



Pronghorn
Development
Group



Climate Controlled Self Storage

Professionally managed by ExtraSpace

4970 W. 3500 S. West Valley City



LOCATION:

4970 W. 3500 S. West Valley City, UT 84120

SUMMARY:

- 2.47 Acres (1.68 usable)
- 3-story climate controlled self storage
- 780 units
- 78,750 NRSF

KEY METRICS:

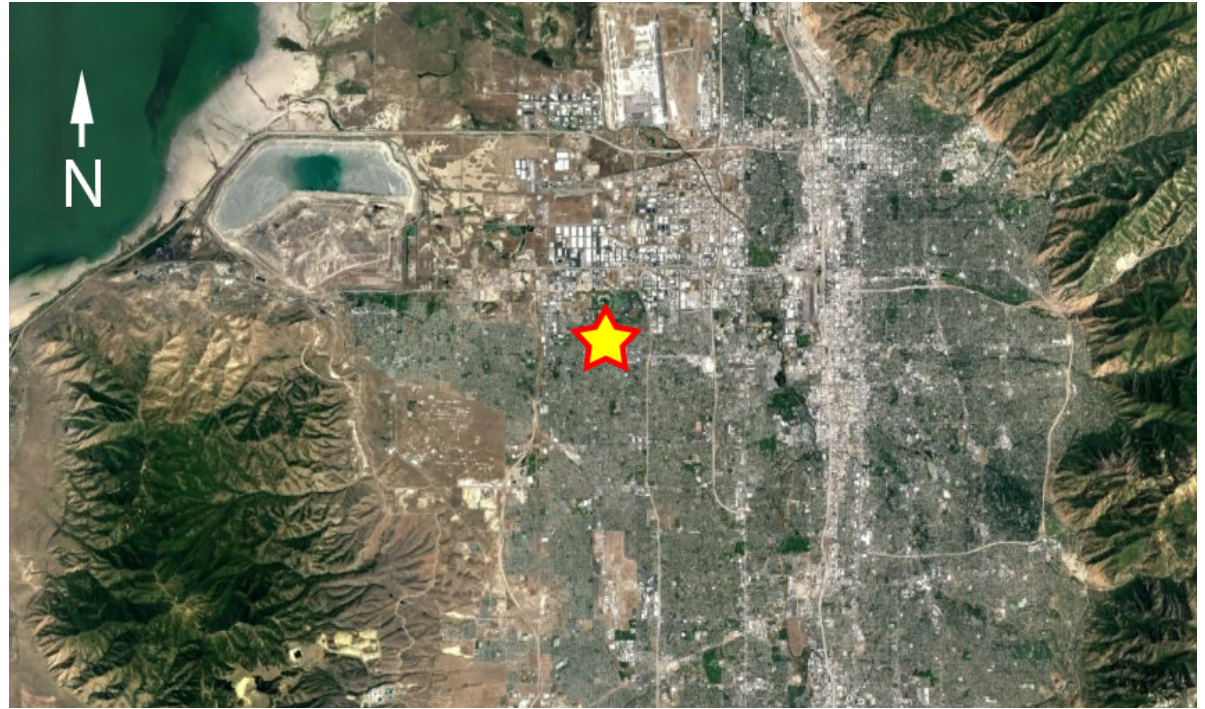
Going-In Cap Rate	6.50%
Project IRR (7-Yr. DCF)	19.23%
Total Project Costs	\$7,542,197
Exit Cap Rate (7-Yr. DCF)	7.25%
Disposition Value (Yr. 7)	\$9,834,432

DESCRIPTION:

The proposed facility is located in an under-supplied submarket of West Valley City. The project will be professionally managed by Extra Space Storage, the 2nd largest operator of self-storage in the nation. This partnership will allow us to leverage their online presence, brand recognition, call-center, revenue management, and marketing. Our project will be the first climate-controlled self storage facility in this sub-market.

