050 561-622-1857
Telephone Number Fax Number
philbrandt@divostainvestments.com
E-Mail Address

Sworn and Subscribed before me on this 20th day of APRIL, 2016,
[Signature]
NOTARY PUBLIC REGINA L. HINKSON
MY COMMISSION EXPIRES: 3-17-18


PLEASE DO NOT DETACH FROM APPLICATION.



SIGNATURE REQUIRED BELOW.

Please be advised that Section 51-6 of the *Town of Lake Park Code of Ordinances* provides for the Town to be reimbursed, in addition to any application or administrative fees, for any supplementary fees and costs the Town incurs in processing development review requests.

These costs may include, but are not limited to, advertising and public notice costs, legal fees, consultant fees, additional Staff time, cost of reports and studies, NPDES stormwater review and inspection costs, and any additional costs associated with the building permit and the development review process.

For further information and questions, please contact the Community Development Department at 561-881-3318.

I, <u>Phillip Brandt</u> , have read and understand the regulations above regarding cost recovery.	
<u>Phillip Brandt</u> Property Owner Signature	<u>4/20/16</u> Date



COMMUNITY DEVELOPMENT
APR 21 2016
RECEIVED

TOWN OF LAKE PARK
COMMUNITY DEVELOPMENT DEPARTMENT

APPLICATION FOR SPECIAL EXCEPTION REVIEW

Applicant/Agent: Brian Chegus - iPlan & Design, LLC
Address: 5090 PGA Blvd., Suite 212, Palm Beach Gardens, FL 33418
Telephone: 561.797.4217 Fax: _____
E-mail : bcheguis@gmail.com

- Owner
- Agent (Attach Agent Authorization Form)

Owner's Name
(if not Applicant): Congress Avenue Properties, Ltd.
Address: 4500 PGA Blvd., Suite 207, Palm Beach Gardens, FL 33418
Telephone: 561.691-9050 Fax: _____
E-Mail : philbrandt@divostainvestments.com

Property Location: Tract G1 of the Congress Business Park, a P.U.D.
Legal Description: SEE ATTACHED DOCUMENT
Property Control Number: 36-43-42-19-26-007-0000

Future Land Use: Comm_Lt_Industrial Zoning: Business District C-2
Acreage: 4.665 acres Square Footage of Use: 203,226 sf
Proposed Use: Self Storage Facility ("Storage Warehouse")

Owner

Zoning/Existing Use of Adjacent Properties:

North: C-2 Vacant South: C-2 US Army Reserve Outpost
East: C-2 Water Detention Pond West: C-2 Race Trac / Aldi Grocery Store

APPLICATION REQUIREMENTS:

1. Please discuss how the Special Exception use is consistent with the goals, objectives, and policies of the Town's Comprehensive Plan.

The Special Exception use (Self Storage Facility - "Warehouse Storage") is consistent with the following goals, objectives and policies of the Town's Comprehensive Plan:

See attached Consistency Statement as prepared by iPlan & Design, LLC

2. Please discuss how the proposed Special Exception is consistent with the land development and zoning regulations and all other portions of the Town of Lake Park Code of Ordinances.

The Special Exception use (Self Storage Facility - "Warehouse Storage") is consistent with the land development and zoning regulations of the Town of Lake Park:

See attached Consistency Statement as prepared by iPlan & Design, LLC

3. Please explain how the proposed Special Exception use is compatible with the character and use (existing and future) of the surrounding properties in its function; hours of operation; type and amount of traffic to be generated; building location; mass; height and setback; and other relevant factors peculiar to the proposed Special Exception use and the surrounding property.

The Special Exception use is compatible with the character and use (existing and future) of the surrounding properties in its function; hours of operation; type and amount of traffic to be generated; building location; mass; height and setback; and other relevant factors peculiar to the proposed Special Exception use and the surrounding property.

See attached Compatibility Statement as prepared by iPlan & Design, LLC

4. Please explain how the establishment of the proposed Special Exception use in the identified location does not create a concentration or proliferation of the same or similar type of Special Exception use, which may be deemed detrimental to the development or redevelopment of the area in which the Special Exception use is proposed to be developed.

The introduction of this Special Exception use in this location will not proliferate the same or similar uses creating a detrimental condition for the development or redevelopment of the area.

See attached Concentration/Proliferation Analysis as prepared by iPlan & Design, LLC

5. Please explain how the Special Exception use does not have a detrimental impact on surrounding properties based on; (a) The number of persons anticipated to be using, residing, or working on the property as a result of the Special Exception use; (b) The degree of noise, odor, visual, or other potential nuisance factors generated by the Special Exception use; (c) The effect on the amount and flow of traffic within the vicinity of the proposed Special Exception use.

The introduction of this Special Exception use in this location will not have a detrimental impact on surrounding properties with respect to a. number of persons; b. degree of noise odor, visual, or other potential nuisance factors generated by the Special Exception use; c. effect on the amount and flow of traffic within the vicinity of the proposed SE use.

See attached Impact Analysis as prepared by iPlan & Design, LLC

6. Please explain how the proposed Special Exception use meets the following requirements; (a) does not significantly reduce light and air to adjacent properties; (b) does not adversely affect property values in adjacent areas; (c) would not be deterrent to the improvement, development or redevelopment of surrounding properties in accord with existing regulations; (d) does not negatively impact adjacent natural systems or public facilities, including parks and open spaces; and (e) provides pedestrian amenities, including, but not limited to, benches, trash receptacles, and/or bicycle parking.

The introduction of this Special Exception use in this location will meet the following requirements: a. does NOT significantly reduce light and air to adjacent properties; b. does NOT adversely affect property values in adjacent areas; c. would not be a detriment to the improvement/development/redevelopment of surrounding properties; d. does NOT negatively impact adjacent natural systems or public facilities (parks & open spaces); and, e. provides pedestrian amenities, including, but not limited to benches, trash receptacles, and/or bicycle parking.

See attached Requirements Analysis as prepared by iPlan & Design, LLC

Please provide the following:

1. Fees:
 1. Special Exception Fees:
 - 0 - 149,995 sq. ft. = \$750.00
 - + 150,000 sq. ft. = \$1,250.00
 2. Escrow Fee: \$800.00

Advertising costs:
The petitioner shall pay all costs of publication of Public Hearing required in a newspaper of general circulation within the Town. This cost will be deducted from the escrow.
2. Property Owners List: A complete list of property owners and mailing addresses of all property owners within 300 feet of the subject parcel as recorded in the latest official Palm Beach County Tax Roll. Certified Mail will be sent to all owners within 300 feet; postage will be deducted from escrow.
3. Location Map
4. Site Plan: A site plan drawn to scale indicating:
 1. size of the buildings;
 2. intended floor area ratios;
 3. quantity of parking spaces;
 4. intended access road(s);
 5. the general type of construction in accordance with the Florida Building Code and the Codes of the Town of Lake Park; and,
 6. availability and approximate location of utilities.
5. Site Survey: A certified boundary survey by a surveyor registered in the State of Florida containing an accurate legal description of the property and a computation of the total acreage of the parcel.
6. Applicants statement: On the Applicants letterhead please provide a statement of interest in the property.
7. Warranty Deed: A Warranty Deed with an affidavit from the Applicant stating that the Deed represents the current ownership.

8. Traffic Analysis: A Traffic Impact Analysis, if required by the Town Engineer or Staff.

**UPON THE APPROVAL OF ALL GOVERNING AGENCIES,
PLEASE SUBMIT SIX (6) COMPLETE SETS OF THE
REQUIRED DOCUMENTS FOR FINAL REVIEW**



PLEASE DO NOT DETACH FROM APPLICATION.

SIGNATURE REQUIRED BELOW.

Please be advised that Section 51-6 of the *Town of Lake Park Code of Ordinances* provides for the Town to be reimbursed, in addition to any application or administrative fees, for any supplementary fees and costs the Town incurs in processing development review requests.

These costs may include, but are not limited to, advertising and public notice costs, legal fees, consultant fees, additional Staff time, cost of reports and studies, NPDES stormwater review and inspection costs, and any additional costs associated with the building permit and the development review process.

For further information and questions, please contact the Community Development Department at 561-881-3318.

I, Phillip Bond, have read and understand the regulations above regarding cost recovery.

Phillip Bond
Property Owner Signature

4/20/16
Date

Spacebox Self Storage at Lake Park

Special Exception Use and Site Plan Approval

(To develop a 2-Phase, +/- 201,600 square foot Self Storage Facility)

Justification Statement

August 31, 2016

SPECIAL EXCEPTION

1. INTRODUCTION:

IPlan and Design, on behalf of Space Box Lake Park, LLC (the 'Applicant') is pleased to submit for review and approval a request for Special Exception approval for a Self-Storage use (Warehouse Storage use), and Site Plan approval for a two (2) phased development proposed to include two (2) Self Storage buildings totaling 201,600 square feet (at ultimate buildout). The subject 4.665 acre property is located on the north side of Park Avenue in the Town of Lake Park, Florida, (address: N/A - Vacant property / PCN: 36-43-42-19-26-007-0000). The property possesses a Commercial / Light Industrial (Comm_Lt_Ind) future land use designation and a corresponding Business District C-2 Zoning District designation. It is located within the Congress Business Park PUD and is designated for Tract G1 within the PUD (an internal tract located east of Congress Avenue behind the RaceTrac and Aldi Food Market projects). Administrative approval is also being sought to formalize the allowable number of floors allowed within this development as previous height allowances have been permitted as part of the original approval of the Planned Unit Development (PUD). amendment petition is being processed concurrently by the Community Development. The Applicant is confident that approval of the above entitlement petitions will result in a more efficient and architecturally superior development.

The Applicant is seeking Special Exception approval for a Self-Storage Facility (proposed to be developed in two (2) phases) on Tract G1 of the Congress Business Park PUD. Town Code Section 78-184 prescribes the criteria that must be met to entitle a Special Exception use for a proposed development. The following six (6) criteria and sub-criteria have been analyzed for the requested Self-Storage use:

1. Is the proposed Special Exception use consistent with goals, objectives and policies of Town's Comprehensive Plan?

The Applicant believes that this proposed use at this location would further up to three (3) objectives and policies of the Future Land Use element of the Town's Comprehensive Plan as outlined herein:

Policy 1.5 – The Comprehensive Plan specifies that the Town is to encourage development and redevelopment activities that will substantially increase the tax base while protecting and minimizing negative off-site impacts for surrounding properties, the natural environment, residential neighborhoods and within adopted levels of service.

Objective 1 – The Comprehensive Plan specifies that the Town is to encourage development and redevelopment activities that will substantially increase the tax base while protecting and minimizing negative off-site impacts for surrounding properties, the natural environment, residential neighborhoods and within adopted levels of service.

Objective 5 – The Town shall promote redevelopment and infill development in a manner that is consistent to existing neighborhoods and uses, the built and natural environments and adjacent jurisdictions.

2. Is the proposed Special Exception use consistent with the Town's Land Development and Zoning Regulations and all other applicable codes?

The Special Exception use has been site and building programmed to meet or exceed the property development standards and architectural design criteria established by the Town's LDRs and Zoning regulations. In order to ensure all existing regulations are fully complied with a minor PUD/Master Plan Amendment is being requested to ensure that the previously approved 50 foot maximum height allowance within the PUD also contemplates more than 2 stories of use within buildings constructed within the PUD. The site will be reviewed by Palm Beach County Fire Rescue for circulation and by Seacoast Utility Authority for compliance with water and wastewater requirements.

3. Is the Special Exception compatible with character and use (existing and future) of surrounding properties in its function; hours of operation; type and amount of traffic to be generated; building location, mass, height and setback, and other relevant factors peculiar to the proposed special exception use and the surrounding property.?

The Special Exception use will be located within Tract G1 of the Congress Business Park. This parcel is an internal parcel within a previously approved Planned Unit Development (PUD) surrounded by Commercial, Industrial and Government Facility uses. The building(s) (Phase I and Phase II) have been sited to the east side of the property. Other Commercial uses have been constructed to the west of the subject site along Congress Avenue and across from San Marco Villas (a residential community) located on the west side of Congress Avenue. The building will comply with the maximum height limitation of the PUD (50 feet) and will incorporate up to three (3) floors within each of the buildings. This compact design allows for more architectural significance to each building providing more of a Commercial appearance versus a long low lying building and an Industrial appearance. Specific architectural elements and detailing have been incorporated into the facades of the two buildings to ensure architectural compatibility is achieved between the existing approved developments and this proposed development. This use generates

low levels of traffic and at off-peak times and days for those customers utilizing and accessing the storage facility. The hours of operation (with employees present and office open are typically 8am-6pm Mon-Sat. Customers will have 24 hour access to gated areas and the indoor facility will be 24 hour accessible via keypad entry. There is a high level of security throughout the site via security cameras, secure access areas, secure gates, etc. These areas are accessible only to paying customers after hours.

4. Will the proposed Special Exception use on the site create a concentration or proliferation of the same or similar type of use, which may be detrimental to the development or redevelopment of the area?

According to an internal market analysis prepared for this site in Lake Park, there is a recognized need for a modern enclosed Self Storage facility to serve the residential, commercial and industrial customers located within a 3 mile radius of this site. Due to continued residential development in Lake Park and adjacent jurisdictions the demand for this specific use will increase for the above listed users within the two- and one-mile radii in the near/foreseeable future. There are no other facilities of this size, type and scale in close proximity to this site. The only other facilities in close proximity include the Public Storage facility on Northlake Blvd. at US Hwy. 1 in North Palm Beach. Other, older facilities exist and have a very low vacancy rate which further establishes the need for more updated/modern Self Storage use options for the residential, commercial and industrial citizens of Lake Park.

5. Will the proposed Special Exception Use have a detrimental impact on surrounding properties based on:
 - a. The number of persons anticipated to be using, residing or working on the property as a result of the Special Exception use:

NO – Access to this type of use is typically outside of the AM/PM peak traffic periods and on weekends. The use will have a maximum of two employees working on any given shift when the office is open to the public (during normal business hours). This site will not have a detrimental impact to surrounding uses based on access and number of employees.

- b. The degree of noise, odor, visual, or other potential nuisance factors generated by the Special Exception use;

NO – This use does not generate any noise, odor, vibrations, noxious emissions and /or visual impacts* or nuisances (*with appropriate screening of Phase I Outdoor Storage use). No off-site detrimental impacts shall be realized by this Special Exception use.

- c. The effect on the amount and flow of traffic within the vicinity of the proposed Special Exception use:

NO – This use generates very low AM/PM peak hour traffic and more off-time and off-weekday traffic generation for persons accessing their stored goods. The internal location of the subject Tract G1 further removes traffic accessing the site away from Congress Avenue and into the internal roadway network of the Planned Unit Development.

6. Does the Special Exception use:

- a. Significantly reduce light and air to adjacent properties?

NO – The buildings have been designed to be compact and meet the maximum building height of 50 feet. The provision of two (2) similar buildings provide more visual interest than a single building that would extend a longer horizontal distance across

the site. The adjacent Commercial properties are oriented and programmed to face Congress Avenue (Aldi Food Market and RaceTrac) and away from the subject property and development. The buildings on the subject site are located to the east side of the property adjacent to a service road and water detention pond. No reduction of light and air to adjacent properties will occur as a result of approval of this Special Exception use at this specific location.

b. Adversely affect property values in adjacent areas?

NO – The site is an infill site within an approved Planned Unit Development (PUD) which has been developed to generate Commercial and Industrial tax revenues to the Town. A Commercial and/or Industrial use was always contemplated for this property within the approved PUD. No impacts to adjacent non-PUD lands will occur as a result of the approval of this Special Exception use on this property located internally within the PUD.

c. Deter the improvement, development or redevelopment of surrounding properties in accordance with existing regulations?

NO – The site is an infill site within an approved Planned Unit Development (PUD). Redevelopment of other sites within the PUD can occur without any impacts realized from this development. All other surrounding properties to the west, south and east are fully developed. An internal PUD roadway separates the subject property from the only vacant parcel around the subject site.

d. Negatively impact adjacent natural systems or public facilities, including parks and open spaces?

NO – This criterion is not applicable to this specific request. This use does not impact recreational or natural open spaces as it is located on a vacant parcel within a

previously approved Planned Unit Development. The PUD is already serviced by all public facilities and buildout of this parcel will be readily accommodate by the existing service providers such as PBSO, PBCFR, SUA, Cable, Telephone, Gas, FPL, etc..

e. Provide pedestrian amenities including but not limited to, benches, trash receptacles, and/or bicycle parking?

YES – The Applicant has provided a direct sidewalk connection from the adjacent properties to the west to ensure pedestrian connectivity can be achieved to the site from the existing sidewalk system located on the west parcels and directly from Congress Avenue. Further, on-site amenities such as a benches and trash receptacles have been provided accordingly. Bicycle facilities have not been provided for this specific use as access to storage is unique in that an extremely significant amount of access will be by vehicular traffic.

SITE PLAN

2. INTRODUCTION:

IPlan and Design, on behalf of Space Box Lake Park, LLC (the 'Applicant') is pleased to submit for review and approval a request for Special Exception approval for a Self-Storage use (Warehouse Storage use), and Site Plan approval for a two (2) phased development proposed to include two (2) Self Storage buildings totaling 201,600 square feet (at ultimate buildout). The subject 4.665 acre property is located on the north side of Park Avenue in the Town of Lake Park, Florida, (address: N/A – Vacant property / PCN: 36-43-42-19-26-007-0000). The property possesses a Commercial / Light Industrial (Comm_Lt_Ind) future land use designation and a corresponding Business District C-2 Zoning District designation. It is located within the Congress Business Park PUD and is designated at Tract G1 within the PUD (an internal tract located east of Congress Avenue behind the RaceTrac and Aldi Food Market projects). A Planned Unit Development (PUD) amendment petition is being processed concurrently by the Community Development department to formalize off-site signage and

make minor modifications to the number of stories allowed within the PUD. The Applicant is confident that approval of the three entitlement petitions outlined above will result in a more efficient and architecturally superior development.

HISTORIC AND RECENT PLANNING & ZONING ENTITLEMENTS:

The development history of the site and PUD is outlined herein:

June 08, 2014

Resolution No. 16-16-14 – Approval of a PUD Master Plan for the vacant 28.66 acre site (located between Water Tower Rd, Congress Avenue and Park Avenue.

- Approved the Master PUD Development Plan, Master PUD Landscape Plan, PUD Landscape Plan, Landscape Specifications and Engineering Plans (incl. 11 conditions of approval)

October 01, 2014

Resolution No. 33-10-14 – Approval of the Aldi Food Market Site Plan on adjacent Tract F of the Congress Business Park PUD

March 04, 2015

Resolution No. 07-0301 – Approval of the RaceTrac Gasoline Station with Convenience Store Site Plan and Special Exception Use on Tract B of the Congress Business Park PUD

CONSISTENCY WITH OVERLAYS

Not Applicable – Site is not located within any Town of Lake Park Special Planning or Overlay Districts.

EXISTING ENTITLEMENTS FOR SURROUNDING PROPERTIES

The surrounding properties have commercial high and/or light industrial future land uses/zoning district designations and uses, as outlined herein:

Location	FLUA	Zoning District	Use	Description
Subject Site	Commercial / Light Industrial (Comm_Lt-Ind)	Business District (C-2)	Vacant	Unimproved site
North	Commercial / Light Industrial (Comm_Lt-Ind)	Business District (C-2)	Vacant	Unimproved site
East	Commercial / Light Industrial (Comm_Lt-Ind)	Business District (C-2)	Vacant	Unimproved site
West	Commercial / Light Industrial (Comm_Lt-Ind)	Business District (C-2)	Commercial	RaceTrac Gasoline Station and Convenience Store / Aldi Food Market
South	Commercial / Light Industrial (Comm_Lt-Ind)	Business District (C-4)	US Government Facility	US Army Reserve Training Facility

COMPLIANCE WITH LAND DEVELOPMENT REGULATIONS CHAPTER 78 - ZONING

Building Site:

The subject property is Tract G1 of the Congress Business Park PUD, which received Master Site Plan approval by the Town Commission (via Resolution No. 16-06-14) on June 08, 2014. The PUDs zoning designation is Business District (C-2). The site is proposed to be developed in two phases. Phase I will provide a single 100,800 square foot enclosed Self Storage Facility and adjacent Outdoor Storage use (with up to 68 RV and Boat parking spaces). Phase II will remove the Outdoor Storage use and develop a second 100,800 square foot enclosed Self Storage Facility (at ultimate/final buildout).

The subject property meets and/or exceeds all of the established property development requirements:

District	Minimum Yard Requirements		Side	Rear	Min. 1 st Floor Area	Max. FAR	Max. Lot Cover	Bldg. Site Area	Max. Height
	Front	Corner							
C-2 Business District	25 ft.	15 ft.	15 ft./15 ft.	15 ft. or 5 ft. with dedicated rear alley	1,200sf / min. depth 25 ft.	2.0	N/A	Min. 25 ft. length of store rm. wall	**50 ft and 2 Stories
Existing Site	103.3 ft.	N/A	64.7 ft./ 353 ft	42.7 ft.	33,600 sf.	0.51	17%	140'x240'	*+/- 37.5ft / 3 stories

* Additional Number of Stories is being sought through administrative approval due to the increased height allowance approved for the PUD

** Height approval by way of Master Plan approval (Resolution 16-06-2014)

Site Access:

Phase I Site Access is proposed to be from three (3) entrances. The main building façade and entrance feature has been oriented west and centered on the fifty (50) foot wide access driveway that commences at Congress Avenue and terminates at the subject site (Tract G1). The other two (2) proposed entrances are located on the existing internal PUD roadway located along the east side of the site. The two (2) easternmost access points are readily accessible from Park Avenue and/or Water Tower Road. These multiple points of access will provide for maximum circulation for both waste haulers and Palm Beach County Fire Rescue vehicles and for customers accessing the site from the north and the south.

Phase II Site Access adds a fourth (4th) access drive at the north end of the subject property for convenient access to the second proposed enclosed Self Storage Building. This last access point will provide for maximum circulation for both waste haulers and Palm Beach County Fire Rescue vehicles.

Traffic:

The Applicant has requested a Traffic Performance Standard (TPS) concurrency letter from Palm Beach County Traffic Division to confirm that there is adequate capacity on the adjacent roadways that serve this site. As Self-Storage uses generate less traffic than typical Commercial/Industrial type uses, any previously approved additional trips shall be re-assigned to other undeveloped parcels within the PUD.

Landscaping & Screening:

The subject property will provide landscape buffers; interior landscaping; vehicular use area landscaping; and, foundation plantings throughout the site and around the building(s), respectively. A landscape and irrigation plan has been provided at the time of site plan submittal. Up to two (2) different perimeter buffer conditions have been identified and shall be designed to meet the landscaping requirement of Article VIII Section 78-253 & -254. One 15 foot wide PUD buffer has been previously installed on the south boundary of the subject site adjacent to Park Avenue (in satisfaction of Condition #4 of Resolution 16-06-14). Standard eight (8) foot wide landscape buffers have been specified along the other adjacent property boundaries (west, north and east parcel boundaries). Pedestrian connectivity throughout the site has been complemented with a variety of interior and foundation planting areas.

All landscape islands within vehicular use areas comply with the minimum width and length requirements of Article VIII, Section 78-253(c)(2) with no landscape island width less than 5 feet (inside dimension) and no interior landscape island area less than 25 square feet. The Applicant shall ensure that Article VIII, Section 78-253 (a)(1-3) are strictly adhered to. The use of native plants and water conservation techniques will be integrated into the design to the greatest extent practicable.

Section 78-112 specifies that walls proposed in Commercial Districts shall not be higher than eight (8) feet. For the Phase I component of the site plan approval the Applicant is proposing outdoor storage of recreational vehicles (including RV campers and boats and trailers). The Applicant is proposing to install an eight (8) foot high post and panel concrete wall in compliance with the above referenced code section. Further, the approved Master Plan's adopted development regulations indicate that roof

mounted mechanical equipment shall be fully screened from the public as well as at-grade mechanical equipment, dumpsters, and utilities. The site plan has been programmed to incorporate appropriate screening of the above referenced building and site elements/infrastructure. Pursuant to comments from the Planning and Zoning Board, the Applicant has provided additional landscaping in the form of increased shrubs around the outdoor storage area and infill palm clusters. Around the retention areas, additional Bald Cypress and native grasses have been added around the banks and slopes to reduce the amount of sod, (refer to updated Landscape Plans submitted with added landscaping).

Environmental:

Environmental Assessment – The site is vacant, and has been cleared of all vegetation with the exception of the required fifteen foot wide PUD buffer located at the south end of the subject property along Park Avenue. The subject property is an infill site and is surrounded by Commercial uses, a Government Facility and vacant property (including a water detention tract).

Significant Habitats or Species / Flood Zone / Wellfield Zone

Significant Habitats or Species: No protected flora or fauna exist on this highly disturbed property.

Flood Zone: The site is located within Flood Zone A8, Elevation 13, per flood insurance rate map no. 120192 0130B, effective date October 15, 1982.

Wellfield Zone: The site is not located within any identified Palm Beach County wellfield zones.



View West



View North

Drainage:

The Applicant is proposing a system of on-site surface retention area(s) in combination with trenching to provide the required stormwater staged storage.

Parking & Loading:

Per Article V, Section 78-142 Self Storage uses are required to park at a rate of 1 parking sp. / employee on shift (highest intensity) + 2 customer parking spaces located adjacent to facility's leasing office + 1 sp./200 storage bays. Required Off-street parking cannot be used for outdoor storage of goods/materials; vehicle sales/repairs; and, sale or display of goods. The Applicant is proposing additional parking in Phase I to accommodate the Outdoor Storage area of the site which shall accommodate up to 68 outdoor parking spaces for Recreational Vehicles and Boats/Trailers. Interior parking shall be provided as aisle ways adj. to the storage bays, and will be used for circulation and temporary customer parking. All interior travel aisles are two way in configuration and are (as an aggregate) dimensioned to a width of 30 feet.

An Autoturn analysis of internal drive radii has been provided for approval to the Town of Lake Park and Palm Beach County Fire Rescue for the Phase I and Phase II site plans.

USE	PARKING RATE	PARKING REQ / Provided
<i>Self-Storage (Phase I)</i>		
Employees (highest intensity (2))	1 sp. / Employee	2 / 2
Customers	2 spaces @ public entrance	2 / 2
No. of Storage Bays (763)	1 sp. / 200 bays	4 / 6
No. of Outside Storage Bays (68)	1 sp. / 200 bays	1 / 5
	Total Parking Ph. I	9 / 15
<i>Self-Storage (Phase II)</i>		
Employees (highest intensity (2))	2 sp. / Employee	2 / 2
Customers	2 spaces @ public entrance	4 / 12
No. of Storage Bays (1526)	1n sp. / 200 bays	8 / 8
	Total Parking Ph. II	14 / 22

All accessible parking shall adhere to F.S. Statute 316.1957 and 553.511, and any rules promulgated thereunder. The Applicant is providing two (2) accessible parking spaces. The site plan furnishes the two A.D.A. compliant parking spaces adjacent to the main entrance to the Phase I building.

Due to the nature of this use, a loading space is not required to be provided. Multiple loading spaces are integrated into the Phase I and Phase II buildings for ease of access to customer storage bays.

Signage.

The Applicant is proposing wall mounted and ground signage in accordance with the requirements of the sign code as specified in Article IV, Section 70-103(5)(a-b), et. al. of the Land Development Regulations. The building's principal public entrance is located on the west side of the building aligned with the access road leading from Congress Avenue. The permitted signage on the Phase I building frontage (1.5 x the building façade length = 1.5 sf. x 240 ft. = 360 sf.). Additional wall signage is proposed on the south (side) façade of the Phase I building facing Park Avenue. Side wall signage is permitted to be calculated at 50% of the front wall signage, (in this instance, 360 sf. X 0.5 = 180 sf.).

The Phase II building is designed to be similar in overall mass, height, dimensioning as the Phase I building. Principal (front wall) signage is proposed on the west façade to a maximum of 360 sf. Additional side wall signage at 50% of the front wall signage maximum is proposed on the north side of the Phase II building to a maximum of 180 sf. See proposed signage tables below for Phase I and Phase II wall signage, Phase I freestanding signage and Phase I and II parking area instructional signage:

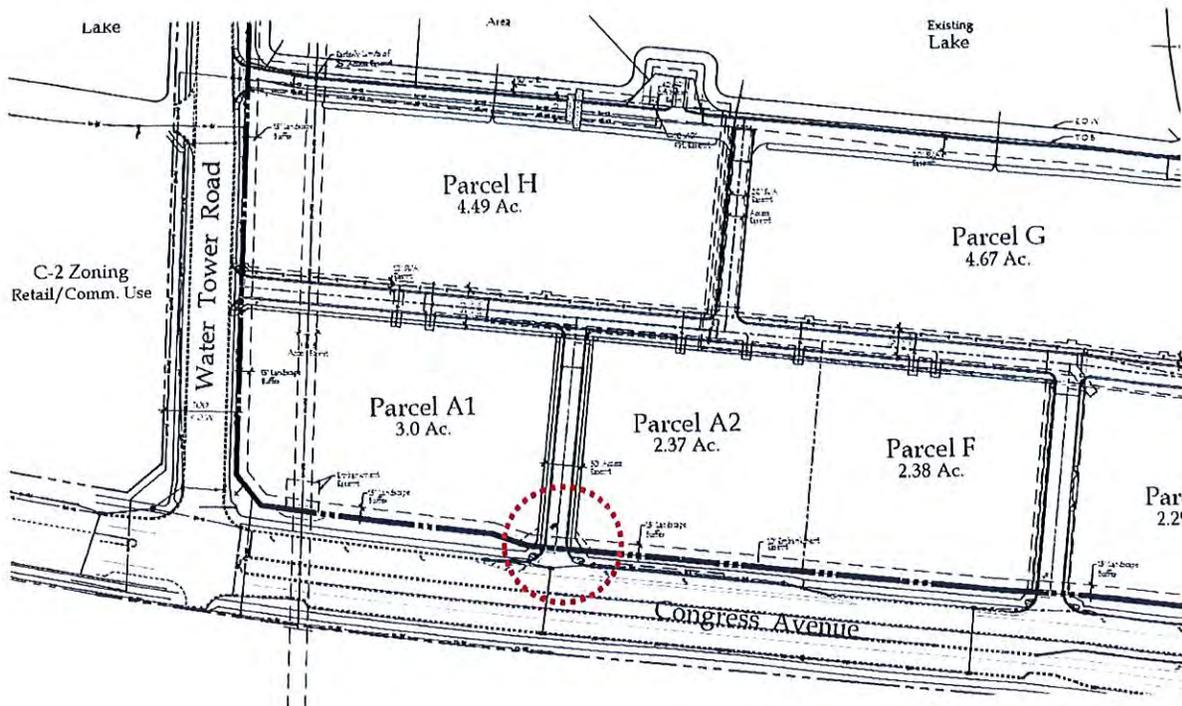
Space Box Signage Table				
Phase I – Building 1 Wall Signs				
Wall	Location	Code Requirement	Max. Signage Area	Proposed Signage Area
West	Front	1.5 sf. / 1.0 ft. of bldg. frontage	360 sf.	285 sf.
South	Side	50% of front wall max. calc.	180 sf.	100 sf.
East	Rear	50% of front wall max. calc.	180 sf.	0 sf.
North	Side	50% of front wall max. calc.	180 sf.	100 sf.

Phase II – Building 2 Walls Signs				
Wall	Location	Code Requirement	Max. Signage Area	Proposed Signage Area
West	Front	1.5 sf. / 1.0 ft. of bldg. frontage	360 sf.	230 sf.
South	Side	50% of front wall max. calc.	180 sf.	0 sf.
East	Rear	50% of front wall max. calc.	180 sf.	0 sf.
North	Side	50% of front wall max. calc.	180 sf.	100 sf.

Phase I – Freestanding Signs				
Frontage / Location	West Access Road	East Access Road	North Access Road	Park Avenue
Sign Type	Monument	Monument	Monument	Monument
Max. No. of Signs	1	0	0	0
Max. Sign Area 1.0 sf. / 1.5 ft. of frontage (1.0 x 760.29 / 2 = 380 sf.)	380 sf	0	0	0
Proposed Sign Area	80 sf	0	0	0
Sign Type	Parking Area Instructional	Parking Area Instructional	Parking Area Instructional	Parking Area Instructional
Max. No. of Signs (N/A)	1	2	0	1
Max. Sign Area (Legible to drivers accessing site)	18 sf	18 sf	18 sf	18 sf
Proposed Sign Area	18 sf	18 sf	0	18 sf
Phase II – Freestanding Signs				
Sign Type	Parking Area Instructional	Parking Area Instructional	Parking Area Instructional	Parking Area Instructional
Max. No. of Signs (N/A)	0	0	1	0

Max. Sign Area (Legible to drivers accessing site)	18 sf	18 sf	18 sf	18 sf
Proposed Sign Area	0	0	18 sf	0

A previously approved off-site "PUD Directional Sign" has been specified to be constructed in concert with the development of this back parcel. Currently, the Property Owner and Applicant have identified the potential location at the intersection of Congress Avenue and the northernmost access road (between Parcels A1 and A2), on either the north or south side of the access road along the east side of Congress Avenue (See PUD Exhibit herein).



Zoning:

Article III, section 78-72(2)(n) outlines that Storage Warehouse uses are allowed as Special Exceptions within the Business District (C-2) zoning district if approved by Town Commission. The proposed use will be developed consistent with the current Land Development Regulations of the Town of Lake Park Zoning Code and the Congress Business Park PUD development regulations as prescribed on the

approve Master Plan approved by Town Council on June 08, 2014 (by way of Reso. No. 16-06-14). The maximum FAR for non-residential/commercial projects with a Commercial/Light industrial District is 2.0 and the project at final build out will be at approximately 1.0 FAR. All other property development regulations have been met or exceeded as part of the site and building programming for this specific use.

Water/Sewer:

All required easements for water/sewer purposes have been previously established and platted. Seacoast Utility Authority shall be contacted as part of obtaining the necessary water capacity reservation for the development of a Self-Storage Facility (up to +/-201,600 sf of Self-Storage use).

Design:

The Applicant shall adhere to the design requirements from Chapter 78, Article XII *Architectural Design Guidelines for Nonresidential Buildings* and also to the *Congress Avenue Business Park PUD-Development Regulations (General and Specific Standards)*.

Congress Avenue Business Park PUD-Development Regulations (General and Specific Standards).

A. General

The site programming and building orientation have been developed so as to maximize the terminal vista for patrons accessing the site from Congress Avenue. The main public entrance to the site and building are fully aligned with the intersection of the internal roadways. The colors and materials for the buildings and signage on the subject site will be consistent with the existing nonresidential developments (Aldi Food Market and RaceTrac) located adjacent to the property. Elements from these adjacent projects will be incorporated into the design of the Self-Storage buildings.

B. Specific

1. Colors & Materials

The Applicant has utilized lighter off whites for a majority of the building and provided slightly darker colors to accent various architectural elements around the entire building as well as to accentuate various massing changes along each façade. They have used

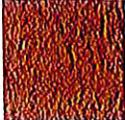
variations in materials to indicate a strong base to the building as well as identify and highlight the entry elements.

2. Architectural Character

The architectural vernacular of the building is contemporary and maintains a sense of consistency between the two buildings on the subject site. There is no over-use of superfluous details as the building design is clean and modern and uses a change in materials, color and depth to break up the façade and introduce visual interest. The main materials include the integration of stucco, stone veneer and decorative CMU, glass and dark charcoal grey canopies and metal accents.

3. Building Façade

Façade articulation shall be incorporated into all four sides of the architecture in combination with variations in color, material and vertical articulation. The following design elements have been integrated into the design: varied roof lines, well defined public entries by way of combining different material finishes, horizontal and vertical articulation, multiple colors, and projections. All facades on both buildings have been visually broken up through the use of building offsets and the alteration of building materials and various accent bands. Further, and in response to comments from the Planning and Zoning Board the Applicant has extended the architectural element (a canopy feature), an additional 18" to provide more depth and interest on the west façade of the Phase I building. Also, in response to a comment requesting additional fenestration on the building the Applicant has committed to providing a change in stucco textures on the large panels on all facades of the buildings, (see specification herein).

Sandblast® Aggregate Textured 100% Acrylic-Based Dirt Pickup Resistant Finishes	
<ul style="list-style-type: none">• Data Sheet• Specifications - PDF• Specifications - DOC	<ul style="list-style-type: none">• Request More Info• SDS• Colors• Textures Up Close
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Sandpebble® Aggregate Textured 100% Acrylic-Based Dirt Pickup Resistant Finishes	
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4. Building Height

The building shall be less than the approved 50 foot height restriction for the PUD. The proposed height will be 37' 6.5" in height.

5. Signage

See Signage Section above. All building, freestanding and parking area instructional signage complies with the requirements of LDR Article IV, Section 70-103(5)(a-b), and will comply with the approved Master Plan signage requirements for the use of multiple materials and colorful lettering and/or backgrounds.

6. Screening

See Screening Section above. All building mounted mechanical equipment shall be effectively screened from public view. A combination of landscaping, fencing and post and panel concrete walls shall be used to screen at-grade mechanical equipment, dumpsters and utilities. Further, all rooftop AC condensers are to be residential sized units and behind parapet walls.

7. Pedestrian Circulation

A pedestrian sidewalk has been specified from the adjacent nonresidential projects (Aldi Food Market and RaceTrac) across the internal roadway to the front of the subject property. It is expected that foot traffic to the Self-Storage use will be extremely low as most patrons access the site from a vehicle to either deposit or pick up stored goods.

