



HARRISBURG SELF-STORAGE

4150 Industrial Rd • Harrisburg, PA 17110

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HARRISBURG SELF-STORAGE
Harrisburg, PA
ACT ID ZAA0300303

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215-531-7000
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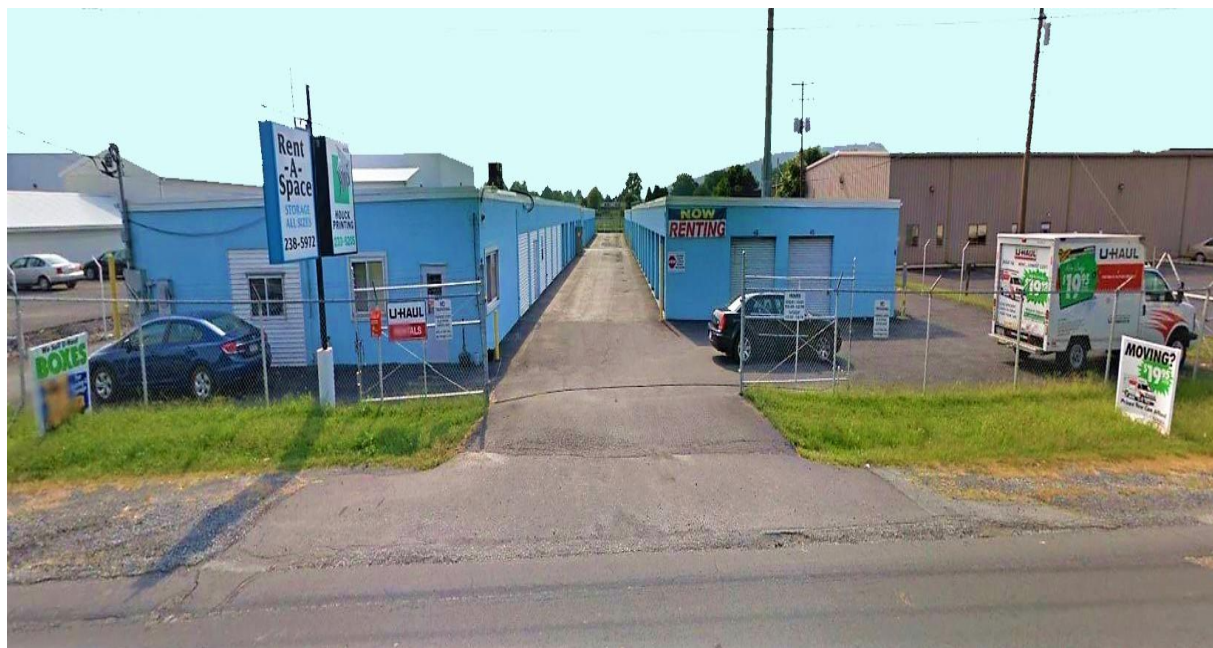
INVESTMENT OVERVIEW



EXECUTIVE SUMMARY

VITAL DATA			CURRENT	YEAR 1 POTENTIAL*
Price	\$1,950,000	CAP Rate	8.8%	9.73%
Loan Amount	\$1,560,000	Net Operating Income	\$171,638	\$189,805
Loan Type	Proposed New	Net Cash Flow After Debt Service	17.74% / \$69,173	22.40% / \$87,341
Interest Rate / Amortization	4.35% / 25 Years	Total Return	26.79% / \$104,476	31.85% / \$124,210
Total Units	164			
Rentable SF	23			
Price Per Rentable SF	\$84,782.61			
Number of Buildings	4			
Number of Stories	1			
Year Built / Renovated	1981			
Lot Size	1.16 acre(s)			

PROPOSED FINANCING	
FIRST TRUST DEED	
Loan Amount	\$1,560,000
Loan Type	Proposed New
Interest Rate	4.35%
Amortization	25 Years
Loan Term	10 Years
Loan to Value	80%
Debt Coverage Ratio	1.68



MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES
Upmc Pinnacle	4,638
Rite Aid	3,609
Human Services PA Dept	3,013
Administration Office	2,500
Harrisburg Hospital	2,301
American Educational Svcs Corp	2,300
Geisinger Holy Spirit	2,300
Highmark Blue Cross Blue Shield	2,288
Fedloan Servicing	2,150
House Representatives PA	2,054
BB&T	2,038
Medical Center of Harrisburg	2,000

INVESTMENT OVERVIEW

Marcus and Millichap is proud to exclusively offer to qualified buyer: 4150 Industrial Rd, Harrisburg, PA 17110. The subject property is a 164 unit Self Storage property, and is situated on approximately 1.16 AC - in North West Harrisburg, PA. Located minutes away from Harrisburg Area Community College, Linglestown Rd. and Route 322. Ideally located with easy access to all major local highway systems. This is an excellent opportunity to acquire a fully stabilized self storage asset, with attractive returns, consistent rental history, and the property is currently 100% occupied. The roof and HVAC systems have been recently replaced and the roof has a transferable warranty.

This is a preferred turn key operation.
Call listing agents for more details.

Craig Dunkle – 717-554-4881
Mher Vartanian – 267-664-7118

CoStar Est. Rent \$4 - 5/SF (Flex) ②

Property Mix Industrial 2,600 SF 92.9%
Office 200 SF 7.1%

Utilities Gas - Natural, Sewer - County, Water - County

Parking Surface Spaces @ \$0.00/mo

Taxes \$1.00/SF (2019)

Opportunity Zone Yes ③

INVESTMENT HIGHLIGHTS

- 100% Leased
- Ideally Located.
- Turn-Key Operation

Demographics »

	1 Mi	3 Mi
Population	3,025	36,065
Households	1,243	14,944
Average Age	41.50	39.30
Median HH Income	\$68,449	\$62,371
Daytime Employees	2,403	25,437
Population Growth '19-'24	▲ 1.0%	▲ 2.4%
Household Growth '19-'24	▲ 1.1%	▲ 1.9%

Traffic »

Collection Street	Cross Street	Traffic Vol	Year	Distance
US Hwy 22	Linglestown Rd NW	4,028	2017	0.32 mi
Linglestown Rd	Ramp E	23,000	2016	0.37 mi
Linglestown Rd	Industrial Rd E	14,248	2018	0.37 mi
N Front St	Lucknow Rd N	17,980	2018	0.37 mi
Front St	Houser Rd S	9,495	2016	0.37 mi

