

Self-Storage Demand Study

Potential Self-Storage Development

Middlesex County
Dracut, Massachusetts 01826

PREPARED FOR:

DATE OF REPORT:

August 24, 2016

EFFECTIVE DATE OF THE STUDY:

August 8, 2016

PREPARED BY:

Amanda S. Helfrich, MAI
Starr Real Estate
17209 Mallet Hill Drive
Louisville, Kentucky 40245

STARR REAL ESTATE

FILE NUMBER: 1200-06-16-MS

August 24, 2016

SUBJECT: Self-Storage Demand Study
Potential Self-Storage Development

Middlesex County
Dracut, Massachusetts 01826
Starr Real Estate File # 1200-06-16-MS

Dear Client:

I have conducted a market analysis and demand study on the above referenced property. Attached are the facts and conclusions of this study provided in a market study format.

The conclusions for this study are based upon the following special assumptions and limiting conditions:

- The client provided information pertaining to the subject of this study, which is a single parcel of land that is currently improved with three commercial buildings with physical address of in Middlesex County, Dracut, Massachusetts. The site is currently improved with three structures. The existing office building and office/warehouse building may be used for self-storage conversion and vertical expansion. These buildings currently contain a total of 48,645 square feet of gross building area. The retail building onsite is not proposed for self-storage use or conversion and is not included in this study. Additionally, the property is proposed for some new construction, drive-up self-storage units. However, preliminary plans are still underway and are not finalized. The owners indicate the facility could range from 48,000 to 96,000 square feet of gross building area.
- The site is assumed readily available for the proposed development. The site size is based upon information located at the Dracut Assessor's office, indicating a total site size of approximately 21.20 acres of land; however, based upon conversations with the client, as well as a review of online topographic, floodplain and aerial maps, approximately 4.68 acres appear to be buildable or useable. Of which, 2.75 acres is estimated to be utilized for self-storage use. Further it appears 1.20 acres is paved/vacant land that could support new construction.
- Finalized building plans, unit sizes, unit mix, gross building area, net rentable area, etc. was not provided for this demand study. However, the exact amount of space to be built is still undecided. The preliminary plan provided indicates the subject is proposed to contain a mix of regular and climate-controlled self-storage space. General demand conclusions will be concluded herein.
- The subject property is located in Middlesex County, within the City of Dracut. The subject is zoned I-1, Industrial 1 District. Self-storage use (new development or conversion) is assumed to be permitted in the I-1 district. Therefore, the subject is assumed to be approved for future self-storage development/conversion.
- It is unknown if the subject is will include boat/RV parking spaces. I have included a review of which competitive facilities in the market offer boat/RV spaces and have included any provided rental rates, occupancy rates or other information, as available. However, demand for this type of unit will not be forecasted for the subject herein.

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- It is unknown if the subject will offer a moving truck service such as U-Haul or Budget, etc. I have identified the competitive facilities in the market area which offer this service. However, this is generally considered as an additional source of income or separate business. Demand and rental rates or any other further info for this business type have not been included herein.
- While I believe that all self-storage space currently planned or under construction has been identified, any unforeseen future self-storage development of substantial size may significantly affect the conclusions of this study. It is not possible to anticipate any future planned developments that are unknown by local planning officials or that do not have publicly recorded development plans. Therefore, the conclusions of this study are subject to change should any unknown developments be developed within the next 10 to 12 months.
- The primary and secondary market areas have been concluded herein and all known comparable self-storage facilities have been surveyed. While I believe I have identified all comparable facilities in the market area, it is possible some smaller, inferior, Class C facilities or facilities with inadequate marketing have not been located; however, given the inferior nature, the results of this demand study are not anticipated to change based upon the exclusion of these type of facilities. The proposed subject facility is to be of Class B quality or better; therefore, Class C facilities are not considered to be direct competitors. However, many of the competitor's in the area are of Class B-/C+ quality. All facilities located within the identified market areas have been included in the demand study analysis which results in a more conservative demand conclusion for the subject as some competitors are not equally competitive. Additionally, some facilities outside of the concluded market areas were identified and surveyed to provide additional support but were not included herein as they are outside of the competitive market areas.
- Drive-time maps have been reviewed; however, the demand analysis is based upon radius derived market areas, as this appears to be the norm in the self-storage market.
- This market study is valid for approximately 10 to 12 months, at which time market conditions may vary, impacting the study conclusions. The market is constantly changing and it is inherently difficult to forecast changes in the local or national marketplace or to estimate any future planned facilities in the subject's market. Should the subject not be ready for development within 10 to 12 months from the effective date of this study; a follow up or updated study is recommended.
- Any future self-storage space to be built by the client at the subject location is assumed to be of Class B quality or better, with an office and effective onsite management, surveillance cameras, secure site/buildings, etc. Specific unit type or mix is unknown at this time; therefore, regular and climate-controlled space will be reviewed and included herein. The subject is assumed to have effective marketing and a good website in place prior to construction completion.
- Current/typical rental rates have been included based upon a survey of the market area. However, market rents for the subject have not been forecasted or concluded herein.
- Any future approved self-storage development/conversion is assumed to conform to all local ordinances and/or building codes. All required approvals are assumed to be obtained within a timely fashion.
- A flood map was obtained and is included in the Addendum; however, a soil survey, wetlands survey, and floodplain survey was not provided by the client or reviewed herein. For purposes of this study, it is assumed the subject site is not negatively impacted by any such

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environmental factors. It is recommended additional studies be obtained by the client prior to any future development.

- Public utilities are assumed to adequately serve the subject site and are assumed adequate for any future self-storage development/conversion.
- The subject property is currently and reportedly under contract for sale. The client is the buyer and provided some property information and details of the pending transaction. However, the sale has not been analyzed further or considered herein and for purposes of this study, it is assumed the property will transfer or close in a timely fashion to the client or associates of the client, noted as .

SUMMARY OF FINDINGS AND RECOMMENDATIONS

I conclude that there is very good current and future demand for a new self-storage development or conversion project at the subject site located at , Dracut, Massachusetts. The area is concluded to be residential in nature and shifts to a more rural location to the northeast. The subject property is located on the area's primary commercial corridor. Based upon a review of the market, development trends, demographics and traffic counts, the subject's location in the immediate market is average to good and sufficient for self-storage use.

The primary market area is concluded to be a three-mile radius around the subject and the secondary market area is concluded to be a four-mile radius around the subject. However, both markets extend past the Merrimack River to the south and extend into Lowell. therefore, a third market area has been included which is a four-mile radius around the subject that does not extend past the river to the south. There are four competitive properties located within the primary market area and third study area and seven competitive properties within the secondary market area of four-miles. The majority of competitive facilities in the markets are of Class B-/C+ quality. The subject is envisioned to be of more Class B quality; therefore, will likely be superior to many of the noted competing facilities. While some competitors are not concluded to be direct competitors, they have been included in this analysis to determine total demand based upon total market area supply. The demand conclusions are conservative given the inferior nature of some of the competitive properties included.

The concluded current and future demand for the market areas is summarized below. All market areas are concluded to be undersupplied. Further, based upon my research the state of Massachusetts appears to be grossly undersupplied. The primary market area (PMA) and secondary market area (SMA) have higher demand conclusions as compared to the third study area. Appropriate factors have been applied to the demand conclusions in the PMA and SMA to better represent capture of demand for areas north of the river only.

The demand conclusions are supported by positive demographic factors and also high reported occupancy rates for competitive facilities. All stabilized facilities located in the all study areas report current occupancy rates ranging from 94% to 99%, which are extremely high and indicative of positive demand.

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Additionally, there is average to good current development trends for commercial and residential properties located in the market areas, which will continue to support positive demand for self-storage in the market.

I am aware of one competitive development currently under construction, Methuen Self-Storage, which is located in the PMA. This facility will be competitive within 12 months and has been added to the current estimated supply. Details are discussed later in this report. Other proposed facilities are also included; however, are located outside of the PMA and SMA and are not included in future supply forecasts. Based upon the recent growth trends, current occupancy rates, a review of historical development trends, and positive increase in demographic factors anticipated over the next five years, there is likely some pent up demand which indicates there will likely be increased future construction of competitive space in the market. Based upon a historical development trend analysis in the subject market, I have concluded to the addition of 100,000 square feet to the primary market area of three-miles and supportive third market area (four-miles and north of the river) and the addition of 150,000 square feet to the secondary market area of four-miles, which accounts for future proposed expansions or additions in the market. Despite the addition of the one known proposed development, and estimated future planned space in the market, demand appears to remain positive and good for the subject by Year 2021.

Based upon three demand forecasting techniques utilized herein, I have concluded there is current demand of 218,000 to 276,000 square feet within the three-mile PMA and 269,000 to 313,000 square feet in the four-mile SMA and 136,000 to 177,000 square feet within the third market area. Additionally, there is concluded to be continued positive demand of 231,000 to 263,000 square feet in the next five years within the PMA and 295,000 to 300,000 square feet in the SMA and 125,000 to 231,000 square feet in the third study area. Using a weighted factor for each area, current demand is concluded to be 194,000 square feet and future demand is concluded to be 180,000 square feet, indicating overall very good demand for the subject. These figures are estimated based upon selected ratios, which are subject to change. The actual demand is concluded to fall somewhere between the PMA and SMA conclusions.

Demand Conclusions			
<i>Current - 2016</i>			
<u>Method</u>	<u>3-Miles - PMA</u>	<u>4-Miles - SMA</u>	<u>4-Miles, North of River (Supportive Market Area)</u>
1 - SF/Person	217,822	269,367	136,384
2 - SF/Household	276,067	313,232	176,803
3- Capture Ratio (State)	N/A	N/A	N/A
Demand Range (SF)	218,000 to 276,000	269,000 to 313,000	136,000 to 177,000
<i>Future - 2021</i>			
<u>Method</u>	<u>3-Miles - PMA</u>	<u>4-Miles - SMA</u>	<u>4-Miles, North of River (Supportive Market Area)</u>
1 - SF/Person	230,660	294,585	124,602
2 - SF/Household	263,405	300,453	135,822
3- Capture Ratio (State)	241,770	297,810	231,394
Demand Range (SF)	231,000 to 263,000	295,000 to 300,000	125,000 to 231,000

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Estimated Current Demand				
Market Area	3-Miles-PMA	4-Miles-SMA	4-Miles & North of the River	Total Demand
Concluded Demand (SF)	250,000	290,000	150,000	
Weight (%)	30%	10%	60%	
Total Current Demand	75,000	29,000	90,000	194,000

Estimated Future Demand				
Market Area	3-Miles-PMA	4-Miles-SMA	4-Miles & North of the River	Total Demand
Concluded Demand (SF)	240,000	300,000	130,000	
Weight (%)	30%	10%	60%	
Total Future Demand	72,000	30,000	78,000	180,000

Based upon market norms, the subject site concluded available for self-storage use, has been estimated at 2.75 acres. This site can accommodate a typical, proposed subject development of approximately 69,000 to 99,000 square feet per market norms. Also, multi-story development appears to be a norm in this market. The subject is proposed to contain between 48,000 and 96,000 square feet, dependent on multiple variables such as planning, site layout, financing, costs, etc. To maximize the use of the site, it is recommended the facility be of 69,000 square feet to 99,000 square feet of gross building area.

Given the likely larger size of the subject facility, it is recommended to be developed in two or more phases. Climate-controlled space in this market is not typical, but appears to be in demand as most space is at or near full occupancy. Further there is a lack of climate-controlled space in the market. The one known competitive facility underway is proposed for 100% climate-controlled space. Therefore, the subject should likely contain a mix of regular and climate-controlled space to maximize customer capture.

A concluded stabilized occupancy rate for the subject market area is 85% to 90%. Current occupancy rates are strong for the market, and report decreasing minimally during winter months, like by 5% to 10% at most.

A concluded average absorption rate for the subject is within 1,800 to 3,000 square feet of gross building area per month.

The current development trends in the area indicate minimal recent self-storage construction, but based upon occupancy rates and rents, as well as the availability of land, there is likely pent up demand for the market areas and therefore, future potential development of competitive space is concluded to be eminent.

Overall, the subject is envisioned to be an average to an above average, Class B competitor in the market. Demand is concluded to be very good for the subject and development is recommended at this time.

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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

A handwritten signature in blue ink that reads "Amanda Helfrich". The signature is written in a cursive style with a long horizontal flourish at the end.

Amanda S. Helfrich, MAI
Starr Real Estate, LLC
Certified General Real Estate Appraiser (Kentucky)
Kentucky Certification #4489

OBJECTIVES OF THE STUDY

The main objective of this study is determine if there is demand for self-storage development (or conversion) at the subject property identified as having an address of , Dracut, Massachusetts. The subject is a single parcel of land that is currently improved with three commercial or industrial buildings. Two of the existing buildings are proposed for potential conversion to climate-controlled self-storage space and one building onsite will remain as is, for retail use. The retail building has not been considered further in this study. Additionally, there is concluded to be approximately 1.75 acres of vacant or paved excess land which has potential for development of new, drive-up, self-storage units. Specific details pertaining to a proposed unit mix or specific types or sizes was not provided and it is assumed the subject will contain a mix of regular and climate-controlled units, per information provided by the client. The property is identified by the Dracut Assessor's Office as parcel ID 7913 and is currently owned by Suzanne T. Toupin, Trustee. The client indicated the subject site is currently under contract for purchase. Details pertaining to the sale have not been analyzed or included herein. The subject site contains a total of approximately 21.20 acres; however, much of the land is reportedly unbuildable or unusable. Currently, the improved or buildable portion of the site is approximately 4.68 acres, more or less, per my aerial measurements. The portion utilized for self-storage use is estimated at 2.75 acres, of which, 1.20 acres is concluded to be paved/vacant and excess land for potential future self-storage development. The two existing buildings onsite for potential conversion contains approximately 28,645 square feet of gross building area. The proposed development size will range from 48,000 to 96,000 square feet of gross building area. The subject development is envisioned to be of Class B or better quality.

The subject is assumed to be approved for future self-storage development, based upon a review of the local zoning and building codes as well as conversations with officials at the Dracut Building Department, the subject is located in the I-1 Industrial 1 zone and mini-warehouse use is considered a special permit – planning board use with required site plan review. Plans have not yet been submitted or approved. The purpose of this study is to determine current and future market demand; for the proposed subject development. Conclusions regarding if demand exists for development of the preliminary 48,000 to 96,000 square feet of self-storage space will be concluded herein. Further, total current demand and future demand in the primary, secondary market and third supportive market areas will be analyzed and overall conclusions provided herein. Additionally, if demand is concluded to exist, development recommendations for the subject, based upon market norms, will be included. The specific objectives for this assignment include the following:

- Determine the subject's primary and secondary market areas.
- Survey the local market to identify the existing and proposed competitive supply. This includes an onsite inspection of all competing properties located within the market area. The survey includes a management interview to determine current rental rates, occupancy rates, market trends and typical facility amenities. Also, a photograph was taken of each competitor and included in the study.
- Utilize the survey to provide current occupancy rates and rental rates in the market, which will aid in the demand conclusions and determination of a current local rental rate range.

- Interview planning and zoning officials and local market participants to determine if there are any proposed developments in the market area and also to analyze barriers to entry and the subject's current zoning.
- Include a review of current and forecasted market area demographics and review current traffic counts.
- Conduct a residual demand analysis to estimate the residual unfulfilled existing and future self-storage demand within the market area which is available for the proposed subject development to capture. Multiple techniques will be utilized to determine if demand exists.
- If demand is concluded to exist, determine if sufficient demand exists to accommodate the proposed project based upon the indicated preliminary facility size of 48,000 to 96,000 square feet of gross building area. Additionally, analyze the subject site and determine typical development trends in the market area. If demand exists, provide a range of current competitive rental rates and occupancy rate for the subject.
- Provide absorption trends and estimated absorption timeframe for the proposed development, which is based upon the information that is readily available.
- Identify competitors which offer moving truck rental service. This is considered a separate business operation and further information pertaining to truck rental has not been included in this study.
- Identify competitors which offer onsite open or enclosed boat/RV parking spaces with current rental rates and occupancy rates as available. Demand for this unit type has not been analyzed further.
- Provide a written report including all analyses and conclusions derived herein.

EFFECTIVE DATE OF THE STUDY

The effective date of this market study is August 8, 2016, which is the date the subject site was inspected. The date of this report is August 23, 2016, the date of transmittal to the client. The study period is from 2016 to 2021. It is noted that the demographics utilized are from the Site to Do Business which reports demographics reported as of 2016 and forecasted for year 2021. The timeframe for demographics and all other noted secondary information sources herein are the most recently reported and available and most relevant for this demand study. The market study results are valid for approximately 10 to 12 months from the effective date, as changes in the market may alter the conclusion.

INTENDED USE AND USERS

This study has been completed for , 26 Sugar Pine Lane, Methuen, Massachusetts with additional user identified as . The study has been completed for internal review to aid in decision making pertaining to future proposed new development of the subject property for use as a self-storage facility and will be used as part of a financial application package being completed by the client for potential disbursement to various financial institutions for review. The demand study will provide an indication of current and future demand and supply trends that will aid in decision making by the intended users. This study is not an appraisal and does not include any valuations or conclusions pertaining to market rental rates or values herein. This study has not been completed for any other use or user.

STUDY SCOPE AND DEPARTURES

The scope describes the extent of the data collection process. For this assignment, the information considered includes a limited inspection of the proposed subject site, inspection of competing self-storage facilities and analysis of the market area. My competency to conduct a market analysis on self-storage facilities is based upon prior experience, as well as the data, analyses and conclusions that have been developed during the course of completion of this study. The data used in this analysis was obtained from interviews of managers/owners of competing self-storage facilities, online research, and interviews with local planning and economic development professionals in various government offices of Middlesex County, Massachusetts. The concluded competitive facility sizes, number of units, occupancy rates, etc. are based solely upon public information, online research, my calculations or estimations, and/or management interviews and is assumed to be accurate. Some of the competitive building sizes have been estimated based upon aerial measurements from Google maps or online GIS Maps, which were taken by the consultant for support.

The clients and other intended user, , provided subject property information including the location, address, site plan/layout, preliminary development plans (square footage and description of work to be completed), etc. The site size conclusions herein are based upon my estimates using aerial measurements. The preliminary development plan was not provided as the clients indicate the plan is for 48,000 to 96,000 square feet of gross building area. provided includes an approximate total planned facility size of 96,000 square feet. The proposed development is subject to change. Demand will be analyzed for the market. Further, based upon typical market development trends, a recommended facility size will be determined and included herein and is only a recommendation.

I visited a total of 16 self-storage facilities located within six- to seven-miles of the subject site. Only the properties concluded to be competitors within the primary and secondary market areas will be considered further herein. My survey included an onsite inspection and management interview. Additional follow up phone calls were made as required, along with online research of the comparable facilities.

Additional data used in this report was found on the websites of national self-storage facilities, REITs established in the market area, national publications and other

professionals in the region. To forecast population and housing for the area, 2016 estimates and 2021 future projections made by the Site to Do Business website were obtained and utilized herein. Additional publications reviewed and referenced herein include the *2014 and 2016 Self-Storage Almanac*, self-storage reports published by Cushman & Wakefield, the *2015-2016 Self-Storage Fact Sheet*, an article titled “*Domestic Self-Storage Market*” by Christian Sonne, MAI, MRICS; a reported titled “*Self-Storage Research*” by Marcus and Millichap, dated 1st Quarter 2014; a report titled “*Self-Storage Market Report*” by Cushman Wakefield, dated January 2014 and January 2015; the *2014 Self-Storage Demand Study*; and a book titled “*Market Analysis and Valuation of Self-Storage Facilities*” written by Richard R. Correll. These publications helped to determine characteristics related specifically to self-storage development and supply and demand trends, typical self-storage facility design, consumer trends, etc. I assume the information from these sources to be accurate.

SUBJECT DESCRIPTION

The subject is a parcel of land containing 21.2 acres, of which approximately 4.987 acres is developed currently. Of which 2.75 acres is proposed for self-storage use (conversion or new construction). The subject site is located on the southern side of Broadway Road in Dracut, Massachusetts. The subject has a physical address of , Dracut, Massachusetts. It is located in the central portion of the city and is approximately 1.5-miles south of the New Hampshire/Massachusetts state line and also 1.8-miles north of the Merrimack River and the City of Lowell, Massachusetts. The subject’s location within the boundaries of the City of Dracut, is shown below.



