From: **Mike Mansson** <mmansson@zpi.net>
Date: Fri, Nov 6, 2020 at 3:20 PM
Subject: Chatham County Nov. 10 Planning Board Meeting - Agenda Item VII.1 - 919 Storage (15-501 North Proposed Self Storage Development Application)
To: Angela Plummer <angela.plummer@chathamnc.org>, <chathamncplanning@gmail.com>

Angela and Chatham County Planning Staff,

I learned today that the applicant is on the agenda for November 10 and that staff has submitted their (staff) report along to the Planning Board. This came as a surprise to me as I had been checking in with the County and as of a correspondence on October 22 the County staff was informing me that there was no new information or communications with the applicant pertaining to this application and the items that they had said they wanted to review in response to the previously issued public and staff concerns. The the Staff Report "Report-Nov. 10" indicates that the applicant provided to the staff additional materials and the staff utilized those materials in their report to the Planning Board, but the staff has just confirmed that they just received a hard copy of all the applicants materials (as a result of the technical difficulties at the County) but none of the documents have been reviewed to-date. What additional information has been provided? Why has this not been made public if it is to be specifically addressing public and staff concerns? Why has there not been an opportunity to review these new documents by staff, board members or the public in a reasonable time period prior to a public hearing and vote?

For the records and as a matter of public comment that I would like to make sure is heard at the Planning Board hearing on November 10 in association to this agenda item I offer the following:

**As the applicant has a proven track record that this time of providing factually inaccurate information and reports that can not be relied upon (note their previous market study and the language from the provider that specifically said "this report is not valid in markets with strong competitors, or for developers considering sizable projects (more than 30K SF)"), I respectfully request that this application NOT be heard or considered during the November 10 Planning Board hearing and for the hearing to be postponed until all the new information is able to be adequately reviewed by the County planning staff, the planning board and the public.**

I ask that you please consider the following question when making a considering the request to postpone and not hear this agenda item during the November 10 Planning Board hearing: Beyond the ethical perspective of providing the opportunity for the planning staff, planning board members and the public to review the information, I also ask what legality requirements are for such notification, posting to the public and adequate timing for all to provide detailed review and comments of such documents?

For the record, without seeing this newly provided information by the applicant, the primary concerns that were raised at the public hearing by myself which the applicant specifically mentioned pertained to the factual opposition (and materials) I presented to the staff and at the public hearing still stand. The areas of concern/dispute, based on factual findings associated with the proposed development are:

- Errors and in-valid information associated with the application.
    - The applicants feasibility study which was required as part of their application to be submitted to illustrate a demand and need for additional self storage is factually inaccurate. The consultant even provides a disclaimer that **“this report is not valid in markets with many strong competitors, or for developers considering sizable projects (more than 30k SF)”**.
- The proposed development is not essential or desirable.
    - **The market is significantly oversupplied, the existing self storage facilities are not stabilized and provide a surplus of vacancy for the market**
        - The applicant has not provided any material factual details disputing the over supplied inventory of self storage in the market
    - **There has been a survey conducted which has 34 local residents opposing this proposed development**
    - Two of the adjacent land owners have written in opposition to the proposed development
- The proposed development will be detrimental to the welfare of the community and will impair the character of the adjoining areas.
    - Local residents have written in with opposition stating the proposed development would impair the rural character of the area.
    - **All three of the local community self storage facilities (all located within ~0.5 miles of the site) have written in opposition to the proposed development stating the over supply of the market as is and that the proposed development would be detrimental to their welfare**
- The proposed development is not consistent with the objectives of the land-use plan.
    - **There is no consistency associated with the comprehensive plans goals of the land use or neighborhood center descriptions and the proposed self storage. Reference of “service” through the land-use plan and associated corridor market profile describe services associated with general retail uses and mixed-use commercial as insurance, financial and medical (typical professional service uses that would be found in a mixed-use and retail setting).**

For your records and consideration (to cross check the new information that has been issued to you if you would like), I have reattached the following documents for your that provide the factual information on a.) this market and the supply of self storage, and b.) the factual disparates of the applicants previously provided information:

- Market Supply and Demand Breakdown
- Factual Disparates of Applicants Feasibility Report
- Regional Supply Data
- Existing Market Supply Data
- Local Resident and Small Business Owners Opposition

- Excerpts from Land Use Plan
- Self Storage 101 Demand Study (NOT THE APPLICANTS FEASIBILITY STUDY BUT A THIRD PARTY REPORT WITH STATISTICS/FACTS)
    - Note that all of the data points associated with this study are based on publicly, non-subjective, accessible market information
- Breakdown of all of the existing storage facilities located within the 1, 3 and 5 mile radius of the subject site
- Breakdown of the total amount of self storage in the Greensboro, Durham and Raleigh markets ("Regional Supply Data")
- Breakdown of the state and national averages
    - Provides confirmation that utilizing the average of 7.5 is a liberal approach to the demand that is warranted in a more rural area such as the subject property

Respectfully,

MICHAEL S. MANSSON, LEED AP, CCIM
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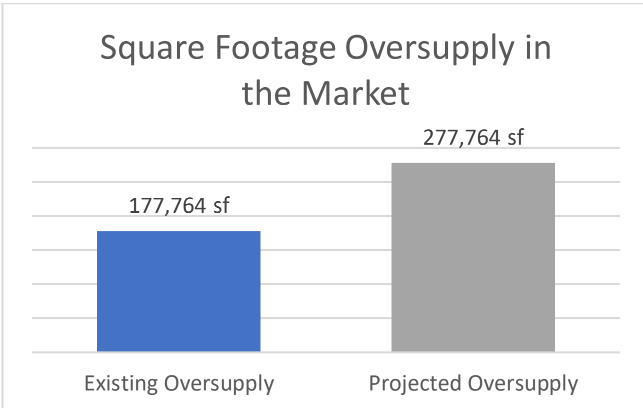
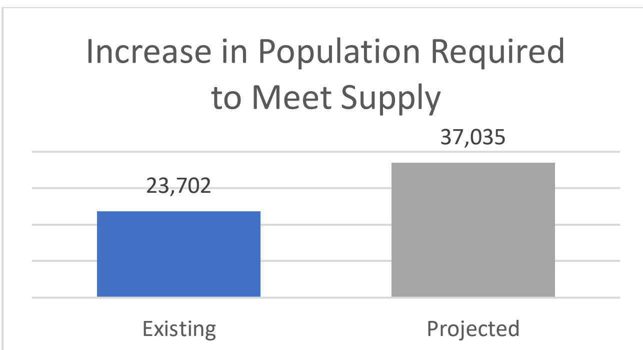
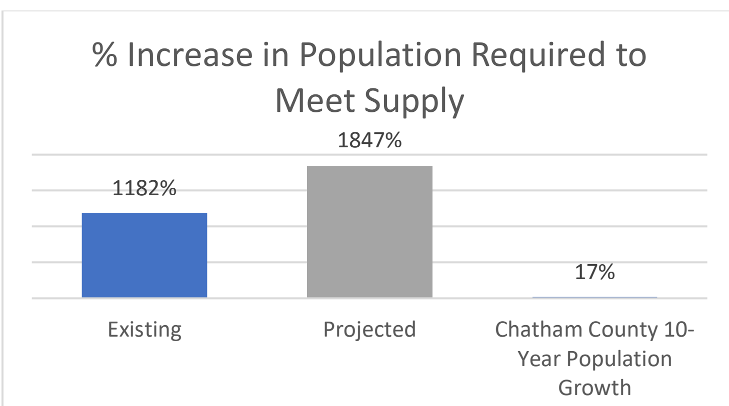
ZPI

ZIFF PROPERTIES INC.