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Key Metrics

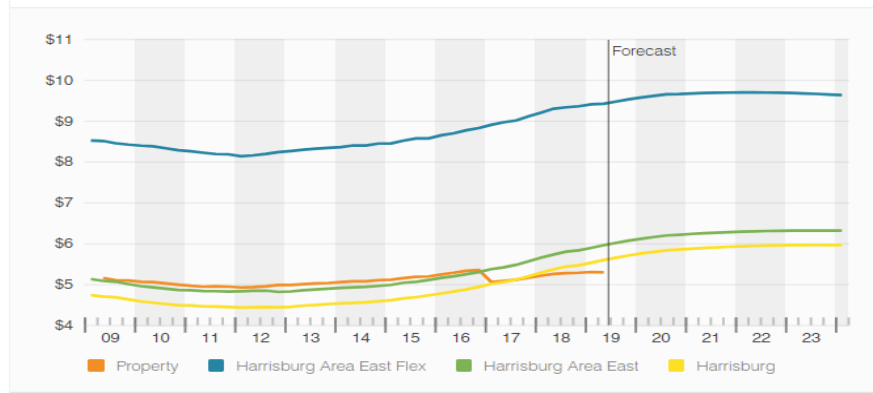
AVAILABILITY	PROPERTY	SUBMARKET 1-2 STAR	SUBMARKET
Market Rent/SF	\$5.29	\$6.12	\$5.88
Vacancy Rate	0%	3.9%	8.7%
Vacant SF	0	503 K	2.9 M
Availability Rate	-	7.2%	14.1%
Available SF	-	920 K	4.7 M
Sublet SF	-	0	0
Months on Market	-	14.7	13.6

DEMAND	PROPERTY	SUBMARKET 1-2 STAR	SUBMARKET
12 Month Net Absorption SF	2.8 K	240 K	(176 K)
6 Month Leasing Probability	100%	25.3%	22.6%

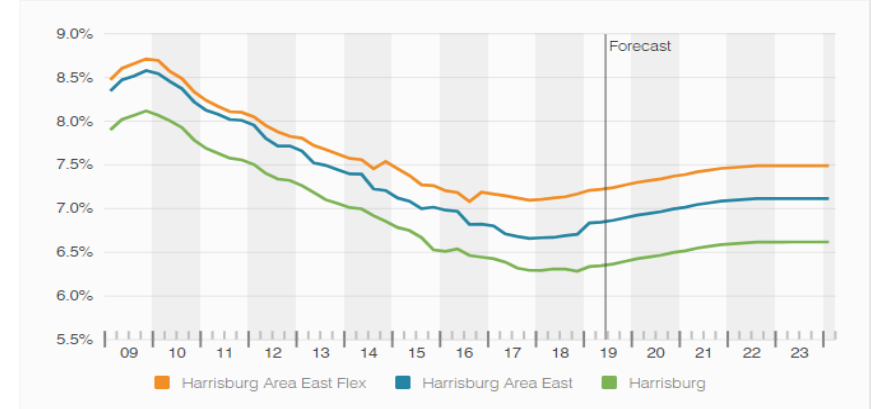
INVENTORY	PROPERTY	SUBMARKET 1-2 STAR	SUBMARKET
Existing Buildings	1	551	728
Inventory SF	22.4 K	12.8 M	33.1 M
Avg Building SF	-	23.3 K	45.4 K
Under Construction SF	-	0	374 K
12 Month Delivered SF	-	0	133 K

SALES	PROPERTY	SUBMARKET 1-2 STAR	SUBMARKET
12 Month Properties Sold	-	23	43
Market Sale Price/SF	\$47	\$50	\$55
Avg Market Sale Price	-	\$1.2 M	\$2.5 M
12 Month Sales Volume	-	\$11.1 M	\$152 M
Market Cap Rate	7.6%	7.2%	6.8%

Market Rent Per SF



Market Cap Rate



RENTAL HISTORY

6/10/2019

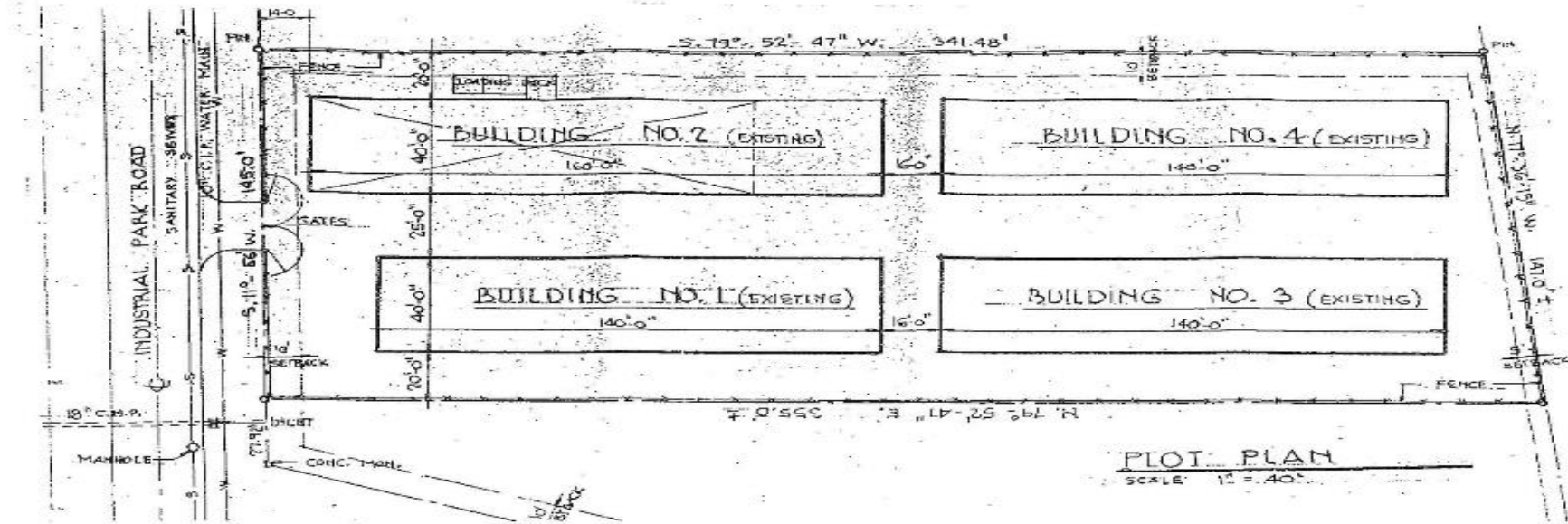
YEARS RENTED	NUMBER OF RENTERS	MONTHS RENTED	NUMBER OF RENTERS
32	1	23	4
30	1	21	1
27	1	19	2
19	3	17	3
18	1	15	3
17	1	14	2
16	1	13	1
15	2	11	5
14	1	10	11
13	2	9	1
12	3	8	3
11	2	7	4
10	4	6	5
9	4	5	1
8	2	4	2
6	5	3	10
5	3	2	7
4	2	1	14
3	21	LESS THAN 1	5
2	4		
1	6		