The subject is located along Broadway Road, which is a primary commercial thoroughfare in the immediate area. Broadway Road (Route 113) and provides access to the City of Methuen to the northeast and also to the Cities of Lowell to the south and Tyngsborough to the west. Dracut is considered to be a residential/rural area with commercial land uses located along primary corridors and pockets of industrial land uses in more secondary locations throughout. The south and western portions of the city are more densely developed with various residential land uses. These areas became favorable for residential development given the proximity to Lowell and supports much of the overflow of residents from the urban/saturated areas of Lowell. Further north and east, the land use begins to shift to a less developed locale with more agricultural/rural land uses. The subject is located between the intensely developed areas to the southwest and rural area to the northeast.

The current development plan for the subject is variable and will include either re-use or conversion of the existing buildings or tear-down and re-development of the site. The buildings are proposed to be of multi-level development. Additionally, there is approximately 1.20 acres of excess land, most of which is paved space. The excess land is proposed for construction of approximately 18,000 square feet of gross building area for regular, drive-up self-storage units. A detailed or finalized site layout or unit mix was not provided. All provided subject information is located in the Addendum.

The subject's immediate location is commercial, as it is located along a commercial corridor and has some adjacent retail, restaurant or office land uses. However, the land uses along Broadway Road shift to the north to more rural versus commercial as opposed to further south. Central portion of Dracut and just to the northeast of the downtown areas of the city. Dracut is a suburb of Lowell, located just across the Merrimack River. Lowell is heavily developed and urban in nature and Dracut has become a capture area for population overflow, therefore, there has been continued interest in new housing and residential development in the area. approximately 1.5-miles west of the downtown area of Dracut.

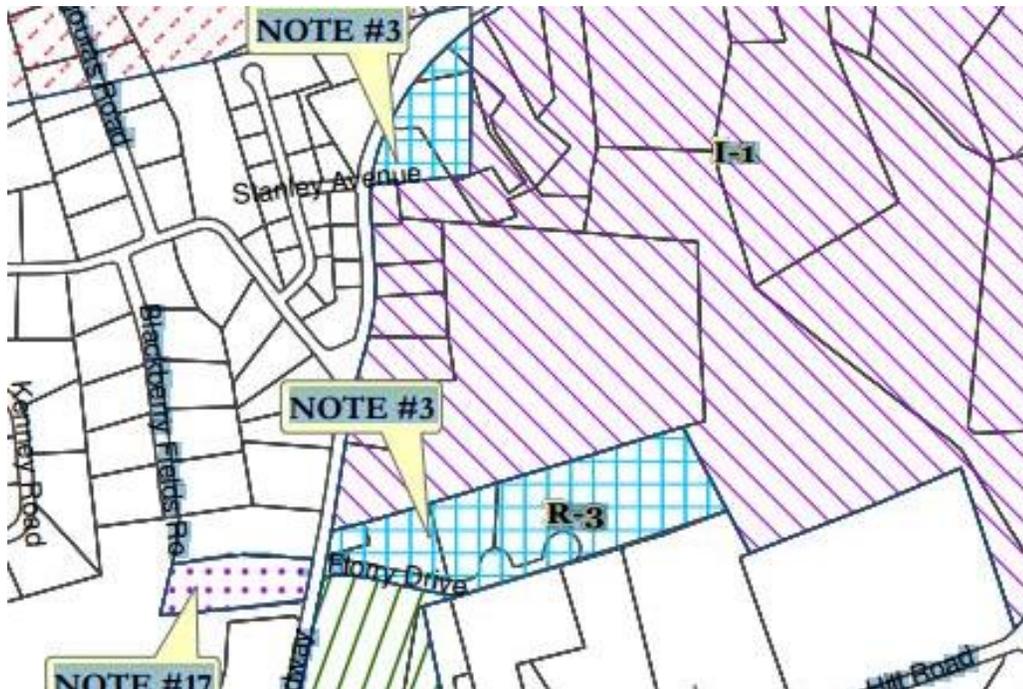
The property has good access and exposure from Broadway Road. The site is large and irregular in shape. As previously noted, the entire site contains approximate 21.20 acres; however much of the land is sloping, heavily wooded and/or in the floodplain, and therefore, the existing developed portion of the site is concluded to be approximately 4.68 acres and will be used as the sit size herein. Of the 4.68 acres, approximately 2.75 acres is concluded to be attributable to the self-storage development. Further, 1.20 acres of the site is currently vacant or paved space. The primary site is relatively level, and much of the site is paved. The subject site presently supports three curb cuts, each with adequate ingress/egress. The site is improved with three buildings, for use as retail strip center, office building and industrial office/warehouse building. Parking and access is shared among all existing tenant and is assumed to continue to operate as shared upon completion of any future self-storage development. Access to public utilities or adequate utilities are assumed to exist in sufficient capacity for the subject to be developed for self-storage use. The subject site is located in Middlesex County in the city of Dracut. Based upon flood maps obtained, the primary subject site is located outside of the 100-year floodplain, in Zone X, and is not anticipated to require additional flood insurance. However, much of the undeveloped portions to the north/east, which are not planned for self-storage development, are located in flood zone AE, which is considered to be in the 100-year floodplain.

SUBJECT SITE TAX MAP AND AERIAL PHOTOGRAPH

ZONING

The site is zoned I-1, Industrial 1 zone. This zone considers self-storage use as a SPB-R use, which is special permit - planning board approval and the site plan must also be reviewed. Based upon a conversation with Ms. Mary Lou Crowley of the Dracut Building Department, the proposed use must go through proper review with different committees reviewing and approving.

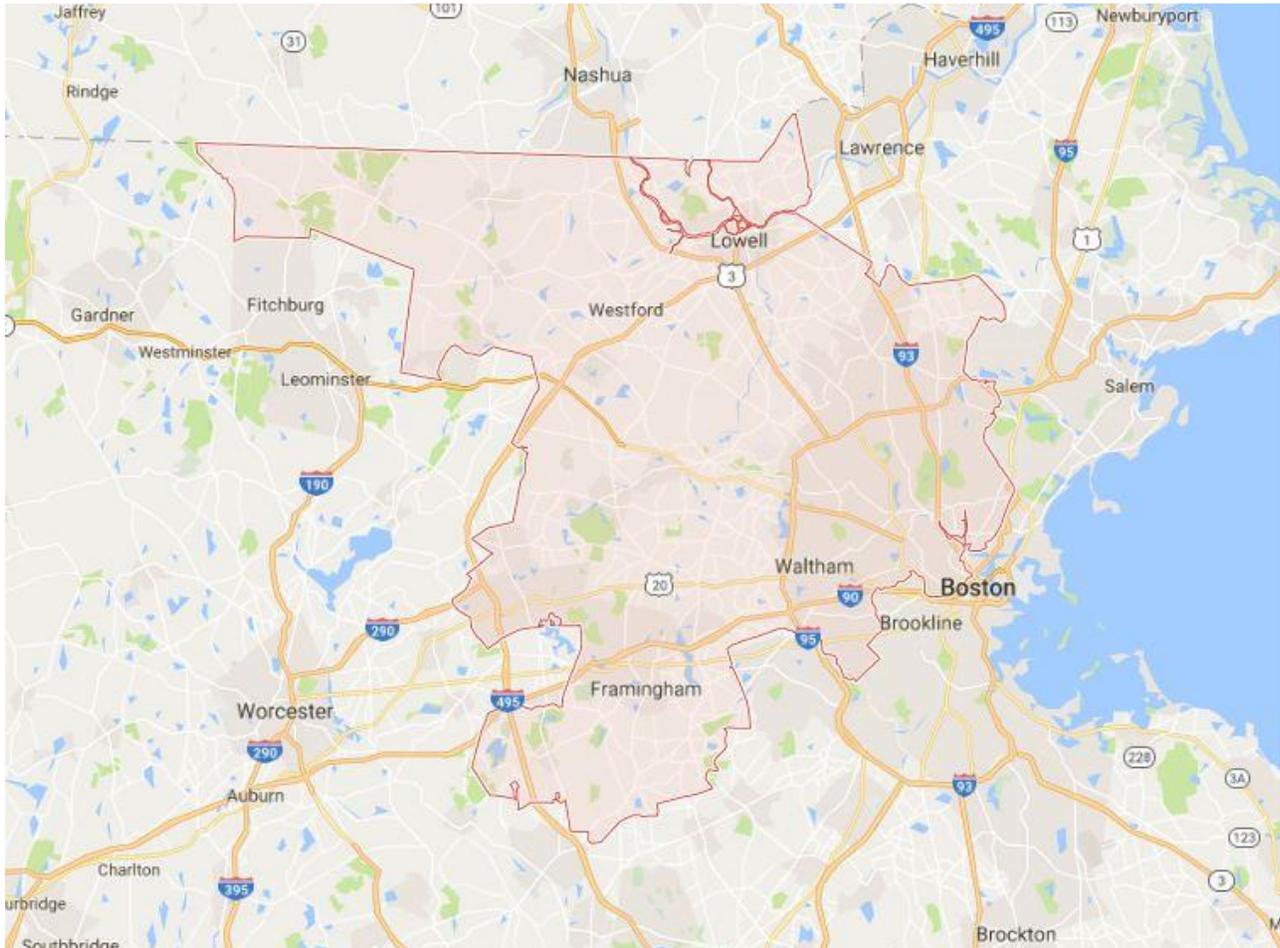
The subject’s proposed development plan is assumed to be approved as long as it conforms to required setbacks and other building and utility requirements. It is assumed all required approvals will be obtained prior to any future self-storage development. Further information pertaining to the subject’s zoning is located in the Addendum. For purposes of this study, the proposed subject development is assumed to be approved. A copy of the zoning map is included below.



MARKET AREA OVERVIEW

The subject property is located in the northeastern portion of Middlesex County, in the city of Dracut, which is just northeast of Lowell, Massachusetts and approximately 24 miles northwest of Boston, Massachusetts. Further, the subject is located just south 1.5 miles south of the New Hampshire/ Massachusetts state line. The subject is located along East Broad Street, which runs from southwest to the northeast through Dracut and continues to the east to Methuen, MA and to the southwest through Tyngsborough. The city of Dracut is located adjacent to the city of Lowell, which is separated by the Merrimack River. The

immediate area is somewhat rural with commercial uses located along the primary commercial corridor and significant residential and agricultural land uses located throughout the entire market area. There are pockets of industrial land uses, located primarily along secondary roadways which run from primarily corridors such as Broadway Road. The map below identifies the subject location within the expanded Middlesex County market.



Overall, there is a great amount of vacant land for future development located in the immediate market area. The area has seen average to good recent growth trends with some recent new development noted as well as some proposed development noted, which will later be discussed.

ACCESS/TRANSPORTATION

Primary access to the neighborhood is Interstate 93 Interstate 495, and U.S. Route 3. Other major local roadways in the immediate area include Route 113 (Broadway Road), Route 110, and Route 38. Public transportation via buses does appear to be present in the area. Access throughout the neighborhood is average.

LOCAL EMPLOYMENT CENTERS

Many of the major employers in the area are industrial or institutional in nature. Some of the noted major area employers include Dracut Public School System, Brox Industries, Dakota Systems, and Majite Corporation. Surrounding the subject, and in the immediate area, employment is located in strip centers and shopping centers and include small retail shops, offices and various restaurants, the USPS, etc. The University of Massachusetts-Lowell, provides additional employment opportunities just outside of the primary market.

PROPOSED DEVELOPMENT AND RECENT TRENDS

Some new development noted in the area include residential subdivisions or other multi-family uses. Some noted commercial development includes self-storage facilities, which will be discussed later in further detail herein.

The property at 324 Broadway Road is planned for development of 15, 3-unit townhomes, or 45 total units.

An open space residential subdivision called Berube Farms, with 34 total lots, is currently planned at 231 Wheeler Road.

An apartment complex located at 21 Broadway Road is planned to contain 79,000 square feet and includes a total of 79 units, each with 1,000 square feet of gross building area.

A 278-unit apartment community for adults aged 55 and over is under construction at 341 Broadway Road.

An assisted living facility with 78 units and an office building containing 28,400 square feet is underway on Loon Hill Road and Broadway Road.

The Pines is a proposed condominium development located at 241 Bridge Street that will feature 34 units upon completion.

Fox Run II is proposed as an open space residential development that will have 57 single-family lots when complete.

Great Woods is another single-family development that is open space in nature and will feature 57 lots when complete.

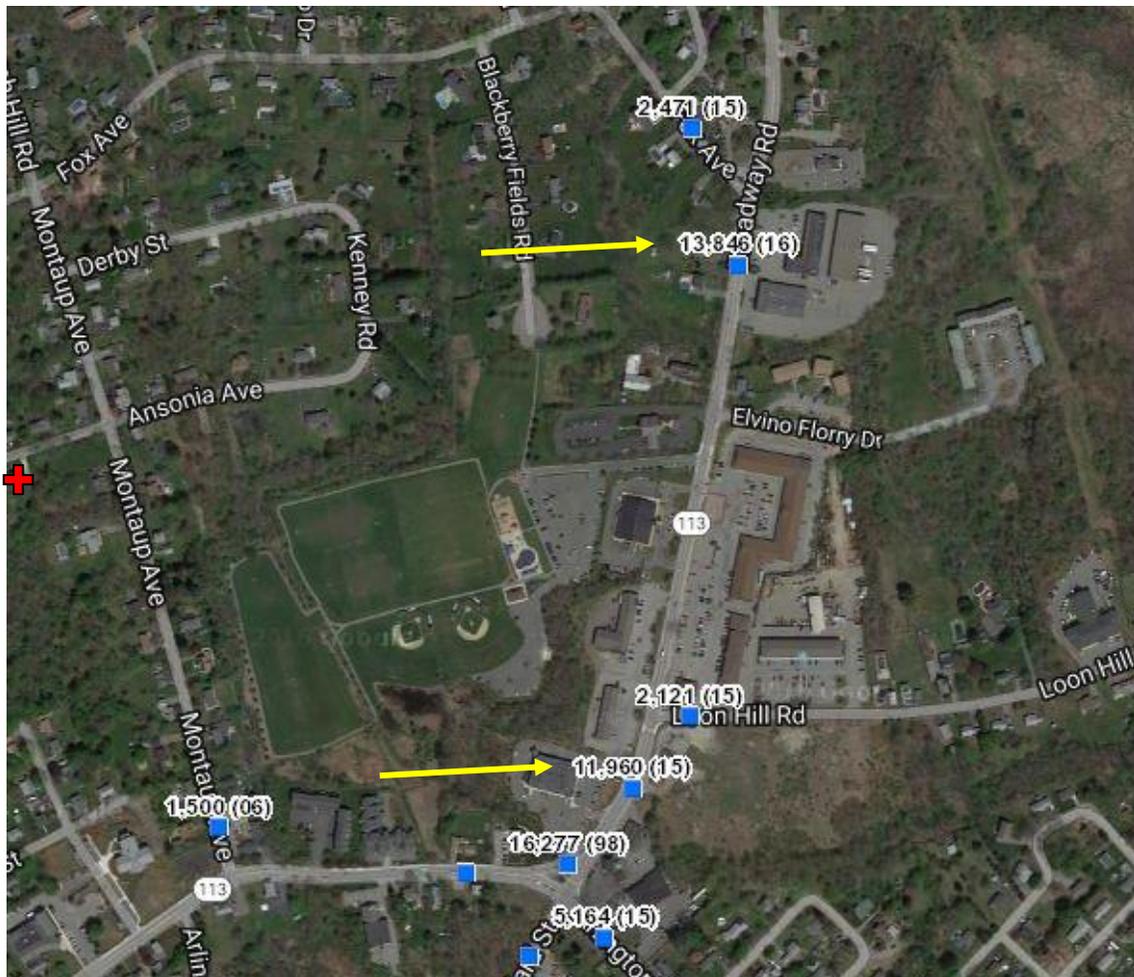
Wheeler Village, a single-family subdivisions located on Wheeler Road, is proposed to contain 73 homes on individual lots when complete.

Other smaller developments were noted as proposed in the market. Above, there are a total of 221 single-family lots, 79 condo or townhome units, 78 assisted living facility units and 357 apartment units proposed or underway in Dracut, Massachusetts. The rate of residential development in the market is significantly high and as a result, future

commercial growth is likely and also increased demand or need for storage space, which will also be discussed later in this report.

TRAFFIC COUNTS

Traffic counts in Massachusetts are counted at individual stations along primary and some secondary arterials. Traffic counts for Massachusetts are reported by the Massachusetts Department of Transportation (MassDOT). The counts are collected at various times, some recently reported as of 2015 to 2016. However, some are dated as far back as 1998, as shown on the map below. Traffic counts are generally included for the areas located at the subject location and to the south, primarily along Broadway Road and some on secondary roadways extending from Broadway Road. The map below highlights all stations that collect traffic counts. The two most recent counts along Broadway Road that are located at the subject and just to the south are identified by the yellow arrows. The station located at the subject property indicates an average daily count of 13,846 cars per day as of 2016 and the station to the south of the subject indicates a daily count of 11,960 cars per day, as of 2015. The best indicator of traffic counts is the station located at the subject property which was taken most recently, with a concluded average daily traffic count of 13,846 cars per day.



Source: MassDOT

Another traffic count map, shown on the following page, was obtained from the Site to Do Business, which included minimal traffic counts for the area. However, two locations along Broadway Road at the subject and just south indicate a range of 10,000 to 14,029 cars per day, which well bracket the prior counts noted by the MassDOT.

Considering all factors, an estimated average daily traffic count range for the subject is 11,000 to 14,000 cars per day, which is considered average given the area is somewhat rural in nature. These counts represent a general secondary commercial location.



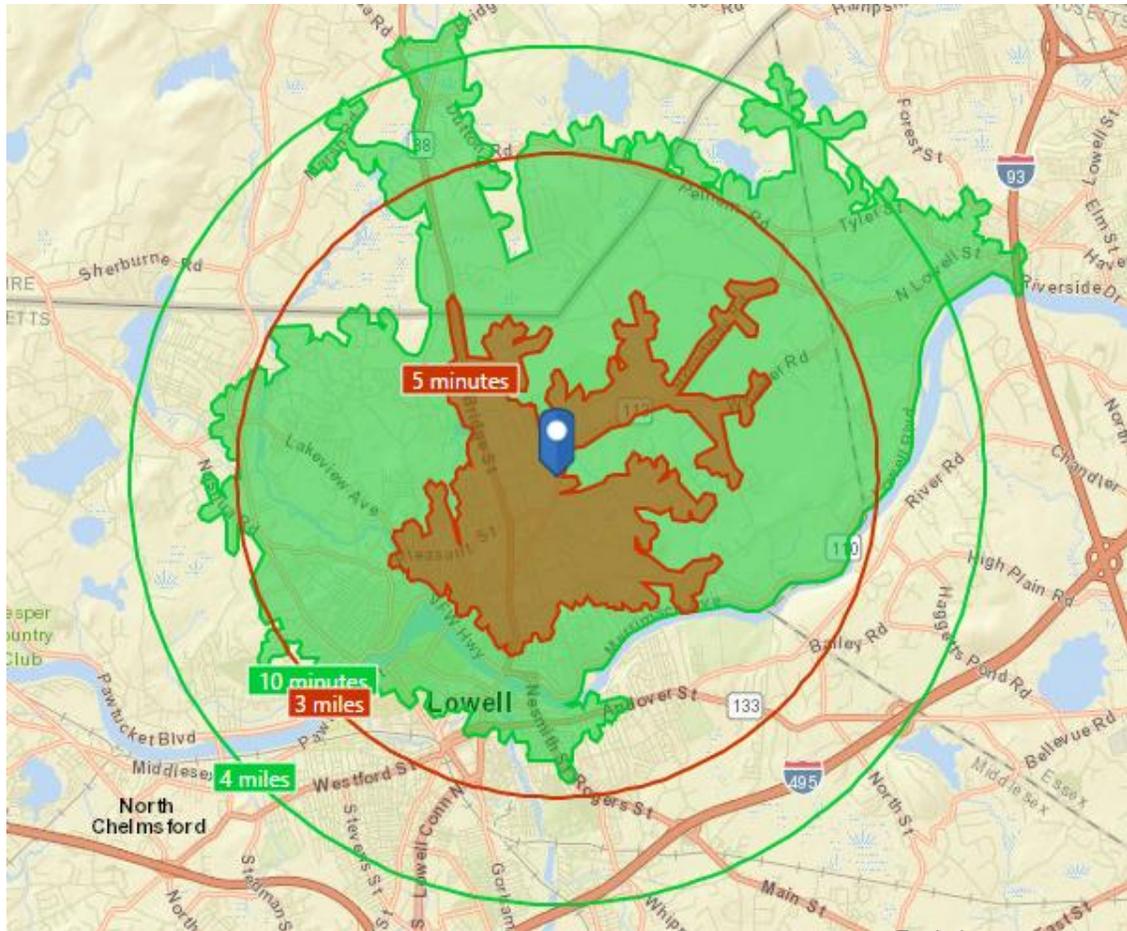
PRIMARY AND SECONDARY MARKET AREA CONCLUSION

The traditional industry method for defining the self-storage market area is to draw a circle with a three- to five-mile radius or more around the subject property with the subject property being in the middle of the circle. This method is called the concentric circle approach. The subject is located in an area that is residential to rural in nature.

