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Security Overview

Financial and marketing benefits of installing a system

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Other than location, there is nothing more important to maximizing profits and increasing the value of your self-storage facility than installing a state-of-the-art security and access-control system. This article will identify the reasons to install a security and access-control system, provide a brief overview of what equipment should be used and, most important, identify the financial benefits of including security in your operation.



Recognizing that security, access- control and operational improvements in self-storage have evolved significantly in recent years, this article focuses on the more common equipment being installed. Other articles will discuss various methods being incorporated into facility operations, such as background checks, police and private security patrols, finger printing and ID requirements.

There is a reason why this article is limiting the discussion to equipment--it's the equipment that makes your facility more profitable and more valuable. It's what is visible to the customer; it's tangible and easier to incorporate into your sales and marketing program. Yes, operational improvements will limit your liability and reduce expenses, both of which have a positive effect on finances; but it's the equipment that can be most directly correlated to increased profits and facility value.

Purposes of Security and Access-Control

The most important reason to install security and access control at your facility (whether new or existing) is the strength it will add to your sales and marketing plan. Having a state-of-the-art system is the most tangible reason to charge higher rates. Tenants routinely identify security as one of the most important criteria when selecting a facility, and they are willing to pay more for it. Facilities with computerized security and access-control systems charge an average of 25 percent more than facilities without them. Security provides you a distinct advantage over existing competition and allows you to stay in the race with new competition.

The presence of security and access- control equipment is also a deterrent to crime. Clearly, criminals will choose to frequent a facility that is easier to access and where they are less likely to be detected or viewed.

A third reason to install security and access control is to provide evidence when a crime has occurred. Being able to provide some description of the criminal and his vehicle, and to identify when the crime occurred is probably the most important way you can help your tenant recover his property.

Finally, a complete security system allows you to know exactly when each tenant comes onto the property, when he opens and closes his door, when he leaves the property and what vehicle he drives. It can even tell you if the person coming onto the property is the tenant on the rental agreement. You can study traffic patterns, what times of the day are busiest, and how much activity occurs at night. This information is extremely useful when evaluating your operations and lets you know what's happening at your business when you're not there.

Overview of System Components

This article does not cover in detail the specifics of the various components available in the marketplace. The intent here is to identify what equipment should be installed to increase the profits of your business.

At a minimum, a facility should control access to the property through perimeter fencing or buildings and an access-controlled gate. The gate should be activated by both entry and exit keypads. The exit keypad is just as important as the entry keypad because criminals have learned to throw metal objects over the exit loop sensors to open gates. This access-control method is managed by a system controller (a computer) that allows you to track activity, lock out delinquent tenants and restrict access during specific times of the day (if desired).

A facility's system should also include video cameras (digital is the preferred option) covering the main traffic areas. The cameras should be visible to serve as a deterrent and be situated to cover the gate, every driveway, any outdoor storage areas, the dumpster, and inside any office and hallway.

Finally, to receive the full benefits in sales/marketing, deterrence, evidence and data collection, you should install individual unit door alarms. This method is coordinated with the access-controlled gate. When a tenant successfully enters through the gate, the alarm on his unit only is turned off. The system controller not only logs when the tenant enters the property, but when he opens and closes his door. His alarm is reactivated when he exits the property. Many crimes occur when thieves rent cheap units at a facility to gain access to the property. They then break into other units at their convenience and stash the stolen property in their unit. Individual door alarms are the best deterrent to this form of theft.

The gate and door-system controller can be coordinated with the digital video system so you can view any activity recorded on the log. One significant advantage to this coordination is convenience when the facility is not manned



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or when operated remotely. The activity log and recorded video images can be viewed from any computer with the proper software, allowing the owner or manager to check the status of the facility and immediately see the cause of a tripped alarm (assuming the system is designed to call when an alarm is tripped).

Financial Benefits

It's a safe assumption that most facility owners want to maximize their profits and the value of their businesses. There is no better way to do that than with a state-of-the-art security and access-control system. Including security in a new build, conversion or existing building provides added value to the customer and will correspond to higher rates and possibly quicker lease-up and higher occupancy.

Let's run through an example that illustrates the significant impact a security and access-control system will have on the financial characteristics of a facility. The following table presents the assumptions.

ASSUMPTIONS	AMOUNT
(NOI = net operating income) (Cap rate = capitalization rate) (Increased facility value = NOI/cap rate)	
Number of Units	300
Occupancy	85%
Cost of system	\$60,000
Average increased rent/unit	\$20
Increased revenue/month	\$5,100 (300 units x 85% x \$20)
Increased expenses/month	\$300
Increased NOI/month	\$4,800 (\$5,100 - \$300)
Increased NOI/year	\$57,600 (\$4,800 x 12 months)
Cap rate	10.25%
Increased facility value	\$561,951 (\$57,600/10.25%)

As you can see, the security and access-control system can pay for itself in approximately one year. It can also increase the value of your facility by nearly 10 times the cost of the system itself. Clearly, security is one of the best investments you can make in your business.

Before installing a system, contact several suppliers of self-storage security and access-control equipment to discuss the feasibility and cost of the project. These companies may also be able to assist you with estimating the financial benefits for your particular facility. Self-storage security has advanced significantly in the past several years. These companies are the experts and extremely helpful.

For a comprehensive list of self-storage security suppliers, complete with contact information and web links, visit www.insideselfstorage.com and click "Buyer's Guide" then "Security and Access."

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