



Moderated by HFF Senior Managing Director Aaron Swerdlin who leads the Houston-based HFF Self Storage team, the SIC convened top self storage operators, investors, portfolio owners, lenders and suppliers for a content-driven seminar that included a keynote capital markets overview presentation by HFF Executive Managing Director Mark Gibson, capital markets and real estate panels featuring senior executives from eight lending organizations and property development firms/REITs, and roundtable discussions addressing current self storage investment and real estate issues.

Capital and Real Estate Market Overview Presentation Highlights

Mark Gibson's keynote presentation featured a comprehensive overview of capital markets conditions nationwide. Based in HFF's Dallas office, Mr. Gibson is a member of HFF's 11-person operating committee.

Mr. Gibson shared an abundance of current data and market statistics indicating most commercial real estate asset types, particularly self storage, have performed reasonably well on a historical basis during the past 12 months, despite the credit crunch and global economic conditions.

"While subprime residential market turmoil has taken a toll on the commercial capital markets, our data indicate most commercial property types have stable underlying operating fundamentals," he said. "The Fed's action in March to issue a \$30 billion non-recourse loan to support JPMorgan's purchase of Bear Stearns marked a turning point. The worst of the credit crunch is over from a fixed income security perspective and we believe market activity will begin to improve in the second half of 2008."

Later in the day, Aaron Swerdlin offered a real estate market overview where he examined self storage REIT results, acquisition trends, and rental income and physical occupancy comparisons. He also discussed recent storage property valuation and underwriting developments.

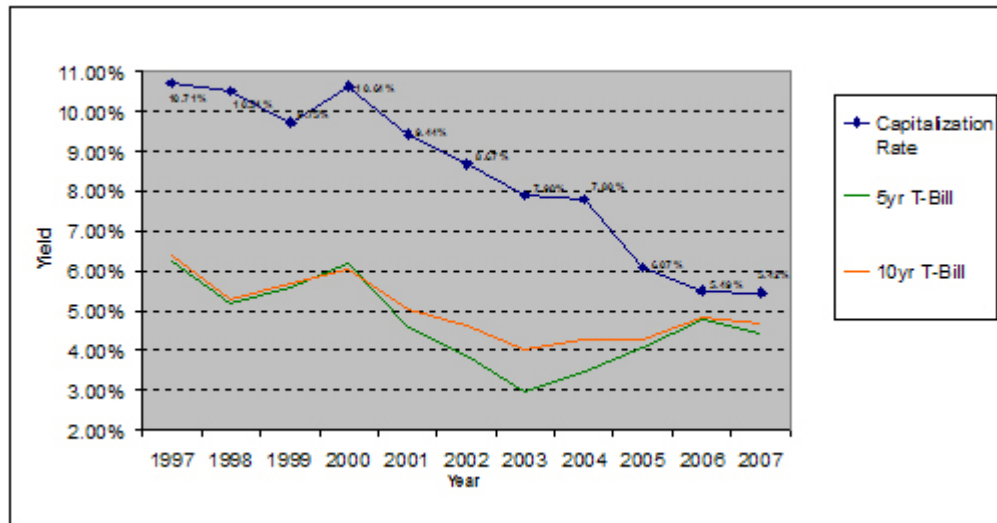
"While market dynamics have created a challenging environment for self storage real estate and financing transactions in the past year, the data demonstrate that real estate fundamentals for Class A self storage assets remain strong," said Mr. Swerdlin. "Same-store overall rental rate and physical occupancy comparisons for storage REITs from 2006-2007 held their ground; in fact revenue and NOI showed measurable gains.

"Looking forward, investors must recognize that new debt market terms will dictate valuation, underwriting and pricing for property transactions. Be realistic with your expectations and outlook. It's not the heyday of 2005 and 2006, but the good news is that the self storage sector's low default rate and strong operating fundamentals are beginning to regain traction in the lending community and on Wall Street."

During his presentation, Mr. Swerdlin shared the following slide that compares capitalization rates to Treasuries on the \$1.3 billion in investment sales managed by HFF's Self Storage team since 1997. HFF's total self storage transaction volume in this time period is approximately \$2 billion.

Self Storage Trends

Capitalization Rate vs. T-Bills



Capital Markets Panel Highlights

The SIC Capital Markets Panel consisted of:

- Cheri Grossman, Regional Director of Investments, Wrightwood Capital
- Rich Highfield, Principal, Real Estate Structured Finance Group, Bank of America
- Clay Wright, Vice President and Relationship Manager, Capital One
- Jeff Zickefoose, Director, Prudential Mortgage Capital Company

The Capital Markets panelists provided brief overviews of their respective firms' lending programs and offered detailed insight on capital market trends affecting storage owners and investors. The panel's key message: Despite dramatic widening in the past year, financing spreads have recently begun to show some contraction.

Panelists also reminded attendees that interest rates on self storage transactions are still at historically favorable levels and, despite the CMBS market slump, there are many other lending options available today.

"It was highly beneficial to gain this financing market historical perspective and better understand how lenders operate today. I enjoyed learning about these developments, their potential impact on storage owners and investors, and where the market lies," commented Steve Garrison of Premises Personal Warehouse, who traveled from Colorado to attend the SIC.

Real Estate Panel Highlights

The SIC Real Estate Panel included:

- Bret Durfee, Vice President, Extra Space Storage

- Wayne Johnson, Senior Vice President – Acquisitions & Self Storage, Strategic Storage Trust
- Phyllis McArthur, Executive Vice President & Chief Financial Officer, Morningstar Properties
- Tony Rider, Chief Financial Officer, Locke Acquisition Group, LLC (The Locke Group)

The Real Estate panelists spoke extensively about the recent overall slowdown in storage property transactions nationwide, but indicated their organizations continue to seek regional acquisition opportunities that fit their business and property portfolio models.