However, it is located just outside of Lowell, which is a much more urban location. Dracut is growing, as an alternative location to urban living, many are spreading out from the city and Dracut provides another option for living, outside of an urban downtown setting such as Lowell. The immediate area is residential to rural. To the south and west the population becomes denser and more developed, as opposed to north and east, where the land use shifts to more rural with many farms and other agricultural land uses noted. Additionally, the Merrimack River separates the city of Dracut from the city of Lowell. There is a major shift in land use to the south, across the river, as it is urban in nature. Given the change in land use and quick shift from urban to residential to rural, multiple market areas have been reviewed for the subject.

Per the *Market Analysis and Valuation of Self-Storage Facilities* book, users in suburban markets will travel a maximum of 15 minutes. The *2014 Self-Storage Almanac* states that approximately 45% of self-storage renters surveyed indicate that their unit is less than 10-minutes from their homes. While the *2016 Self-Storage Demand Study* reveals that 75% of a facility's customer base is located within three-miles. This is likely reduced in urban areas and increased in rural areas.

A review of drive-time maps and radius maps indicate that a 10-mile drive-time for the subject is generally contained within a three- to four-mile radius. In general, this can vary greatly depending on specific location and linkages. In other markets, a 10-minute drive is contained within 4- to 5-miles or more.



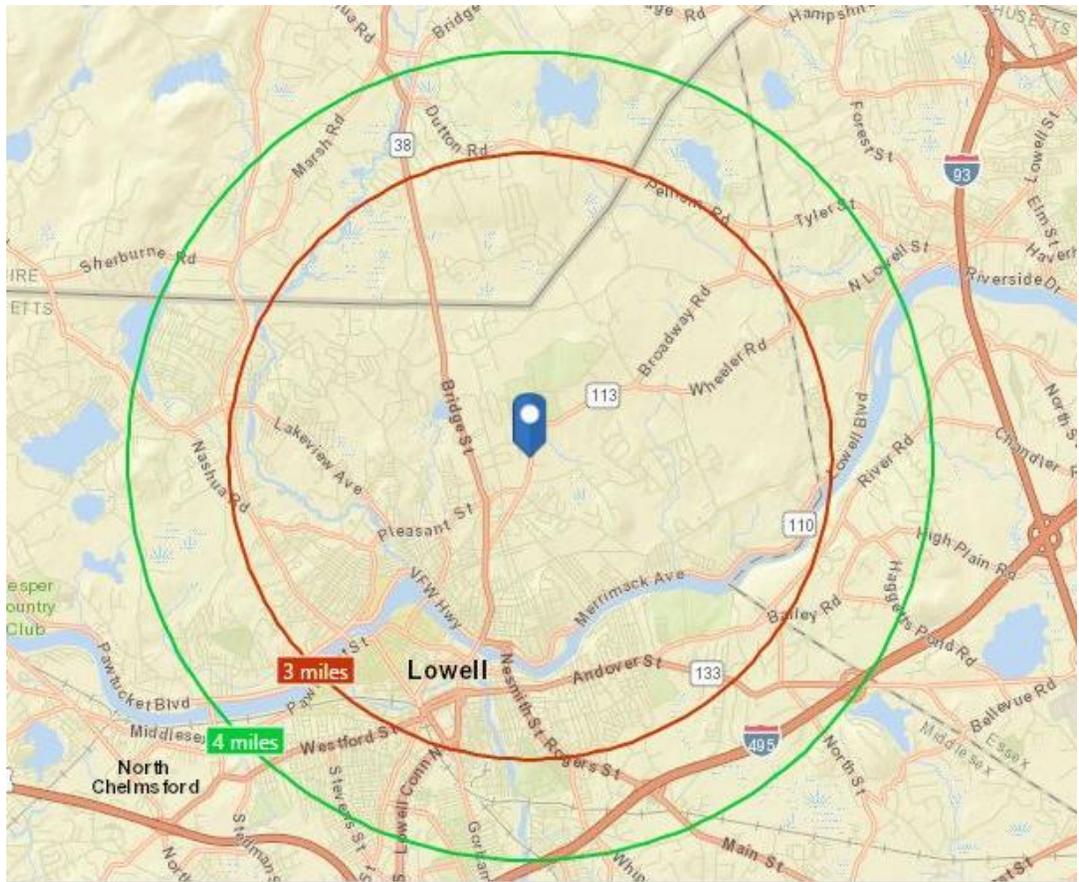
The 3-mile radius includes the northern portion of Lowell and well encompasses Dracut. A 4-mile radius includes most of Lowell and Dracut and begins to encroach into other cities. Past four-miles, the market begins to expand into other cities such as Tyngsborough, Chelmsford, Methuen, Tewksbury, etc. Another factor for consideration when choosing the subject’s competitive market area is distance between similar branded self-storage facilities. For instance, there are two Simply Storage properties located within five-miles of the subject. Also, A-Dracut Self-Storage, A-Lowell Self-Storage and the proposed Methuen Self-Storage have common ownership. A comparison of distance between the similar branded facilities is shown below.

Brand	# Facilities in Five-Miles	Proximity
Simply Storage	2 facilities	4.0 miles
A-Dracut/A-Lowell/Methuen	3 facilities	2.0 to 4.6 miles

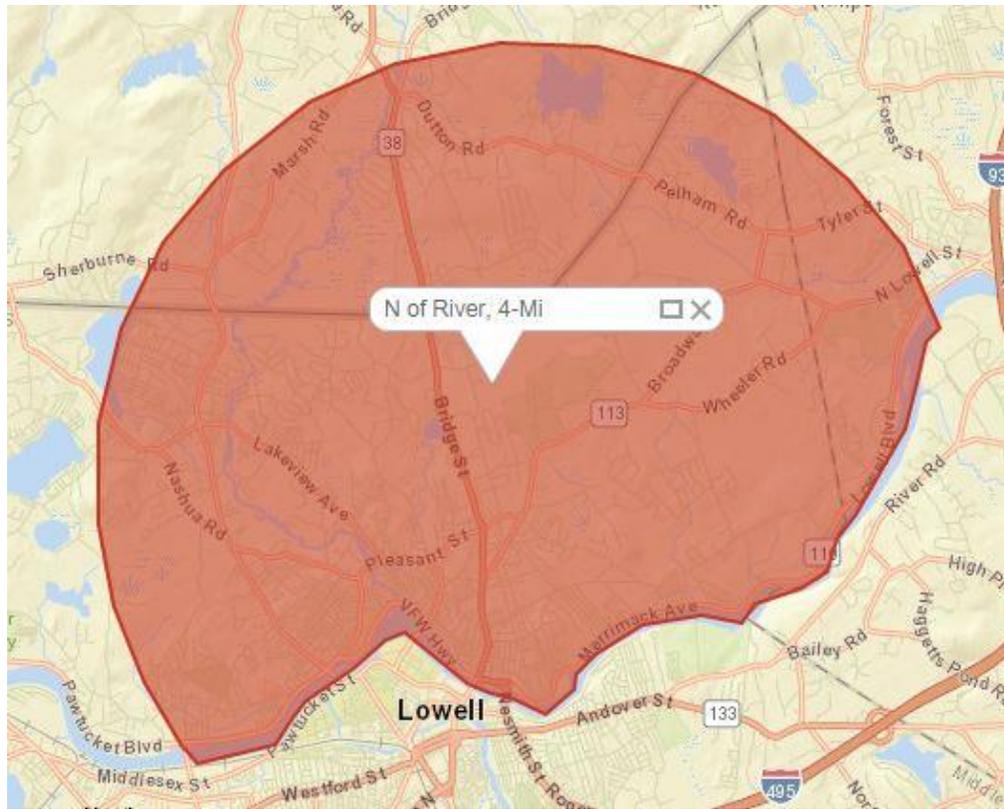
The majority of same-brand facilities within a five-mile radius of the subject are located within 2.0 to 4.6 miles of one another.

Considering all factors, a three-mile primary market area (PMA) has been concluded for the subject. The subject location and to the north/east is more rural; however, to the south, a three-mile radius includes the northern portion of Lowell. A four-mile radius

is considered as the secondary market area (SMA). Extending past a four-mile radius appears to be too broad of a market; therefore, has not been considered further. A map of the PMA and SMA is shown below.



The subject's immediate location is unique, as it is situated in close proximity to Lowell but separated naturally by the Merrimack River to the south. Given the natural boundary, the number of potential customer base from south of the river is concluded to be minimal. Therefore, a third market area will be used in conjunction with the PMA and SMA to provide additional support. The third market area includes a 4-miles radius around the subject property but does not extend past the Merrimack River to the south. A map of this study area is shown below.



The typical textbook “primary market area” will have a population of around 100,000+ and is noted to have 10 to 12 competitors. The subject’s three-mile PMA market area has a current population of 85,352 people and four identified competitors. The four-mile SMA market area has greater population of 137,900 people and seven competing facilities. The PMA has lower population and number of competitors as compared to market norms. The SMA has somewhat higher population and less competing properties. The supplemental market area has the lowest population of 63,529 and similar competing facilities as the PMA. All market areas vary in population, but well bracket the norm. All market areas have less than the typical number of competitors, which is a positive sign.

Market Area	Current Population	# Competitors
3-Miles (PMA)	85,352	4
4-Miles (SMA)	137,900	7
4-Miles, N of River	63,529	4

DEMOGRAPHIC FACTORS

Self-storage demand derived from the surrounding residential households accounts for the majority of occupancy in most self-storage facilities. In analyzing the propensity for self-storage space use from among market area residents, they have been classified in a number of ways. Demand has been studied on a per capita basis, making good estimates of the market area population important to the demand study.

The population and demographics of the subject’s primary three-mile market area, secondary four-mile market area and supplemental market area of four-miles and north of the river, are shown below. Both population and number of households increased from 2010 to 2016 and is expected to continue this trend through 2021 for all market areas. Additionally, median and average household income is also expected to increase from 2016 to 2021. These increasing demographic all positive signs for future growth and demand within the PMA and SMA.

THREE-MILE DEMOGRAPHICS (PMA)

Summary	Census 2010	2016	2021	
Population	82,613	85,352	88,711	
Households	31,055	32,118	33,435	
Families	19,321	19,820	20,545	
Average Household Size	2.56	2.56	2.56	
Owner Occupied Housing Units	16,288	16,224	16,804	
Renter Occupied Housing Units	14,767	15,894	16,631	
Median Age	34.6	35.4	36.4	
Trends: 2016 - 2021 Annual Rate	Area	State	National	
Population	0.77%	0.66%	0.84%	
Households	0.81%	0.64%	0.79%	
Families	0.72%	0.60%	0.72%	
Owner HHs	0.70%	0.61%	0.73%	
Median Household Income	-0.16%	2.47%	1.86%	
Households by Income	2016		2021	
	Number	Percent	Number	Percent
<\$15,000	4,954	15.4%	5,541	16.6%
\$15,000 - \$24,999	3,170	9.9%	3,117	9.3%
\$25,000 - \$34,999	3,046	9.5%	2,856	8.5%
\$35,000 - \$49,999	3,891	12.1%	4,597	13.7%
\$50,000 - \$74,999	5,723	17.8%	4,202	12.6%
\$75,000 - \$99,999	3,599	11.2%	4,096	12.3%
\$100,000 - \$149,999	4,683	14.6%	5,367	16.1%
\$150,000 - \$199,999	1,908	5.9%	2,361	7.1%
\$200,000+	1,145	3.6%	1,297	3.9%
Median Household Income	\$53,083		\$52,667	
Average Household Income	\$70,836		\$75,408	
Per Capita Income	\$27,343		\$29,074	

Source: Site to Do Business website, as of August 2016

FOUR-MILE DEMOGRAPHICS (SMA)

Summary	Census 2010	2016	2021	
Population	132,661	137,900	143,673	
Households	47,638	49,419	51,481	
Families	31,073	32,074	33,327	
Average Household Size	2.70	2.71	2.71	
Owner Occupied Housing Units	26,617	26,746	27,777	
Renter Occupied Housing Units	21,021	22,673	23,704	
Median Age	34.7	35.5	36.6	
Trends: 2016 - 2021 Annual Rate	Area	State	National	
Population	0.82%	0.66%	0.84%	
Households	0.82%	0.64%	0.79%	
Families	0.77%	0.60%	0.72%	
Owner HHs	0.76%	0.61%	0.73%	
Median Household Income	0.71%	2.47%	1.86%	
Households by Income	2016		2021	
	Number	Percent	Number	Percent
<\$15,000	6,801	13.8%	7,578	14.7%
\$15,000 - \$24,999	4,579	9.3%	4,544	8.8%
\$25,000 - \$34,999	4,393	8.9%	4,094	8.0%
\$35,000 - \$49,999	5,927	12.0%	6,759	13.1%
\$50,000 - \$74,999	8,974	18.2%	6,704	13.0%
\$75,000 - \$99,999	5,971	12.1%	6,784	13.2%
\$100,000 - \$149,999	7,596	15.4%	8,817	17.1%
\$150,000 - \$199,999	3,053	6.2%	3,770	7.3%
\$200,000+	2,123	4.3%	2,433	4.7%
Median Household Income	\$56,323		\$58,347	
Average Household Income	\$75,461		\$80,855	
Per Capita Income	\$27,706		\$29,610	

Source: Site to Do Business website, as of August 2016

SUPPLEMENTAL MARKET AREA DEMOGRAPHICS – 4-MILES, NORTH OF RIVER

Summary	Census 2010	2016	2021	
Population	61,172	63,529	66,158	
Households	22,300	23,085	24,000	
Families	15,517	16,038	16,664	
Average Household Size	2.71	2.72	2.72	
Owner Occupied Housing Units	15,299	15,493	16,099	
Renter Occupied Housing Units	7,001	7,592	7,901	
Median Age	37.1	38.2	39.1	
Trends: 2016 - 2021 Annual Rate	Area	State	National	
Population	0.81%	0.66%	0.84%	
Households	0.78%	0.64%	0.79%	
Families	0.77%	0.60%	0.72%	
Owner HHs	0.77%	0.61%	0.73%	
Median Household Income	2.72%	2.47%	1.86%	
Households by Income	2016		2021	
	Number	Percent	Number	Percent
<\$15,000	1,977	8.6%	2,184	9.1%
\$15,000 - \$24,999	1,861	8.1%	1,829	7.6%
\$25,000 - \$34,999	1,810	7.8%	1,632	6.8%
\$35,000 - \$49,999	2,694	11.7%	2,986	12.4%
\$50,000 - \$74,999	4,476	19.4%	3,328	13.9%
\$75,000 - \$99,999	3,149	13.6%	3,595	15.0%
\$100,000 - \$149,999	4,591	19.9%	5,390	22.5%
\$150,000 - \$199,999	1,575	6.8%	1,947	8.1%
\$200,000+	952	4.1%	1,109	4.6%
Median Household Income	\$65,777		\$75,208	
Average Household Income	\$82,120		\$88,835	
Per Capita Income	\$29,986		\$32,347	

Source: Site to Do Business website, as of August 2016

GENERAL SELF-STORAGE MARKET STATISTICS

Prior to investigating specific market trends for the subject, a review of general self-storage trends on a regional and/or national basis will be summarized below.

Per a study completed by the Self-Storage Association, titled *2015-2016 Self-Storage Industry Fact Sheet*, the following general market facts and statistics have been considered herein:

- The self-storage industry has been one of the fastest-growing sectors of the United States commercial real estate industry over the period of the last 40 years
- There are now over 48,500 “primary” self-storage facilities in the United States as of year-end 2014; another 4,000 are “secondary” facilities (“primary” means that self-storage is the “primary” source of business revenue – US Census Bureau)
- There are approximately 60,000 self-storage facilities worldwide as of the 2nd quarter in 2015; there are more than 3,000 in Canada and more than 1,000 in Australia

- Total self-storage rentable space in the U.S. is roughly 2.5 billion square feet. That figure represents more than 78 square miles of rentable self-storage space, under roof – or an area well more than 3 times the size of Manhattan Island (NY)
- U.S. self-storage facilities pay a total of more than \$3.25 billion in property taxes to local government jurisdictions
- The distribution of U.S. self-storage facilities (as of the 2nd quarter of 2015) is as follows: 32% urban, 52% suburban and 16% rural
- The average revenue per square foot varies from facility to facility; however, here are the noted rental rate trends as of 2nd quarter 2015: \$1.25 per square foot for a non-climate controlled 10 x 10 unit and \$1.60 per square foot for a climate controlled 10 x 10 climate-controlled unit
- Occupancy rates for self-storage facilities as of the 2nd quarter of 2015 were 90% (percentage of units rented per facility) up from 86.8% at year-end 2013
- In fact, about 9.5% of all American households currently rent a self-storage unit (10.85 million of the 113.3 million U.S. households in 2013; that has increased from 1 in 17 U.S. households (5.9%) in 1995 (18 years ago)
- U.S. self-storage facilities employed more than 170,000 persons, or an average of 3.5 employees per facility
- The average (mean) size of a “primary” self-storage facility in the US is approximately 56,900 square feet
- Of over 10,000 facilities surveyed, approximately 6,000 are single-story facilities and approximately 4,000 are multi-story facilities
- Of over 10,000 facilities surveyed, the mean facility size is 546 units and the median facility size is 517 units
- Of over 10,000 facilities surveyed, 18.7% offer Boat / RV parking and/or storage
- Of over 10,000 facilities surveyed, 31% offer truck rental
- The top-6 self-storage companies, including five real estate investment trusts (Public Storage, Extra Space, National Storage Affiliates Trust, Sovran and CubeSmart) plus U-Haul (a public company / non-REIT), own, operate and/or manage some 5,800 self-storage facilities, or about 12% of all U.S. facilities. Several public companies are now offering third-party management of facilities owned by other investors
- Hundreds of facilities are now being managed by the three public companies that have moved into this service area
- In addition to the public companies in the industry (above), there are more than 150 privately held firms that own and operate 10 or more self-storage facilities. In addition, there are some 4,000 firms that own and operate from 2 to 9 self-storage facilities. Lastly, there are more than 26,000 firms that own and operate just one facility
- There is a total U.S. self-storage space capacity of about 21 square feet per American household

- There is 7.3 square feet of self-storage space for every man, woman and child in the nation; thus, it is physically possible that every American could stand – all at the same time – under the total canopy of self-storage roofing
- About 13% of all self-storage renters say they will rent for less than 3 months; 18% for 3-6 months; 18% for 7-12 months; 22% for 1-2 years; and 30% for more than 2 years
- Some 68% of all self-storage renters live in a single-family household; 27% live in an apartment or condo
- Some 65% of all self-storage renters have a garage but still rent a unit; 47% have an attic in their home; and 33% have a basement.
- Some 47% of all self-storage renters have an annual household income of less than \$50,000 per year; 63% have an annual household income of less than \$75,000 per year.
- More than 1.5 million self-storage units nationwide are rented to military personnel (6% of all units); however, in communities adjacent to domestic US military bases, military occupancy can be from 20% to 95% of all rented units.
- Self-Storage Association (SSA) members value military personnel as self-storage customers and traditionally extend special incentives and discounts to those with a valid military ID card, such as: 10%-30% discounts off rental rates, free months of rent, gift certificates, free use of moving truck, "one-dollar move-ins," no rent increases while deployed overseas, waiver of security deposits, administration fees, etc.
- It took the self-storage industry more than 25 years to build its first billion square feet of space; it added the second billion square feet in just 8 years (1998-2005).
- 83.9% of all US counties (or 2,634 out of 3,141) have at least one "primary" self-storage facility.