PROPERTY SUMMARY

THE OFFERING	
Property	Harrisburg Self-Storage
Price	\$1,950,000
Property Address	4150 Industrial Rd, Harrisburg, PA

	DEMOGRAPHICS		
	1-Miles	3-Miles	5-Miles
2018 Estimate Pop	3,200	35,596	130,080
2010 Census Pop	3,129	34,410	126,422
2018 Estimate HH	1,318	15,195	56,210
2010 Census HH	1,275	14,592	54,365
Median HH Income	\$75,166	\$61,426	\$55,287
Per Capita Income	\$39,385	\$34,102	\$31,388
Average HH Income	\$95,610	\$79,358	\$72,174

SITE DESCRIPTION	
Total Units	164
Year Built/Renovated	1987
Rentable Square Feet	22,400
Lot Size	1.16 acre(s)
Type of Ownership	Fee Simple



4150 Industrial Road
Harrisburg, PA 17110

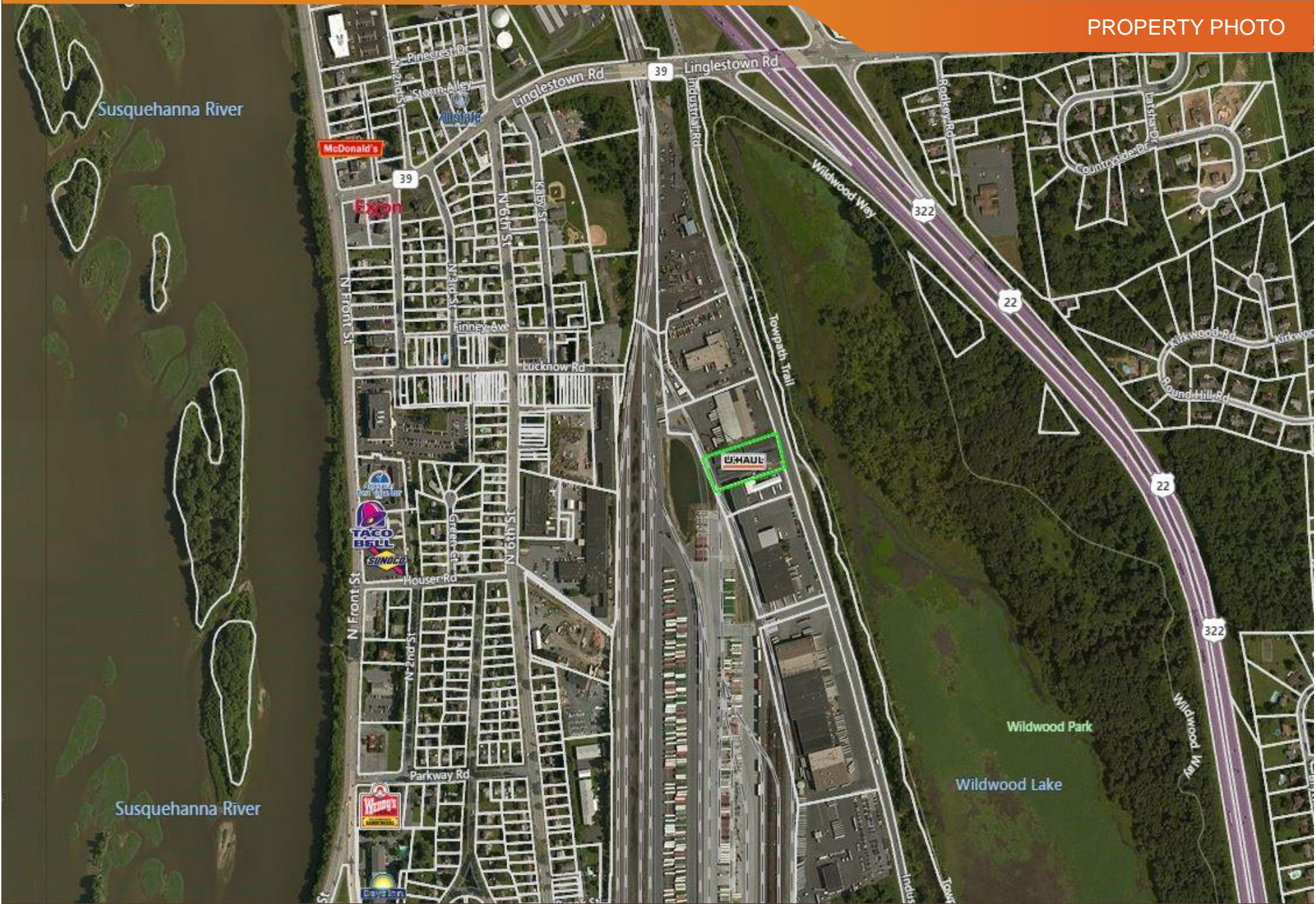


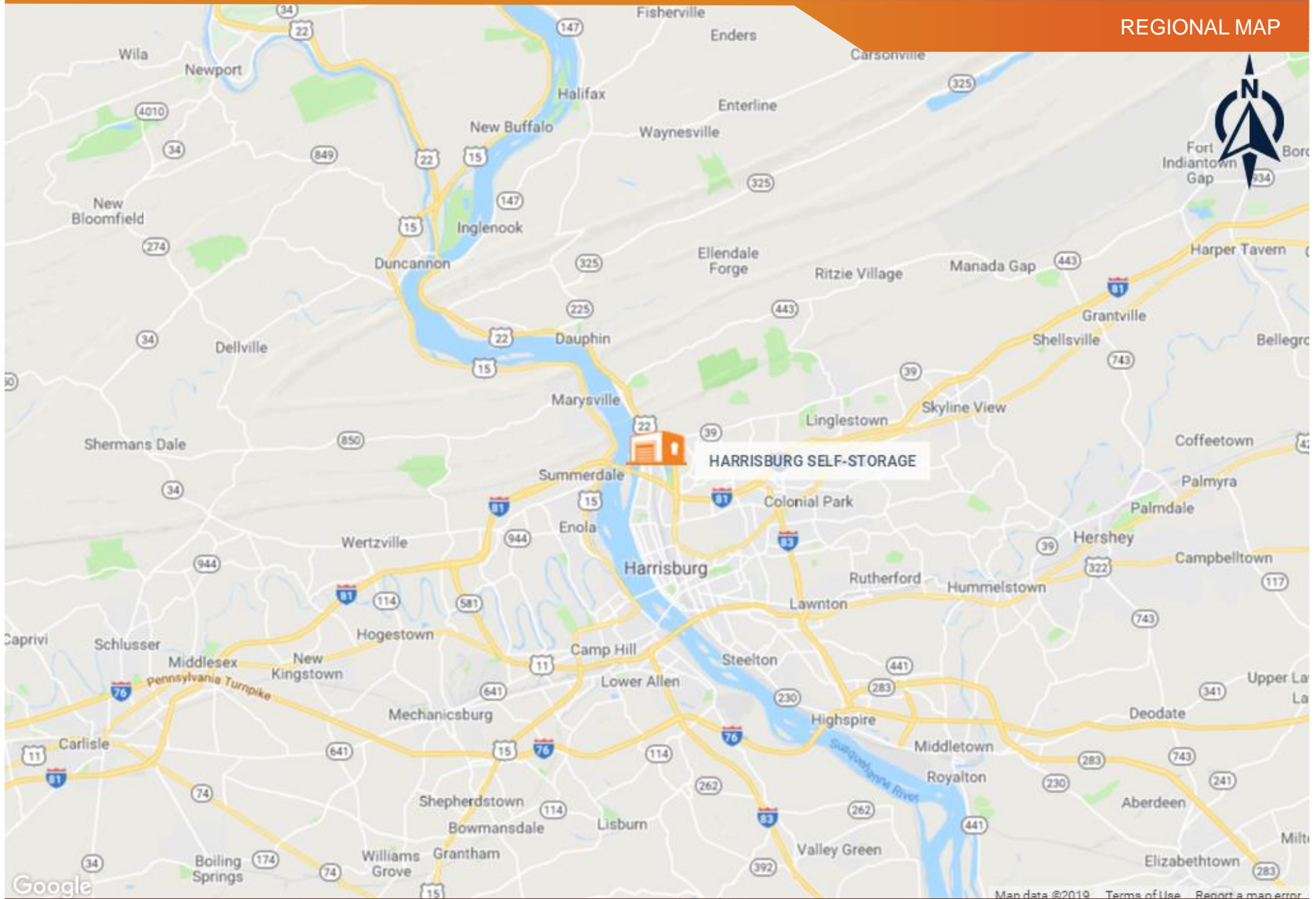


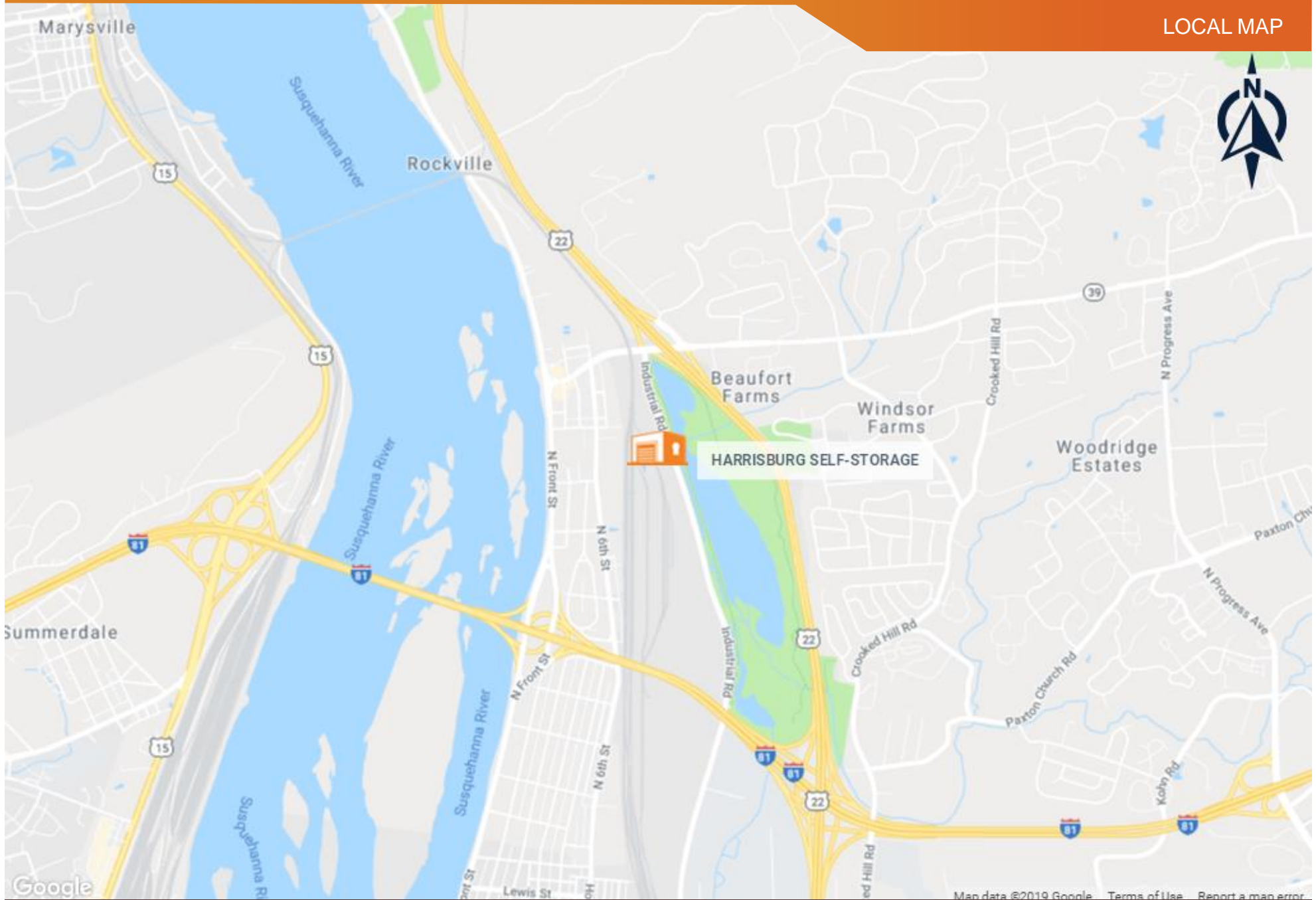












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FINANCIAL ANALYSIS



RENT ROLL DETAIL

As of January, 2016

Non-Climate Controlled Unit Type	# of Units	Avg Sq Feet	Total Sq Feet	Scheduled			Potential		
				Average Rent	Average Rent / SF	Monthly Income	Average Rent	Average Rent / SF	Monthly Income
5 X 5	5	25	125	\$43	\$1.72	\$215	\$46	\$1.86	\$232
5 X 10	37	50	1,850	\$64	\$1.28	\$2,368	\$69	\$1.38	\$2,557
5 X 10	8	50	400	\$69	\$1.38	\$552	\$75	\$1.49	\$596
5 X 15	5	75	375	\$89	\$1.19	\$445	\$96	\$1.28	\$481
10 X 10	52	100	5,200	\$99	\$0.99	\$5,148	\$107	\$1.07	\$5,560
10 X 15	9	150	1,350	\$134	\$0.89	\$1,206	\$145	\$0.96	\$1,302