Examination of Self Storage in Market Per Capita
Existing & Projected (With Proposed Development)




7.5 sf/person is the industry target equilibrium supply

*Existing Market Supply*
- 1-mile market supply: 88.66 sf/person
- 3-mile market supply: 15.03 sf/person

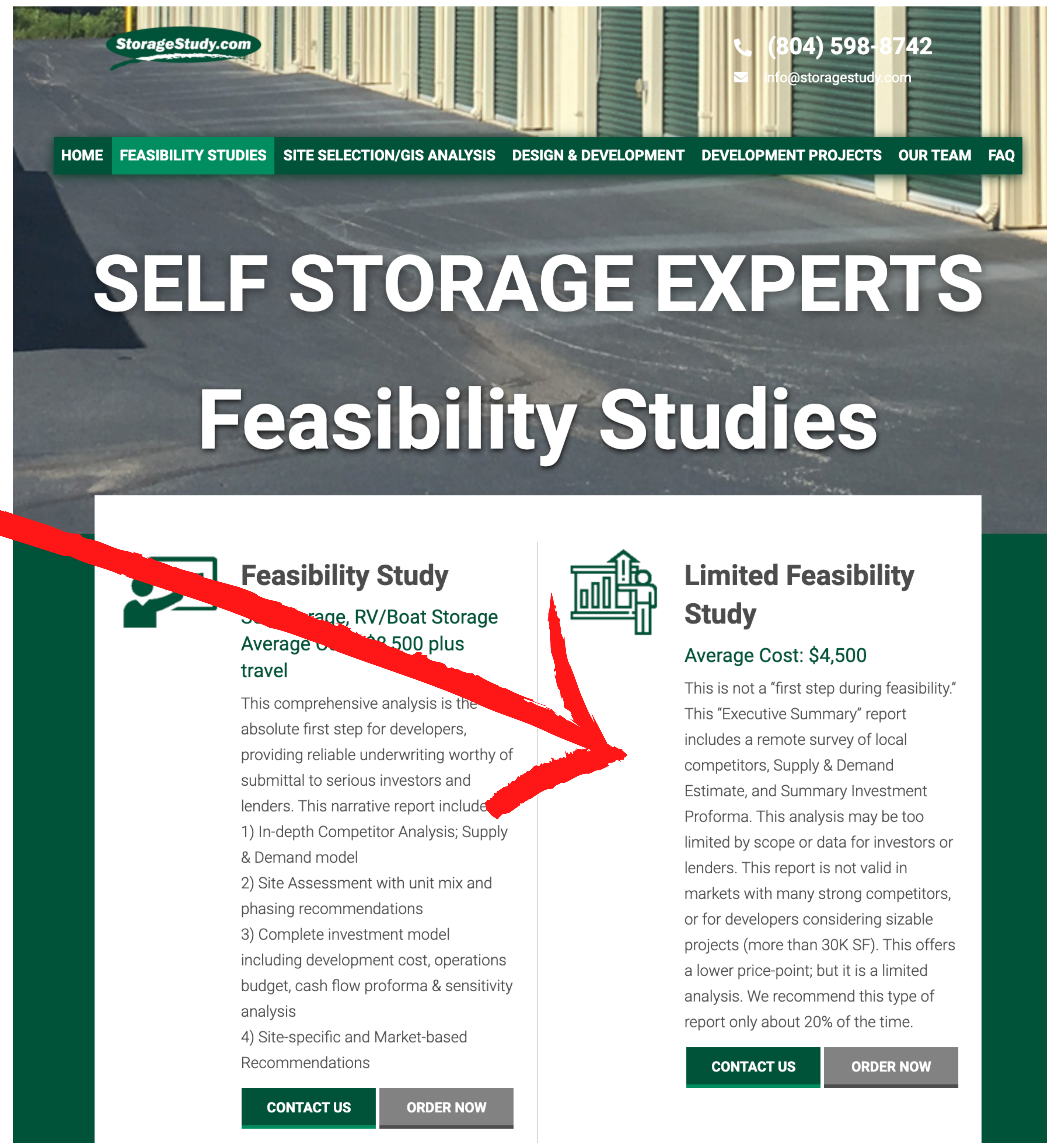
"The market is substantially over-supplied" – Page 5, Self Storage 101

"The modest projected population growth will not cause the current over supply calculations to become under-supplied or even near equilibrium at any time in the current projections" – Page 5, Self Storage 101

# APPLICANTS CONSULTANT FEASIBILITY REPORT

## FACTUAL DISPARITIES

"This analysis may be too limited by scope or data for investors or lenders. This report is not valid in markets with many strong competitors, or for developers considering sizable projects (more than 30k SF)." - **BKB Properties/Storage Study***




<u>STRONG COMPETITORS</u>

- 11 competitors within 5 miles, 5 publicly traded management firms and 3 regional management firms
- 3 competitors within .5 miles, two of which are publicly managed facilities

<u>SIZABLE PROJECTS (No more than 30k SF)</u>

- Applicants proposed development is 99k SF+ (330% increase from threshold via market analyst*)

**References:**


*https://storagestudy.com/feasibility-study/

*To date, 37 local and residential small businesses have formally opposed this application.*

Quotes from community members:

“Even if one adjacent landowner, who bought their property with the understanding that the zoning was meaningful and would remain in place, is not in favor of the zoning change - then that demonstrates “devaluation” and should be considered… We, like many of the homeowners in this vicinity, intentionally bought land surrounded by an adjacent RZ zoning because we wanted to have space and did not want to be in the vicinity of commercial development.” -**Jacob and Mary Terrell**

“Thank you for this opportunity to present my reasons for opposition to this zoning change and my unequivocal opposition to the proposed mini storage project directly abutting my property… This conditional zoning change request is a type of encroachment that is detrimental to our community and our quality of life… Putting a storage business in the middle of a respected residential community smacks of a commercial developer putting profit before people… My family and I used one of the overabundant (3-4?) storage facilities nearby when we needed that type of service. My tenants, if need arises, also have reported no hardship, no lack of choices nearby and no price gouging. We do NOT need another mini-storage business… Please protect our quality of life in our neighborhood. Vote no on this “for profit, not for people” project.” -**Mary Mahoney**

“We own a storage facility about 0.5 miles from the applicant location and will be directly impacted if it were to be developed… Our community is not in need of another self storage facility. There are far more storage facilities in the area than are needed already. Our storage facility has seen continued decrease in business since the new ExtraSpace next to the Walmart and the renovations were done to the Starpoint Storage facility… If approved, it will be detrimental to our small business and the rural character of the area.” -**Bill and Judy Akridge**

"A proper balance of retail and services should be our goal for this part of Chatham County. While I am in favor of growth, I recommend caution regarding growth with abandon. Let’s agree that we have sufficient self storage in our immediate proximity, and find other, more productive and beneficial zoning for his part of the Walmart-influenced 15-501 corridor.” -**Cody Shive**

“I urge for you to not disregard the facts and to not go against the prescribed policies and procedures of the County and its adopted Ordinances when casting your approval or disapproval of this application. The supporting facts are being presented to you that show that this application does not meet the prescribed requirements as adopted by the County to be granted the rezoning and conditional use for the development of the self storage facility… The proposed development is not either essential or desirable…The proposed development will impair the character of the surrounding/adjoining areas and will be detrimental to the welfare of the community… None of the goals and objectives of the Land Use Plan for the Neighborhood Commercial area are met via this application…” -**Michael Mansson**