SUPPLY ANALYSIS

Potential competing self-storage facilities were identified that will have influence over the identified market areas. As previously determined, the primary market area is concluded to be a three-mile radius and the secondary market is concluded to be a four-mile radius. I personally surveyed all located self-storage space within five-miles of the subject. Some additional facilities located within 6- to 7-miles were also inspected. The survey of competing facilities included an onsite inspection and management interview. Some facility surveys included follow up phone interviews. A summary of all facilities surveyed and inspected within 5-miles of the subject are included below. Of the 10 total facilities located within five-miles, seven are located within the SMA of four-miles and four are located within the PMA of three-miles as well as the supplemental market area of four-miles and north of the river.

As shown on the following page, there are a total of 7 competitive facilities located within four-miles of the subject property. Three additional facilities located outside of the SMA were included in the survey as shown in the grid below. They will not however, be included in the demand calculations. A separate summary of all comparables located in each market area follow.

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

ALL COMPARABLES WITHIN 5-MILES								
#	FACILITY NAME	SITE SIZE (ACRES)	SIZE (SF)	# UNITS	SITE SIZE (ACRES)	CURRENT OCCUPANCY	YEAR BUILT*	DISTANCE FROM SUBJECT
1	A Dracut Self-Storage	303 Broadway Rd., #113, Dracut, MA	47,810	400	7.040	95%	2002	0.4 miles
2	Uncle Bob's Self-Storage	73 Pleasant St., Dracut, MA	46,720	400	4.750	94%	1975 & 1986	1.7 miles
3	A-Lowell Self-Storage	100 Pleasant St., Dracut, MA	145,880	1000	2.080	98%	1940, converted approx. 2008	1.7 miles
4	Pelham Public Storage	70 Bridge St., Pelham, NH	20,700	173	4.000	98%	2001	2.8 miles
5	CubSMART Self-Storage	545 Clark Rd., Tewksbury, MA	90,000	700	2.680	95%	2006	3.4 miles
6	A-Value Self-Storage	20 Duren Ave., Lowell, MA	58,200	385	3.160	99%	2003	3.7 miles
7	Lowell Mini-Storage	3 Foundry Industrial Park, Lowell, MA	64,210	479	4.520	81%	1984	3.8 miles
TOTAL:			473,520	3,537				
AVERAGE:			67,646	505	4.033	94%		
8	Simply Self-Storage	470 Main St., Tewksbury, MA	87,400	700	2.940	86%	1988	4.3 miles
9	Tewksbury U-Store-It	720 Main St., Tewksbury, MA	30,000	265	2.010	90%	2000	4.8 miles
10	Simply Self-Storage	23 Glen Ave., Chelmsford, MA	63,800	510	5.000	95%	1989	4.9 miles

CURRENT SUPPLY – PMA, SMA AND SUPPLEMENTAL MARKET AREA

Within the PMA, or three-miles of the subject, there are a total of four competitive facilities with a total of 261,110 square feet and 1,973 self-storage units. The average current occupancy rate is 96% per the surveyed and provided occupancy rates.

Within the SMA, or six-miles of the subject, there are seven comparable facilities with a total of 473,520 square feet and 3,537 units with an average occupancy rate of approximately 94% (considering only those facilities which reported a current occupancy). The third study area has the same competitors as the PMA.

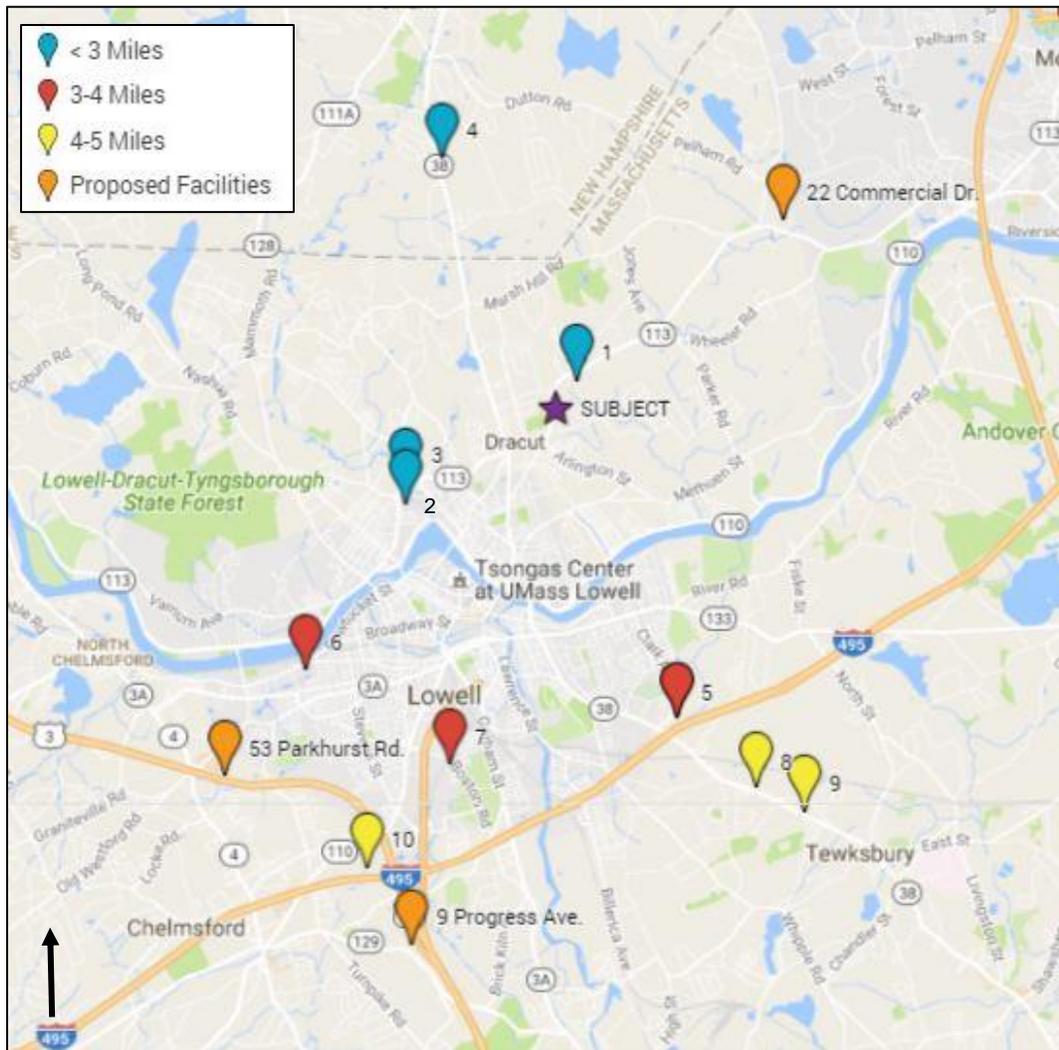
COMPETITIVE SELF-STORAGE PROPERTIES - PMA - 3-Mile Radius						
#	FACILITY NAME	LOCATION	SIZE (SF)	# UNITS	CURRENT OCCUPANCY	DISTANCE FROM SUBJECT
1	A Dracut Self-Storage	303 Broadway Rd., #113, Dracut, MA	47,810	400	95%	0.4 miles
2	Uncle Bob's Self-Storage	73 Pleasant St., Dracut, MA	46,720	400	94%	1.7 miles
3	A-Lowell Self-Storage	100 Pleasant St., Dracut, MA	145,880	1000	98%	1.7 miles
4	Pelham Public Storage	70 Bridge St., Pelham, NH	20,700	173	98%	2.8 miles
TOTAL			261,110	1,973		
AVERAGE			65,278	493	96%	
COMPETITIVE SELF-STORAGE PROPERTIES - SMA - 4-Mile Radius						
#	FACILITY NAME	LOCATION	SIZE (SF)	# UNITS	CURRENT OCCUPANCY	DISTANCE FROM SUBJECT
1	A Dracut Self-Storage	303 Broadway Rd., #113, Dracut, MA	47,810	400	95%	0.4 miles
2	Uncle Bob's Self-Storage	73 Pleasant St., Dracut, MA	46,720	400	94%	1.7 miles
3	A-Lowell Self-Storage	100 Pleasant St., Dracut, MA	145,880	1000	98%	1.7 miles
4	Pelham Public Storage	70 Bridge St., Pelham, NH	20,700	173	98%	2.8 miles
5	CubSMART Self-Storage	545 Clark Rd., Tewksbury, MA	90,000	700	95%	3.4 miles
6	A-Value Self-Storage	20 Duren Ave., Lowell, MA	58,200	385	99%	3.7 miles
7	Lowell Mini-Storage	3 Foundry Industrial Park, Lowell, MA	64,210	479	81%	3.8 miles
TOTAL			473,520	3,537		
AVERAGE			67,646	501	94%	

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

COMPETITIVE SELF-STORAGE PROPERTIES - Supportive Market Area (North of the River, 4-Miles)						
#	FACILITY NAME	LOCATION	SIZE (SF)	# UNITS	CURRENT OCCUPANCY	DISTANCE FROM SUBJECT
1	A Dracut Self-Storage	303 Broadway Rd., #113, Dracut, MA	47,810	400	95%	0.4 miles
2	Uncle Bob's Self-Storage	73 Pleasant St., Dracut, MA	46,720	400	94%	1.7 miles
3	A-Lowell Self-Storage	100 Pleasant St., Dracut, MA	145,880	1000	98%	1.7 miles
4	Pelham Public Storage	70 Bridge St., Pelham, NH	20,700	173	98%	2.8 miles
TOTAL			261,110	1,973		
AVERAGE			65,278	501	96%	

COMPETITIVE PROPERTIES MAP

A map of the competitive facilities, all located within five-miles is included below.



COMPARABLE OCCUPANCY RATES

Following is a summary of comparable occupancy rates for facilities located within the PMA and SMA of three- to four-miles of the subject property. For additional support, three facilities located within 4- to 5-miles are included, as Comparables 8, 9 and 10.

The comparables located in the PMA and SMA have current occupancy rates of 81% to 99%. However, Comparable 7 is not yet stabilized after re-opening approximately 18 months ago. Not considering Comparable 7, the stabilized facilities indicate a current occupancy rate of 94% to 99%, with an average of 96%. The occupancy rates in the immediate market are indicative of high demand. Comparables 8, 9 and 10 are located within 5-miles of the subject and have current occupancy rates of 86% to 95%. Comparable 8 has lower occupancy given the second story units are less popular as they are not heated or cooled and have interior access. The manager also indicated that prior to her arrival, the property had poor management and was 35% occupied. Occupancy has been increasing ever since. Therefore, the extended market is concluded to support current occupancy of 94% to 99%, which lends support to good current demand conclusions herein.

A concluded stabilized occupancy rate for the area is 85% to 90% (over 12 months). Currently, the typical occupancy rate in the market area is between 94% and 99%. The occupancy rate fluctuates through the year and per conversations with management, generally begins decreasing in winter months and is at a low during this time. Some facilities report being 100% full during spring or summer months. The estimated variance between the seasons is generally only 5% to 10%.

Overall, current occupancy levels are concluded to be high, which signals good potential demand for self-storage development in the PMA and SMA market areas.

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

#	FACILITY	ADDRESS	CURRENT UNIT OCCUPANCY	HAS CC UNITS	BOAT/RV OCCUPANCY	MANAGEMENT COMMENTS
1	A Dracut Self-Storage	303 Broadway Rd., #113, Dracut, MA	95%	No	100%	The manager said the larger unit sizes (10x20 and 10x30) are most popular and are 100% occupied. Has 47 open boat/RV spaces which are fully occupied.
2	Uncle Bob's Self-Storage	73 Pleasant St., Dracut, MA	94%	No	N/A	Indicated occupancy is always high.
3	A-Lowell Self-Storage	100 Pleasant St., Dracut, MA	98%	Advertised as CC but manager says only heated, not cooled	N/A	The manager said the units are always occupied, but the first floor is generally 100% occupied and upper floors have minimal vacancy.
4	Pelham Public Storage	70 Bridge St., Pelham, NH	98%	No	N/A	This is a Class C facility with minimal security. All units are drive-up. The manager indicated only 3 units are available.
5	Cubesmart Self-Storage	545 Clark Rd., Tewksbury, MA	95%	Yes, nearly 100%	N/A	The leasing agent indicated this was her first time at the facility and could not give info on past occupancy but indicated there are currently 33 available units.
6	A-Value Self-Storage	20 Duren Ave., Lowell, MA	99%	No	N/A	Only two units are currently available. An auction was just set for August 25th at which time 18 units will be available; however, the manager indicated they will be rented quickly.
7	Lowell Mini-Storage	3 Foundry Industrial Park, Lowell, MA	81%	No	Unknown	This property reports there are currently 90 vacant units, indicating current occupancy of 81%. However, the facility was shut down by the fire marshal 1.5 years ago and was closed for 1.5 years. Since re-opening, the facility has reached a current occupancy of 81%. The manager says the facility's occupancy continues to increase and based upon high occupancy figures in the past, the facility should reach a stabilized occupancy of 90% to 95% or higher in the near future. The most popular unit sizes are 10x10 to 10x20.
8	Simply Self-Storage	470 Main St., Tewksbury, MA	86%	No	N/A	This facility has 2-story buildings with non-climate controlled units. The 1st floor units are 100% occupied. All vacant units are on the 2nd floor. Currently, 10x15 and 10x20 units are 100% occupied. The manager says when she took over the property was mismanaged and operating at 35%.
9	Tewksbury U-Store-It	720 Main St., Tewksbury, MA	90%	No, but heated	N/A	This facility is 3-stories and is not cooled but is heated. The manager indicated the first floor has some drive-up units, which are 100% occupied. The 10x15 and 10x20 units are most popular.
10	Simply Self-Storage	23 Glen Ave., Chelmsford, MA	95%	No	100%	This facility has one 10x10 unit available and smaller units available. Larger units are fully occupied.

Source: Management interviews, as of August 2016

COMPETITIVE PROPERTY PHOTOGRAPHS

I have included the photographs of all facilities located within five-miles of the subject property. Comparables 1 to 4 are the competitors located within the PMA. Comparables 1 to 7 are located in the SMA and Comparables 8 to 10 are located outside of the PMA and SMA but inside a 5-mile radius. Photographs of the subject are located in the Addendum.



1 – A-Dracut Self-Storage



2 – Uncle Bob's Self-Storage



3 – A-Lowell Self-Storage



4 – Pelham Public Storage



5 – Cubesmart Self-Storage



6 – A-Value Self-Storage



7 – Lowell Mini-Storage



8 – Simply Self-Storage - Tewksbury



9 – Tewksbury U-Store-It



10 – Simply Self-Storage - Chelmsford

TYPICAL FACILITY AMENITIES

Following is a grid outlining typical facility amenities or features for the market areas. All facilities located within 5-miles have been included in the survey. Based upon my review of the market, the typical facility in this market does not offer climate controlled space. And most climate-controlled space in the area appears to be at or near full occupancy. Some facilities are multi-level style and are fully enclosed. Such as Comparable 3, which advertises as having climate-controlled space; however, the manager indicated the space is not cooled but is heated in the winter. He said fans are run which aids in cooling the units and the upper levels are generally hotter than the first floor. Comparable 3 is similar to Comparable 9 which is an enclosed, multi-level facility that does not cool the units but does heat them. Of the 10 noted competitive facilities located within 5-miles, only one truly offers climate-controlled space, or 10%. Including the two facilities that heat but do not cool the units, the total share is 30%.

Three of the 10 facilities, or 30%, indicated offering onsite, open, RV/boat parking spaces. None of the facilities offer covered parking spaces that I am aware of. Two of the three facilities indicated a current occupancy of 100%.

Four of the 10 facilities, or 40% have onsite apartments or homes for resident managers. This adds an additional level of security; however, the lower than average ratio indicates this amenity is not typical in the local market.

A total of three of the 10 facilities, or 30% offer 24-hour access for tenants. The lower ratio indicates this amenity is not typical or highly demanded in the local market.

Eight of the 10 total facilities, or 80%, offer security cameras onsite. An additional facility that does not offer cameras, offers “monitors” that offer some additional security but are not concluded to be the same as security cameras. This facility amenity is a norm in the market. Additionally, nine of the 10 facilities, or 90%, offer an electronic gate or keypad. Nine of the ten, or 90%, of the facilities offer a completely secure site by fencing or by natural boundary.

Two facilities, Comparables 1 and 5 do not offer any fencing or electronic gate/keypad. Additionally, Comparable 3 did not have a working gate/keypad at the time of inspection but was in process of installing a new one. Offering a secure facility with fencing and/or an electronic gate/keypad is concluded to be a desired amenity in this market.

Three facilities, or 30% of the competitors offer moving truck service, indicating this additional business is not typical in the local market.

Nine of the facilities or 90% require a security deposit or administrative fee. The indicated typical administrative fee or deposit ranges from \$15 to \$40. One facility, Comparable 9 requires a \$50 deposit which is refundable.

The number of buildings and stories in this market vary greatly from one building to 11 buildings. Also, six of the 10 facilities offer multi-level facilities, from two- to four-stories. I am aware of other facilities proposed in the extended market that have multiple stories as well. Having multiple levels is gaining in popularity and appears to be a norm for this market. The multi-level facilities do not typically offer 100% climate-controlled space, which varies from many other markets in which multi-level facilities generally represent 100% climate-controlled facilities. Comparable 5 is nearly 100% climate-controlled but does offer a few drive-up units. Additionally, two of the facilities which have multiple levels only heat the interior of the building but do not cool it.

Most competitors in this market are of Class C+ to B- quality. There are only two facilities that are of Class B to B+ quality, which is Comparable 5. The comparable property amenities and features are displayed in the following grid.

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

COMPETITIVE SELF-STORAGE PROPERTIES - FACILITY FEATURES/ AMENITIES													
#	Facility Name	Climate-Controlled	Boat/ RV Parking Spaces	Resident Manager	24-Hour Access	Security Cameras	Electronic Gate or Keypad	Fenced/ Secure Site	Moving Truck Rental	Admin Fees or Deposit	# Buildings	# Stories	Overall Class
1	A Dracut Self-Storage	No	Yes, approx. 47 spaces	No	Yes	Yes	Yes	Yes	Yes	\$30	8	1	C+/B-
2	Uncle Bob's Self-Storage	No	No	Yes	No	Yes	Yes	Yes	No	\$25	11	1	C+/B-
3	A-Lowell Self-Storage	Advertised as CC but manager says only heated, not cooled	No	No	No	Yes	Yes	Yes	Yes	\$30	3	2 to 4	C+/B-
4	Pelham Public Storage	No	No	Yes	Yes	No	No	No	No	\$15	6	1	C
5	Cubesmart Self-Storage	Yes, nearly 100%	No	No	No	Yes	Yes	Yes	No	\$24	1	3	B/B+
6	A-Value Self-Storage	No	No	Yes	No	Yes	Yes	Yes	No	No	4	2	C+/B-
7	Lowell Mini-Storage	No	Yes, open	No	Yes	Yes	Yes	Yes	Yes	Varies by size, up to \$40	2	2	C/C+
8	Simply Self-Storage	No	No	No		Yes	Yes	Yes	No	\$22	5	2	C+/B-
9	Tewksbury U-Store-It	No, but heated	No	No	No	No, has "monitors"	Yes	Yes	No	\$50 refundable	1	3	C+/B-
10	Simply Self-Storage	No	Yes, open, 100% occ	Yes	No	Yes	Yes	Yes	No	\$22	5	1	C+/B-

Source: Onsite inspections, management interviews, online research and aerial photographs; as of August 2016

RENT STUDY

To analyze current rental rates in the market, I collected online rental rates, brochures in office and also interviewed leasing managers for the comparable properties within the PMA and SMA. I have included a grid of all available, regular and climate-controlled self-storage rents for the facilities surveyed. It is assumed the subject will included some climate-controlled space; however, final plans are unknown. Minimal comparable rents were available in the market for climate-controlled space, but all available rents have been included herein.

A summary grid of all rental rates provided is included on the following pages. No large scale, Class A facilities were located in the market such as Public Storage, Extra Space, etc. These larger, Class A type facilities tend to change their rates on a daily basis based upon supply and demand trends. The comparables in the market indicated rents increase each year to every two years or more.