10 X 20	33	200	6,600	\$149	\$0.75	\$4,917	\$161	\$0.80	\$5,310
10 X 25	8	250	2,000	\$177	\$0.71	\$1,416	\$191	\$0.76	\$1,529
10 X 30	4	300	1,200	\$195	\$0.65	\$780	\$211	\$0.70	\$842
40 X 80	1	3,200	3,200	\$1,757	\$0.55	\$1,757	\$1,898	\$0.59	\$1,898
Totals/Weighted Averages	162	138	22,300	\$116	\$0.84	\$18,804	\$125	\$0.91	\$20,308

Gross Annualized Rents

\$225,648

\$243,700

NOTES

Notes to Operating Statement

- [1] ***3200 SF is currently being leased by the owners printing company - The space is fully conditioned and equates to a \$5.99 PSF gross lease.***
- [2] Value-add upside in re-leasing space. (Private Bathrooms, Kitchenet, Work Area, and Storage Area - w/ rollup door and two man doors)
- [3] Roof and all HVAC have been replaced in recent years - Roof warranty transfers with property.

OPERATING STATEMENT

Income	YTD 2016	YTD 2017	YTD 2018	Current	Per SF	Year 1 Potential*	Per SF	Notes
Gross Potential Rent	162,360	168,671	173,760	243,700	10.93	263,196	11.80	
Loss / Gain to Lease		0.0%	0.0%	0.0%	(18,052)	7.4%	(0.81)	0
Gross Scheduled Rent	162,360	168,671	173,760	225,648	10.12	263,196	11.80	
Physical Vacancy	0	0.0%	0	0.0%	0	0.0%	0.00	(13,160) 5.0%
Economic Vacancy								
Non-Revenue Units	0	0.0%	0	0.0%	0	0.0%	0.00	0
Bad Debt	0	0.0%	0	0.0%	0	0.0%	0.00	0
Concession	0	0.0%	0	0.0%	0	0.0%	0.00	(5,264) 2.0%
Total Vacancy	\$0	0.0%	\$0	0.0%	\$0.00	(\$18,424)	7.0%	(\$0.83)
Economic Occupancy	100.00%	100.00%	100.00%	100.00%		93.00%		