SITE DESCRIPTION:

- C-2 Zoning
- Self Storage Authorized
- Multi-Point Access
- High Visibility/Signage
- 28,000+ AADT
- 1.68 Usable Acres
- Owned by AFCU



Extra Space Storage in our Market

Location	SF	Occupied	Rate
W.Valley	53,585	94.70%	\$11.20
SLC	53,155	93.50%	\$9.50
E. Millcreek	65,986	92.80%	\$16.50
Kearns	73,710	93.50%	\$9.55
Taylorsville	136,790	93.80%	\$9.38
Murray	59,525	93.40%	\$13.61
Sandy 1	83,628	95.30%	\$12.73
Sandy 2	95,031	95.20%	\$14.65
621,410	94.03%	\$12.14	



HIGHEST AND BEST USE:

LEGALLY PERMISSIBLE

Current zoning of C-2 allows for self storage, the necessary height restrictions of the proposed 3-story building at 32 feet, and the setbacks for a 35,000 SF footprint. There is no specified parking requirement for self storage.

PHYSICALLY POSSIBLE

The site is currently vacant and relatively level. Based on other buildings in the vicinity, we anticipate favorable conditions for development.

FINANCIALLY FEASIBLE

Due to affordable construction and land costs, combined with strong market demand, stabilization is expected in year 3, and a 18.54% IRR after disposition in year 7.

MAXIMALLY PRODUCTIVE

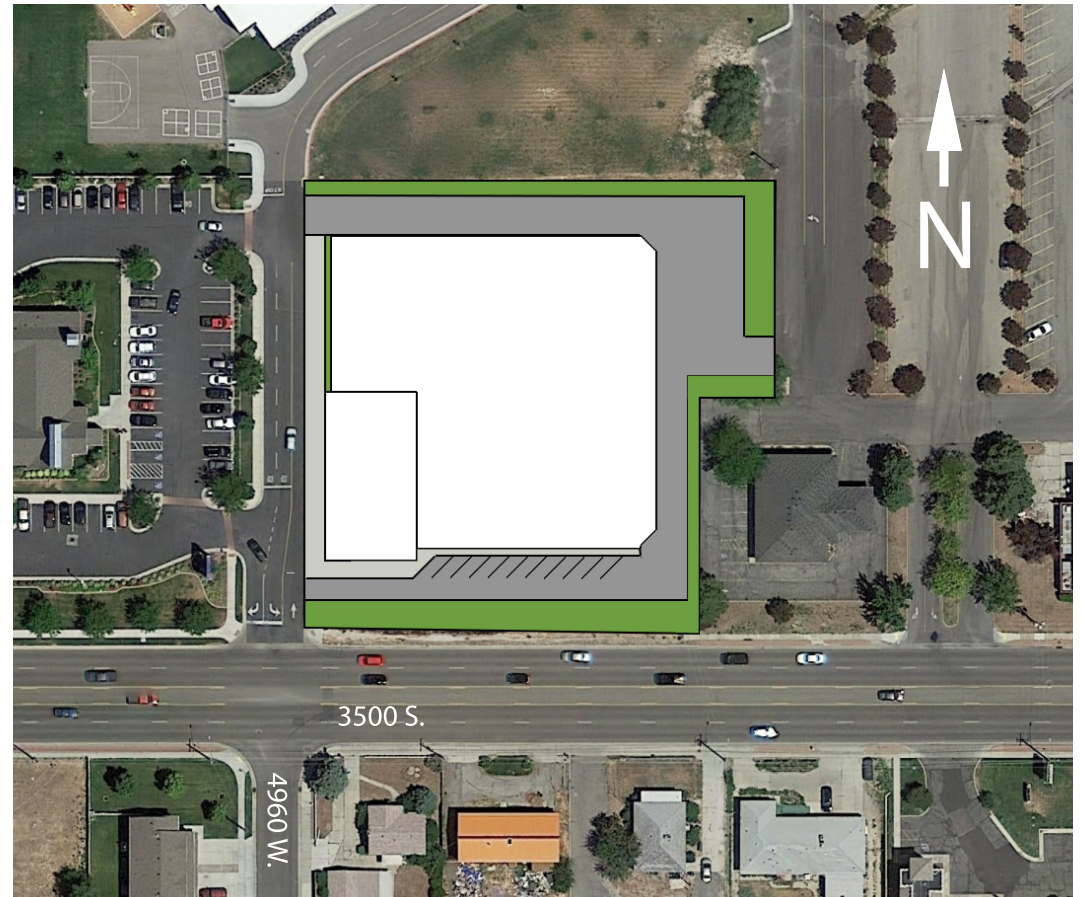
With low parking requirements and the ability to rent nearly 80,000 SF, there is no other commercial real estate product that can provide better returns for this particular site.