8. Color Rendering

Full color renderings and a materials board for both proposed phases of development shall be provided as part of the Site Plan application.

Extra-jurisdictional Review:

Palm Beach County Fire Rescue (PBCFR) – The Phase I and II site plans will be provided to and reviewed by Palm Beach County Fire Rescue for compliance with their emergency vehicle circulation standards for Fire and/or Emergency Vehicles. Status of review – Pending

Palm Beach Sheriff's Office (PBSO) – The Site and Landscaping have been designed to maximize surveillance of the interior and exterior of the building(s) and site. Further, this Applicant will provide CCTV as part of the building permit approval for the Self-Storage use.

Seacoast Utility Authority (SUA) – Status of review – Pending

NOTICE OF QUASI-JUDICIAL PUBLIC HEARING **Town of Lake Park**

Please take notice and be advised that the Planning & Zoning Board will hold a quasi-judicial special call public hearing on **Monday, August 22, 2016, at 6:30 p.m., or as soon thereafter as can be heard**, in the Town of Lake Park Commission Chambers at Town Hall, located at 535 Park Avenue, Lake Park, Florida, to hear the following application by iPlan & Design, LLC on behalf of Spacebox Lake Park, LLC: A Site Plan Review application for the Special Exception Use approval of a 201,600 square foot self-storage facility being proposed in two phases. The proposed site is a 4.6 acre vacant lot that is located east of North Congress Avenue between Park Avenue West and Watertower Road with PCN# 36434219260070000. The item will also tentatively be heard by the Town Commission of the Town of Lake Park on **Wednesday, September 21, 2016 at 6:30 p.m., or as soon thereafter as can be heard** in the Lake Park Town Commission Chambers at Town Hall, located at 535 Park Avenue, Lake Park, Florida. Records related to this item may be inspected at the Community Development Department located at Town Hall.

If a person decides to appeal any decision made by the Planning and Zoning Board or the Town Commission with respect to any hearing, they will need a record of the proceedings and for such purpose may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. For additional information, please contact Vivian Mendez, Town Clerk at 561-881-3311.

Town Clerk: Vivian Mendez

PUB: The Palm Beach Post – Monday, August 8, 2016



Town of Lake Park
Community Development Department

Certified Mail – You are receiving this notice because you are the legal owner of record for property that is located within 300 feet of the subject property.

August 5, 2016

Re: PCN: 36434219260070000
Spacebox, Lake Park, FL – Site Plan Application for the Special Exception Use of a Self-Storage Facility

Dear Property Owner:

Please be advised that iPlan & Design, LLC, on behalf of Spacebox Lake Park, LLC, has filed the following application regarding the development of a self-storage facility on a 4.6 acre vacant lot that is located east of North Congress Avenue between Park Avenue West and Watertower Road and owned by Congress Avenue Properties Ltd:

→ A Site Plan Review application for the Special Exception Use approval of a 201,600 square foot self-storage facility being proposed in two phases.

The **Planning and Zoning Board** will conduct a quasi-judicial public hearing to consider this application at a special call meeting on **Monday, August 22, 2016, at 6:30 p.m.**, or as soon thereafter as can be heard.

The item will also tentatively be heard by the **Town Commission** at a **quasi-judicial public hearing** of the Town of Lake Park on **Wednesday, September 21, 2016 at 6:30 p.m.**, or as soon thereafter as can be heard.

Both hearings will be held in the Town Hall Commission Chambers located at 535 Park Avenue, Lake Park, Florida. If you have any questions, please do not hesitate to call the Community Development Department at (561) 881-3320.

Sincerely, 

Scott Schultz, Planner

AN AD VALOREM TAX ANALYSIS OF

**TRACT G1, CONGRESS BUSINESS PARK
SPACE BOX LAKE PARK
LOCATED ON THE NORTH SIDE OF
PARK AVENUE WEST
IN THE TOWN OF LAKE PARK,
PALM BEACH COUNTY, FLORIDA**

PREPARED FOR

IPLAN & DESIGN, LLC
C/O MR. BRIAN CHEGUIS
5090 PGA BOULEVARD, STE 212
PALM BEACH GARDENS, FL 33418

AS OF

AUGUST 8, 2016

BY

DOUGLAS B. LAWSON, MAI
LAWSON APPRAISAL SERVICE, LLC



LAWSON APPRAISAL SERVICE, LLC

Real Estate Appraisers and Consultants

9250 Alternate A1A, Suite A
North Palm Beach, FL 33403
Telephone: (561) 622-5533

October 3, 2016

iPlan & Design, LLC
c/o Mr. Brian Cheguis
5090 PGA Boulevard, Ste 212
Palm Beach Gardens, FL 33418

RE: Space Box Development Site
Park Avenue West,
Lake Park, Florida

Dear Mr. Cheguis:

As requested, we have made an investigation and analysis of the above-referenced property located on the north side of Park Avenue West, one block east of Congress Avenue in the Town of Lake Park, Palm Beach County, Florida. The property contains a total of 4.665 acres, or 203,207 SqFt. The purpose of our assignment was to provide an analysis of the probable Ad Valorem Tax and the portion applicable to the Town of Lake Park resulting from various proposed development scenarios. The analysis is as of August 8, 2016, the date of inspection.

The property consists of a Vacant Commercial Parcel located in the Congress Business Park, a new planned unit development located at the northeast quadrant of Congress Avenue and Park Avenue West.

The extent of research and analysis performed for this appraisal report is considered to conform to the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice.

The three potential development scenarios for the Subject Site provided the following projected ad valorem taxes. Based on the calculations and projections of a reasonable assessment for the Subject Property, the planned use as the completed 2-phased Self Serve Storage Facility provides the highest indication of Ad Valorem Tax. We have also provided an analysis as if only Phase I of the development were completed along with the site improvements consisting of a fenced open storage yard (67,142 SqFt Outdoor Storage area).

Mr. Brian Cheguis
October 3, 2016
Page Two

Summary of Projected Ad Valorem Taxes		
	<u>Total Ad Valorem Tax</u>	<u>Lake Park Ad Valorem Tax *</u>
Self Storage Facility - Both Phases	\$315,097	\$88,000
Self Storage Facility - Phase I Only	\$180,575	\$50,000
Retail Use	\$162,396	\$45,000
Typical Industrial Use	\$169,667	\$47,000

* Excludes MSTU for Palm Beach County Fire Service.

The opinion of value as well as every other element of this analysis is qualified in their entirety by the general assumptions and limiting conditions which are an attachment to this report and which are an integral part of the report.

A brief description of the property is contained in the attached appraisal. This appraisal assignment was not made nor was the appraisal rendered on the basis of a requested minimum valuation, a specific valuation, or amount that would result in the approval of a loan. It is our opinion that the following appraisal report was prepared in conformity with Uniform Standards of Professional appraisal Practice (USPAP). For your convenience, an Executive Summary follows this letter. Should you have any questions regarding this report, please do not hesitate to contact us.

Respectfully submitted,

LAWSON APPRAISAL SERVICE, LLC



Douglas B. Lawson, MAI
State-Certified General Appraiser RZ170

DBL (File #16082a)

LAWSON APPRAISAL SERVICE, LLC

TABLE OF CONTENTS

	<u>Page No.</u>
Letter of Transmittal.....	ii
Table of Contents	iv
Certification	1
Limiting Conditions	3
Photographs	5
General Information	6
Intended User/Our Client	6
Effective Date of the Appraisal/Date of the Report	6
Purpose and Intended Use of the Appraisal.....	6
Appraisal Report Format	6
Market Value Definition.....	7
Interest Appraised and Definition	7
Legal Description.....	7
Property History.....	7
Scope of Work	8
Extraordinary Assumptions and Hypothetical Conditions	8
Competency Provision.....	9
Property Data	10
Highest and Best Use	13
Ad Valorem Tax Analysis.....	14

ADDENDA

Subject Property Information

Qualifications:

 Douglas B. Lawson, MAI

CERTIFICATION

I certify that, to the best of our knowledge and belief:

1. The statements of fact in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with the assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusion were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation and the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.
8. The use of this report is subject to the requirements of the State of Florida relating to review by the Department of Professional Regulation, Real Estate Appraisal Board, and to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. Douglas B. Lawson has made a personal inspection of the appraised property that is the subject of this report.
10. The appraiser has performed within the context of the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

11. As of the date of this report, Douglas B. Lawson has completed the requirements of the continuing education program of the Appraisal Institute.
12. Douglas B. Lawson currently holds an appropriate state certification allowing the performance of real estate appraisals in connection with federally related transactions in the state in which the Subject Property is located.
13. No one else has provided significant professional contribution to the preparation of this report.
14. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. We have not previously appraised this property..

LAWSON APPRAISAL SERVICE, LLC.



Douglas B. Lawson, MAI
State-Certified General Appraiser RZ170

LIMITING CONDITIONS

The certification of the appraisers is subject to the following conditions and to such other specific conditions as are set forth by the appraisers in this report.

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value estimated in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. This appraisal report covers only the property described and any values or rates utilized are not to be construed as applicable to any other property, however similar the properties might be.
4. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
5. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraisers' total liability for this report is limited to the actual fee charged.
6. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or the engineering, which might be required to discover these factors.

8. We have not been provided with an Environmental Property Assessment pertaining to the Subject site and are unable to report soil conditions in reference to contamination. The existence of hazardous substances which may or may not be present on the property, or other environmental conditions as a result of seepage from adjacent land users, were not called to our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such material on the property. However, we are not qualified to test such substances or conditions. If the presence of hazardous substances, or other environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The description of the land is based upon review of Palm Beach County Property Appraiser's Office records and our personal property inspection.
10. We relied on the site plans provided by the client and the maximum development square footage for various alternative developments.
11. For purposes of this analysis, we have assumed completion of the Subject Improvements based on the Site Plan provided by the client as of the 2016 tax year (January 1, 2016). We have considered a reasonable market increase in the current 2015 assessments to apply to the Properties for this analysis.
12. We have estimated the likely assessed value for the Subject Site. The assessed value and taxes are not currently available. A higher or lower figure derived by the County could not have a substantial impact on our estimates.



AERIAL IMAGE OF PROPERTY

GENERAL INFORMATION

Intended User/Our Client

On August 3, 2016, Mr. Brian Cheguis for the iPlan & Design, LLC engaged Lawson Appraisal Service to provide an Ad Valorem Tax Analysis on behalf of and specifically for iPlan & Design, LLC. Our instructions included preparing an appraisal in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The Intended User is iPlan & Design, LLC and the Town of Lake Park. The client has not advised us of any intended subsequent user of this appraisal. This report has been prepared for no other purpose and for use by no other person or entity than for use by the client for the purpose stated herein. Any other use of this appraisal is considered a misuse and therefore the appraisers will not be held responsible for any outcome associated with such use.

Effective Date of the Appraisal/Date of the Report

The property was inspected August 8, 2016 the date of this analysis. The report was prepared as of October 3, 2016.

Purpose and Intended Use of the Appraisal

Based on our client's instructions, the purpose of our appraisal is to provide an estimate of the probable Assessed Value and resulting Ad Valorem taxes under several development scenarios. We have applied the 2016 Proposed Tax Millage Rate for the municipality of Lake Park only, which is only a portion of the county's taxes. The function or intended use of this appraisal was to assist our client (Intended User) in obtaining zoning approval for a multi-story Self Storage Facility. We have also provided an analysis as if only Phase I of the development were completed along with the site improvements consisting of a fenced open storage yard (67,142 SqFt Outdoor Storage area).

Appraisal Report Format

Pursuant to our client's instructions, we have prepared an Ad Valorem Tax Analysis. The extent of research and analysis performed for this appraisal report is considered to conform to the reporting requirements set forth under Standards Rule 2 of the Uniform Standards of Professional Appraisal Practice.

Market Value

According to the Department of the Treasury, Office of the Comptroller of the Currency (OCC), Final Rule, published within the Federal Register, Volume 55, Number 165, August 24, 1990, and as adopted by the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP) Market Value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what they consider their own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

Interest Appraised and Definition

The interest appraised herein is the Fee Simple Estate. The Dictionary of Real Estate Appraisal (Fifth Edition 2010), by the Appraisal Institute, defines Fee Simple Estate as follows:

“An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.”

Legal Description

Tract G1, of the Congress Business Park, Plat 2 , according to the Plat thereof, recorded in Plat Book 119, Page 35, of the Public Records of Palm Beach County, Florida.

Property History

The Public Records indicates the ownership of the appraised property as Congress Avenue Properties, LTD. It has been in their hands for over five years and currently under contract to sell.

Scope of Work

The scope of this analysis is to inspect the property, consider market characteristics and trends, collect and analyze pertinent data, and develop an estimate of probable assessed values under several development options. Douglas B. Lawson inspected the subject property and site and surrounding areas on August 8, 2016.

A study of the appraised property's supporting neighborhood was conducted regarding access, land uses and trends, demographics, and market demand factors for similar residential properties.

The scope of our work included a search of Palm Beach County Property Appraisers Office records, and our internal data base. The search for comparable properties was concentrated in the north portion of the county. The Ad Valorem Tax Analysis report summarizes the pertinent data, which has been collected and analyzed. It is the written result of our findings and analyses in developing our conclusion.

Extraordinary Assumptions and Hypothetical Conditions

Extraordinary assumptions are defined by the Uniform Standards of Professional Appraisal Practice as "...an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the Subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis." This appraisal employs the following extraordinary assumptions:

- None.

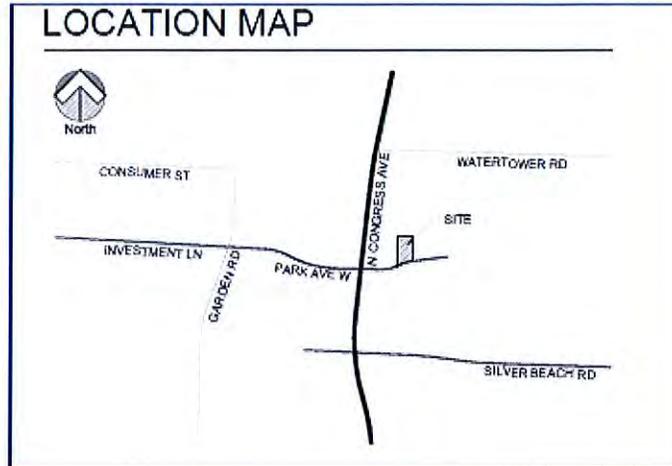
Hypothetical conditions are defined by the Uniform Standards of Professional Appraisal Practice as "...that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in the analysis." This appraisal employs the following hypothetical conditions:

- We have assumed completion of the Subject Improvements based on the Site Plan provided by the client as of the 2016 tax year (January 1, 2016). We have utilized the proposed 2016 millage rate for the Town of Lake Park of 6.7800.

Competency Provision

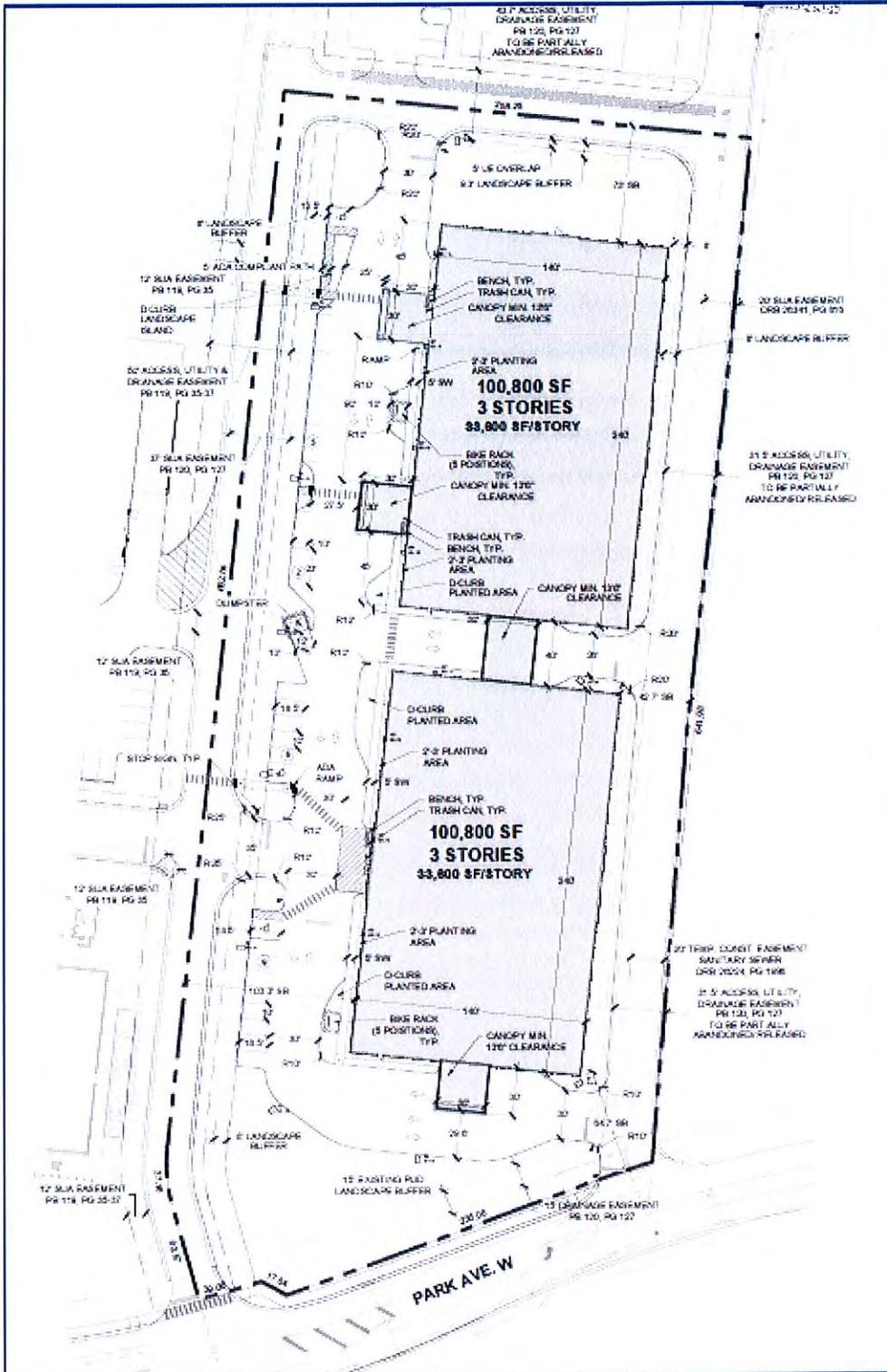
Lawson Appraisal Service, LLC, and the signatories hereto, have substantial experience in the valuation of similar-type properties. Accordingly, the signatories to this report consider themselves qualified by education, training and experience to prepare an appropriate analysis complying with the competency provision of The Uniform Standards of Professional Appraisal Practice (USPAP). The professional qualifications of the individuals who prepared this report are included in the Addenda section of this report.

PROPERTY DATA



The appraised property is located on the north side of Park Avenue West, one block east of Congress Avenue in the Town of Lake Park, Palm Beach County, Florida. The property is within the Congress Business Park. The vacant parcel contains 203,207 SqFt or 4.665 acres and is nearly rectangular in shape. The zoning is C2, Business District by Lake Park. The site is generally at or near the abutting road grade. Self Service Storage Facility is a Special Exception. No apparent drainage problems were evident on the date of inspection and the underlying soils are considered to be typical of the area. A summary of Pertinent Site Data based on the Site Plan is shown below.

SITE DATA		
Application Number	TBD	
Proposed Use	Self Service Storage Facility (Special Exception)	
Existing Zoning District	Business District (C-2)	
Existing Future Land Use	Commercial / Light Industrial	
Section/Township/Range	19/42/43	
Property Control Number	36-43-42-19-26-007-0000	
	Acres	Square Feet
Total Site Area	4.665	203,207.40
Pervious Site Area	1.127	48,331.27
Impervious Site Area	3.538	154,876.13
Building Coverage	1.65	71,742.00
Floor Area Ratio (Max. 2.0)		1.01
Open Space (Min. N/A)	1.127	48,331.27 sq. ft.
Building Height (Max. 50 ft)		37' 6 1/2"
Number of Stories (Max. 3 stories)		3 Stories
Number of Storage Bays		1526



Phase 2 Site Plan

Phase 1 Site Plan

HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010) defines Highest and Best Use as follows:

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.”

In appraisal practice, the concept of Highest and Best Use represents the premise upon which value is based. The determination of Highest and Best Use (maximum profitability) results from the appraiser’s judgment and analytical skill. Data collected and analyzed for the purpose of the neighborhood data, and particularly the site and improvement descriptions were useful in arriving at a final conclusion.

In estimating Highest and Best Use as improved, there are essentially four stages of analysis:

1. Legally Permissible: What uses are permitted by zoning, private restrictions, building codes, historic district controls and environmental regulations.
2. Physically Possible: What legally permitted uses are physically possible.
3. Financially Feasible: Which of legally permissible and physically possible uses will produce a net return to the owner of the site.
4. Maximally Productive: From the financially feasible uses, the use which produces the highest price or value is the Highest and Best Use.

The Highest and Best Use of the land (or site) if vacant and available for use may be different from the Highest and Best Use of an improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

We have examined the four criteria that must be met to ensure that the current use is, in fact, the Highest and Best Use of the property. Legally permissible uses involve zoning, deed restrictions, and other legal entities, which may constrain use. The Subject site is zoned C2 Business District. The second constraint imposed on the possible use of the property is that dictated by the physical aspects of the site such as size and shape, location, access and availability of utilities, etc. We have not studied the costs and economics of each of the possible uses. Based on our analysis, the planned Space Box development appears to be a Highest and Best Use for the Site.

AD VALOREM TAX ANALYSIS

We have been instructed to prepare an analysis of the likely Ad Valorem Tax for various development scenarios that are allowed within the Congress Business Park PUD. Our analysis involves an estimate of the potential Ad Valorem Tax based on Retail Use and typical Industrial Use as compared to the estimated tax for the planned Space Box Self Service Storage Facility.

In order to estimate the potential Ad Valorem Tax for a proposed property, the Palm Beach County Property Appraisers Office Records were used to research the current assessment and taxes on similar properties. The most recent records show the 2015 Market Value estimate for land and improvements, the Assessed Value and the Taxable Value. The estimate of Total Market Value is for tax assessment purposes only and takes into consideration each of the factors enumerated in Section 193.011F.S. The Total Market Value estimate may be less than the actual market value of the property. All values are as of January 1st of each year displayed.

For the planned Space Box Storage Facility we gathered information on several self storage facilities in Northern Palm Beach County. The pertinent information on this data sample are summarized as follows:

AD VALOREM TAX ANALYSIS - SELF STORAGE FACILITY								
Name/Location	Building Area (SqFt)	Year Built	2015 Assessment				Assessment Per SqFt	Comments
			Total Market Value	Market Value Per SqFt	Land Value per SqFt	Improvement Value		
7000 N. Military Trail Riviera Beach, FL	63,029	1986	\$2,680,940	\$42.54	\$6.50	\$1,400,167	\$22.21	One-story Self Storage Facility.
4085 Burns Road Palm Beach Gardens, FL	140,098	1995	\$9,000,000	\$64.24	N/A 2014	N/A \$5,058,427	N/A \$36.11	One-story Self Storage Facility includes climate controlled units
4801 E. Park Drive Palm Beach Gardens, FL	80,575	1999	\$4,800,000	\$59.57	N/A 2014	N/A \$2,905,542	N/A \$36.06	One and multi-story Self Storage Facility. includes climate controlled units
8755 N. Military Trail Palm Beach Gardens, FL	37,065	1986	\$2,800,000	\$75.54	N/A	N/A	N/A	One and multi-story Self Storage Facility
3601 Blue Heron Boulevard Riviera Beach, FL	166,400	1976	\$7,000,000	\$42.07	N/A 2014	N/A \$3,491,564	N/A \$20.98	One-story Self Storage Facility. includes climate controlled units
7301 Garden Road Riviera Beach, FL	39,151	1979	\$1,408,708	\$35.98	\$4.75	\$955,567	\$24.41	One-story Self Storage Facility.
5100 Military Trail Jupiter, FL	104,420	2002	\$10,000,000	\$95.77	N/A	N/A	N/A	One and multi-story Self Storage Facility.
11655 US Highway 1 North Palm Beach, FL	88,872	1998	\$7,200,000	\$81.02	N/A	N/A	N/A	Multi-story Self Storage Facility. includes climate controlled units
1401 Mercer Avenue West Palm Beach, FL	180,774	2000	\$14,000,000	\$77.44	N/A	N/A	N/A	Multi-story Self Storage Facility. includes climate controlled units
401 Northlake Boulevard North Palm Beach, FL	78,730	2006	\$5,193,225	\$65.96	\$9.61	\$4,255,289	\$54.05	One and multi-story Self Storage Facility. includes climate controlled units
Subject Property - Mini Storage Park Avenue West Lake Park, FL	201,600	2017 proposed			\$7.50 estimated			Multi-story Self Storage Facility. climate controlled units

The ten properties provide a range in Market Value from \$35.98 to \$95.77 per SqFt with an average of \$64.01. It appears that many of the properties had their assessment appealed in 2015 and as a result, the breakdown between land and improvements is not available (N/A). We have included the improvement assessment from 2014 if available. The Value of Improvements ranged from \$20.98 to \$54.05, with an average of \$32.30 per SqFt.

We considered the location and land value of the comparables as well as the age and condition. Each were over ten years old resulting in a depreciated or reduced improvement value. The Subject is assumed to be newly completed construction with no observed depreciation. Another factor is the Floor Area Ratio (FAR), or the Land to Building Ratio. Few of the self storage properties in the area are multistory like the Subject. We have assumed completion of the project as planned and made reasonable projections of value increases for the 2016 tax roll date.

In order to project the hypothetical Market Value Assessment for the planned use, we have concluded at a market supported value of \$60 to \$70 per SqFt overall. As a secondary indication, we have projected the value of Improvements at \$57.00 per SqFt which is added to the Estimated Assessed Land Value at \$7.50 per SqFt. We have projected the 2016 Market Value Assessment for the completed 2-Phase Space Box use at **\$13,000,000**, based on the following two calculations.

Projected 2016 Market Value Assessment				
201,600	SqFt x	\$60	per SqFt =	\$12,096,000
201,600	SqFt x	\$70	per SqFt =	\$14,112,000
			Reconciled at	\$13,100,000

Projected 2016 Market Value Assessment				
Land Value Projection				
203,207	SqFt x	\$7.50	per SqFt =	\$1,524,053
Projected Value of Improvements				
201,600	SqFt x	\$57.00	per SqFt =	<u>\$11,491,200</u>
			Rounded to	\$13,000,000

If only Phase I of the Improvements were completed, the projected value would include the entire land value estimate, the Building Improvements for Phase I and the Outdoor Storage Site Improvements for Phase II (refer to Site Plan). We have considered the way Palm Beach County PAO assesses open storage areas which is primarily based on costs or contributory value. The assessed value of the Site Improvements on this open storage site are estimated at \$2.50 per SqFt which equates to \$167,855 (\$2.50 x 67,142).

We have projected the 2016 Market Value Assessment for Phase I of the proposed Space Box use at **\$7,450,000**, based on the following two calculations.

Projected 2016 Assessment - Phase I Only				
100,800	SqFt x	\$60	per SqFt =	\$6,048,000
100,800	SqFt x	\$70	per SqFt =	<u>\$7,056,000</u>
			Reconciled at	\$6,600,000
Projected Value of Phase II Site				
101,604	SqFt x	\$7.50	Reconciled at	\$762,030
Projected Value of Site Improvements				
67,142	SqFt x	\$2.50	Reconciled at	<u>\$167,855</u>
			Reconciled at	\$7,500,000

Projected 2016 Assessment - Phase I Only				
Land Value Projection				
203,207	SqFt x	\$7.50	per SqFt =	\$1,524,053
Projected Value of Building Improvements				
100,800	SqFt x	\$57.00	per SqFt =	\$5,745,600
Projected Value of Site Improvements				
67,142	SqFt x	\$2.50	per SqFt =	<u>\$167,855</u>
			Rounded to	\$7,400,000

The Proposed 2016 Millage Rate for the Town of Lake Park is 6.7754 (excluding MTSU which provides the following projection of Ad Valorem Taxes for the planned Space Box use, as if Both Phases were completed and if Only Phase I Improvements were completed.

Projected Ad Valorem Taxes as Completed Self Storage				
\$13,000,000	x	0.0067754	=	\$88,080
			Rounded	\$88,000

Projected Ad Valorem Taxes - Phase I Only				
\$7,450,000	x	0.0067754	=	\$50,477
			Rounded	\$50,000

The figures above were provided by Blake Rane, the Town Finance Director and excludes the assessment for MSTU for Palm Beach County Fire and Rescue Service. The total millage rate for the county is 24.2382 which indicates a total ad valorem tax liability of \$315,097.

Retail Use

As an alternate use as Retail, the site could accommodate about 58,000 SqFt in a one-story center with required parking. We have gathered information on ten retail properties in Northern Palm Beach County. The pertinent information on this data sample are summarized as follows:

REAL ESTATE TAX ANALYSIS - RETAIL SHOPPING CENTERS								
Name/Location	Building Area (SqFt)	Year Built	2015 Assessment					Comments
			Total Market Value	Market Value Per SqFt	Land Value per SqFt	Improvement Value	Assessment Per SqFt	
801 Federal Highway Lake Park, FL	12,638	1976	\$1,004,506	\$79.48	\$8.40	\$616,090	\$48.75	One-story Retail strip center
804 Federal Highway Lake Park, FL	11,200	1994	\$860,000	\$76.79	N/A	N/A	N/A	One-story Retail strip center
421 Northlake Boulevard North Palm Beach, FL	15,888	1977	\$1,649,347	\$103.81	\$9.61	\$945,985	\$59.54	One-story Retail strip center
900 Northlake Boulevard Lake Park, FL	14,460	1966	\$1,244,960	\$86.10	\$8.50	\$889,337	\$61.50	One-story Retail strip center
2863 Northlake Boulevard North Palm Beach, FL	15,801	1977	\$1,753,191	\$110.95	\$13.68	\$966,605	\$61.17	One-story Retail strip center
1224 Northlake Boulevard North Palm Beach, FL	68,314	1974	\$4,622,997	\$67.67	\$6.25	\$2,820,647	\$41.29	One-story Retail shopping center
3355 Military Trail Jupiter, FL	72,915	1999	\$9,668,410	\$132.60	\$8.83	\$6,502,864	\$89.18	One-story Community shopping center
4209 Northlake Boulevard North Palm Beach, FL	9,854	1962	\$709,035	\$71.95	\$6.00	\$482,205	\$48.93	One-story Retail strip center
400 N. Congress Avenue North Palm Beach, FL	98,905	2008	\$7,890,395	\$79.78	\$5.20	\$5,880,501	\$59.46	One-story Kohls Big Box Retail
4367 Northlake Boulevard North Palm Beach, FL	34,375	2001	\$5,771,228	\$167.89	\$9.60	\$3,687,490	\$107.27	One-story Retail shopping center with bank and medical building
Subject Property - Retail Use Park Avenue West Lake Park, FL	58,000	2017 proposed			\$7.50 estimated			One-story Retail shopping center

The ten properties provide a range in Market Value from \$67.67 to \$167.89 per SqFt with an average of \$97.70. The Value of Improvements ranged from \$41.29 to \$107.27, with an average of \$64.12 per SqFt.

We have again considered the location and land value of the comparables as well as the age and condition, and construction quality. Each were over eight years old resulting in a depreciated or reduced improvement value. The Subject is assumed to be newly completed construction.

In order to project the hypothetical Market Value Assessment for the planned use, we have concluded at a value of \$110 to \$120 per SqFt overall. As a secondary indication, we have projected the value of Improvements at \$90.00 per SqFt then added this to the Estimated

Assessed Land Value at \$7.50 per SqFt. We have projected the 2016 Market Value Assessment for a new good-quality Retail use at **\$6,700,000**, based on the following two calculations.

Projected 2016 Market Value Assessment				
58,000	SqFt x	\$110	per SqFt =	\$6,380,000
58,000	SqFt x	\$120	per SqFt =	\$6,960,000
			Reconciled at	\$6,700,000

Projected 2016 Market Value Assessment				
Land Value Projection				
203,207	SqFt x	\$7.50	per SqFt =	\$1,524,053
Projected Value of Improvements				
58,000	SqFt x	\$90.00	per SqFt =	<u>\$5,220,000</u>
			Reconciled at	\$6,744,053

The Millage Rate for the Town of Lake Park is 6.7800, which provides the following projection of Ad Valorem Taxes for Retail use.

Projected 2016 Ad Valorem Taxes as Retail				
\$6,700,000	x	0.0067754	=	\$45,395
		Rounded		\$45,000

The total millage rate for the county is 24.2382 which indicates a total ad valorem tax liability of \$162,396.

Industrial Use

As an alternate use as typical Industrial use, the site could accommodate about 92,000 SqFt of building area in a one-story facility. We have gathered information on ten industrial properties in Northern Palm Beach County. The pertinent information on this data sample are summarized as follows:

REAL ESTATE TAX ANALYSIS - INDUSTRIAL/WAREHOUSE FACILITY									
Name/Location	Building Area (SqFt)	Year Built	2015 Assessment				Assessment Per SqFt	Comments	Adj. Price/SqFt
			Total Market Value	Market Value Per SqFt	Land Value per SqFt	Improvement Value			
3874 Fiscal Court Riviera Beach, FL	84,712	1987	\$4,192,826	\$49.50	\$4.00	\$3,038,806	\$35.87	Multi-tenant warehouse distribution center.	
8011 Monetary Drive Riviera Beach, FL	77,828	1987-89	\$3,400,000	\$43.69	\$2.94	\$2,799,101	\$35.97	Multi-tenant warehouse distribution center.	
7830 Byron Drive Riviera Beach, FL	251,720	1988	\$12,775,856	\$50.75	\$4.28	\$10,361,564	\$41.16	Multi-tenant warehouse distribution center.	
2001 N. Congress Avenue Riviera Beach, FL	164,757	1990	\$6,902,311	\$41.89	\$4.28	\$5,228,429	\$31.73	Multi-tenant warehouse distribution center.	
3541 Dr. Martin Luther King Blvd Riviera Beach, FL	106,050	2003	\$4,192,826	\$39.54	\$4.61	\$3,038,806	\$28.65	Multi-tenant warehouse distribution center.	
2000 Avenue P Riviera Beach, FL	59,351	1987	\$4,192,826	\$70.64	\$4.44	\$3,038,806	\$51.20	Multi-tenant warehouse distribution center.	
1177 W. Blue Heron Boulevard Riviera Beach, FL	98,830	1984	\$4,403,733	\$44.56	\$3.29	\$3,184,850	\$32.23	Single-tenant warehouse distribution center.	
5851 45th Street West Palm Beach, FL	312,446	2003	\$15,828,075	\$50.66	\$1.90	\$10,873,858	\$34.80	Costco warehouse distribution center.	
5731 Premier Park Drive West Palm Beach, FL	119,172	2007	\$6,662,706	\$55.91	\$3.88	\$4,878,752	\$40.94	Single-tenant warehouse distribution center.	
6965 Vista Parkway West Palm Beach, FL	77,931	2008	\$5,023,008	\$64.45	\$4.51	\$3,787,943	\$48.61	Multi-tenant Warehouse Flex Complex.	
Subject Property - Industrial Park Avenue West Lake Park, FL	92,000	2017 proposed			\$7.50 estimated			Multi-tenant Warehouse Flex Complex.	

The ten properties provide a range in Market Value from \$39.54 to \$70.64 per SqFt with an average of \$51.16. The Value of Improvements ranged from \$28.65 to \$51.20, with an average of \$38.12 per SqFt.

We have again considered the location and land value of the comparables as well as the age and condition, and construction quality. Each were over eight years old resulting in a depreciated or reduced improvement value. The Subject is assumed to be newly completed construction.

In order to project the hypothetical Market Value Assessment for the planned use, we have concluded at a value of \$70 to \$80 per SqFt overall. As a secondary indication, we have projected the value of Improvements at \$60.00 per SqFt then added this to the Estimated

Assessed Land Value at \$7.50 per SqFt. We have projected the 2016 Market Value Assessment for a new good-quality Retail use at \$7,000,000, based on the following two calculations.

Projected 2016 Market Value Assessment				
92,000	SqFt x	\$70	per SqFt =	\$6,440,000
92,000	SqFt x	\$80	per SqFt =	\$7,360,000
			Reconciled at	\$6,900,000

Projected 2016 Market Value Assessment				
Land Value Projection				
203,207	SqFt x	\$7.50	per SqFt =	\$1,524,053
Projected Value of Improvements				
92,000	SqFt x	\$60.00	per SqFt =	<u>\$5,520,000</u>
			Reconciled at	\$7,044,053

The Millage Rate for the Town of Lake Park is 6.7800, which provides the following projection of Ad Valorem Taxes for Industrial use.

Projected 2016 Ad Valorem Taxes as Industrial				
\$7,000,000	x	0.0067754	=	\$47,428
		Rounded		\$47,000

The total millage rate for the county is 24.2382 which indicates a total ad valorem tax liability of \$169,667.

Conclusion

The four potential development scenarios for the Subject Site provided the following projected ad valorem taxes and the applicable figures for The Town of Lake Park. Based on the calculations and projections of a reasonable assessment for the Subject Property, the planned use as a Self Serve Storage Facility provides the highest indication of Ad Valorem Tax.

