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**FLAT IS THE NEW  
FABULOUS**

Buzz Victor

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**TOPICS FOR DISCUSSION**

- WHAT'S HAPPENING IN THE USA
- HOW THIS RECESSION IS SIMILAR TO OR DIFFERENT FROM PRIOR RECESSIONS
- HOW SELF-STORAGE HAS BEHAVED THIS TIME COMPARED TO EARLIER EXPERIENCES
- HOW THE INDUSTRY HAS RESPONDED TO CURRENT CONDITIONS.

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## SELF STORAGE DENSITY USA

Facility Type	Number of Facilities	Total Square Meters
Primary	51,000	212,212,500
Secondary	8,000	7,432,000
Total		219,644,500

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## RECENT SELF-STORAGE GROWTH

- 1997 – 2002 +37.2%
- 2002 – 2007 +45.31%
- 1997 – 2007 +100% (Self-Storage Facilities Doubled)

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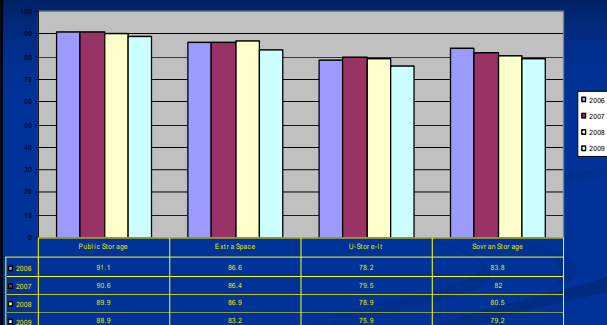
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## REIT OCCUPANCY 2006-2009




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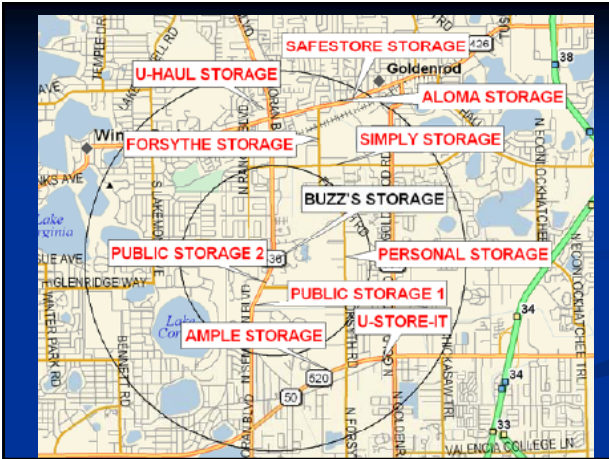
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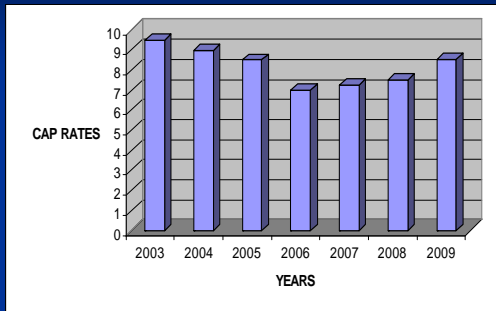
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### CAP RATE HISTORY




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### CAP RATE EXAMPLE

10 CAP	8 CAP
$\$300,000 \text{ NOI} / .10 =$	$\$300,000 \text{ NOI} / .08 =$
\$3,000,000	\$3,750,000

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## OUR SCENARIO

Before Recession	In Recession
CAP Rate = 6.5%	CAP Rate = 8.55%
NOI = \$365,400	NOI = \$346,800
Value = \$5,621,500	Value = \$4,056,000
Loan to Value = 75%	Loan to Value = 65%
Loan = \$4,216,000	Loan = \$2,636,400
	(If it is even available!)

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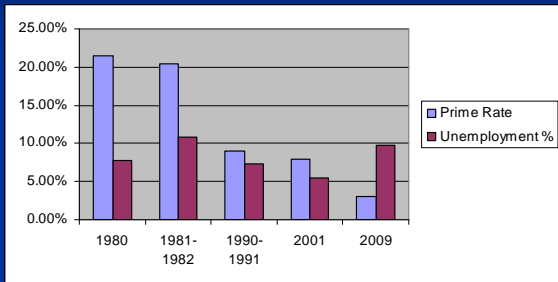
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## Prime Rate and Unemployment



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## MOBILITY TRENDS

USA  
2008 – 11.9% Moved – 35.2 Million  
2007 – 13.2% Moved – 38.7 Million

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## MOBILITY TRENDS

### USA

2008 – 11.9% Moved – 35.2 Million

2007 – 13.2% Moved – 38.7 Million

### AUSTRALIA

2006 – 6.5% - 1.00 Million

2001 – 7.6% - 1.07 Million

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## RECOVERY

### V-SHAPED

Denver, Phoenix, Tucson Florida's West Coast

### U-SHAPED

Chicago, Baltimore, New Jersey

### L-SHAPED

SE Florida, San Bernardino and Riverside, CA

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# THE OPTIONS

- TO INCREASE YOUR SHARE OF THOSE PROSPECTS SEEKING OUR SERVICE
- TO FIND OTHER, NON TRADITIONAL, SOURCES OF REVENUE
- TO DECREASE EXPENSES

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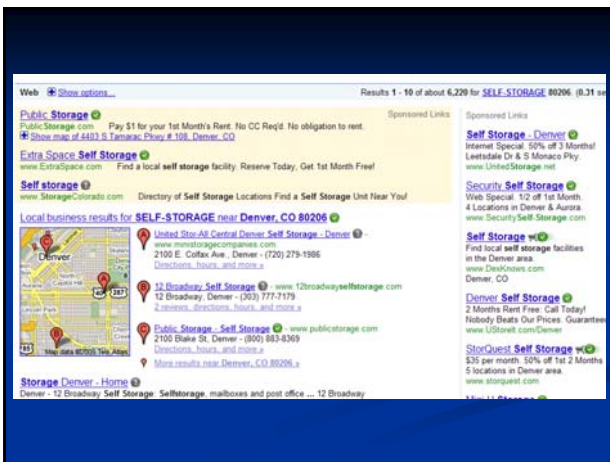
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- By next year, GEN Y will outnumber Baby Boomers
- 96% of them have joined a social network
- The fastest growing segment on FACEBOOK is women 50 to 65
- There are 200,000,000 Blogs and 34% of them post opinions about products
- People care more about how their social graph ranks products of services than how Google ranks them
- 74% of consumers trust peer recommendations vs. 14% trusting advertising

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## PAYROLL EXPENSES

- 37% have reduced staff
- 44% have implemented a hiring freeze
- Prohibiting overtime
- Sharing employees between sites
- Cutting salaries
- Cutting office hours

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## UTILITIES

- 42% have replace incandescent lighting with more energy efficient bulbs
- 21% are adjusting climate controls, decreasing heat and cooling
- 19% are adding timers to their climate controls
- 18% are using motion detectors to turn on corridor lighting

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- Bartering with customers
- Adjusting pest control schedules
- Increasing calls to delinquent tenants
- Utilizing web-based payment processing
- Changing credit card processing vendors
- Customer communication via e-mail
- Locking the dumpster
- Call waiting vs. multiple lines
- Talking to your bank about cash management

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- Truck Rental
- Wine Storage
- Retail Items: Boxes, etc.
- Cell Towers
- E-bay Services
- Tenant Insurance
- Packing and Shipping
- Car wash

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# FLAT IS THE NEW FABULOUS

Buzz Victor

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