PROPOSED USE:

- 105,000 SF
- 3 Floors
- 35,000 SF Footprint
- 78,750 Net Rentable SF
- 75% Efficiency
- Climate Controlled
- 101 SF Average Unit Size
- 10 parking spaces

UNIT MIX:

Unit Size	# of Units	% of Total	NRSF
5x5	109	14%	2,725
5x10	188	24%	9,400
5x15	89	11%	6,675
10x10	179	23%	17,900
10x15	113	14%	16,950
10x20	55	7%	11,000
10x30	47	6%	14,100
TOTAL	780	100%	78,750



3 MILE DEMOGRAPHICS:

Population	128,041
Population Growth/Year	1.14%
Average HH Income	\$56,614
AADT	28,000

KEY DATA POINTS:

- 5.0 SF per person (low saturation)
- Low institutional presence
- Little to no climate controlled product

WHY CLIMATE CONTROLLED?

Climate controlled self storage is more secure, cleaner, and more comfortable than traditional drive-up. 60% of self storage users are women. Rents are typically 10-15% higher (depending on the market). Also, vertical construction allows us to achieve more rentable square feet than a traditional drive-up facility.

SATURATION AND COMPETITION

SATURATION



1 SF of self storage per person in the market is considered very low, 15 SF is considered highly saturated. OUR MARKET: 638,220 SF / 128,041 people = 4.98 SF per person.

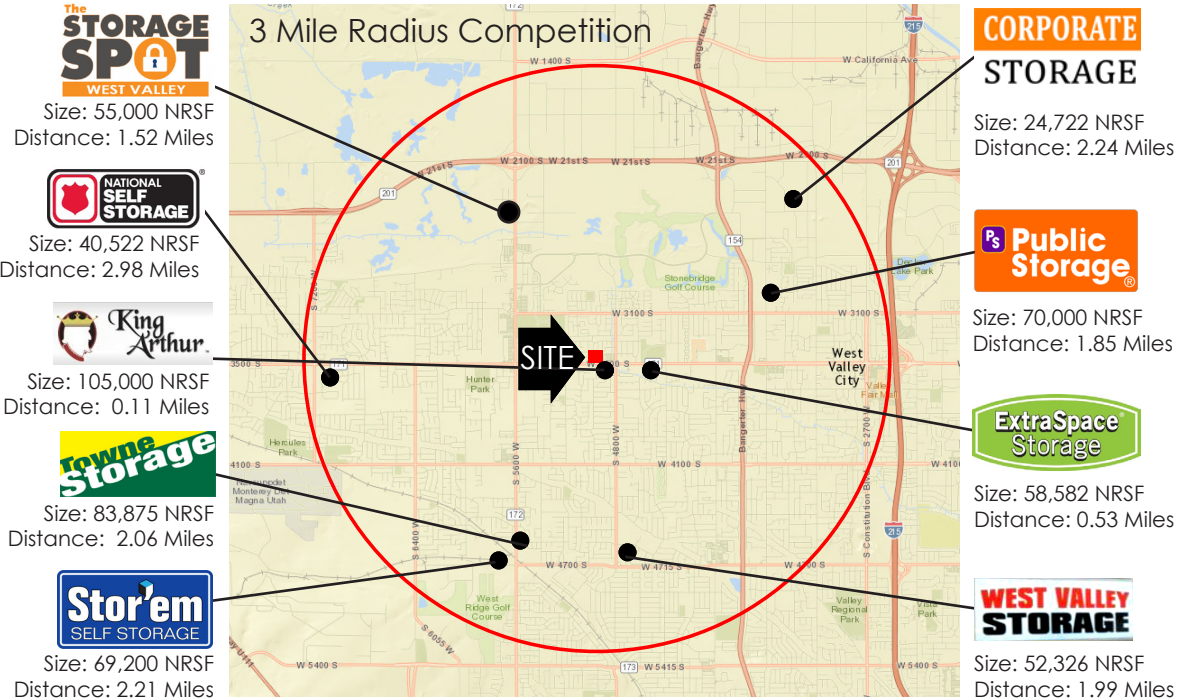
COMPETITION



This metric takes into consideration the quality, proximity, location of competition, and REIT compared to non-REIT management. Each of these factors is given a score of 1-5, and then averaged. Our competition analysis yields a score of 2.9.