Summary of Projected Ad Valorem Taxes		
	<u>Total Ad Valorem Tax</u>	<u>Lake Park Ad Valorem Tax *</u>
Self Storage Facility - Both Phases	\$315,097	\$88,000
Self Storage Facility - Phase I Only	\$180,575	\$50,000
Retail Use	\$162,396	\$45,000
Typical Industrial Use	\$169,667	\$47,000

* Excludes MSTU for Palm Beach County Fire Service.

We have not included the Non Ad Valorem Tax which is not applicable in this case. The comparable Self Storage Facilities indicate a range from \$0.08 to \$0.10 per SqFt of building area. This range would project a figure of about \$16,000 to \$20,000.

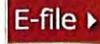
ADDENDA

SUBJECT PROPERTY DATA



Gary R. Nikolits, CFA
Property Appraiser
 Palm Beach County

Homestead Exemption



Location Address
 Municipality LAKE PARK
 Parcel Control Number 36-43-42-19-26-007-0000
 Subdivision CONGRESS BUSINESS PARK PLAT NO 2 PUD
 Official Records Book Page
 Sale Date
Legal Description CONGRESS BUSINESS PARK PLAT NO 2 PUD TR G1 K/A FUTURE DEVELOPMENT

Owners
 CONGRESS AVENUE PROPERTIES LTD

Mailing address
 4500 PGA BLVD STE 207
 PALM BEACH GARDENS FL 33418 3965

No Sales Information Available.

No Exemption Information Available.

Number of Units *Total Square Feet 0 Acres 4.6656
 Use Code 1000 - VACANT COMMERCIAL Zoning -

Tax Year	2016 P	2015	2014
Improvement Value	\$0	\$0	\$0
Land Value	\$1,422,631	\$0	\$0
Total Market Value	\$1,422,631	\$0	\$0

P = Preliminary All values are as of January 1st each year

Tax Year	2016 P	2015	2014
Assessed Value	\$1,422,631	\$0	\$0
Exemption Amount	\$0	\$0	\$0
Taxable Value	\$1,422,631	\$0	\$0

Tax Year	2016 P	2015	2014
Ad Valorem	\$34,482	\$0	\$0
Non Ad Valorem	\$7,135	\$0	\$0
Total tax	\$41,617	\$0	\$0



Gary R. Nikolits, CFA
Property Appraiser
 Palm Beach County

Homestead Exemption **E-file** ▶



Owner Name: CONGRESS AVENUE PROPERTIES LTD
 Parcel Control Number: 36-43-42-19-26-007-0000
 Location Address:

Structural Element for Building 1

Sketch for Building 1
 Sketch

Subarea and Sq. Footage for Building 1

Code Description	Sq. Footage
No Data Found	

Extra Feature

Description	Year Built	Units
No Extra Feature Available		

Land Details

Land Line #	Description	Zoning	Sq. Footage	Acres
1.	COMMERCIAL	C2	203233	4.6656

QUALIFICATIONS

DOUGLAS B. LAWSON, MAI

QUALIFICATIONS

Douglas B. Lawson is the Principal of Lawson Appraisal Service, LLC, a real estate appraisal and consulting firm in North Palm Beach, Florida.

Mr. Lawson has been actively engaged in various phases of real estate appraisal since 1977. He has prepared appraisals encompassing most of the major categories of land and buildings. Mr. Lawson has conducted appraisals for the purpose of sale/purchase, insurable value, rental, financial, ad valorem tax, purchase price allocation and corporate planning.

Mr. Lawson has been a resident of Palm Beach County, Florida, since 1955. He received his secondary education from the University of Florida, where he graduated in 1978 with a Bachelor of Science degree in Business Administration, majoring in Real Estate and Urban Land Development.

PROFESSIONAL AFFILIATIONS

- ◆ Member of the Appraisal Institute -- MAI Certification No. 7581
- ◆ Qualified as an expert witness in Circuit Courts of Palm Beach and Martin Counties, as well as in Federal Bankruptcy Court
- ◆ Board of Directors, South Florida Chapter of the Appraisal Institute, 1999-2003
- ◆ Licensed as a Broker with Florida Real Estate Commission – (License BK3001120)
- ◆ State-Certified General Real Estate Appraiser, License RZ170, by the State of Florida, Department of Professional Regulation, Real Estate Appraisal Board through November 30, 2016.

APPRAISAL EDUCATION

- Society of Real Estate Appraisers / American Institute of Real Estate Appraisers
Numerous appraisal courses and seminars between 1977 and 1986
- Appraisal Institute
Comprehensive Examination--Challenged and Passed, 1987
Standards of Professional Practice A & B, 1992, 1994, 1996
Standards of Professional Practice C, 1998, 2002, 2004
Litigation Valuation, 1993
USPAP Update, 1994, 1996, 1998, 2000, 2003, 2005, 2008, 2010, 2012, 2014
Appraisal Review: Residential Properties, 1995

DOUGLAS B. LAWSON, MAI
Qualifications - Continued

Business Enterprise Valuation, 1999
Apartment Appraisal: Concepts and Applications, 1999
Appraising Automobile Dealership Facilities 2000
Standards and Ethics for Professionals 2003 and 2005
Florida State Law for Appraisers 2003, 2005, 2008, 2010, 2012 and 2014
Business Practices and Ethics 2003, 2006, 2012
Roles and Rules of Supervisors and Trainees, 2008, 2010
Appraising High Value and Historic Homes, 2008
Property Tax assessment, 2010
Small Hotel/Motel Valuation, 2010
Analyzing Operating Expenses 2010
The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac 2011
US Hotel Industry/HVS Hotel Market Studies & Valuation 2012
Lessons From the Old Economy: Working in the New 2012
HVS Hotel Valuation Software 2012, The US Hotel Industry 2012
Retail Center Analysis 2012
Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets 2013
Real Estate Finance Statistics and Valuation Modeling 2013

- Attended over 120 hours of valuation seminars sponsored by the Appraisal Institute during the past five years.

APPRAISAL EXPERIENCE

- ◆ Principal, Lawson Appraisal Service, LLC, Real Estate Appraisal and Consulting Firm, Palm Beach Gardens, Florida—2009 to present.
- ◆ President, Lawson Valuation Group, Inc., Real Estate Appraisal and Consulting Firm, Palm Beach Gardens, Florida--1998-2009.
- ◆ President, Lawson & Powel, Inc., Real Estate Appraisal and Consulting Firm, Palm Beach Gardens, Florida, 1993 to 1998.
- ◆ Vice President, R.C. Bennett & Associates, Inc., Palm Beach, West Palm Beach and Palm Beach Gardens, Florida, July 1988 to August 1993.
- ◆ Staff Appraiser, Callaway & Price, Inc., West Palm Beach, Florida, June 1977 to July, 1988.
- ◆ Served as Special Magistrate for Palm Beach County Value Adjustment Board: 1987 through 1992, 2000, 2002 and 2003 through 2008, 2012-2014. Served/Approved as Special Magistrate for Martin County Value Adjustment Board: 2011-2014 and Served Miami-Dade County in 2013.
- ◆ Bachelor of Science in Business Administration from the University of Florida, 1978, majoring in Real Estate and Urban Land Development.

DOUGLAS B. LAWSON, MAI
Qualifications - Continued

TYPES OF PROPERTY APPRAISED

Appraisals made on the following types of property from individuals, corporations, banks, attorneys, governmental agencies, savings and loans and mortgage companies:

Acreage	Marinas
Adult Congregate Living Facilities	Medical Buildings
Apartment Buildings	Mobile Home Parks
Automobile Agencies	Motels
Boat Yards	Nursing Homes
Churches	Office Buildings
Commercial Buildings	Prison Facilities
Condemnations	Planned Unit Developments
Correctional Facilities	Ranches
Country Clubs	Race Tracks
Day Care Facilities	Recreational Vehicle Property
Duplexes	Residential - High-Value and Historic
Easements	Restaurants
Foreclosures	Retail Properties
Furniture & Furnishings	Service Stations
Golf Courses	Shopping Centers
Hotels	Single Family Residences
Industrial Buildings	Ski Resorts
Islands	Special Purpose Properties
Landfills	Subdivisions
Landmark Properties	Vacant Lots
Life Care Facilities	Warehouses

Mr. Lawson has appraisal experience in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia and Wisconsin.



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD
1940 N. MONROE ST.
TALLAHASSEE FL 32399-0783

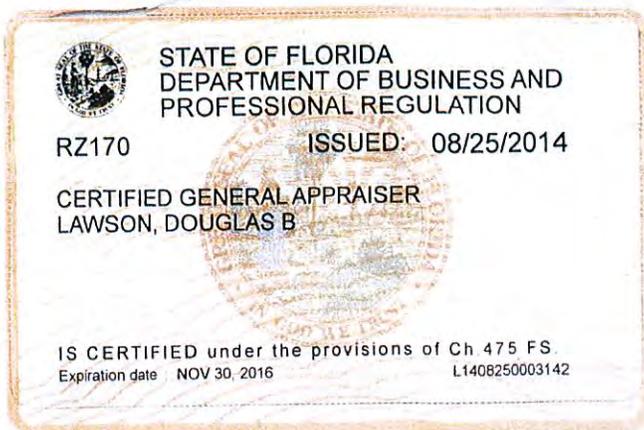
850-487-1395

LAWSON, DOUGLAS B
9250 ALTERNATE A1A
SUITE A
NORTH PALM BEACH FL 33403

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DETACH HERE

RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

LICENSE NUMBER
RZ170

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2016

LAWSON, DOUGLAS B
10226 HUNT CLUB LANE
PALM BEACH GARDENS FL 33418

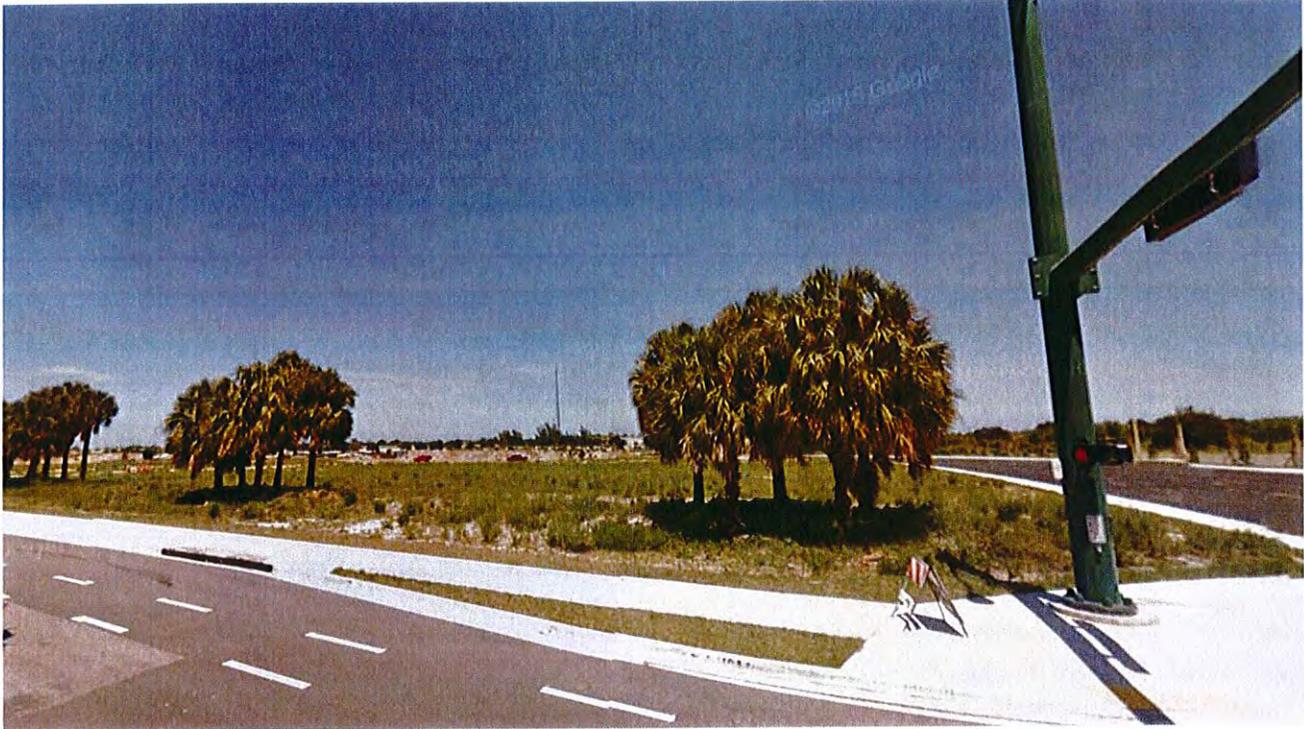


ISSUED: 08/25/2014

DISPLAY AS REQUIRED BY LAW

SEQ # L1408250003142

PRE-DEVELOPMENT SELF-STORAGE SITE & MARKET FEASIBILITY STUDY



Site Location:
200 N Congress Ave
Lake Park, FL 33403

Client: Paige York, Outback Storage

Market and Feasibility Analysis performed by: Bob Copper, Self Storage 101



Self Storage 101
Unlock Your Profits

TABLE OF CONTENTS

FORWARD	3
2015 SELF STORAGE INDUSTRY FACT SHEET	6
CONCLUSIONS AND RECOMMENDATIONS.....	9
SUBJECT MARKET INSPECTION	11
AERIAL VIEW-LAKE PARK FL	11
MAP VIEW- LAKE PARK FL.....	12
SUBJECT SITE EVALUATION.....	13
PROJECT DESCRIPTION.....	14
AERIAL VIEW OF SUBJECT SITE	16
MAP VIEW.....	17
SUBJECT SITE ATTRIBUTES	18
SUBJECT MICRO MARKET	21
MARKET REVIEW.....	22
DEMOGRAPHICS	24
NEIGHBORHOOD.....	26
COMPETITORS BY LOCATION	27
COMPETITOR ANALYSIS	29
COMPETITOR PROFILES	31
POTENTIAL NEW DEVELOPMENT IN SUBJECT MARKET.....	42
DEMAND ANALYSIS.....	43
UNIT MIX AND RATES.....	46
REGIONAL RENTAL RATE COMPARISONS	50
LEASE-UP PERIOD.....	55
OPERATIONS/MARKETING RECOMMENDATIONS.....	57
APPENDIX.....	62
WHAT IS SELF STORAGE?	62
WHY PEOPLE STORE.....	65
SELF STORAGE ZONING.....	66
SELF STORAGE DEVELOPMENT LIFE CYCLE	67
PRE-OPENING TIME LINE	70
WHY INVEST IN SELF STORAGE?	72
STORAGE TYPES	73
DEVELOPER ACTIVITIES.....	77
DEVELOPMENT TIMEFRAME.....	79
DEVELOPMENT COSTS	79
DEVELOPING A SITE PLAN	85
SAMPLE SITE PLANS	86
SELF STORAGE FINANCING	89
CAP RATES.....	103
SELF STORAGE VALUATION.....	104
Consultant Qualifications.....	105

FORWARD

The client has engaged Self Storage 101 to conduct a Pre-Development Self Storage Site and Market Feasibility Study for a specific development site or conversion. The purpose of this report is to provide an in-depth review of the subject site and micro market as each relates to the potential opportunity for successful self-storage management and development at a specific site. This study researches the competitive self-storage market as related to demographic and competitive data, the subject site's location, visibility and other attributes and its place within the existing self-storage market. The report contains a complete profile of the existing self-storage competitors and provides documentation as to their relevance within the subject market and the competitive impact on the potential development of the subject property.

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

- 1) **The Site and its Location.** As self-storage has become ever more a retail-type business, facility location has become more critical than in past times when self-storage facilities were located in industrial parks or behind the local airport. When looking at the specific location, we are evaluating the site for its visibility, accessibility and relation to the other self-storage competitors. While contemplating a potential site's suitability it is important to review signage and other marketing opportunities necessary to enhance the subject location's 'statement' within the market. It is also important to note the following as they relate to market position:
 - a. **Amenities.** Self-storage customers are becoming more discerning about their self-storage choices and those facilities lacking in 'market amenities' are finding themselves at a disadvantage.
 - b. **Curb Appeal.** Self-storage customers sometimes make their decisions regarding a specific site based on the initial look of the facility. A dirty, debris-laden parking lot and trashy landscaping is likely indicative of a poorly managed facility and uncaring managers.
 - c. **Specials and Discounts.** The more competitive a market, the more likely it is that a facility will be forced to integrate some type of move-in discounting in its marketing scheme.
 - d. **Statistics.** Most self-storage customers 'shopping' for storage end up renting storage. A critical question to ask when reviewing a self-storage facility is 'would a potential customer rent here?' and if not, why not.

- 2) **The Market.** Self-storage demand in any market is determined by the needs of potential customers and thus, simply adding more self-storage inventory does nothing to increasing that potential demand. A crucial piece of the 'marketability' and viability puzzle is attempting to determine if there is sufficient demand for additional self-storage supply. New self-storage customers can come from only a small number of demand pools: population growth, commercial growth or pent up demand not being met by the existing competitors. An underlying question we must ask in evaluating a potential self-storage location is 'why would potential self-storage customers rent here?' What about the market or location indicates that the subject site should and likely will garner an acceptable and profitable share of the move-in activity?
- 3) **The Competitors.** Determining the rates, occupancy levels and amenities offered by the market competitors is an important factor in determining the quality of the local self-storage market and the propensity for a reasonable occupancy level and revenue growth for a new self-storage development. Our in-person evaluations of the market competitors are designed to compile both anecdotal and quantitative evidence of the 'marketability' of a particular self-storage facility. The days of 'build it and they will come' are long over within the self-storage industry. Therefore, more than ever before it does matter what the competitors are offering in order to entice potential customers. There simply may not be enough potential customers looking for storage in a particular market and any new development will have to be positioned within the market to garner an acceptable percentage of the existing self-storage demand.
- 4) **The Manager.** There are very few business models that are as 'manager-centric' as self-storage. Oftentimes, customers do not remember the name of the facility but they almost always know the name of the manager. **We believe that an A+ facility with a C- manager is a C- operation.** It is absolutely critical that a self-storage company hire, train and develop on-site managers at the highest level. The view of managers as 'baby sitters' reflects a view of the business model that is no longer viable. A self-storage manager must have excellent sales abilities, know how to use effective collections techniques and know how to utilize effective time management skills. In an ever increasingly competitive business cycle, self-storage facilities must have a better trained and more professional manager than their competitors. Our evidence shows that in most any self storage market, the facilities with the most professional managers almost always have the highest occupancy levels and the highest market rates.

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

Some preliminary construction costs estimates have been provided within the report. Although we attempt to determine current materials and construction costs, no representation is made as to their entirety or accuracy. We have provided these estimates for reference and these estimates are for the purposes of making an initial determination as to the return on investment, cash-on-cash returns and other such investment analysis.

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

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

2015 SELF STORAGE INDUSTRY FACT SHEET^{1 2}

- The self storage industry has been one of the fastest-growing sectors of the United States commercial real estate industry over the period of the last 40 years
- There are now over 48,500 “primary” self storage facilities in the United States as of year-end 2014; another 4,000 are “secondary” facilities (“primary” means that self storage is the “primary” source of business revenue – US Census Bureau)
- There are approximately 58,000+ self storage facilities worldwide as of Q4 – 2014; there are more than 3,000 in Canada and more than 1,000 in Australia.
- Total self storage rentable space in the US is just above 2.3 billion square feet (as of Q4-2014) [approximately 210 million square meters]. That figure represents more than 78 square miles of rentable self storage space, under roof – or an area well more than 3 times the size of Manhattan Island (NY)
- U.S. self storage facilities pay a total of more than \$3.25 billion in property taxes to local government jurisdictions.
- The distribution of U.S. self storage facilities (Q4-2014) is as follows: 32% urban, 52% suburban and 16% rural.
- The average revenue per square foot varies from facility to facility; however, here are the data for Q4 2014: \$1.18 PSF for a non-climate controlled 10 x 10 unit and \$1.51 PSF for a climate controlled 10 x 10 unit.
- Occupancy rates for self storage facilities as of Q4 2014 were 88.1% (percentage of units rented per facility) up from 86.8% at year-end 2013.
- The asking rent for a 10'x10' unit in the U.S. (Q4-2014) is averaged at: non-climate controlled \$118/month; climate-controlled \$151/month.
- In fact, 8.96% of all American households currently rent a self storage unit (10.85 million of the 113.3 million US HHs in 2013; that has increased from 1 in 17 US HHs (6%) in 1995 (18 years ago).
- U.S. self storage facilities employed more than 170,000 persons, or an average of 3.5 employees per facility.
- The average (mean) size of a “primary” self storage facility in the US is approximately 54,600 square feet.
- Of over 10,000 facilities surveyed, approximately 6,000 are single-story facilities and approximately 4,000 are multi-story facilities.
- Of over 10,000 facilities surveyed, the mean facility size is 546 units and the median facility size is 517 units.
- Of over 10,000 facilities surveyed, 18.7% offer Boat / RV parking and/or storage.
- Of over 10,000 facilities surveyed, 31% offer truck rental.
- The top-5 self storage companies, including 4 real estate investment trusts (Public Storage, Extra Space, Sovran and CubeSmart) plus U-Haul (a public company / non-REIT), own, operate and/or manage some 5,600 self storage facilities, or about 11.5% of all US facilities. Several public companies are now offering third-party management of facilities owned by other investors. Hundreds of facilities are now being managed by the three public companies that have moved into this service area.

¹ Compiled from the SSA Website

² as of 1/30/15

- In addition to the public companies in the industry (above), there are more than 150 privately held firms that own and operate 10 or more self storage facilities. In addition, there are some 4,000 firms that own and operate from 2-9 self storage facilities. Lastly, there are more than 27,000 firms that own and operate just one facility.
- There is a total U.S. self storage space capacity of about 21 sq. ft. per American household.
- There is 7.3 sq. ft. of self storage space for every man, woman and child in the nation; thus, it is physically possible that every American could stand – all at the same time – under the total canopy of self storage roofing.
- About 13% of all self storage renters say they will rent for less than 3 months; 18% for 3-6 months; 18% for 7-12 months; 22% for 1-2 years; and 30% for more than 2 years.
- Some 68% of all self storage renters live in a single-family household; 27% live in an apartment or condo.
- Some 65% of all self storage renters have a garage but still rent a unit; 47% have an attic in their home; and 33% have a basement.
- Some 47% of all self storage renters have an annual household income of less than \$50,000 per year; 63% have an annual household income of less than \$75,000 per year.
- More than 1.5 million self storage units nationwide are rented to military personnel (6% of all units); however, in communities adjacent to domestic US military bases, military occupancy can be from 20% to 95% of all rented units.
- Self storage operators value military personnel as self storage customers and traditionally extend special incentives and discounts to those with a valid military ID card, such as: 10%-30% discounts off rental rates, free months of rent, gift certificates, free use of moving truck, "one-dollar move-ins," no rent increases while deployed overseas, waiver of security deposits, administration fees, etc.
- It took the self storage industry more than 25 years to build its first billion square feet of space; it added the second billion square feet in just 8 years (1998-2005).
- 83.9% of all US counties (or 2,634 out of 3,141) have at least one "primary" self storage facility.
- Self-Storage is driven by population (roof tops). The typical tenant mix for facilities is approximately 70 percent residential users. As of June 2015, there were over 500,000 multi-family units under construction, the most since 1986. As single-family subdivisions and multi-family communities continue to build out or become more diverse, there will be a continued need for self-storage space.
- There is plenty of room for industry consolidation. The 10 largest operators control only 14.96 percent of the facilities nationwide and 20.52 percent of the NRSF.
- With more sophisticated and creative management and marketing, facilities are able to maintain high levels of return in spite of higher purchase prices.
- Although occupancy has fluctuated based on the economy and seasonality, rental rates have consistently increased over the years.
- Self-storage facilities are not recession proof but are recession resistant. When the economy is strong, people have the extra income to afford storing their stuff. When the market is struggling and people are moving around, there is also a need to store "valuables."
- Self-storage is easier and less risky to manage compared to many other asset classes. Low overhead costs are attractive for entrepreneurs who invest in storage. Self-storage is an easy investment to oversee as an owner.
- Self-storage facilities are adaptable. Due to the construction materials (typically metal) you can reconfigure units based on demand.
- The most successful operators in this industry have recognized that income is not limited to the monthly rent of their units. Additional income generators include tenant insurance, RV/boat storage, moving truck rentals, administration fees, late fees, merchandise sales, and auction services.

- With limited self-storage development over the last five years, the top 50 markets need an estimated 3,500 new self-storage facilities to meet population growth and expected consumer demand during the next five years.
- Comparing overall average returns on a five- and 10-year basis, self-storage has outperformed multifamily, retail, industrial, and office investments.

CONCLUSIONS AND RECOMMENDATIONS

On or about May 14, 2016, the Partners of Self Storage 101 conducted a Self Storage Market Study for a specific potential development or conversion site in the Lake Park, FL market. The study included an onsite examination of the subject property, a review of the self-storage competitors in the market and the demographic profile of the subject market.

It is my opinion that the market is highly favorable for the development of a substantial amount of self-storage space and in particular climate controlled space. We do believe it is likely that acceptable financial assumptions and returns can be met, assuming the land and development costs are not overly burdensome, and that these return calculations would be impacted by what we would calculate to be an acceptable lease-up period due to the unmet demand calculations noted in the study and the high occupancy levels noted at the market competitors.

Our opinion is based on the following:

- The square foot demand calculations would appear to indicate that the subject market up to the three-mile demographic profile is under-developed and there is more than sufficient amount of unmet self storage space demand and in particular for climate controlled storage space in the subject market.
 - The subject site would in effect 'own' a sub-section of the market as there are no self storage competitors within one-mile of the subject site.
- We are aware of a new self-storage development in the subject market and while we believe this development would impact the supply in the market and the lease-up of the subject site, we have contemplated that supply and the expected lease-up of the subject site in our analysis and believe there will be little impact of the lease up either facility due to the other.
 - There is a substantial amount of unmet demand within the subject market and in particular for climate controlled storage space.
 - Several of the market competitors are older, 1st and 2nd generation facilities and lack the new state of the art amenities that consumers have come to expect. Despite that lack of amenities, however, most of those facilities are highly occupied with high rental rates due to the demand for storage and in particular for climate controlled storage space.
- We believe a self storage facility is a highest and best use for the subject site:
 - Self storage facilities generate very little additional vehicle traffic and do not add to what may already be a traffic congested area.
 - Self storage is a 'clean' commercial use, as opposed to many other types of commercial entities, in the limited use of utilities, and the limited uses of the storage space.
 - Self storage provides a need for homeowners, renters and businesses in the immediate area so that customers do not have to store their items further from their home or business than they would prefer.

The market is clearly a 'B+' market and the site is an 'A' site. We consider this a 'B+' market due to the high occupancy levels at the competitors, the calculation of more than sufficient amount of potential unmet demand for additional self storage space in the market, the moderately high to high rental rates for storage space, the moderate to moderately high per capita and household income levels, the moderately high population density and projected population growth. (We would consider this an 'A' market if the population density was higher).

We would consider this an 'A' site due to the visibility and location on a higher traffic count roadway and the potential population drive by opportunities in close proximity.

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

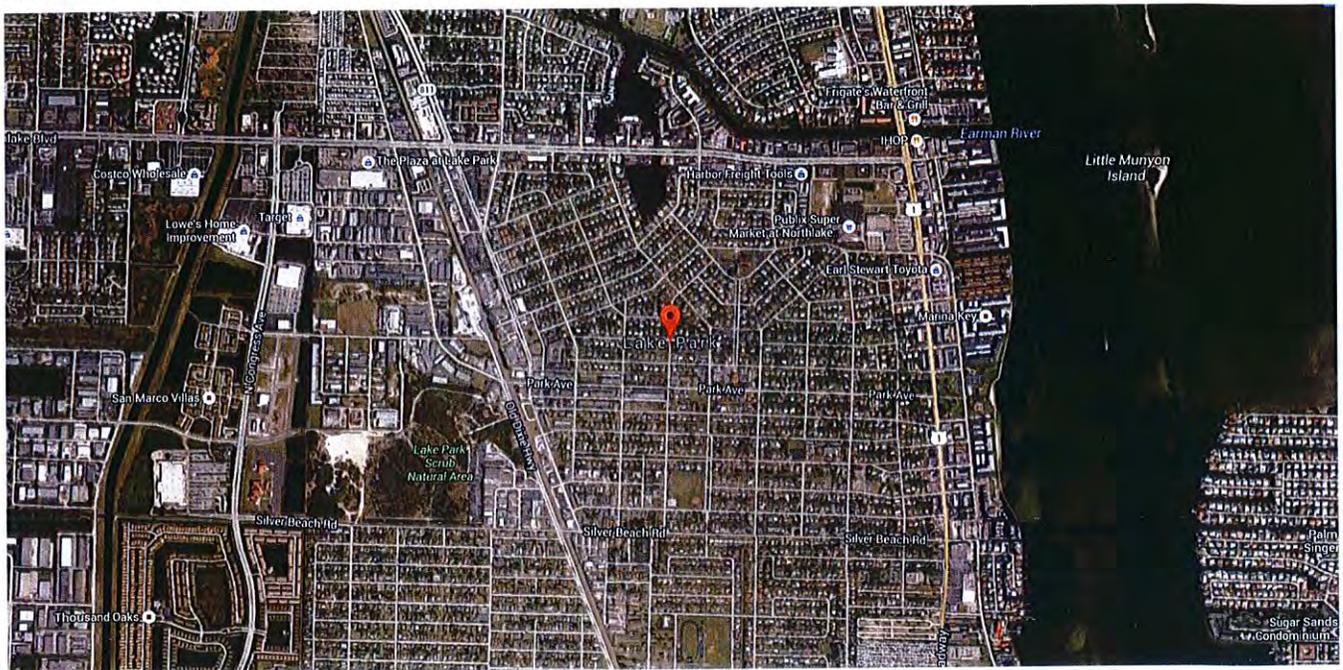
In markets where institutional investments have been made, once projects meet stabilized occupancy, rental rates tend to be aggressively managed, thus creating opportunities for increased rents. Where institutionally-owned projects are not prevalent, owner-managed properties tend to have lower rents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

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

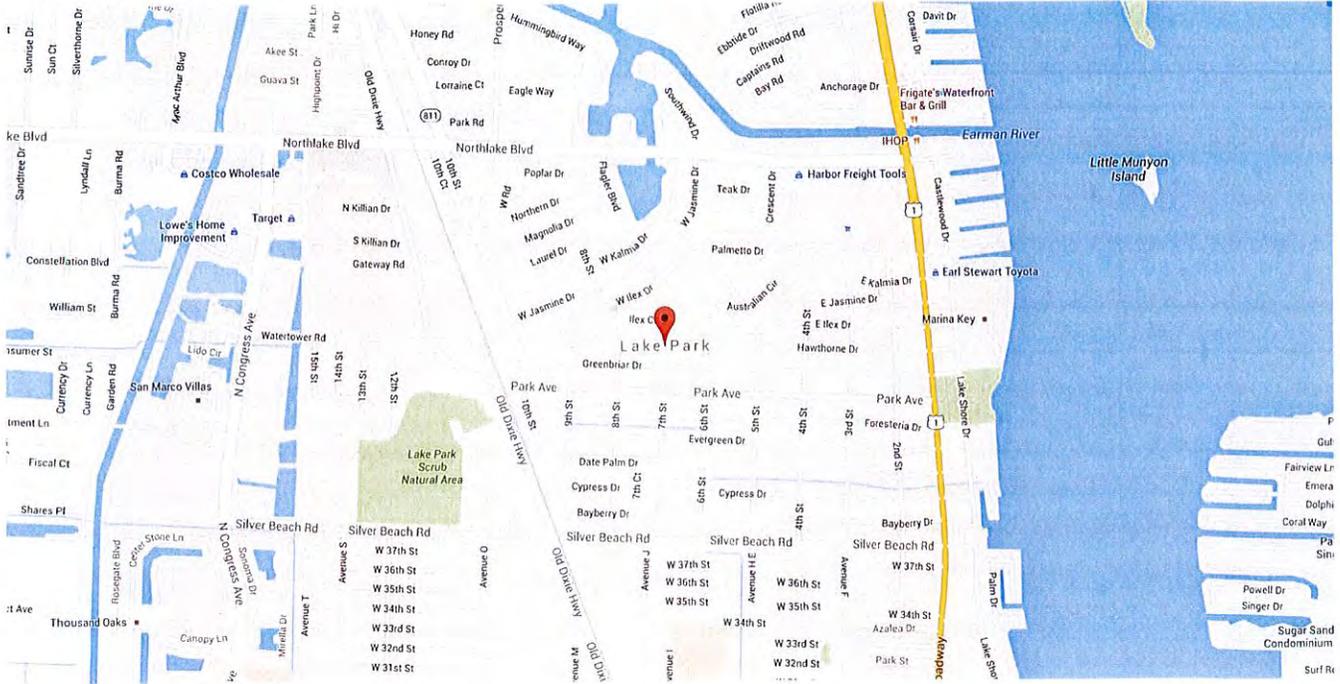
We highly recommend that the client pursue development of a Class A, state-of-the-art self storage facility as the subject site.

SUBJECT MARKET INSPECTION

AERIAL VIEW-LAKE PARK FL

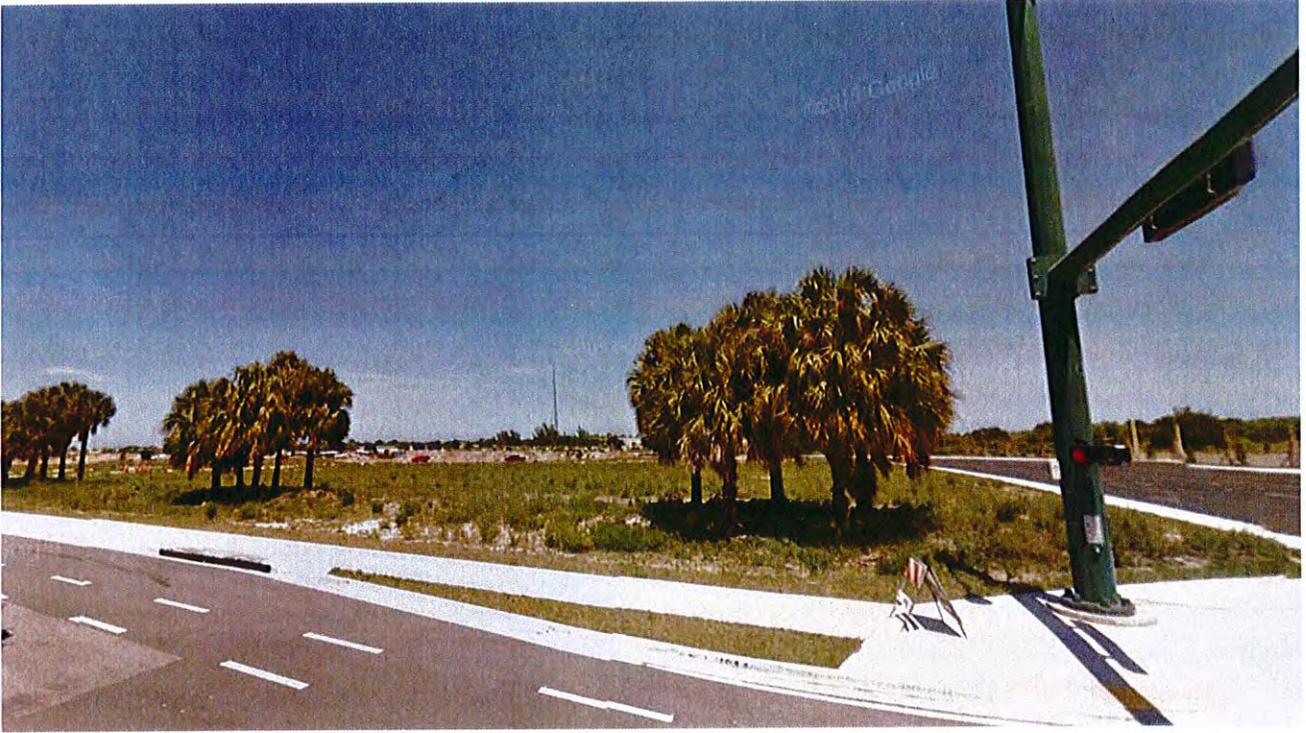


MAP VIEW- LAKE PARK FL



SUBJECT SITE EVALUATION

Location: Vacant commercial land parcel located with visibility from a moderately high traffic count roadway in the Lake Park, FL market.



