

Marcus & Millichap



Offering Memorandum



A PLUS BOAT CLUB STORAGE
8955 Boat Club Road • Fort Worth, TX 76179

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A PLUS BOAT CLUB STORAGE

Marcus & Millichap



INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Marcus & Millichap

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Buyer/Tenant/Seller/Landlord Initials

Date

- ** A Karr Self-Storage Confidentiality / Registration Agreement must be executed by the prospective purchaser before the Offering Memorandum and back-up documentation can be viewed, and also before an offer submitted by a prospective purchaser will be considered.**
- ** All property tours / visits must be scheduled through the Karr Self-Storage team**
- ** Prospective purchasers are strongly encouraged to have been present on a formal property tour before submitting an offer.**
- ** Contact with on-site management and/or ownership is strictly prohibited. Please contact the Karr Self-Storage team with any questions.**



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INVESTMENT OVERVIEW



EXECUTIVE SUMMARY

		VITAL DATA			
			CURRENT	M&M-ADJUSTED	PRO FORMA
Price	\$1,400,000	CAP Rate	4.33%	1.20%	10.17%
Total Units	209	Net Operating Income	\$60,608	\$16,741	\$142,361
Rentable SF	60,856				
Price Per Rentable SF	\$23.01				
Number of Buildings	6				
Number of Stories	1				
Year Built / Expanded	1990				
Lot Size	Apx. 4.50 Acres				

TRAFFIC COUNTS			
STREET NAME	CROSS STREET	YEAR	COUNT
Boat Club Rd	Park Dr	2017	11,936
Lake Country Dr	Spring St	2014	6,410
Golf Club Dr	Spring St	2009	5,560



MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES
CTI Foods	1,587
Efw Inc	800
Tarrant Cnty College Fire Acdm	500
Eagle Mntn-Sginaw Ind Schl Dst	320
Walmart	261
Durham School Services L P	237
Fire Dept	217
Jr	200
Northwest Campus	200
Saginaw Family Medicine	175
Ennis Steel Industries Inc	172
Dickies	150

INVESTMENT OVERVIEW

A Plus Boat Club Storage is a 60,856 rentable-square foot storage facility resting on two separate parcels encompassing apx. 4.50 acres in Fort Worth, TX. Built in 1990, the property is comprised of 209 non-climate drive up units ranging in size from 200 – 352 square feet. Additionally, the facility features garage-style roll up doors, 24-hour video surveillance cameras, personalized key-pad gated entry, and perimeter fencing and lighting.

The facility also benefits from the excellent visibility and accessibility its strategic location on Boat Club road provides, upon which apx. 12,000 vehicles travel each day. In addition, it is located less than 1.30 miles from Eagle Mountain Lake. Eagle Mountain Lake is surrounded by numerous parks and hiking trails, and covers more than 8,600 acres of surface area. It has for decades also served as one of North Texas' premier "lifestyle" destinations due to its reputation as one of the best lakes in all of Texas for, among other things, water skiing, fishing, boating, and wake boarding. A unique unit mix consisting of larger units at A Plus Boat Club Storage caters perfectly to tenants requiring storage for boats or recreational vehicles close to the lake.

Offered for \$1,400,000, a new investor will be purchasing the asset well below replacement cost at only \$23.01 per rentable-square foot. More importantly, a new operator has a very real opportunity to achieve unleveraged yields above 10 percent by leasing the property to submarket standards. To be sure, physical occupancies for storage facilities in the area average apx. 90 percent, and the population within a 3-mile radius has increased nearly 25 percent since 2010.

The current owner runs the property's "day-to-day" operations, but is able to dedicate only a small amount of time to the business because his primary occupation – commercial airline pilot – requires almost all of his attention. The facility has never benefited from the presence of any on-site personnel, and the current owner has never attempted to develop a marketing strategy of any sort.

INVESTMENT HIGHLIGHTS

- 10.17 Percent Pro Forma Cap Rate
- Value-Add Potential through Unit Absorption – 45.4 Percent Physical Occupancy
- Attractive Demographics – Average Household Income Exceeds \$100,000
- Excellent Visibility and Accessibility on Boat Club Road – 12,000 Vehicles per Day
- Less than 1.30 Miles from Eagle Mountain Lake
- 25 Percent Population Growth in Submarket Since 2010
- Currently Owner Managed and Operated



PROPERTY SUMMARY

THE OFFERING	
Property	A PLUS BOAT CLUB STORAGE
Price	\$1,400,000
Assessors Parcel Number	A1497-6E & A1497-6D
Zoning	F1 – Commercial

SITE DESCRIPTION	
Total Units	209
Number of Buildings	6
Number of Stories	1
Year Built/Renovated	1990
Rentable Square Feet	60,856
Lot Size	Apx. 4.50 Acres
Type of Ownership	Fee Simple
Parking	Sufficient
Highway Access	N/A
Street Frontage	Boat Club Road
Cross Street	N/A

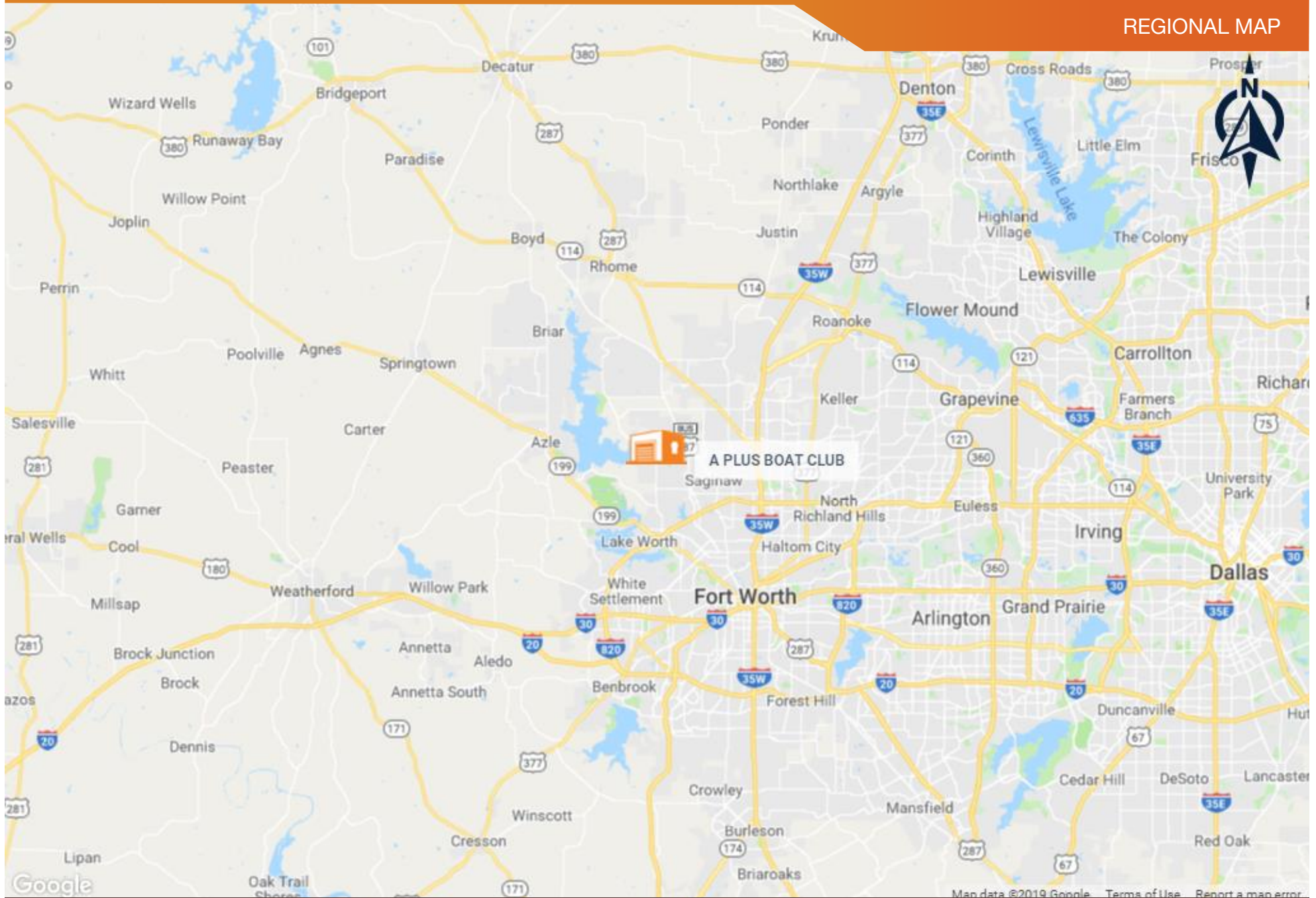
CONSTRUCTION	
Foundation	Slab-on-Grade Concrete
Framing	Steel Trusses
Exterior Walls	Metal
Parking Surface	Gravel
Roof	R-Panel Metal
Fencing	Chain-Link
Entry	Personalized Key-Pad