- LOW SATURATION
- WEAK COMPETITION

The combined result shows an under-supplied market that has a lack of sophisticated, high-quality product.



WHY PROFESSIONALLY MANAGED BY EXTRA SPACE?

Self storage is an operationally heavy business. Hiring Extra Space to manage our project allows us to utilize their operational platform. For example, 80% of self storage customers have some interaction with the internet before renting a unit. REIT's, such as Extra Space and Public Storage, bid for keywords in competing markets which will put our site at the top of the list in a Google search. We will also utilize their sophisticated call center, revenue management team, and customer service. REIT's bring a higher level of sophistication that make it difficult for owner-operated "mom and pops" to compete.

PROPERTY INFO:

Land Acres	2.47
Usable Land	1.68
Building USF	105,000
Num. of Units	780
Avg. Unit Size	101
Climate SF	78,750
Property Price	\$622,037
Const. Cost	\$6,920,160
Project Cost	\$7,542,197
Climate Rate/SF	\$13.00
Expense Growth	3.00%
Rent Growth Rate	4.00%

CONSTRUCTION LOAN:

Start Date		3/1/2017
LTV	70%	\$6,151,276
LTC	70%	\$5,279,538
DSCR	1.25	\$6,898,080
Debt Yield	9.25%	\$6,175,026
Loan Amount		\$5,279,538
Equity		\$1,996,499
Rate (3% +1Mo Libor)		3.77%
Term		Interest Only
Debt Service		-\$199,039
Maturity		3/1/2019

TAKE-OUT (TERM) LOAN:

Begin Year	3/1/2019
LTV	0
Loan Amount	\$5,279,538
Amount Taken Out	\$0
Rate	4.33%
Term	300 months
Debt Service	-\$345,953
Maturity	3/1/2044

DATA ASSUMPTIONS:

Discount Rate	8.00%
NOI @ Stabilization	\$571,190
Going-in Cap	6.50%
Terminal Cap	7.25%



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CAPITAL STACK:

Total Projected Costs	\$7,542,197
Loan Amount	\$5,279,538
Equity Required	\$2,262,659
Cash	\$0
Land Equity	\$0
Developer Fee (4%)	-\$266,160
Total Equity Credits	-\$266,160
Actual Cash Required	\$1,996,499

LEVERED RETURNS:

IRR	19.23%
NPV	\$1,715,641
Average DSCR	1.95
Avg. Cash-on-Cash	12.50%

UNLEVERED RETURNS:

IRR	8.69%
NPV	\$286,670
Avg. Cash-on-Cash	7.38%

CONSTRUCTION COSTS:

Estimates provided as a courtesy
by Wasatch Storage Partners



	\$/SF	Cost	%
Land	\$8.50	\$622,037	8.25%
Bonds	\$-	\$-	0.00%
Insurance	\$0.29	\$30,000	0.40%
Permit Allowance	\$0.33	\$35,000	0.46%
General Conditions	\$2.46	\$258,000	3.42%
CM/OHP	\$2.62	\$275,000	3.65%
Soft Cost Contingency	\$2.62	\$275,000	3.65%
Total Soft Costs	\$8.31	\$873,000	11.57%
Site work	\$7.24	\$760,000	10.08%
Concrete	\$6.67	\$700,000	9.28%
Masonry	\$3.95	\$415,000	5.50%
Metals	\$18.02	\$1,892,000	25.09%
Woods, Plastics, Composites	\$0.29	\$30,000	0.40%
Thermal & Moisture Protec.	\$0.81	\$85,000	1.13%
Openings	\$1.14	\$120,000	1.59%
Finishes	\$1.77	\$185,500	2.46%
Specialties	\$0.28	\$29,000	0.38%
Elevators	\$1.81	\$190,000	2.52%
Mechanical	\$4.38	\$460,000	6.10%
Plumbing	\$0.61	\$64,500	0.86%
Electrical/Lighting	\$4.29	\$450,000	5.97%
Hard Cost Contingency	\$3.81	\$400,000	5.30%
Total Hard Cost	\$55.06	\$5,781,000	76.65%
Hard & Soft Cost	\$63.37	\$6,654,000	88.22%
Developer Fee	\$3.38	\$266,160	3.53%
TOTAL Construction Costs	\$71.83	\$7,542,197	100.00%