PROJECT DESCRIPTION

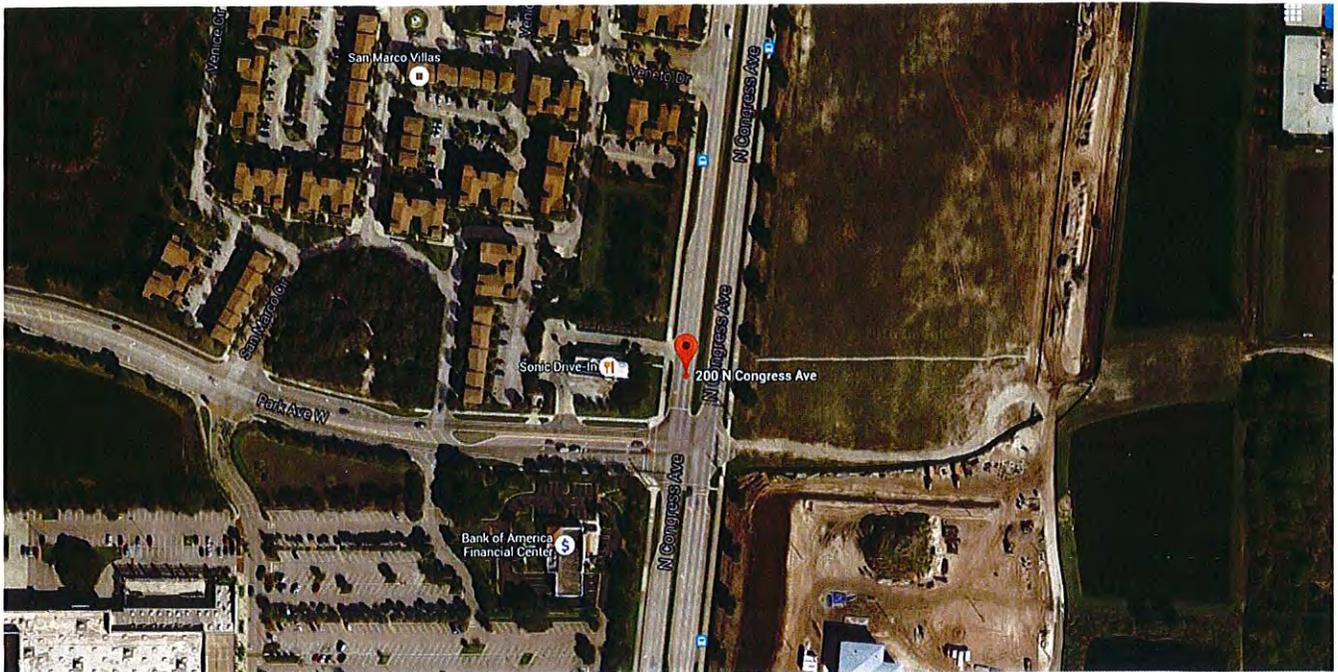
A multi-story self-storage facility is proposed as a ground up development project located at a commercial parcel located on North Congress Ave in Lake Park, FL. The site is approximately 4.7 acres and proposed construction would include an inventory of climate controlled space and outside boat and RV parking spaces newly developed on the parcel. This facility will likely not include an onsite manager's apartment but will include a small office conducive to conducting storage rental and sales operations. Feasibility of the project would be contingent upon all approvals, permits and licenses being obtained.

The self storage facility project will likely have the following attributes:

- An office of approximately 800 square feet of 'A' quality which would be conducive to conducting both self storage rental business as well as the selling of moving and packing supplies.
- The facility would not include an onsite manager's apartment. Consider that:
 - The costs related to completion of a modest apartment can be \$50,000-\$60,000 or more.
 - The space used, approximately 1,200 square feet, cannot be rented, representing a potential loss in income comparable to the per square foot rate of climate-controlled space.
 - Replacing a manager who lives in an on-site apartment can prove to be problematic.
 - Acquisition-minded self-storage companies may not, and likely will not, require or prefer an apartment.
- The layout of the site should include a main entry point with a key pad entry and computer access controlled entry doors. This design:
 - Allows for better tenant monitoring as access points and histories are documented.
 - Helps control delinquencies as past due tenants are typically not allowed to access their storage unit and are hindered from doing so by way of suspension of their security access code.
- Approximately 75,600 feet of rentable self-storage space configured as:
 - Approximately 25,200 square feet of 'premium' first floor interior access climate controlled storage space developed in the first building (along with the office), which
 - The market area has a limited number climate controlled storage facilities and the high occupancy levels and the moderately high market rates for climatized space clearly indicate that there is additional demand for this type of space.
 - A premium can be charged for climate-controlled space (15-25%)
 - Approximately 50,400 rentable square feet of 'value priced' climate controlled storage space on two floor accessible by elevators.
 - The site will also have +/- 68 outside, uncovered boat and RV parking spaces.

- The project will be multi-level. Consider:
 - The subject site does lend itself to an efficient multi story development project.
 - There is sufficient demand in the subject market for the amount of self storage space a multi story development would add to the market.
 - There is existing precedent in the market for the development of multi story facilities and the general public is becoming much more accepting of this newer, state of the art self storage product.

AERIAL VIEW OF SUBJECT SITE



MAP VIEW



SUBJECT SITE ATTRIBUTES

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

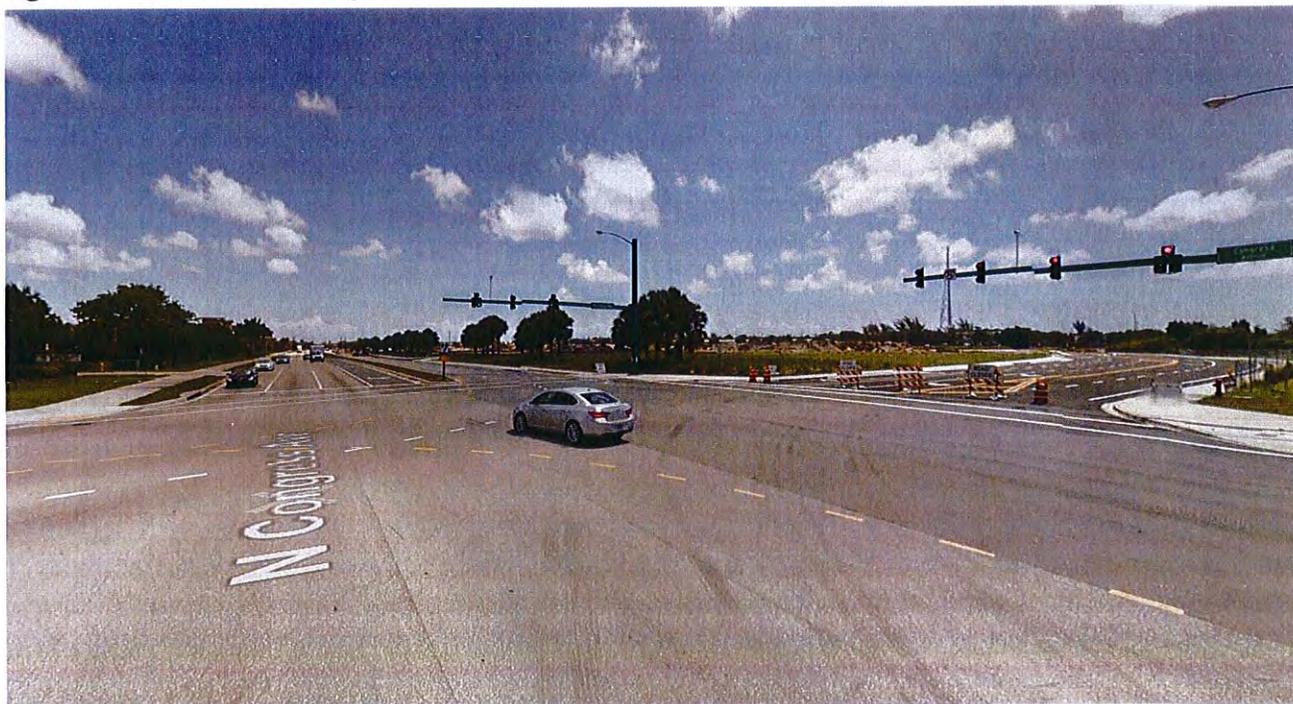


ACCESS: We assume the subject site will have access from North Congress at this point. The subject site should have excellent access from Congress Avenue for northbound travelers but southbound travelers will have to make a u-turn at the lighted intersection of Congress and Park in order to access the site.

Access point from Congress.



Lighted intersection of Congress and Park.



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

LOCATION RELATIVE TO COMPETITORS: The subject site does appear to enjoy some particular level of location advantage over most of the self-storage competitors in that it is located on a higher traffic roadway than some of the competitors and it appears to 'own' a sub-section of the subject market, an area west of Congress and east of I-95 as there are no competitors in this small sub section of the market.

It is important to note that the subject property should have a distinct management advantage over all of the competitors. Self-storage is a highly 'manager-centric' business model and the level of management expertise in the Lake Park market is fair to mediocre. A strong sales-oriented manager will garner his or her fair share of the self-storage market in Lake Park.

SUBJECT MICRO MARKET

There are several self storage competitors in the micro market. Some of the facilities are older, moderately sized facilities representing a modest amount of storage space while others are newer, larger sized facilities with regional and national ownership representing a more substantive amount of storage space.

All of the stabilized self storage competitors within the subject market were highly occupied, with all or near 90% occupancy and some closer to 95% occupancy. It is our opinion that there is an unmet demand for self storage inventory within the subject market and in particular for climate controlled storage space.

The following are positive attributes relative to the micro market and the proposed development at the subject location:

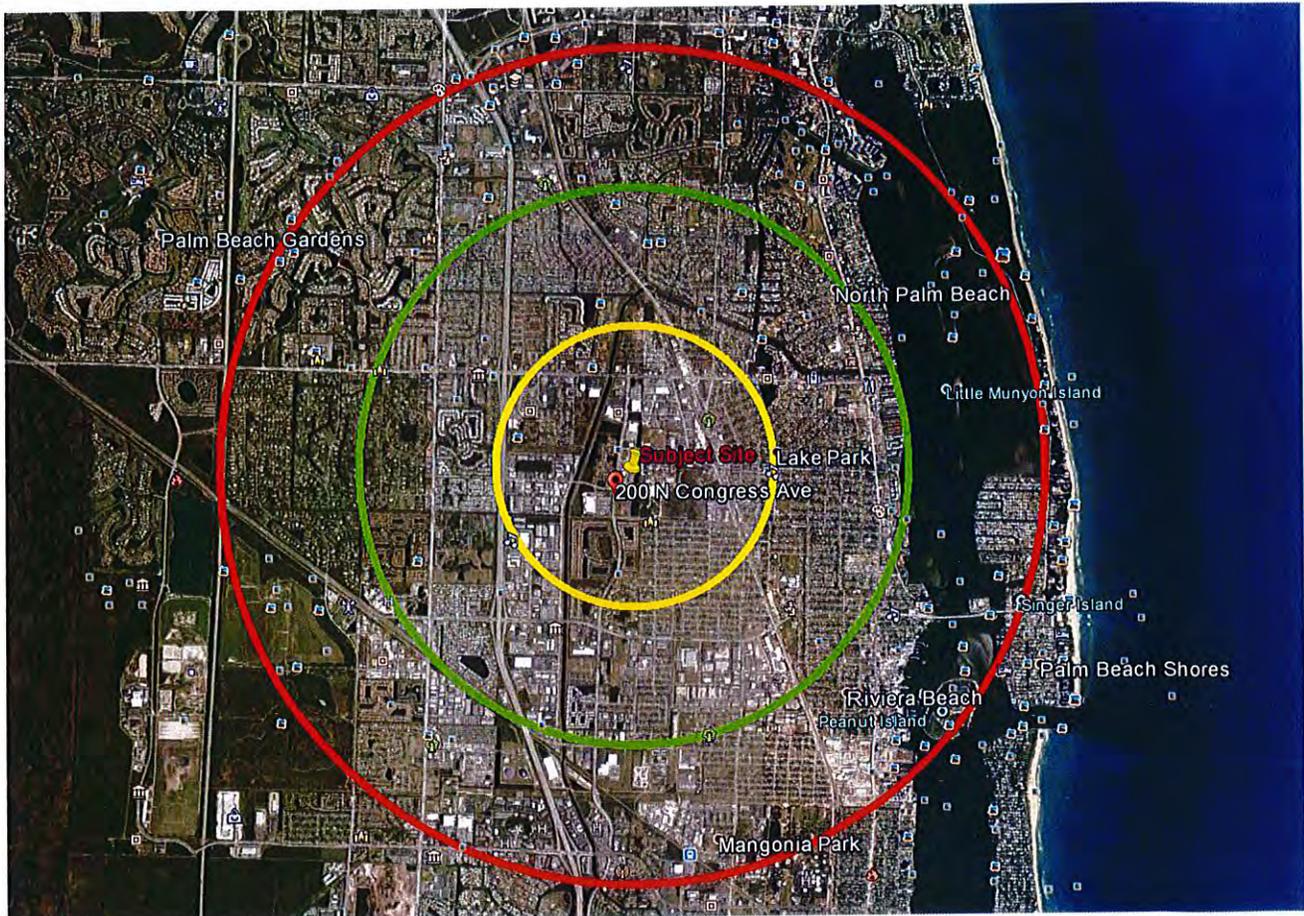
- Lack of available or suitable land on high traffic roadways.
- Local zoning complications can discourage potential developers and create a higher barrier to entry.
- The prohibitive cost of suitable land would indicate that a large percentage of potential self-storage projects, either proposed or imagined, would likely lack sufficient financial returns to warrant the time, energy or financial investment necessary to start such a project.

There are various market conditions that positively impact the subject property and proposed self-storage development:

- Few of the market competitors are aggressively marketing self storage space. The high occupancy levels appear to preclude the necessity of aggressive move-in discounts.
- Not all of the market competitors are professionally managed, either self-managed or by a sophisticated regional or national third party management company.
- Population is projected for nominal positive growth in the micro market.
- The population density is at moderate levels.
- Per capita and household income range from moderately low to moderately high in the subject market.

MARKET REVIEW

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



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

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

The largest proportion of tenants is typically residential customers. While approximately 70 percent of all storage tenants tend to fall in this category, it is important to understand that these numbers can change from market area to market area. In those areas with a predominantly residential customer base, operators need to keep in mind that life changes often drive the decision to need storage. This can range from a divorce or death in the family to remodeling or selling a home. Depending on the housing specifics in the market area, residential customers may also consist of apartment or condo dwellers who do not have enough storage space where they live. On a national basis while 68 percent of residential customers tend to live in a single-family home, nearly 30 percent reside in multi-family housing.

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

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

DEMOGRAPHICS³

Description	1 Miles	2 Miles	3 Miles
POPULATION BY YEAR			
Population (4/1/1990)	6,074	35,659	64,353
Population (4/1/2000)	6,854	39,540	74,624
Population (4/1/2010)	9,042	41,275	80,215
Population (1/1/2016)	9,832	44,795	87,097
Population (1/1/2021)	10,199	46,475	90,378
Percent Growth (2016/2010)	8.74	8.53	8.58
Percent Forecast (2021/2016)	3.73	3.75	3.77
HOUSEHOLDS BY YEAR			
Households (4/1/1990)	1,990	13,634	26,044
Households (4/1/2000)	2,302	15,302	30,578
Households (4/1/2010)	3,034	15,770	33,123
Households (1/1/2016)	3,260	16,908	35,530
Households (1/1/2021)	3,370	17,489	36,747
Percent Growth (2016/2010)	7.45	7.22	7.27
Percent Forecast (2021/2016)	3.37	3.44	3.43
GENERAL POPULATION CHARACTERISTICS			
Median Age	31.0	38.1	41.2
Male	4,656	21,712	41,822
Female	5,176	23,083	45,275
Density	4,430.2	4,352.9	3,254.3
Urban	9,832	44,795	87,097
Rural	0	0	0
GENERAL HOUSEHOLD CHARACTERISTICS			
Households (1/1/2016)	3,260	16,908	35,530
Families	2,329	10,835	21,705
Non-Family Households	931	6,073	13,825
Average Size of Household	3.01	2.62	2.43
Median Age of Householder	47.3	52.1	53.9
Median Value Owner Occupied (\$)	123,503	148,451	170,454
Median Rent (\$)	933	904	950
Median Vehicles Per Household	1.9	1.9	1.9
GENERAL HOUSING CHARACTERISTICS			
Housing, Units	4,257	19,752	41,950
Housing, Owner Occupied	1,529	9,885	20,915
Housing, Renter Occupied	1,731	7,023	14,615
Housing, Vacant	997	2,844	6,420
POPULATION BY RACE			
White Alone	1,394	18,336	44,569
Black Alone	7,648	22,729	35,678
Asian Alone	288	1,344	2,700
American Indian and Alaska Native Alone	16	127	234
Other Race Alone	188	957	1,729
Two or More Races	298	1,302	2,187

³ Demographic profile via subscription service EASI Demographics on Demand
Prepared by Self Storage 101 for P York ©2016

POPULATION BY ETHNICITY

Hispanic	790	4,373	8,401
White Non-Hispanic	966	15,592	39,046

GENERAL INCOME CHARACTERISTICS

Total Household Income (\$)	197,274,869	1,144,737,950	2,858,013,467
Median Household Income (\$)	44,481	51,175	57,533
Average Household Income (\$)	60,514	67,704	80,439
Per Capita Income (\$)	20,227	26,184	33,274

RETAIL SALES

Total Retail Sales (including Food Services) (\$)	162,451	830,004	1,941,906
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CONSUMER EXPENDITURES

Total Annual Expenditures (\$000)	136,208.1	839,888.9	1,896,503.7
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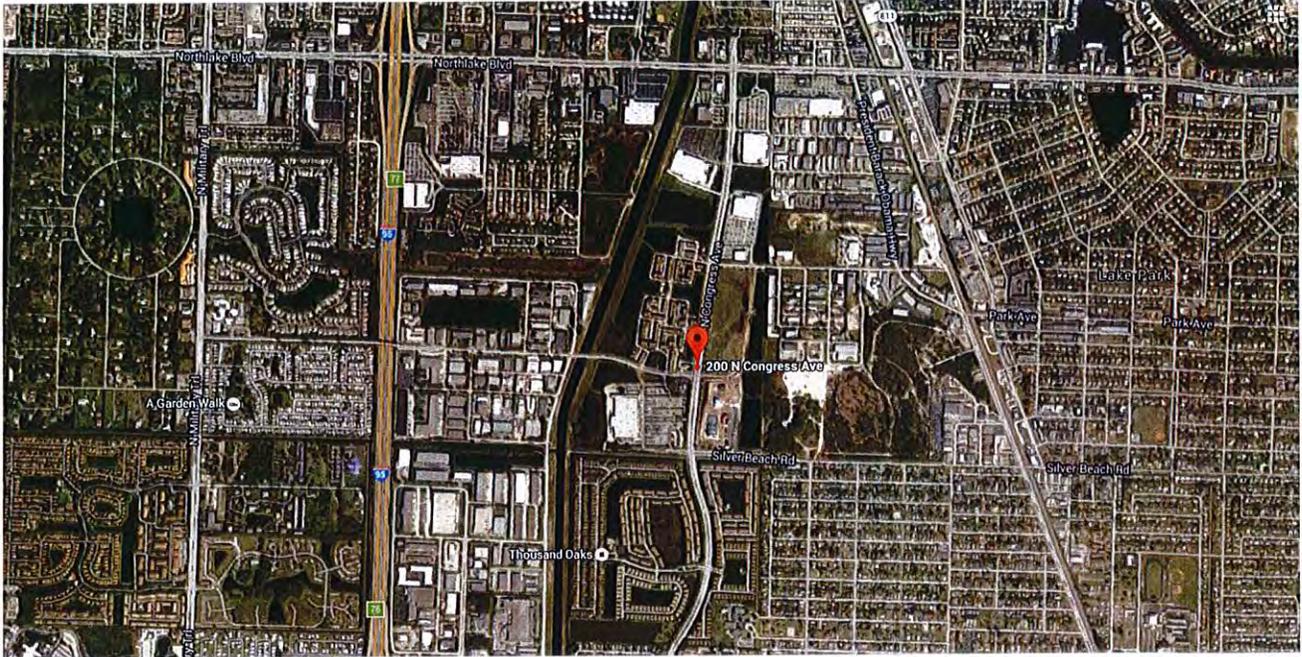
EMPLOYMENT BY PLACE OF BUSINESS

Employees, Total (by Place of Work)	2,301	16,333	42,479
Establishments, Total (by Place of Work)	192	1,519	3,191

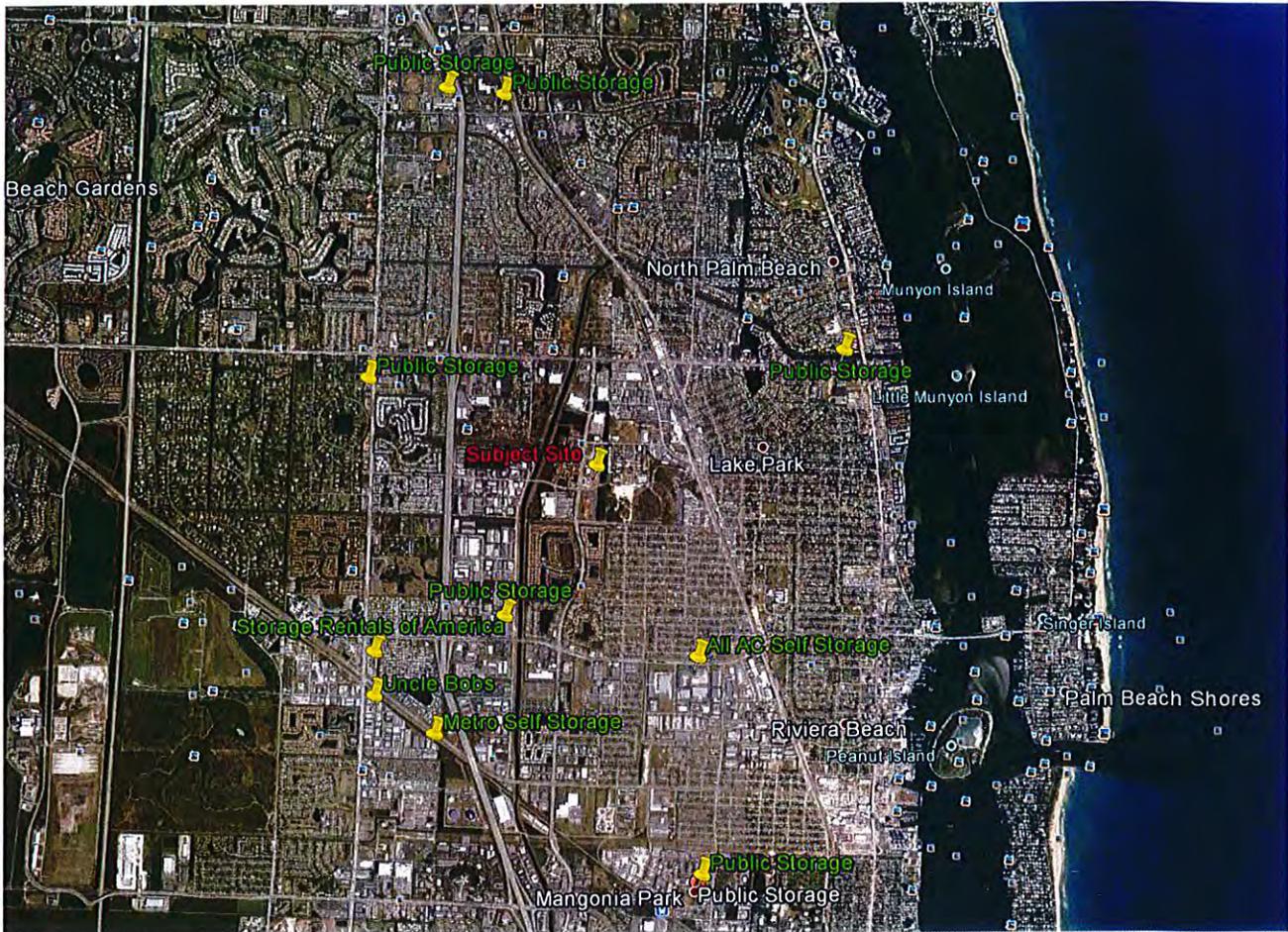
The demographic profile indicates that the population and household numbers are projected to increase over the next five years, albeit not significantly so. It also indicates that the household and per capita income levels range from moderately to moderately high and that the population density is in the moderately high range.

NEIGHBORHOOD

The neighborhood in close proximity to the subject site is primarily comprised of retail and other commercial establishments or various size and type along the Congress Avenue corridor and an industrial warehouse area to the west of the subject site and with what appears to be single family residential neighborhoods to east and west of the subject site.



COMPETITORS BY LOCATION



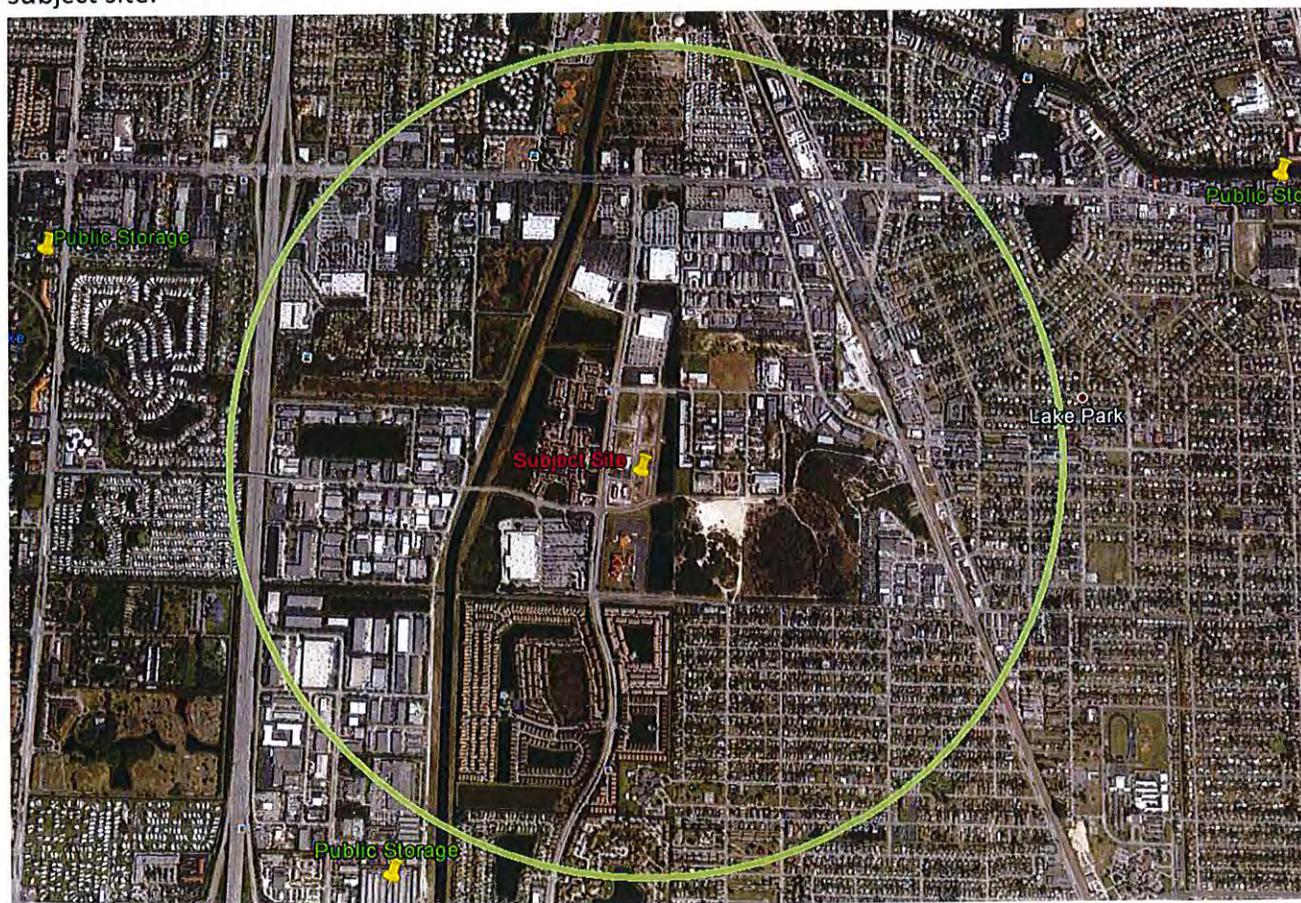
An important step in determining the feasibility of building a self storage facility at a particular location is the level and quality of competition within the target market area as well as the potential for future competition. The examination of the existing competition must be done using both market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

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

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

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

We should note that the subject site will effectively 'own' a sub-section of the subject market as there are no self storage competitors within one mile of the subject site and in particular to the southwest of the subject site.



COMPETITOR ANALYSIS

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

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

Competitor profiles are an important part of the feasibility analysis. The following are some of the attributes that are significant indicators of market strengths or weaknesses:

- Occupancy levels

Occupancy rates are some of the most highly scrutinized numbers in the self-storage industry. The data is often the first place owners and operators look to gauge the success of their facilities. To sum it up in simple terms: Rising rates are considered a sign of a healthy storage business while falling rates can indicate unresolved operations problems at a self storage facility.

Factors such as marketing campaigns, facility maintenance, and staffing issues are generally among the first areas investigated as the potential source of occupancy challenges or success. However, occupancy can expand and contract based on a variety of forces, many of which have little to do with the day-to-day operations of a self-storage facility. Conditions outside an owner's or operator's control—such as a declining local economy or an oversaturated.

- Rental rate growth
- Proximity to subject property
- Comparative convenience
- Comparative amenities
- Ability for competitors to expand

The competitor analysis and profiles rate the pertinent features of sites, management and product on a comparative basis. Properties are graded from A to C. This is a purely subjective analysis.

In comparative terms, the “overall” rating at the bottom of the scale (C) is typically a Generation 1 property with low visibility, poor access locations, with unattractive metal or wood buildings. The market would be an area of low density and incomes would be lower than US averages. Management would be inattentive, not sales oriented, and present themselves and the property poorly. Visibility would be poor and access would require more than one turn off the street.

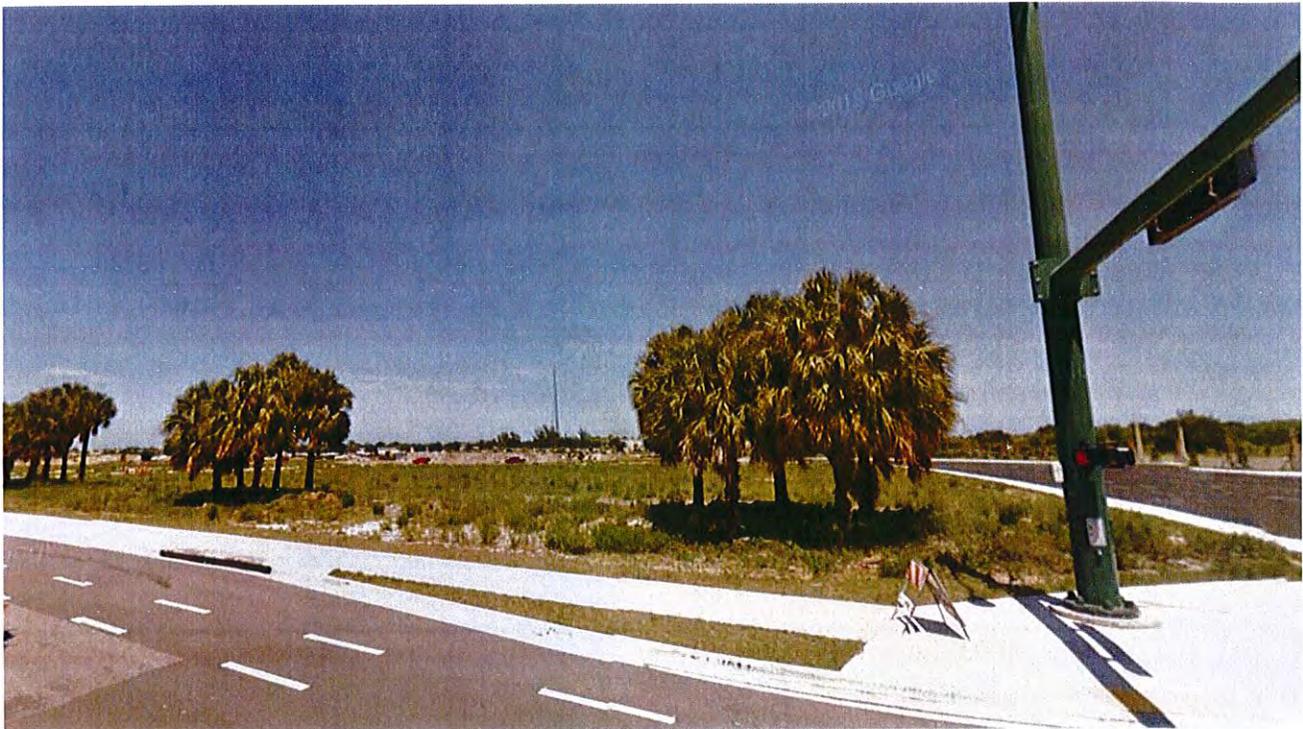
At the top of the scale (A) would be a state-of-the-art property with a combination of climate controlled and direct access space. The location would be on or near “main” street, would be highly visible and access would be multi-directional. The offices would be bright and cheerful, staffed with helpful, knowledgeable, salespersons. Per capita and median household incomes would be above US averages.

