

# MESSENGER NEWS

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## Abandoned Big Boxes Become Beautiful Buys



### Ugly Buildings Are Storage Conversion Candidates

A 53,000-square-foot building in Southfield, Mich., built for Best Buy® and OfficeMax® in 1993, became vacant when the two retailers moved out a few years later. A music store took over the space and eventually failed. In Charlotte, N.C., 30 big boxes have sat abandoned for years.

Vacant big-box buildings have become eyesores from coast-to-coast. However, they are beautiful opportunities

for some gutsy developers in the self-storage industry, especially if the locations have high visibility and plenty of traffic.

Farmington Hills, Mich.-based Storage Opportunity Partners has purchased the Southfield building as part of a \$7.5 million plan to convert it into a self-storage facility. When completed this summer, it will be the third conversion in the Detroit area and sixth nationwide for the company.

Budget Development Partners is planning to convert

two empty Charlotte big box stores into climate-controlled storage facilities. In addition, a renovated furniture building is due to reopen soon as Budget Self Storage.

Big boxes are often left behind as retailers move to the suburbs. City planners and elected officials fear that these vacant big box stores can depress property values and attract vandals. Therefore, municipalities around the country are welcoming self-storage with open arms, right? Not quite.

"It's a reverse beauty contest," says Ken Nitzberg, president of Devon Self Storage in Emeryville, Calif., whose company has done more than 50 conversions in 15 years. "If the building we're trying to buy is ugly enough and has been neglected long enough, then even storage starts to look nice. But you've got to convince the city powers-that-be

that there still isn't some other use which would make them happier. Sometimes it takes years until the city finally realizes Kmart® is not coming back and nobody else wants that white elephant."

But Nitzberg contends big box stores in good locations are becoming scarce. "We haven't done one in years because most of the big-box retail stores in decent markets either get snapped up by another big box retailer at prices that don't work for us, or they're in locations that don't work which is why they went dark in the first place," he says, adding that the conversion trend is toward manufacturing facilities, car dealerships, and small office buildings.

With prices for prime real estate escalating, and officials resisting self-storage in many cities, conversions should be popular with developers for years to come. ■

### INDUSTRY REPORT

#### SIA Joins HFF

Houston, Texas-based Storage Investment Advisors (SIA), has joined HFF's (Holliday Fenoglio Fowler) investment sales group in its Houston and Los Angeles, Calif., offices. SIA team members have bought, sold, brokered, and financed more than \$1.3 billion worth of self-storage real estate.

Aaron Swerdlin, with more than 15 years of storage experience, will serve as a senior managing director in Houston. Doug McCarron will serve as a managing director in the Los Angeles office, with Minh Tran and Steve Mellon as managing directors in Houston. Jessica Mandel is a new director, and Vanessa Ford, Gina Munoz, and Jennifer Munoz are production coordinators, providing analytical, underwriting,

marketing and database management expertise.

#### MiniCo And OpenTech Launch OpenTech Asia Ltd.

Phoenix-based MiniCo Asia, Ltd., has launched a joint venture with OpenTech Alliance, Inc., to deliver self-storage technology to Asian markets. "MiniCo has an established presence in Hong Kong," says MiniCo Asia President Marilyn Leslie.

"Adding this technology to our facilities makes sense from both the customers' and the company's perspective."



MiniCo employs INSOMNIAC™ kiosks at the company's Chai Wan location.