BREAKDOWN OF EXISTING SELF STORAGE FACILITIES WITHIN A 1, 3 AND 5 MILE RADIUS (EXCLUDING ANY THAT ARE IN THE PLANNING PHASE)

| # | Name | Address | City | State | Zip | Distance from Subject | Estimated CC SF | Estimated Non-CC SF | National Average Facility Size | Final Facility Size |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Subject Site** | | | | | | | | | |
| 1 | EXTRA SPACE STORAGE | 12330 US HWY 15 501 N | CHAPEL HILL | NC | 27517 | 0.01 | 76,945 | 0 | 27,517 | 76,945 |
| 2 | PUBLIC STORAGE | 2000 ASHLEY WADE LN | CHAPEL HILL | NC | 27514 | 0.31 | 52,924 | 23,963 | 27,517 | 76,887 |
| 3 | CHATHARIDGE SELF STORAGE | 222 OLD LYSTRA RD | CHAPEL HILL | NC | 27517 | 0.51 | 0 | 23,932 | 27,517 | 23,932 |
| 4 | U-HAUL MOVING & STORAGE OF CHAPEL HILL | 102 VICKERS RD | CHAPEL HILL | NC | 27517 | 2.93 | 33,538 | 74,648 | 27,517 | 108,186 |
| 5 | PUBLIC STORAGE | 515 S GREENSBORO ST | CARRBORO | NC | 27510 | 2.93 | 27,090 | 50,311 | 27,517 | 77,401 |
| 6 | PUBLIC STORAGE | 510 JONES FERRY RD | CARRBORO | NC | 27510 | 3.11 | 22,783 | 38,792 | 27,517 | 61,575 |
| 7 | AMERICA'S BEST STORAGE SPACE | 60 ANDREWS STORE RD | PITTSBORO | NC | 27312 | 3.59 | 0 | 18,875 | 27,517 | 18,875 |
| 8 | LAWTON SELF STORAGE | 2616 OLD GREENSBORO RD | CHAPEL HILL | NC | 27516 | 4.63 | 0 | 7,441 | 27,517 | 7,441 |
| 9 | FARRELL STORAGE | 163 MCGHEE RD | CHAPEL HILL | NC | 27517 | 4.82 | 16,008 | 7,192 | 27,517 | 23,200 |
| 10 | FARRELL'S SELF STORAGE | 1719 FARRINGTON POINT RD | CHAPEL HILL | NC | 27517 | 4.85 | 16,401 | 0 | 27,517 | 16,401 |
| 11 | 10 FEDERAL SELF STORAGE | 128 MCGHEE RD | CHAPEL HILL | NC | 27517 | 4.88 | 0 | 25,582 | 27,517 | 25,582 |

# SELF-STORAGE DESKTOP DEMAND STUDY


Site Location:
**US 15 501**
**Chapel Hill NC**

Client: Extra Space
Chapel Hill NC

Desktop Market Analysis performed by: Self Storage 101

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# *DESKTOP DEMAND STUDY SCOPE*

- Executive Summary and Conclusions
- Market review
    - Demographic information
        - Market
        - Growth projections
        - Income levels
        - Commercial base
    - Demand Analysis

## *FORWARD*

The client has engaged Self Storage 101 to conduct a Desktop Demand Analysis Study for a specific subject market. The purpose of this report is to determine whether or not there is sufficient unmet demand for a additional self storage development within the subject market.

This report was prepared exclusively for our client. While every attempt is made to provide the highest level of accuracy and reliability, it must be recognized that the report relies heavily on written and verbal information provided by others. In some cases, these sources are competitors, who may have a vested interest in skewing data. Every attempt has been made to eliminate possible misrepresentations. Self Storage 101 accepts no responsibility and shall not be liable for misinformation, either intentional or accidental, and cannot be held responsible for any decisions the developer may make based on this report. Reliable sources and redundant checks are employed, but there is always an outside chance that data can be missed. One should be aware of that fact in decision making based on this report.

***Self Storage 101 states that it has no financial interest in the development of this proposed project. The payment of professional fees agreed upon for this report was in no manner contingent upon the results and opinions stated within this report.***

# *EXECUTIVE SUMMARY & OPINIONS*

On or about August 11, 2020, the Team at Self Storage 101 conducted a Self Storage Desktop Demand Study for a specific self storage sub-market in Chapel Hill, NC. The study included a calculated demand analysis, rental rate review and the demographic profile of the subject market.

It is our opinion that the market is at current over-supplied and will become even more so if any new self storage facilities are developed in the near future. We believe this over-supply is documented both in the empirical evidence of the noted demand analysis as well in the more anecdotal analysis of the rental rates current in place at the market competitors.

We should note that as the Desktop Study level of reporting we recommend NOT moving forward on a particular project approximately 70% of the time and for those reports we do recommend moving forward, we generally rank those recommendations from between 'marginally favorable' to 'highly favorable' and those recommendations are, generally, about one third 'marginally favorable', one third 'favorable', and one third 'highly favorable'.

Our opinion is based on the following:

- **The square foot demand calculations would appear to indicate that the subject market up to the three-mile demographic profile is over-developed by a substantial amount of storage space and there is not a sufficient amount of unmet self storage space demand for any additional contemplated development.**
  - At present with the existing self storage supply in the market, assuming an equilibrium of 7.5 square feet per person, the market is substantially over-supplied by over 177,000 square feet within the one-mile demographic profile, 120,000, or 25.47 sf per person in the two-mile profile, and 122,000, or 14.42 sf per person within the three-mile profile.
    - Assuming both of the listed new developments (listed in the 'new developments section') do come to fruition, the over-supply becomes over 275,000 square feet within the one-mile profile, 340,000 square feet, or 56.99 sf per person, in the two-mile profile, and over 342,000 square feet, or 25.52 sf per person, in the three-mile profile.
- The current pricing data would also suggest a market that is already over-supplied.
  - The noted pricing charts indicate that for the most part rental rates have steadily declined over the last 24 months although some have at least slightly rebounded in the last couple of months.
  - The sophisticated dynamic pricing systems and algorithms employed on websites by some of the listed competitors indicate aggressive web discounting which would also indicate a market that is over-supplied.
- The modest projected population growth will not cause the current over-supply calculations to become under-supplied or even near equilibrium at any time in the current projections.