COMPETITOR PROFILES

Subject Site: North Congress Ave, Lake Park, FL

PROPERTY RATING

Visibility:	<u>B+</u>
Location:	<u>A</u>
Neighborhood:	<u>A</u>
Traffic Count:	<u>A</u>
Access:	<u>A</u>
Property Condition:	<u>A</u>
Curb Appeal:	<u>A</u>
Drive Width:	<u>A</u>
Manager:	<u>A</u>
Office Quality:	<u>A</u>
OVERALL RATING:	<u>A</u>



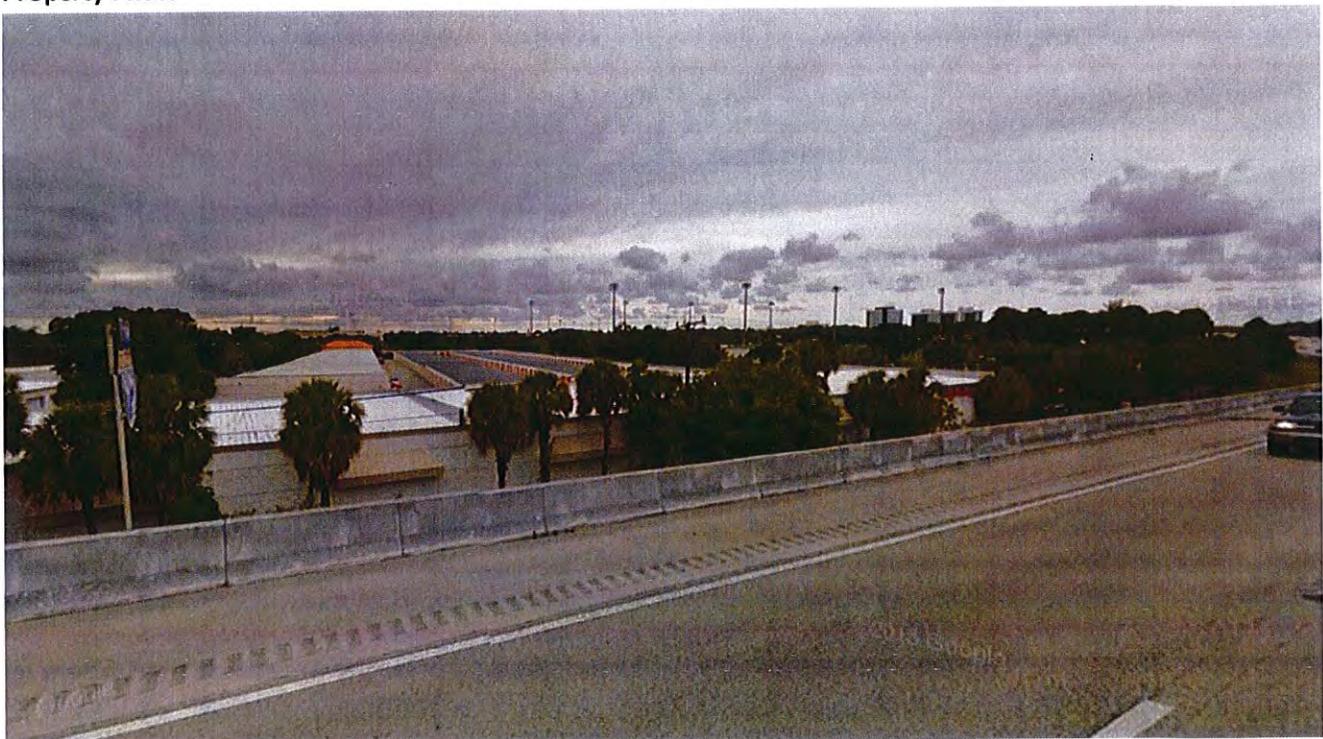
1. Public Storage – 4151 Burns Rd, Palm Beach Garden, FL 33410 – 561-855-0141

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
3.4 miles	1990's	96%	+/-110,000	1000	Single	2nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	N	N	Y	Y	N	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	C	B	B	B	B	C
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B	A	A	B+	M-F – 9:30am – 6:00pm	SA – SU – 9:30am – 5:00pm	6:00am – 9:00pm

	4x5	5x10	10x10	10x15	10x20	Parking
Climate			248			
Non Climate	69	114	183	234	277	

Comments:

Property Photo



2. Public Storage - 4801 E Park Dr, Palm Beach Gardens, FL 33410 – 561-855-0060

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
3.1 miles	+/-2007	96%	+/-76,000	770	Multi	3 rd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	N	N	Y	Y	Y	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	B	B	B	A	A
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B	A	A	B+	M-F – 9:30am – 6:00pm	SA – SU – 9:30am – 5:00pm	6:00am – 9:00pm

	4x5 / 5x5	5x10	10x10	10x15	10x20	Parking
Climate	69 /	137	200	275		
Non Climate	/ 72		207	247	345	

Comments:

Property Photo



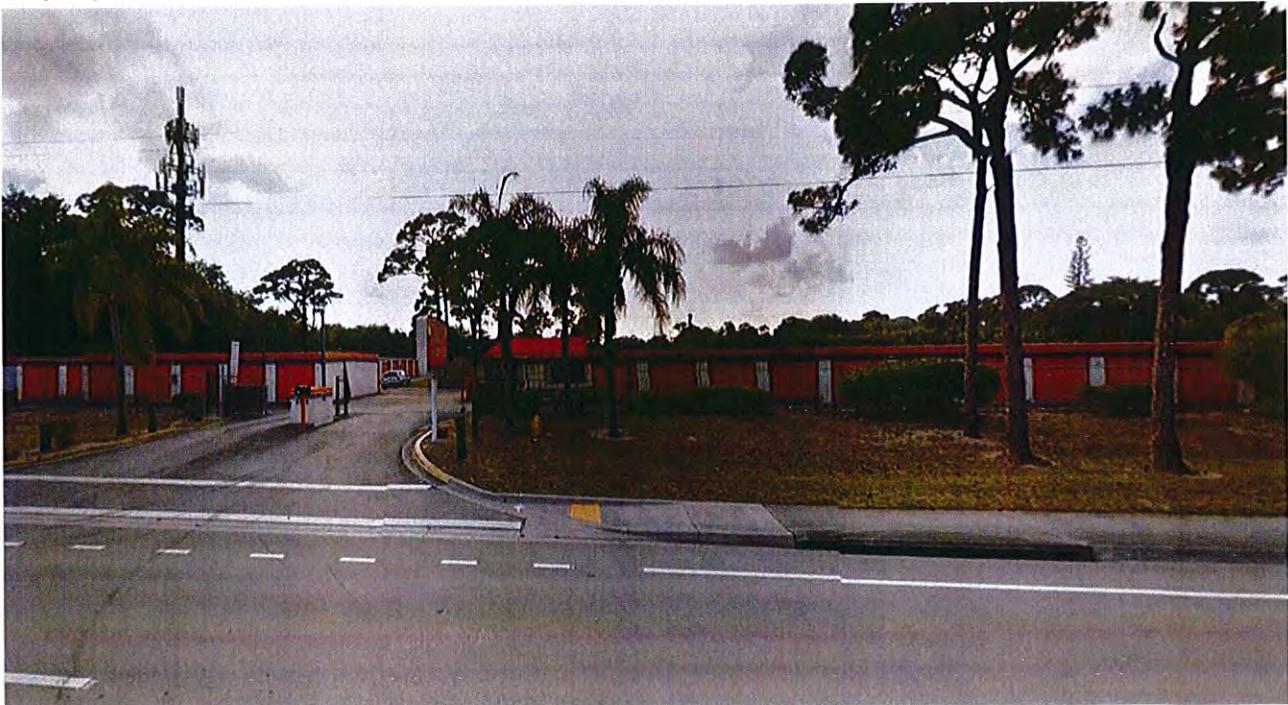
3. Public Storage – 8755 N Military Trail, West Palm Beach, FL 33410 – 561-328-0863

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
1.9 miles	1990	98%	+/-32,000	300	Single	2 nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	N	N	Y	N	N	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	A	A	C	C
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
C	C	C	C	M-F – 9:30am – 6:00pm	SA – SU – 9:30am – 5:00pm	6:00am – 9:00pm

	5x5	5x10	10x10	10x15	10x20	Parking
Climate	64	124				
Non Climate	59	112	167	173	284	84

Comments:

Property Photo



4. Public Storage – 401 Northlake Blvd #6, North Palm Beach, FL 33408 – 561-328-1002

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
2.4 miles	2006	95%	+/- 73,000	725	Multi	3rd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	Y
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
N	N	N	Y	Y	Y	Concrete
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	A	A	A	A-	A
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B	B	B+	A	M-F – 9:30am – 6:00pm	SA – SU – 9:30am – 5:00pm	6:00am – 9:00pm

	5x5	5x10	10x10	10x15	10x20	Parking
Climate	95	130	190	214	309	
Non Climate						

Comments:

Property Photo



5. Public Storage – 3601 Blue Heron Blvd W, Riviera Beach, FL 33404 – 561-328-0774

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
1.9 miles	1999	94%	+/-160,000	+/-1400	Single	2 nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	N	N	Y	Y	N	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	B	B-	B	B
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B	A	A	B	M-F – 9:30am – 6:00pm	SA – SU – 9:30am – 5:00pm	6:00am – 9:00pm

	5x5	5x10	10x10	10x15	10x20	Parking
Climate	44	82	131	236	240	
Non Climate		52	175	209	245	72

Comments:

Property Photo



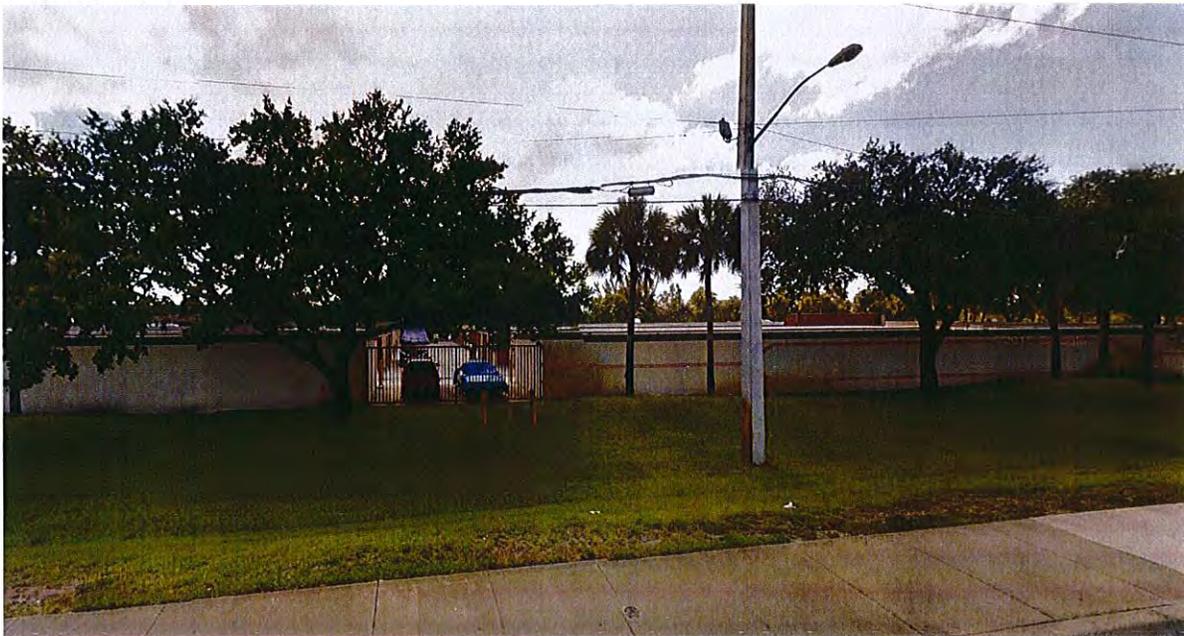
6. Storage Rentals of America – 7000 N Military Trail, West Palm Beach, FL 33410 – 561-844-3999

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
3.4 miles	1980s	90%	+/-55,000	540/800	Single	2nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	Y	Y	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	N	N	N	N	N	Concrete
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	B	B	A	B	B
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B	C	C	B-	M-F – 9:00am – 6:00pm	SA – 9:00am – 1:00pm SU – Closed	24 hours

	5x5	5x10	10x10	10x15	10x20	Parking
Climate	45	69	119			
Non Climate	35	60	115	155	219	

Comments:

Property Photo



7. All A/C Self Storage – 1177 W Blue Heron Blvd, Riviera Beach, FL 33404 – 561-666-6334

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
1.9 miles	1995	93%	+/-40,000	450	Single	2 nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	N	Y	N	N	N	Concrete
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	B	B	B	C	C
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
N/A	C	C	B-	M-F – 8:00am – 6:00pm	SA-9:00-5:00 SU – 9:00am – 1:00pm	Same as office hours

	5x5	5x10	10x10	10x15	10x20	Parking
Climate			159		199	
Non Climate						

Comments:

Property Photo



8. Uncle Bob's Self Storage – 6800 N Military Trail, West Palm Beach, FL 33407 – 561-845-8700

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
2.9 miles	1990s	92%	+/-75,000	800	Multi	2 nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	Y
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	Y	N	Y	N	Y	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	A	A	A	A	B	B
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
B	A-	A	A-	M-Sa – 9:00am – 6:00pm	SU – 12:00pm – 4:00pm	6:00am – 10:00pm

	5x5	5x10	10x10	10x15	10x20	Parking
Climate	69	109	218	235	279	
Non Climate	49	85	159	229	295	

Comments:

Property Photo



9. Metro Self Storage – 3895 Westroads Dr, Riviera Beach, FL 33407 – 561-207-8387

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
4.0 miles	1980's	96	41,185	493	Multi	2 nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	N	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
Y	N	N	Y	N	N	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B-		C	B	B-	B-
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
C	B	B-	B	M-F 9:30am-6:00pm	SA – 8:00am – 4:30pm SU - Closed	6:00am – 9:00pm

	5x5	5x10	10x10	10x15	10x20	Parking
Climate		75	158	220	296	
Non Climate	31	50	125	205	222	93

Comments:

Property Photo



10. Public Storage – 5503 N Australian Ave, West Palm Beach, FL 33407 – 561-623-9818

Drive Distance from Subject	Year Built	Occupancy	Net Square Feet	Number of Units	Single or Multi Story	Generation
3.5 miles	1989	98%	+/-62,000	600	Single	2nd
Climate Control	Controlled Access Gate	24 Hour Access	Convenient Parking	Door Alarms	Cameras	Fire Sprinklers
Y	Y	N	Y	N	Y	N
Boat/RV Parking	Covered Parking	Truck Rental	Retail Ready Office	Resident Manager	Elevator	Drive Surface
N	N	N	Y	N	N	Asphalt
Property Ratings	Visibility	Location	Traffic Count	Access	Condition	Curb Appeal
	B	B	B	A	C	B
Drive Width	Manager	Office Quality	Overall Rating	Office Hours	Office Hours	Access Hours
C	A-	A-	B	M-F – 9:30am – 6:00pm	SA – SU – 9:30am – 5:00pm	6:00am – 9:00pm

	5x5	5x10	10x10	10x15	10x20	Parking
Climate		112				
Non Climate	43	70	158		281	

Comments:

Property Photo

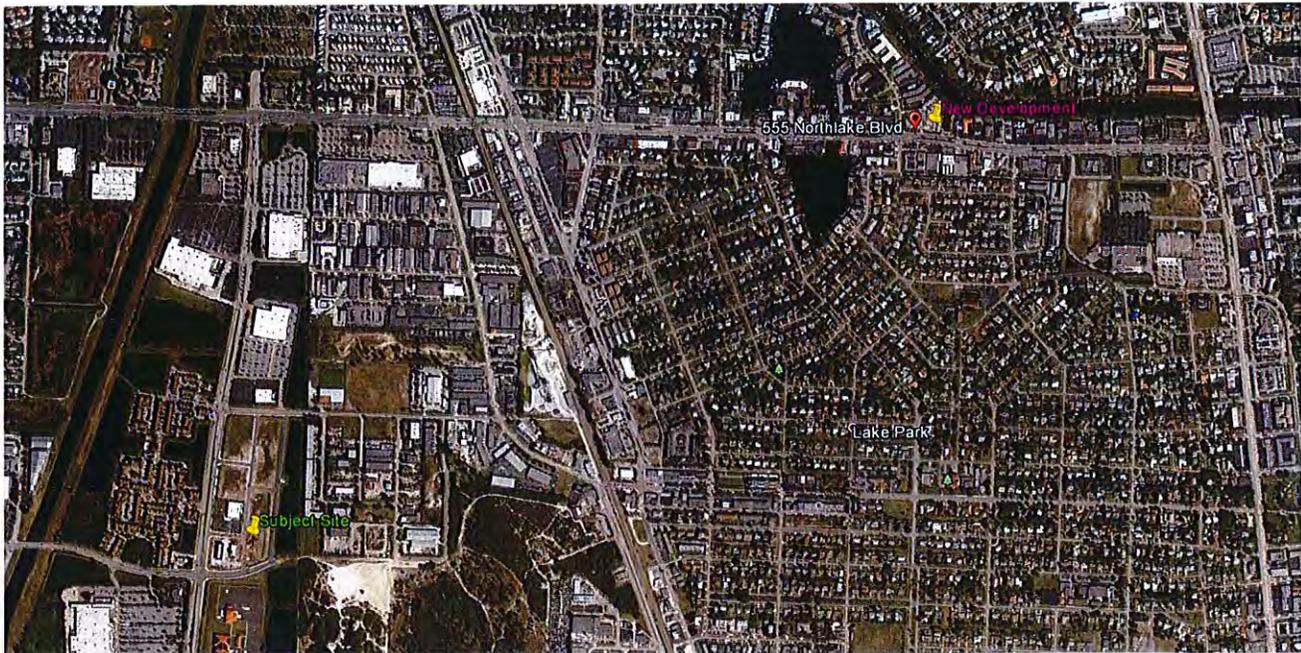


POTENTIAL NEW DEVELOPMENT IN SUBJECT MARKET

We are aware of one new self storage project under development within the subject market. We have contemplated project in our analysis, and in particular in the projected lease-up period, and believe that although this new project would affect the subject site and market, we do not believe these project will materially affect the site or market and that there more than sufficient demand for both the subject site and the new development.

We believe this new development, approximately 1.5 miles north-northeast of the subject site, will likely 'draw' from a different potential customer 'pool' than the subject site and more than likely have little effect on the lease up viability for the subject site.

- The two facilities will have different cities noted in their addresses, with the new development being in North Palm Beach and the subject site being Lake Park.
- The new development will draw primarily from the north and south of its location while the subject site will draw primarily from the south and west of its location, indicating little or no overlap in the potential customer base for each site.



DEMAND ANALYSIS

A widely accepted methodology for calculating demand in a market is to examine the amount of storage square footage in the market per capita. The reader is cautioned that the square-foot-per-capita analysis lacks credibility. A benchmark that reflects saturation or demand levels has not been established for any U.S. market. Sufficient data is not available to determine what the threshold for demand may be. Furthermore, making use of the Self-Storage Almanac metro guides and top markets is problematic because of their methodology in determining the supply. What the Almanac has done is to apply an average size facility of 51,150 square feet and multiply the number of facilities in a market (presumably from the phone book) times 51,150. That is how they calculated the number of square feet in a market. The analysis is only as good as the analyst's confidence that the average size of stores (facilities) is the same in every market in the U.S., and that the average size is 51,150.

What one will find in making use of data from the Almanac is that it is difficult to draw any conclusion as to what the "right" or maximum square-foot-per-capita number is. For example, the highest level is in Little Rock at 12.78 square feet per capita. The lowest is in the New York metropolitan area at 2.35 square feet per capita. In both markets, occupancies can be found to be similar. You cannot, therefore, conclude that the supply threshold for New York is over 10 times the current supply.

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

This market analysis would indicate that the subject market is most likely well under-supplied in the one and, over supplied in the two mile demographic profile and under supplied in the three mile profile. We believe that the review of the market and the competitors would indicate that there is more than sufficient demand in the market for the contemplated improvements and given the occupancy levels and the comments from several of the competitors we would believe that a substantial level of self-storage demand does, in fact, exist. A review of the websites of those competitors utilizing dynamic pricing models would also add evidence to the high occupancy levels. The dynamic pricing model uses supply and demand matrices to continually update rates and availability and so when we note that specific unit sizes and types are not listed we can assume that there is very little or limited availability in those sizes.

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

Those demand calculations follow.

Using the national average for the Local MSA number, the State and National demand calculations the analysis would indicate that there is likely demand for additional self-storage space within the three-mile demographic profile. We should note that it is our belief that the primary demographic that would constitute a large percentage of the potential tenant base resides within three miles of the subject site.

We should also note that there is still an unmet demand within the one mile and three demographic profiles once the subject site's square footage is added. We believe the subject site will experience an acceptable lease up period:

- The subject market is projected to grow in population over the next five years.
- The subject site will effectively 'own' a sub-section of the market as there are no self storage competitors within one mile of the subject site and in particular to the southeast of the subject site.
- There is clearly a higher demand for climate controlled storage space in the market.

RADIUS	SUBJECT PROPERTY	MSA SQ/CAP	STATE SQ/CAP	US AVERAGE	HIGHEST MSA US	LOWEST MSA US
		8.32	9.44	8.32	12.78	2.52
		Variances				
1 MILE	0.00	-8.32	-9.44	-8.32	-12.78	-2.52
2 MILE	7.41	-0.91	-2.03	-0.91	-5.37	4.89
3 MILE	5.51	-2.81	-3.93	-2.81	-7.27	2.99

CALCULATION

RADIUS	2016 POPULATIO	# OF FACILITIES	SQUARE FOOTAGE	SQUARE FEET PER CAPITA	Potential Demand Comp: MSA SF/Person Plus 20% Commercial
1 MILE	9832	0	0	0.00	98163
2 MILE	44793	5	332000	7.41	48813
3 MILE	87097	7	480000	5.51	293576

RADIUS	2016 POPULATIO	# OF FACILITIES	SQUARE FOOTAGE	SQUARE FEET PER CAPITA	Potential Demand w/Subject Site Included
1 MILE	9832	1	75600	7.69	22563
2 MILE	44793	6	407600	9.10	-26787
3 MILE	87097	8	555600	6.38	217976

Note: These numbers include the new facility under development in the market as well as the subject site.

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

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

It is also important to note that the demand calculations also indicated that there is more than sufficient demand for a second phase of development at the subject site, both given the current population and especially given the projected population growth.

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

It is also important to note that the demand calculations and analysis does not discern between non climate controlled storage demand and climate controlled storage demand. It is clear from the dynamic pricing models for those facilities with climate controlled storage space that there is, in fact, a substantial demand for climate controlled storage space as evidenced by the higher rental rates for climate space and the lack of significant availability in climate controlled storage space.

This demand numbers would suggest that there is more than likely sufficient demand for additional self storage inventory within the three-mile demographic profile of the subject site and that it is more than likely that this subject market is under-supplied. We should also point out that these demand calculations appear to be backed up by the anecdotal evidence that all of the competitors are experiencing high occupancy levels.

UNIT MIX AND RATES

Due to current absorption rates in the market and the apparent demands, within the developer's proposed configuration of a multi-story construction the largest size concentration would be in the 10x10 size range. There are considerations as to the amount of net rentable square footage in any interior design, particularly with reference to the hallway square footage loss.

There are competitive, demographic and other market factors which affect unit mixes. Tenant composition (commercial vs. consumer) also affects unit mix. Dwelling structures (residences) affect unit mix, particularly with regard to basements, attics, and three car garages. The basic sizes of residences have dramatic impacts as well, such as Manhattan apartments versus rural farms.

All of these criteria, in addition to many others, tend to make formula driven unit mixes inappropriate. Unit mix should be first determined by market conditions and THEN by site constraints.

The final unit mix footage and unit count will likely change at final construction. This proforma suggests the correct mix, given the confines of a preliminary design. Developers are always advised that unit mixes should be derived through market criteria, not construction efficiency.

Rates included are as of this date. Forecasting for future development may allow for some nominal rate increases, and it is assumed that among the primary competitors, the propensity for rate growth is likely. Several of the primary competitors are known to be rate leaders, suggesting that rates will continue to move upward over time as occupancy levels increase. It is a common practice in revenue management for rates to increase when occupancy levels reach certain targets. Conversely, when vacancy is high, discounts may be deployed, a function of revenue management. It does appear that several of the market competitors have a formal revenue management programs, which would manage rates by occupancy levels, offering specials in soft sizes, and pushing rental rates on high demand spaces. Given the subject property's proposed amenity package of cameras, paved driveways, a professional office, and professional storage counselors, it is assumed the subject property will be a rate leader in the market.

There are several institutionally owned property in the market. The presence of institutional properties can positively affect the subject property in its ability to increase rents over time as occupancy levels increase. Institutionally owned properties have sophisticated revenue management tools which drive optimal rent growth. The presence of institutional "players" can be a significant benefit to the profitability and value increase of the subject project. The ability of the subject site to aggressively manage the posted street rates will be positively impacted by the presence of institutionally owned facilities in the market.

Typically, we forecast rents to be near the top of the market as if the project were built today. It is common that rates may increase, and while the projections typically do not include rate increases during rent-up, this factors in as a discount, as would be typically given during the absorption period. Simply stated, our rates should be on target, given the lead time between this report and store opening, coupled with rents held at flat levels during stabilization. The assumption is that discounting and rental rate increases during stabilization are a “wash”.

Competitor Rate Matrix:

NON CLIMATE CONTROL

PROPERTY	Map #	5 x 5	5 x 10	10 x 10	10x15	10 x 20
Public Storage	1	\$ 69.00	\$ 114.00	\$ 183.00	\$ 234.00	\$ 277.00
Public Storage	2	\$ 72.00	\$ 0.00	\$ 207.00	\$ 247.00	\$ 345.00
Public Storage	3	\$ 59.00	\$ 112.00	\$ 167.00	\$ 173.00	\$ 284.00
Public Storage	4	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Public Storage	5	\$ 0.00	\$ 52.00	\$ 175.00	\$ 209.00	\$ 245.00
Storage Rentals	6	\$ 35.00	\$ 60.00	\$ 115.00	\$ 155.00	\$ 219.00
All AC Self Storage	7	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Uncle Bobs	8	\$ 49.00	\$ 85.00	\$ 159.00	\$ 229.00	\$ 295.00
Metro Self Storage	9	\$ 31.00	\$ 50.00	\$ 125.00	\$ 205.00	\$ 222.00
Public Storage	10	\$ 43.00	\$ 70.00	\$ 158.00	\$ 0.00	\$ 281.00
Average		\$ 51.14	\$ 77.57	\$ 161.13	\$ 207.43	\$ 271.00

CLIMATE CONTROL

PROPERTY	Map #	5 x 5	5 x 10	10 x 10	10x15	10 x 20
Public Storage	1	\$ 0.00	\$ 0.00	\$ 248.00	\$ 0.00	\$ 0.00
Public Storage	2	\$ 69.00	\$ 137.00	\$ 200.00	\$ 275.00	\$ 0.00
Public Storage	3	\$ 64.00	\$ 124.00	\$ 0.00	\$ 0.00	\$ 0.00
Public Storage	4	\$ 95.00	\$ 130.00	\$ 190.00	\$ 214.00	\$ 309.00
Public Storage	5	\$ 44.00	\$ 82.00	\$ 131.00	\$ 236.00	\$ 240.00
Storage Rentals	6	\$ 45.00	\$ 69.00	\$ 119.00	\$ 0.00	\$ 0.00
All AC Self Storage	7	\$ 0.00	\$ 0.00	\$ 159.00	\$ 0.00	\$ 199.00
Uncle Bobs	8	\$ 69.00	\$ 109.00	\$ 218.00	\$ 235.00	\$ 279.00
Metro Self Storage	9	\$ 0.00	\$ 75.00	\$ 158.00	\$ 220.00	\$ 296.00
Public Storage	10	\$ 0.00	\$ 112.00	\$ 0.00	\$ 0.00	\$ 0.00
Average		\$ 64.33	\$ 104.75	\$ 177.88	\$ 236.00	\$ 264.60

Unit mix for subject site:

While there are many factors that influence the rental rates at self-storage facilities, the general lack of supply, coupled with an uptick in demand, has enabled storage owners and operators to push rental rates to all-time highs. Case in point: Public Storage, the largest operator and publicly traded self-storage company in the United States, reported a 7 percent increase in rental income from 2014 to 2015.

Size	Unit Sq Ft	Type	% of Sq Ft Total	Type Sq Ft	% of Units Total	# of Spaces	Annual Revenue	Rate per Sq Ft	% of Revenue	Rate
5.0 x 5.0	25	Climate Controlled DOWN & IN	0.7%	500	2.5%	20	\$ 16,788	\$ 33.58	1.0%	\$ 69.95
5.0 x 10.0	50	Climate Controlled DOWN & IN	1.7%	1,250	3.1%	25	\$ 35,985	\$ 28.79	2.1%	\$ 119.95
7.5 x 10.0	75	Climate Controlled DOWN & IN	3.0%	2,250	3.7%	30	\$ 61,182	\$ 27.19	3.6%	\$ 169.95
10.0 x 10.0	100	Climate Controlled DOWN & IN	6.9%	5,200	6.5%	52	\$ 131,009	\$ 25.19	7.8%	\$ 209.95
10.0 x 15.0	150	Climate Controlled DOWN & IN	7.9%	6,000	5.0%	40	\$ 110,376	\$ 18.40	6.6%	\$ 229.95
10.0 x 20.0	200	Climate Controlled DOWN & IN	13.2%	10,000	6.2%	50	\$ 149,970	\$ 15.00	8.9%	\$ 249.95
5.0 x 5.0	25	Climate Controlled UP	1.5%	1,150	5.7%	46	\$ 33,092	\$ 28.78	2.0%	\$ 59.95
5.0 x 10.0	50	Climate Controlled UP	6.3%	4,750	11.8%	95	\$ 125,343	\$ 26.39	7.5%	\$ 109.95
7.5 x 10.0	75	Climate Controlled UP	9.9%	7,500	12.4%	100	\$ 191,940	\$ 25.59	11.4%	\$ 159.95
10.0 x 10.0	100	Climate Controlled UP	18.5%	14,000	17.4%	140	\$ 335,916	\$ 23.99	20.0%	\$ 199.95
10.0 x 15.0	150	Climate Controlled UP	19.8%	15,000	12.4%	100	\$ 263,940	\$ 17.60	15.7%	\$ 219.95
10.0 x 20.0	200	Climate Controlled UP	10.6%	8,000	5.0%	40	\$ 115,003	\$ 14.38	6.9%	\$ 239.95
0.0 x 35.0	0	Parking	0.0%	0	8.4%	68	\$ 106,039	#DIV/0!	6.3%	\$ 129.95
Totals			100%	75,600	100%	806	\$1,676,584		100%	

	Total Sq Ft	Total Units	% of Space	Revenues	\$/Sq Ft	As a % of Revenue
Climate Controlled DOWN & IN	25,200	217	33.3%	\$ 505,310	\$ 20.05	30.1%
Climate Controlled UP	50,400	521	66.7%	\$1,065,235	\$ 21.14	63.5%
Parking	-	68	-	106,039	-	6.3%
OUTDOOR TOTALS	-	68	-	106,039	-	6.3%
PROJECT TOTALS	75,600	806	-	1,676,584	\$ 22.18	100%

We have recommended a unit mix with 100% climate controlled space due to the higher rates and high demand for climate controlled space in the subject market. We have also included a number of outside boat and RV parking space and have we have assumed a three story climate controlled building developed on the subject site.

Notes:

- The unit mix contains an inventory of first floor interior access climate controlled storage units and two upper floors of elevator access climate controlled storage units.
- We have also included a number of outside, uncovered boat and RV parking spaces.
- We have recommended unit rates that we believe would allow the facility to effectively compete with the self-storage competitors in the market.

The creation of a marketable unit mix is an important aspect of the development of a self-storage facility and as such we would point out:

- The unit mix recommendation is created with the assumption that the facility will attract primarily residential tenants and a smaller percentage of commercial tenants.
- The market demographic considerations would indicate that a unit mix comprising an across-the-board selection of unit sizes ranging from 5x5 to 10x20 is appropriate.
- The income levels, housing types and location would dictate that the largest concentration of units should be in the mid-range sizes (5x10, 10x10 and 10x15).

REGIONAL RENTAL RATE COMPARISONS

Table 4.7 – Southwest Rental Rates (Non-Climate-Controlled Asking Rent)

Year	Non-Climate-Controlled 5x5 Asking Rent	Change in Non-Climate-Controlled 5x5 Asking Rent	Non-Climate-Controlled 5x10 Asking Rent	Change in Non-Climate-Controlled 5x10 Asking Rent	Non-Climate-Controlled 10x10 Asking Rent	Change in Non-Climate-Controlled 10x10 Asking Rent	Non-Climate-Controlled 10x15 Asking Rent	Change in Non-Climate-Controlled 10x15 Asking Rent	Non-Climate-Controlled 10x20 Asking Rent	Change in Non-Climate-Controlled 10x20 Asking Rent
2011 Q4	\$36.82	*	\$51.96	*	\$81.22	*	\$107.32	*	\$131.75	*
2012 Q1	\$37.08	07%	\$52.77	1.6%	\$82.39	1.4%	\$108.38	1.0%	\$132.17	0.3%
2012 Q2	\$37.44	10%	\$53.55	1.5%	\$83.42	1.3%	\$109.57	1.1%	\$133.29	0.8%
2012 Q3	\$37.74	08%	\$54.06	1.0%	\$84.55	1.4%	\$110.79	1.1%	\$133.84	0.4%
2012 Q4	\$37.59	-0.4%	\$53.92	-0.3%	\$84.62	0.1%	\$110.87	0.1%	\$134.31	0.4%
2013 Q1	\$37.97	10%	\$54.45	1.0%	\$85.49	1.0%	\$111.80	0.8%	\$135.78	1.1%
2013 Q2	\$38.89	24%	\$55.92	2.7%	\$87.60	2.5%	\$113.49	1.5%	\$139.14	2.5%
2013 Q3	\$39.02	03%	\$56.43	0.9%	\$88.65	1.2%	\$114.59	1.0%	\$140.18	0.7%
2013 Q4	\$38.72	-0.8%	\$56.21	-0.4%	\$88.16	-0.6%	\$114.42	-0.1%	\$139.70	-0.3%
2014 Q1	\$38.99	07%	\$56.91	1.2%	\$89.05	1.0%	\$115.83	1.2%	\$140.78	0.8%
2014 Q2	\$40.10	28%	\$58.63	3.0%	\$91.59	2.9%	\$118.47	2.3%	\$144.56	2.7%
2014 Q3	\$40.34	06%	\$58.85	0.4%	\$91.97	0.4%	\$118.92	0.4%	\$145.17	0.4%
2014 Q4	\$39.96	-0.9%	\$58.08	-1.3%	\$91.06	-1.0%	\$117.85	-0.9%	\$144.01	-0.8%
2015 Q1	\$40.73	19%	\$59.18	1.9%	\$92.67	1.8%	\$120.00	1.8%	\$146.09	1.4%
2015 Q2	\$42.46	42%	\$61.82	4.5%	\$96.55	4.2%	\$124.73	3.9%	\$152.19	4.2%

* Data Not Available

Source: © 2015 REIS, INC

Table 4.8 – Southwest Rental Rates (Climate-Controlled Asking Rent)

Year	Climate-Controlled 5x5 Asking Rent	Change in Climate-Controlled 5x5 Asking Rent	Climate-Controlled 5x10 Asking Rent	Change in Climate-Controlled 5x10 Asking Rent	Climate-Controlled 10x10 Asking Rent	Change in Climate-Controlled 10x10 Asking Rent	Climate-Controlled 10x15 Asking Rent	Change in Climate-Controlled 10x15 Asking Rent	Climate-Controlled 10x20 Asking Rent	Change in Climate-Controlled 10x20 Asking Rent
2011 Q4	\$47.61	*	\$69.99	*	\$115.92	*	\$155.94	*	\$196.00	*
2012 Q1	\$48.00	0.8%	\$71.08	1.6%	\$116.29	0.3%	\$155.74	-0.1%	\$196.81	0.4%
2012 Q2	\$49.00	2.1%	\$73.28	3.1%	\$119.03	2.4%	\$158.90	2.0%	\$199.59	1.4%
2012 Q3	\$49.42	0.9%	\$73.48	0.3%	\$120.72	1.4%	\$161.13	1.4%	\$202.54	1.5%
2012 Q4	\$49.20	-0.4%	\$73.40	-0.1%	\$121.16	0.4%	\$161.83	0.4%	\$202.85	0.2%
2013 Q1	\$49.86	1.3%	\$74.02	0.8%	\$122.11	0.8%	\$163.69	1.1%	\$205.31	1.2%
2013 Q2	\$51.29	2.9%	\$76.09	2.8%	\$124.74	2.2%	\$167.45	2.3%	\$207.30	1.0%
2013 Q3	\$51.45	0.3%	\$76.82	1.0%	\$126.66	1.5%	\$168.01	0.3%	\$208.54	0.6%
2013 Q4	\$50.73	-1.4%	\$75.90	-1.2%	\$124.83	-1.4%	\$165.72	-1.4%	\$206.36	-1.0%
2014 Q1	\$51.10	0.7%	\$76.84	1.2%	\$126.57	1.4%	\$167.18	0.9%	\$209.05	1.3%
2014 Q2	\$52.85	3.4%	\$79.36	3.3%	\$130.62	3.2%	\$171.94	2.8%	\$215.62	3.1%
2014 Q3	\$53.00	0.3%	\$79.52	0.2%	\$131.72	0.8%	\$172.76	0.5%	\$216.44	0.4%
2014 Q4	\$52.27	-1.4%	\$78.26	-1.6%	\$129.47	-1.7%	\$170.59	-1.3%	\$214.63	-0.8%
2015 Q1	\$53.26	1.9%	\$79.38	1.4%	\$131.41	1.3%	\$173.40	1.6%	\$217.43	1.3%
2015 Q2	\$55.95	5.1%	\$83.33	5.0%	\$137.12	4.3%	\$180.50	4.1%	\$226.29	4.1%

Table 4.9 – Midwest Rental Rates (Non-Climate-Controlled Asking Rent)

Year	Non-Climate-Controlled 5x5 Asking Rent	Change in Non-Climate-Controlled 5x5 Asking Rent	Non-Climate-Controlled 5x10 Asking Rent	Change in Non-Climate-Controlled 5x10 Asking Rent	Non-Climate-Controlled 10x10 Asking Rent	Change in Non-Climate-Controlled 10x10 Asking Rent	Non-Climate-Controlled 10x15 Asking Rent	Change in Non-Climate-Controlled 10x15 Asking Rent	Non-Climate-Controlled 10x20 Asking Rent	Change in Non-Climate-Controlled 10x20 Asking Rent
2011 Q4	\$38.54	*	\$5.12	*	\$88.35	*	\$112.48	*	\$135.34	*
2012 Q1	\$38.67	0.3%	\$5.50	0.7%	\$88.52	0.2%	\$113.40	0.8%	\$135.69	0.3%
2012 Q2	\$39.24	1.5%	\$5.27	1.4%	\$89.60	1.2%	\$115.22	1.6%	\$137.13	1.1%
2012 Q3	\$39.41	0.4%	\$5.73	0.8%	\$90.38	0.9%	\$116.55	1.2%	\$138.60	1.1%
2012 Q4	\$39.27	-0.4%	\$5.42	-0.5%	\$90.50	0.1%	\$116.37	-0.2%	\$138.58	0.0%
2013 Q1	\$39.27	0.0%	\$5.33	-0.2%	\$90.62	0.1%	\$116.65	0.2%	\$139.26	0.5%
2013 Q2	\$40.11	2.1%	\$5.63	2.3%	\$92.19	1.7%	\$118.24	1.4%	\$141.50	1.6%
2013 Q3	\$40.48	0.9%	\$5.32	1.2%	\$94.20	2.2%	\$119.80	1.3%	\$143.59	1.5%
2013 Q4	\$40.38	-0.2%	\$5.14	-0.3%	\$93.16	-1.1%	\$118.63	-1.0%	\$141.98	-1.1%
2014 Q1	\$40.78	1.0%	\$5.74	1.0%	\$94.37	1.3%	\$120.31	1.4%	\$143.81	1.3%
2014 Q2	\$42.16	3.4%	\$6.63	3.2%	\$97.56	3.4%	\$124.05	3.1%	\$148.19	3.0%
2014 Q3	\$42.21	0.1%	\$6.91	0.5%	\$97.74	0.2%	\$124.23	0.1%	\$148.80	0.4%
2014 Q4	\$41.82	-0.9%	\$6.05	-1.4%	\$96.54	-1.2%	\$123.21	-0.8%	\$147.46	-0.9%
2015 Q1	\$42.33	1.2%	\$6.88	1.4%	\$97.74	1.2%	\$124.91	1.4%	\$148.99	1.0%
2015 Q2	\$43.47	2.7%	\$8.08	3.6%	\$101.18	3.3%	\$129.21	3.4%	\$154.07	3.4%

* Data Not Available

Sources: © 2015 REIS, INC.

