

THE SELF STORAGE ADVISOR

Fall 2008



Serving the Self Storage Industry | Brokerage | Consulting | Management

FEATURED LISTING

Stewartsville Self Storage



- 36,875 net rentable SF existing self storage on 10 acres
- Excellent highway frontage in expanding market which has experienced 20% growth in the primary trade area.
- Can be expanded with an additional 14,800 SF commercial building and 67,000 SF of self storage on fully improved site.
- Easy access to Rt. Interstate 78 & Rt. 22 commercial corridor.

Offered at \$3,000,000

For all Supnick Real Estate listings see Page 4

SOLD - Second & Third Qtr 2008

Red Lion Self Storage

Vincentown, NJ

- 63,000 SF
- 379 units
- \$3,250,000



GLG Mini Storage

Island Park, NY

- 38,700 SF
- 484 units
- \$2,450,000



County Seat Storage

Mineola, NY

- 46,900 SF
- 554 units
- \$4,850,000



Year 2008 Performance of Self Storage

During the First Two Quarters of 2008, Self Storage Continues to Perform Well

- **Tenant Demand Remains High Although Physical Occupancy Percentage is Flat**
- **Asking or "Street Rents" are Stable**
- **Collected Rents per Occupied Square Foot are Up**
- **Financial Institutions Continue to Report Extremely Low Default and Losses on Self Storage Loans** (see page 2)
- **Underwriting Standards on New Loans are Tightening**
- **New Construction Starts are Down Significantly**

The trend in self storage performance reported for 2007 in our last newsletter continues into the first half of 2008. Despite continued turmoil in the capital markets and a downturn in the housing market and the overall economy, self storage continues to perform very well based on recent occupancy statistics and rental rates. This performance supports the historical view that self storage is generally resistant to broader economy problems and a reason why self storage is such a popular asset for real estate investors.

These conclusions are based upon numerous conversations we have had with industry operators, review of the recent performance of Self the Storage Real Estate Investment Trusts (REITS) and data compiled by Self Storage Data Services (SSDS) which tracks over 5,300 self storage facilities in the fifty largest metropolitan areas of the United States (as reported in the table on page 3). While the REITS on average have reported very small declines in physical occupancies, SSDS reports small increases in physical occupancies and both sources report significant increases in collected revenues in the first two quarters of 2008.

The reported increase in income coincidental with flat performance in physical occupancies is evidence that many owners are seeking ways to enhance their facilities and are managing their properties more effectively and achieving higher rents per available square foot. *This dynamic can be seen in the graph of REIT Same Store Performance on Page 3 where this column continues.*

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ANNOUNCEMENTS

NYC Real Estate Investment Summit

Jeff Supnick has been invited to participate as a panel member at the upcoming Second Annual New York Self Storage Financial and Real Estate Summit scheduled for November 20, 2008 at the Union League Club in New York City.

Mr. Supnick will join a group of experts in self storage in contributing his thoughts, ideas and projections for the self storage industry. A representative of the Federal Reserve Bank of New York will present the Key Note Address, analyzing the state of the national economy as well as the impact of the then recently concluded national election.

Visit www.NYSSSA.org for further information.

Jeff Supnick Elected to Serve on the Board of Trustees for the New Jersey Self Storage Association

Supnick Real Estate Appointed to Three New Management Assignments

- Mantua Self Storage, Mantua, NJ
- StorHouse, Harrisburg, PA
- Raceway Storage, Freehold, NJ



Offering Free Initial Consultation & the Following Free Services to Self Storage Developers & Owners

- Demographic Reports
- Manager Mystery Shopping
- Broker Opinion of Value

Call for details and to discuss your project

Study of Commercial Mortgage Backed Securitized (CMBS) Loans Reveals that Self Storage Continues to be a Very Strong Asset Class

Wachovia Capital Markets, LLC recently conducted a study on Loan Performances for a Ten Year period through January 2008. The study focused on loan default and loss rates for various commercial property types in the United States and found that Self Storage continues to far outperform all other commercial real estate classes. The default and loss rate for self storage is considerably less compared to: Multifamily, Industrial, Office, and Retail.

The report found self storage to be the best performing of the property sectors with estimated cumulative defaults at 2.02% and losses of only 0.08%. To put the self storage default and loss performance into a comparative perspective, hotels and multifamily had a cumulative default of 16.53% and 8.38% respectively and a cumulative loss of 4.79 % and 1.12% respectively. In addition, compared to the other asset classes, those limited number of self storage loans that failed to perform, exhibited the shortest time period to either liquidate or have losses recovered.

The full report is available from Wachovia Capital Markets, LLC at www.WachoviaResearch.com

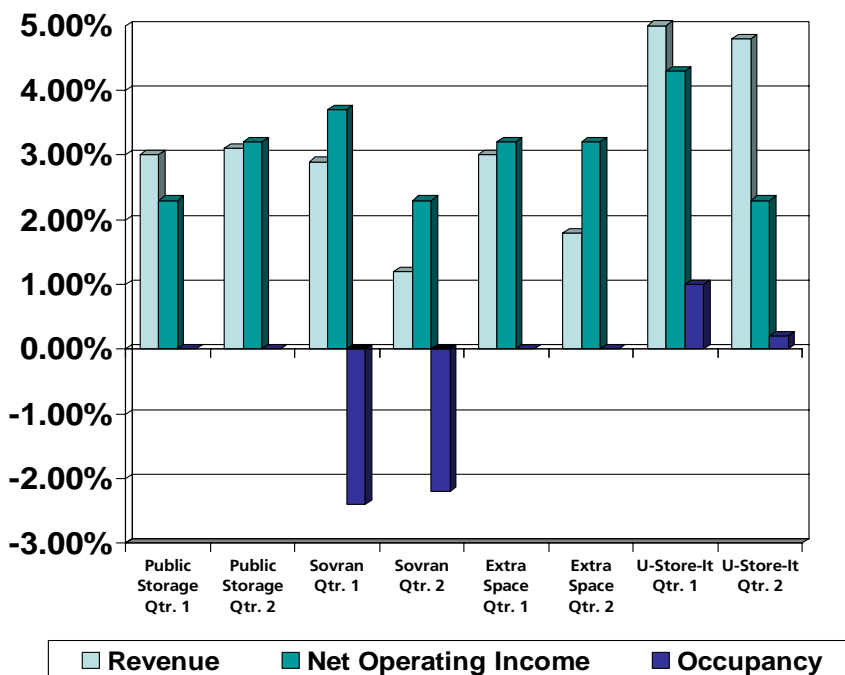
Management Tips Increasing the Value of Each Rental

