

DEALPOINT MERRILL

California • Nevada • Texas • New York

Life Storage Parma Heights

7011 W 130th St
Parma Heights, OH 44130

City Council Presentation



APRIL 12, 2021

22815 Ventura Boulevard, Suite 310, Woodland Hills, CA 91364

310-671-3900

www.DealPointMerrill.com

Parma Heights Self Storage Project Executive Summary

1. MARKET and METRICS

- a. Property has excellent internal DEMAND metrics with an overall score card of 88 out of 100, with 88 considered to be superior – metrics evaluated include traffic, market rents, existing inventory, 3-mile population, number of apartment renters [30% of population] and median income as baseline factors.
- b. 3-mile Trade area supports another 553,240 SF of demand based on 7 sf/capita due to the deep supply constraint in the trade area,
- c. 30% of the population consists of apartment renters.
- d. Self-storage market occupancy is 90%+ evidencing significant and unmet demand

2. DEMAND AND SUPPLY METRICS

- a. High Average HH Income > \$64k
- b. Urban Infill [Parma Heights] with population of 211k < 5 miles.
- c. High Barriers to entry for new competition.
- d. 35K cars/day at intersection of Pearl Rd and W 130th
- e. Supply constrained market with < 3 SF per capita.
- f. No immediate Class A competitors within trade area.
- g. Adjacent to Power Center and Major Retail Corridor
- h. Strong self-storage market rates
- i. Management: LIFE will oversee all day-to-day operations

3. DEALPOINT MERRILL – AT A GLANCE

- a. Affiliate of a family office. Private Investment RE Firm: \$100M baseline Net Worth
- b. Headquartered in Los Angeles. www.dealpointmerrill.com.
 - i. Co-Sponsor of adaptive reuse and redevelopment projects
- c. Fully Integrated national real estate investor and developer
 - i. 30+ years in business with an exceptional track record
 - ii. Privately held Company built from scratch with no outside owners
- d. Niche investor in “Class A” self-storage properties
 - i. Own and operate a national self-storage development portfolio
 - ii. Approx. 20,000 +/- Class A institutional quality units
 - iii. 2M SF of other inhouse and third-party properties: w/ focus on retail
- e. Geographically we are opportunistic but concentrate on Northeast and Midwest

Market and Feasibility Study

A 154,745 single-story Class "A" climate-controlled self-storage super center

MARKET AND FEASIBILITY STUDY

OVERALL SCORE 88

(Based on a scale of 20 to 100, with 100 being the highest)

As you can see, we have an overall score card of 88 out of 100, with 90 consider to be superior. We analyze traffic volumes, competitive market rents, existing self-storage per capita, market occupancy, 3-mile population, number of renters in the trade area and median income as baseline factors to determine market feasibility.

SCORECARD EVALUATION

7011 W 130th St, Parma Heights, OH 44130

(Factors 1-4 weighted on a multiple of 1.5x)

Factor One Traffic Counts (x000)		Factor Two Avg. Market Rents / SF		Factor Three Rent : Price Index		Factor Four Market Occupancy	
40+	10	\$1.15	10	40%+	10	91-95%	10
31-39	8	\$1.05	8	31-40%	8	86-90%	8
21-30	6	\$0.95	6	21-30%+	6	81-85%	6
11-20	4	\$0.85	4	16-20%+	4	76-80%	4
0-10	2	\$0.75	2	0-15%	2	70-75%	2

(Factors 5-8 weighted on a multiple of 1x)

Factor Five 3 Mile Population (x000)		Factor Six 3 Mile SF/ per Capita		Factor Seven Household : Unit Ratio		Factor Eight 3 Mile Average Income (x000)	
100+	10	4-	10	2.5-2.9	10	\$80,000+	10
75-99	8	5.5	8	2.0-2.4	8	\$61,000-79,000	8
48-74	6	7.0	6	1.6-1.9	6	\$41,000-60,000	6
21-47	4	8.5	4	0-1.5	4	\$21,000-40,000	4
0-20	2	10+	2	<0	2	\$20,000-	2

INTEREST LEVEL
FACTORS / SCORE

The redevelopment will consist of 154,745 square feet of indoor climate controlled self-storage, 15,000 square feet of non-climate outdoor self-storage, and two retail buildings consisting of approximately 4,000 square feet and 6,000 square feet, respectively. The climate-controlled storage will be managed by Life Storage, a nationally recognized publicly traded climate-controlled storage operator.