Table 4.10 – Midwest Rental Rates (Climate-Controlled Asking Rent)

Year	Climate-Controlled 5x5 Asking Rent	Change in Climate-Controlled 5x5 Asking Rent	Climate-Controlled 5x10 Asking Rent	Change in Climate-Controlled 5x10 Asking Rent	Climate-Controlled 10x10 Asking Rent	Change in Climate-Controlled 10x10 Asking Rent	Climate-Controlled 10x15 Asking Rent	Change in Climate-Controlled 10x15 Asking Rent	Climate-Controlled 10x20 Asking Rent	Change in Climate-Controlled 10x20 Asking Rent
2011 Q4	\$53.10	*	\$79.86	*	\$128.21	*	\$164.33	*	\$205.14	*
2012 Q1	\$53.73	1.2%	\$80.17	0.4%	\$129.27	0.8%	\$165.86	0.9%	\$206.84	0.8%
2012 Q2	\$54.92	2.2%	\$81.50	1.7%	\$131.28	1.6%	\$169.04	1.9%	\$210.63	1.8%
2012 Q3	\$55.36	0.8%	\$82.36	1.1%	\$133.44	1.6%	\$171.21	1.3%	\$211.94	0.6%
2012 Q4	\$55.28	-0.1%	\$81.82	-0.7%	\$133.89	0.3%	\$172.08	0.5%	\$212.78	0.4%
2013 Q1	\$55.42	0.3%	\$81.57	-0.3%	\$133.71	-0.1%	\$172.47	0.2%	\$212.31	-0.2%
2013 Q2	\$56.72	2.3%	\$83.39	2.2%	\$135.03	1.7%	\$174.72	1.3%	\$214.29	0.9%
2013 Q3	\$56.89	0.3%	\$83.50	0.1%	\$137.92	1.4%	\$177.05	1.3%	\$217.14	1.3%
2013 Q4	\$56.07	-1.4%	\$82.17	-1.6%	\$136.37	-1.1%	\$177.44	0.2%	\$216.19	-0.4%
2014 Q1	\$56.40	0.6%	\$83.52	1.6%	\$138.63	1.7%	\$180.34	1.6%	\$219.30	1.4%
2014 Q2	\$58.34	3.4%	\$86.37	3.4%	\$143.09	3.2%	\$185.82	3.0%	\$226.07	3.1%
2014 Q3	\$58.11	-0.4%	\$86.70	0.4%	\$144.18	0.8%	\$187.53	0.9%	\$227.79	0.8%
2014 Q4	\$57.42	-1.2%	\$85.68	-1.2%	\$142.17	-1.4%	\$185.63	-1.0%	\$225.80	-0.9%
2015 Q1	\$57.71	0.5%	\$86.32	0.7%	\$143.37	0.8%	\$186.98	0.7%	\$226.56	0.3%
2015 Q2	\$60.35	4.6%	\$90.14	4.4%	\$149.24	4.1%	\$193.75	3.6%	\$233.25	3.0%

Table 4.11 – Northeast Rental Rates (Non-Climate-Controlled Asking Rent)

Year	Non-Climate-Controlled 5x5 Asking Rent	Change in Non-Climate-Controlled 5x5 Asking Rent	Non-Climate-Controlled 5x10 Asking Rent	Change in Non-Climate-Controlled 5x10 Asking Rent	Non-Climate-Controlled 10x10 Asking Rent	Change in Non-Climate-Controlled 10x10 Asking Rent	Non-Climate-Controlled 10x15 Asking Rent	Change in Non-Climate-Controlled 10x15 Asking Rent	Non-Climate-Controlled 10x20 Asking Rent	Change in Non-Climate-Controlled 10x20 Asking Rent
2011 Q4	\$59.13	*	\$87.32	*	\$140.79	*	\$180.20	*	\$215.15	*
2012 Q1	\$59.58	0.8%	\$88.07	0.9%	\$141.14	0.2%	\$180.23	0.0%	\$216.84	0.8%
2012 Q2	\$60.27	1.2%	\$88.81	0.8%	\$142.22	0.8%	\$182.45	1.2%	\$217.99	0.5%
2012 Q3	\$60.49	0.4%	\$88.82	0.0%	\$142.75	0.4%	\$182.27	-0.1%	\$219.30	0.6%
2012 Q4	\$60.67	0.3%	\$89.41	0.7%	\$142.85	0.1%	\$183.28	0.6%	\$221.77	1.1%
2013 Q1	\$61.41	1.2%	\$90.00	0.7%	\$143.82	0.7%	\$184.68	0.8%	\$223.77	0.9%
2013 Q2	\$61.84	0.7%	\$90.68	0.8%	\$144.74	0.6%	\$184.53	-0.1%	\$226.93	1.4%
2013 Q3	\$62.09	0.4%	\$91.75	1.2%	\$145.55	0.6%	\$185.72	0.6%	\$229.07	0.9%
2013 Q4	\$61.52	-0.9%	\$90.50	-1.4%	\$144.47	-0.7%	\$184.17	-0.8%	\$227.35	-0.8%
2014 Q1	\$61.81	0.5%	\$92.03	1.7%	\$146.89	1.7%	\$187.45	1.8%	\$231.64	1.9%
2014 Q2	\$63.69	3.0%	\$94.69	2.9%	\$151.75	3.3%	\$192.62	2.8%	\$238.04	2.8%
2014 Q3	\$63.87	0.3%	\$94.67	0.0%	\$151.58	-0.1%	\$192.88	0.1%	\$238.59	0.2%
2014 Q4	\$63.08	-1.2%	\$98.32	-1.4%	\$149.31	-1.5%	\$190.20	-1.4%	\$235.38	-1.3%
2015 Q1	\$63.92	1.3%	\$95.12	1.9%	\$152.20	1.9%	\$194.13	2.1%	\$240.25	2.1%
2015 Q2	\$65.68	2.8%	\$98.13	3.2%	\$157.94	3.8%	\$200.12	3.1%	\$248.28	3.3%

* Data Not Available

Source: © 2015 REIS, INC.

Table 4.12 – Northeast Rental Rates (Climate-Controlled Asking Rent)

Year	Climate-Controlled 5x5 Asking Rent	Change in Climate-Controlled 5x5 Asking Rent	Climate-Controlled 5x10 Asking Rent	Change in Climate-Controlled 5x10 Asking Rent	Climate-Controlled 10x10 Asking Rent	Change in Climate-Controlled 10x10 Asking Rent	Climate-Controlled 10x15 Asking Rent	Change in Climate-Controlled 10x15 Asking Rent	Climate-Controlled 10x20 Asking Rent	Change in Climate-Controlled 10x20 Asking Rent
2011 Q4	\$77.22	*	\$112.93	*	\$179.66	*	\$236.29	*	\$293.56	*
2012 Q1	\$77.28	0.1%	\$113.69	0.7%	\$180.34	0.4%	\$237.11	0.3%	\$293.49	0.0%
2012 Q2	\$78.03	1.0%	\$115.53	1.6%	\$181.63	0.7%	\$238.63	0.6%	\$296.37	1.0%
2012 Q3	\$79.16	1.4%	\$117.25	1.5%	\$182.21	0.3%	\$239.56	0.4%	\$297.68	0.4%
2012 Q4	\$79.33	0.2%	\$118.55	1.1%	\$182.29	0.0%	\$241.08	0.6%	\$299.98	0.8%
2013 Q1	\$79.29	-0.1%	\$118.31	-0.2%	\$183.10	0.4%	\$244.76	1.5%	\$304.55	1.5%
2013 Q2	\$80.28	1.2%	\$119.89	1.3%	\$185.34	1.2%	\$246.32	0.6%	\$305.17	0.2%
2013 Q3	\$80.43	0.2%	\$120.85	0.8%	\$187.64	1.2%	\$247.42	0.4%	\$305.94	0.3%
2013 Q4	\$78.92	-1.9%	\$119.14	-1.4%	\$186.17	-0.8%	\$245.32	-0.8%	\$302.42	-1.2%
2014 Q1	\$79.66	0.9%	\$120.67	1.3%	\$189.19	1.6%	\$250.32	2.0%	\$307.83	1.8%
2014 Q2	\$82.08	3.0%	\$124.99	3.6%	\$195.05	3.6%	\$257.94	3.0%	\$317.16	3.0%
2014 Q3	\$82.73	0.8%	\$125.12	0.1%	\$195.79	0.4%	\$258.59	0.3%	\$317.37	0.1%
2014 Q4	\$81.68	-1.3%	\$122.99	-1.7%	\$194.02	-1.4%	\$255.69	-1.1%	\$314.28	-1.0%
2015 Q1	\$82.62	1.2%	\$125.39	2.0%	\$197.88	2.0%	\$261.43	2.2%	\$321.95	2.4%
2015 Q2	\$85.99	4.1%	\$130.43	4.0%	\$205.65	3.9%	\$270.85	3.6%	\$332.33	3.2%

Table 4.13 – West Rental Rates (Non-Climate-Controlled Asking Rent)

Year	Non-Climate-Controlled 5x5 Asking Rent	Change in Non-Climate-Controlled 5x5 Asking Rent	Non-Climate-Controlled 5x10 Asking Rent	Change in Non-Climate-Controlled 5x10 Asking Rent	Non-Climate-Controlled 10x10 Asking Rent	Change in Non-Climate-Controlled 10x10 Asking Rent	Non-Climate-Controlled 10x15 Asking Rent	Change in Non-Climate-Controlled 10x15 Asking Rent	Non-Climate-Controlled 10x20 Asking Rent	Change in Non-Climate-Controlled 10x20 Asking Rent
2011 Q4	\$52.61	*	\$76.11	*	\$124.14	*	\$164.85	*	\$199.78	*
2012 Q1	\$53.02	0.8%	\$76.63	0.7%	\$125.00	0.7%	\$165.66	0.5%	\$201.69	1.0%
2012 Q2	\$53.73	1.3%	\$77.58	1.2%	\$126.58	1.3%	\$167.80	1.3%	\$204.38	1.3%
2012 Q3	\$54.19	0.9%	\$78.47	1.1%	\$128.24	1.3%	\$169.22	0.8%	\$205.17	0.4%
2012 Q4	\$54.16	-0.1%	\$78.50	0.0%	\$128.38	0.1%	\$169.50	0.2%	\$206.32	0.6%
2013 Q1	\$54.45	0.5%	\$79.03	0.7%	\$129.02	0.5%	\$169.50	0.0%	\$207.13	0.4%
2013 Q2	\$54.97	1.0%	\$79.40	0.5%	\$129.78	0.6%	\$170.34	0.5%	\$209.62	1.2%
2013 Q3	\$55.35	0.7%	\$80.12	0.9%	\$131.04	1.0%	\$171.66	0.8%	\$210.82	0.6%
2013 Q4	\$54.94	-0.7%	\$79.41	-0.9%	\$130.24	-0.6%	\$170.90	-0.4%	\$209.90	-0.4%
2014 Q1	\$55.90	1.7%	\$80.82	1.8%	\$132.53	1.8%	\$173.83	1.7%	\$213.02	1.5%
2014 Q2	\$57.34	2.6%	\$82.85	2.5%	\$135.71	2.4%	\$177.86	2.3%	\$217.91	2.3%
2014 Q3	\$57.84	0.9%	\$83.67	1.0%	\$136.96	0.9%	\$179.28	0.8%	\$219.17	0.6%
2014 Q4	\$57.49	-0.6%	\$83.18	-0.6%	\$135.71	-0.9%	\$178.19	-0.6%	\$218.07	-0.5%
2015 Q1	\$58.93	2.5%	\$85.30	2.5%	\$139.30	2.6%	\$182.66	2.5%	\$223.57	2.5%
2015 Q2	\$61.10	3.7%	\$88.06	3.2%	\$143.90	3.3%	\$188.83	3.4%	\$230.23	3.0%

* Data Not Available

Source: © 2015 REIS, INC.

Table 4.14 – West Rental Rates (Climate-Controlled Asking Rent)

Year	Climate-Controlled 5x5 Asking Rent	Change in Climate-Controlled 5x5 Asking Rent	Climate-Controlled 5x10 Asking Rent	Change in Climate-Controlled 5x10 Asking Rent	Climate-Controlled 10x10 Asking Rent	Change in Climate-Controlled 10x10 Asking Rent	Climate-Controlled 10x15 Asking Rent	Change in Climate-Controlled 10x15 Asking Rent	Climate-Controlled 10x20 Asking Rent	Change in Climate-Controlled 10x20 Asking Rent
2011 Q4	\$60.73	*	\$90.90	*	\$140.56	*	\$183.71	*	\$223.81	*
2012 Q1	\$61.43	1.2%	\$90.34	0.5%	\$141.09	0.4%	\$184.05	0.2%	\$225.10	0.6%
2012 Q2	\$61.95	0.8%	\$91.02	0.8%	\$141.84	0.5%	\$185.06	0.5%	\$225.67	0.3%
2012 Q3	\$62.16	0.3%	\$91.91	1.0%	\$143.29	1.0%	\$186.62	0.8%	\$227.28	0.7%
2012 Q4	\$61.84	-0.5%	\$91.52	-0.4%	\$143.43	0.1%	\$186.65	0.0%	\$226.03	-0.5%
2013 Q1	\$62.19	0.6%	\$92.03	0.6%	\$144.30	0.6%	\$187.61	0.5%	\$227.72	0.7%
2013 Q2	\$63.18	1.6%	\$93.19	1.3%	\$145.80	1.0%	\$188.47	0.5%	\$228.72	0.4%
2013 Q3	\$63.74	0.9%	\$94.03	0.9%	\$146.79	0.7%	\$188.80	0.2%	\$229.35	0.3%
2013 Q4	\$63.64	-0.2%	\$93.67	-0.4%	\$145.90	-0.6%	\$187.08	-0.9%	\$228.71	-0.3%
2014 Q1	\$64.16	0.8%	\$94.44	0.8%	\$147.38	1.0%	\$189.52	1.3%	\$231.47	1.2%
2014 Q2	\$65.39	1.9%	\$96.25	1.9%	\$150.35	2.0%	\$193.38	2.0%	\$235.42	1.7%
2014 Q3	\$65.79	0.6%	\$96.80	0.6%	\$151.13	0.5%	\$193.96	0.3%	\$236.82	0.6%
2014 Q4	\$65.57	-0.3%	\$96.26	-0.6%	\$150.09	-0.7%	\$193.20	-0.4%	\$235.59	-0.5%
2015 Q1	\$66.68	1.7%	\$98.21	2.0%	\$153.07	2.0%	\$196.57	1.7%	\$239.81	1.8%
2015 Q2	\$68.52	2.8%	\$101.42	3.3%	\$157.30	2.8%	\$201.48	2.5%	\$244.01	1.8%

Table 4.15 – South Atlantic Rental Rates (Non-Climate-Controlled Asking Rent)

Year	Non-Climate-Controlled 5x5 Asking Rent	Change in Non-Climate-Controlled 5x5 Asking Rent	Non-Climate-Controlled 5x10 Asking Rent	Change in Non-Climate-Controlled 5x10 Asking Rent	Non-Climate-Controlled 10x10 Asking Rent	Change in Non-Climate-Controlled 10x10 Asking Rent	Non-Climate-Controlled 10x15 Asking Rent	Change in Non-Climate-Controlled 10x15 Asking Rent	Non-Climate-Controlled 10x20 Asking Rent	Change in Non-Climate-Controlled 10x20 Asking Rent
2011 Q4	\$45.91	*	\$64.12	*	\$102.22	*	\$133.30	*	\$162.27	*
2012 Q1	\$45.93	0.0%	\$64.71	0.9%	\$102.39	0.2%	\$133.46	0.1%	\$162.15	-0.1%
2012 Q2	\$46.42	1.1%	\$65.29	0.9%	\$103.24	0.8%	\$134.47	0.8%	\$164.21	1.3%
2012 Q3	\$46.81	0.8%	\$66.04	1.1%	\$104.75	1.5%	\$136.06	1.2%	\$166.19	1.2%
2012 Q4	\$46.62	-0.4%	\$65.55	-0.7%	\$104.43	-0.3%	\$135.72	-0.2%	\$166.60	0.2%
2013 Q1	\$47.13	1.1%	\$66.18	1.0%	\$104.93	0.5%	\$136.49	0.6%	\$167.52	0.6%
2013 Q2	\$47.46	0.7%	\$66.76	0.9%	\$105.56	0.6%	\$137.20	0.5%	\$169.51	1.2%
2013 Q3	\$47.42	-0.1%	\$66.98	0.3%	\$106.38	0.8%	\$137.67	0.3%	\$169.94	0.3%
2013 Q4	\$46.77	-1.4%	\$66.12	-1.3%	\$104.94	-1.4%	\$135.57	-1.5%	\$168.17	-1.0%
2014 Q1	\$47.34	1.2%	\$66.80	1.0%	\$106.39	1.4%	\$137.74	1.6%	\$170.43	1.3%
2014 Q2	\$48.67	2.8%	\$68.72	2.9%	\$109.45	2.9%	\$141.09	2.4%	\$174.53	2.4%
2014 Q3	\$48.48	-0.4%	\$68.69	0.0%	\$109.71	0.2%	\$141.45	0.3%	\$174.87	0.2%
2014 Q4	\$48.04	-0.9%	\$67.89	-1.2%	\$108.63	-1.0%	\$140.30	-0.8%	\$173.67	-0.7%
2015 Q1	\$48.92	1.8%	\$69.29	2.1%	\$110.72	1.9%	\$143.16	2.0%	\$176.83	1.8%
2015 Q2	\$50.36	2.9%	\$71.76	3.6%	\$114.78	3.7%	\$148.23	3.5%	\$183.37	3.7%

* Data Not Available

Sources: © 2015 REIS, INC

Table 4.16 – South Atlantic Rental Rates (Climate-Controlled Asking Rent)

Year	Climate-Controlled 5x5 Asking Rent	Change in Climate-Controlled 5x5 Asking Rent	Climate-Controlled 5x10 Asking Rent	Change in Climate-Controlled 5x10 Asking Rent	Climate-Controlled 10x10 Asking Rent	Change in Climate-Controlled 10x10 Asking Rent	Climate-Controlled 10x15 Asking Rent	Change in Climate-Controlled 10x15 Asking Rent	Climate-Controlled 10x20 Asking Rent	Change in Climate-Controlled 10x20 Asking Rent
2011 Q4	\$58.15	*	\$86.21	*	\$137.57	*	\$182.62	*	\$224.78	*
2012 Q1	\$58.48	0.6%	\$86.81	0.7%	\$138.02	0.3%	\$182.26	-0.2%	\$225.86	0.5%
2012 Q2	\$59.29	1.4%	\$87.89	1.2%	\$139.62	1.2%	\$184.17	1.0%	\$227.65	0.8%
2012 Q3	\$59.33	0.1%	\$88.12	0.3%	\$140.51	0.6%	\$185.41	0.7%	\$229.40	0.8%
2012 Q4	\$58.78	-0.9%	\$87.46	-0.7%	\$140.13	-0.3%	\$185.19	-0.1%	\$229.29	0.0%
2013 Q1	\$59.20	0.7%	\$88.00	0.6%	\$140.83	0.5%	\$186.21	0.6%	\$231.33	0.9%
2013 Q2	\$59.94	1.2%	\$88.73	0.8%	\$142.19	1.0%	\$187.83	0.9%	\$232.57	0.5%
2013 Q3	\$60.00	0.1%	\$89.24	0.6%	\$143.19	0.7%	\$188.62	0.4%	\$233.75	0.5%
2013 Q4	\$58.92	-1.8%	\$87.85	-1.6%	\$141.29	-1.3%	\$186.42	-1.2%	\$231.70	-0.9%
2014 Q1	\$59.61	1.2%	\$89.07	1.4%	\$143.99	1.9%	\$190.17	2.0%	\$236.19	1.9%
2014 Q2	\$61.51	3.2%	\$91.92	3.2%	\$148.58	3.2%	\$196.11	3.1%	\$242.87	2.8%
2014 Q3	\$61.34	-0.3%	\$91.64	-0.3%	\$148.59	0.0%	\$196.03	0.0%	\$242.43	-0.2%
2014 Q4	\$60.53	-1.3%	\$90.42	-1.3%	\$146.97	-1.1%	\$194.18	-0.9%	\$240.40	-0.8%
2015 Q1	\$61.68	1.9%	\$92.49	2.3%	\$150.27	2.2%	\$198.60	2.3%	\$245.64	2.2%
2015 Q2	\$64.32	4.3%	\$96.38	4.2%	\$156.57	4.2%	\$206.78	4.1%	\$255.00	3.8%

LEASE-UP PERIOD

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

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

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

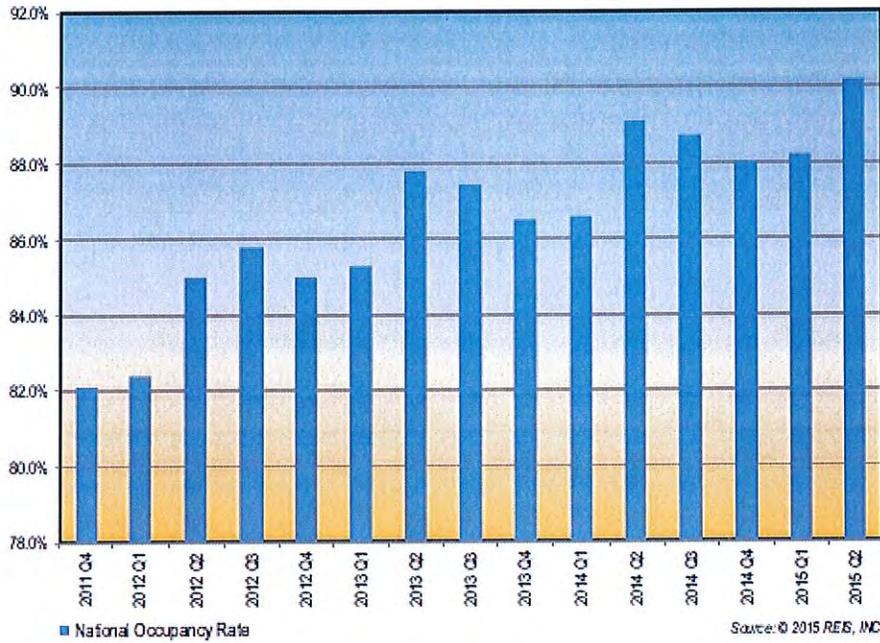
In general, most industry experts agree that target occupancy rates for self-storage stores in the U.S. should hover in the 90 to 95 percent range. When a store has too many unoccupied units, it is unable to generate money to its full potential. On the other hand, self-storage facilities with too few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

Due to the current demand for self storage space in the micro market as represented by the high occupancy levels in the market, it is our opinion that the subject facility should anticipate a 30-month lease-up period to stabilization. This assumption is predicated upon the belief that the market will remain as strong as it currently is and that the developer will upgrade, manage and market the facility as an 'A+' facility using most, if not all, of the included recommendations (such as employing only the highest caliber of onsite management). We also predicate this opinion on the recognition that the developer is an experienced self-storage operator or will utilize the services of an experienced self-storage operator or third party management company.

This assumption is based on the following:

- There is clearly an immediate demand for new self storage inventory in close proximity to the subject facility based on the estimated and known occupancy levels of the market competitors as well as comments from competitor managers.
- There are no other known potential self storage projects in development within the subject micro-market.
- The management expertise level at the subject site should afford the new facility a substantial sales and marketing advantage over the market competitors.

Chart 5.1 – National Occupancy Rates 2011 - 2015 (By Quarter)



Stepping back and looking at the country as a whole, it is clear that occupancy rates are exceptionally high and appear to be on the rise at self-storage stores across the nation. Demand for storage space is strong and continues to grow year-by-year and quarter-over-quarter. Average occupancy rates are robust in every region of the country and in every size category analyzed.

OPERATIONS/MARKETING RECOMMENDATIONS

- **Signage.** We cannot over-estimate the value of highly visible, colorful signage. Self-storage is primarily a retail business and proper signage is critical. We recommend that the reader consider maximizing the amount of signage allowed:
 - 'Self Storage' should be the largest words on the sign
 - Facility phone number in large numerals
 - Manual reader boards are not recommended, but if the budget allows, an electronic reader board can be used to point out specials, community events, time & temperature, etc.
 - We highly recommend that the developer immediately create a 'Coming Soon!' sign on the property with an 800# to begin monitoring demand and creating a 'pre-leasing' energy. Such a sign might also work to discourage any potential new self storage developments in the subject market.
 - The developer might consider having a third party call center answer the 'Coming Soon' phone number, especially as the opening of the facility becomes imminent and pre-leasing opportunities start to happen.
- **Trucks.** There is a strong relationship between self-storage and truck rentals indicated by the large percentage of customers who rent trucks when moving into and out of self-storage (+/- 25%). We recommend that the developer consider adding Uhaul rental trucks at the subject site.
- **Call Center.** **Already a proven strategy among the big boys in the U.S. marketplace, the call center concept is noted as one of the greatest competitive advantages in all of self-storage.** Self-storage operators cannot afford to miss prospective customer inquiries and will not miss those calls by using a third party call center. We are surprised that in 2016 that any existing self-storage facility does not use a call center. The call center provides self-storage owners with a remote level of services that range from answering all facility calls, rollover facility calls that give managers the opportunity to answer first, and after-hour facility calls.

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

- The call center answers the phone when the manager can't (usually after the third or fourth ring as well as before and after the facility office closes)
- The calls transfer seamlessly to the call center and oftentimes the customer doesn't know they have reached a call center.
- The call center agent can take a reservation, take a payment, answer questions about the account, etc.
- The call center will increase rentals and increase customer service.
- Managers have to be trained to effectively utilize the benefits of a call center.
- **State-of-the-Art Security.** The developer should make no compromises in security technology.
 - Individual door alarms are not recommended for this facility.
 - Access controlled facility entry
 - Recorded security surveillance
 - A large number of security cameras
 - Large security camera monitors placed behind the sales counter so that customers can see that the facility is being monitored.
- **Tenant Goods Insurance.** The facility should offer the benefit of pay-with-payment tenant goods insurance to the tenants.
 - Tenant goods insurance is designed to protect tenant goods for various maladies typically including theft and natural disasters.
- **Manager considerations.** There are few businesses as 'manager-centric' as the self-storage business. Oftentimes customers won't know the name of the facility but will know the name of the manager. While an established, stabilized facility can 'make do' with a sub-par manager, a facility in lease-up or a challenging market cannot. We believe it would be difficult to implement most if not all of the recommendations with a subpar manager. We highly recommend that the developer implement an intensive hiring and training program.
 - Given the increased importance of the Internet and email as a marketing source to attract customers, it has also shifted the dynamics of self-storage managers. No longer can they be merely efficient at renting space in person or on the phone.
 - Self-storage is a sales business. Managers must have the skills to professional 'sell' prospects on renting and on paying their rent.
 - The professionalism and appearance of the on-site manager should match or be superior to the facility itself ('a nice facility with a poor manager is a poor facility').
 - We would recommend not including on-site living quarters and employing a professional manager that does not live on site.
 - The manager for this facility needs to be professional, outgoing, have the ability to market and represent the facility in the community.

- *It's understood industry-wide that today's self-storage managers must be skilled professionals; gone is the caretaker role of the past. This type of manager has gone the way of first-generation facilities that served as a placeholder until the land could be used for some higher purpose. Fittingly, the job benefits enjoyed by self-storage managers have grown in correlation with their required talents and abilities.*
- **Marketing Plan:** The developer should immediately employ a consultant to develop a complete and detailed marketing plan for the store. The marketing plan should include many of the suggestions listed including a direct mail 'drip' campaign to local businesses and a 'declutter sale ready' service for realtors. The marketing plan should give specific costs and implementation strategies.
- **Sales Management:** A specific plan for monitoring on-site sales effectiveness and retail sales should be a strong component of the management plan.
- **Extended Access Hours:** The store should offer extended access hours and, commensurate with the extended access, increased security. The recommended gate hours are 6:00 am to 10:00 pm, seven days a week. Commercial tenants should be offered extended hours as needed.
- **7 Day-Per-Week Office Hours:** The office should be open seven days per week. Some of the market competitors are not open on Sundays but the subject property should have some Sunday hours at least during the lease-up process. The recommended office hours are 9:00 a.m. to 6:00 p.m. Monday through Friday, 8:00 a.m. to 4:00 p.m. on Saturdays and 10:00 a.m. to 4:00 p.m. on Sundays. During lease-up late hours on Friday until 7:00 p.m. are suggested.
 - A recent retail organization's study indicated that a large percentage of people shop between 6pm and 8pm.
- **Internet Strategy:** Today, more and more self-storage owners are continuing to incorporate self-service into their website storefronts to compete for added rentals. Consumers are carrying around smartphones—business tools in the palms of their hands. And as a result, storage companies with optimized websites are enjoying great success by renting units on-demand. For new online tenants, it is a welcome reprieve from the task of visiting a store during office hours and dealing with all the paperwork in person.

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

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

- Website
 - Easy to navigate
 - Clear 'call to action'
 - 'clutter-free'
- On-line rental capability
 - Allows potential customers to conduct business with you when you are not open
 - Research clearly indicates this is a highly desirable service for customers.

- Search engine optimization
 - It is important that facility's website ranked consistently high among web searches within the subject market
- On-line payment options
 - Credit cards
 - Debit cards
 - ACH
- Link to call center during business hours
 - Call center can implement 'live chat' for facility
- Real-time inventory management
 - Accurate availability.
- **Kiosk Payment Center.** We recommend that the developer consider adding a kiosk to the subject facility. The kiosk extends the reach of customer acquisition and customer service. In an industry that typically serves customers in person between the hours of 9 to 5, incremental sales and reduced labor costs represent the top drivers that motivate owners to integrate self-service kiosks. In turn, the reality of losing recurring business to nearby competitors marks the kiosk as one of the most prominent strategic solutions. This is because the kiosk is always onsite to take care of a new renter—keeping a facility open when others in the marketplace are closed.
 - The kiosk has several benefits:
 - Low cost for the initial investment.
 - Extends rental hours when tied to one of the third party call centers.
 - Reduces staff activities and may allow for reduction of operating hours.
 - Creates a unique marketing and sales position for the subject facility.
 - Kiosks give owners and operators the ability to conduct business both during and outside of normal office hours, thereby helping to maximize income for self-storage facilities.
- **USP:** The store should have a strong Unique Selling Proposition to set it apart from the competition.
 - Free rental truck with move-in.
 - Climate controlled units.
 - Complete selection of moving and packing supplies.
- **Affiliations to Gain Sales:** The developer should consider Preferred Partner Programs to increase traffic.
 - Apartment managers
 - Home Owner's Associations
 - Pizza Delivery stores
 - Realtors
- **Guerilla Marketing:** The Marketing Plan should address a direct sales effort to area businesses and multi-family communities.
- **Direct Marketing and Community Involvement:** The store managers should be active in the local Chamber of Commerce. **Self-storage is a local business** that relies on referrals. Chamber members know many people in the community.
- **Direct Mail Campaign:** The Marketing Plan should identify the targets, frequency and nature of a direct mail campaign. The plan may or may not include Val-pak recommendations.

- **Collateral Materials:** Hire a self-storage marketing consultant to create a logo, brochures, collateral, web page, property signs, etc. The developer can contact the Self Storage Association or the Florida Self Storage Association for recommendations.
- **Competitor Referral Program:** A program to receive referrals from competitors should be developed.
- **Tenant Retention Program:** A specific program for tenant retention should be developed as part of the management plan.
- **B2B Marketing:** A specific marketing effort to attract commercial customers should be presented.
- **Custodial Management:** Commit to keeping the property “clean and green.” There is longstanding value to keeping the property in exceptional condition. Landscaping doesn’t need to be elaborate, just well-maintained.
- **Management Software:** The subject facility should use a web-based management software system. The newer programs now available to the self-storage industry allow owner-operators to review reports and on-site activities in real time and the array of reports allows for more effective oversight of the facility. Owners can more readily review various rent change scenarios, check for rent allowances and discounts and implement tenant rent increases, all without necessarily engaging the onsite manager. (We are not recommending that all functions, such as rent increases, be implemented without manager ‘buy-in.)

A. We would recommend that the developer consider using WebSelfStorage: (<https://www.webselfstorage.com>).

- Web-based
- Inexpensive
- User friendly
- Includes credit card and tenant insurance modules
- Interfaces with most gate control systems
- The subject site will gain an internet presence by way of being listed on the U-haul website. When potential customers search for self-storage in the subject market the subject property will be listed along with available units and rates. Potential customers can make reservations as well.

APPENDIX

WHAT IS SELF STORAGE?

So, just what is self storage? Self storage facilities provide places for individuals and businesses to temporarily store their items. From a self storage owner's perspective, self storage is a unique type of real estate investment. Self storage serves as an excellent investment opportunity for both small and large investors and Self storage companies provide private spaces which are assigned to the customers who lease them. The spaces are normally rented on a month-to-month basis. The rental spaces vary in sizes and shapes to meet a variety of customer size requirements. Spaces typically range from 25 square feet to 300 square feet with eight to ten foot ceiling heights. The most common size is 10 feet wide by 10 feet deep which can normally hold the contents of most two-bedroom dwellings.

Today's self storage facilities are designed to be convenient and accommodating to a wide variety of uses. Facilities are established in close proximity to residential neighborhoods, light commercial or retail areas, and recreational areas. Items commonly placed in storage include household furniture and belongings, recreational items, tools and equipment, business records, and inventories. Some facilities offer environmentally controlled spaces to lessen adverse temperature and humidity effects on susceptible stored items. Some facilities may provide dock level loading areas and some will offer spaces that can accommodate recreational vehicles and pleasure boats.

The general wealth of today's society, joined with its mobility and desire to accumulate possessions, create a strong demand for self storage. Persons relocating from one area to another often use self storage while in transition. Realtors often suggest to home sellers that they use self storage to clear clutter from their homes, thus making them show better. Home buyers often use self storage while waiting for their new home purchases to close. In addition, people place a high sentimental value on their possessions and tend to hang onto items that they are unsure of whether or not to keep. Self storage is a perfect place to safely store these items until they decide whether or not to keep them. Intentions to store items for only a short time are often extended because many procrastinate and, whereas the items stored may not be worth what has been spent to store them, they are usually worth more than next month's rent.

Today's businesses have many reasons to use self storage. For example, a home-based business may use self storage to house its materials or inventories. Handymen and landscapers often store their equipment and supplies. Large businesses use self storage to store seasonal displays and inventories. Businesses and professionals are subject to greater record keeping requirements and find self storage as an economical means for compliance. Economically, the rents may be much less than the cost of providing storage spaces at their business locations.

Self storage companies provide additional levels of security beyond that established by the tenant's own lock. At a minimum, the facility perimeter is usually secured by a fence and gate. Access through the gate is limited to users of the facility by assigned security codes. Additionally, many facilities are designed to include surveillance systems, door alarms, motion sensors, and lighting to further supplement security. On the other hand, the self storage facility does not provide care, custody, or control over the stored contents. The storage space is leased "as is" and the tenant is responsible for properly placing items in the space and removing items from the space. The tenant secures the space with his or her own lock and solely controls access to the space. Nearly all storage companies have restrictions on what they will allow to be stored on their premises. These restrictions are to protect both the storage company and the items being stored.

Storage companies will vary in what they allow to be stored. They usually will not allow such items as hazardous or combustible materials, perishables such as food, plants, and live animals to be stored. Further, self storage managers are usually told to advise their tenants that they should not store items of extraordinary value, such as antiques, furs, or coin collections in their storage spaces unless the facility specializes in storing such items.

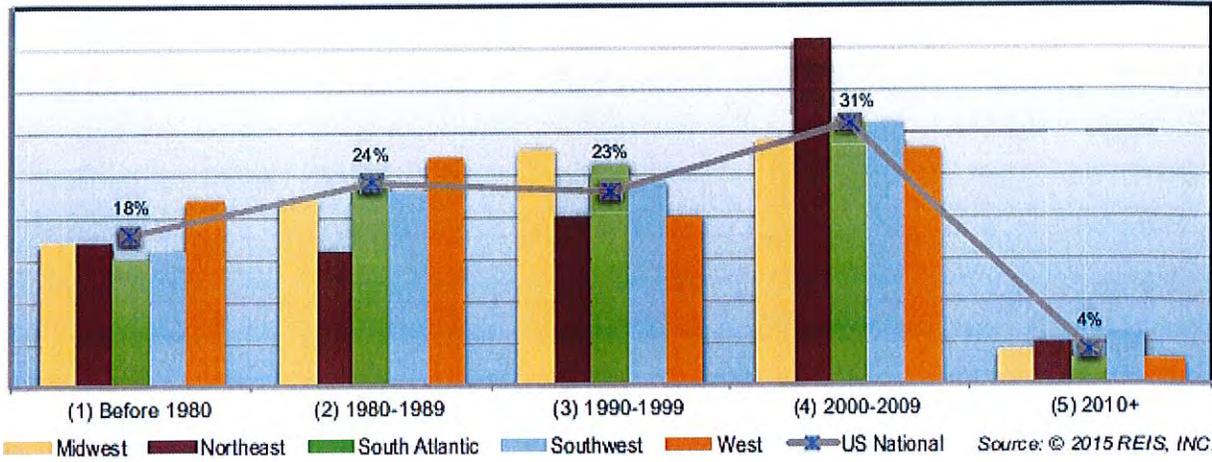
The industry remains highly fragmented. Owners with three or less facilities represent nearly ninety percent of the industry. The five largest operators make up the remaining 10% of the total industry.

Investors have turned to self storage to meet an assortment of financial goals. These investors come from all income levels and with a variety of educational and professional backgrounds. Many have chosen to invest in self storage because it requires only a relatively low initial investment, is not overly complex, and can quickly establish a valuable income producing asset. Others invest because they seek the stable, long-term generation of cash flows that are commonly achieved by self storage investments.

Because of a strong demand for self storage, the rental income per square foot of self storage spaces can often approach that of apartments, offices, and other forms of real estate. In addition, development costs of self storage facilities are typically much less than those of other types of real estate. Furthermore, because the management of the self storage facility is comparatively easy, the operating costs of self storage facilities are typically much lower than those of other forms of real estate.

