

California Self Storage Association, Talonvest Present 10 Key Takeaways from Owners Summit

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The California Self Storage Association (CSSA) and Talonvest Capital Inc., a provider of self-storage finance services, co-hosted the eighth annual Self Storage Owners Summit last month, providing attendees with business and market insight from industry professionals. Among the important topics discussed during the sold-out event were self-storage marketing, development, and an emphasis on loan and financing trends. This week the organizations released 10 key takeaway points from the event:

1. Self-storage today is as much about marketing as it is real estate development and ownership. Operators who fail to evolve and adapt to changing market trends risk losing their value proposition and their business.
2. Self-storage owners who maintain an understanding of current loan options will have more opportunities and be able to make better decisions. Owners and investors have more financing options than ever before.
3. Operators should increase revenue from existing clients. Aggressive rate increases, as much as 8 to 10 percent, can be passed along to existing tenants.
4. Life-insurance companies are lending in secondary markets, offering early rate locks and providing self-storage owners with opportunities for a second funding/mortgage at a later date.
5. The elasticity of new tenants changes dramatically after move-in. In fact, there is no meaningful statistical impact on a tenant's choice to move out until his rent is about 20 percent above the street rate.
6. Commercial mortgage-backed securities (CMBS) loans for self-storage are back, with leverage up to 75 percent and sometimes 80 percent for taking on a higher rate.
7. The gap between bidding price and asking price is widening. Anonymous

audience-polling responses taken during the Owners Summit revealed 68 percent of willing sellers require a capitalization rate of below 7 percent. Only 22 percent of audience members said they would buy at those cap rates.

8. Self-storage owners who have not ramped up their online presence and begun to cater to an increasing number of consumers relying on mobile technology are likely losing out to competitors who are more aggressively targeting mobile users. For example, approximately 60 percent of rentals garnered by CubeSmart, a self-storage real estate investment trust, come from its website. More than one-third of the company's Web traffic comes through mobile devices. Yet, more than half of summit attendees said they do not have a dedicated mobile website.
9. Self-storage owners willing to sign recourse to a credit union can get a fixed-rate loan without a prepayment penalty.
10. The art of converting prospective self-storage customers, who are increasingly using nontraditional methods to shop and make purchases, into paying tenants is vital to success.

CSSA is a non-profit trade association dedicated to supporting the self-storage industry in California. The group offers educational events, networking opportunities, legislative advocacy and more.

Talonvest Capital structures debt and equity for self-storage owners nationwide. The firm has provided more than \$3 billion in capital for self-storage owners through Talonvest, Buchanan Storage Capital and Belgravia Capital.