Effective Rental Income	162,360	168,671	173,760	225,648	10.12	244,772	10.98	
Other Income								
Utility Bill-Back	0	0	0		0.00		0.00	
All Other Income	10,194	21,147	24,409	7,742	0.35	7,742	0.35	
Total Other Income	\$10,194	\$21,147	\$24,409	\$7,742	\$0.35	\$7,742	\$0.35	
Effective Gross Income	\$172,554	\$189,818	\$198,169	\$233,390	\$10.47	\$252,514	\$11.32	
Expenses	YTD 2016	YTD 2017	YTD 2018	Current	Per SF	Year 1 Potential*	Per SF	Notes
Real Estate Taxes	21,457	21,457	21,930	21,930	0.98	21,930	0.98	
Insurance	1,978	2,092	2,123	2,123	0.10	2,123	0.10	
Utilities	784	804	1,014	1,014	0.05	1,014	0.05	
Utilities - Water & Sewer	0	0	0	0	0.00	0	0.00	
Utilities - Gas	0	0	0	0	0.00	0	0.00	
Trash Removal	0	0	0	0	0.00	0	0.00	
Repairs & Maintenance	286	555	141	141	0.01	141	0.01	
Landscaping	512	390	75	75	0.00	75	0.00	
Marketing & Advertising	3,643	3,275	1,822	1,822	0.08	1,822	0.08	
Payroll	17,553	17,831	17,904	17,904	0.80	17,904	0.80	
Alarm Monitoring/Inspection	3,611	494	444	444	0.02	444	0.02	
General & Administrative	5,127	5,197	4,335	4,630	0.21	4,630	0.21	
Misc. Expenses	0	0	0	0	0.00	0	0.00	
Operating Reserves	0	0	0	0	0.00	0	0.00	
Management Fee	0	0	0	11,670	5.0%	12,626	5.0%	0.57
Total Expenses	\$54,951	\$52,094	\$49,787	\$61,753	\$2.77	\$62,709	\$2.81	
Expenses as % of EGI	31.8%	27.4%	25.1%	26.5%		24.8%		
Net Operating Income	\$117,603	\$137,723	\$148,382	\$171,638	\$7.70	\$189,805	\$8.51	

Notes and assumptions to the above analysis are on the following page.