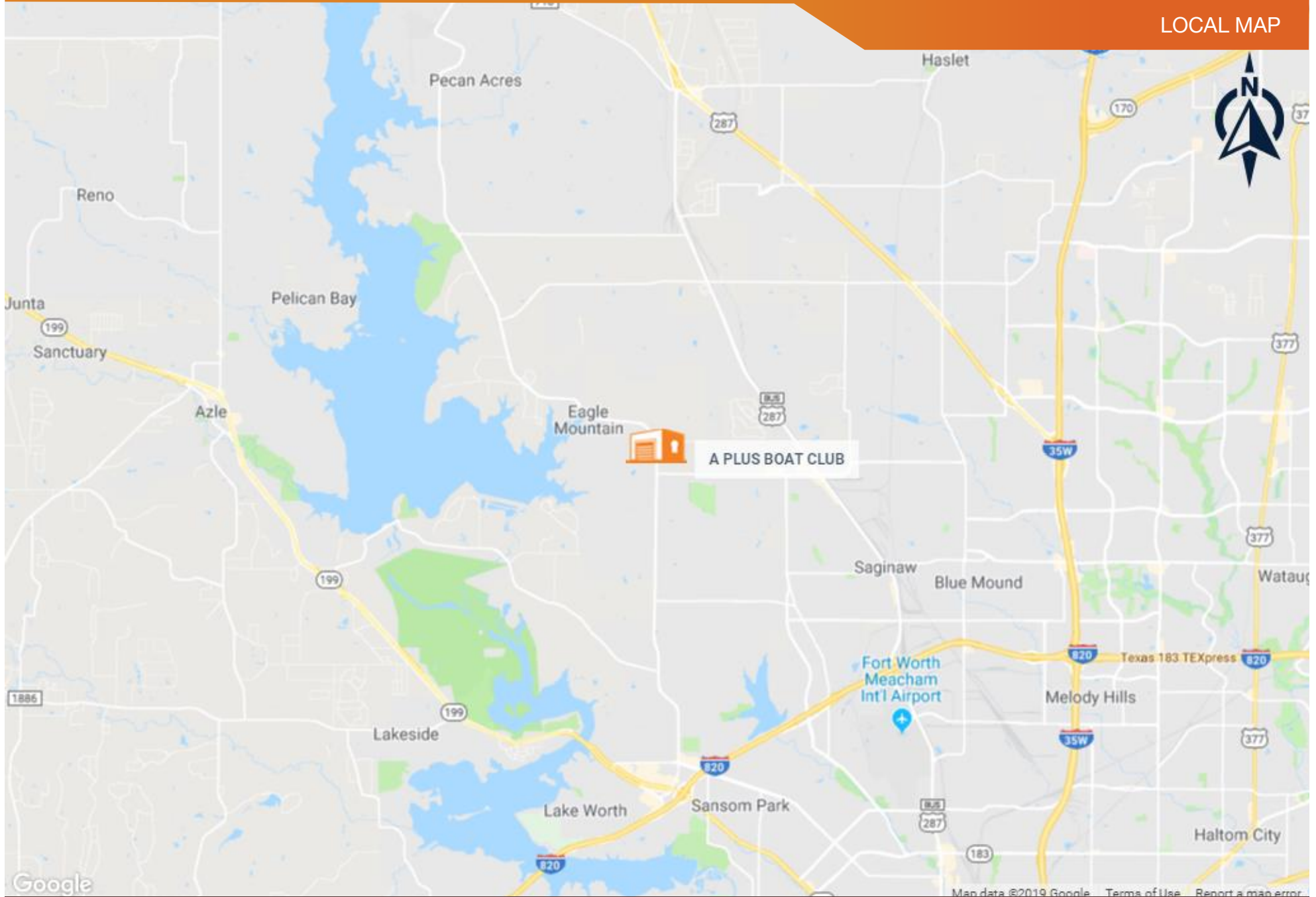
MECHANICAL	
Climate Control	N/A
Security	24-Hour Video Surveillance
Fire Protection	Fire Extinguishers

OPERATIONS	
Management Software	SiteLink
Personnel	Owner-Operated
Office Hours	Owner Available On-Call
Access Hours	24 / 7
Water / Sewer	N/A
Admin Fees	N/A
Tenant Insurance	N/A

DEMOGRAPHICS			
	1-Miles	3-Miles	5-Miles
2018 Estimate Pop	4,638	35,246	91,324
2010 Census Pop	3,544	28,270	71,940
2018 Estimate HH	1,839	12,140	30,593
2010 Census HH	1,420	9,734	24,153
Median HH Income	\$89,603	\$80,375	\$80,102
Per Capita Income	\$45,662	\$36,681	\$34,296
Average HH Income	\$115,153	\$106,497	\$102,369







Google

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A PLUS BOAT CLUB STORAGE

AERIAL PHOTO



Google

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FINANCIAL ANALYSIS



UNIT MIX DETAIL

As of April 2nd, 2019

	UNITS	UNITS OCCUPIED	SIZE	RSF	RATE	GROSS POTENTIAL RENT	RENT / SF	OCCUPIED SQ FT	SQ FT
<u>NON-CLIMATE DRIVE UP</u>	35	23	10x20	200	\$100	\$3,500	\$0.50	4,600	7,000
	168	69	11x28	308	\$120	\$20,160	\$0.39	21,252	51,744
	6	5	11x32	352	\$120	\$720	\$0.34	1,760	2,112
	209	97				\$24,380	\$0.40	27,612	60,856
	UNITS	UNITS OCCUPIED	SIZE	RSF	RATE	GROSS POTENTIAL RENT	RENT / SF	OCCUPIED SQ FT	SQ FT
Total	209	97				\$24,380	\$0.40	27,612	60,856

OPERATING STATEMENT

Current, M&M Adjusted, Pro Forma

INCOME				YEAR-END 2017				YEAR-END 2017				PRO FORMA			
GROSS POTENTIAL RENT	\$ / OCC. SF	\$292,560	% EGI	\$ / OCC. SF	\$292,560	% EGI		\$ / OCC. SF	\$292,560	% EGI		\$ / OCC. SF	\$292,560	% EGI	
Storage Rental Income	\$0.70	112,786	98.19%	\$0.70	112,786	98.19%		\$0.89	248,676	99.12%		\$0.89	248,676	99.12%	
Administrative Fees		366			366				388				388		
Late, Lein, NSF Fees		895			895				949				949		
Other Income		818			818				867				867		
EFFECTIVE GROSS INCOME	% GPR	\$114,865		% GPR	\$114,865			% GPR	\$250,880			% GPR	\$250,880		
Economic Vacancy (Storage Rent Only)	61.45%	(179,774)		61.45%	(179,774)			15.00%	(43,884)			15.00%	(43,884)		
EXPENSES				% EGI YEAR-END 2018	\$ / SF	% EGI	M&M-ADJUSTED YEAR-END 2018	\$ / SF	% EGI	PRO FORMA	\$ / SF	% EGI	PRO FORMA	\$ / SF	
Cost of Goods Sold		0	0.00		0	0.00		0	0.00		0	0.00		0	0.00
Bank & Credit Card Fees	1.96%	2,250	0.04				1.75%	1	2,010	0.03		1.75%	4,390	0.07	
Office & Administrative		0	0.00					2	1,200	0.02			1,236	0.02	
Contract Services		2,100	0.03					3	2,100	0.03			2,163	0.04	
Miscellaneous		0	0.00						750	0.01			773	0.01	
Utilities & Trash		2,385	0.04						2,385	0.04			2,457	0.04	
Telephone & Internet		972	0.02						972	0.02			1,001	0.02	
Marketing & Promotion		0	0.00					4	3,200	0.05			3,296	0.05	
Repairs & Maintenance		0	0.00					5	6,086	0.10			6,086	0.10	
Property Insurance		11,850	0.19						11,850	0.19			12,206	0.20	
Salaries, Taxes, & Benefits (On-Site)		0	0.00					6	18,000	0.30			18,540	0.30	
Property Taxes		34,700	0.57						34,700	0.57			34,700	0.57	
Third Party Management (Off-Site)	0.00%	0	0.00			5.00%		7	5,743	0.09		5.00%	12,544	0.21	
Reserves for Capital Improvements		0	0.00					8	9,128	0.15			9,128	0.15	
TOTAL EXPENSES		\$54,257	\$0.89						\$98,124	\$1.61			\$108,519	\$1.78	
Expenses % EGI	47.24%					85.43%							43.26%		
NET OPERATING INCOME		\$60,608							\$16,741				\$142,361		