Comparables 1 to 2 are closest in proximity, within the concluded PMA. However, neither one offers climate-controlled space. Most facilities in the market are Class C to B- in quality. Comparables 4 and 9 are concluded to be Class B quality, and somewhat superior in the market in terms of quality. Current rental rates for all comparables on the PMA and SMA have been included in the grid below, as available.

Some competing facilities offer promotions or discounts to new tenants. However, this did not appear to be the norm in the market area.

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

CURRENT RENTAL RATES AND FACILITY SURVEY

COMPARABLE RENTAL DATA - PG. 1					
Comparable #	1	2	3	4	5
Facility Name	A Dracut Self-Storage	Uncle Bob's Self-Storage	A-Lowell Self-Storage	Pelham Public Storage	Cubesmart Self-Storage
Address	303 Broadway Rd., #113, Dracut, MA	73 Pleasant St., Dracut, MA	100 Pleasant St., Dracut, MA	70 Bridge St., Pelham, NH	545 Clark Rd., Tewksbury, MA
Phone	978-656-0101	978-957-5790	978-957-0300	603-635-0807	978-640-1300
Unit Type & Size	Unit SF	\$ Rent	\$ Rent	\$ Rent	\$ Rent
Regular					
5x5	25	\$65		\$70	
5x5 - upper	25				
5x7	35			\$80	
5x8	40			\$90	
6x7	42		\$89		
5x9	45			\$95	
5x10	50	\$99	\$115	\$109	
5x10 - upper	50				
5x11	55			\$115	
5x12	60			\$119	
5x15	75	\$115		\$125	
5x15 - upper	75				
8x10	80			\$139	
8x12	96				
10x10	100	\$139	\$145	\$149	\$110
10x10 - upper	100				
10x12	120			\$169	
10x15	150	\$179	\$195	\$200	
10x15 - upper	150				
8x19	152				
9x17	153			\$210	
10x17	170			\$230	
10x20	200	\$219	\$219	\$249	\$195
10x20 - upper	200				
10x25	250	\$259			
10x30	300	\$299	\$345		\$235
15x20	300			\$339	
Climate-Controlled					
*CC 3x5	15				\$35
*CC 5x5	25				\$53
*CC 5x8	40				\$77
*CC 5x10	50				\$86
*CC 7x10	70				\$123
*CC 5x15	75				\$129
*CC 8x10	80				\$149
*CC 9x10	90				\$180
*CC 10x10	100				\$186
*CC 10x15	150				\$241 to \$260
Boat/RV Parking					
Outdoor/Open					
Characteristics					
Facility Class	C+/B-	C+/B-	C+/B-	C	B/B+
Climate Control	No	No	No	No	Yes
Location	Residential/ Rural	Residential/ Commercial	Residential/ Commercial	Residential/ Rural	Residential/ Commercial
Appearance	Average	Fair	Average	Average	Good
Access	Average	Fair	Average	Average	Average
Frontage/Visibility	Good	Average	Average	Average	Fair
Security	Good	Good	Good	Poor	Good
Features	Average	Average	Average	Poor	Good
Survey Date	Aug-16	Aug-16	Aug-16	Aug-16	Aug-16

* CC = CLIMATE-CONTROLLED

Note: Only available rates have been included. Some facilities would not share all rental rates but instead only those with available units.

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

COMPARABLE RENTAL DATA - PG. 2						
Comparable #		6	7	8	9	10
Facility Name		A-Value Self-Storage	Lowell Mini-Storage	Simply Self-Storage	Tewksbury U-Store-It	Simply Self-Storage
Address		20 Duren Ave., Lowell, MA	3 Foundry Industrial Park, Lowell, MA	470 Main St., Tewksbury, MA	720 Main St., Tewksbury, MA	23 Glen Ave., Chelmsford, MA
Phone		978-970-3500	978-453-8206	978-851-6999	978-851-8500	978-250-0121
Unit Type & Size	Unit SF	\$ Rent	\$ Rent	\$ Rent	\$ Rent	\$ Rent
Regular						
5x5	25		\$49			
5x5 - upper	25	\$69		\$34		
5x7	35					
5x8	40					
6x7	42					
5x9	45					
5x10	50		\$70			
5x10 - upper	50	\$89		\$49		
5x11	55					
5x12	60					
5x15	75					
5x15 - upper	75	\$109		\$69		
8x10	80					
8x12	96		\$97			
10x10	100	\$159	\$100			\$162
10x10 - upper	100	\$129		\$144		
10x12	120		\$137			
10x15	150	\$189	\$150	\$199		\$189
10x15 - upper	150	\$179			\$249	
8x19	152				\$255	
9x17	153					
10x17	170					
10x20	200	\$209	\$180		\$295	\$209
10x20 - upper	200	\$189				
10x25	250					\$259
10x30	300	\$299		\$319		\$297
15x20	300					
Climate-Controlled						
*CC 3x5	15					
*CC 5x5	25					
*CC 5x8	40					
*CC 5x10	50					
*CC 7x10	70					
*CC 5x15	75					
*CC 8x10	80					
*CC 9x10	90					
*CC 10x10	100					
*CC 10x15	150					
Boat/RV Parking						
Outdoor/Open						\$139
Characteristics						
Facility Class		C+/B-	C/C+	C+/B-	C+/B-	C+/B-
Climate Control		No	No	No	No	No
Location		Commercial	Industrial/ Commercial	Commercial/ Residential	Commercial/ Residential	Residential
Appearance		Average	Fair	Fair	Average	Average
Access		Fair	Fair	Fair	Average	Fair
Frontage/Visibility		Fair	Poor	Average	Fair	Average
Security		Good	Good	Good	Average	Good
Features		Average	Average	Average	Average	Average
Survey Date		Aug-16	Aug-16	Aug-16	Aug-16	Aug-16

* CC = CLIMATE-CONTROLLED

Note: Only available rates have been included. Some facilities would not share all rental rates but instead only those with available units.

SUMMARY OF CURRENT RENTAL RATES

Based on the survey of the competitive facilities and current rental rates provided, the following summary has been established which includes a general range of all current rents for self-storage units in the PMA and SMA and also narrowed to represent only the PMA (which includes the same facilities located in the third market area). The subject is envisioned to be a Class B or better facility. However, there are minimal noted competitive Class B facilities in the market. Rents vary greatly by specific location, facility quality, and supply and demand trends.

The concluded current rents are based upon available rates given by management interviews and online research as of the effective date of the study. Rates can vary dependent on season and supply and demand trends. Research reveals that on a broad market level, rents rise roughly 2% to 10% per year. However, this practice is not always accurate for smaller, rural markets. Management interviews in the local market reveal that some facilities raise rents on an annual basis but most report rents are raised every two years or more and some facilities indicated rents have not been raised for 5+ years.

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

Summary of Current Rental Rates					
Unit Size	Unit Size (SF)	PMA and SMA Range	PMA Only	\$/SF (Both PMA and SMA)	\$/SF (PMA Only)
5x5	25	\$49 to \$79	\$69 to \$79	\$1.96 to \$3.16	\$2.76 to \$3.16
5x7	35	\$80	\$80	\$2.29	\$2.29
5x8	40	\$90	\$90	\$2.25	\$2.25
6x7	42	\$89	\$89	\$2.12	\$2.12
5x9	45	\$95	\$95	\$2.11	\$2.11
5x10	50	\$70 to \$115	\$99 to \$115	\$1.98 to \$2.30	\$1.98 to \$2.30
5x11	55	\$115	\$115	\$2.09	\$2.09
5x12	60	\$119	\$119	\$1.98	\$1.98
5x15	75	\$115 to \$125	\$115 to \$125	\$1.53 to \$1.67	\$1.53 to \$1.67
8x10	80	\$139	\$139	\$1.74	\$1.74
8x12	96	\$97	N/A	\$1.01	N/A
10x10	100	\$100 to \$162	\$110 to \$149	\$1.00 to \$1.62	\$1.10 to \$1.49
10x12	120	\$137 to \$169	\$169	\$1.14 to \$1.41	\$1.41
10x15	150	\$150 to \$200	\$179 to \$200	\$1.00 to \$1.33	\$1.19 to \$1.33
8x19	152	\$255	N/A	\$1.68	N/A
9x17	153	\$210	\$210	\$1.37	\$1.37
10x17	170	\$230	\$230	\$1.35	\$1.35
10x20	200	\$180 to \$295	\$195 to \$249	\$0.90 to \$1.48	\$0.98 to \$1.25
10x25	250	\$189	N/A	\$0.76	N/A
10x30	300	\$235 to \$345	\$235 to \$345	\$0.78 to \$1.15	\$0.78 to \$1.15
15x20	300	\$339	\$339	\$1.13	\$1.13
*CC 3x5	15	\$35	N/A	\$2.33	N/A
*CC 5x5	25	\$53	N/A	\$2.12	N/A
*CC 5x8	40	\$77	N/A	\$1.93	N/A
*CC 5x10	50	\$86	N/A	\$1.72	N/A
*CC 7x10	70	\$123	N/A	\$1.76	N/A
*CC 5x15	75	\$129	N/A	\$1.72	N/A
*CC 8x10	80	\$149	N/A	\$1.86	N/A
*CC 9x10	90	\$180	N/A	\$2.00	N/A
*CC 10x10	100	\$186	N/A	\$1.86	N/A
*CC 10x15	150	\$241 to \$260	N/A	\$1.61 to \$1.73	N/A

Note: The rents above reflect a current rental rate range as indicated by property managers and websites as of the date of the study. No conclusions regarding market rents for the potential future subject development have been included in this study. Rents could change over the next 6 to 12 months from the effective date of this study based upon typical increases noted in the market.

*CC= Climate-Controlled unit type

PROPOSED SELF-STORAGE FACILITIES

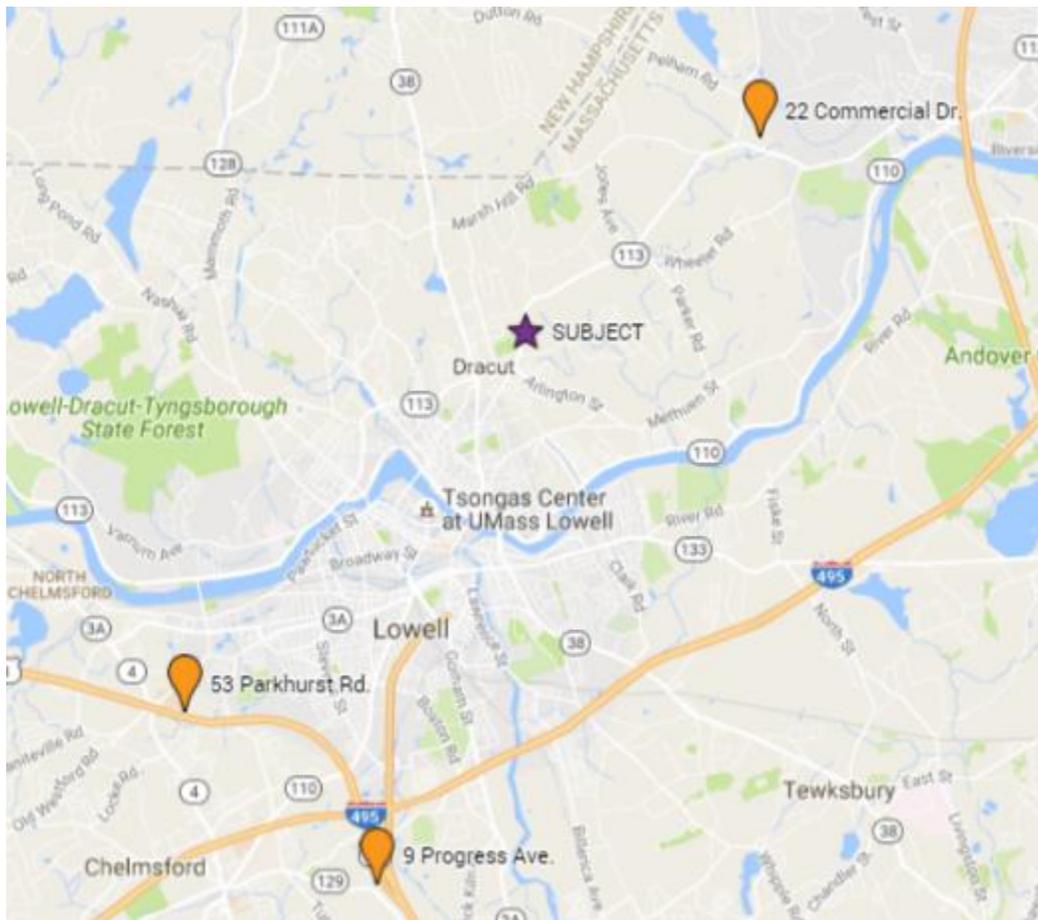
Based upon interviews with the Dracut Planning Board and facility managers in the area, as well as online research, I am aware of one current self-storage property which is underway and located within the PMA and SMA. Two other facilities that are proposed or underway are located five-miles or more from the subject, which are included below for informational purposes, but do not compete directly with the subject and are not included in the supply calculations made later in this report. There has been some reported interest in future development (new or expansions) in the extended market area including Boston to the south and Manchester to the north and all areas throughout. My survey noted multiple signs for “redevelopment” or “reuse” of existing properties for self-storage use, as well as vacant land planned for new development. The area is likely undersupplied which has been realized on a broad level and development is now widespread.

As shown below, only one known planned facility is located within the PMA and SMA, which is Methuen Self-Storage. This is a conversion/re-use project located in close proximity to the subject. This facility has common ownership with A-Dracut Self-Storage and A-Lowell Self-Storage. The plans, as provided by the local building department, include an existing office/warehouse building containing 55,873 square feet with 50,946 square feet on the first floor and 4,927 square feet on the second floor. Only the first floor is being converted for self-storage use. The plan indicates total storage space of 46,605 square feet on the first floor, which likely includes the business office. I have estimated 1,000 square feet for the office space, resulting in estimated net rentable area of 45,605 square feet. There are 285 planned climate-controlled units. The average unit size is 160 square feet per unit. This facility is underway; however, did not look complete upon inspection. It will likely be competitive within the next 12 months; therefore, will be added to the current supply estimate later in this report.

Planned Self-Storage Facilities or Expansions					
Facility Name	Location	Total Planned	Planned # Units	Distance From Subject	Comments
Methuen Self-Storage	22 Commercial Dr., Dracut, MA	50,946	285	3.0 miles	Former office/warehouse building that contains 55,873 of gross building area on two-stories. The first floor, containing 50,946 SF is planned for climate-controlled self-storage units. The indicated storage business space is 46,605 square feet. I have estimated an office size of 1,000 square feet resulting in estimated net rentable area attributable to the storage units of 45,605 square feet. The 2nd floor will not be used for the storage business.
Climate-Controlled Self-Storage	59 Parkhurst Rd., Chelmsford, MA	98,850	Unknown	5.0 miles	This site is planned for redevelopment to include 98,850 SF of climate-controlled self-storage space. Site work appears to be underway. Last noted inquiry with P&Z is March 2016.
N/A	7 Progress Ave., Chelmsford, MA	123,046	880	5.7 miles	This site has a plan for a 3-story climate-controlled self-storage building on 4.22 acres. The last noted P&Z inquiry was January 2016. Out of subject's competitive market areas. Likely will not be complete for 12 months or more.
Total:		149,796			

Another potential change in future supply is not by proposed facilities but those with potential to close. An article recently published by the Lowell Sun presented the potential for the Navy Yard Mill property, which is currently home to A-Lowell Self-Storage and various tenants, to be the future home of the University of Massachusetts Lowell Campus. There is reported interest in pursuing this, and the owner of the self-storage property was reportedly “open to talk” about it further. However, there are no current plans to close the facility. Additionally, the manager onsite indicated that the self-storage facility “will have 1,000 storage units when complete”. Further plans for expansion were not provided. However, given the enclosed nature of the buildings, I have utilized a total unit count of 1,000 units. This may represent all current units, or potentially some that remain to be converted. Therefore, expansion may be imminent to include additional units; however, they have likely already been included in the current supply figure.

A map of the proposed facilities is shown on the following page.



I am unaware of any other proposed or planned self-storage facilities in the area based upon my survey and conversations with local planning officials.

HISTORICAL AND FORECASTED DEVELOPMENT TRENDS

Most information pertaining to year of development for the competitive facilities was available at various town assessor's offices online. The dates provided by the property cards available are assumed accurate. Also, Google Earth's historical aerial photographs were used to estimate the date of construction for some of the comparable facilities. Overall, construction dates for the comparable facilities ranges from the 1975 to 2008. One facility is located in historic building dating back to the early 1900's, but was converted in approximately 2008 for use as self-storage. A new facility has not been developed in the PMA or SMA since 2008. One known competitive facility is underway, which contains 50,946 square feet of gross building area (45,605 square feet of net rentable area), and has been included in this analysis of the rate of development.

A review of historical development trends has been analyzed for Year 2006 to current, and is shown in the grid below. The rate of development has been analyzed for the PMA and SMA (it is noted the third study area has the same rate of development as the PMA).

The total square feet added during this timeframe within the PMA is 196,826 square feet, or 17,893 square feet per year. The total square feet added during the same timeframe within the SMA is 286,826 square feet, or 26,075 square feet per year. The lack of development from 2009 to 2016 adds support to potential pent-up demand in all market areas.

Self-Storage Construction - Within 3-Miles	
Year Added	SF Constructed
2006	-
2007	-
2008	145,880
2009	-
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-
2016	50,946
Total:	196,826
Per Year to Current (Past 11 Years):	17,893

Self-Storage Construction - Within 4-Miles	
Year Added	SF Constructed
2006	90,000
2007	-
2008	145,880
2009	-
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-
2016	50,946
Total:	286,826
Per Year to Current (Past 11 Years):	26,075

PMA – 3-MILES SF ADDED BY YEAR 2021

Within the PMA, the historical rate of development is calculated as 17,893 square feet per year. For this market area, I have concluded to a future development rate of 20,000 square feet per year, or a total of 100,000 square feet to be added to the market by year 2021. The third study area noted as north of the river and within 4-miles of the subject has the same competitors as the PMA and therefore, the additional supply added to the third market area by year 2021 is also concluded at 100,000 square feet.

SMA – 4-MILES - SF ADDED BY YEAR 2021

Within the SMA, the historical rate of development is calculated as 26,075 square feet per year. For this market area, I have concluded to a future development rate of 30,000 square feet per year, or a total of 150,000 square feet to be added to the market by year 2021.

Estimated SF added to the Market by Year 2021		
Market Area	SF Added/Year	Total SF Added by 2021
3-Miles (PMA)	20,000	100,000
4-Miles (SMA)	30,000	150,000
4-Miles, North of River (Supporting Market Area)	20,000	100,000

Additionally, some of the comparable facilities have surplus or excess land which could potentially be expanded upon in the future. A summary of the facilities which appear to have some surplus or excess land is shown below. An estimated potential expansion size is included based upon typical developments norms for each facility. This analysis provides support to the possibility of future self-storage growth in the market, however, the potential for expansion of existing facilities is concluded to be minimal.

It is not uncommon for a market area to exhibit 50% or more of the facilities having excess or surplus land. My research indicates only 2 of the 10 facilities, or 20% may have potential for expansion. It is unknown if any existing competitive facility has immediate or future plans for expansion.

POTENTIAL FUTURE EXPANSIONS					
#	Facility Name	Address	Distance From Subject	Estimated Excess/ Surplus Land (Acres)	Potential SF/Acre
1	A Dracut Self-Storage	303 Broadway Rd., #113, Dracut, MA	0.4 miles	2.590	33,670
6	A-Value Self-Storage	20 Duren Ave., Lowell, MA	3.7 miles	0.690	23,460
Total Potential In Market:					57,130

BARRIERS TO ENTRY

Barriers to entry refers to the level of difficulty for a new competitor to enter a market. Zoning, financing, availability of land, land prices, etc., can affect barriers to entry. My research reveals that land is zoned per each city or town. In the city of Dracut, mini-warehouse facilities are not a permitted use in any of the established zoning districts. Five of the 10 established zoning districts indicate that mini-warehouses are not permitted, while the other five indicate that mini-warehouses are permitted as a “special permit – planning board” and requires “site plan review”. Site plans must be reviewed and approved by the planning board. Additionally, all building permits are regulated by the Massachusetts State building code. Other approvals must be obtained pertaining to storm water management and public utility departments such as the sewer department. Obtaining approval for self-storage development appears to be more difficult in this market than in others in which many industrial and/or commercial zones note mini-warehouses as “permitted,” lending an more favorable situation for local building approval. While more difficult, it is not impossible.

