

Unlocking Value: Advanced Financial Metrics in Self Storage Investing

In the world of self storage investing, **rental income is just the tip of the iceberg**. To truly understand the potential of these assets, savvy investors are diving deeper into a sea of advanced financial metrics. Whether you're an individual investor dipping your toes into the market or a seasoned REIT manager, these insights can be the difference between a good investment and a great one.

Beyond the Surface: Key Metrics That Matter

1. Occupancy Rate Trends: The Pulse of Your Property

Occupancy rates tell a story, and in self storage, it's a page-turner. Unlike traditional real estate, self storage occupancy can fluctuate rapidly, reflecting seasonal trends and local economic conditions.

Pro Tip: Look for properties with consistent occupancy growth over time, rather than those with high but stagnant rates.



2. Revenue Per Available Square Foot (RevPAF): Maximizing Space Efficiency

RevPAF is the golden metric that combines occupancy and pricing power. It answers the crucial question: *How much revenue is each square foot of your facility generating?*

$$\text{RevPAF} = \text{Total Revenue} / \text{Total Rentable Square Feet}$$

A rising RevPAF often indicates effective management and strong market positioning. It's not just about filling units; it's about optimizing each square foot for maximum return.



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Why AZCOM?

We specialize in land assemblies, JV structures, acquisitions and dispositions, as well as project developments and storage facility businesses. AZCOM Commercial Real Estate Brokerage Inc. is more than just a brokerage — *we are your trusted advisors in the evolving landscape of commercial real estate.* With a commitment to excellence and deep industry expertise, we provide the insights and strategies necessary to help you make informed, confident investment decisions.

3. Operating Expense Ratio: Keeping Costs in Check

In the world of self storage, lean operations can lead to fat profits. The Operating Expense Ratio (OER) is your efficiency barometer:

OER = Total Operating Expenses / Total Revenue

Industry Benchmark: Top-performing facilities often maintain an OER below 40%.

4. Net Operating Income (NOI) Growth: The Bottom Line Booster

NOI growth is the heartbeat of your investment's health. It reflects not just revenue increases, but also cost management efficiency.

5. Return on Investment (ROI): The Ultimate Scorecard

ROI in self storage can be particularly attractive compared to other real estate sectors. Here's a quick comparison:

Asset Type	Average Annual ROI
Self Storage	10-15%
Residential Rental	6-8%
Commercial Office	7-9%

How Do These Metrics Stack Up?

Self storage often outperforms other real estate sectors in terms of risk-adjusted returns. Its low correlation with economic cycles makes it an excellent diversification tool for real estate portfolios.

Tailoring Insights for Every Investor

- **Individual Investors:** Focus on properties with strong occupancy trends and RevPAF growth in your local market.
- **Institutional Investors:** Look for portfolios with consistent NOI growth and opportunities for operational synergies.
- **REITs:** Prioritize assets that can boost your overall RevPAF and provide geographical diversification.
- **Private Equity:** Seek out properties with high ROI potential through value-add strategies and operational improvements.



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The Data-Driven Advantage

In today's competitive market, gut feelings aren't enough. Investors armed with these advanced metrics can:

1. Identify undervalued properties with high potential
2. Make informed decisions on pricing and unit mix
3. Optimize operations for maximum efficiency
4. Benchmark performance against industry standards

Ready to elevate your self storage investment strategy?

By embracing these advanced financial metrics, you're not just investing in self storage – you're investing in insight. In a market where the difference between good and great can be measured in basis points, this knowledge isn't just power – it's profit.

Remember, in self storage investing, what you can't measure, you can't manage. So start measuring what matters, and watch your investments grow.

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YOUR SUCCESS MATTERS TO US!

If you are interested in buying or selling a storage facility business or exploring the possibility of developing one email the undersigned directly today without any obligations to discuss further:

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AZCOM Storage Insights

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