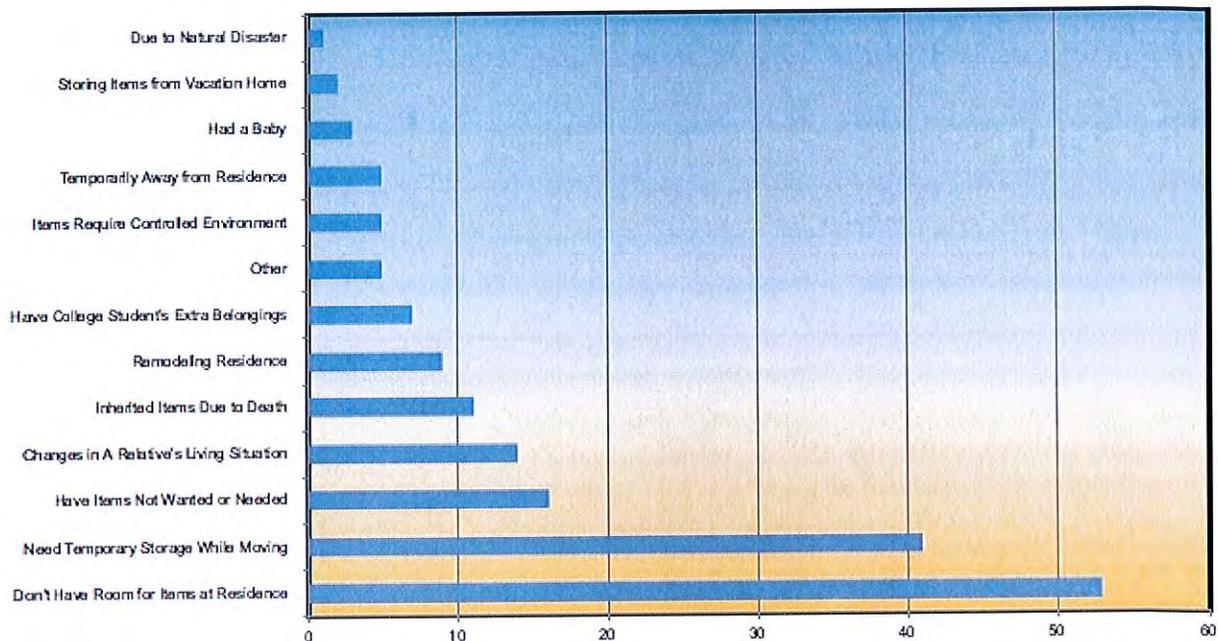
Well-located facilities that are professionally managed are in high demand by both the small and large operators in the industry. As a result, the market value of these facilities is currently at an all time high. The prudent investor who develops such a facility will find many profitable options from which to choose.

Chart 1.1 – Percentage of Facilities by Facility Age



WHY PEOPLE STORE

Chart 3.7 – Reasons for Renting



It is important to understand what your customers are storing, why they are storing, and why they choose a specific facility. It should be noted that 35 percent of storage customers are renting because they have excess belongings. The second most prevalent reason for storing (32 percent) is because the customer is moving. This category includes not only those who are storing their goods during the moving process but also those who store household items when staging a home for sale. Businesses account for 17 percent of storage customers, followed by 17 percent who are going through a life change such as marriage, divorce, or death of a family member.

Overall furniture and boxes account for 68 percent of the items stored in a unit. It is interesting to note that 10 percent of customers are using storage for RV parking. This also includes other types of vehicles and boats. This percentage can increase substantially in market areas with HOA restrictions that forbid the parking of cars, RVs, boats or trailers on the streets or in driveways. It is also higher in areas close to vacation destinations.

Location still tends to be the primary reason for choosing a facility. While 56 percent of the respondents indicated this was the primary reason for choosing a facility, it is highly significant that 27.4 percent chose a facility due the management or the features at the facility.

On the other end of the scale, less than 10 percent indicated that price and/or a special incentive motivated them to choose a specific facility. And while 1.27 percent indicated they made a choice based on some other reason, less than 1 percent chose a facility based on advertising.

SELF STORAGE ZONING

The process of securing the ability to develop self storage, otherwise known as the entitlement process, varies tremendously depending on the county or city you are working with for approvals. Typically, the more urban the area, the more involved the entitlement process may be. In dense urban areas, or large cities, an attorney or entitlement “specialist” may be required to assist in the process, as there will be numerous departments and requirements to navigate through before approvals are granted. In more rural areas, there will typically be less government entities involved and the property owner may attain entitlements with the assistance of architectural and civil documents for submittal and presentation.

Once a site is selected, and before a great deal of resources is devoted to it, it is important to learn as much as possible about the zoning regulations for that specific area. If the selected site falls into a zoning category where self storage is permitted, a facility that complies with all of the applicable building regulations can be constructed.

Begin your research by visiting the city or county’s planning department that has jurisdiction over the site. Ask to speak with one of the planners. If a planner is available, more often than not, they will make time available to spend a few minutes with you. Be prepared to ask the following questions:

- What municipality has zoning authority over the site?
- What departments have authority over zoning?
- What is the proper zoning for self storage?
- If a zone change or variance is needed what is the process?

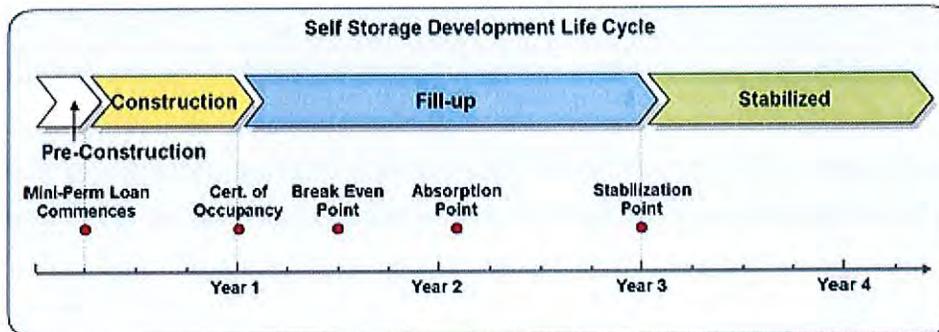
After the correct zoning is known, you will need to understand the requirements that will affect the layout and design of the facility. This information will be very useful when drawing up your preliminary site plan.

- What are the required building setbacks?
- What is the maximum building coverage ratio?
- What are the parking requirements?
- Is green space required?
- Are there any requirements for driveways such as widths or the material used?
- Are there any construction restrictions that dictate the appearance of the property?

This initial meeting should provide you with an understanding of the likelihood of being able to develop a self storage facility on the site.

SELF STORAGE DEVELOPMENT LIFE CYCLE

You find it, you build it, and you lease it up. That pretty much sums up the self storage development lifecycle. But in more detail, what events can a self storage investor expect to occur when venturing into developing and owning a self storage? The diagram below illustrates the various stages that occur and the milestones that are achieved along the way.



As you may have noticed, the development life cycle can be broken down into four stages: Pre-Construction, Construction, Lease-up, and Stabilized.

PRE-CONSTRUCTION

The first stage represents the Pre-Construction period. The length of time associated with this phase depends upon the sophistication or complexity of the project. Less sophisticated projects require just a few months of pre-construction activities whereas more complex projects can take in excess of a year.

This period typically commences when you begin taking significant steps toward developing your facility. You have completed your initial evaluation and have chosen your site. You know that the seller of the land will accept your offer. At this point, preliminary due diligence is reviewed and further expanded upon. Market area analysis and feasibility is revisited and confirmed. It is common for the investor to utilize the services of an independent consultant to establish an unprejudiced opinion of the investment. Any additional investors or lenders may require this independent opinion to effectively lower their perceived risk. A rock-solid independent opinion often leads to the most favorable financing terms.

Development cost estimates are replaced by actual bids during the pre-construction period. It is important to establish a bidding process to obtain quotes for any services or materials required to complete the facility's construction. The process should involve an organized approach at requesting, collecting, and reviewing proposals.

The services of a professional engineer and architect may be necessary to finalize the design of the facility and obtain the municipality's approval for construction. The site will need to be surveyed and the soils tested. Soil tests are needed for construction specifications and environmental site assessments that are commonly required. Environmental assessments reveal if any incidences such as chemical spills, hazardous waste, PCB's, abandoned industrial operations, or underground storage tanks exist. The existence of such can impact the liability of a buyer, seller, or lending institution.

The documents and activities associated with a land purchase often involve the assistance of a qualified attorney. Efforts are taken to obtain the approval for any necessary financing. Upon closing, the land's new owner is responsible for the property taxes imposed upon the site.

The pre-construction period is generally viewed as completed when financing is secured, the land is owned, and the building permits are issued.

CONSTRUCTION

The Construction period is set in motion once the necessary building permits are in hand. The sophistication of the project, weather, and coordination of the construction efforts will impact the amount of time that this stage requires. Some construction projects may be completed in just a few months while others can take more than a year.

Site preparation such as grade work or any necessary demolition begins. Often times the construction manager coordinates the establishment of all drive area pavement and floor slabs to be installed before the delivery of any of the building components. This greatly improves the cleanliness of the facility upon construction completion. The buildings are built, security features are installed, signage and landscaping are established, and the office and apartment are completed.

In conjunction with the construction activities, the operations management typically initiates its preopening actions. This includes the selection and establishment of office furniture, equipment, management software, leasing agreements, merchandise fixtures and inventory, and office supplies. On-site management is hired and trained. Any necessary operating permits and licenses are applied for.

Yellow pages or other advertising is coordinated. The annual publishing deadlines for phone book advertising may require that a facility be listed well before it opens. "Coming Soon" signage on the construction site is often installed with a phone number where persons can call to obtain leasing information. Support for these telephone inquiries is put in place to establish a pre-leasing program for the site. "Now Renting" signage and Grand Opening activities are coordinated.

Final construction inspections are completed and a certificate of occupancy is issued. This signifies the completion of the construction stage and the commencement of the lease-up stage.

LEASE-UP

The lease-up stage for a self storage facility begins with the first rental and concludes upon the achievement of a stabilized level of occupancy and income. The lease-up stage for the average self storage facility will vary in length. Most owners would enjoy seeing the facility lease up in less than a year. Most plan for a two to three year period. Location, competitiveness, and management are three major factors that influence the lease-up rate.

Operating expenses are usually slightly lower during the initial stages of lease-up. Fixed expenses such as property taxes and insurance will be constant regardless of occupancy. Other expenses such as payroll, utilities, management fees, and repairs can be slightly lower when the property is less occupied. These, however, are typically offset by higher than normal marketing and advertising expenditures incurred to boost lease-up.

As the facility leases up, income generated from the operations increases and achieves a level matching that of the operational expense level. At this point, the facility is recognized as achieving its break-even level. This is followed by the absorption point, which occurs when the income from a facility covers the operating expenses plus any financing costs. The income generated from the property is, at a minimum, able to pay for its own existence.

Income generated after the absorption point represents cash flowing from the investment and in to the pocket of the investor. This cash flow amount generally grows to a point where the occupancy and subsequent income becomes stable. That point in time, referred to as the stabilization point, signifies the completion of the lease-up stage and the commencement of the stabilized level of performance stage.

STABILIZED

A stabilized level of operating performance represents the final stage of the life cycle. At this point, some investors replace their initial financing with permanent, long-term financing. The reason for this is because lenders will value the facility based upon it being an income producing investment rather than a physical asset which often results in more favorable loan terms and thus cash flows. Many developers find that an opportunity exists to obtain a loan amount that is greater than the amount necessary to pay off the original loan. This financing allows the developer to recover their initial investment and may prompt the investor to expand their investment portfolio with another self storage development project.

It is common to see further improvement in income derived from periodic rental rate increases. This is normally somewhat offset by higher maintenance costs for an aging facility or from the effect of inflation on operating costs.

PRE-OPENING TIME LINE

8 WEEKS OUT:

- Run ad for manager
- Develop a logo
- Develop an operational and marketing budget
- Set up 'Grand Opening' message on voice mail
- Set up 'Coming Soon' sign on property
- If appropriate set up Yellow Page Ad
- Engage with web design company

7 WEEKS OUT:

- 1ST manager interviews

6 WEEKS OUT:

- 2nd manager interviews
- Order management software
- Order gate control software
- Apply for property insurance
- Join state self storage association
- Join local Chamber of Commerce

5 WEEKS OUT:

- Layout unit numbers
- Set up bank account
- Order checks
- Set up credit card processing

4 WEEKS OUT:

- Purchase computer, printer
- Purchase DVR and monitor
- Start manager
- Train manager
- Run ad for assistant manager and/or maintenance person
- Order forms and other printing
- Order signage and banners
- Set up truck rental
- Order unit number for doors
- Schedule phone and internet service
- Establish email address

3 WEEKS OUT:

- Program computer and set up inventory
- Interview assistant manager
- Order tenant insurance point of sale materials
- Sales tax registration
- Install phone lines
- Order employee shirts
- Set up marketing brochures
- Set up self storage aggregators (if applicable)

TWO WEEKS OUT:

- Hire and train assistant manager
- Purchase office and maintenance supplies
- Purchase golf cart
- Number the storage units
- Make sales calls to apartments, movers, real estate agents, etc

ONE WEEK OUT:

- Sales calls to area businesses
- Clean and set up office
- Secure occupational license
- Set up water and power deposits
- Secure Certificate of Occupancy

WHY INVEST IN SELF STORAGE?

Relative high rents: The average monthly rental rate per square foot for self storage falls somewhere close to \$0.70. This equates to \$8.40 per foot per year. We are talking about garages with concrete floors, metal walls, and roll-up doors. Some facilities may require fire sprinkler systems and additional security features such as electronic access gates and surveillance systems. However, that is essentially the extent of improvement that supports these rents.

Predictable expenses: Monthly operating expenses are quite stable and predictable. Expenses are somewhat lower during the initial lease-up stage. Upon stabilization, expenses level out and are generally subject to economic inflation, which can easily be offset by regular increases to the overall rental rate structure. Periodic, major repairs are typically paid for from maintenance reserves that are put in to place.

Self storage is recession proof: People and businesses demand self storage when they are in transition. Whether they are upsizing, which is often found in economic upturns or downsizing during economic downturns, they find themselves needing storage. This creates continuous demand. The economy's impact on the self storage business has more to do with influencing finance rates and the overall acquisitions climate.

Ease to operate: The level of staffing required to accomplish the day-to-day operations of even the largest facilities is quite low. One or two people can effectively lease most facilities with the exception of the peak inquiry and leasing periods which commonly occur in the spring. Only a minor amount of additional manpower is necessary to accomplish the remaining day-to-day duties.

Collecting rents is generally easy because use occurs at the facility. Although some customers have to be reminded by phone or mail, controlling access to the space provides much of the necessary leverage to collect the rent.

Limited turnover exposure: Self storage facilities rarely have a tenant that occupies more than a percent or two of the overall occupancy. No single tenant who chooses to vacate causes a significant drop in occupancy. This cannot be said for commercial real estate that may be supported by a significantly sized anchor tenant. A vacated self storage space is rarely in need of anything beyond a new light bulb and a quick sweeping.

STORAGE TYPES

There are a variety of storage types that are available for customers needing storage. The perceived needs of the customer typically dictate the type of storage that they choose. It is common to see properties offering a combination of the following storage types:

SINGLE OR GROUND LEVEL STORAGE



Single-story, ground level access buildings create the most convenient type of storage space for customers. This type of building offers drive-up and interior accessed storage spaces. The buildings are built upon slabs and generally do not require complicated foundations. The nature of the building design prevents the need for any heavy structural members. Demand for this type of space is generally greater thus creating the opportunity to charge higher prices. Typically, the cost to construct such buildings is relatively inexpensive.

MULTI-STORY STORAGE

Multi-story facilities are advantageous for sites on expensive land or that are limited in size. However, the savings in land cost is somewhat offset by higher construction costs. Multi-story buildings may make the facility more visible if the building rises above other buildings in the area.



Multiple story buildings typically require the establishment of a passenger/freight elevator to provide access to the upper level spaces. Some make use of a less expensive lift to transport items to upper floors. In this case, customers load their items onto the lift and send it unmanned to the desired floor. The customer then uses a stairwell to meet and retrieve their items. In some cases, customers are required to simply carry their items on a stairwell to load or unload their space. Most modern, multi-story storage facilities utilize a passenger/freight elevator based on it being the easiest for the customers.

EXTERIOR DRIVE-UP STORAGE



Exterior access spaces are by far the most convenient type of space access. Customers simply drive up to the space and then load or unload. The space layout is typically established where units are back-to-back, thus creating somewhat narrow buildings that can be of any length. It is also common to see buildings containing a single row of exterior access space forming a perimeter around the property. These buildings create a fortress type of perimeter that lends to higher security. Exterior access spaces are rarely temperature controlled due to the inability to effectively insulate the exterior door and wall.

INTERIOR ACCESSED STORAGE

Interior accessed spaces are those that require a customer to enter the building through a common access point and navigate down hallway corridors to arrive at his or her space.



Generally, interior accessed spaces are less accessible than exterior spaces. Therefore the rates that are commanded are usually less. To make these spaces more attractive, modern facilities use hallway systems that create comfortable, well-lit corridors. Motion sensors control the lighting and some hallways have an intercom system for customers to use to communicate with office personnel. Some facilities pipe music into the hallway areas to create an appealing atmosphere. Oftentimes handcarts are made available to assist customers with the moving of their items down the hallways. The inclusion of hallways reduces the leasable area of the overall building.

Buildings containing interior access spaces typically have exterior accessed spaces around the perimeter. These buildings can generally be wider and also be of any length.

NON-TEMPERATURE CONTROLLED STORAGE



Non-Temperature Controlled Storage is simply enclosed storage space that is similar to a typical residential garage. These spaces are ideal in moderate temperature climates or for use by customers who are unconcerned about the temperature of their stored items. Most facilities offer some, if not all, non-temperature controlled storage space.

TEMPERATURE CONTROLLED STORAGE



Temperature Controlled Storage utilizes HVAC (heating, ventilation, and air conditioners) to control the temperature of the storage space. In most cases, thermostats are utilized to prevent temperatures within the building from temperature extremes that can be harmful for some stored items. Temperature settings normally cool the building to 75 degrees in the summer and heat to 60 degrees during winter.

Controlling the temperature also makes customer visits to their storage spaces more enjoyable on particularly hot or cold days. Although there are additional costs for establishing and maintaining HVAC systems, most storage operators find that they can price temperature-controlled spaces anywhere from 30% to 100% higher than non-temperature controlled spaces.



BI-LEVEL STORAGE

A bi-level building design allows buildings to be constructed upon land that has significant changes in elevation. Two story buildings are constructed so that the upper level is accessed at street level on one side of the building and access to the lower level is accessed at street level on the other. This translates to more drive-up storage units which are often in greater demand and maximizes the net rentable area for the building.

OFFICE-WAREHOUSE STORAGE

Office-warehouse space typically offers customers a small (usually 150 square feet), tiled or carpeted office with electricity and a phone line that is attached to a medium to larger storage space (150 – 300 square feet). This type of space is ideal for a small business, sales representative, or local delivery service business.

LOCKER STORAGE / WINE STORAGE



Locker Storage typically represents small storage spaces (4H X 4W X 4D) that are stacked one on top of the other. Customers with small quantities of items needed to store prefer these small spaces that prevent them from having to pay for a space that is too large.



Climate controlled Wine Storage is becoming increasingly popular. Similar to Locker Storage, facilities offer smaller storage spaces sizes, but with Wine Storage, temperature and humidity are kept in ideal ranges for storing wines. Facilities typically offer varying sizes to accommodate big collectors and wine enthusiasts of all sizes, as well as wine merchants and restaurants.

FULLY ENCLOSED STORAGE



Fully Enclosed boat and RV storage is similar to traditional storage, the exception being the eave height and door size requirement. Larger RVs require a minimum 14-foot eave and door height clearance and a 10-foot door width. Although most enclosed spaces have concrete or asphalt floors, some customers do not mind parking in an enclosed space with a gravel floor. Most customers prefer some type of electricity service in their space to assist them with keeping batteries charged while their RV or boat is in storage. Facilities often charge an extra fee to customers who use electricity.

COVERED STORAGE



Boat and RV owners commonly demand Covered Storage. Where this is not as secure or private as enclosed storage, it does provide the stored contents protection from the sun and precipitation. Although most covered spaces have concrete or asphalt floors, some customers do not mind parking in a covered space with a gravel floor. Most customers prefer some type of electricity service in their space to assist them with keeping batteries charged while their vehicle or boat is in storage. Facilities often charge an extra fee to customers who use electricity.

OPEN STORAGE

Open Storage is similar to an uncovered parking lot and is typically used by customers needing storage for boats, RVs, trailers, campers, etc. These customers either utilize their own covers or are not concerned with the elements and are typically seeking a low cost solution to their storage needs.



DEVELOPER ACTIVITIES

Whether you plan to do it yourself or involve the service of an experienced builder, it ultimately is the responsibility of the owner to make certain that an effective plan is created and that the facility is constructed per that plan. To determine your level of involvement you should consider the complexity of the project, your abilities, your available time, and the required activities.

The development of a self storage facility requires careful planning and execution to complete the process in an organized and timely fashion. The goal should be to ensure the proper construction of the facility, within a budget, and with the least amount of problems.

Whether you plan to build the facility yourself or involve the services of an experienced builder, it ultimately is the responsibility of the owner to make certain that an effective plan is created and that the facility is constructed per that plan. You should consider the complexity of the project, your abilities, your available time, and the required activities to determine your level of involvement. The following is a list of activities which are generally required when developing a self storage facility.

Establishing Legal Counsel. The complexity of the project and the developer's previous experience will dictate the level of legal counsel and support that is needed. This support should be from someone experienced in real estate law to assist with purchasing the property (contract preparation) and with managing the loan and construction documents. Even the most experienced developers utilize legal support to protect their interests.

Interacting with Building and Zoning Departments. These activities will make known the specific requirements for developing the site and submitting building plans. It may be advisable to employ experienced support if the project requires significant variances to existing regulations.

Working with Design Professionals. This includes the selection and utilization of an architect and engineer to prepare specific working drawings. Consider selecting those professionals who are experienced with self storage. These drawings will be used for submittal to local building officials and to contractors for pricing.

Working with Other Third Parties. This involves the selection and utilization of professionals to complete required surveys, environmental evaluations, title report, subsurface analysis, and appraisals.

Developing Cost Estimates. This includes the production of detailed cost estimates of the entire development project based upon the actual building plans.

Negotiating Contracts. This consists of the necessary actions to ensure that qualified contractors and service professionals are employed at favorable terms.

Submitting Plans. This includes the submittal of plans to the local building officials to obtain all building permits required to construct the facility.

Supervising Construction. This includes the day-to-day supervision of the contractors hired to complete the construction.

Preparing Lender Payment Requests. This involves the preparation and approval of payment requests to the lender as work is completed and approved.

Completing Final Inspections. This is the process of ensuring that contractors complete all of the work as required and that all final inspections are completed so that a final Completion Certificate can be issued.

The prudent investor needs to thoroughly understand these requirements and will make a realistic assessment to determine their intensity of involvement. The effective execution of these activities will lead to making certain that a successful self storage development is established.

DEVELOPMENT TIMEFRAME

The pre-construction period is the time after the closing on the land purchase and up to the point in time that actual construction begins. Pre-construction activities such as interacting with building and zoning departments, working with design professionals, etc. are completed during this period. The pre-construction period will vary according to the amount of time the developer devotes to those activities and to the complexity of the development. Aggressive efforts usually result in pre-construction periods being as little as three months for a relatively uncomplicated project to in excess of nine months for the more complex.

One central consideration is that once the land is purchased, property taxes begin accruing. Additionally, any costs associated with financing also begin to accumulate. These preconstruction months create such carrying costs that can normally be worked into the development financing.

The construction period begins when actual construction commences and ends when the certificate of occupancy is issued. Many factors can influence the construction period to include development complexity, weather, the amount of focus, etc. Generally, construction periods range from as little as six months to in excess of 12 months.

DEVELOPMENT COSTS

Hard Costs

Also known as the “brick and mortar” costs, hard costs consist of those expenses to physically improve the site including excavation, buildings, paving, landscaping, and security.

Physical Improvements

Physical Improvements consist of all direct costs associated with the building of your storage facility. They include all concrete slab work, building material and labor costs, hallway systems, overhead doors, electrical, plumbing, and heating ventilation and air conditioning systems. Additionally, physical improvements include the office and apartment construction costs. In general, once cost per square foot estimates are developed to meet a specific type of physical improvement, that amount can be held constant for the region. Variations may occur as labor and material costs sometimes fluctuate from one region to another.

Demolition

Demolition costs are specific to the site you choose. Your site may be currently undeveloped or vacant and therefore not require any demolition costs. There are many opportunities to take a previously developed site and raze the existing structures to create a self storage property. Demolition costs should include costs to raze the building, removal of the debris from the site and the filling of any holes or depressions left from the previous structures. There are specific contractors who specialize in this type of work. Demolition estimates should also include the fees to disconnect all existing utilities, the remediation of any hazardous or environmentally sensitive materials from the structures before demolishing, and any special permits required for demolition purposes.

Site Work

Site work relates to the improvements needed to make a specific parcel capable of working as a self storage site. These costs could include the remediation of wetlands, the treatment of specific soil types to stabilize the structural capacity of the soils, the balancing of different grades across the site, etc. Site work is usually projected as a separate cost from the physical improvements cost. This is because you can establish a physical improvement estimate that can be applicable to multiple sites if the type of facility will be the same. Conversely, site work costs will vary dependent upon the unique characteristics of each site.

Security

The costs associated with establishing a security system for the self storage facility will vary depending on the comprehensiveness of security features incorporated into the facility. The owner/operator may choose to put alarms on every unit or may feel that extra cameras would bring the customer more comfort. There are numerous security system providers in the self storage industry which can provide a specific system that incorporates minimum requirements or all the “bells and whistles” available.

Other

This category can include costs you anticipate but do not believe should be included in the above groups. As an example, you may want to track “offsite” costs such as extending curbs and sidewalks that the local government required to approve your project.

Contingency

This is a very important consideration when estimating costs. There will be cost adjustments during the development of your property, as unforeseen conditions do arise whether caused by a change in material costs or simply by weather conditions. You would want to consider a higher contingency if you are converting an old building into self storage, as an example, as the unforeseen conditions have more risk associated with them. Sites requiring large amounts of Site Work may need a higher contingency as well.

Soft Costs

Soft costs are distinguished from the hard costs and consist of legal, financing, architectural and other fees required for construction. They also include start up costs such as office setup, facility signage, and pre-opening marketing activities.

Soft costs are distinguished from the hard costs and consist of legal, financing, architectural and other fees required for the project. They also include start-up costs such as office set-up, facility signage, and pre-opening marketing activities. Soft costs are usually those costs not included in a contract with a general contractor. Soft costs are often underestimated by the inexperienced developer and require careful consideration.

Architectural and Engineering

Architectural and Engineering should include the cost associated with the development of all construction drawings and specifications required for a project. Typically, the architect will establish the sub-contracting of the HVAC, plumbing, electrical, and structural engineering and landscaping drawings within the architect's proposal. The contract for civil engineering can be included within the architect's contract, but is often retained by the developer separately from the architect. Usually, "shop drawings" or the engineered drawings for fire protection, security systems, and storage partitions and doors are included in the general contractor's bid and would not be included under this category.

Legal Fees

This category should reflect the expected legal fees associated with negotiating and closing on the property. Obviously, there exists a broad range of hourly fees charged by various legal experts.

Entitlements

The category for Entitlements should include the expected costs associated with securing governmental approval to build self storage on the proposed parcel of real estate. The process of securing entitlements varies tremendously depending on the county or city you are working with for approvals. Typically, the more urban the area, the more involved the entitlement process may be. In dense urban areas, or large cities, an attorney or entitlement “specialist” may be required to assist in the process, as there will be numerous departments and requirements to navigate through before approvals are granted. In more rural areas, there will typically be less government entities involved and the property owner may attain entitlements with the assistance of architectural and civil documents for submittal and presentation.

Environmental Testing

In most cases, if you are using a lending institution to finance your project, you will need to provide an environmental study showing the condition of the property from an environmental standpoint. Environmental Studies are typically split into two phases. A “Phase I” study will determine the historic uses of the site through simple research and will determine if a “Phase II” study is required. If a Phase I determines that the property, as an example, has always been a ranch, there probably is no need to conduct a Phase II study. As a further example, if the property was used for a short period of time as a gas station, regardless of the land’s current use, your lender would most likely require a Phase II Environmental Study to be conducted. Phase II studies include the sampling and testing of the soils and ground water at the site.

Testing and Survey

Before closing on a property, or building on one already owned, there are some basic tests and verifications recommended. The prudent developer will have a Structural Soils Test completed to help the architect and structural engineer design a foundation, slab, and structural system best suited for the soil type and ground water conditions specific to your site. An ALTA survey will be required to verify proper title for the property and identify any existing easements or encumbrances associated with the property.

Construction Inspection

Your construction loan lender will most likely require certain tests during the construction process. Typical tests include compaction testing of newly placed soils, slump tests on the concrete mix and/or masonry mortar, pressure test on new water pipes, etc. The lender may discourage the use of the general contractor for the responsibility of testing and may require the owner to sign an independent testing firm. The lender may also require an additional “as is” survey of the completed project before releasing the final draw on the construction loan.

Closing Costs

If a title company or escrow agent is used to assist with the closing on the property, the fees associated with their work are typically split between seller and buyer. There may also be transfer taxes or other governmental fees associated with the transfer of property. The party responsible for paying these fees is determined by the traditions in a specific market. Your title or escrow agent can assist in determining the party traditionally responsible for the payment of these fees in your specific market. Responsibility of transfer fees can also be negotiated in the Purchase and Sale Agreement between Seller and Buyer.

Appraisals

Your lending institution will require an appraisal of the property based on either comparable land sales or the potential income production of your parcel before approving the lending of funds on the project.

Property Tax

This category is in addition to the inclusion of property taxes under the section of estimating Operating Expenses. As you may not open your new facility for several months after purchasing the property, there will be a tax cycle that will need to be accounted for during construction. The Property Tax number in this section will most likely be considerably less than the projected future property taxes. The property tax from the previous calendar year would be a good indication of property tax due for a year of construction.

Fee and Permits

You can get an estimate of all approval and permitting fees from the local government entity overseeing your project. Outside of typical permitting fees, you need to establish whether or not there are any unique fees associated with your parcel, district, or use type. As an example, if a use is determined by a city to generate higher than usual traffic patterns, that city may impose a Traffic Impact Fee. Sometimes a specific border is established around an area and there may be a one time TIF charged to a parcel in that area. Your local government can provide an estimate of all fees and permits.

Fixtures, Furniture, & Equipment

Some of these costs may be included in the contract with the general contractor, but are typically items provided directly by the owner. This would include all appliances if an apartment is provided and all office furniture and equipment required outside of the security system.

Signage

Signage may be included in the general contractor's scope of work, but many owners prefer to work directly with a sign company. Consider having the assistance of the sign contractor during the entitlements process to assure approval by the city of all proposed signage.

Marketing

As with property taxes, you should include a marketing number under soft costs in addition to the estimate in the Operational Expenses section. As a development soft cost, the Marketing estimate is the dollars projected to be spent on marketing during the construction period. A typical marketing expense during construction would be yellow page ads, which typically run in an annual cycle and may need to be started early if your project is projected to open within that cycle. You may also want to erect an "Opening Soon" sign on the property during construction.

Other

This category can include costs you anticipate but do not believe should be included in the above groups. As an example, there may have been a contingency associated with the city approvals that requested that the owner provides a service or donation that would not be categorized in the above sections.

Contingency

As with Hard Cost, it is prudent to figure in a contingency estimate for soft cost overruns. Most estimates start with a 4% contingency. However, as an example, if it is believed that the entitlement process will be difficult, a higher percentage should be allocated under the Contingency category.

DEVELOPING A SITE PLAN

A site plan is a bird's-eye drawing, prepared to scale, showing the property boundaries. Included are the dimensions and location of all buildings proposed on the parcel of land. Features of a site plan generally show the building setback, driveway network, parking spaces, and property access points. More detailed plans will show utility networks and account for local zoning and jurisdictional regulations.

Developing a detailed and accurate site plan takes time and money. It involves hiring a building designer or civil engineering that assists you in the process. A detailed site plan considers multiple items, including:

- Zoning requirements on building setbacks and landscape buffers
- Utilities servicing the property and where those utilities terminate
- Land features such as a steep grade or poor drainage that might increase development costs

Developing a *preliminary* site plan is a good first step in evaluating a parcel of land for a potential self storage investment. This preliminary plan allows for an initial estimate of gross building area and subsequently the rentable area. A preliminary site plan typically includes the building layout with consideration given to the building setbacks, driveway network, parking spaces, and property access points.

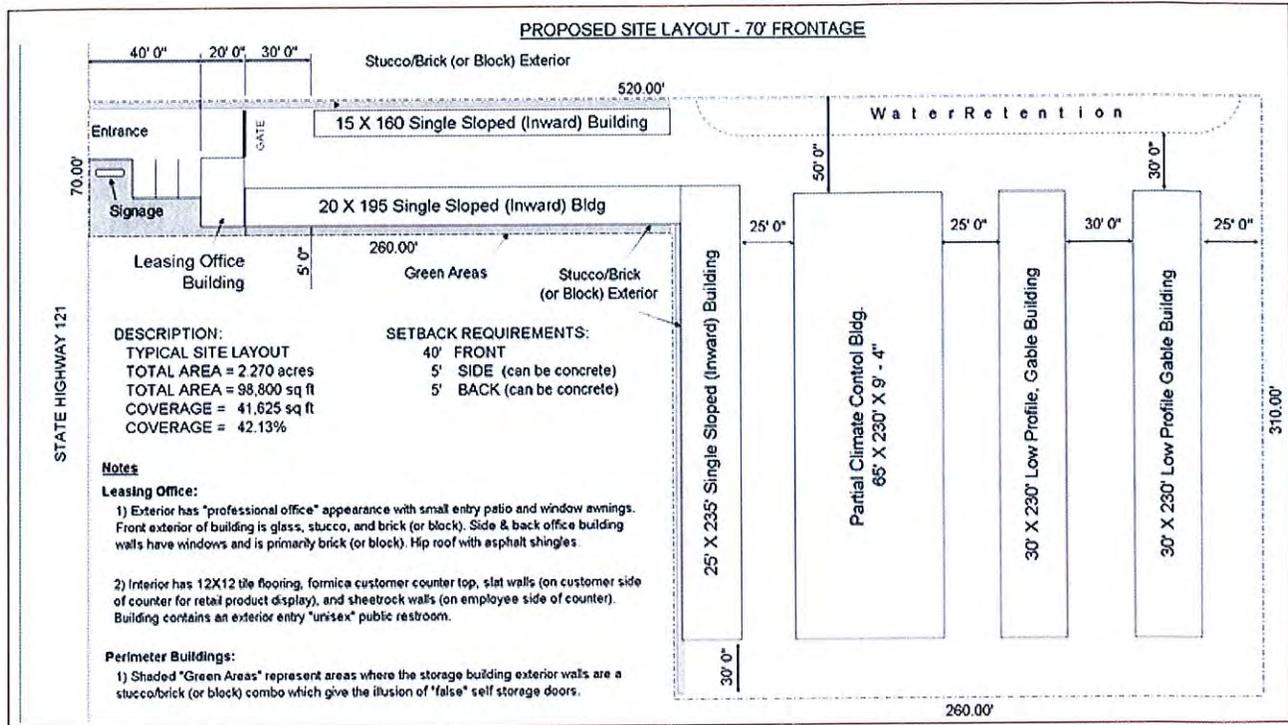
Determine the required building setbacks and layout of the desired buildings. Keep a close eye on drive isle widths. Drive isle widths should rarely be less than 20 feet and are more commonly 30 feet. 30-foot widths allow customers to park in front of their spaces while loading and unloading, leaving room for other site traffic to pass by. Some municipalities require fire lanes to be established that will influence the width of drive isles.

Next, identify the desired property access point. Identify the gate's location if you are planning to utilize an access gate. Give consideration to how vehicles and trucks will stage as they pull up to the gate. Most municipalities will require a gate location that does not allow vehicles to stack up into the street. They will also want to see that vehicles have the ability to turn around on the property in the event that access through the gate is denied.