As you can see in the table below, the trade area is 3 miles, the 3-mile market demand is 647,940 square feet, with 94,700 square feet of total supply, which creates a market deficiency of 553,240 square feet of demand for new storage. Self-storage demand is calculated using 7 square feet per capita, which is the national average. Our property would add another 169,745 square feet to the market would be absorbed within the two-and-three-mile trade area radius.

Submarket Competitor Analysis (3 mile radius)

	Units	SF	0-1 mile	0-2 mile	0-3 mile
0.00% Class A	-	-	-	-	-
100.00% Class B	861	94,700	-	-	94,700
0.00% Class C	-	-	-	-	-
0.00% Class D	-	-	-	-	-
100.00% Total	861	94,700			94,700

Demand Analysis

		Market Demand (1 mile radius)		Market Demand (2 mile radius)		Market Demand (3 mile radius)	
Trade Area Population		8,249		46,069		84,148	
Add: Seasonal Employment/Commercial	10%	825	10%	4,607	10%	8,415	
Equals: Total Trade Area Population		9,074		50,676		92,563	
Effective Market Demand per capita (assumption)		7.00 Sf		7.00 Sf		7.00 Sf	
Trade Area Demand in Sf (vacancy x trade area pop)		63,517	100%	354,731	100%	647,940	100%
Less: Total Supply in Sf	110 SF	-	0%	-	0%	94,700	15%
Equals: Net Trade Area Unmet Effective Market Demand		63,517	100%	354,731	100%	553,240	85%
Less: Subject Property NRSF	Single Stack	73,485	116%	73,485	21%	73,485	11%
Equals: Net Effective Remaining Market Demand in Sf		(9,967)	-16%	281,247	79%	479,755	74%
As a %		63,517	100%	354,731	100%	553,240	85%
Current Supply measured on a SF/Capita basis		0		0		1.02	
Residual Demand measured on a SF/Capita basis		7.00		7.00		5.98	

As discussed, our indoor "retail" oriented climate-controlled storage operates like any other retailer with a service retail office and staff with regular business hours. Our customers tend to be different than traditional self-storage users; consequently, our "retail" oriented self-storage niche does not compete directly with our non-climate storage counter parts. Our store will provide for both non-climate and climate storage to meet market segment demand.

Below is another graph which discusses population mobility. Mobility measures the reoccurring demand for storage once the building leases. Is there enough demand to keep the building full?

Population mobility helps us understand and answer this question. As you can see below, our baseline apartment population is 30%. Our submarket is 30%, which means there is a lot of population turnover, with consistent replacement demand as the population changes.

Demographic Analysis

Baseline Demographics [Urban]	Subject		Population Mobility Rate	Subject	
	Baseline	Subject		Baseline	Subject
a. Population Density - 1 mile	15,000	8,249	a. Apts vs. Homes - 3 mile	40%	30%
b. Population Density - 2 mile	45,000	46,069	b. Average household size	2.60	2.20
c. Population Density - 3 mile	75,000	84,148	c. Trade Area Radius	360	360
d. Population Density - 5 mile	125,000	211,701	d. Trade Barriers	none	none
e. Average Household Income - 3 mile	\$ 50,000	\$ 63,507	e. Direction of Growth	towards	flat
f. Population Growth - annual - 3 mile	1.25%	-0.30%	f. Average Traffic - daily	15,000	21,000
g. Average Age	38	44	g. Major Employment	Marc Glassman, Inc	
h. Average SF of Storage - 3 mile	4 <	1.02 <			

Storage Business Model

Although, we like households as customers, our retail niche trends to also attract local businesses that consist of incubator businesses that need to ship and receive inventory, electronics and medical supplies, seasonal business furniture, medical records as a for instance where security and camera surveillance is essential to protect their belongings. Typically, 30% of our demand is from this business sector.