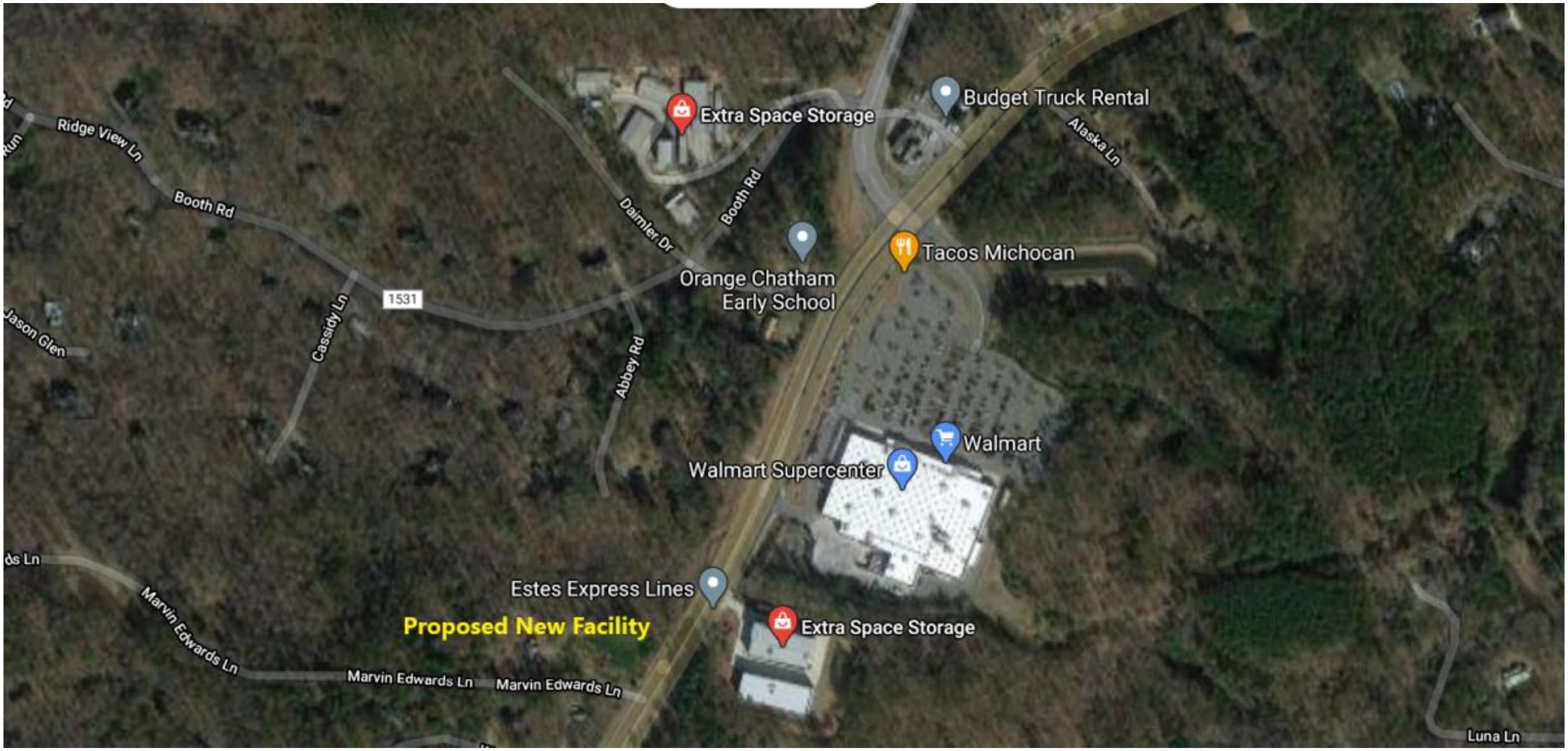
We consider this a 'B' market due to what appears to be mostly moderate occupancy levels (based on the dynamic pricing models), the calculation of no amount of potential unmet demand for additional self storage space in the market, the moderate to moderately high rental rates for storage space, the moderately high to high per capita and household income levels, the very low to low population density and modest projected population growth. (We would consider this an 'A' market if there was a higher calculated demand for storage in the market, if the rental rates and occupancy levels were higher and if the population density and projected growth were higher).

***Our Opinions and Recommendations are based on the information contained herein the following report.***

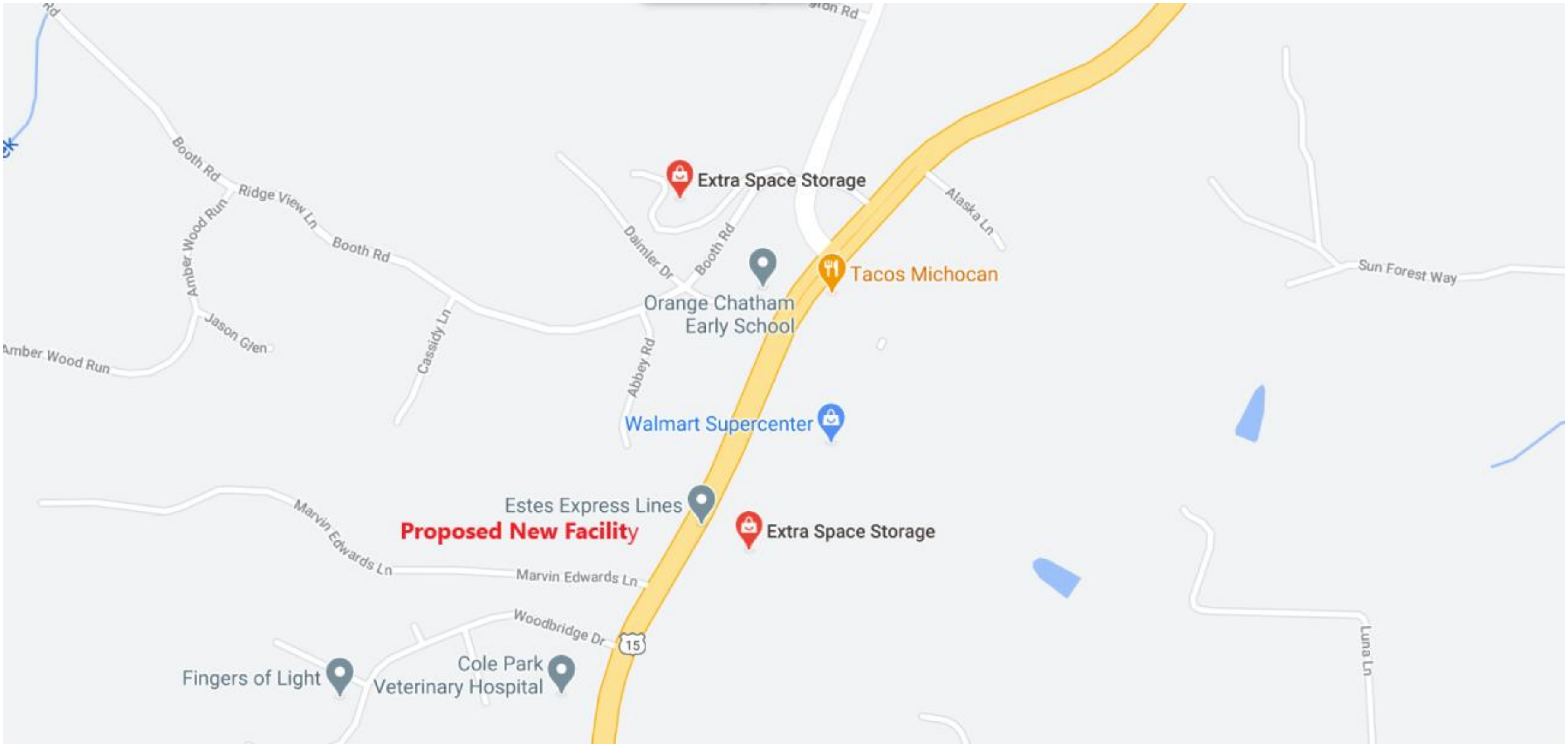
***We believe that the market is currently over-supplied and that any new self storage development would only further erode occupancy levels and rental rates and thus incomes and asset values.***