NOTES

1. Bank & Credit Card Fees represent the industry standard 1.75% of EGI
2. Office & Administrative has been adjusted upward to reflect submarket standards
3. Miscellaneous has been adjusted upward to reflect submarket standards
4. Marketing & Promotion has been adjusted upward to reflect market standards
5. Repairs & Maintenance has been calculated at \$0.10 per rentable-square foot
6. Salaries, Taxes, & Benefits (On-Site) has been adjusted upward to reflect submarket standards
7. Third Party Management (Off-Site) represents the industry standard 5% of EGI
8. Reserves for Capital Improvements represents the industry standard \$0.15 per rentable-square foot

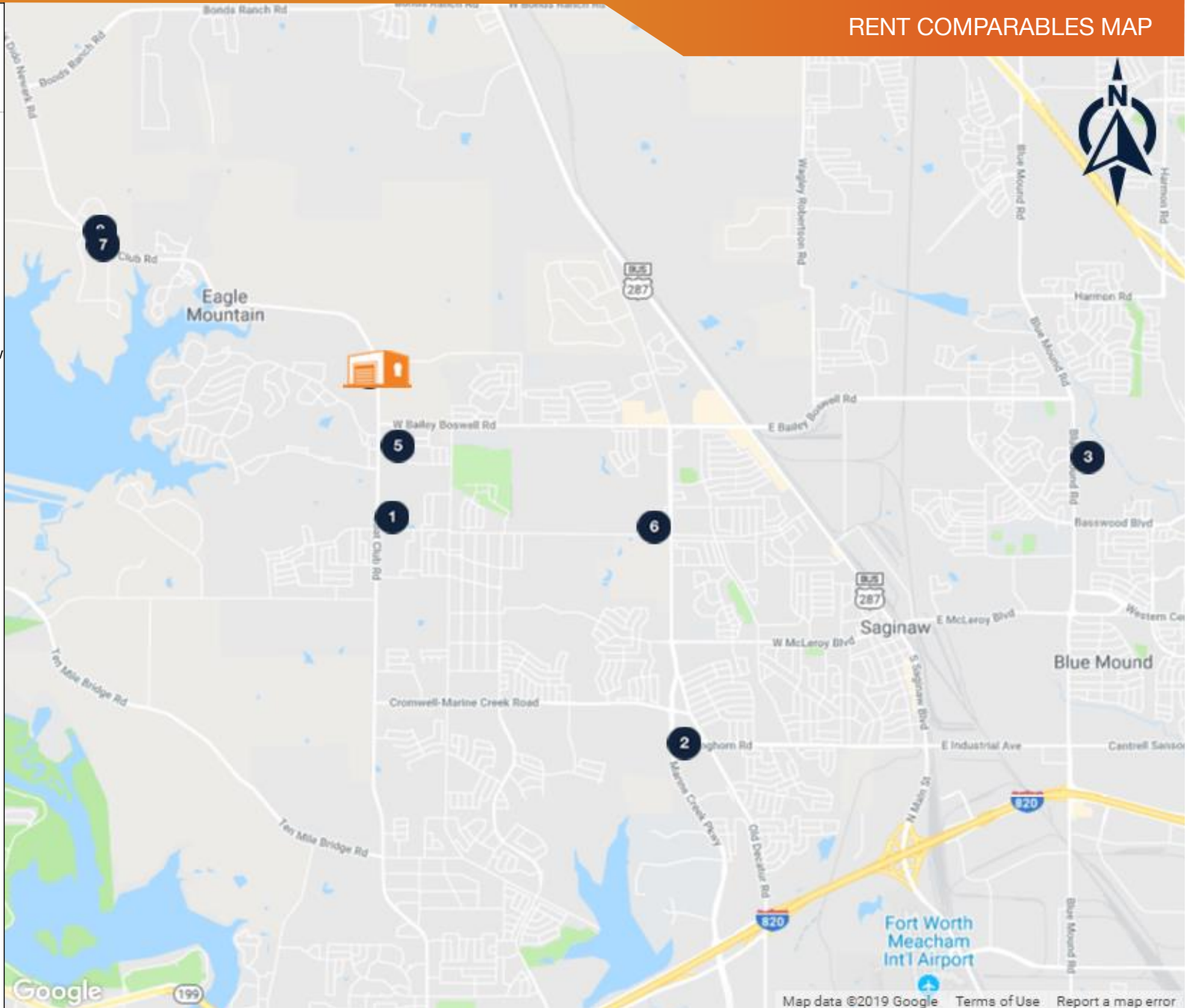
MARKET COMPARABLES



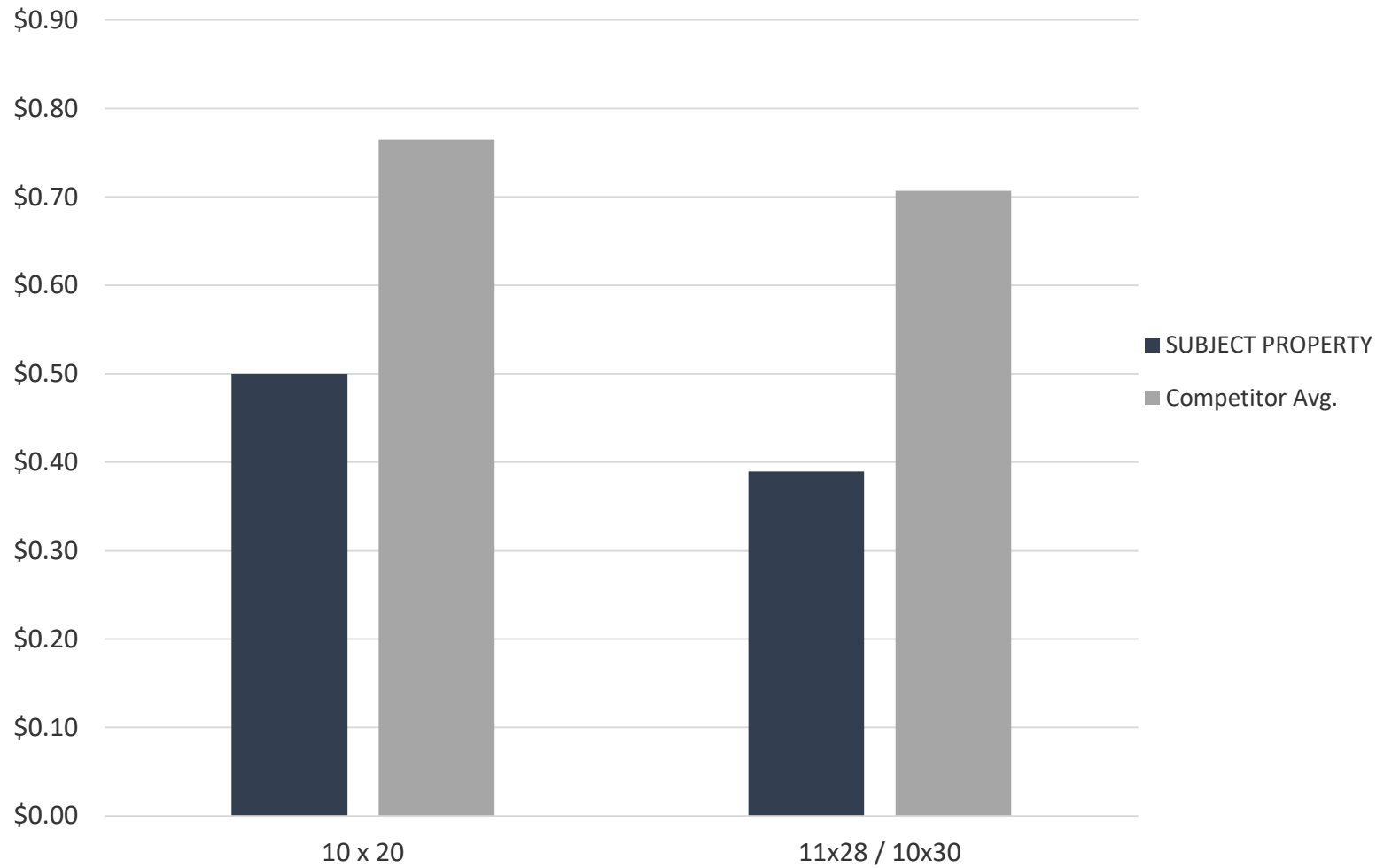


**A PLUS BOAT CLUB STORAGE
(SUBJECT)**

- 1 All Storage - Boat Club
- 2 All Storage - Marine Creek
- 3 Devon Self Storage - DFW
- 4 Store It Now
- 5 Boat Club Self Storage
- 6 Advantage Storage - Saginaw
- 7 Williams Storage
- 8 Eagle Mountain Self Storage



RENTAL RATE COMPARISON



A PLUS BOAT CLUB STORAGE
8955 Boat Club Rd, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	\$100.00	\$0.50
Non-C/C 11x28	308	\$120.00	\$0.39
Total/Avg.	60,856		

YEAR BUILT: 1990

ALL STORAGE - BOAT CLUB
6355 Wj Boaz Rd, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	\$167.00	\$0.84
Non-C/C 10x30	300	\$214.00	\$0.71
Total/Avg.	160,450		

YEAR BUILT: 2006

NOTES

Distance from subject property: 1.19 mi.

