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Things to consider when selecting a management company for a new self-storage facility

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Many developers building a self storage facility often spend more time selecting the look of the building than in finding the right management company. Often, choosing a management company is one of the last decisions to be made prior to opening a facility, and yet it is clearly one of the most important decisions.

There are many options when it comes to selecting a management company. This critical decision, however, can affect the performance of the facility and ultimately determine financial success of the project. As the second largest operator of self-storage in the industry, Extra Space Storage has determined that there are two main areas of expertise that a management company must have in order to help the owner's facility succeed. These factors are marketing and revenue management.

Marketing is a critical tool in leasing any self storage facility, but the days are gone when simply putting your site in the yellow pages and sending out Valpak coupons comprises the whole marketing program. In fact, we all know that the yellow pages are being used less and less, especially in well educated markets, like the northeast. Today, the most important tool in marketing your facility is the Internet. Internet marketing can be one of your greatest assets, but can also be extremely difficult and expensive to have your facility's website gain a worthwhile presence. All professional management companies will have a website, but merely having a website does not mean that your facility will be found by customers. It can be very costly for an owner to purchase key word searches on Google, or to hire a company to build a website with the correct search engine optimization techniques to have your property's page appear at the top of the search engine listings. When deciding on a management company, you should ask how the Internet marketing is done and find out how much money is spent compared to Yellow Pages. Search for their facilities in the commonly used search engines, such as Google and Yahoo, using the keywords that customers would use. For example, type in "storage, Boston" or "ministorage, Boston" to see if the management company's other facilities populate the web search. If you have to search too hard to find the facilities, your customers will probably not find yours either. Most management companies will allow the owner to brand their facility with whatever name the owner chooses. Although this seems attractive, it can be very problematic when maximizing internet advertising. An owner that can share the brand name with multiple facilities reduces cost and has more opportunities to have their property listed with the search engines with better placement. If they are all branded different names, they appear as different companies hurting your chances for customers to find your location.

Most management companies have a revenue management strategy. It is very important for an owner to understand this strategy and how it will be tested. Historically, self-storage operators have found that they can reasonably raise customer's rents 3 - 4% just before the rental season. Although

many operators have decided to increase rents, mostly to stay in line with inflation, too many follow the one-size-fits-all-approach. Varying markets and economic climates demand different approaches to revenue management. We believe it is possible that many operators leave money on the table by not raising rents often enough and are therefore not maximizing rate increases. Some operators often hesitate to raise existing customer rates beyond the posted street rates, or to raise customer's rates while the facility is in the lease up stage. Our revenue management team believes in continually testing these areas in order to maximize revenue growth.

When choosing a management company, there are many things to take into consideration. Extra Space Storage believes that marketing initiatives and revenue management approaches are two areas that should be thoroughly researched before making that critical decision.

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