## *SITE REVIEW*

### AERIAL VIEW

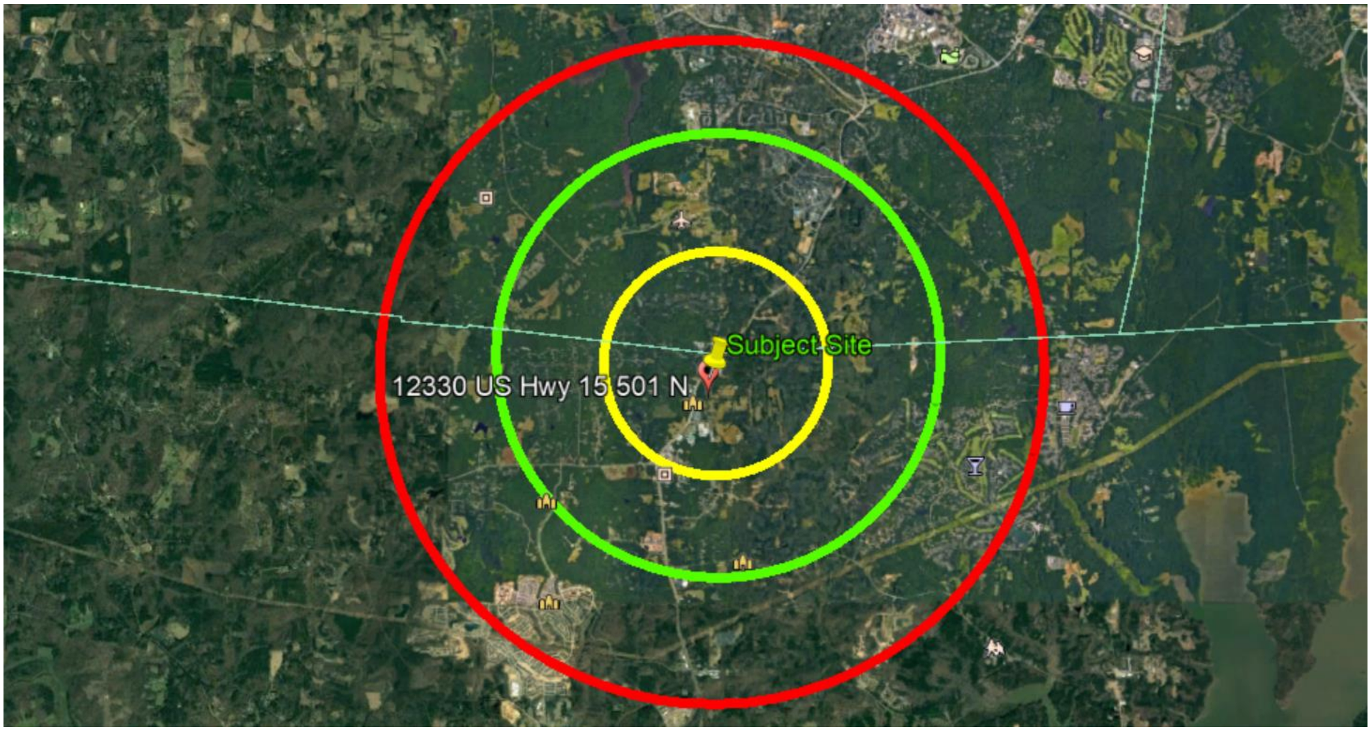


## MAP VIEW


Extra Space Storage
Tacos Michocan
Orange Chatham
Early School
Walmart Supercenter
Estes Express Lines
Proposed New Facility
Extra Space Storage
Fingers of Light
Cole Park
Veterinary Hospital
Booth Rd
Ridge View Ln
Booth Rd
Amber Wood Run
Jason Glen
Amber Wood Run
Cassidy Ln
Daimler Dr
Booth Rd
Abbey Rd
Alaska Ln
Sun Forest Way
Marvin Edwards Ln
Marvin Edwards Ln
Woodbridge Dr
15
Luna Ln

# *MARKET REVIEW*

The following demographic profile is based on the concentric map: 1-, 2- and 3 mile radii from the subject site. It is our belief that the primary customer base for the subject site resides within three miles of the subject site.




Understanding the customer demographics of the surrounding market area is essential for storage developers, owners, and operators. Accurately identifying the types of customers, as well as their wants and needs, is critical in order to form the necessary operational and marketing decisions for a facility.

In a market area comprised of a high percentage of commercial or business tenants, add-ons such as on-site conference rooms, free Wi-Fi, central workspaces, climate control, or other amenities that carry special appeal for business customers can be profitable. In areas with older renters or senior citizens, convenience-oriented services such as professional packing and moving assistance could prove valuable.

The largest proportion of tenants is typically residential customers. While approximately 70 percent of all storage tenants tend to fall in this category, it is important to understand that these numbers can change from market area to market area. In those areas with a predominantly residential customer base, operators need to keep in mind that life changes often drive the decision to need storage. This can range from a divorce or death in the family to remodeling or selling a home.

Depending on the housing specifics in the market area, residential customers may also consist of apartment or condo dwellers who do not have enough storage space where they live. On a national basis while 68 percent of residential customers tend to live in a single-family home, nearly 30 percent reside in multi-family housing.

Another important demographic for self-storage is to know what percentage of your customers are male and female. It is noted that 85 percent of all purchases are made by women and 80 percent of all purchasing decisions are made by women. This means that although men may do the heavy lifting in terms of moving in or out of a unit, the actual rental or decision to rent was likely made by a woman. It should be noted that 57.7 percent of storage renters in 2014 were men and 42.3 percent were women. However, if 85 percent of the decisions on where to rent are actually made by women, the scales are tipped even farther in favor of women as likely storage customers.

Customer age is another demographic that should be considered, especially in terms of the amenities and services offered at a facility. The largest percentage of renters are between the ages of 46 and 55. Falling right behind that are the 36 to 45 and 56 to 65 age groups at 22 percent and 21 percent, respectively. On average, 13 percent tend to be customers over age 65. Understandably, the smallest percentage of storage customers—3 percent—is represented by millennials under age 25.

## DEMOGRAPHICS[1]

| Description | 1 Miles | 2 Miles | 3 Miles |
|---|---|---|---|
| **POPULATION BY YEAR** | | | |
| **Population (4/1/1990)** | 0 | 2,523 | 7,861 |
| **Population (4/1/2000)** | 0 | 5,699 | 12,620 |
| **Population (4/1/2010)** | 0 | 6,229 | 17,399 |
| **Population (1/1/2020)** | **0** | **6,979** | **19,825** |
| **Population (1/1/2025)** | 0 | 7,305 | 20,695 |
| **Percent Growth (2020/2010)** | 0.00 | 12.04 | 13.94 |
| **Percent Forecast (2025/2020)** | **0.00** | **4.67** | **4.39** |
| | | | |
| **HOUSEHOLDS BY YEAR** | | | |
| **Households (4/1/1990)** | 0 | 1,030 | 3,486 |
| **Households (4/1/2000)** | 0 | 2,290 | 5,393 |
| **Households (4/1/2010)** | 0 | 2,527 | 7,171 |
| **Households (1/1/2020)** | 0 | 2,855 | 8,256 |
| **Households (1/1/2025)** | 0 | 2,991 | 8,643 |
| **Percent Growth (2020/2010)** | 0.00 | 12.98 | 15.13 |
| **Percent Forecast (2025/2020)** | 0.00 | 4.76 | 4.69 |
| | | | |
| **GENERAL POPULATION CHARACTERISTICS** | | | |
| **Median Age** | 0.0 | 39.0 | 37.7 |
| **Male** | 0 | 3,324 | 9,570 |
| **Female** | 0 | 3,655 | 10,255 |
| **Density** | **0.0** | **578.5** | **630.0** |
| **Urban** | 0 | 4,882 | 13,421 |
| **Rural** | 0 | 2,097 | 6,404 |
| | | | |
| **GENERAL HOUSEHOLD CHARACTERISTICS** | | | |
| **Households (1/1/2020)** | 0 | 2,855 | 8,256 |
| **Families** | 0 | 1,887 | 5,168 |
| **Non-Family Households** | 0 | 968 | 3,088 |
| **Average Size of Household** | 0.00 | 2.44 | 2.40 |
| **Median Age of Householder** | 0.0 | 49.7 | 49.1 |
| **Median Value Owner Occupied ($)** | 0 | 367,082 | 399,643 |
| **Median Rent ($)** | 0 | 945 | 800 |
| **Median Vehicles Per Household** | 0.0 | 2.3 | 2.4 |
| | | | |
| **GENERAL HOUSING CHARACTERISTICS** | | | |
| **Housing, Units** | 0 | 3,117 | 8,912 |
| **Housing, Owner Occupied** | 0 | 1,954 | 5,267 |
| **Housing, Renter Occupied** | 0 | 901 | 2,989 |
| **Housing, Vacant** | 0 | 262 | 656 |
| | | | |
| **POPULATION BY RACE** | | | |
| **White Alone** | 0 | 5,492 | 14,718 |
| **Black Alone** | 0 | 410 | 1,486 |
| **Asian Alone** | 0 | 557 | 1,731 |
| **American Indian and Alaska Native Alone** | 0 | 29 | 74 |
| **Other Race Alone** | 0 | 229 | 1,083 |
| **Two or More Races** | 0 | 262 | 733 |