ALL STORAGE - MARINE CREEK
1401 Longhorn Rd, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	\$184.00	\$0.92
Non-C/C 10x30	300	\$259.00	\$0.86
Total/Avg.	271,301		

YEAR BUILT: 2017

NOTES

Distance from subject property: 3.48 mi.

DEVON SELF STORAGE - DFW

7400 Blue Mound Rd, Fort Worth, TX, 76131



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	\$146.00	\$0.73
Non-C/C 10x30	300	N/A	N/A
Total/Avg.	75,075		

YEAR BUILT: 2008

NOTES

Distance from subject property: 5.05 mi.

STORE IT NOW

8877 Boat Club Rd, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	\$150.00	\$0.75
Non-C/C 10x30	300	N/A	N/A
Total/Avg.	77,455		

YEAR BUILT: 1999

NOTES

Distance from subject property: 0.10 mi.

BOAT CLUB SELF STORAGE

8460 Boat Club Rd, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	N/A	N/A
Non-C/C 10x30	300	\$185.00	\$0.62
Total/Avg.	52,522		

YEAR BUILT: 1992

NOTES

Distance from subject property: 0.64 mi.

ADVANTAGE STORAGE - SAGINAW

8065 Old Decatur Rd, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	\$176.00	\$0.88
Non-C/C 10x30	300	\$190.00	\$0.63
Total/Avg.	76,637		

YEAR BUILT: 2009

NOTES

Distance from subject property: 2.32 mi.

WILLIAMS STORAGE

9483 Live Oak Ln, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	N/A	N/A
Non-C/C 10x30	300	N/A	N/A
Total/Avg.	5,640		

YEAR BUILT: 1982

NOTES

Distance from subject property: 1.99 mi.

EAGLE MOUNTAIN SELF STORAGE

9599 Boat Club Rd, Fort Worth, TX, 76179



Unit Type	SF/Unit	Rent/Unit	Rent/SF
Non-C/C 10x20	200	\$95.00	\$0.48
Non-C/C 10x30	300	N/A	N/A
Total/Avg.	21,000		

YEAR BUILT: 1991

NOTES

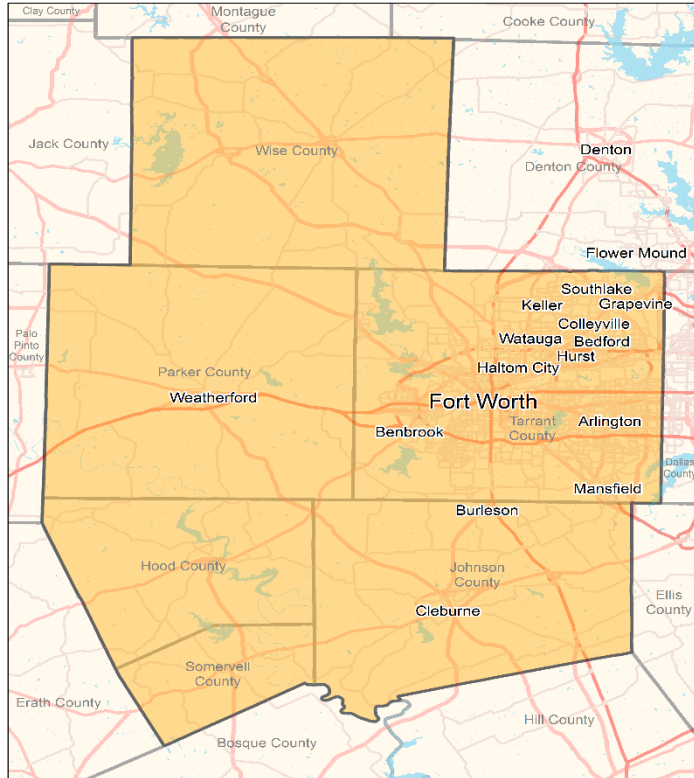
Distance from subject property: 2.32 mi.

MARKET OVERVIEW



FORT WORTH OVERVIEW

The Fort Worth metro is a part of the Dallas/Fort Worth Metroplex and consists of Tarrant, Hood, Johnson, Parker, Wise and Somervell counties. The most populous cities in the metro are Fort Worth and Arlington, which are also some of the largest cities in the state. The metro is home to several higher-educational institutions, including the University of Texas at Arlington, which supplies an educated labor force for the large and diverse employment base.



METRO HIGHLIGHTS



CORPORATE BASE

Major companies located in the metro include American Airlines Group, D.R. Horton, Pier 1 Imports, Halliburton and BNSF Railway.



MILITARY PRESENCE

Naval Air Station Joint Reserve Base Fort Worth employs more than 10,000 personnel and generates a \$1.3 billion annual impact to the local economy.



WORLD-RENOWNED EDUCATION SYSTEM

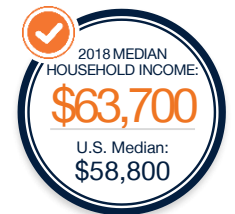
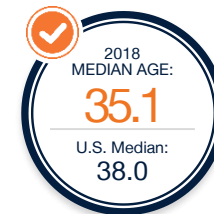
The many local universities include the University of Texas at Arlington, which is the largest university in North Texas; Texas Christian University; Tarrant County College; and Texas Wesleyan University.



ECONOMY

- Lockheed Martin Aeronautics Co. is headquartered in Air Force Plant 4 in the city of Fort Worth. It serves the Naval Air Station, also based in the metro.
- Healthcare is a strong economic driver, assisted by students graduating from the area's many colleges and universities. Large employers include Texas Health Resources and University of Texas.
- General Motors' assembly plant has been operating in the metro since 1954 and currently manufactures large SUVs for various divisions such as Chevrolet, GMC and Cadillac, providing numerous jobs.
- Local amenities include the Kimbell Art Museum, Modern Art Museum of Fort Worth, the National Cowgirl Museum and Hall of Fame, as well as rodeos at the Fort Worth Stockyards.

DEMOGRAPHICS



* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

FORT WORTH METRO AREA

Economic Trends

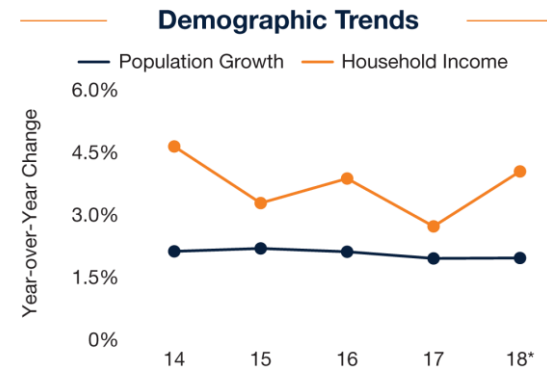
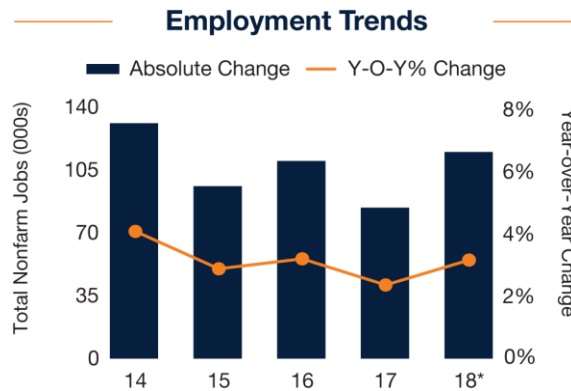
2018 Employment Forecast: g 3.2%

Widespread job creation equated to the addition of 115,100 workers over the past year in the Dallas/Fort Worth Metroplex. Hiring velocity was strongest in the professional and business services sector, expanding by 26,500 positions, with three other industries each bolstering payrolls by at least 16,000 employees. Overall in 2018, Dallas/Fort Worth organizations will hire 115,000 people, the most of any U.S. metro.