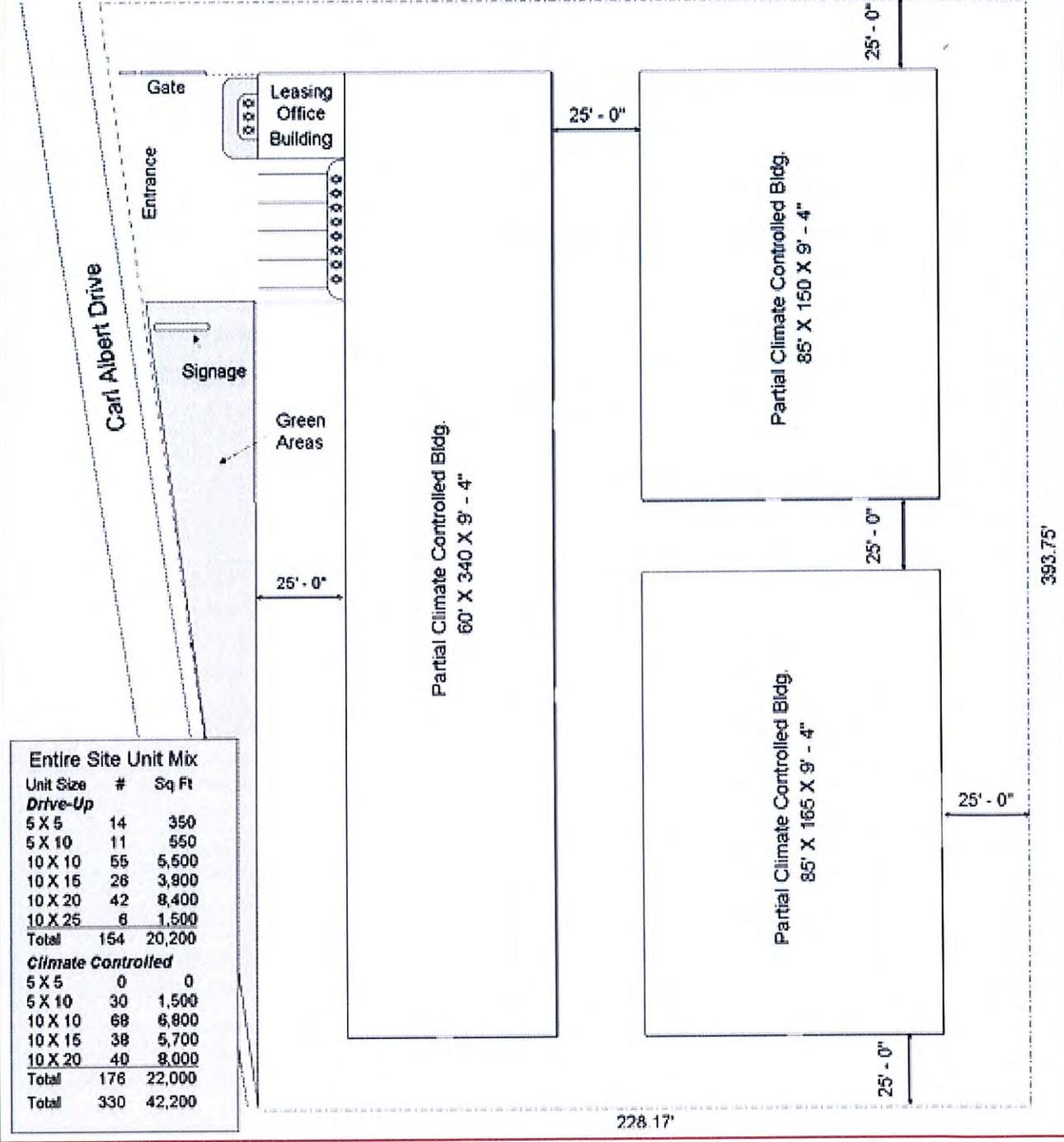
Last, establish the parking spaces that will be utilized by employees and customers upon visiting the site. Again, most municipalities will have parking space requirements that are often based upon the overall building area of the facility.

Total the square footage of each planned building to determine the gross building area of the facility.

SAMPLE SITE PLANS



Proposed Site Layout - Carl Albert Drive - Durant, OK
266.00"



Entire Site Unit Mix		
Unit Size	#	Sq Ft
Drive-Up		
5 X 5	14	350
5 X 10	11	550
10 X 10	55	5,500
10 X 15	26	3,900
10 X 20	42	8,400
10 X 25	6	1,500
Total	154	20,200
Climate Controlled		
5 X 5	0	0
5 X 10	30	1,500
10 X 10	68	6,800
10 X 15	38	5,700
10 X 20	40	8,000
Total	176	22,000
Total	330	42,200

DESCRIPTION:

PARIS/LAMAR LAYOUT
 TOTAL AREA = 2.37 acres
 TOTAL AREA = 103,323 sq ft
 COVERAGE = 49,150 sq ft
 COVERAGE = 48%

SETBACK REQUIREMENTS:

- 50' FRONT
- 5' SIDE (can be concrete)
- 20' BACK (can be concrete)

Area of parcel not being utilized:

324.50 X 223.12
 = 72,402.44 SF
 = 1.66 Acres

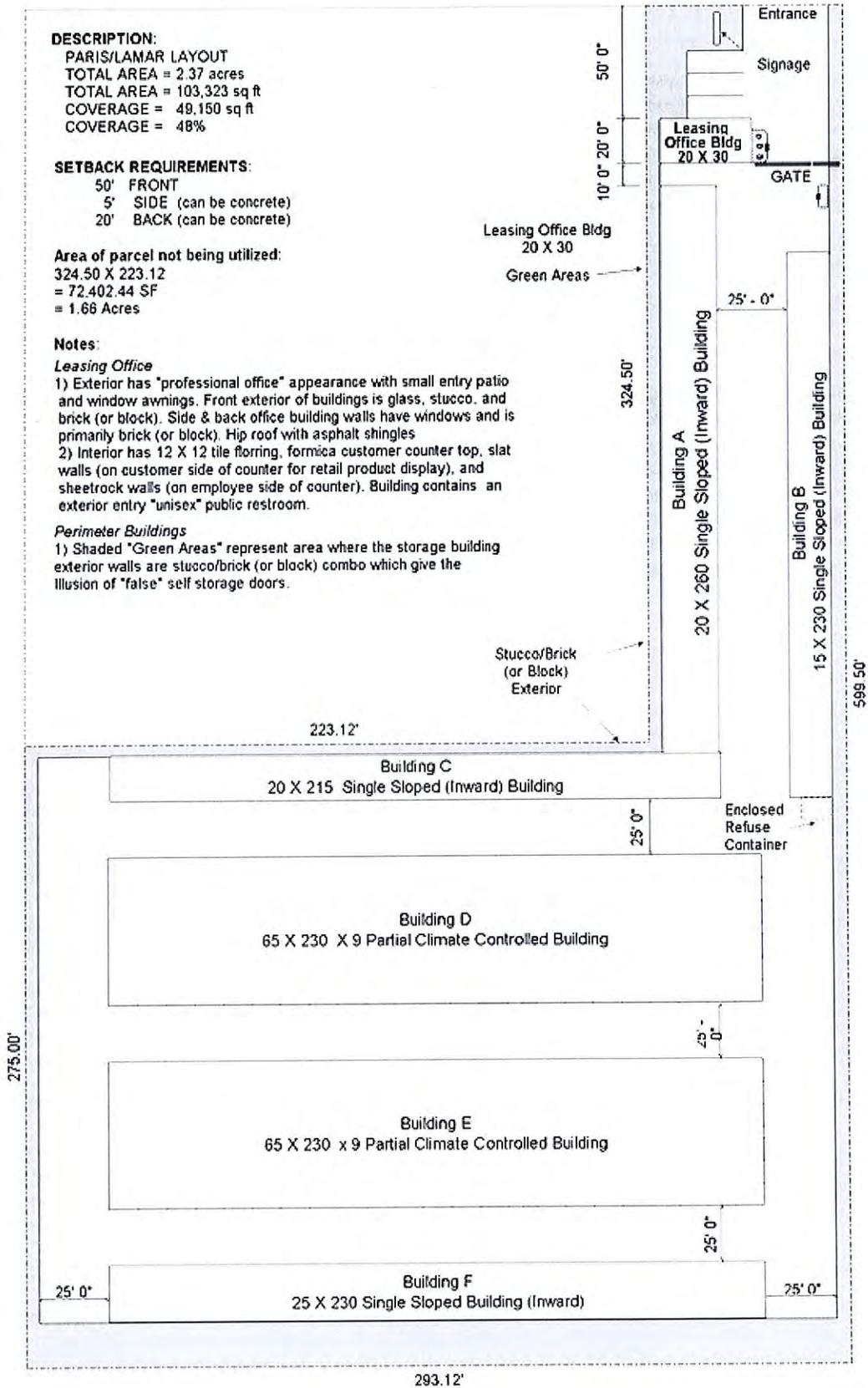
Notes:

Leasing Office

- 1) Exterior has "professional office" appearance with small entry patio and window awnings. Front exterior of buildings is glass, stucco, and brick (or block). Side & back office building walls have windows and is primarily brick (or block). Hip roof with asphalt shingles
- 2) Interior has 12 X 12 tile flooring, formica customer counter top, slat walls (on customer side of counter for retail product display), and sheetrock walls (on employee side of counter). Building contains an exterior entry "unisex" public restroom.

Perimeter Buildings

- 1) Shaded "Green Areas" represent area where the storage building exterior walls are stucco/brick (or block) combo which give the illusion of "false" self storage doors.



SELF STORAGE FINANCING

Self storage's status in the financing community has never been healthier. As a result, there are many sources of financing offering a variety of loan types. The cost of such financing varies depending upon the borrower's strength and the strength of the development site.

There are numerous ways to finance a self storage investment. The basic practice is to put short term financing in place to acquire the land, pay for construction, and lease-up of the facility. Long term financing then replaces the short term financing.

Short Term Financing

A typical real estate development makes use of two short term loans: a construction loan and a bridge loan that is in place during lease-up. The trend in the self storage industry is to utilize a mini-permanent loan. Also known as a mini-perm, this loan combines the construction loan and bridge loan into one. Short term financing is usually in place from the time the land is purchased to the time that the facility produces a stabilized level of occupancy and income. Although there are a variety of terms that can be negotiated, one popular structure involves establishing short term financing that requires interest only payments to be made on the note.

Interest rates on short term loans are generally higher than more secure, long term financing. Short term loans often incorporate an adjustable or floating interest rate that uses either the current Prime rate or LIBOR (London Inter Bank Offer Rate) as indices for determining the interest rate on the loan. The term of the financing will vary dependent upon the type of short term financing that is utilized.

When developing investment real estate there are two common short term loan types that are used. The Construction Loan and the Bridge Loan. Self storage developers are discovering a third type of short term loan, called a mini-permanent loan, which has some very beneficial and unique characteristics.

Construction Loan

The Construction Loan is well-titled as it usually begins releasing funds to the borrower as construction costs are incurred. The Construction Loan is a short term loan (12 – 36 months), often secured by a personal guaranty, and established to finance the costs of acquiring the land and/or the construction of the facility. Normally borrowers are able to obtain 70% of the total land and construction costs. The lender generally requires the payoff of the loan to come from the proceeds of the borrower's subsequent mortgage loan.

Most Construction Loan lenders will require pre-approved “Draw Requests” which show that materials and labor have been completed on the project before funds are released. All contracts, change orders, and schedules are usually required to be shared with the lender. Traditional Construction Loans usually require that permits exist to begin construction before becoming effective.

Further, the terms require that the loan must be paid off within a few months after the buildings have received the final Certificate of Occupancy from the city signifying completion. They are truly meant to only cover the construction process.

Bridge Loan

The Bridge Loan is a short term loan (3 – 36 months) that is typically used in two ways. One use is to cover initial project costs up to the construction loan commencement. As an example, the developer may utilize a Bridge Loan to cover land and soft costs needed to bring a project far enough along to get the Construction Loan started.

Bridge Loans have also been used to bridge the gap between paying down the Construction Loan and having a stabilized property to secure attractive long term financing. Built into the loan are amounts necessary to cover the cash-flow deficits that occur prior to absorption. It normally has little or no pre-payment penalties and is used to give the owner time to maximize the income potential of the facility before securing long term financing.

SBA Loan

SBA loan products have only been available to self-storage owners since 2010 but have proven especially beneficial to those owners in secondary or tertiary markets where traditional financing options may be more difficult to find. Through 7a and 504 programs, self-storage owners have been able to secure fixed or floating rate loans when above average leverage is necessary. The following briefly outlines the two programs:

504 Program:

- Commonly fixed-rate
- Proceeds of \$125,000 to \$13 million available
- Up to 20-year loan term available, fully amortizing
- Declining prepayment penalty structure for the first 10 years, starting with 10 percent in year one
- Currently only available for acquisition financing

7a Program:

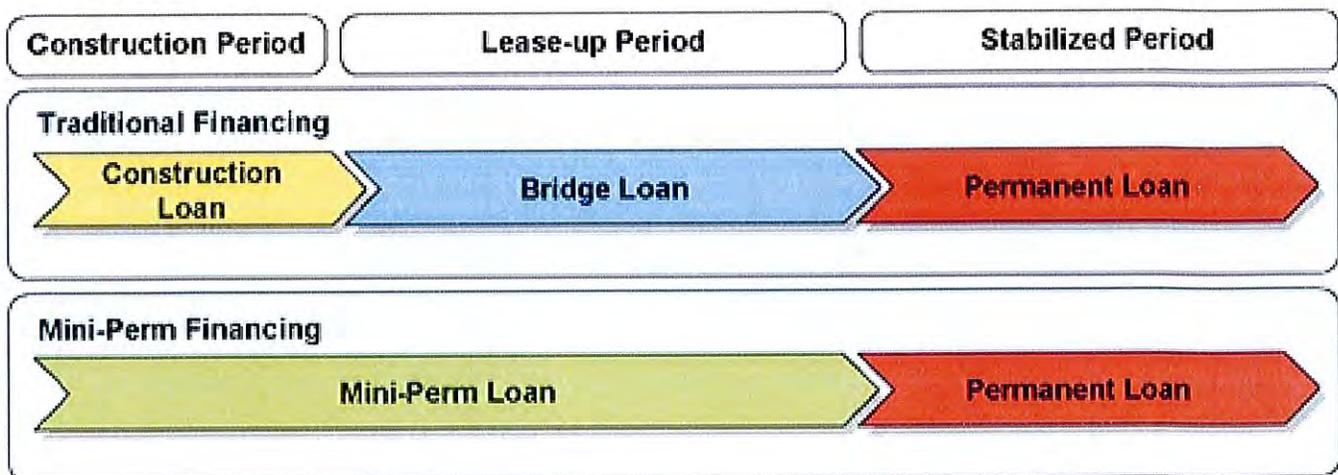
- Commonly floating-rate
- Rate generally resets quarterly based on a prime-based rate
- Proceeds of \$50,000 to \$5 million available
- Up to 25-year loan term available, fully-amortizing
- Prepayment allowed after three years, following a 5 percent, 3 percent, 1 percent penalty in the first three years
- Applicable for both acquisition and refinance

Rates for both programs vary depending on a number of factors. As with many federal programs, SBA loans are document heavy, and thus the processing, underwriting, approval, and closing on these loans can take longer than other programs. When applying, seek a lender that is Preferred Lender Program (PLP) certified, allowing them to approve loans on behalf of the association, which can speed up the process. Contact a district SBA office to learn which lenders are PLP certified. SBA financing has been positive for the self-storage industry overall, acting as another medium through which capital and liquidity are injected into the market.

Mini-Permanent Loans

Mini permanent financing has become a popular means to establish short term financing for self storage. This loan allows the facility to establish an operating history prior to applying for long-term, permanent financing. These loans are commonly referred to as a Mini-Perm loan. Mini-Perms are unique in that they are used to finance both the construction and lease-up period. A mini-perm loan term is generally up to 36 months, often with options to extend.

The following diagram shows how the mini-perm loan compares to the more traditional construction loan and bridge loan:



The loan functions initially as a construction loan and features funding components such as draw requests, etc. Thereafter, it functions as a bridge loan. The real advantage is that a borrower who has a mini-perm loan does not have to obtain financing at the end of construction. This is the point where the cost to construct the facility has been spent and the facility is not yet producing any net operating income. A bridge loan at this point would be perceived as a higher risk to a lender who would likely offer less favorable terms.

It is initially an interest only loan and the cost of the interest is built in to the loan amount. The loan does not require payments to be made until the facility can afford to do so. Payment deficits caused by the income shortfall are rolled back in to the loan amount. At stabilization, it can be structured to convert to an amortizing loan or may be replaced with long term financing.

Other Short-Term Borrowing Considerations

Short term loans usually require a personal guaranty from the borrower that indicates that the borrower is putting personal possessions up as collateral if there is any default on the loan. This can be a severe issue for the self storage developer who does not have a net worth in proportion to the principal associated with the loan size. Many self storage developers will look for a partner who meets the guarantor requirement to join as a partner in the deal for a favorable position and return.

Enter your financing terms in the worksheet below to forecast your short term financing. Enter 0% for the percent financed if you do not want to forecast financing. Typically, mini-perm interest rates range from 2% to 2.5% over the current ten year treasury rate.

Long Term Financing

Long term financing involves establishing a permanent loan to pay off the short term financing. Terms for the permanent loan can be quite favorable for a facility that has established a solid track record. Long term financing rates are typically lower than short term rates. The typical permanent loan has a term of five to ten years with a 25-year amortization period.

Some investors prefer to evaluate feasibility without establishing long term financing. Their reasoning is that it could be difficult to predict the terms that will be available in the future. Thus, for feasibility evaluation purposes, they leave the short term financing in place.

Long term financing involves establishing a permanent loan to pay off the bridge or mini-perm loan. Terms for a permanent loan can be quite favorable for a facility that has established a solid track record. A permanent loan is typically a five to ten year loan with a 25-year amortization.

Long term financing is normally established upon reaching stabilization. The amount of financing available is based upon valuation of the stabilized annual net operating income. It is common to find that the amount of long-term financing that is available will exceed the amount needed to pay off the prior loans balance. Some borrowers will finance the maximum amount available.

This may allow them to recover their initial equity investment. In this case, the income being produced by the facility at stabilization can afford the payments on this higher financed amount.

Long term financing is typically more desirable than short term financing because it usually offers lower interest rates and can be structured as a non-recourse loan. Non-recourse means that the lender can secure the loan with the property in question, but cannot look beyond the property as recourse on a defaulted loan. This eliminates the need for the borrower to provide a personal guaranty on the loan.

There are many questions that you need to answer to properly evaluate the right long term financing for your project. How long do you plan to own the property? How important is locking in the interest rate to control what will most likely be the biggest annual operating expense? How crucial is a lower interest rate, which can be obtained with long term financing, but may require burdensome pre-payment penalties? There are a variety of sources for permanent loans. These sources include traditional loans from a bank or credit union, "conduit" loans or CMBS loans, or even loans from insurance companies.

Bank/Credit Union Loans

Included in this category are loans offered by banks, savings and loans and credit unions. These represent the majority of self storage financing, partially due to existence of pre-established lender/borrower relationships. These loans are relatively low cost and generally close in a timely fashion. These lenders commonly offer fixed-rate options for five, seven, or ten years. They typically offer amortizations of 15 to 25 years. Loan-to-values can go to 80 percent but are usually 70 to 75 percent.

Conduit Loans

Conduit Loans are often a viable source of low, fixed-rate financing. Interest rates are often established as a percentage above (ranging from 1 to 1.5) the corresponding Treasury (usually the 10-year Treasury). Providers of conduit loans are, for the most part, commercial mortgage bankers and mortgage brokers. Conduit loans carry higher costs than bank loans. Prepayment penalties are usually tied to defeasance, where the lender replaces the cash flow of the original loan with actual treasury securities. The borrower's penalty repays the lender enough money to buy these securities and the lender buys a combination of bonds to replace the yield lost when a loan is paid off. Once these bonds are purchased, the lender releases their collateral in the property.

Ordinarily, the minimum loan amounts for most conduits are \$2 million or more. Loan terms typically include a clause that bars the lender from holding the borrower personally liable for default. Although conduit loans often take more time to close, they may allow the borrower to lock in the rate upfront.

Insurance Company Loans

Insurance companies provide fixed-rate financing with terms of five to 25 years with amortizations up to 25 years. Their rates are typically 1.25 to 1.75 percentage points over the Treasury.

Insurance company loans have higher costs than bank loans and are typically restricted to higher-quality facilities. Loan-to-values are generally lower than those offered by banks and are normally 70 to 75 percent.

Other Long-Term Loan Considerations

It may be advisable to work with a lender with whom you already have a relationship. A lender who already has self storage experience is a real plus. Combined, these characteristics would greatly assist with obtaining the most favorable loan terms, rate, and structure.

CONSTRUCTION AND LAND LOANS

Commercial real estate construction in 2015 built on momentum from 2014, following several years of minimal new development in the wake of the financial crisis. Several market experts have predicted that the nonresidential construction sector will continue to expand, with the Associated Builders and Contractors (ABC) projecting 7 percent nominal growth in 2016. While new development has and will continue to present self-storage owners with opportunities, employment growth in the construction saw an increase in jobs in October that followed several months of minimal job growth.

This slow growth can create a gap in skilled workers in the industry as compared with the potential demand. A lack of skilled workers can drive wages up and can increase project completion time and cost. On the other hand, costs for construction materials were down by 1.2 percent year over year in August 2015. Still, lenders are selective when it comes to construction loans, preferring to lend to well-capitalized borrowers with healthy past development experience.

For a developer with a viable project in a high-demand trade area, the most likely lending partner is a local or regional bank willing to build a relationship and partner with the sponsor. Construction loans are riskier than other debt products by nature, because there is no cash flow during the construction and lease-up period. Full recourse with a completion guarantee is typical of construction financing, at least until the Certificate of Occupancy is obtained, after which a burn down to limited or partial recourse may be allowed.

Currently, conventional lenders are advancing up to 75 percent LTC at attractive fixed or floating rates, with “break-even” interest carry often built in. Other specialized self-storage lenders recognize the need for new product in select markets and may be willing to offer up to 90 percent of construction costs on a non-recourse basis, under a participating debt structure for qualified projects. Alternatively, borrowers may find higher leverage available with SBA financing.

When negotiating a construction loan, it is critical to structure an interest-only period that mirrors the timeline required to bring the property to break-even occupancy. In addition, be sure to factor the necessary interest carry into the budget. These structural features help minimize the stress associated with the financing. The key element in a successful construction financing request is planning. By budgeting construction costs and development timeframes carefully, it will assist in identifying the appropriate loan structure and help to ensure the success of the project.

INCOME & EXPENSES

Rental income is the revenue that is collected from renting storage spaces. It is the primary revenue source for a self storage facility. Excluded is income from fees, merchandise sales, etc. Rental income typically accounts for 95% of a storage facility's total income.

Rental Rates

Rental rate projections are used to forecast rental income. The average rental rate is the average monthly rental rate per rentable square foot. To understand the average rental rate consider the following example:

Size	# Units	Square Feet		Rental Rate		Gross Potential
		Per Unit	Total	Monthly	Per Sq Ft	
5 X 10	30	50	1,500	\$45	\$0.90	\$1,350
10 X 10	35	100	3,500	\$75	\$0.75	\$2,625
10 X 15	20	150	3,000	\$110	\$0.73	\$2,200
10 X 20	15	200	3,000	\$135	\$0.68	\$2,025
TOTAL	100		11,000			\$8,200

In this example the average rental rate per square feet is \$0.75. Calculate this by taking the gross potential of the facility (\$8,200) and dividing by the total square feet of the facility (11,000).

Rental rates are typically market driven and are affected by the location, visibility, access, and facility features such as security. Your competitor rate survey of the market area will provide understanding of the area's pricing. The average rental rate of the competitor property will typically fall somewhere near the rate they are charging for their 10 X 10 space. If this space (100 square feet) rents for \$65, you can estimate their monthly average rental rate:

$$\text{Monthly Average Rental Rate} = \$65 / 100 \text{ square feet} = \$0.65 \text{ per square foot.}$$

If you are planning a facility that is comparable to the competition, forecast a comparable average rate. Superior facilities can justify a premium, whereas inferior facilities may need to be priced at a discount.

Lease-up Period

After opening for business, a self storage facility will have few, if any, tenants. The period of time that it takes a facility to reach a stabilized level is called its lease-up period.

During the early years of the industry, investors enjoyed rapid lease-up periods due to the absence of competition. Longer lease-up periods came about as the size of facilities increased and as more competitors entered the market. Today, investors are typically experiencing lease-up periods ranging from 24 to 36 months.

Post Lease-up Pricing

You will have an opportunity to increase your storage rates once the facility reaches stabilization. During lease-up, your facility demonstrated that the rates were marketable and you should now test for higher rates. Every size may not get the same level of increase. Notice which sizes rented rapidly and administer a relatively higher increase to those sizes. Those that leased slowly may not support any adjustment. Many operators increase their rates an average of 3% to 7% upon reaching their stabilized level.

Most businesses do not collect 100% of their potential income. This is true of self-storage as well. Uncollected rent is caused by vacancies, move-in discounts, and non-payment by customers.

Vacancies

Losses due to vacancy occur when rental spaces are not rented. Rarely does a facility maintain a 100% average occupancy and if it is, it signals that rental rates are too low and should be raised. A fully leased facility is an indication that demand is not being met and thus encourages new competition. Most effective operators strive to achieve a stabilized, average annual occupancy of 90%. This is achieved through successful marketing and by effectively managing rental rates.

Move-in Discounting

Some operators will establish higher monthly rental rates and utilize move-in discounts (such as half off the first month's rent) to induce customers to rent at a higher monthly rate. Many customers are more concerned about how much it costs to move in today versus considering the monthly cost thereafter.

Generally, storage customers anticipate a shorter lease period than actually occurs. Whereas the average customer projects a two-month lease period at the time of move-in, the [Self-Storage Almanac](#) reports that the average length of stay is actually in excess of 10 months. Move-in discounts are commonly used to induce the rental.

Non Payment by Customers

Nearly every facility experiences non-payment activity from customers that can no longer afford their rent and abandon their goods. State law allows for the contents of the space to be auctioned so that the facility can re-gain the space for leasing and attempt to recover past-due rent. In most cases, the auction proceeds do not generate enough income to match what was owed.

Other Income is money that you collect from customers other than that for the actual rental of space. This could include late payment fees, the sale of ancillary products (padlocks, packing/moving supplies), and possibly income from leasing rental trucks.

Late Payment Fees

Generally, self storage facilities generate more late fee revenue if they service a lower income area. Such facilities may collect late fees up to 7% of their rental income. Facilities located in higher income areas collect closer to 2%.

Most states have laws specific to the self storage industry concerning collection activities. These laws govern the timing and maximum amounts that can be assessed. Check with your state self storage association for guidelines on collection regulations for your state.

Merchandise Sales

Self storage facilities often generate revenues from the sale of merchandise. These facilities will sell moving and packing supplies such as boxes, locks, tape, and packing paper. Aside from the revenue that these sales generate, the person buying the boxes may find a need for storage in the future and will have been introduced to the storage solutions offered at the facility.

Facilities located in strong retail areas that effectively advertise take on a "retail approach". This approach includes:

- A retail-oriented office design (built-in displays, large floor space, additional lighting)
- Additional promotional signage for both in the office and drive-by traffic
- Separate yellow page advertising under the "Boxes" heading
- Increased payroll costs to cover a retail oriented staff

There are several suppliers of products and displays that offer signs, posters and other promotional materials that add color and interest to the store. These will make the office look pleasant and increase sales.

Facilities can generate merchandise sales ranging from 0% to 4% of their rental income, with those following the retail approach at the upper end of this range.

Truck Leasing Income

Truck leasing and self storage go hand in hand. Drive by any self storage facility over the weekend and you will probably see one or more rental trucks being used by the storage customers moving their items on or off the facility.

As with merchandise sales, many customers who rent storage spaces will seek a rental truck before securing a storage space. If the self storage facility effectively promotes their rental truck availability, they can indirectly promote their storage spaces. Some facilities will offer a discount on a truck lease to a customer who also rents a storage space from them.

If you are considering leasing trucks you should:

- Design an area in the front of property to display the trucks
- Budget for additional signage related to truck leasing
- Budget for separate truck advertising in the local yellow page directory

To establish truck leasing activities at your facilities, you could purchase and lease your own fleet of trucks. Another option is to become a dealer for a truck leasing company such as [UHaul](#) or [Budget Truck Rental](#). These companies can help you forecast the amount of income that your facility could produce.

Miscellaneous Other Income

Some facilities can generate additional income from leasing ground space for cellular phone towers or billboards. Others establish private mailboxes that they lease on a monthly basis. Still others establish shipping services, car washes, or wine storage to augment their revenues. There are a few who have leased their rooftops for the purpose of collecting solar energy. Today's self storage operators are finding creative ways to maximize the revenue production from their facilities.

Fixed & Variable Expenses

An appealing aspect of self storage is that expenses are generally predictable. These expenses are classified as either fixed or variable. Self storage fixed expenses include real estate taxes and insurance. Self storage variable expenses consist of payroll, utilities, repairs and maintenance, management fees, marketing, office expenses, and other miscellaneous costs. These variable expenses fluctuate with occupancy. As facility use increases, utility costs will increase as will maintenance costs. On the other hand, a lower occupancy requires increased advertising costs.

Operating Expenses are the costs incurred for the day-to-day operation of the site and vary from facility to facility. Factors that influence operating costs include facility size, type, occupancy, and location. Additionally, management decisions such as staffing compensation, advertising programs, and property upkeep cause varying levels of expense. Operating expenses generally fall between 30 and 40 percent of the facility's gross income.

Fixed Expenses

An appealing aspect of self storage is that expenses are generally predictable. These expenses are classified as either fixed or variable. Self storage fixed expenses include real estate taxes and insurance.

Real Estate Taxes

Also referred to as property taxes, this represents local government taxes levied on the ownership of real estate. Real estate taxes can be one of the most impactful items when calculating property return and therefore requires careful consideration. These taxes will vary from community to community. Most cities publish their tax rates on their website. Otherwise contact the city's taxing authority's office to obtain the applicable tax rates.

Initially, taking the total development cost (hard, soft, and land costs) and multiplying by the local tax rate can be performed to forecast real estate taxes.

There are specialists who can do a thorough job of forecasting property taxes for your specific site or market. You may want to consider utilizing such a specialist due to the consequence of the impact.

Insurance

Self storage property and liability insurance is available which is specifically designed for the unique exposures of the self storage business. The facility will need to insure its buildings and other physical improvements. Beyond this coverage, insurance is available to cover against loss or damage to customers' personal property for which the business may become legally liable. Further consideration should be given to maintaining coverage to protect against sale and disposal liability that provides coverage for claims against the business for negligent acts arising from the lockout, sale, removal or disposal of customers' property. This could occur when reclaiming rented space for which rental or other charges are past due. Hazardous waste removal should also be considered which pays for the appropriate removal of such materials from a storage space.

Special consideration should be given to flood, earthquake, hurricane, or other natural disaster areas. Typical range for this category is \$0.10 to \$0.20/SF. It is common for lower rates to be achieved through blanket policies. According to insurance providers, over the last couple of years insurance premiums have remained flat.

Variable Expenses

Self storage variable expenses consist of payroll, utilities, repairs and maintenance, management fees, marketing, office expenses, and other miscellaneous costs. These variable expenses fluctuate with occupancy. As facility use increases, utility costs will increase as will maintenance costs. On the other hand, a lower occupancy requires increased advertising costs.

Payroll

This includes the salaries, employee benefits, and bonuses paid to the facility staff. Larger facilities typically staff the facility with at least two persons during the office hours. This allows one person to be in the office greeting customers and handling administrative matters while the other is outside, showing spaces to prospective customers, policing the property, or performing marketing activities. This category is greatly impacted by location and average living expenses. Unless zoning restricts, it is common for resident managers to live on-site. Expenses are often higher for facilities not offering living accommodations for managers. Typical range for this category is \$0.75 to \$1.25/SF. Depending on the size of the facility, this category also includes a part time assistant.

Utilities

This category includes costs for electricity, gas, fuel, oil and water. Temperature controlled facilities incur higher costs for supporting the HVAC equipment on the property. Both location and climate play a role in this category. Densely populated areas typically see higher energy costs. The number of climate controlled units at a facility should also be considered. Typical range for this category is \$0.15 to \$0.40/SF.

Repairs and Maintenance

This category includes the costs for paint, doors, paving, roofs, fencing and gates, and other things routinely repaired during the course of the year. Landscaping, HVAC maintenance and pest control are included along with any snow removal costs that the property may be subject to. This category includes cleaning out the units, replacing doors, landscaping and any maintenance associated with the facility. Areas that require a snow removal expense and/or elevator servicing typically command higher expenses. Long term expenditures are also affected by climate; however, these expenses are typically covered in the reserves category. Typical range for this category is \$0.15 to \$0.30/SF. Age and physical characteristics play a part in budgeting for this category.

Management Fees

This is typically done on a percentage basis of the Effective Gross Income (EGI). Therefore, areas with higher rents result in higher management costs. However, when a property is stabilized and generating strong rental rates, it is common to see downward pressure on the overall percentage. Typical costs range from 5% to 6% of the EGI.

Marketing

This category includes all costs associated with promoting the facility. Included are advertising costs such as Yellow Pages, print, and Internet advertising. Any additional marketing such as direct mail campaigns, newspaper or radio advertising, etc. would also be captured in this category. The amount of competing facilities and the property's access and exposure are primary considerations for this category. Typical expenses range from \$0.20 to \$0.40/SF. This category has consistently declined over the last couple of years as facilities have taken advantage of technology.

Office Expenses

This category includes telephone services, supplies, software repairs and fees, bank fees, and other miscellaneous office expenses. Operating and business licenses are also normally included. This expense includes accounting, legal fees, other professional fees, and general administrative costs. Typical expenses for this category range from \$0.25 to as high as \$0.75/SF. This category can often include expenses associated with U-Haul rentals and credit card fees.

Miscellaneous

This is the category where other necessary but minor expenses are included.

Other Expense Considerations

Many lenders require the borrower to deposit a portion of revenues into a capital reserve account for major maintenance and repairs to include gate, HVAC, or roof replacement. Generally, 10 to 15 cents per gross building square feet is required each year. Reserves are not considered as an operating expense. This category takes into consideration capital improvements over a typical holding period; it does not include items of on-going maintenance that are included in the Repairs and Maintenance category discussed above. Typical range for this category is \$0.10 to \$0.20/SF.

Estimate Expenses

Expenses are typically projected either as (1) a percentage of gross potential income, (2) an expense per net rentable square foot, or (3) a monthly or annual amount. Whichever approach you employ, you should forecast operating expense based upon the facility operating at a stabilized occupancy level.

People unfamiliar with self storage may find it challenging to forecast expenses. Some forecast expenses using gross potential income when preparing their initial analysis. Using this approach, they estimate total operating expenses between 30% and 40% of the gross potential income. Establishing a forecast at 40% usually leads to a safe projection of operating expenses.

Others with more experience often utilize historical, actual expense data (also known as trailing expenses) that are applied as an expense per rentable square foot.

CAP RATES

Sellers and buyers of self storage facilities utilize a Capitalization Rate, also known as a "Cap Rate" to determine a property's value. This rate represents the yield or return the buyer anticipates receiving from the acquisition investment. Annual net operating income is divided by the cap rate to establish the capitalized value of the facility. The lower the cap rate, the higher the property value. Questions contemplated when considering a cap rate:

Where is your property located?

- What is your occupancy (physical and economic)?
- What is market occupancy?
- Are there any facilities under construction in your neighborhood?
- Are you offering concessions?
- How old is your property?
- What are the construction materials?
- What is the NRSF?
- What is your unit mix?
- Is there excess/surplus land available for expansion?

Cap rates are used by buyers to compare investments. Cap Rates tend to rise and fall with the returns on competitive investments and interest rates. Strong interest in real estate investing, specifically self storage, will cause cap rates to be lower. Alternatively, cap rates will trend upward when there is a period of strong performance in the stock market. Lower interest rates make financing less expensive thus resulting in lower cap rates. Similar self storage properties are likely to sell with similar cap rates. Facilities with strong, stable historical results, located in growing metropolitan areas, and are operated professionally tend to have lower cap rates than those that do not. Other considerations such as facility size, visibility, competition, and maintenance often impact cap rates.

In simple terms, the cap rate can be determined by dividing the investment's net operating income (NOI) by the current market value or the sales price of the property with the NOI being the annual return on the property minus all operating costs.

Historically, cap rates have ranged from a low of 7% (high prices paid for exceptional properties) to a high of 14% (low prices paid for inferior properties). More recently, cap rates have trended downward (5% to 7%) due to the outstanding investment opportunity that self storage represents.

SELF STORAGE VALUATION

When dealing with valuation there are three standard approaches that are considered, though not always utilized: Cost Approach, Sales Comparison Approach, and Income Capitalization Approach.

Cost Approach - The Cost Approach is a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a replacement for the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Sales Comparison Approach – This approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. In active markets with sufficient comparables, this approach is an accurate measure of value that can reflect market behavior. Alternatively, this approach may offer limited reliability because many properties have unique characteristics, including a significant amount of RV storage or miscellaneous income that are difficult to account for in the adjustment process.

Income Capitalization Approach – This approach is based on the premise that investors purchase facilities based upon their income-producing ability. In the Income Approach, market rents for the subject property are estimated, an economic vacancy and applicable operating expenses are deducted, and the resulting net income is capitalized into a value estimate.

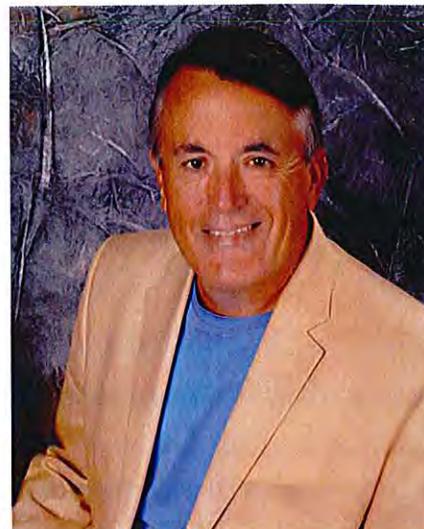
Direct Capitalization – This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an "as is" value.

Discounted Cash Flow (DCF) – The DCF analysis models a property's performance over a buyer's investment horizon from the current as is status of the property, to projected stabilization of operations and through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.



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Consultant Qualifications:

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

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

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

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

2001-2004 Regional Manager, Metro Storage LLC

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

1998-2001 District Manager, Public Storage

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

Education: Stetson University, 1979-1983

Professional References gladly provided.