1 The demographic profile is compiled through a subscription service.

| | | | |
|---|---|---|---|
| **POPULATION BY ETHNICITY** | | | |
| **Hispanic** | 0 | 495 | 2,258 |
| **White Non-Hispanic** | 0 | 5,292 | 13,702 |
| | | | |
| **GENERAL INCOME CHARACTERISTICS** | | | |
| **Total Household Income ($)** | 0 | 383,854,869 | 1,095,687,929 |
| **Median Household Income ($)** | **0** | **113,197** | **97,314** |
| **Average Household Income ($)** | **0** | **134,450** | **132,714** |
| **Per Capita Income ($)** | **0** | **55,001** | **55,268** |
| | | | |
| **RETAIL SALES** | | | |
| **Total Retail Sales (including Food Services) ($)** | 0 | 76,170 | 216,454 |
| | | | |
| **CONSUMER EXPENDITURES** | | | |
| **Total Annual Expenditures ($000)** | 0.0 | 225,919.5 | 623,544.4 |
| | | | |
| **EMPLOYMENT BY PLACE OF BUSINESS** | | | |
| **Employees, Total (by Place of Work)** | 0 | 1,248 | 5,201 |
| **Establishments, Total (by Place of Work)** | 0 | 114 | 411 |

**The demographic profile indicates that the population and household numbers are projected to modestly increase over the next five years. It also indicates that the household and per capita income levels are at moderately high to high numbers and the population density is in the very low to low range.**

## POTENTIAL NEW SELF STORAGE DEVELOPMENT

Our review of a subscription based new construction database indicated the following:

There are at least two new self-storage facility either in planning stages or under construction within the subject market:

- Cubesmart
    - 72 Marvin Edwards Lane
    - Scheduled square footage: 100,000

It is important to note that despite any one group's due diligence efforts in determining whether or not new self storage developments may or may not be coming into a particular sub-market, there is always the possibility that a new development is planned but has not yet progressed sufficiently to have shown up in any new construction websites or databases.

## DEMAND ANALYSIS

A widely accepted methodology for calculating demand in a market is to examine the amount of storage square footage in the market per capita. **The reader is cautioned that the square-foot-per-capita analysis lacks some credibility.** A benchmark that reflects saturation or demand levels has not been established for any U.S. market. Sufficient data is not available to determine what the threshold for demand may be. Furthermore, making use of the Self-Storage Almanac metro guides and top markets is problematic because of their methodology in determining the supply. What the Almanac has done is to apply an average size facility of 39,668 square feet and multiply the number of facilities in a market (presumably from the phone book) times 39,668. That is how they calculated the number of square feet in a market. The analysis is only as good as the analyst's confidence that the average size of stores (facilities) is the same in every market in the U.S., and that the average size is 39,668.

**It is also important to note that this methodology makes no distinction between demand for climate controlled and non-climate controlled storage space. This distinction is a critical factor in the evaluation of demand for the subject property. Other important demand drivers ignored by this methodology include per capita income levels and market rental rates.**

What one will find in making use of data from the Almanac is that it is difficult to draw any conclusion as to what the "right" or maximum square-foot-per-capita number is. For example, the highest level is in Boise ID at 12.64 square feet per capita. The lowest is in the New York metropolitan area at 2.82 square feet per capita. In both markets, occupancies can be found to be similar. You cannot, therefore, conclude that the supply threshold for New York is over 10 times the current supply.

The only way to properly assess and analyze square-foot-per-capita demand analysis is to first get an accurate count of square footage. Second, the supply needs to be juxtaposed with occupancies. There are only too many square feet per capita when there are too many available square feet, as measured by vacancy. That is to say that the number of square feet per capita has to be quantified by occupancy, and when occupancy drops, then supply has exceeded demand.

**This market analysis would indicate that the three-mile subject market is most likely 'over-supplied'.**

While we do not necessarily prescribe to calculating and reviewing the demand numbers in a 'vacuum', we have made those calculations using averages facility sizes and MSA demand and supply numbers from the Self Storage Almanac and a **review of those numbers would support the development of no amount of additional self-storage space as contemplated with the development project.**

Those demand calculations follow.

Using the national average demand calculation number for comparison, as well as the State and National demand calculations the analysis would indicate that there is likely a substantial amount of excess supply, both with the existing supply and the anticipated new supply in the development pipeline, within the one-mile, two-mile and three-mile demographic profile. We should note that it is our belief that the primary demographic that would constitute a large percentage of the potential tenant base resides within three-miles of the subject site.

Notes:

- '***Radius***' refers to the mile radius within the sub-market with the subject site as the central point in that radius.
- '***Subject Property'*** is referring to the square foot per person within the subject site within the particular radius.
- The '***MSA SQ/CAP'*** is the comparison number used per the 2020 Self Storage Almanac that represents the amount of rentable square feet per person in the subject site MSA (Metropolitan Statistical Area)
- The '***State SQ/CAP'*** is the number reported by the 2020 Self Storage Almanac for the state in which the subject site is located.
- The '***US Average'*** is the amount of square footage per person across the US as reported in the 2020 Self Storage Almanac. We use this average number for our demand calculation analysis as the subject market would be considered 'under-supplied' given the low average per person number.
- The '***Highest MSA/US'*** is the highest average square foot per person noted in the US, the Boise ID MSA.
- The '***Lowest MSA/US'*** is the lowest average square foot per person noted in the US, the New York MSA.
- The first section of the calculated demand includes the market competitors.
- The second section of the calculated demand includes subject property and the market competitors.
- There are two columns of calculated demand in each section:
    - The first column calculates the demand including the population as reported in the demographic report plus an additional 10% of demand calculated for commercial users.
        - The amount of commercial users can vary from nearly 0% to a much more substantial percentage, depending on subject site location and the demographic profile of the subject market. We have used 10% for the subject site due to the location in a suburban market within a commercial/retail area.
    - The second column calculates the demand including the population as reported in the demographic report with no amount of demand calculated for commercial users.