10 YEAR DCF ANALYSIS:

	Year 0	3/1/2017 Year 1	3/1/2018 Year 2	3/1/2019 Year 3	3/1/2020 Year 4	3/1/2021 Year 5	3/1/2022 Year 6	3/1/2023 Year 7	3/1/2024 Year 8
Gross Potential Income	\$(1,996,499)	\$870,188	\$921,375	\$972,563	\$1,023,750	\$1,064,700	\$1,105,650	\$1,146,600	\$1,187,550
Avg. Rate/SF		85%	90%	95%	100%	104%	108%	112%	116%
Vacancy Rate	100%	70%	40%	10%	10%	10%	10%	10%	10%
Vacancy Loss		\$(609,131)	\$(368,550)	\$(97,256)	\$(102,375)	\$(106,470)	\$(110,565)	\$(114,660)	\$(118,755)
Late Fees			\$7,000	\$7,210	\$7,426	\$7,649	\$7,879	\$8,115	\$8,358
Other Income				\$2,095	\$2,158	\$2,223	\$2,289	\$2,358	\$2,429
Effective Gross Income	\$(1,996,499)	\$261,056	\$559,825	\$884,611	\$930,959	\$968,102	\$1,005,253	\$1,042,413	\$1,079,582
Operating Expenses									
Management Fee		\$30,000	\$33,590	\$53,077	\$55,858	\$58,086	\$60,315	\$62,545	\$64,775
Marketing		\$17,000	\$17,510	\$18,035	\$18,576	\$19,134	\$19,708	\$20,299	\$20,908
On-Site Management		\$70,000	\$72,100	\$74,263	\$76,491	\$78,786	\$81,149	\$83,584	\$86,091
Property Tax		\$70,000	\$72,100	\$74,263	\$76,491	\$78,786	\$81,149	\$83,584	\$86,091
Insurance		\$7,000	\$7,210	\$7,426	\$7,649	\$7,879	\$8,115	\$8,358	\$8,609
Utilities		\$16,000	\$16,480	\$16,974	\$17,484	\$18,008	\$18,548	\$19,105	\$19,678
Merchant Fees		\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149
Administrative Costs		\$3,400	\$3,502	\$3,607	\$3,715	\$3,827	\$3,942	\$4,060	\$4,182
Landscaping/Snow		\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911	\$14,329	\$14,758
Repairs & Maint.		\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389	\$17,911	\$18,448
Expense Contingency		\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$36,896
Total Operating Expenses		\$(275,400)	\$(286,352)	\$(313,422)	\$(324,013)	\$(334,286)	\$(344,801)	\$(355,565)	\$(366,586)
% of EGI		105%	51%	35%	35%	35%	34%	34%	34%
Net Operating Income	\$(1,996,499)	\$(14,344)	\$273,474	\$571,190	\$606,947	\$633,816	\$660,452	\$686,848	\$712,996
Reserves				\$(14,280)	\$(15,174)	\$(15,845)	\$(16,511)	\$(17,171)	
Debt Service		\$(199,039)	\$(199,039)	\$(199,039)	\$(345,953)	\$(345,953)	\$(345,953)	\$(345,953)	
Before Tax Cash Flow		\$(213,382)	\$74,435	\$357,872	\$245,820	\$272,018	\$279,988	\$323,724	
Const. Loan		-	-	\$5,279,538	-	-	-	-	
Take-Out Loan		-	-	-	-	-	-	-	
Refinance Loan		-	-	-	-	-	-	-	
Sale Price								\$9,834,432	
Remaining Loan Balance		-	-	(5,279,538)	-	-	-	(4,767,387)	
Cash Flows (w/ dispo)	\$(1,996,499)	\$(213,382)	\$74,435	\$375,872	\$245,820	\$272,018	\$279,988	\$5,390,769	

