



Our 2013 Facility of the Year Conversion winner, Gotham Mini Storage of New York City, shines as an example of a seamlessly smooth conversion project performed in a perfect location. Nowhere is square footage at more of a premium than in New York City—the most competitive real estate market in the U.S. While the nation's average square footage of storage per person is approximately seven, Manhattanites possess less than one.

Although demand for self-storage is high, building and development is a struggle due to complicated zoning laws and competition for alternate land uses. Home to record-breaking land and building prices, the competition for acquiring New York real estate is a fierce and high stakes game. For example, a one-acre parcel of land adjacent to this conversion is currently listed for sale at \$58,000,000. This successful New York City self-storage facility is the result of an expert deal, a flawless transformation, and a phenomenal location.

Jack Guttman and Steve Schwartz, owners of Broadway Storage, saw a conversion opportunity where others simply saw a DHL package delivery service building. Possessing over a decade of experience each, as well as being partners on 40 previous self-storage facilities, Guttman and Schwartz viewed the Manhattan industrial building as a perfect choice for a storage facility. Located directly on the major five-lane arterial of 10th Avenue and occupying the entire block between 38th and 39th Streets, the building was perfect for a conversion development.

Like many businesses, DHL was affected by the financial meltdown and found that they weren't fully utilizing their entire 240,000-square-foot industrial building. Through patient and creative negotiations, Broadway Storage was able to strike a co-tenant deal to convert 140,000 square feet of the building into the Gotham Mini Storage facility. This deal also enabled Broadway Storage to break even within six months of beginning operation.

Total Transformation

While conversions eliminate such new building protocols as irrigation or soil testing, they do present their own set of challenges. Spanning only four months from start to finish, Schwartz, who served as general contractor, says this conversion went quickly and came in under budget with no major problems.

To increase curb appeal, the exterior of the building was in need of visual updating. The poor condition of the building's exterior, coupled with the casually repaired interior columns and beams, meant the building needed minor structural repairs as well as an aesthetic update. Major renovations to both the interior and exterior were necessary to make the building, which was built in the 1920s, look new and modern. Multiple shades of concrete patching scattered throughout the building were refreshed with a mesh and mortar compound, followed by several layers of weatherproof primer and paint.

The building's original windows were replaced with new, energy-efficient windows allowing full views of the interior storage



doors from the exterior of the building and providing a unique and uniform look to the facility. What was described by Schwartz as originally a “depressing, long, monotonous brick wall” was replaced by angular metal exterior siding and large-paned windows resulting in a sleek, bright place of business. These windows provide gorgeous views of Manhattan for potential tenants touring the interior of the facility as well as offer views into the building from the street and sidewalk.

Schwartz proudly describes the eye-catching end result as “a night and day transformation of an old, tired building

to a sleek, modern, alternative for our clients.” In fact, prior to the conversion of Gotham Mini Storage, there had been no new storage developments in Manhattan south of 96th Street in the last 10 years!

Supreme Central Location

Situated in the densest urban area of the U.S., the Gotham Mini Storage building is visible to hundreds of thousands of people every day. This gleaming facility is conveniently and centrally located near some of Manhattan’s busiest neighborhoods, including Chelsea, Midtown, Greenwich Village, West Village, Hell’s

Kitchen, Broadway and Times Square. Thousands of apartments have been built nearby in the last few years and these apartments have no basements, attics or garages. Add to this minimal living and storage space and the common factor of roommates, and the necessity of a nearby self-storage center is obvious.

In addition to the facility’s close proximity to highly populated neighborhoods, it is also located near the Lincoln Tunnel (connecting the area to New Jersey), is one block east of the Jacob Javits Conference Center, and is just north of the Hudson Yards redevelopment project. A joint venture between the New York City Department of City Planning and the Metropolitan Transportation Authority, the Hudson Yards Redevelopment project encourages the development of an area previously used as a railroad storage yard.

This zone will be transformed to include over 20 million square feet of commercial development including office, retail, and hotels as well as tens of thousands of new apartments. The project is currently the largest development project taking place in the U.S. Close proximity to these locations as well as a guaranteed surplus of future neighbors ensures continual future occupancy for the Gotham facility.