PRICING DETAIL

RAS PRICE COMPARISONS WITH RATE INCREASE 8/1/19

Facility	5x5	5x10	5x15	10x10	10x15	10x20	10x25	10x30
Rent A Space 4150 Industrial Rd Hbg, PA 17110	\$ 43	\$ 64	\$ 89	\$ 99	\$ 134	\$ 149	\$ 177	\$ 195
Storage Depot (Cube Smart) 4401 N 6th St Hbg, PA 17110 Distance 0.6 miles	Full	\$ 91	\$ 111	\$ 156	Full	Full	Full	Full
Prime Storage Group 1851 Arsenal Blvd Hbg, Pa 17103 Distance: 4.4 miles	\$ 59	\$ 87	Full	\$ 129	\$ 149	\$ 174	Full	\$ 280
Extra Space Storage Linglestown, PA 17112 Distance: 5.1 miles	Very High Rates, Climate Controlled Only					\$ 394	\$ 492	\$ 510
Life Storage 958 Pieffers Land Hbg/Union Deposit, PA 17109 Distance 7.5 miles	\$ 63	\$ 83	\$ 100	\$ 126	\$ 167	Full	\$ 246	Full
Storage Depot (Cube Smart) Rt 22, 6325 Allentown Blvd. Hbg, PA 17112 Distance 8.9 miles	\$ 52	\$ 69	Full	\$ 144	\$ 163	\$ 221	\$ 241	\$ 272
Potential Upside in Rents	35%	29%	19%	40%	19%	77%	84%	82%
<i>48% Potential Upside in Overall Total Rents</i>								

PRICING DETAIL

Summary		
Price	\$1,950,000	
Down Payment	\$390,000	20%
Number of Units	162	
Price Per Unit	\$12,037	
Price Per SqFt	\$87.44	
Rentable SqFt	22,300	
Lot Size	1.16 Acres	
Approx. Year Built	1981	

Returns	Current	Year 1 Potential*
CAP Rate	8.80%	9.73%
GRM	8.64	7.41
Cash-on-Cash	17.74%	22.40%
Debt Coverage Ratio	1.68	1.85

Financing	1st Loan
Loan Amount	\$1,560,000
Loan Type	New
Interest Rate	4.35%
Amortization	25 Years
Year Due	2029

Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.

Unit Type	SqFt/Unit	Current Rents	Market Rents	% Avg SF Avg SF	% GPR
Non-Climate Controlled	138	\$116	\$125	100.00% 138	92.59%

Operating Data				
Income		Current		Year 1 Potential*
Gross Scheduled Rent		\$225,648		\$263,196
Less: Vacancy/Deductions (GPR)	0.0%	\$0	7.0%	\$18,424
Total Effective Rental Income		\$225,648		\$244,772
Other Income		\$7,742		\$7,742
Effective Gross Income		\$233,390		\$252,514
Less: Expenses	26.5%	\$61,753	24.8%	\$62,709
Net Operating Income		\$171,638		\$189,805
Cash Flow		\$171,638		\$189,805
Debt Service		\$102,464		\$102,464
Net Cash Flow After Debt Service	17.74%	\$69,173	22.40%	\$87,341
Principal Reduction		\$35,303		\$36,869
Total Return	26.79%	\$104,476	31.85%	\$124,210

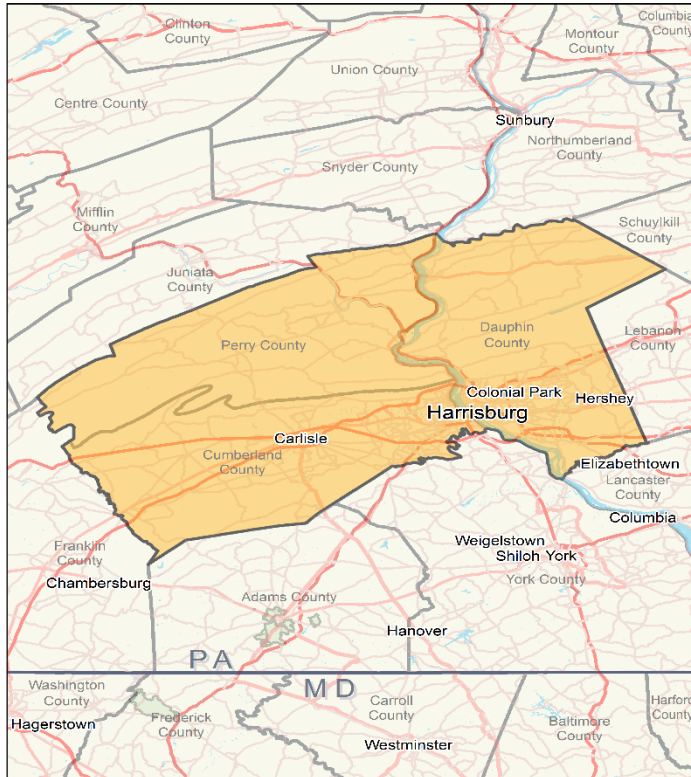
Expenses	Current	Year 1 Potential*
Real Estate Taxes	\$21,930	\$21,930
Insurance	\$2,123	\$2,123
Utilities	\$1,014	\$1,014
Utilities - Water & Sewer	\$0	\$0
Utilities - Gas	\$0	\$0
Trash Removal	\$0	\$0
Repairs & Maintenance	\$141	\$141
Landscaping	\$75	\$75
Marketing & Advertising	\$1,822	\$1,822
Payroll	\$17,904	\$17,904
Alarm Monitoring/Inspection	\$444	\$444
General & Administrative	\$4,630	\$4,630
Misc. Expenses	\$0	\$0
Operating Reserves	\$0	\$0
Management Fee	\$11,670	\$12,626
Total Expenses	\$61,753	\$62,709
Expenses/Unit	\$381	\$387
Expenses/SF	\$2.77	\$2.81

MARKET OVERVIEW



HARRISBURG OVERVIEW

Located in the Susquehanna Valley, the Harrisburg metro of Pennsylvania consists of the counties of Perry, Cumberland and Dauphin. It is anchored by the cities of Harrisburg and Carlisle. The area is home to the state capitol in Harrisburg and various federal employers and military bases, making government a major employment sector. The community is also home to the Hershey Chocolate Co., which makes the well-known Hershey Bar and Hershey's Kisses.