Demographic Trends

2018 Population Forecast: g 1.9%

A wealth of job openings prompts relocations and household formations, prolonging the Metroplex’s rapid population expansion. In 2018, the Dallas/Fort Worth populace increases by 1.9 percent, or 145,000 people, comparable to the previous four-year average. The 59,000 households formed this year represent a 13-year-high, while the 20- to 34-year-old cohort enlarges by nearly 27,000 individuals.



* Forecast.

FORT WORTH METRO AREA

Supply and Demand Trends

2018 Construction Forecast: 1,485,000 square feet

Developers finalized 745,000 square feet of self-storage space over the past 12 months. Completions escalate during the second half of 2018, as more than 1.2 million square feet is slated for delivery.

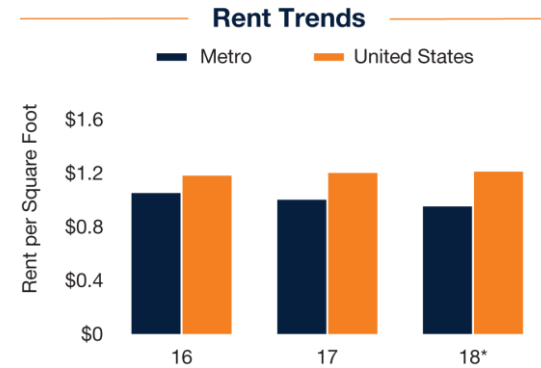
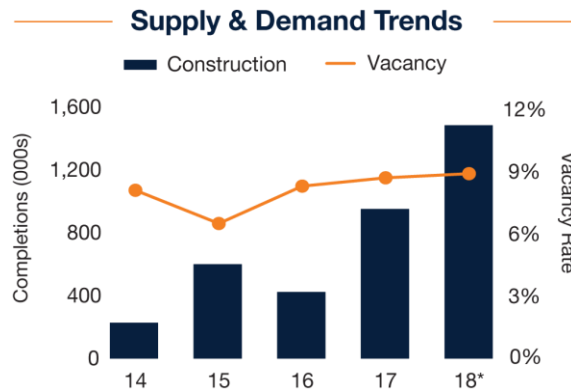
2018 Vacancy Forecast: g 20 basis points

An influx of new supply of self-storage space outpaces stout demand in 2018, raising Dallas/Fort Worth’s vacancy to 8.9 percent.

Rent Trends

2018 Rent Forecast: h 5.0%

Average marketed rent in Fort Worth dropped by 12.6 percent over the past two years, entering the second half of 2018 at 97 cents per square foot. At year’s end, the overall average asking rent is slated to reach 95 cents per square foot, down 5.0 percent year over year.



* Forecast
Average rent is estimated based on rates for a 10 x 10 foot, non-climate-controlled unit.

FORT WORTH METRO AREA

Texas/Oklahoma Investment Trends

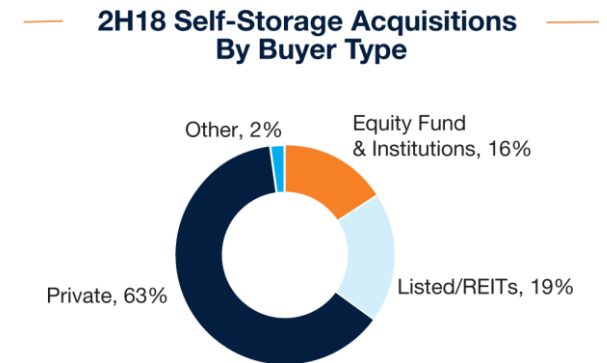
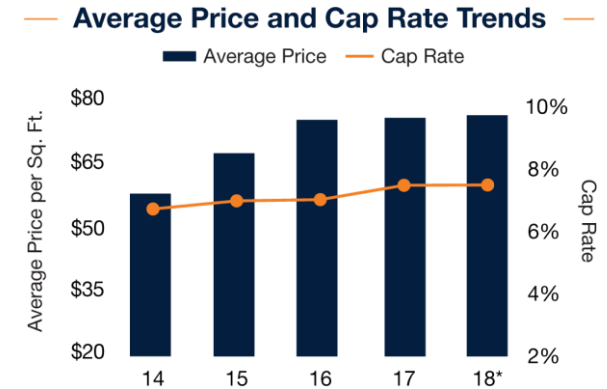
New supply additions, especially in Texas, are providing buyers in the region with new investment opportunities as the average sale price per unit remains in the \$76 range for the second year in a row. Over the same time frame, initial yields have stayed in the high-6 to mid-7 percent band.

Capital Markets

By **DAVID G. SHILLINGTON, President, Marcus & Millichap Capital Corporation**

Fed tightening monetary policy. The federal funds rate remains at 1.75 percent after the Federal Reserve raised rates 25 basis points in July. At that time, the Fed had indicated potentially two more rate hikes for this year, and as rates move up, lenders are tightening margins to compete for loans. Despite these efforts, borrowing costs are rising, which may prompt investors to seek greater returns in secondary markets.

The capital markets environment remains competitive. As the Fed stays committed to tightening policy, foreign central banks have yet to remove accommodation, encouraging flows into U.S. Treasuries. Therefore, interest rates on the 10-year Treasury remain range bound near 3.0 percent. Portfolio lenders are providing debt for self-storage assets, with 10-year loan structures ranging between 4.75 and 5.75 percent. Leverage is typically capped at 70 percent.



* Trailing 12 months through June 2018

Rising Demand Temporarily Overshadowed by Construction Swell

Positive economic momentum supporting need for self-storage as supply wave slows rent growth. The economy is exhibiting strong growth in 2018, a boon for self-storage real estate. Consistent job gains are allowing more recent college graduates and other young individuals the financial freedom to move out on their own. Amid rising homeownership costs, many are renting apartments, where limited floorspace creates a heightened need for external storage. Older members of the population are also placing more of their possessions in storage units as they downsize. These factors are lifting the long-term demand for self-storage, facilitating a need for additional space. Total self-storage construction over this economic cycle has fallen short of the previous growth period, with a more subdued pipeline immediately following the Great Recession. Over the last few years, however, developers have become increasingly active and they will bring a record amount of storage space to the market in 2018. The magnitude of completions will create pockets of oversupply risk in multiple metros, adding upward pressure to vacancy. In order to lease units, many operators are strategically discounting marketed rates, inhibiting overall rent growth this year while bolstering longer-term revenue for when supply-side pressures abate, as they are expected to in 2019.

Investor competition driving price growth, prompting expanded acquisition criteria. Interest in self-storage properties remains high as long-term renter demand improves. Competitive bidding has advanced the average price per square foot 11 percent over the 12-month period ending in June to \$108 per square foot. For assets traded in this time period, the average initial yield lay in the mid-6 percent zone, down from the low-8 percent band in 2010. Overall, higher sales prices are enticing owners interested in exchanging holdings to bring their assets to market during the final months of 2018. Yet, as the year progresses, the prospect of rising lending costs due to interest rate hikes is narrowing the operational margins for buyers. The combination of higher prices and lower first-year returns has created a buyer/seller expectations gap in some scenarios. Many buyers seeking higher cap rates are moving toward secondary and tertiary markets. Here initial returns range in the mid-6 to low-7 percent band. As the number of self-storage properties completed is high nationally, and some developers are not interested in owning and managing facilities, investors are also acquiring recent completions. Often this occurs when the certificate of occupancy is issued or during the initial leasing period. These assets trade with a pro forma cap rate in the 7 to 8 percent range.

2018 Self-Storage Outlook



1.6%
increase
in total
employment

Employment: Employers across the United States will create 2.3 million additional jobs in 2018, expanding the national workforce by 1.6 percent. Last year employment grew by 1.5 percent.



77
million
square feet
will be
completed

Construction: This year, a record amount of storage space will be delivered as annual completions reach their highest level this cycle. The pace of arrivals is anticipated to slow in 2019 as higher construction costs impact projects currently in the planning stage.



40
basis point
increase in
vacancy

Vacancy: Supply will outpace demand in 2018, applying upward pressure on vacancy in many metros across the country. The national vacancy rate will rise to 10 percent this year, which is below what the measure has averaged so far this economic cycle.