Additionally, there is a great deal of vacant land in the market area, specifically to the north and east for potential self-storage development. But even in areas that are more heavily developed, commercial properties are being converted for re-use as self-storage facilities. This appears to be a trend in the subject’s market and on other surrounding markets. Many existing office, warehouse or big box retail properties are being acquired for conversion. Also, vertical construction appears to be in demand in the market. Based upon the significant amount of vacant land and considering re-use or conversion development is in demand, there is high potential for continued self-storage development in the market. There are proposed projects or ones underway in and around the market, indicating interest in development within the immediate area. The noted commercial development taking place in the market will likely spur future residential development and self-storage facilities as a result. A good deal of residential development is taking place, which will also increase the need for storage, making the immediate location attractive to self-storage developers. Financing is concluded to be moderately easy to obtain, with rates that are low and competitive for the self-storage market, especially compared to past years.

While the zoning and permitting requirements provide support to high barriers to entry, the availability for land and potential for re-use projects, and financing conditions

provide support to low barriers to entry. Therefore, overall, barriers to entry for the subject location is concluded to be relatively moderate.

CURRENT AND FUTURE SUPPLY CONCLUSIONS

CURRENT SUPPLY

The total noted current supply in each market is shown below. The known projects which are proposed or underway and likely competitive within the next 12 months are added to the current existing supply. Therefore, the total estimated current supply for the three market areas is summarized below.

Current Supply Conclusions			
Market Area	Total Existing SF	Add: Planned or Underway SF	Current Supply SF
3-miles (PMA)	261,110	50,946	312,056
4-miles (SMA)	473,520	50,946	524,466
4-miles, North of the River (Supporting Market Area)	261,110	50,946	312,056

FUTURE SUPPLY

Adding the previously concluded future potential self-storage space to the current supply, results in the following future supply estimates for Year 2021.

Future Supply Conclusions			
Market Area	Concluded Current Supply SF	Add: Future Developed SF	Total Future Supply SF
3-miles (PMA)	312,056	100,000	412,056
4-miles (SMA)	524,466	150,000	674,466
4-miles, North of the River (Supporting Market Area)	312,056	100,000	412,056

DEMAND ANALYSIS

Demand is defined as the quantity of a particular type of real estate product or service that will be purchased or leased in a given market. Demand in the subject’s specific delineated market area, which was determined to be a primary market area of three-miles and secondary market of four-miles around the subject, will be forecasted herein. An additional third study area has been included for support, as the PMA and SMA areas are bisected by a river. Therefore, the third area includes a radius of four-miles around the subject but only areas north of the river.

Self-storage demand derived from the surrounding residential households accounts for the majority of occupancy in most self-storage facilities. However, demand also stems from other potential non-residential occupants including commercial or business tenants.

In an analysis of residual demand, the potential demand for a market area is first estimated. Next, the demand already being fulfilled in the market area is estimated, and the remaining unfulfilled potential demand is termed “residual” demand. In analyzing potential self-storage demand for the subject’s market area, the market area economic variables, such as population, total households and renter/owner households, are adjusted by “demand multiples” derived from the analysis of established metropolitan areas, regional data and national data. These demand multiples are estimates of the amount of self-storage space demand generated on average by persons and/or households in these various studied markets. The potential demand indications from use of these demand multiples are then averaged and adjusted by the amount of self-storage space expected to be used by the subject’s specific concluded market areas (PMA and SMA).

Three methods will be utilized to determine current and future self-storage demand in the identified market area. The three methods include residual studies of self-storage square feet demanded based upon 1) population of the subject’s market area, 2) households in the subject’s market area and 3) as a pro-rata share of demand estimated for a larger market area, or state level.

The first step in determining demand for a market is identifying the tenant profile.

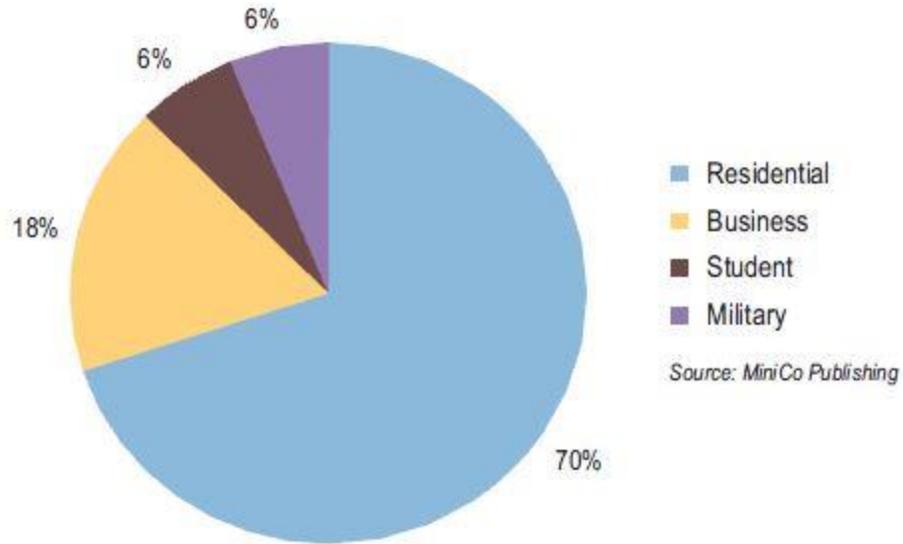
CONSUMER PROFILE

Market Analysis and Valuation of Self-Storage Facilities indicates that self-storage users generally fall into two categories: residential users and commercial users. However, based upon information for the *Self-Storage Almanac (2016)*, self-storage properties break down their tenant type even further, by military, students, business/commercial, and residential types.

- Residential – 70%
- Business/Commercial – 18%
- Student – 6%
- Military – 6%

In many surveys, the student category is generally combined under the “residential” tenant type, which would increase the overall “residential” category to 76%.

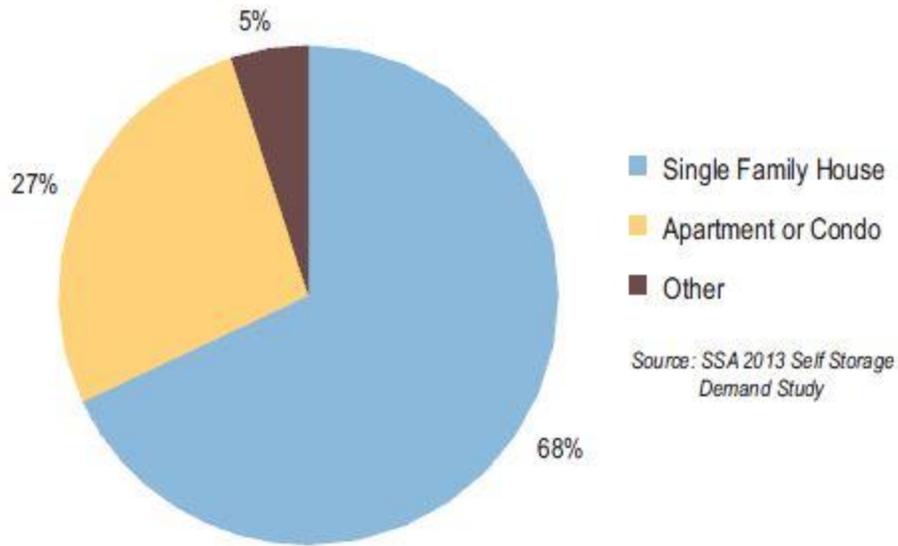
Chart 6.1 – Tenant Mix



Per the *2013-2014 Self-Storage Industry Fact Sheet*, 8.96% of all American households currently rent a self-storage unit. (10.85 million of the 113.3 million US households in 2012; increased from 1 in 17 US households (6%) in 1995, 18 years ago). Per the recently released *2015-2016 Self-Storage Industry Fact Sheet*, 9.50% of all American households currently rent a self-storage unit. The indicated increase over one year is 6%. Additionally, about 13% of all self-storage renters say they will rent for less than 3 months; 18% for 3-6 months; 18% for 7-12 months; 22% for 1-2 years; and 30% for more than 2 years. Therefore, the majority of self-storage users are short-term tenants, renting for two-years or less.

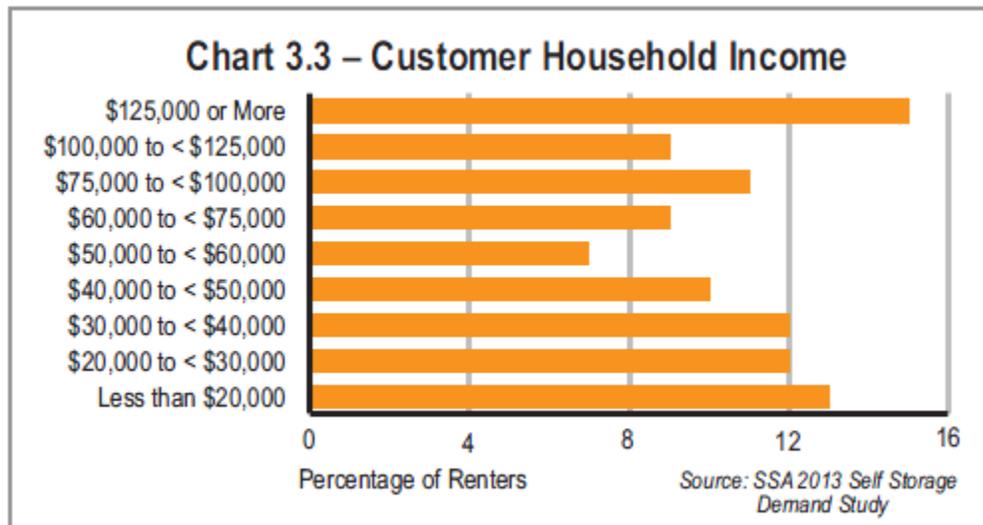
Approximately 68% of all self-storage renters live in a single-family household while 27% live in an apartment or condo.

Chart 6.2 – Residence of Renters



Nearly 65% of all self-storage renters have a garage but still rent a unit; 47% have an attic in their home; and 33% have a basement.

In a survey of self-storage renters, conducted by the Self-Storage Association and as published in the *2016 Self-Storage Demand Study*, just over 25% of the surveyed participants indicate median income of \$40,000 to \$74,999 with 24% in the \$20,000 to \$39,999 median household income range.



More than 1.5-million self-storage units nationwide are rented to military personnel (6% of all units); however, in communities adjacent to domestic US military bases, military occupancy can be from 20% to 95% of all rented units.

The subject is located in an area with minimal to average military population and average commercial/businesses. Therefore, considering the typical commercial rental share of 15% and military share is 6%, or a total of 21%, I have concluded to an additional 15% for potential additional military and/or commercial tenants.

DEMAND METHOD 1 – SQUARE FEET PER PERSON

In this analysis, the current population is analyzed for the current year 2016 and forecasted for year 2021 to determine the current status of the market, being either undersupplied or oversupplied. In addition to forecasted population increases, national and local published saturation ratios have been reviewed to determine a current and forecasted saturation ratio. The saturation ratios indicate the typical self-storage square footage per person.

The concluded saturation ratios are then applied to the concluded market area population for the current year 2016 and forecasted for year 2021, to determine the total self-storage square footage demanded in each market area. The concluded demand is then compared to the current supply or projected supply to determine if there is a surplus or shortage of space.

COMPARABLE SATURATION RATIOS

Below is a summary of saturation ratios for various market areas on a national and local basis. The U.S. saturation rate was most recently reported at 6.77 square feet per person while the state of Massachusetts is significantly lower than the national average at 3.96 square feet per person. The subject is just south of the New Hampshire state line, therefore the state of New Hampshire has been included for support, which indicates a saturation rate of 7.07 square feet per person, which is more consistent with the national average.

The subject is a small area located outside of Boston and Lowell, which most identifies as part of the Boston-Cambridge-Newton, Massachusetts to New Hampshire CBSA, which has a reported ratio of 4.01 square feet per person. Some other nearby defined markets include Worcester, Massachusetts-New Hampshire CBSA, with a saturation ratio of 4.60 square feet per person and the Springfield, Massachusetts CBSA, with a saturation ratio of 6.68 square feet per person.

Based upon a review of nation trends and other market area saturation ratios, the overall Massachusetts market appears to be grossly undersupplied. Considering national, state, and local saturation ratios, I have concluded to a current saturation ratio of 6.00 square feet per person, which is just below the national average, and higher than current noted market averages. The concluded future saturation ratio has been estimated at 6.90 square feet per person in Year 2021, indicating growth of just under 3% per year, which is reasonable.

Both saturation ratio conclusions are relatively conservative to average, as some markets have higher ratios.

Saturation Ratio Analysis	
Defined Area	SF per Person
United States	6.77
Massachusetts	3.96
New Hampshire	7.07
<u>CBSA</u>	
Boston-Cambridge-Newton, MA-NH	4.01
Worcester, MA-CT	4.60
Springfield, MA	6.68
Concluded Current Market SF/Person	6.00
Concluded Future Market SF/Person	6.90

Source: Self Storage Almanac, 2016

CBSA= Core Based Statistical Area

Using the concluded saturation ratios and population indications per the Site to Do Business for each defined market area, demand from residential tenants can be estimated, as shown below.

3-Mile Market Area (PMA)					
2016 Population	Concluded Current Saturation Ratio	2016 Demanded SF	2021 Population	Future Market Saturation Ratio	2021 Demanded SF
85,352	6.00	512,112	88,711	6.90	611,662

4-Mile Market Area (SMA)					
2016 Population	Concluded Current Saturation Ratio	2015 Demanded SF	2021 Population	Future Market Saturation Ratio	2021 Demanded SF
137,900	6.00	827,400	143,673	6.90	990,625

4-Miles, North of the River (Supportive Market Area)					
2016 Population	Concluded Current Saturation Ratio	2016 Demanded SF	2021 Population	Future Market Saturation Ratio	2021 Demanded SF
63,529	6.00	381,174	66,158	6.90	456,159

After determining the demand generated by residential tenants, additional demand by commercial and military tenants is then calculated and added to the residential demand figures. Business and military tenants (non-resident and included in census or demographics projections) have been estimated to make up approximately 15% of the tenants based upon market norms. The total demand for each market area is calculated below. The current supply was previously discussed and represents the current surveyed square footage for each market area in addition to any developments underway that will be reasonably competitive with the subject within the next 12 months.

The proposed/future supply includes the additional square feet estimated by new construction or expansions in the market that will not be competitive within the next 10 to 12 months but is estimated to be added within the longer-term of five-years.

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

A total of 100,000 square feet is added to the three-mile PMA and 150,000 square feet is added to the supply figure for the four-mile SMA area to forecast future supply for each area in year 2021. The third market area is similar to the PMA in terms of future estimated supply.

The primary, three-mile market area has a current shortage of 290,429 square feet and the secondary, four-mile market area has a current shortage of 448,946 square feet. The third study area indicates current shortage of 136,384 square feet.

In Year 2021, the primary, three-mile market area shows continued and increased shortage of 307,547 square feet. The secondary, four-mile market shows continued and increased future shortage of 490,976 square feet. The third market area indicates continued but decreased shortage of 124,602 square feet.

Demand Analysis - SF/Person	
3-Miles (2016)	
2016 Demanded SF	512,112
Add: Commercial & Military Tenants (15%)	<u>90,373</u>
Total Demanded SF	602,485
Current Supply	<u>312,056</u>
Current Shortage/Surplus SF	290,429

Demand Analysis - SF/Person	
4-Miles (2016)	
2016 Demanded SF	827,400
Add: Commercial & Military Tenants (15%)	<u>146,012</u>
Total Demanded SF	973,412
Current Supply	<u>524,466</u>
Shortage/Surplus SF	448,946

3-Miles (2021)	
2021 Demanded SF	611,662
Add: Commercial & Military Tenants (15%)	<u>107,940</u>
Total Demanded SF	719,603
Current Supply	312,056
Add: Future New or Expansions	100,000
Total Current Supply	<u>412,056</u>
Future Shortage/Surplus SF	307,547

4-Miles (2021)	
2021 Demanded SF	990,625
Add: Commercial & Military Tenants (15%)	<u>174,816</u>
Total Demanded SF	1,165,442
Current Supply	524,466
Add: Future New or Expansions	150,000
Total Supply	<u>674,466</u>
Shortage/Surplus SF	490,976

4-Miles - North of the River (2016)	
2016 Demanded SF	381,174
Add: Commercial & Military Tenants (15%)	<u>67,266</u>
Total Demanded SF	448,440
Current Supply	<u>312,056</u>
Current Shortage/Surplus SF	136,384
4-Miles - North of the River (2021)	
2021 Demanded SF	456,159
Add: Commercial & Military Tenants (15%)	<u>80,499</u>
Total Demanded SF	536,658
Current Supply	312,056
Add: Future New or Expansions	100,000
Total Future Supply	<u>412,056</u>
Future Shortage/Surplus SF	124,602

A factor must be applied to the demand conclusions for the PMA and SMA, as they include significant demand for the urban areas of Lowell, south of the river. Minimal consumers are anticipated to drive north over the river into a more residential to rural location for self-storage needs. Demand is increased for the 3- and 4-mile market areas because of the more concentrated population found south of the river in Lowell. Reviewing a pro-rata share of the market area north and south of the river, a 75% factor has been concluded for the PMA and a 60% factor has been concluded for the SMA.

The revised total current demand conclusion for the PMA is 217,822 square feet and the future demand conclusion is 230,660 square feet. The revised total future demand conclusion for the SMA is 269,367 square feet and the future demand conclusion is 294,585 square feet.

	Current - 2016	Future - 2021
3-Miles (PMA) Demand Indication	290,429	307,547
<u>% Capture (North of the River)</u>	<u>75%</u>	<u>75%</u>
Concluded PMA Demand	217,822	230,660
4-Miles (SMA) Demand Indication	448,946	490,976
<u>% Capture (North of the River)</u>	<u>60%</u>	<u>60%</u>
Concluded SMA Demand	269,367	294,585

DEMAND METHOD 2 - SQUARE FEET PER HOUSEHOLD

In this analysis, trends on both a national level and local state level are analyzed to determine the typical amount of self-storage space in a market area based upon demanded square feet per household. The current number of households in Year 2016 is analyzed and is also forecasted for year 2021 to determine the current and future demand in each market area using a concluded typical amount of self-storage space per household. The indicated demand will be compared to the current and future estimated supply to reconcile if the market is undersupplied or oversupplied.

Below is a summary of concluded typical self-storage space (SF) per household based upon various markets and sources.

Total Current Self-Storage SF in MA (2016 Almanac, as of 2015)	26,468,000
Current # Households in MA (Site to do Business 2016)	2,625,978
Future # Households in MA (Census Projection 2021)	2,711,166
Massachusetts SF per Household (2016)	10.08
U.S. (Self-Storage Association 2015-2016 Fact Sheet)	21.00
Massachusetts (2015/2016)	10.08
Subject Concluded Current Demand (2015)	18.00
Subject Concluded Future Demand (2021)	19.40

Source: 2016 Self-Storage Almanac

Utilizing the total indicated self-storage square feet in the state of Massachusetts, per the 2016 *Self-Storage Almanac*, of 26,468,000 square feet, and dividing by the current indicated number of households, determines the typical self-storage square footage per household for the state. The concluded ratio for the state of Massachusetts is 10.08 square feet of self-storage per household for the state of Massachusetts. The U.S. average is currently 21.00 square feet per household, as of 2015 (reported 2016). Using national averages, as well as a review of other states current ratios, I have concluded to a current ratio for the subject’s market area of 18.00 square feet per household, which is less than the national average but recognizes how grossly undersupplied the state is.

There is an indicated current shortage of 368,090 square feet within the PMA of three-miles and a current shortage of 522,054 square feet within the SMA of four-miles and a current shortage of 176,803 square feet within the third study area. The same factors are applied to the demand conclusions. A 75% factor is applied to the PMA conclusion which results in a current demand conclusion of 276,067 square feet. A factor of 60% is applied to the SMA conclusion which results in a current demand conclusion of 313,232 square feet.

