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GOING VERTICAL: HIGH LAND COSTS FUEL MULTISTORY SELF-STORAGE DEVELOPMENT

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Benning Construction Co. built this multistory facility in Atlanta.

Drive by the latest self-storage facilities being built today and you may need to look twice. The contemporary brick-and-glass facades and multilevel designs make these projects look more like office buildings than storage facilities.

The face of self-storage is clearly changing as developers find ways to blend their projects into neighborhoods. Such multistory properties have been on the rise as self-storage moves out of industrial parks and into more visible locations—bringing with it a higher price tag on land.

“The ability to find and then be able to afford First and Main locations and still pencil out deals that make sense are difficult, at best,” said Todd Amsdell, president and CEO of [The Amsdell Companies](#), a Cleveland-based storage operator.

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Archcon Architecture designed Stor Casa Bella in San Antonio.

As such, the decision to build a multilevel facility is a simple matter of economics. The old-school method of developing self-storage was to enter an industrial area or an empty field where land was cheap. That strategy has changed over time to focus more on retail-oriented areas.

"Now, people are locating facilities in heavily populated areas where the cost of the land is very expensive. So, you have to go vertical," says **Mark Skeans**, managing partner of Skeans & Associates LLC, a self-storage developer based in San Antonio.

For example, Skeans built a three-story, 104,000-square-foot facility on nearly 2 acres in the San Antonio suburb of Schertz. In that case, the site was desirable because of its highway frontage, with exposure to 172,000 cars a day. The facility also sits in a busy commercial area near a grocery store, a Home Depot and a Walmart. The project contains about 500 storage units, as well as 32 mini-offices on the ground floor.

Such multistory facilities are becoming more common, said Jeffrey Dallenbach, managing partner at **Archcon Architecture** in San Antonio. Seven of the last 10 self-storage projects Archcon has designed have included multistory construction for all or part of the projects. For example, Stor Cresta Bella is an 86,228-square-foot facility in San Antonio that was recognized as the 2013 Facility of the Year by Mini Storage Messenger. The three-story project features climate-controlled units and **wine storage**.



3009 Self Storage is a three-story facility in Schertz, TX.

More Dollars for Multistory

Multistory projects can be essential to creating density to make a project economically feasible. Yet developers also must grapple with projects that are more expensive and complicated to build.

"Most developers and operators will tell you that, all things being equal, they would rather develop single-story projects," Amsdell said.

Amsdell has a redevelopment project set to open in May in downtown Cleveland that features a combination two- and three-story facility containing more than 500 climate-controlled units.

Multilevel facilities require elevators, stairways and more interior corridors—all adding to the construction costs. The size of a multilevel project often requires fire and safety codes be followed, such as equipping buildings with sprinkler systems.

Amsdell estimates the cost of building a modern, single-story self-storage property at \$32 to \$42 per square foot, while a multistory project generally costs \$45 to \$65 per square foot. Amsdell operates facilities under the Compass Self Storage brand.

In Texas, Skeans typically builds multilevel, fully climate-controlled facilities at roughly \$50 to \$55 per square foot. By comparison, single-story "drive and drop" facilities cost about \$39 per square foot to build.

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The Amsdell Companies plans to open this Cleveland facility in May.

Elevators alone are a pricey element of a project. In addition to meeting fire codes with features such as a fire-proof shaft, a storage facility must install larger elevator cabs that can fit a couch or other big storage items. An elevator typically costs about \$100,000, according to Skeans.

“The building costs for single-story self storage are less expensive than multistory on a square-foot basis,” said T.R. “Ted” Benning III, president of [Benning Construction Co.](#) in Smyrna, GA. The contractor specializes in multistory self-storage construction.

However, it’s important to note that when site work and land costs are included, a multistory facility actually may be less expensive. A single-story self-storage project typically requires 3 to 7 acres, while a multistory facility can fit on less than 1 acre.

Multistory’s Differences

The upside to multistory projects is that they can cost less to operate on a per-square-foot basis. Furthermore, multilevel facilities also might be cleaner and more secure than their single-story counterparts.

On the cleanliness front, dust and dirt don’t come in the door and then get into an elevator and go up to the higher floors, Skeans pointed out.

As for security, multilevel facilities usually have more controlled-access points, making it easier to keep an eye on things. For example, at one of Skeans properties, people can enter and exit through just two spots.



A-AAAKEY Mini Storage in San Antonio features three- and four-story buildings.

One of the downsides to multistory facilities? Customer access.

"Some tenants have a stigma or ingrained idea about higher units being less desirable than the lower or ground floor," said Pat Nesbitt, technical sales manager at [Janus International](#), a manufacturer of self-storage doors.

The idea of moving items on and off an elevator can seem like a hassle to some customers. Even waiting on an elevator can be a turn-off. Therefore, some facilities charge less for higher-floor units than ones on the ground level, Nesbitt said.

In areas like New York City and Chicago, where customers are used to living vertically, multilevel facilities aren't a drawback. Outside major cities, though, units in a single-story facility generally are easier to lease than those in a multistory facility. A single-story facility often provides drive-up access to units, whereas such access may be limited or nonexistent at a multistory facility.

At a multistory facility, you don't always "have that ease of going into a drive-up unit and grabbing a large, heavy item and putting it in the back of your vehicle," Dallenbach said.

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