State-Of-The-Art Facility

Prominent New York City architectural firm, Daniel Goldner Architects, fashioned a SiteLink Software equipped management office featuring custom cabinetry, terrazzo flooring, and high modern ceilings. The management office also carries all supplies necessary for packing and shipping right in the lobby to provide a “one-stop shop” for every storage need. The coffee bar and lounge, as well as the entire building, is equipped with free Wi-Fi for relaxation or for business.

“Many of our clients do more than rent a unit for storage,” Schwartz says. “Many run businesses from the facility.” Renter demographics are split evenly between individuals using the units for personal storage and individuals running businesses from the location. Housed between the second and sixth floors, Gotham Mini Storage offers five floors of competitively priced units, ranging from 4-by-4 lockers to 80-by-20 extra-large rooms.

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The unit layout took some concentrated planning. "Retrofitting an older building always has its challenges," says Amy Fuhlman of Janus International. "Not all of the floors had the same ceiling heights; many hallways were built with storage lockers above the regular units; and irregular-sized walls had to be constructed in some areas to fit the existing structural elements."

To maximize space, industry standard sizes were replaced with units more compatible to Gotham customers' needs. The average size of rented storage units in the U.S. is in the 90 to 125 square foot range, but Gotham's average unit size is less than 50 square feet. "Gotham's clients don't need a big unit, Schwartz explains. "They need an extension of their own closet or garage. They don't need somewhere to store their boat; they need somewhere to store their summer clothes in winter and winter clothes in summer."

The facility's climate controlled units are immaculately clean and equipped with Janus installed, standard model rol-

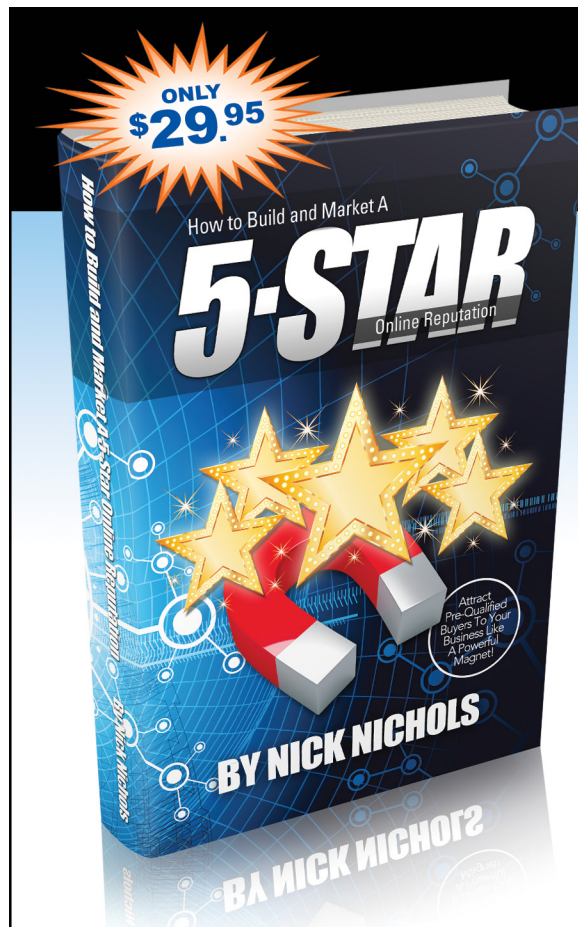


lup doors in Patriot Red. Each floor is extremely well lit, has renovated and carpeted floors, heating and air conditioning, Wi-Fi access and, of course, spectacular Manhattan skyline views. Some customers have even offered to pay more for a room with a view! Schwartz adds that the facility offers custom storage solutions and will build out a unit with special lighting and shelving specific to the client's business or personal needs.

Parking And Loading

The entire ground floor of the Gotham

facility houses the management office as well as interior parking and loading areas, eliminating the problem of limited parking other conversions may face. Indoor parking and heated loading areas allow customers to drive directly into the building to load and unload, without concern about the weather, the movement of goods between their parked cars and units, parking tickets, or the amount of time needed to load and unload. An amazing perk Gotham clients enjoy is the Mercedes-Benz Sprinter MiniBus move-in truck and driver—provided free



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Once inside the building, Gotham clients never need to make more than one trip in the elevator because the building's two, 10-by-40 freight elevators that allow clients to move all of their belongings in a single load. Schwartz emphasizes that while the freight elevators were original to the building, they were typical freight elevators with open cabs and lever operators. "They have been renovated and are now fully enclosed, carpeted and automated to work as a normal passenger elevator," he says, "but they are large and powerful enough to accommodate cars and trucks." Together, the MiniBus coupled with the massive elevators streamline customers' moves into their units.