Chapel Hill NC

## EXISTING SUPPLY

| RADIUS | | SUBJECT PROPERTY | | MSA SQ/CAP | STATE SQ/CAP | SF EQUIL | HIGHEST MSA US | LOWEST MSA US | US AVERAGE |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 6.21 | 6.21 | 7.5 | 12.64 | 2.82 | 5.71 |
| | | | Variances | | | | | | |
| 1 MILE | | | | | | | | | |
| 2 MILE | | 25.47 | | 19.26 | 19.26 | 17.97 | 12.83 | 22.65 | |
| 3 MILE | | 14.42 | | 8.21 | 8.21 | 6.92 | 1.78 | 11.60 | |

CALCULATION

*Demand Calculations Including the noted competitors in the subject market*

| RADIUS | 2020 POPULATION | # OF FACILITIES | SQUARE FOOTAGE | SQUARE FEET PER CAPITA | Potential Unmet Demand Comp: MSA SF/Person Plus 10% Commercial | Potential Unmet Demand Comp: MSA SF/Person No Commercial |
|---|---|---|---|---|---|---|
| 1 MILE | 0 | 0 | 177764 | | -177764 | -177764 |
| 2 MILE | 6,979 | 0 | 177764 | 25.47 | -120187 | -125422 |
| 3 MILE | 19,825 | 0 | 285950 | 14.42 | -122394 | -137263 |

## NEW SUPPLY ADDED

| RADIUS | | SUBJECT PROPERTY | | MSA SQ/CAP | STATE SQ/CAP | SF EQUIL | HIGHEST MSA US | LOWEST MSA US | US AVERAGE |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 6.21 | 6.21 | 7.5 | 12.64 | 2.82 | 5.71 |
| | | | Variances | | | | | | |
| 1 MILE | | | | | | | | | |
| 2 MILE | | 56.99 | | 50.78 | 50.78 | 49.49 | 44.35 | 54.17 | |
| 3 MILE | | 25.52 | | 19.31 | 19.31 | 18.02 | 12.88 | 22.70 | |

CALCULATION

*Demand Calculations Including the noted competitors in the subject market*

| RADIUS | 2020 POPULATION | # OF FACILITIES | SQUARE FOOTAGE | SQUARE FEET PER CAPITA | Potential Unmet Demand Comp: MSA SF/Person Plus 10% Commercial | Potential Unmet Demand Comp: MSA SF/Person No Commercial |
|---|---|---|---|---|---|---|
| 1 MILE | 0 | 0 | 277764 | | -277764 | -277764 |
| 2 MILE | 6,979 | 0 | 397764 | 56.99 | -340187 | -345422 |
| 3 MILE | 19,825 | 0 | 505950 | 25.52 | -342394 | -357263 |

The GREEN highlighted numbers indicate the amount of unmet square footage demand within the various demographic profiles.

Any RED highlighted numbers would indicate the amount of over-supply within the various demographic profiles.

We should note that we have used estimated square footage sizes for the market competitors based on local assessor or other websites and/or google earth views. While it is likely these facility sizes would change with a more thorough onsite market study we do not believe the numbers would change dramatically.

While we acknowledge that consideration of a particular market's per person square footage demand is an important consideration when contemplating the development of a new self storage facility we also strongly believe that there is a temptation to assign far too much importance to this one aspect of a potential development.

These demand numbers would suggest that there is likely a substantial amount of excess supply within the three-mile demographic profile of the subject site and that it is more than likely that this subject market is over-supplied.

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**Self Storage 101**

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**Consultant Qualifications:**

**2003-Present Owner, Partner in Charge, Self Storage 101**

Founder of Self Storage 101, the industry's leading consultancy firm specializing in Development and Market Feasibility, Operational Improvement and Marketing Implementation. Bob has worked with 100's of independent owners and operators to assist in making informed and profitable decisions in all aspects of self-storage. He has developed, own and managed his own facilities and so has a unique perspective that easily relates to those operators he has consulted with over the years. Bob and the Team at Self Storage 101 specialize in:

- Market and Feasibility Studies
- Acquisition Due Diligence Projects
- Facility Operational Auditing
- Owner, Operator and Manager Training

Bob has authored a number of highly popular books and training manuals related to self storage and is a regular contributor to most of the industry trade journals. He is a regular speaker at national, regional and local self storage meetings and conventions.

**2001-2004 Regional Manager, Metro Storage LLC**

Oversaw three district managers in four states for Metro Storage, one of the largest operators of self storage facilities in the US. Had complete P&L responsibility as well as asset management, portfolio growth, marketing and adding value to the assets. Developed training programs and assisted district managers with personnel decisions and financial statement reviews.

**1998-2001 District Manager, Public Storage**

Successfully managed the largest Public Storage district in the country (17 properties). Took over two under-performing districts and turned them into some of the highest performing districts. Responsible for all personnel management, expense control, manager training, property management and operational reporting. Involved in several acquisitions and new-store openings.

**Education: Stetson University, 1979-1983**

Professional References gladly provided upon request.

**Bill Copper**
**Self Storage 101**
**406 Oliver Approach**
**Johnson City, TN 37601**
**Cell 828-381-5631**
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**Consultant Qualifications:**

**2006-Present Consultant, Self Storage 101**
Field Auditor and Data Analyst with Self Storage 101, the industry's leading consultancy firm specializing in Development and Market Feasibility, Operational Improvement, and Marketing Implementation. Bill has worked with dozens of independent owners and operators to assist in making informed and profitable decisions in all aspects of self-storage.

Bill has developed and implemented systems for analyzing and collecting relevant data to:

- Improve operational efficiency
- Measure operational effectiveness
- Assist in determining project viability
- Measure Capital Rate of Return on acquisition projects

Bill has worked closely with clients and industry vendors to aid in market research and development viability for a large number of independent-owner and institutional self storage projects:

- Provide comprehensive market data and analysis to determine unmet demand or over-supply in specific markets
- Participated in a number of community neighborhood meetings, municipal presentations and investment group conferences to provide anecdotal and empirical evidence regarding market demand and viability of specific self storage projects
- Prepared a large number of complete bank package or self storage feasibility studies, documenting "develop or not develop" recommendations

**Education: Stetson University, 1980-1984**
Professional References gladly provided upon request.

# Market Area Supply

| **Existing Market Area Supply Data** | |
|---|---|
| Facilities | 5 |
| SF | 363,351 |
| Avg. SF/Facility | 72,670 (154% larger than average based on regional facility size) |
| SF Per Capita | 15.03 (205% more supply than regional average supply chain per capita) |

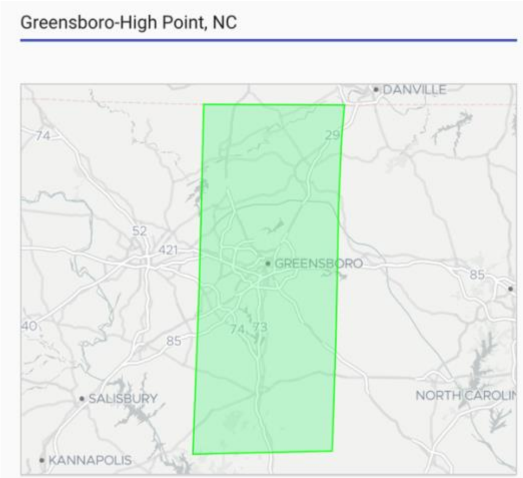
**With the existing supply, there is approximately 64,000 SF of vacancy in the market area via correspondences with each of the market facilities

| **Market Area Supply Data with Proposed Development** | |
|---|---|
| Facilities | 6 |
| SF | 463,351 |
| Avg. SF/Facility | 72,225 (163% larger than average based on regional facility size) |
| SF Per Capita | 19.17 (261% more supply than regional average supply chain per capita) |

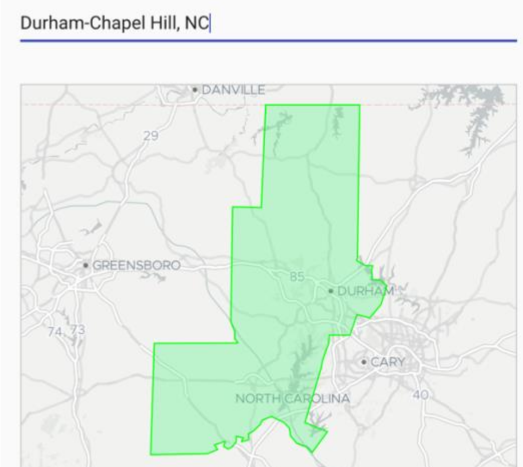
## Greensboro-Highpoint, Durham-Chapel Hill, and Raleigh Regional Supply Data