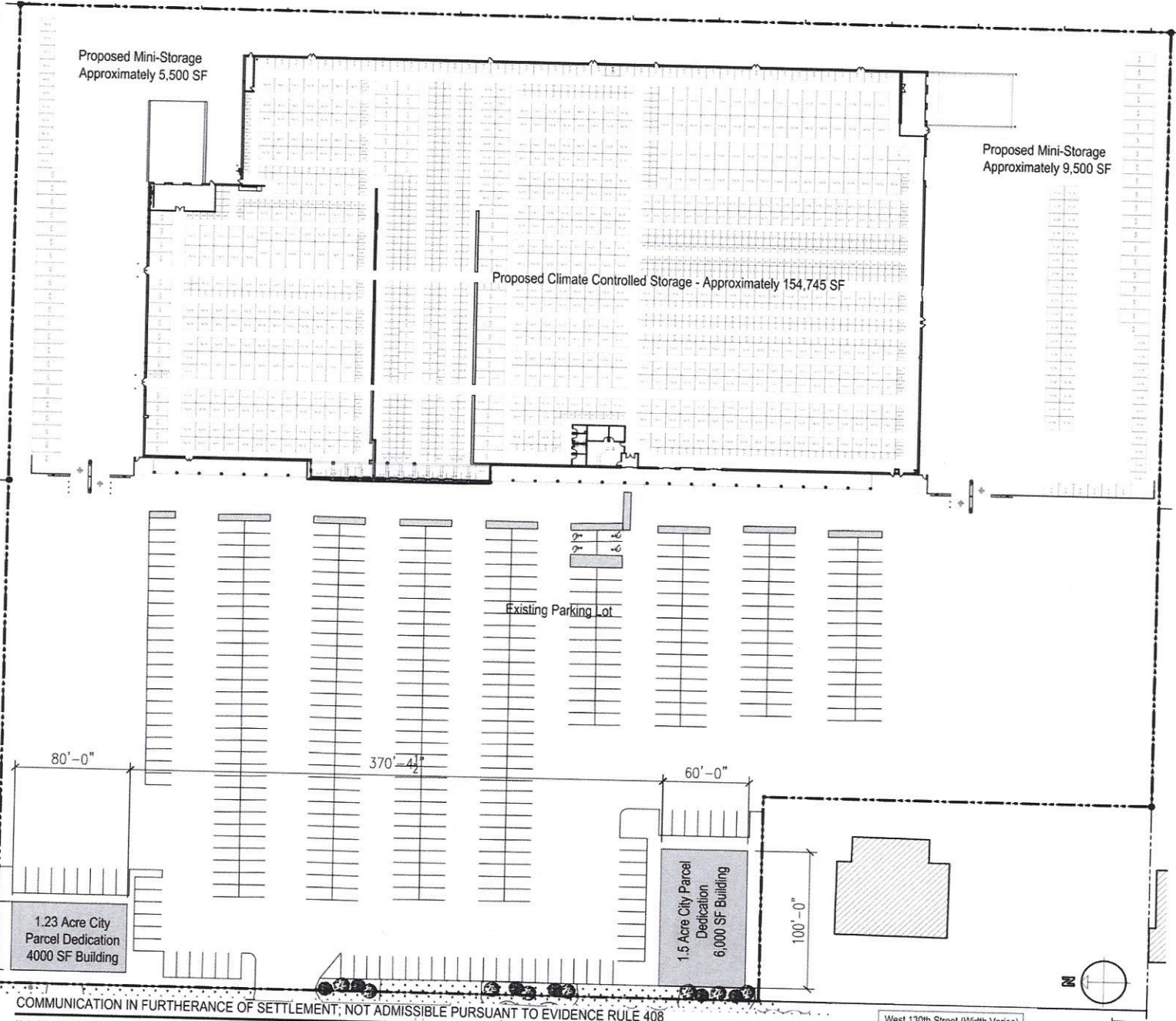
I also want to emphasize, that in addition to being good corporate citizens, we are having a very positive side effect for the neighborhoods we serve. Apparently, our storage business model also encourages gentrification of local neighborhoods. Homeowners are encouraged to store household items during renovation and upgrades of their homes because they can store their valuable belongings in climate controlled space. Our storage platform also seems to encourage people to stay and growth with the community.

Lastly, we have budgeted about \$13.5 million to acquire and redevelop the property. Given our extensive track record redeveloping former big box stores, we believe we have the expertise and self-storage acumen to redevelop and operate a successful storage.

LIFE Storage is one of the nation's premiere self-storage companies, with a market capitalization of over \$6 billion with over 1,000 national locations. Our company is also one of LIFE Storage largest customers with approximately 20,000 self-storage units throughout the country.

We hope with all this added information, the city will recognize the contribution our mixed-use project, which includes new retail pads along W 130th Street will add to the local community.

Life Storage - Self Storage Site Plan



COMMUNICATION IN FURTHERANCE OF SETTLEMENT; NOT ADMISSIBLE PURSUANT TO EVIDENCE RULE 408

Not for regulatory approval, permitting, or construction.
 Lettie H. Harrell, Architect (Ohio Registration #1315833)

West 130th Street (Width Varies)

Life Storage Self Storage Proposed Overall Site Plan

LH2 Architecture, LLC
 March 23, 2021

7011 W. 130th Street, Parma Heights, OH
 Scale: 1"=80'