The freight elevators serve the first through sixth floors, eliminating the seventh floor for storage use. Accessible by a smaller elevator, the 20,000-square-foot seventh floor was converted into office space and is 100 percent leased to the world headquarters of an established retail clothing company. This penthouse with its open floor plan boasts polished concrete floors, high ceilings, and an outdoor roof deck. The space provides the "cool industrial look" the tenant requested and supplies breathtaking views of the Manhattan skyline.

Special Features

Low ceiling heights required the developers to engineer the project to extremely close tolerances. Double stacked lockers utilized throughout the facility resulted in unit partitions less than an inch from the ceiling beams. An HVAC system was specially engineered to fit the available openings and allow delivery of heat and air-conditioning. The sprinkler system was also specially designed using "side wall" heads minimizing obstructions from heads and pipes.

Security is the foremost priority at any self-storage facility and Gotham is no exception. Equipped with motion detectors and perimeter contacts by PTI Security Systems, security measures are increased with on-site managers, unique access codes to enter the facility, and controlled entry sign-in and sign-out. In

addition to the constant surveillance of hundreds of cameras and the high-tech entry systems, Gotham Mini Storage is the only self-storage facility in the world to be monitored by the TSA. As a result of Gotham's co-tenancy with DHL, the benefit of TSA monitoring assures customers they can rest easy, knowing their belongings are being monitored by the absolute top of the line security measures.

Alternative power sources such as solar installations have become more common among self-storage facilities as the financial and environmental benefits become more evident. Government incentives, as well as reduction of energy costs, provide crucial financial benefits and more clients are seeking facilities incorporating measures to reduce their environmental impact. One point of environmental efficiency incorporated in the Gotham facility is the floor to ceiling exterior windows, which flood the facility with natural light. An environmentally efficient special glazing also helps regulate temperatures and thus reduce energy costs.

The facility has also reduced its production of greenhouse gasses by eliminating both purchased electricity and oil-burning boilers. The installation of a co-generative power station allows Gotham to produce electricity onsite to supply heat in winter and air-conditioning in summer. A facility that generates its own power not only reduces or completely eliminates the high costs of purchased power but allows for self sufficiency. By producing all electricity, power, heating, ventilation and air conditioning on-site, the Gotham facility stands as a completely self sufficient building.

This benefit was most evident in the wake of Hurricane Sandy. When other businesses went days and even weeks without power, the Gotham facility was not affected. The state-of-the-art co-generation (also called combined heat and power or "CHP") power plant with natural gas fed mini turbines (essentially small jet engines) produces the facility's electricity.


With traditional methods, excess heat is released into the environment, but a CHP power plant captures the heat from the turbines for hot water production. This hot water then circulates through the building to produce heat in cold weather

or is dispensed into a chiller to produce cool air in warm weather. Together, the co-generation power plant and the high-grade glazed windows place Gotham on the cutting edge as one of the most environmentally friendly and efficient facilities in the world.

Occupancy Outlook

Gotham's neighbors welcomed the facility at an exciting grand opening, which included a clothing drive to collect lightly used items for donations. Frequent blog and website updates provide information and tools to assist customers with choosing the unit size that best fits their needs. Gotham also utilizes social media sites such as Facebook, Twitter, and LinkedIn to interact directly with their customers.

The 1,850-unit facility opened to public in January 2013 and was promptly featured in *The New York Times* business section praising Guttman and Schwartz for creating a contemporary, accessible, and profitable facility in a prime location.

The advantageously positioned, revamped property is already producing an enviable outlook on occupancy rates. While a 100 unit per month rental rate would be considered aggressive in most markets, the property has recently been renting nearly 150 units per month, resulting in a positive cash flow within just a few months of opening. The occupancy rate as of October was 50 percent with a projected mid-summer 2014 mark of 80 percent and plans to close out the 2014 year at 90 percent occupancy. 

Rhiannon Bankes-Johnson is a freelance writer based in Dacula, Georgia.

QUICK FACTS

Owner: Broadway Storage LLC

General Contractor:
The Zenith Group, Inc.

Software: Centershift

Security: PTI Security Systems

Partitions and Doors:
Janus International