



## The Big Financial Picture

Self-storage retains its advantages, bright future

By Michael Parham

11/1/2000

**Table 1: Financial Model**

<b>A. Statement of Cashflow</b>	<b>Annual</b>	<b>Annual \$/SF</b>	<b>Monthly</b>	<b>Monthly \$/SF</b>
Gross Annual Rents	\$450,000	\$9.00	\$37,500	\$.75
Other Income	\$22,500	\$0.45	\$1,875	\$.04
Total Gross Annual Income	\$472,500	\$9.45	\$39,375	\$.79
Vacancy/Collect Loss	(\$47,250 )	(\$0.95 )	(\$3,938 )	(\$.08 )
Effective Gross Income	\$425,250	\$8.51	\$35,438	\$.71
Operating Expenses	(\$140,000 )	(\$2.80 )	(\$11,667 )	(\$.23 )
Net Operating Income	\$285,250	\$5.71	\$23,771	\$.48
Debt Service	(\$167,489 )	(\$3.35 )	(\$13,957 )	(\$.28 )
Before-Tax Cashflow	\$117,761	\$2.36	\$9,813	\$.20

## **B. Statement of Development Cost Annual**

	<b>Annual</b>	<b>\$/SF</b>
Land	\$353,925	\$6.82
Construction Cost & Security	\$1,349,400	\$26.00
Architecture/Engineering	\$37,500	\$.72
Permits/Fees	\$15,000	\$.29
Testing/Surveys	\$12,500	\$.24
Legal Expense	\$10,000	\$.19
Builder's Risk Insurance	\$2,250	\$.04
Advertising/Marketing	\$35,000	\$.67
Office Equipment & Furnishing	\$10,000	\$.19
Closing Cost	\$37,500	\$.72
Interest/Lease Carry	\$125,000	\$2.50
Total	\$1,988,075	\$38.31

### C. Project Specifications

	<b>Annual</b>
Gross Buiding SF	51,900
Net Leasable SF	50,000
Office/Apartment SF	1,900
Land Coverage/Gross	SF 45.91%
Land Area in Acres	2.5
Land Area in SF	108,900
Land Cost per Acre	\$141,570
Land Cost per SF	\$3.25

### D. Development Financial Variables

	<b>Annual</b>	<b>Annual \$/SF</b>
Other Income %	5%	
Vacancy/Collection Loss %	10%	
Gross Rents/Net SF/Month	\$.75	\$9.00
Interest Rate	10%	
Loan Amount	\$1,590,460	80%
Equity Required	\$397,615	20%
Amortization Period (25 years)	360	
Payments per Year	12	
Operating Expenses/Net SF	\$2.80	

### E. Development Financials

Capitalized Gross Rents	\$2,852,500
Capitalization Rate	10%
Current Market Value/Gross SF	\$54.96
Break-Even Ratio	65.08%
Loan-to-Value Ratio	55.76%
Post Lease-Up Return on Equity	29.6%
Debt Service/Period (With Principle)	\$13,957.42