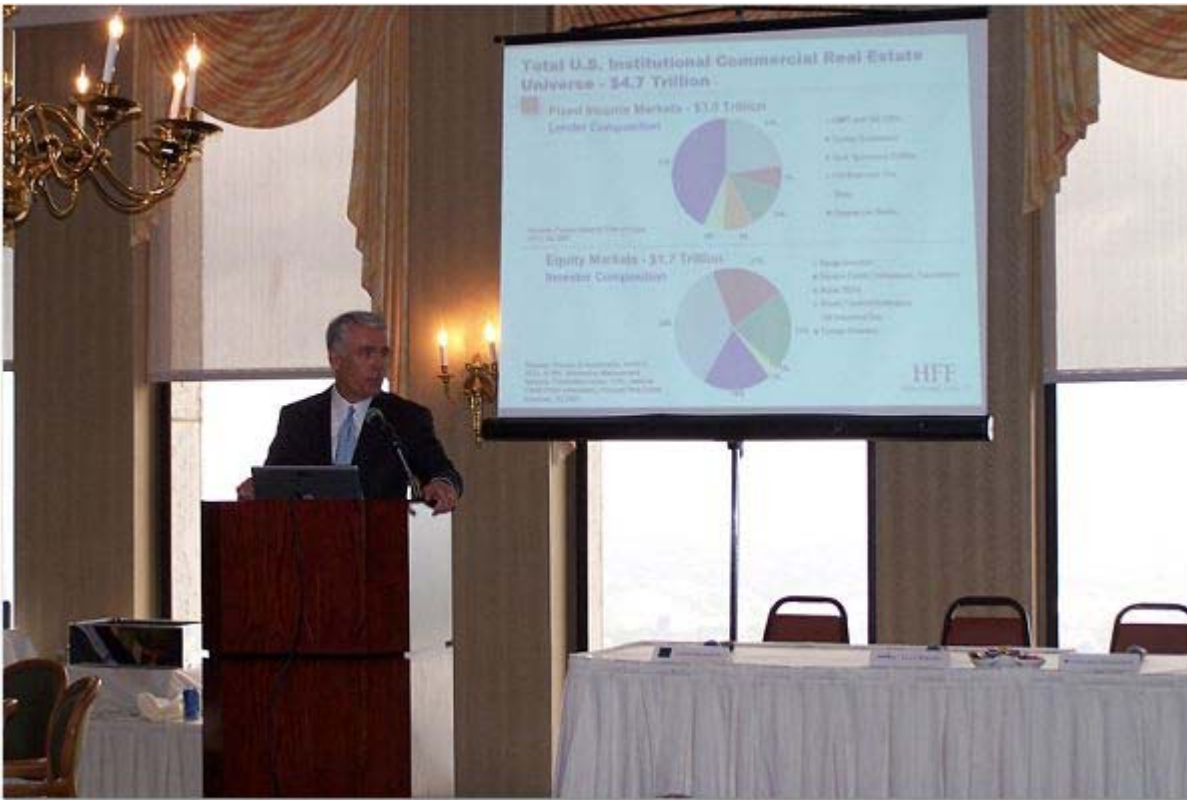
For example, Bret Durfee said that despite a tremendous spike in residential property foreclosures since the subprime market fallout, the Detroit area has proven to be one of Extra Space's strongest markets in terms of year over year revenue growth in recent quarters. The panel's key message: Competitive, well-maintained Class A/B storage properties continue to be attractive acquisition targets for their firms and others.

"The comparisons of today's markets with those of a year ago, as well as the panelists' insight about differences in real estate prices, were very helpful," said Don Murney of Murney & Partners in Scottsdale, Arizona.

SIC-West Announced for Later This Year

"The SIC's success clearly demonstrated a need by storage owners and investors for this type of event," said Mr. Swerdlin. "Its day-long format offers a unique educational venue for attendees to move beyond the headlines and sound bites, analyze up-to-the-minute market conditions and opportunities, network with other industry executives, and gain valuable knowledge to help chart their investment strategies. Listening and pontificating with the players active in the market is the only way to eliminate the hearsay so commonly found in the financial publications."

Given the strong attendance and positive response to this inaugural event in Houston, the HFF Self Storage team announced it would host another Storage Investor Caucus later this year in Southern California that will focus on West Coast-related real estate and capital markets conditions. HFF will share information about that program shortly.



HFF's Mark Gibson delivered keynote presentation remarks about current capital market conditions nationwide.



SIC attendees take in Mark Gibson's keynote presentation at the Downtown Club



HFF's Aaron Swerdlin served as moderator for the Storage Investor Caucus.



SIC Capital Markets panelists shared insight on storage lending developments and financing

opportunities.



SIC Real Estate panelists discussed regional market trends and suggested that transaction volume would begin to increase later this year.



SIC Roundtables provided opportunities for attendees to discuss a range of investment and market issues in greater depth.



At left, HFF's Doug McCarron leads a roundtable discussion and offers perspective on West Coast market issues.



SIC guests enjoy the post-event hospitality and home-cooked food at Irma's, a landmark Houston restaurant.



The Storage Investor Caucus was hosted by the HFF Self Storage team. From left; Steve Mellon, Minh

Tran, Jennifer Munoz, Vanessa Ford, Gina Munoz, Jessica Mandel, Aaron Swerdlin and Doug McCarron.

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