**The regional data includes existing self storage facilities and all projects under development. The source of the data has been supplied by Radius+, the leading industry data collection provider.*

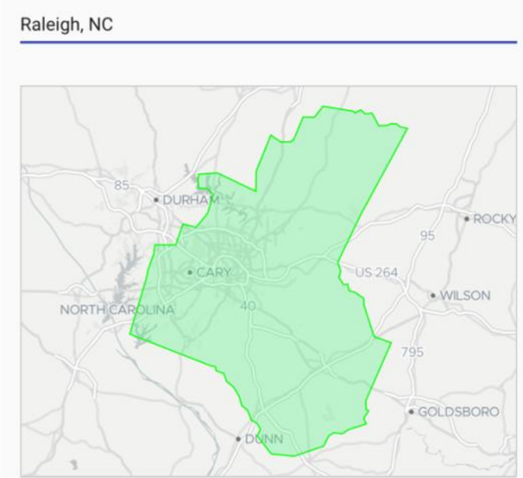
NC SF/per person average – 6.21
National SF/per person average – 5.7
*source: MiniCo Publishing, 2020 Self Storage Almanac




| Current Supply | |
|---|---|
| Facilities | 1,864 |
| SF | 65,881,481 |
| Avg. SF/Facility | 35,344 |
| SF per capita | 6.21 |

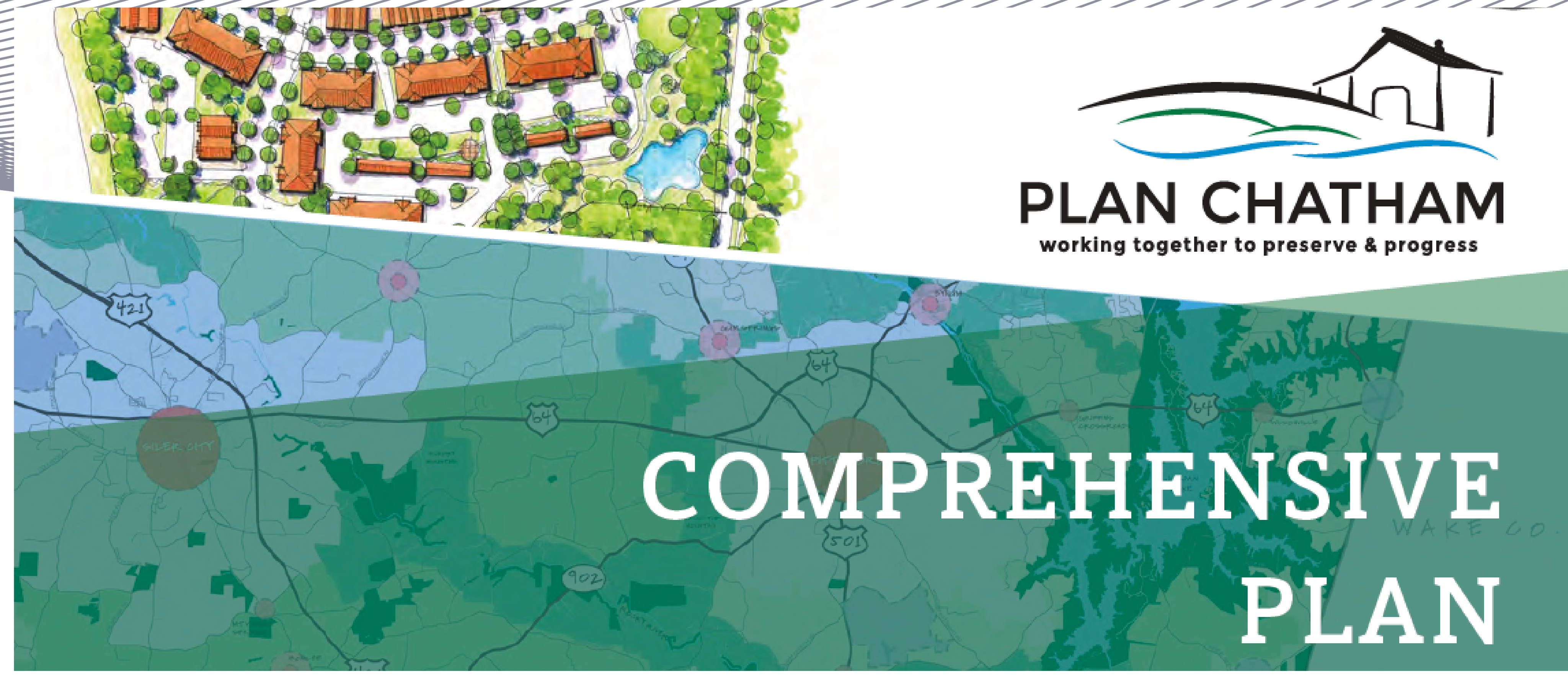



| Current Supply | |
|---|---|
| Facilities | 86 |
| SF | 4,167,743 |
| Avg. SF/Facility | 48,462 |
| SF per capita | 6.86 |




| Current Supply | |
|---|---|
| Facilities | 220 |
| SF | 11,550,171 |
| Avg. SF/Facility | 52,501 |
| SF per capita | 8.15 |

# EXCERPTS FROM PLAN CHATHAM - "COMPREHENSIVE PLAN" AND "CORRIDOR MARKET PROFILE AND ANALYSIS"




**Plan created on November 20, 2017 and amended March 16, 2020**

**Corridor Market Profile, Page 11:**
Excerpt, Other Property Types

"In addition to general retail uses and typical shopping center tenants providing services (such as insurance and financial services), there has been a steady demand for medical clinics and medical office."

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**Corridor Market Profile, Page 18:**
Excerpt, Industrial and Warehouse Space Projections

"There does appear to be some unmet demand for light industrial and small business 'flex' space along the corridor."

**Comprehensive Plan, Page 61:**
Goals of Chatham County Land Use

## GOALS

PRIMARY GOAL
**Preserve the rural character and lifestyle of Chatham County.**

SECONDARY GOAL
**Diversify the tax base and generate more quality, in-county jobs to reduce dependence on residential property taxes, create economic opportunity and reduce out-commuting.**

SECONDARY GOAL
**Promote a compact growth pattern by developing in and near existing towns, communities, and in designated, well planned, walkable, mixed use centers.**

*None of the goals are being met with the proposed development.*

**Comprehensive Plan, Page 47:**
"Chatham Future Land Use Descriptions"

### NEIGHBORHOOD CENTER

- Grocery-anchored center with complementary retail and service uses, small restaurant.
- Mix of uses include grocery-anchored retail with some restaurants, services, and office uses (+/-30-125K SF commercial)
- Residential uses can include as much as 60% of land area and can include single family homes, patio/cottage homes and attached units.
- Buildings: Mostly 1- and 2-story, some 3 story
- Streets: Private drives functioning as local streets, internal connections to adjacent properties to lessen impact on local roads
- Public/open space: small usable green spaces and courtyards associated with buildings, enhanced storm-water management.
- Locations:
  - North Chatham Village / Chatham Crossing
  - Walmart on 15/501

*Self Storage is not included in this list or anywhere in the Chatham County Comprehensive Plan.*

**References:**
*https://www.chathamnc.org/government/departments-programs/planning/comprehensive-plan
**"Plan Chatham, 15-501 Corridor Market Profile and Analysis"