

What will the value of my facility be in two years? Consider these Five Questions:

Do you often take a Selfie?

It's a quick snapshot of oneself. Let's take a selfie for your business. Average your facilities net operating income (NOI) for the last 12 months. Now divide by .07 (CAP rate). There, that's a raw selfie of your business' value. How can that change?

What will Occupancy Rates be two years from now?

Don't you wish you knew? More competition, better or worse economy, fewer or more municipal code changes, CC&Rs. Let's take another Selfie. This time Multiply your NOI by .9 and then divide by .07 as we did in the first example. Ouch that hurt. That's approximately the effect of a 10% drop in Occupancy.

What will Interest Rates be two years from now?

Don't you wish you knew? We don't know; but it's hard to believe they will be lower, and many say they could be significantly higher. Let's take another Selfie but this time divide NOI by .085. Painful again. Is it unrealistic to think that 10 year Treasury Bonds could be 4% in two years? This Selfie demonstrates what might happen if the FED raises discount rates by 1.5% within two years.

What will the long term Value of Real Estate be in two years relative to today?

The person with that answer would be VERY popular wouldn't they? In addition to CAP rates; investors calculate an internal rate of return (IRR) based upon an assumed appreciation in Real Estate Value over time, and the current trend or momentum usually drives that assumption.

Would I benefit from less risk volatility in my investment?

Great, a question that you can actually feel confident in answering because if it's the RIGHT answer for you; then it's the right answer.

Like more information? Call a Storage Professional listed below; we can help.

*CAP rates in this example are for demonstration purposes only

The Value of a Local, Focused Advisor

*Good Fortune often happens when
Opportunity meets Preparation
-Thomas Jefferson*

His classic quote reminds us that we must first Prepare in order to achieve the best result.

Price is rarely an arbitrary number. One of the most difficult perspectives for the family and founders of privately held businesses is that Value is a snapshot; not a movie. By that, we mean that families and founders tend to view Value as a composite of all that has transpired to bring us to today.

Conversely, investors/buyers only take a snapshot of today. One day, one time; a two dimensional view of the company/facility as it exists today. Preparation for sale is one of the keys for families and founders of storage facilities to achieve the best outcome from the sale of the business they have worked hard to build.

When you choose Storage Brokers NW we'll help you ensure that snapshot represents your business fairly and you have the best opportunity for a successful transaction. We can help.

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