METRO HIGHLIGHTS



GOVERNMENT PRESENCE

A strong government presence includes the Ronald Reagan Federal Building and the state capitol in Harrisburg.



DIVERSE EMPLOYMENT BASE

The metro includes nearly 50,000 diverse businesses, with large corporations based or operating locally such as IBM and Hershey Foods.



MILITARY PRESENCE

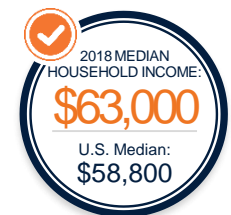
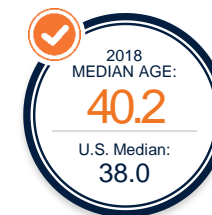
Various military bases in the area include the Naval Supply Systems Command, Harrisburg Air Guard Base, Fort Indiantown Gap and Carlisle Barracks.



ECONOMY

- Harrisburg's downtown is a vibrant atmosphere of entertainment, retail and museums. The area houses government operations, SoMa South of Market District redevelopment area with museums and a retail area in Strawberry Square, and the Shops On Third.
- Harrisburg Area Community College and Harrisburg University of Science and Technology are among the institutions of higher education that provide a skilled employment base.
- Employers represent industries such as service, healthcare, technology, biotechnology and government. Large firms include Giant Food Stores, Penn State Hershey Medical Center, Hershey Entertainment and Resorts, the Hershey Co., Highmark and TE Connectivity.

DEMOGRAPHICS



* Forecast


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

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.

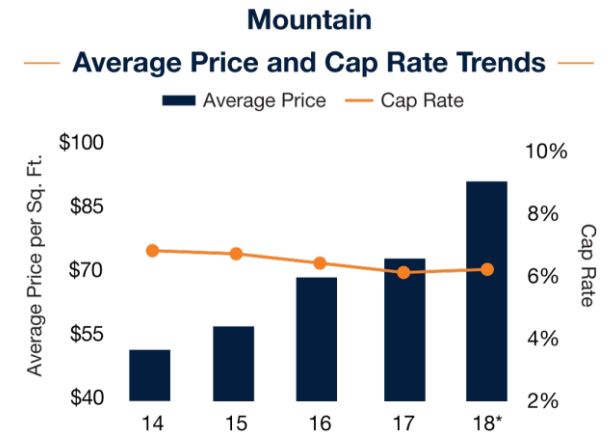
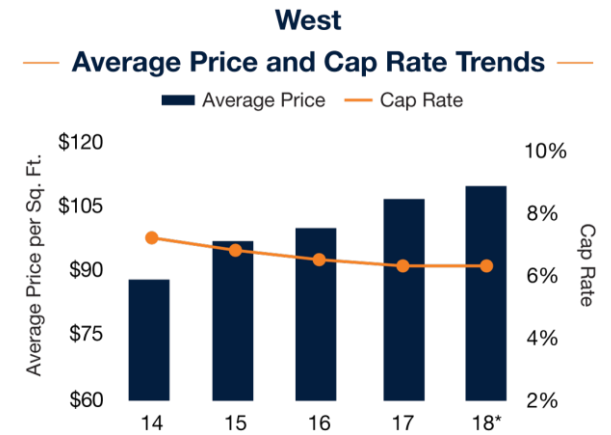
Regional Overview

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

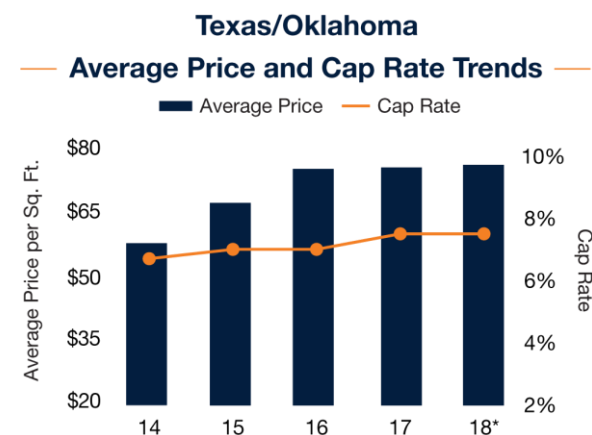
- **Vacancy:** Operations in the Mountain states remain tighter than across the nation as a whole, even as the regional vacancy rate rose 40 basis points year over year to 6.8 percent.
- **Rents:** Asking rents stabilized over the past year, holding at an average of \$1.08 per square foot in June. This 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.

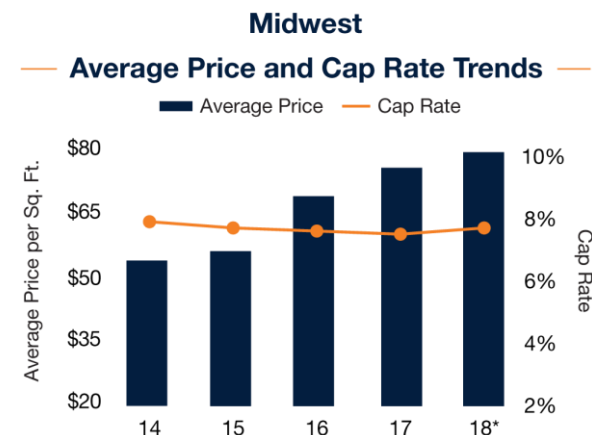
Texas/Oklahoma

- **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.



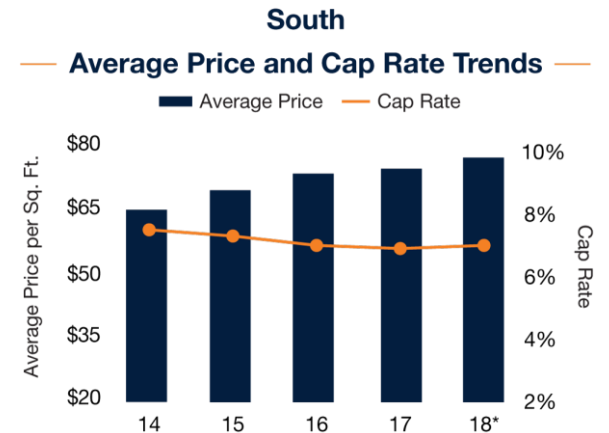
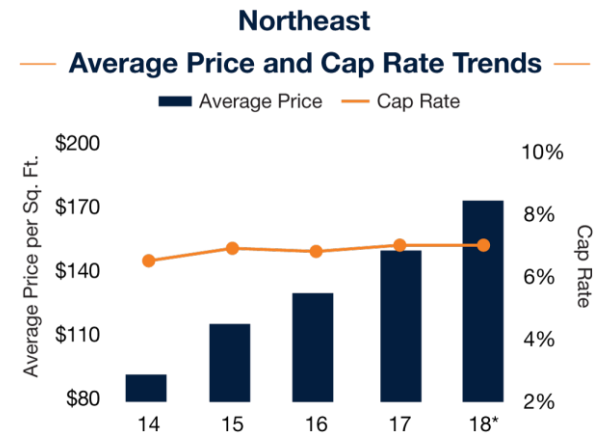
* Through June 2018
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

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.