0.8%
increase
in non-climate-
controlled rents

Marketed Rents: The average asking rent is expected to appreciate 0.8 percent to \$1.21 per square foot this year, building on a 1.7 percent improvement in 2017. Heavy construction is placing downward pressure on rates in many metros, inhibiting overall rent growth for the nation.

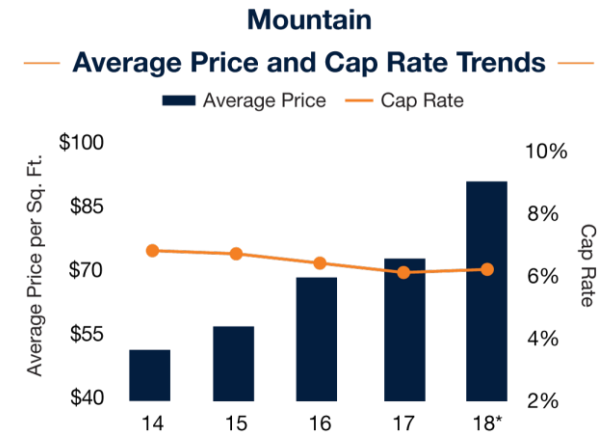
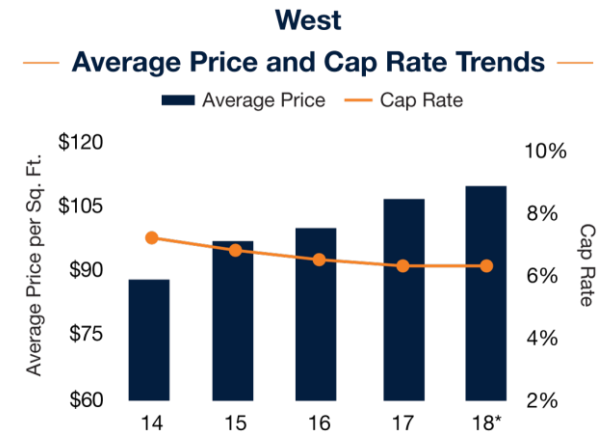
Regional Overview

West

- **Vacancy:** The regional vacancy rate moved up 140 basis points over the past 12-month period to 5.8 percent in June. Self-storage properties on the West Coast boast some of the lowest vacancy rates in the country, above only the Midwest.
- **Rents:** Growth in marketed rates has flattened over the past four quarters, with the average monthly rent payment remaining at \$1.61 per square foot. Certain markets have not followed the regional trend, including Seattle-Tacoma, where rents grew 4.0 percent the past year.
- **Prices:** Self-storage properties in the West draw above-average pricing, as the regional average sale price increased 6.2 percent to \$110 per square foot over the past annual period.
- **Cap Rates:** The West region’s cap rates remain some of the lowest in the country. The average first-year return in the West remained in the low-6 percent zone after falling from the mid-6 percent range in 2016.

Mountain

- **Vacancy:** Operations in the Mountain states remain tighter than across the nation as a whole, even as the regional vacancy rate rose 40 basis points year over year to 6.8 percent.
- **Rents:** Asking rents stabilized over the past year, holding at an average of \$1.08 per square foot in June. This is an improvement over last year when the average fell 0.9 percent. Las Vegas is the highlight of the region in 2018, reporting an annual appreciation of 11.1 percent to \$1.00 per square foot.
- **Prices:** Strong investor interest over limited listings has added upward pressure to prices over the past 12 months, with the average sale price increasing to \$92 per square foot.
- **Cap Rates:** The average regional cap rate lies in the low-6 percent band, down about 10 basis points from June 2017.



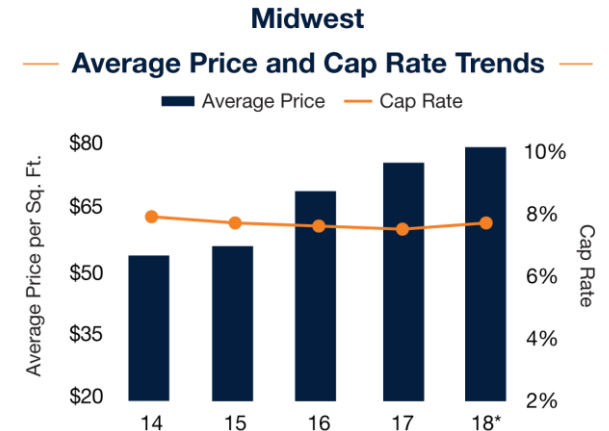
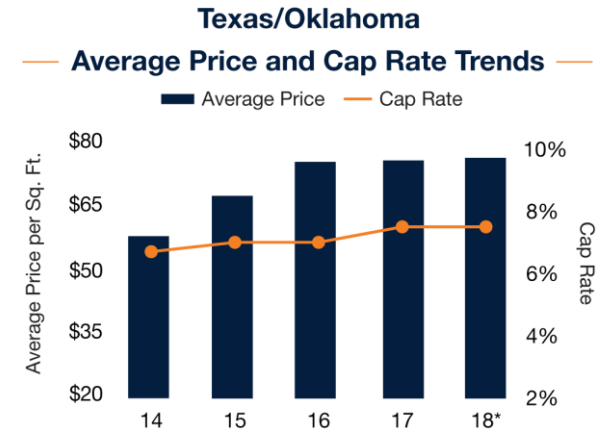
* Through June 2018
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

Texas/Oklahoma

- **Vacancy:** The average vacancy rate for self-storage properties rose 30 basis points over the past 12-month period to 8.3 percent in the second quarter. Over the last annual time period, this measure jumped 130 basis points.
- **Rents:** Extensive construction in the region has tempered rent growth as operators cut asking rates in order to lease units. As a result, the average marketed monthly rate across the two states fell 5 percent to 96 cents per square foot in the second quarter.
- **Prices:** Transaction prices improved for the ninth consecutive year as the average sale price advanced to \$77 per square foot by the second quarter.
- **Cap Rates:** Initial returns in the region are on average 100 basis points above the national average cap rate of mid-6 percent and have remained flat over the past two years.

Midwest

- **Vacancy:** The Midwest region registered the best vacancy performance of all regions over the past four quarter. The regional vacancy rate declined 60 basis points over that span to a rate of 4.5 percent. That is also the lowest vacancy rate among all six regions as well.
- **Rents:** Self-storage operators in the region are prioritizing occupancy over rent growth during a period of elevated completions by discounting marketed rates to fill units. The average asking rent declined 2.9 percent over the past annual period to 99 cents per square foot.
- **Prices:** The average sale price for properties traded over the past 12 months increased 9.6 percent to \$80 per square foot.
- **Cap Rates:** The Midwest reports some of the highest cap rates in the country with an average initial yield in the mid-7 to high-7 percent zone.



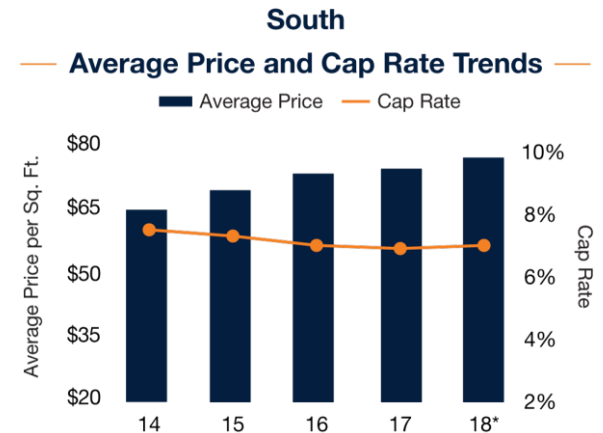
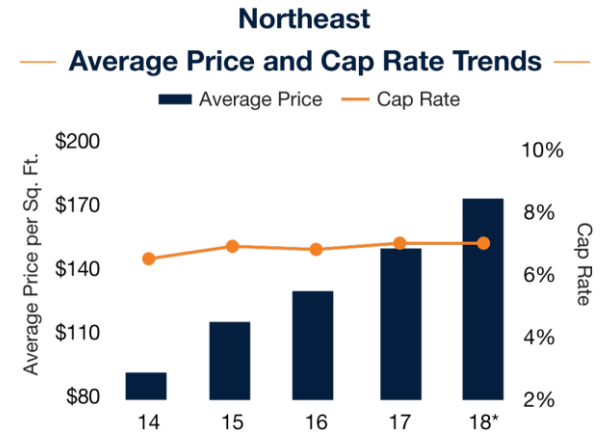
* Through June 2018
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

Northeast

- **Vacancy:** Properties in the Northeast region have tighter vacancy compared with the national rate even as the regional vacancy rate increased 30 basis points to 6.6 percent year over year in June. This builds on a 40-basis-point rise from the previous annual period.
- **Rents:** Marketed rates in the region are some of the highest in the country. The region’s average monthly rent payment improved 0.6 percent over the past 12 months to \$1.59 per square foot. Rent growth was particularly robust in New York City, where the average payment appreciated 6 percent to \$2.65 per square foot.
- **Prices:** The Northeast reports the highest prices of any other region, a fact that did not stop the average sale price from appreciating to \$175 per square foot.
- **Cap Rates:** The region’s average cap rate rose approximately 10 basis points to enter the 7 percent band in 2018. Initial yields were last this high in 2012.

