ARGUS
SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers **Issue IX-2013**

5 Ways You Can Compete with the BIG Operators

by Ben Vestal and Mel Holsinger

In today's dynamic self-storage business environment, many independent owners are forced to compete with larger, better capitalized and more sophisticated self-storage operators. Most owners consider the REITs to be the largest competitors in their markets, but we are now seeing the regional players grow to a level that leaves the local independent operator with several large formidable competitors. So the question has become how can an independent self-storage operator take on the giant corporations and not only survive but make a profit? Quite simply, operators need to change their attitudes and become more proactive! Following are five strategies that you can employ to compete and thrive in your local market.

1) Spend Smarter

If you try to take on the large operators head-to-head on everything you do to operate a self-storage business, chances are you will lose. For example, how can you possibly spend the money on marketing that they do? You cannot, but what you can do is market where they do not market and be smarter about the marketing dollars you spend, specifically in your neighborhood. Most of you have the opportunity to join a local Chamber of Commerce and local business groups. You should also consider advertising in neighborhood newsletters, church newsletters, school newsletters or sponsoring a local youth sports team. These networking groups and local advertising mediums along with several others can bring you a number of small businesses, employees, their families and friends and people in the community who think and act like you. ***People still want to do business with people they like!***

Instead of marketing your property on a total market basis, like the big operators do, why not go after your localized area and utilize your resources and efforts in ways that are most beneficial to your business. Chances are the big operators will not be as effective as you because their decision makers are not privy to the same local information as you are.

2) Act Quickly

You can do things on a whim instead of waiting for the long drawn out process of approval. Consider having an open house at your location to draw in some crowds. Find a cause or charity in your community and then promote it in your neighborhood. For example, everyone has a local high school band, football team or cheerleading squad needing a place for a car wash to raise money for the upcoming school year. Why not donate your parking area/driveways and get them to promote it to all their family and friends? You get the traffic and they get to raise some money. Remember, it is all about raising community awareness and your leadership with these local groups will pay big dividends.

3) Refresh Your Look

Change up your street awareness and get a fresh look. Most large operators want all of their stores to look the same, but you have the ability to come up with a NEW workable design and make the change in the matter of days, not weeks. For example, say you have your curbs painted white along the street and your office shell is cream colored with blue trim around your windows. Change it - make your office shell blue, paint your curbs red, and paint your trim white. You will be surprised how many people will stop and notice your store even if they have been driving past it every day for years. This will lead to new customers! The advantage you have as an independent operator is you can change the look of your store and make street awareness an important part of your marketing campaign. Remember, independent operators don't want all of the stores to look the same, this allows you to differentiate your store from the rest of the market.

(continued)

4) Control Your Costs

Can you reduce your operational costs so that your profit margin is greater, even without an increase in occupancy or rates? You better believe it! Not only will you increase profits, but this will also make your property more valuable. Shop around with local vendors for needed goods and services. Local vendors are more likely to give a "local business owner" a better deal on goods and services as compared to a large corporation. Networking within the local Chamber of Commerce and local business groups might also create an opportunity to offer some business to many of those new connections.

It will also be worth your time to analyze all of your operational expenses. For example, you may be able to negotiate a better rate for your waste/trash removal if you find that you do not need as large a dumpster as you have, or need the frequency of pickups. Many times independent operators assume that the larger companies get the best deals, but you would be surprised. If you agree to pay your bills in a timely manner (not 30 days plus) you will be impressed by how much you can save. Many companies offer a 2-4% discount if you pay within 10-15 days; that adds up over the course of a year and it can be significant if you consider that a typical self-storage property has between 5-20 vendors. The point is that operators can save money if you simply take the time to look at each and every detail of your business expenses and not just focus on the revenue.

5) If You Can't Beat 'Em…

Instead of having the attitude that you're at odds with the large operators, join them. Now what does that mean? Simply put, many of the REITs and large operators recognize that they might not be able to fill every potential customer's need. You can become their ally by reaching out to them and seeing if they will put you on a referral list of preferred competitors when they can't accommodate certain individuals. For example, if you have RV parking and they do not, make sure the competitor knows that, and they may send potential RV customers your way. You never know, you might even learn a thing or two from seeing them operate.

As a closing note, this may come as a shock to many of you but I have found that all the big operators are comprised of people. Reach out to them and become friends with them, there are many great people who are employed by the large operators and if you give them a chance, you may be surprised at how much they can help you with your business. MM

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- 458 Units
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- 3.75 Acres
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- Visible from two major highways
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- Well lighted and well maintained

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fweaver@weaver-realty.com

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- 58 Units
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- Located 1 mile north of the famous NASCAR race track
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Joe Mendola
603-668-7000
joe@nainorwoodgroup.com

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- Below market rates
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Frost Weaver
904-265-2001
fweaver@weaver-realty.com

Zanesville, OH • $585,000

- 137 Units
- 21,000 RSF
- 24.06 Acres
- Limited competition in the area
- Buildings in excellent condition
- Additional mobile home income
- Great visibility and access to I-70

Alec Pacella, CCIM & Michael Venesky
216-455-0886
apacella@naidaus.com
mvenesky@naidaus.com

Bossier City, LA • $1,250,000

- 345 Units
- 40,170 RSF
- 2.96 Acres
- Stabilized cash flow
- Great visibility
- Excellent upside potential
- Located on a well-traveled road

Tyler Trahant
817-335-5600
ttrahant@selfstorage.com
Stuart LaGroue
251-432-1287
stuart@selfstorage.com

Aiken, SC • $1,100,000

- 338 Units
- 41,807 RSF
- 3.29 Acres
- Established facility 15 miles east of Augusta, GA
- Diversified revenue stream
- Below market rents
- Digital gate access

Joey Godbold
704-632-1027
jgodbold@pmcre.com

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- 74,313 RSF
- 12.55 Acres
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- Consistently high occupancy with room to expand
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Larry Goldman, CCIM
913-339-0641
lgoldman@selfstorage.com

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- 186 Units
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- 2.86 Acres
- Well performing U-Haul truck rental
- Cell tower and small office building provide add'l income
- Land available for expansion

Richard Minker, CCIM & Tyler Trahant
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Bullhead City	$357,000	Jeffery A. Gorden	480-331-8880
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		Richard Minker/TylerTrahant	817-335-5600
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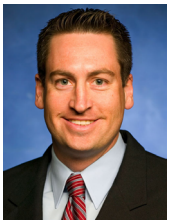

Jeff Gorden, CCIM of Eagle Commercial Realty Services sold Tempe Storage Company in Tempe, AZ! Contact Jeff at 480-331-8880 for more information.

Tom de Jong of Colliers International sold Highway 65 Self Storage in Rocklin, CA! Contact Tom at 408-282-3829 for more information.

Joan Lucas of Joan Lucas Real Estate Services sold Alameda & Buckley Self Storage in Aurora, CO! Contact Joan at 720-855-6587 for more information.

Contact an Argus Broker Affiliate

NORTHEAST	Company	Phone	Territory
Guy Blake, CCIM	Pyramid Brokerage Company	845-522-5900	Upstate NY, Western CT
Linda Cinelli, CCIM, CEA	LC Realty	908-722-5661	Northern NJ, NY (NYC, Long Island)
Joseph Mendola	NAI Norwood Group	603-668-7000	MA, ME, NH VT, Eastern CT
Chuck Shields	Beacon Commercial Real Estate	610-862-1645	Eastern PA, Southern NJ, DE
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Matson Holbrook, CCIM & Max Schultz	Siegel-Gallagher, Inc.	414-270-4108	WI
Jim Soltis	Preview Properties.com	810-494-2062	MI
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