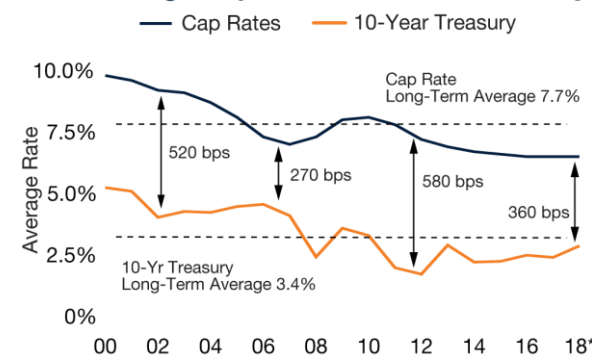
* Through June 2018
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

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 May 2019

POPULATION	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Population	3,336	36,850	132,426
■ 2018 Estimate			
Total Population	3,200	35,596	130,080
■ 2010 Census			
Total Population	3,129	34,410	126,422
■ 2000 Census			
Total Population	3,005	31,234	119,334
■ Daytime Population			
2018 Estimate	3,882	41,812	193,347
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Households	1,391	16,113	58,066
■ 2018 Estimate			
Total Households	1,318	15,195	56,210
Average (Mean) Household Size	2.41	2.28	2.27
■ 2010 Census			
Total Households	1,275	14,592	54,365
■ 2000 Census			
Total Households	1,199	12,622	50,544

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2018 Estimate			
\$250,000 or More	3.16%	2.46%	1.95%
\$200,000 - \$249,999	3.21%	1.99%	1.54%
\$150,000 - \$199,999	6.16%	4.09%	3.86%
\$125,000 - \$149,999	6.90%	4.47%	3.96%
\$100,000 - \$124,999	12.18%	9.78%	8.78%
\$75,000 - \$99,999	18.52%	14.63%	13.57%
\$50,000 - \$74,999	21.78%	22.67%	20.55%
\$35,000 - \$49,999	12.20%	13.05%	13.94%
\$25,000 - \$34,999	7.88%	9.96%	10.71%
\$15,000 - \$24,999	3.25%	8.78%	9.66%
Under \$15,000	4.76%	8.12%	11.49%
Average Household Income	\$95,610	\$79,358	\$72,174
Median Household Income	\$75,166	\$61,426	\$55,287
Per Capita Income	\$39,385	\$34,102	\$31,388

Source: © 2018 Experian

Created on May 2019

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population by Age			
0 to 4 Years	6.22%	6.61%	6.62%
5 to 14 Years	10.83%	11.11%	11.52%
15 to 17 Years	4.27%	3.48%	3.46%
18 to 19 Years	2.51%	2.34%	2.06%
20 to 24 Years	4.68%	6.19%	6.36%
25 to 29 Years	4.40%	7.33%	7.93%
30 to 34 Years	5.89%	7.55%	7.72%
35 to 39 Years	5.99%	6.68%	6.55%
40 to 49 Years	12.56%	12.59%	12.19%
50 to 59 Years	16.66%	14.24%	13.91%
60 to 64 Years	9.23%	6.84%	6.62%
65 to 69 Years	7.44%	5.35%	5.28%
70 to 74 Years	3.67%	3.19%	3.34%
75 to 79 Years	1.93%	2.17%	2.33%
80 to 84 Years	1.79%	1.84%	1.83%
Age 85+	1.93%	2.49%	2.30%
Median Age	44.43	39.00	38.23

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population 25+ by Education Level			
2018 Estimate Population Age 25+	2,288	25,013	91,031
Elementary (0-8)	0.75%	1.44%	2.26%
Some High School (9-11)	2.75%	6.42%	8.38%
High School Graduate (12)	23.25%	31.72%	32.27%
Some College (13-15)	18.71%	17.50%	17.74%
Associate Degree Only	12.95%	8.85%	8.57%
Bachelors Degree Only	25.49%	20.70%	19.03%
Graduate Degree	15.38%	12.01%	10.64%

Source: © 2018 Experian



Population

In 2018, the population in your selected geography is 3,200. The population has changed by 6.49% since 2000. It is estimated that the population in your area will be 3,336.00 five years from now, which represents a change of 4.25% from the current year. The current population is 49.26% male and 50.74% female. The median age of the population in your area is 44.43, compare this to the US average which is 37.95. The population density in your area is 1,017.10 people per square mile.



Households

There are currently 1,318 households in your selected geography. The number of households has changed by 9.92% since 2000. It is estimated that the number of households in your area will be 1,391 five years from now, which represents a change of 5.54% from the current year. The average household size in your area is 2.41 persons.



Income

In 2018, the median household income for your selected geography is \$75,166, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 32.94% since 2000. It is estimated that the median household income in your area will be \$84,621 five years from now, which represents a change of 12.58% from the current year.

The current year per capita income in your area is \$39,385, compare this to the US average, which is \$32,356. The current year average household income in your area is \$95,610, 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: 65.88% White, 23.50% Black, 0.14% Native American and 4.50% 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 5.25% 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 \$165,461 in 2018, compare this to the US average of \$201,842. In 2000, there were 1,054 owner occupied housing units in your area and there were 145 renter occupied housing units in your area. The median rent at the time was \$437.



Employment

In 2018, there are 2,991 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 72.89% of employees are employed in white-collar occupations in this geography, and 25.64% are employed in blue-collar occupations. In 2018, unemployment in this area is 5.00%. In 2000, the average time traveled to work was 22.00 minutes.

Source: © 2018 Experian