South

- **Vacancy:** Operations among self-storage properties in the Southeastern United States remained flat at 6.5 percent over the past 12-month period.
- **Rents:** Amid the largest construction pipeline among all six regions, downward pressure is placed on the average rental rate. Many operators are discounting asking rates in order to lease the newly opened units. The average monthly rent declined 3.4 percent year over year to \$1.13 per square foot.
- **Prices:** Lower entry costs than in other parts of the country draw investors to the South region, where the average sale price is \$77 per square foot.
- **Cap Rates:** Initial yields for properties traded in the region over the past year fall near 7 percent on average. The region’s average cap rate has remained in the high-6 to low-7 percent zone since 2015.



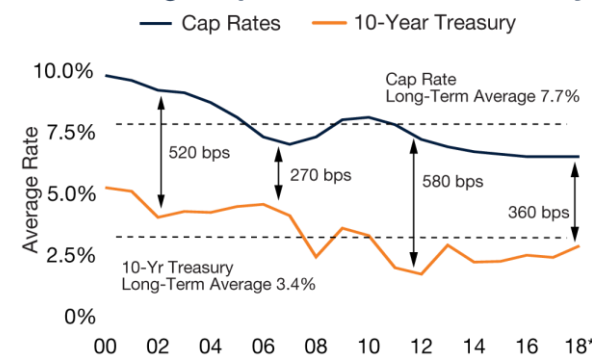
* Through June 2018
Sources: Marcus & Millichap Research Services;
CoStar Group, Inc.

Capital Markets

Fed tightening monetary policy. The federal funds rate remains at 1.75 percent after the Federal Reserve raised rates 25 basis points in July. The Fed noted that inflation has broadly reached its objective, while household spending and corporate investment continue to rise. Two additional hikes are expected this year, one in late September and another in December, with the potential for as many as four increases in 2019. As the Fed lifts rates, lenders are tightening margins to compete for loans. Despite these efforts, borrowing costs are rising, which may prompt investors to seek greater returns in secondary markets.

The capital markets environment remains competitive. As the Fed stays committed to tightening policy, foreign central banks have yet to remove accommodation, encouraging flows into U.S. Treasuries. Therefore, interest rates on the 10-year Treasury remain range bound near 3.0 percent. Portfolio lenders are providing debt for self-storage assets with leverage typically between 65 and 70 percent. Interest rates for five- to 10-year bank-issued loans fall in the 4.75 to 5.75 percent range. Life insurance companies have shown a willingness to outbid other financial institutions for premium assets.

Self-Storage Cap Rate vs. 10-Year Treasury



* Through July 2018
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics; Federal Reserve Board

2018 Metro Outlook

Metro	Vacancy	Y-O-Y Change	ACC* Rents	Y-O-Y % Change	ANCC** Rents	Y-O-Y % Change
Las Vegas	5.5%	50	\$0.95	-1.0%	732,000	4.2%
San Francisco/Oakland	5.7%	60	\$1.95	1.0%	550,000	1.6%
Philadelphia	6.0%	-70	\$1.19	0.0%	1,224,000	4.7%
Riverside-San Bernardino	6.0%	20	\$1.10	1.9%	374,000	1.1%
Los Angeles	6.2%	30	\$1.93	1.6%	588,000	1.6%
Phoenix	6.3%	-200	\$1.06	1.9%	2,013,000	6.6%
New York City	6.4%	-100	\$2.60	3.6%	1,802,000	7.4%
Nashville	6.7%	-160	\$1.14	-2.6%	1,714,000	15.5%
Sacramento	7.0%	-30	\$1.36	-1.4%	262,000	1.5%
Seattle-Tacoma	7.0%	50	\$1.48	-1.3%	2,151,000	7.4%

** Average marketed rent for a 10 x 10 foot, non-climate-controlled unit

Created on April 2019

POPULATION	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Population	5,343	42,053	109,738
■ 2018 Estimate			
Total Population	4,638	35,246	91,324
■ 2010 Census			
Total Population	3,544	28,270	71,940
■ 2000 Census			
Total Population	2,134	11,812	29,214
■ Daytime Population			
2018 Estimate	2,241	23,013	64,596
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Households	2,150	14,638	37,076
■ 2018 Estimate			
Total Households	1,839	12,140	30,593
Average (Mean) Household Size	2.63	2.89	2.97
■ 2010 Census			
Total Households	1,420	9,734	24,153
■ 2000 Census			
Total Households	841	4,234	10,495

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2018 Estimate			
\$250,000 or More	4.87%	4.47%	3.66%
\$200,000 - \$249,999	3.37%	2.68%	2.35%
\$150,000 - \$199,999	12.69%	9.71%	8.46%
\$125,000 - \$149,999	6.63%	6.53%	7.32%
\$100,000 - \$124,999	15.75%	13.28%	13.71%
\$75,000 - \$99,999	16.82%	17.61%	18.67%
\$50,000 - \$74,999	17.98%	20.89%	20.54%
\$35,000 - \$49,999	10.17%	11.12%	11.09%
\$25,000 - \$34,999	3.06%	4.49%	5.10%
\$15,000 - \$24,999	3.94%	5.39%	4.93%
Under \$15,000	4.72%	3.84%	4.16%
Average Household Income	\$115,153	\$106,497	\$102,369
Median Household Income	\$89,603	\$80,375	\$80,102
Per Capita Income	\$45,662	\$36,681	\$34,296

Source: © 2018 Experian

Created on April 2019

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population by Age			
0 to 4 Years	7.12%	7.75%	7.80%
5 to 14 Years	13.14%	15.70%	17.26%
15 to 17 Years	3.87%	4.35%	4.88%
18 to 19 Years	1.96%	2.33%	2.58%
20 to 24 Years	5.26%	5.72%	5.69%
25 to 29 Years	8.43%	7.61%	6.88%
30 to 34 Years	9.17%	8.45%	8.18%
35 to 39 Years	7.45%	7.98%	8.26%
40 to 49 Years	12.49%	13.75%	14.32%
50 to 59 Years	13.38%	12.51%	11.61%
60 to 64 Years	5.50%	5.02%	4.54%
65 to 69 Years	5.07%	3.96%	3.48%
70 to 74 Years	3.36%	2.37%	2.12%
75 to 79 Years	2.18%	1.36%	1.22%
80 to 84 Years	1.01%	0.70%	0.68%
Age 85+	0.59%	0.44%	0.52%
Median Age	35.64	33.87	33.05

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population 25+ by Education Level			
2018 Estimate Population Age 25+	3,184	22,610	56,436
Elementary (0-8)	0.80%	1.81%	2.28%
Some High School (9-11)	4.46%	6.03%	6.58%
High School Graduate (12)	22.10%	24.60%	26.50%
Some College (13-15)	27.19%	27.02%	27.45%
Associate Degree Only	7.60%	8.21%	8.32%
Bachelors Degree Only	23.50%	20.66%	19.81%
Graduate Degree	12.76%	9.63%	7.47%

Source: © 2018 Experian



Population

In 2018, the population in your selected geography is 4,638. The population has changed by 117.34% since 2000. It is estimated that the population in your area will be 5,343.00 five years from now, which represents a change of 15.20% from the current year. The current population is 48.45% male and 51.55% female. The median age of the population in your area is 35.64, compare this to the US average which is 37.95. The population density in your area is 1,476.62 people per square mile.



Households

There are currently 1,839 households in your selected geography. The number of households has changed by 118.67% since 2000. It is estimated that the number of households in your area will be 2,150 five years from now, which represents a change of 16.91% from the current year. The average household size in your area is 2.63 persons.



Income

In 2018, the median household income for your selected geography is \$89,603, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 11.31% since 2000. It is estimated that the median household income in your area will be \$98,994 five years from now, which represents a change of 10.48% from the current year.