Current Demand - 2016 (SF/Households)			
	<u>3-Miles (PMA)</u>	<u>4-Miles (SMA)</u>	<u>4-Miles, North of River (Supportive)</u>
Concluded Market SF/Household	18.00	18.00	18.00
x Current Households	<u>32,118</u>	49,419	<u>23,085</u>
Current Estimated Demand (2016)	578,124	889,542	415,530
Add: Commercial Tenants (15%)	<u>102,022</u>	<u>156,978</u>	<u>73,329</u>
Total Current Demand	680,146	1,046,520	488,859
Less: Current Supply	<u>312,056</u>	<u>524,466</u>	<u>312,056</u>
Current Shortage/Oversupply (2016)	368,090	522,054	176,803
% Capture for North of River	<u>75%</u>	<u>60%</u>	<u>100%</u>
Demand Shortage/Oversupply	<u>276,067</u>	<u>313,232</u>	<u>176,803</u>

I have concluded to a current ratio for the subject’s market area of 18.00 square feet per household. Using national historic trends to determine an appropriate increase over the next five years, as shown below, the current rate is anticipated to increase by 7.80% to a future ratio of 19.40 square feet per household, which has been utilized herein for calculation of future demand in Year 2021.

Year	Self-Storage SF per Household	% Change per Year
2009	19.20	-
2012	20.00	1.39%
2015	21.00	1.67%
% Change per Year - Entire Term		1.56%
Forecasted Change per Year		1.56%
Total Change		7.80%
Estimated Current SF/Household in Market		18.00
Future SF/Household		19.40

Utilizing the forecasted ratio of 19.40 square feet per household, multiplied by each area’s projected number of households, provides an indication of total future estimated demand. After applying the appropriate factors previously discussed, the 3-mile area (PMA) has a forecasted future total shortage of 263,405 square feet and the 4-mile area (SMA) has a forecasted future total shortage of 300,453 square feet, as of Year 2021.

There is significant demand noted for all market areas.

Future Demand - 2021 (SF/Households)			
	<u>3-Miles (PMA)</u>	<u>4-Miles (SMA)</u>	<u>4-Miles, North of River (Supportive)</u>
Projected Market SF/Household	19.40	19.40	19.40
x Projected Households	<u>33,435</u>	<u>51,481</u>	<u>24,000</u>
Forecasted Future Demand (2021)	648,773	998,937	465,696
Add: Commercial Tenants (15%)	<u>114,489</u>	<u>176,283</u>	<u>82,182</u>
Forecasted Future Total Demand	763,262	1,175,220	547,878
Less: Estimated Future Supply	<u>412,056</u>	<u>674,466</u>	<u>412,056</u>
Future Shortage/Oversupply (2021)	351,206	500,754	135,822
% Capture for North of River	<u>75%</u>	<u>60%</u>	<u>100%</u>
Concluded Future Demand	263,405	300,453	135,822

DEMAND METHOD 3 – CAPTURE RATIO ANALYSIS

The broader Massachusetts market area is analyzed to determine the future estimated supply of self-storage space in the state, which is compared to the current reported supply to determine the projected increase or decrease in self-storage space. The difference is the concluded undersupply or oversupply of space for the state of Massachusetts. An appropriate capture ratio for the subject is concluded based upon the subject’s fair share of households as compared to the total projected state’s households. The ratio is applied to the residual demand conclusion to determine the subject area’s fair share or capture of the unfulfilled demand. This analysis is summarized in the grid below.

Capture Rate Method (State of Massachusetts)			
	<u>3-Miles (PMA)</u>	<u>4-Miles (SMA)</u>	<u>4-Miles, North of River (Supportive)</u>
Massachusetts Future Households (2021)		2,711,166	
Current Self-Storage SF - Massachusetts (2016)		26,468,000	
Projected 2020 SF/Household MA Ratio		19.40	
Projected SF - MA (2021)		52,607,465	
Residual Demand - MA (2021)		26,139,465	
	<u>3-Miles (PMA)</u>	<u>4-Miles (SMA)</u>	<u>4-Miles, North of River (Supportive)</u>
Subject’s Future Households (2021)	33,435	51,481	24,000
Subject’s Capture Rate	<u>1.23%</u>	<u>1.90%</u>	<u>0.89%</u>
Subject Market Area Captured SF (2021)	322,361	496,349	231,394
% Capture for North of River	<u>75%</u>	<u>60%</u>	<u>100%</u>
Concluded Future Demand	241,770	297,810	231,394

After applying the appropriate factors, the primary, three-mile radius market area indicates a future shortage of 241,770 square feet and the secondary, four-mile radius market area indicates future shortage of 297,810 square feet. The supportive four-mile market area, north of the river, indicates a future shortage of 231,394 square feet.

DEMAND CONCLUSIONS

The demand analyses performed herein indicate a shortage of self-storage supply in the market areas studied. The figures vary drastically from the primary 3-mile market area and secondary 6-mile market area, as shown below. The figures decrease some in 2021 as compared to current demand. However, future demand trends are estimated to remain positive. A summary of all conclusions are below.

Demand Conclusions			
<i>Current - 2016</i>			
<u>Method</u>	<u>3-Miles - PMA</u>	<u>4-Miles - SMA</u>	<u>4-Miles, North of River (Supportive Market Area)</u>
1 - SF/Person	217,822	269,367	136,384
2 - SF/Household	276,067	313,232	176,803
3- Capture Ratio (State)	N/A	N/A	N/A
Demand Range (SF)	218,000 to 276,000	269,000 to 313,000	136,000 to 177,000
<i>Future - 2021</i>			
<u>Method</u>	<u>3-Miles - PMA</u>	<u>4-Miles - SMA</u>	<u>4-Miles, North of River (Supportive Market Area)</u>
1 - SF/Person	230,660	294,585	124,602
2 - SF/Household	263,405	300,453	135,822
3- Capture Ratio (State)	241,770	297,810	231,394
Demand Range (SF)	231,000 to 263,000	295,000 to 300,000	125,000 to 231,000

The primary three-mile study area is concluded to be undersupplied with current demand for 218,000 to 276,000 square feet. The secondary four-mile market area is concluded to be undersupplied with a current demand range estimated at 269,000 to 313,000 square feet. The third study area which is a four-mile radius but north of the river, has a concluded current demand range of 136,000 to 177,000 square feet.

In Year 2021, demand is forecasted to remain positive overall, despite adding an additional 100,000 square feet of future development to the primary market area as well as the third study area and 150,000 square feet to the secondary market area. The three-mile study area shows a concluded future shortage of 231,000 to 263,000 square feet. The four-mile study area has a concluded future shortage of 295,000 to 300,000 square feet. The third study area of four miles and north of the river has a concluded future demand range conclusion of 125,000 to 231,000 square feet.

There is significant current and future demand for the PMA and SMA. The supportive third market also reveals good demand conclusions but are nearly 40% to 50% of the concluded PMA and SMA demand figures. The third market area is concluded to best represent demand for the subject, as it includes only the areas north of the river.

Demand for each market area has been concluded, as shown below, with an appropriate weight or factor applied. Most consideration is given to the third market area, therefore, a factor of 60% is applied to it. A factor of 30% has been applied to the primary-market area and a 10% factor has been applied to the secondary market area. The resulting demand figures are then added together which results in a concluded overall demand estimate for the subject’s market. This is only an estimate in attempt to narrow in on a likely demand figure for the subject. For purposes of this report, the concluded current demand estimate is approximately 194,000 square feet and forecasted at 180,000 square feet in year 2021.

Estimated Current Demand				
Market Area	3-Miles-PMA	4-Miles-SMA	of the River	Demand
Concluded Demand (SF)	250,000	290,000	150,000	
Weight (%)	30%	10%	60%	
Total Current Demand	75,000	29,000	90,000	194,000

Estimated Future Demand				
Market Area	3-Miles-PMA	4-Miles-SMA	4-Miles & North of the River	Total Demand
Concluded Demand (SF)	240,000	300,000	130,000	
Weight (%)	30%	10%	60%	
Total Future Demand	72,000	30,000	78,000	180,000

Overall, the subject is concluded to have very good current and future demand.

Further, support to these positive demand conclusions is provided by the projected increasing demographic trends for all market areas. Population, households and income increased from 2010 to 2016 and are expected to continue to increase from 2016 to 2021.

Additionally, the current occupancy rates for the PMA and SMA are generally at or above 90% and considered to be good indicators for demand in the market. Many of the competitive facilities are inferior type facilities. And there appears to be a lack of climate-controlled space in the market.

Another indicator for good demand in the market is the amount of proposed development believed to exist in the market and just outside. Recent residential and commercial building development has been on the rise and this trend is believed to continue into the foreseeable future.

All of these factors provide support the positive demand conclusions herein.

SUBJECT DEVELOPMENT RECOMMENDATIONS

I have analyzed some development norms for self-storage facilities located within six-miles of the subject property to better understand local development trends in effort to estimate a typical development size/type for the subject. A summary of my findings is in the grid below.

MARKET DEVELOPMENT NORMS											
#	FACILITY NAME	MULTI-LEVEL FACILITY	SIZE (SF)	# UNITS	TOTAL SITE SIZE (ACRES)	LESS: UNDEVELOPED ACRES*	TOTAL DEVELOPED ACRES	AVERAGE SF/UNIT	BUILDING TO LAND RATIO	SF/ACRE	UNITS/ACRE
1	A Dracut Self-Storage	No	47,810	400	7.040	3.440	3.600	120	30%	13,281	111
2	Uncle Bob's Self-Storage	No	46,720	400	4.750	1.610	3.140	117	34%	14,879	127
3	A-Lowell Self-Storage	Yes	145,880	1,000	2.080		2.080	146	161%	70,135	481
4	Pelham Public Storage	No	20,700	173	4.000	2.500	1.500	120	32%	13,800	115
5	Cubsmart Self-Storage	Yes	90,000	700	2.680		2.680	129	77%	33,582	261
6	A-Value Self-Storage	Yes	58,200	385	3.160	1.460	1.700	151	79%	34,235	226
7	Lowell Mini-Storage	Yes	64,210	479	4.520	2.020	2.500	134	59%	25,684	192
8	Simply Self-Storage	Yes	87,400	700	2.940		2.940	125	68%	29,728	238
9	Tewksbury U-Store-It	Yes	30,000	265	2.010	0.800	1.210	113	57%	24,793	219
10	Simply Self-Storage	No	63,800	510	5.000	2.000	3.000	125	49%	21,267	170
TOTAL			654,720	5,012							
AVERAGE			65,472	501	3.818		2.435	128	65%	28,138	214
AVERAGE MULTI-LEVEL FACILITY							2.185	133	83%	36,360	270

Source: Site sizes are based upon public records, facility sizes are per public records or aerial measurements/calculations and assumed relatively accurate, and number of units is based upon management interviews

*Represents space that is unbuildable, has improvements for another land use, or is excess/surplus land for future development

The properties vary greatly in size in terms of acreage but some have undeveloped portions or unusable portions, which have been deducted from the total site size. The competitors indicate total site sizes ranging from 2.010 to 7.040 acres; however, the typical acreage attributed to self-storage development ranges from 1.210 to 3.600 acres and averages 2.435 acres, as shown in the grid above. The facilities vary in size from 20,700 square feet to 145,880 square feet and averages 65,472 square feet. The multi-level facilities are highlighted in red. The subject is proposed for multi-level conversion/development and may also have some one-story drive-up buildings. The subject will most likely be similar to the competitors highlighted in red given the multi-story design. Multistory design appears to be a norm in this market. The subject is proposed for development of somewhere between 45,000 and 96,000 square feet per the client, which is within the normal market range and bell brackets the market norm of 65,472 square feet. The actual development plan will be determined from numerous outside factors such as site plan approval, financing, construction costs, etc.

The building to land ratios range from 30% to 161% and average 65%. The comparables with multi-story design have building to land ratios of 57% to 161% and average 83%. Comparable 3 is the largest and has the highest building to land ratio. This property is a converted textile mill and has four-stories. The square footage and number of units have been estimated based upon management interviews, assessor records and online measurements. It appears to be an outlier with the highest building to land ratio.

Overall, other development norms indicate a range of developed square feet per acre of 13,281 to 70,135 square feet per acre with an average of 28,138 square feet per acre. Multi-level facilities range from 24,793 to 70,135 square feet per acre with an average of 36,360 square feet per acre. All facilities indicate a development range of 111 to 481 units per acre, with an average development size of 214 units per acre. Considering only multi-level facilities, the range is 192 to 481 units per acre and averaging 270 units per acre. The average unit size in this market is 128 square feet per unit for the entire market. Considering only the multi-level facilities, the average unit size is 133 square feet. larger than many other observed markets.

These concluded typical metrics for development are utilized further to determine an estimated feasible development size for the subject. First, the hypothetical condition will be made that the site is vacant and available for self-storage development (not including the retail building portion). A concluded site size for self-storage use is 2.75 acres, which is estimated per GIS maps/measurements and shown below.



I have reconciled to a typical development having a building to land ratio of 60% to 80%, a typical development potential of 25,000 to 35,000 square feet per acre, a typical number of units per acre being 200 to 260 units and an average unit size of 130 to 135 square feet. The following development potential for the subject site is concluded as shown in the grid on the following page.

Potential Total Site Development Potential		
Site Size (Acres)	2.750	
Site Size (SF)	120,000	
Building to Land Ratio	<u>60%</u>	<u>80%</u>
Total Potential SF	72,000	96,000
Rounded To:	72,000	96,000
SF/Acre	<u>25,000</u>	<u>35,000</u>
Total Potential SF	68,750	96,250
Rounded To:	69,000	96,000
Units/Acre	<u>200</u>	<u>260</u>
Potential # Units	550	715
x Average Unit Size	<u>128</u>	<u>138</u>
Total Potential SF	70,400	98,670
Rounded To:	70,000	99,000
Concluded Total Subject		
Development Potential (In GBA):	69,000	99,000
Potential Total Units	511	733

The subject site, containing approximately 2.75 acres and including the paved areas, as well as the office building and warehouse, could likely be developed/converted to include a total of 69,000 to 99,000 square feet of gross building area, with 511 to 733 units. The proposed development will be between 48,000 and 96,000 square feet of gross building area.

Additionally, the excess land/paved portion of the site which is proposed for new construction, drive-up units, has been estimated to contain 1.20 acres. Using revised development norms, as the buildings are of one-story design, I have concluded to a typical building to land ratio range of 30% to 40%, typical square feet per acre range of 14,000 to 18,000 square feet and a typical number of units per acre range of 115 to 125 units with an average unit size of 120 to 125 square feet. Development potential for the excess land (which is noted to be part of the total site development potential previously calculated), is 16,000 to 22,000 square feet of gross building area, or 128 to 176 total units.

Potential Excess Land Development Potential - Drive-Up		
Site Size (Acres)	1.200	Drive-Up
Site Size (SF)	52,272	
Building to Land Ratio	<u>30%</u>	<u>40%</u>
Total Potential SF	15,682	20,909
Rounded To:	16,000	21,000
SF/Acre	<u>14,000</u>	<u>18,000</u>
Total Potential SF	16,800	21,600
Rounded To:	17,000	22,000
Units/Acre	<u>115</u>	<u>125</u>
Potential # Units	138	150
x Average Unit Size	<u>120</u>	<u>125</u>
Total Potential SF	16,560	18,750
Rounded To:	17,000	19,000
Concluded Excess Land Dev.		
Potential Drive-Up Units (GBA):	16,000	22,000
Potential Total Units	128	176

It is concluded the subject site could be developed for self-storage use with a total of 69,000 to 99,000 square feet of gross building area. Currently, the site has roughly 1.20 acres of excess land, which could be developed with 16,000 to 22,000 square feet of regular, drive-up units. The excess land for drive-up unit development has been calculated this way as the owners/developers indicated this is the current plan. The owner indicates the finalized plan will be determined based upon numerous factors but should be in the range of 48,000 to 96,000 square feet of gross building area. My recommendation is for total development size of 69,000 to 99,000 square feet of gross building area.

The subject's actual development size could vary greatly dependent on various factors including decisions made pertaining to the existing improvements, building department approval, site plan approval, setback requirements, storm water management and other utility approvals, development costs, financing terms/approval and concluded financial feasibility. These additional factors have not been considered herein.

DEVELOPMENT LAYOUT AND DESIGN

The subject is proposed for new development. Given the site is improved with existing structures, it would be recommended to convert and/expand the existing structures to accommodate vertical construction of no more than 4-stories. Development would be based upon local building department/permitting approval. Additionally, there is 1.20 acres of paved areas, which can accommodate additional building. Most space in the market is regular, non-climate controlled. There is a lack of climate-controlled space; however, this may be indicative that this type of space is most demanded. Therefore, the excess land is recommended for regular, drive-up development; however, has potential for climate-controlled development also. The immediate area may not demand 69,000 to 99,000 square feet of climate-controlled space however. It is recommended that the development be completed in approximately two phases. After completion of Phase 1, unit demand and absorption can be evaluated which can then provide support for future Phase 2 construction. As Phase 1 is nearing stabilization, construction can begin on Phase 2 and reviewing trends from the lease up Phase of Phase 1 can provide answers to future development questions regarding unit type and mix. The subject is envisioned to be of Class B or better quality with an office onsite, having a fenced in or secure site with a gate/keypad or enclosed units and security cameras. Having onsite boat/RV parking spaces and/or apartment onsite is not concluded to be a norm or required in this market. Further, a typical deposit/admin fee of \$15 to \$30 is recommended. Upon completion, the subject is envisioned to be an above average competitor in the market.

ABSORPTION ANALYSIS

New construction in the area has not been completed since approximately 2008. Therefore, there are no new construction absorption comparables available for this analysis. However, Lowell Mini Storage was shut down by the local fire marshal approximately three years ago. The facility was shut down for approximately 18 months. It re-opened approximately 18 months ago and is currently 81% occupied. The manager believes occupancy will continue to increase as occupancy rates prior to closing were always very high. The facility is not yet stabilized but will be soon.

The current rate of absorption for the property is estimated below. On a monthly basis, the average absorption rate is 2,889 square feet per month (gross square feet) or 22 units per month.

Lowell Mini-Storage Absorption Period	
Total SF	64,210
Units	479
Avg Unit Size	134
Current Occupancy Rate	81%
Current Occupied SF	52,010
Absorption Period	18
SF Absorbed/Mo.	2,889
# Units Absorbed/Mo.	22

Considering the subject is of average size and design, market data provided by a *2015 Cushman and Wakefield Self-Storage Report*, which indicates the typical absorption time for a new, average sized storage facility is 18 to 36 months with an average of 28 months and mode indication of 30 months. Absorption trends on a national basis have improved each year since 2011. Utilizing an average market facility size range of 60,000 to 80,000 square feet of gross building area, and considering a stabilized occupancy rate of 85% to 90%, and an estimated absorption timeframe of 24 to 32 months, the indicated absorption rate ranges from 1,594 to 3,000 square feet per month. The subject will likely be on the average to above average end of the typical facility range, as it is proposed for up to 99,000 square feet. However, this size is considered typical of multi-level developments. The absorption range provided by national average data supports the estimated absorption rate by the local competitor. A concluded absorption rate for the subject is 1,800 to 3,000 square feet per month. The absorption timeframe will be based upon actual facility size constructed.

	<u>Low</u>	<u>High</u>
Average Market SF	60,000	80,000
Stabilized Occupancy Rate	85%	90%
Occupied SF	51,000	72,000
Typical Absorption Period	<u>32</u>	<u>24</u>
Absorption/Month (SF)	1,594	3,000

The absorption may be positively or negatively affected by any future developments such as single-family homes or apartments (positively affected) or similar self-storage facilities (negatively affected). The absorption rate could be positively or negatively affected by any changes in the proposed subject size, as well as other factors.

CONCLUSION

Based upon the residual demand studies completed herein, there is very good demand for the proposed subject development in all three market areas utilized in this study.

Concluded current demand for the all of the reviewed subject market areas is estimated to range from 136,000 to 313,000 square feet and using a weighted average method, is concluded to be 194,000 square feet for the subject location. The concluded future demand, in Year 2021, after accounting for projected expansions and new construction, is estimated to range from 125,000 to 300,000 square feet. Using the weighted average method, the concluded future demand for the subject is forecasted to be 180,000 square feet. All demand conclusions are supportive for self-storage development at the subject site and overall, the subject is concluded to have very good demand indicators. ON a broader level, all of Massachusetts is believed to be grossly undersupplied. The immediate area appears to follow suit. There has been continued interest in the area for both commercial and residential development, which will aid in continued positive demand for the market.