The value of a rental can be estimated by determining the average length of stay per tenant times the average rent. Typically that figure could represent at least \$800 per rental. The actual final value is still greater when the customer you have won through exceptional customer care refers their friends. Having satisfied customers willing to refer their friends and relatives is your best and least expensive form of advertising.

Maintaining occupancy levels is a two sided equation. Tenants are continually moving out and being replaced by new ones. Retaining those existing tenants is certainly achieved by making the tenants feel good about your business. In addition, many in our industry have found what every health club owner has known to be the case, that automatic payment plans are essential to holding on to tenants. We believe that the average length of stay for customers on auto pay is substantially higher than tenants who send their check in monthly. The simple reason, of course, relates to the fact that writing the check each month gives rise to the questioning on the part of a tenant as to whether or not they really need that space.

Selling Retail ... Questions are the answer. Simply having your Manager ask each and every tenant a question like do you have a lock, or do you need boxes will significantly increase retail sales. Everyone needs a lock. Rather than getting into your car and driving to the store to buy one it is much easier to buy one from you. If they are buying boxes, do they have tape? If they did not remember the tape, that is just one more detail the customer may need to remember amongst the sea of details that the customer needs to think of in the moving process. The customer will be grateful that you saved them the hassle. Retail displays should be clearly in the view of the customer. Have your manager walk the customer to the display area. Once someone purchases one retail item, it is easy to purchase the next item.

Self Storage Real Estate Investment Trust Performance 1st & 2nd Quarter 2008 vs. 1st & 2nd Quarter 2007



Year 2008 Performance of Self Storage (continued)

How will the credit crisis impact self storage?

The word credit has its origin in the Latin word "credat" which means "believe it". While there are serious implications to today's credit issues, there are solid reasons for continued belief in the operating fundamentals of self storage as a business. The statistics reported on self storage performance and loan default rates in this newsletter demonstrate the reasons why we continue to believe in self storage as a great real estate investment especially in tough economic times.

While some of the largest banks have substantially curtailed lending activity, many smaller to medium sized banks still have money to lend, although they will require more equity and stricter lender covenants. There are still a large number of investors who have equity that they would like to put to work in our industry. With new construction starts down and income stable, there is still a great deal of opportunity for those prepared to meet the challenges of today's environment.

Survey of 2008 Median Asking Rental Rate 10 x 10 Units

	Quarter 1 NY Metro	Quarter 2 NY Metro	Quarter 1 Phila. Metro	Quarter 2 Phila. Metro
Climate Upper	\$159	\$160	\$129	\$129
Climate Lower	\$169	\$171	\$140	\$142
Non Climate Upper	\$153	\$149	\$109	\$115
Non Climate Lower	\$153	\$150	\$115	\$115
Occupancy	88.6%	86%	85%	88.1%

Information provided by: Self Storage Data Services, Inc.

Success in Self Storage Doesn't Just Happen . . .

It results from dedication to:

- Strategic Location
- Sound Design
- Skilled Management
- Inspired Marketing

Your self storage investment requires the insight that can only be provided by an experienced professional and industry leader.

We are ready to help.

Jeff Supnick is a 25 year self storage industry veteran and former real estate officer for both Public Storage Inc. and Storage USA. During his career in the self storage industry, he has created extraordinary results for our clients.

As a Broker, in the Year 2007 Supnick Real Estate Company was responsible for the sale of over one hundred million dollars (\$100,000,000) of self storage real estate.

Put our passion for self storage to work for you. We offer custom designed services focused on your success in self storage.

- Brokerage
- Site Selection
- Market & Feasibility Studies
- Facility Layout & Design
- Construction Services
- Facility Start-Ups
- On Going Operations

Call us for a complimentary opinion of value, analysis of your self storage operation or next development project.

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AVAILABLE PROPERTIES

Hammonton, Atlantic County, NJ



\$4,600,000

Expansion Approvals & Improvements

- 379 units
- +/- 54,350 net rentable SF

Pottstown, Montgomery County, PA



\$4,675,000

Expansion Approvals & Improvements

- 473 units
- +/- 66,129 net rentable SF

Ocean Twp., Monmouth County, NJ



\$3,850,000

Expansion Potential within Existing Building

- 267 units
- +/- 31,549 net rentable SF

Mullica Hill, Gloucester County, NJ



\$5,200,000

Expansion Approvals & Improvements

- 357 units
- +/- 65,250 net rentable SF

Bethel, Sullivan County, NY



\$1,075,000

Approvals to Expand

- 104 units
- +/- 14,800 net rentable SF

Germantown, Philadelphia, PA



\$1,875,000

Approved Self Storage Conversion

- 760 units
- +/- 57,800 net rentable SF

For more information, visit www.supnick.com