

The Detroit News

Friday, March 7, 2008

Local spotlight

Firm sees growth in storage

Company purchases its ex-rivals, adds value

Neal Haldane / Special to The Detroit News

SOUTHFIELD -- The Northern Equities Group sees big opportunities in mini storage.

So the real estate development and investment firm created Storage Opportunity Partners, a subsidiary that now operates six self-storage facilities in Michigan and Massachusetts and plans to invest \$7.5 million to transform a former Southfield retail store into an indoor mini-storage location.

Storage Opportunity Partners, which operates under the Storage Pros Self Storage name, plans to create 70,000 square feet of storage space in the building. The new site, when it opens later this year, will offer conference rooms and other amenities to entice nearby business customers to use the facility as a storage and meeting place, said Ian Burnstein, who runs the business with fellow partners Matthew Sosin and David Levenfeld.



Storage Opportunity Partners owners Ian Burnstein, left, and Matthew Sosin plan to invest \$7.5 million to transform a former Southfield retail store into an indoor mini-storage location.

"We believe this is the single best self-storage location in the entire state," Levenfeld said. "It's an underserved market because of its location. We can command premium rents by offering services second-to-none; interior loading, climate control and file storage."

Even though the Michigan self-storage business is struggling, the new Southfield facility could prosper by catering to the business niche and offering complementary services, said Dan Morris, president of the Self-Storage Association of Michigan, formed just last year.

"It's worked in other markets and with the numbers in Southfield, it should work there," Morris said.

Michigan has about 1,772 self-storage facilities with about 71.7 million square feet. Occupancy rates are 80-85 percent, but operators would like to reach upward of 90 percent, Morris said. Before taking on the Southfield project, Storage Opportunity Partners started out by buying six underperforming storage facilities and plans to announce two more acquisitions this spring, both in Michigan, Levenfeld said.

"We buy them right and manage them right," Burnstein said of the business, which now employs 30 people.

As it did with the first six locations, company employees will survey the existing businesses, renovate and expand the offices, add computerized video security, enhance the lighting, clean up the sites and let customers book units and pay online, Levenfeld said.

Extras

Storage Opportunity Partners

- ▶ Brand name: Storage Pros Self Storage
- ▶ Headquarters: Farmington Hills
- ▶ Michigan locations: Romulus, Taylor
- ▶ Planned development: Southfield
- ▶ Other locations: Four in Massachusetts
- ▶ Information: www.thestorageprosonline.com

"If you want to invest in self-storage and make money, the opportunity lies in underperforming, but well-located sites," he said, adding that the company is well-capitalized and ready to add more locations.

Storage Opportunity Partners could grow to 20 facilities by the end of the year and plans to continue growing in Southeast Michigan, Massachusetts and a third region by purchasing and upgrading existing storage facilities and developing new ones, Levenfeld said.

Storage Opportunity Partners capitalizes on the expertise that Northern Equities has developed over the years, said Sosin, who serves as president of the real estate firm.

"We were looking to diversify to other portfolio types and mini-storage was a product we liked because you can control your own destiny," Sosin said.

"We manage all of our office, industrial and multifamily assets and we felt if you manage mini-storage properties correctly, you can create a lot of value."

Neal Haldane is a Metro Detroit freelance writer.