A recommended facility size based upon market norms is 69,000 to 99,000 square feet. The subject size is currently undetermined but based upon multiple plans reviewed (verbally), the plans could vary from 48,000 to 96,000 square feet. The lower end of this range is concluded to be less than a typical facility size as determined by market norms. Also, any development of less than 60,000 square feet may not fully maximize the use of the site. Good demand exists for the recommended facility size range of 69,000 to 99,000 square feet (gross).

The concluded normal/current occupancy rate in this market is 94% or higher. All surveyed facilities (excluding those that are still stabilizing) have good high occupancy rates and indicated continued high occupancy through winter months, but likely decreased some. An overall annual average occupancy rate for this market is concluded to be 90% to 98%, which accounts for fluctuations caused by seasonal changes. The subject is envisioned to be an average to above average competitor within the market.

This demand study is deemed reliable with all factors stated herein true and accurate to the best of my knowledge. However, some factors are inherently difficult to forecast such as proposed residential or commercial developments that could improve the results of this study. Additionally, it is possible there could be future expansions or new self-storage developments in the market that are unknown at this time, which would negatively affect the conclusions of this report. Any facilities currently in the planning stage of development could be unknown at the time of completion of this study. Further, should the subject development be prolonged to 10 months or longer, it is recommended that an updated demand analysis be completed for the subject.

CERTIFICATION

This Certification is for the market study for the property located at , Dracut, Massachusetts. The undersigned do hereby certify that:

1. To the best of their knowledge and belief, the statements of facts contained in this study are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are personal, unbiased professional analyses, opinions, and conclusions.
3. Starr Real Estate has no present or prospective interest in the property that is the subject of this market and marketability study, and no personal interest or bias with respect to the parties involved.
4. Starr Real Estate has no bias with respect to any property that is the subject of this study or to the parties involved with this assignment.
5. Compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this market and marketability study
6. My analyses, opinions, and conclusions were developed, and this market and marketability study has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
7. The use of this market study is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. However, this study is a consulting assignment and does not include any valuations or conclusions pertaining to market rents. Further, it is restricted to specific client use only for internal review and may be used as support for financing application.
8. This market study was prepared by Amanda S. Helfrich, MAI, who accepts full responsibility for the work completed in this study, as stated in this signed certification.
9. Amanda S. Helfrich, MAI, performed no other services as an appraiser or in any other capacity regarding the subject property of this report occurred within the three-year period immediately preceding the acceptance of this assignment.
10. As of the date of this appraisal, Amanda S. Helfrich, MAI, has met the requirements of the Standards and Ethics Education Requirement of the Appraisal Institute.



Amanda S. Helfrich, MAI
Starr Real Estate, LLC
Certified General Real Estate Appraiser (Kentucky)
Kentucky Certification #4489

ASSUMPTIONS AND LIMITING CONDITIONS

The accompanying market study regarding potential new development of a self-storage facility located at , Dracut, Massachusetts is subject to the following assumptions and limiting conditions.

1. No responsibility is assumed for matters legal or engineering in nature. I was not provided with plans, costs, or development plans for the subject. Information provided by the client is assumed to be accurate.
2. Any legal descriptions, property survey, site plans, site plats, drawings, and/or sketches contained herein were either furnished to the analyst(s) or are based upon data provided to the analyst(s). These items are included herein to assist the reader in visualizing the property. Although to the best of my knowledge, these items provide an accurate representation of the (proposed) property, I have not surveyed the property or determined lot lines, and I assume no responsibility in connection with such matters.
3. The accompanying market study is to be used as a whole and no part to be taken as a fraction thereof. Further, this report cannot be altered or used in any other capacity other than what is noted herein for the exclusive use by and Mark Murphy.
4. Starr Real Estate is not required to give further consultation, to testify in court or at planning and zoning hearings, or be in attendance in court or planning and zoning hearings regarding this market and marketability study unless arrangements have been previously agreed upon.
5. Neither all nor any part of the contents of this market and marketability study shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval by Starr Real Estate, particularly as to market demand conclusions, the identity of the analyst or firm with which he/she is connected, or any reference to the Appraisal Institute.
6. The analysts assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less suitable for the use upon which the market and marketability study was based. The analyst assumes no responsibility for such conditions or for engineering, which might be required to discover such factors.
7. Responsible ownership and management is assumed.
8. The market study was not based on a requested minimum amount of indicated market demand.
9. Compliance of this property with the Americans with Disabilities Act (ADA) is assumed.
10. It is assumed that the property does not have any environmental conditions that will preclude the use upon which the market study was based.
11. The market demand estimate expressed herein assumes competent and aggressive management and/or marketing of the subject property.
12. Unless otherwise noted herein, it is presumed that there are neither encroachments nor any violations of zoning regulations affecting the subject property use upon which the

- market and marketability study was based. If the subject property is not presently zoned for the use upon which the market study is based, it is assumed that such zoning can be economically obtained in a timely fashion.
13. It is assumed that the subject property will have adequate exposure, signage and accessibility.
 14. Certain information contained in this market study has been provided by secondary source. The sources and the information are considered to be reliable but cannot be guaranteed.
 15. Information contained in this market study was gathered from Middlesex County and City of Dracut government offices, as well as Starr Real Estate's research, including facility inspections, online research, management and leasing agent interviews and other secondary sources. The sources and the information are considered to be reliable but cannot be guaranteed. The Dracut assessor's office did not provide full or accurate building sizes online or in office for public review; therefore, I have estimated some of the gross building sizes based upon a review of aerial measurements and calculations, which is assumed to be relatively accurate.
 16. The proposed subject development is assumed to be of average, Class B or better quality with good management and marketing.
 17. Flood maps obtained indicates the subject is not located in the 100-year flood plain; which I assume to be accurate.
 18. The assignment does not include financial feasibility. I have not analyzed construction costs, development plans, unit mixes, proformas, etc. It is recommended that a financial feasibility analysis be completed prior to any potential development. Further, all of my recommendations herein are based upon market norms concluded by the market survey. Outside economic factors, changes in the proposed development location, or other future proposed self-storage facilities that may be unknown at this point in time may directly affect the results of this study. The study is not valid for any other location other than what was specified by the client for this report.
 19. The consultant, Amanda S. Helfrich, MAI, is not legally bound to this study, as the results can change given the constantly changing market and demand trends. Further, the consultant cannot be held liable for any future changes in the market which could negatively affect the performance of any future developed self-storage facilities at the subject location.
 20. This study is not an appraisal. No conclusions pertaining to the market value or any other valuation of the subject property have been completed or included herein. Further, market rents have not been analyzed or included herein. Only current information pertaining to the competitive facilities have been included, which is actual information provided that has been reported by the consultant herein. Opinions of value have not been included whatsoever in this analysis. Further, a temporary appraisal license was not obtained for completion of this assignment, as it was determined to be unnecessary for completion of the local market research that is contained within this market study.

ADDENDUM A

DEFINITIONS

These definitions have been extracted, solely or in combination, from definitions and descriptions printed in:

- The *Uniform Standards of Professional Appraisal Practice* 2016-2017 Edition (USPAP);
- The *Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010 (Dictionary);
- The *Appraisal of Real Estate*, 13th Edition, Appraisal Institute, Chicago, Illinois, 2008 (13th Edition); and/or
- *Income/Expense Analysis*, Institute of Real Estate Management of the National Association of REALTORS®, 2007 (*IREM*).

ACCRUED DEPRECIATION

The difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date. (*Dictionary*)

APPRAISAL

The act or process of developing an opinion of value; an opinion of value. (*USPAP*)

ASSUMPTION

That which is taken to be true (*USPAP*)

BUSINESS VALUE

A value enhancement that results from items of intangible personal property such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements (*Dictionary*).

CLIENT

The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group or entity and may engage and communicate with the appraiser directly or through an agent. (*USPAP*)

DEFERRED MAINTENANCE

Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past. (*Dictionary*)

DISCOUNTED CASH FLOW (DCF) ANALYSIS

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis. (*Dictionary*)

EFFECTIVE DATE OF THE APPRAISAL

The date at which the value opinion is an appraisal applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the value opinion. Current appraisals occur when the effective date of the appraisal is contemporaneous with the date of the report. Prospective value opinions (effective date of the appraisal subsequent to the date of the report) are intended to reflect the current expectations and perceptions along with available factual data. Retrospective value opinions are likely to apply as of a specific historic date; the opinions are intended to reflect the expectations and perceptions of market participants at the specified date, along with available factual data. Data subsequent

to the effective date may be considered in estimating a retrospective value as a confirmation of trends. (*Dictionary and USPAP*)

ENTREPRENEURIAL PROFIT

Entrepreneurial profit is a “market-derived figure that represents the amount an entrepreneur **expects** to receive for his or her contribution to a project”; may be measured by the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. The term “entrepreneurial incentive” has the same definition as profit, but the perspective of the use of the word “incentive” is forward-looking (expected reward), whereas the use of the word “profit” indicates a retrospective perspective of a quantifiable amount earned. Unless otherwise noted, as used in this report, the terms are synonymous. (*Definition and Eleventh Edition*)

EXPOSURE TIME

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (*USPAP*)

EXTRAORDINARY ASSUMPTION

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusion. Comment: Extraordinary assumptions presume as fast otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (*USPAP*)

FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (*Dictionary*)

GOING-CONCERN VALUE

The value created by a proven property operation; considered as a separate entity to be valued with a specific business establishment. (*Dictionary*)

GROSS BUILDING AREA (GBA)

The total floor area of a building, including below-grade space but excluding unenclosed areas; measured from the exterior of the walls. (*Dictionary*)

GROSS LEASABLE AREA (GLA)

The total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines, and measured from the center of partitioning to outside wall surfaces; the standard measure for shopping centers. (*Dictionary*)

HIGHEST AND BEST USE

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. (*Dictionary*)

HYPOTHETICAL CONDITION

A condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment:

Hypothetical conditions are contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (*USPAP*)

INSURABLE VALUE

The Appraisal Institute defines insurable value as the value based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. It is that portion of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. *Marshall Valuation Service* defines insurable value as the “replacement or reproduction cost less deterioration and non-insurable items.” (*MVS and Dictionary*)

INVESTMENT VALUE

The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached. (*Dictionary*)

LEASED FEE ESTATE

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease. (*Dictionary*)

LEASEHOLD ESTATE

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions. (*Dictionary*)

LIQUIDATION VALUE

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (*Dictionary*)

MARKET VALUE (INTERAGENCY GUIDELINES)*

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable

thereto; and

5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. "

* This example definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the *Interagency Appraisal and Evaluation Guidelines*, dated October 27, 1994.

MARKET VALUE (USPAP)

A type of value, states as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

1. The relationship, knowledge, and motivation of the parties (i.e. seller and buyer)
2. The terms of sale (e.g., cash, cash equivalent, or other terms) and
3. The conditions of sale (e.g. exposure in a competitive market for a reasonable time prior to sale.)
(USPAP)

MARKETING PERIOD

A reasonable marketing period is the period of time it might take to sell a property interest in real estate at or near the concluded market value during the period immediately following the effective date of the appraisal. A marketing period is a function of price, time, use, and anticipated market conditions.

RENTABLE AREA (NRA)

The (net) rentable area is the amount of space on which rent is based; it is calculated according to local practice. (*Dictionary*)

REPLACEMENT COST

The estimated cost to construct, at current prices as of the effective date of the appraisal, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout. (*Dictionary and USPAP*)

ADDENDUM B

SUBJECT PHOTOGRAPHS

SUBJECT PHOTOGRAPHS



View of Existing Office/Warehouse Building Onsite



View of Existing Office/Warehouse Building Onsite



View of Existing Office Building Onsite



View of Existing Office Building Onsite



View of Road Frontage and Signage



View of Paved Areas for Potential Future Development



View of Undeveloped Portion of the Subject Site



View North Along Broadway Road



View South Along Broadway Road



View of Existing Retail Building Onsite – To Remain and Not Converted for Self-Storage Use

ADDENDUM C

SUBJECT PROPERTY INFORMATION

FLOOD MAP INFORMATION

TAX/ASSESSOR'S PARCEL MAP



ASSESSOR/APPRaisal OFFICE TAX INFO

ZONING MAP

ZONING – PERMITTED USES AND REQUIREMENTS

2.12.50 Table of Standard Dimensional Requirements

Dimension	Zoning District									
	R1	R2	R3	B1	B2	B3	B4	B5	I1	I2
Minimum Lot Area (Square Feet) X 1,000	40	80	1/ 40	22	22	30	40	30	90	90
Minimum Lot Front- age (Lin. Feet)	175	200	150	125	125	150	200	150	225	225
Minimum Lot Width (Lin. Feet)	30	50	50	20	20	20	50	20	50	50
Minimum Front Yard (Lin. Feet)	30	30	30	30	30	50	100	50	100	100
Minimum Side Yard (Lin. Feet) 2/ Minimum Rear Yard (Lin. Feet) 2/	15	15	15	20	20	30	15	15	15	40
Maximum Building Height (Lin. Feet)	3/ 36	3/ 36	3/ 36	3/ 36	3/ 36	4/ 40	5/ 45	4/ 40	6/ 65	6/ 65

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

Zone & Type of Use	Adjoining a Residence District	Not Adjoining a Residence District
B-3 Uses	Width: Side: 20' Rear: 30'	Screening: Side: A Rear: A
		Width: Side: 15' Rear: 20'
		Screening: Side: D Rear: E
B-4 Uses	Width: Side: 50' Rear: 50'	Screening: Side: A Rear: A
		Width: Side: 15' Rear: 30'
		Screening: Side: D Rear: F
B-5 Uses	Width: Side: 50' Rear: 50'	Screening: Side: A Rear: A
		Width: Side: 15' Rear: 30'
		Screening: Side: D Rear: D
I-1 Uses	Width: Side: 80' Rear: 90'	Screening: Side: A Side: A
		Width: Side: 50' Rear: 50'
		Screening: Side: D Rear: G
I-2 Uses	Width: Side: 140' Rear: 140'	Screening: Side: A Side: A
		Width: Side: 100' Rear: 100'
		Screening: Side: D Rear: G

SELF-STORAGE DEMAND STUDY – DRACUT, MASSACHUSETTS

2.11.30 Table of Permitted Uses – Page 2 of 3

Principal Uses	Residential				Business				Industrial	
	R-1	R-2	R-3	B-1	B-2	B-3	B-4	B-5	I-1	I-2
Business Uses (cont'd)										
Funeral Home	0	0	SS-R	0	SS-R	P	P	P	0	0
Veterinary Care	0	0	0	0	0	P	P	P	0	0
Commercial Kennel	0	0	0	0	0	0	SS-R	0	SS	SS
Personal Services	0	0	0	SPB	P	P	P	P	SPB	0
General Services	0	0	0	0	SPB	P	P	P	P	0
Studio	0	0	0	SPB	P	P	P	P	P	0
Building Trade Shop	0	0	0	0	0	P	P	P	P	0
Commercial Recreation	0	0	0	0	0	SS-R	SS-R	SS-R	SS-R	0
Lounge or Pub	0	0	0	0	0	SS-R	SS-R	SS-R	0	0
Commercial and Trade School	0	0	0	0	0	SS-R	P	SS-R	SS-R	0
Amusement Facility Indoor	0	0	0	0	0	SS-R	SS	SS-R	0	0
Amusement Facility Outdoor	0	0	0	0	0	SS-R	SS	SS-R	0	0
Motor Vehicle Service Station	0	0	0	SS-R	0	SS-R	SS-R	SS-R	SS-R	SS-R
Car Wash	0	0	0	0	0	SS-R	SS-R	SS-R	0	0
Motor Vehicle Repair or Body Shop	0	0	0	0	0	SS	SS	SS	P	P
Light Vehicle Sales	0	0	0	0	0	SS-R	SS	SS-R	0	0
Vehicle Equipment Sales	0	0	0	0	0	SS	P	SS	SS	0
Parking Facility	0	0	0	0	0	SS-R	SS-R	SS-R	0	0
Commercial Breeding Facility	0	0	0	0	0	0	0	0	SS-R	0
Zoo	0	0	0	0	0	SS-R	SS-R	SS-R	SS-R	0
Commercial Broadcast Facility (not including studio)	0	0	0	0	0	SS-R	SS-R	SS-R	SS-R	P
Airport – Fixed Wing	0	0	0	0	0	0	0	0	SPB-R	SPB-R
Aircraft – Heliport	0	0	0	0	0	SPB-R	SPB-R	SPB-R	SPB-R	SPB-R
Rifle Range (outdoor)	0	0	0	0	0	0	0	0	SS-R	SS-R
Boarding House	0	0	SPB(#3)	0	0	0	0	0	0	0
Day Care Facility	SS	SS	SS	SS	SS	SS	0	SS	0	0
Industrial Use (#4)										
Research/Office Park	0	0	0	0	0	0	0	0	SPB-R	SPB-R
Warehouse	0	0	0	0	0	0	0	0	SPB-R	P
Mini-Warehouse	0	0	0	0	0	SPB-R	SPB-R	SPB-R	SPB-R	SPB-R
Construction Yard	0	0	0	0	0	0	0	0	SPB-R	SPB-R
Lumber Yard	0	0	0	0	0	SPB-R	SPB-R	SPB-R	SPB-R	SPB-R
Heating Fuel Sales/Service	0	0	0	0	0	0	SPB-R	0	SPB-R	SPB-R

NOTES:

- CODES: P - A Permitted Use
 0 - A Prohibited Use
 SPB - Special Permit – Planning Board
 SS - Special Permit – Board of Selectmen
 R - Suffix Denotes Site Plan Review

(Example: SS-R = Special Permit by the Board of Selectmen plus a Site Plan Review pursuant to 1.16.20)

FOOTNOTES:

- #1 - See Section 3.12.00 Soil, Vegetation, Rock and Gravel Removal
 #2 - Requires 1.5 X Base Lot Area of the R-3 Zone
 #3 - See Section 4.12.00 Special Permits – Multi Family Development
 #4 - See Section 4.10.00 Special Permits – Major Business Use
 #5 - See Section 4.11.00 Special Permits – Major Industrial Use
 #6 - See Section 4.13.00 Special Permits – Fairs, Carnivals, Etc.
 #7 - Not allowed in these Zones except when approved by the Board of Selectmen
 #8 - Permitted use shall be exclusively for those pre-existing non-conforming Residential units in said zones.
 #9 - Or in an existing church steeple approved by the Board of Selectmen

13C

INFORMATION PROVIDED BY THE CLIENT

TYPICAL SELF-STORAGE FACILITY OPERATING EXPENSES (FOR REFERENCE ONLY) PER THE 2016 SELF-STORAGE ALMANAC

ADDENDUM D

QUALIFICATIONS OF THE ANALYST

**PROFESSIONAL QUALIFICATIONS OF
AMANDA S. HELFRICH, MAI**

<p>COMPANY:</p> <p>EXPERIENCE:</p>	<p>Principal owner of Starr Real Estate, LLC</p> <p>Ten years of experience in analysis and appraising office, retail, single-family, multi-family, industrial, commercial, residential development and special use developments including churches, self-storage facilities, golf courses, hospitals, and nursing homes, as well as real estate market studies, feasibility studies and demand studies.</p> <p>2015 to Current: Independent Contractor for Lin Bell & Associates, Inc. (now Bell Ferris Real Estate Appraisal, Inc.)</p> <p>2010 to 2015: Independent Contractor for Fore and Rohan Real Estate Appraisers, Inc.</p> <p>2009 to 2010: Independent Contractor for Fore and Rohan Real Estate Appraisers, Inc. and Lin Bell and Associates, Inc.</p> <p>2006-2009: Independent Contractor for Bell, Fore & Mitchell, with offices in Louisville, Kentucky and Jeffersonville, Indiana.</p> <p>2004-2006: Independent Contractor for Lawson/Anderson Builders, LLC, custom homebuilders. Two years of experience in accounting, office management, on-site management, estimating/budgeting, and customer service.</p>
<p>PROFESSIONAL ACTIVITIES:</p>	<p>Licensed: Kentucky Certified General Real Property Appraiser License No. 004489</p> <p>Member: Appraisal Institute –MAI Designation</p>
<p>EDUCATION:</p>	<p>Bachelor of General Studies (B.G.S) and Business Administration Minor from Indiana University</p> <p>Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, Wilson Educational Group and the Home Builders Association of Louisville.</p> <p>Current with the Appraisal Institute’s requirement for continuing education.</p>