

Capital, a better way...

TOP TAKE AWAYS FROM THE 2018 SELF STORAGE OWNERS SUMMIT

- There will be more new storage properties delivered in 2019 than in 2018.
- Operating intensity has kept many owner/operators from expanding beyond a few properties. Third party operators are removing this barrier.
- Storage cash yields of 9.5% are greater than office (7.4%), multifamily (6.5%), and industrial (6.3%) yields.
- Urbanization, population and income growth are trends driving storage demand. However, rising property taxes, interest rates, construction and labor costs may be near term speed bumps.
- Self storage cap rates are finally at a fair level, reasonably consistent with other CRE, in part because storage is now considered an institutional “core” product.
- Robust apartment development in the U.S. is creating a healthy pipeline of new storage users.
- Understanding the number of households within the 1-3 mile radius is as important, if not more important, than the total population because storage customers are correlated more with households.
- As long as storage development yields stay in the 8-9% range and cap rates don't widen, self storage construction will remain profitable and new product will continue to be delivered.



Talonvest's 14th Annual Owners Summit Emcee & Founder, Jim Davies, with Ron Havner of Public Storage and Jim Sullivan of Green Street Advisors



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