The current year per capita income in your area is \$45,662, compare this to the US average, which is \$32,356. The current year average household income in your area is \$115,153, compare this to the US average which is \$84,609.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 84.40% White, 6.49% Black, 0.12% Native American and 1.64% Asian/Pacific Islander. Compare these to US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 16.71% of the current year population in your selected area. Compare this to the US average of 18.01%.



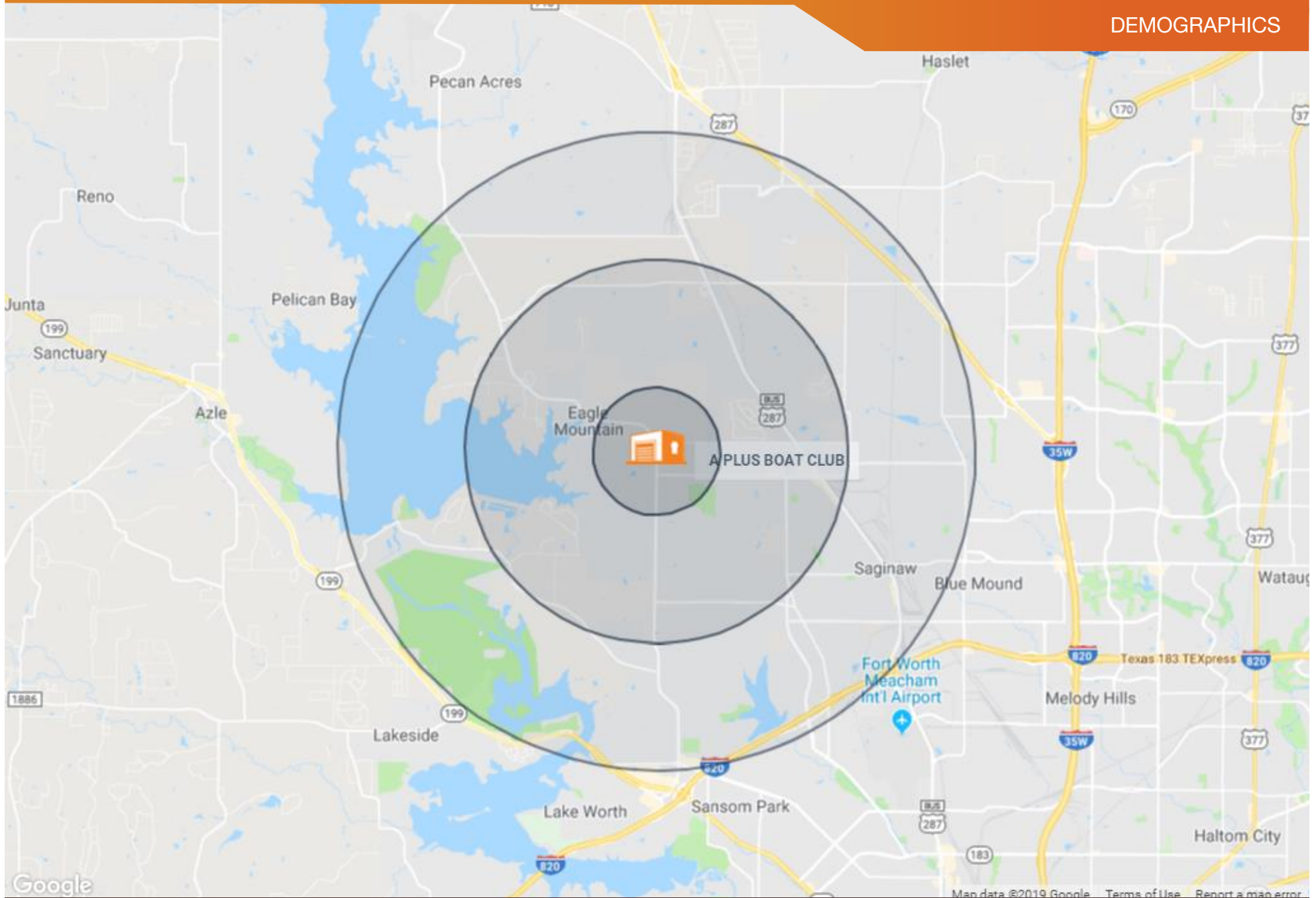
Housing

The median housing value in your area was \$189,695 in 2018, compare this to the US average of \$201,842. In 2000, there were 700 owner occupied housing units in your area and there were 140 renter occupied housing units in your area. The median rent at the time was \$754.



Employment

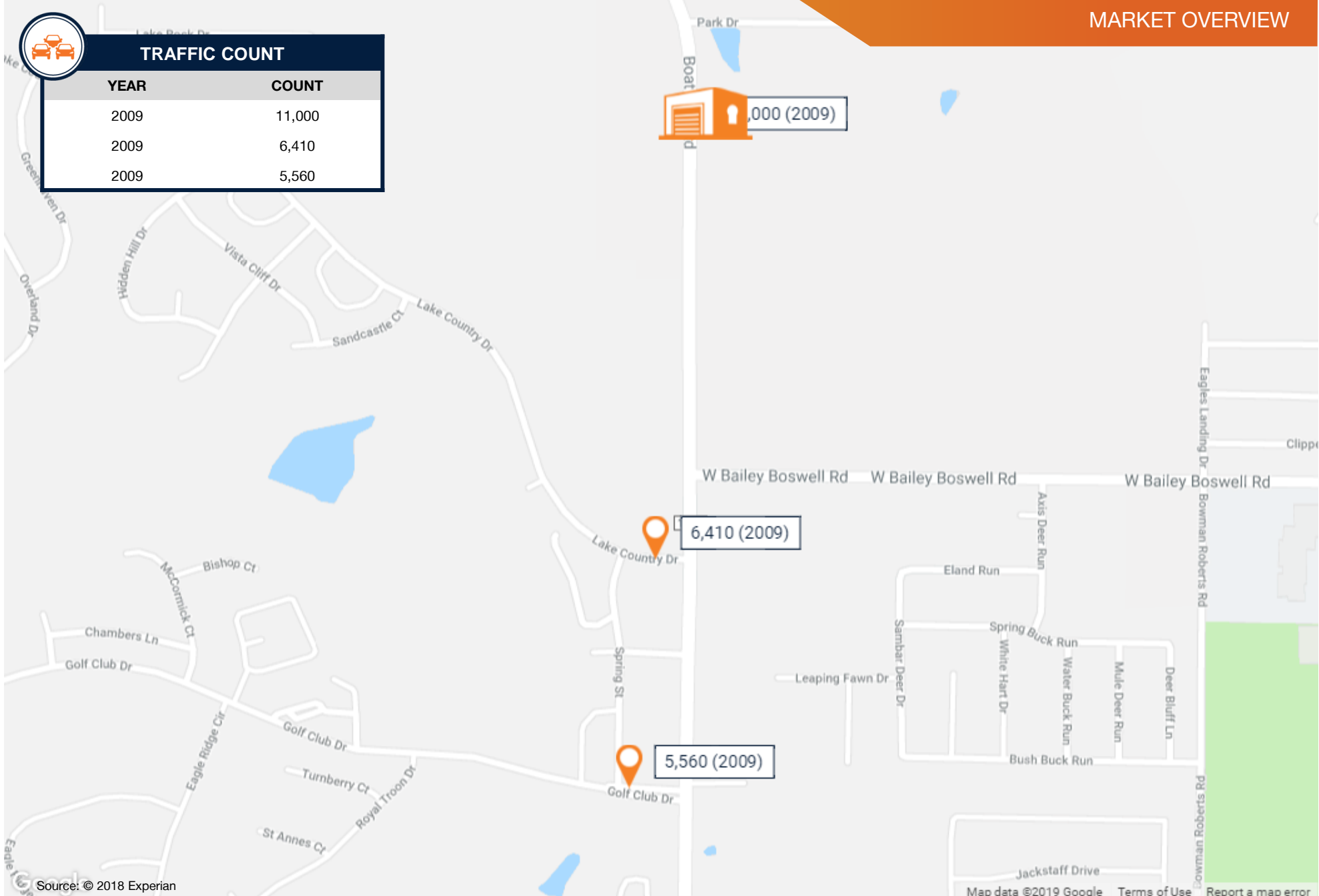
In 2018, there are 497 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 83.22% of employees are employed in white-collar occupations in this geography, and 20.80% are employed in blue-collar occupations. In 2018, unemployment in this area is 2.11%. In 2000, the average time traveled to work was 33.00 minutes.





TRAFFIC COUNT

YEAR	COUNT
2009	11,000
2009	6,410
2009	5,560



Source: © 2018 Experian

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