

# Ray Wilson... A Pioneer in Self Storage Stats

*Gathering data about the self storage industry for almost four decades*

By John Dunlap

Ray Wilson remembers doing charts of the self storage industry when there really wasn't very much there. The lack of data didn't make the job any easier. But those early appraisals of a fledgling industry paved the way for Wilson to become one of the true experts (and historians) of self storage. He has literally seen it all.

Now, Wilson runs Self Storage Data Services, which he formed in 1992 for the purpose of publishing statistics on the self storage sector just like what is published on all other real estate sectors. He had been involved with self storage since 1972, when the stores were called mini-warehouses and most were located on the edge of town. But it was a fortuitous job that brought him into the business and kept him there for nearly four decades.

"In about 1972, a developer engaged the firm I was working for to appraise a 'mini-warehouse,' as self storage was referred to back then," says Wilson. "It was the second facility the developer had built and they were having difficulty obtaining financing. For the next four years, I was assigned the task of appraising all the facilities the developer, Public Storage, Inc., built. When I opened my own firm, Charles R. Wilson & Associates, Inc., in 1976, Public Storage followed me—and they continue to use my services to this day."

Virtually his entire professional career has been spent analyzing self storage investments. In addition to Public Storage, he has worked with many other prominent organizations, including the SSA. "The SSA has played a major role in bringing self storage from the cottage industry it was 35 years ago to becoming a widely-recognized property sector," said Wilson. "The SSA has provided a much needed forum for the exchange of ideas and sharing of experiences. In doing so, it has helped raise the public's awareness to the benefit of self storage."

Two years ago, Wilson sold his appraisal practice to Integra Realty Resources – Metro LA, so that he could focus full-time on tracking

the investment trends in self storage. But he still enjoys thinking back to the early days.

"In the early years, most people had not heard of self storage and there were very few facilities you could look to for guidance on rental rates, occupancy, expenses and sale prices," Wilson says. "In that respect, it was harder to appraise them. In the early 1980s, my firm surveyed every major market in America to develop an inventory of all existing facilities. There weren't very many and all had waiting lists of tenants wanting to store their goods. Back then, all facilities were financially feasible and those that did sell typically reflected a 10 percent capitalization rate, regardless of the quality, condition or location of the facility, and that made appraising them easy."

## The Evolution of an Industry

Now, 38 years later, what sort of things have stood out to Wilson in considering the self storage landscape?

"The development of the self storage industry has been a lot like the way the hotel industry developed. There was a great amount of consolidation in the hotel industry after the great depression and I believe we will start seeing more consolidation as a result of the small investors not having de-leveraged their balance sheets and their inability to access low cost capital. The same thing happened in the hotel industry."

"Most people think of our industry as being fragmented, however, when you consider that most investment grade facilities are located in the nation's 50 largest markets, and that the self storage REITs control approximately 30 percent of the total net rentable area in those markets, you realize it is not as fragmented as everyone thinks."

What were some of the seminal changes that took place in self storage that caused it to be such a successful and growing industry over the years?



*See Ray Wilson, page 50*

“The formation of self storage real estate investment trusts (REITs) in the mid-1990s was a major turning point for this industry,” Wilson says. “It brought awareness to Wall Street and lenders became more willing to finance them. This, however, also made the general public more aware and as a result, the industry went from having thousands of households for every existing storage unit to today having less than ten households for every existing storage unit.

“The awareness by zoning and building departments that self storage needed to be located on the major boulevards and not buried at the end of an industrial street was also a critical turning point.”

“Another notable change has been in the design and quality of construction,” Wilson adds. “With building departments’ acceptance of self storage came stricter building requirements. Today, we no longer see two-story, walk-up wood frame stucco construction. As competition grew, developers found it necessary to add more amenities to attract tenants, and thus we saw increased security measures and the addition of storage-related ancillary services.”

## The Good and the Bad

Given that Wilson has seen self storage grow and survive economic changes, he is absolutely frank in his assessment of the good and bad aspects of the industry today. On the upside, he likes how today’s owners and operators are willing to change with the times.

“I find it encouraging to see how owners are dealing with the reality that, as a result of having satisfied pent-up demand, it is not just a new ball game it is a ‘game change,’” he says. “They are realizing that status quo is not acceptable. The level of management has to rise to the occasion and find ways to continue driving revenue. It

is a challenge for owners to learn how to set rental rates like the hotel and airline industries, but they are finding ways to do it.”

On the flip side, Wilson is concerned that perhaps too many people have come into the industry too quickly and crowded the marketplace with too many facilities.

“The single biggest concern I have relates to the level of over building and over financing,” Wilson says. “The industry

**“The status quo is not acceptable...the level of management has to rise to the occasion and find ways to continue driving revenue.”**

~ Ray Wilson  
Cedar Storage Southeast LLC

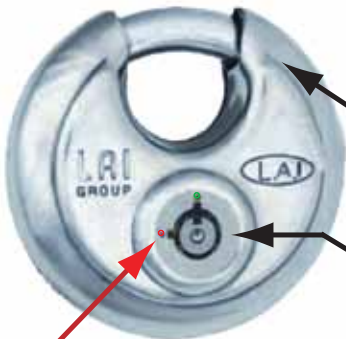
**Suggested Retail: \$19.99**

## Upgrade to Cylinder Lock Security

Without The Expense Of Buying New Latches!

L.A.I.'s Enforcer® System Disk Lock

**“A disk lock that acts like a cylinder lock!”**



Repels bolt cutters

Bump key & pick resistant  
Tubular Keyway

Red Dot Overlock Function!  
No more overlocks to buy.



Manager's key with no access



Never cut or drill a lock again.  
Tenant keys are numbered for  
easy ordering

**Buy 144 AND GET BIG SAVINGS!  
Only \$10.80 Per Lock**

24 Locks - \$13.64

48 Locks - \$12.70

72 Locks - \$11.43

Regular Price: \$15.84

Visit Us  
at  
Booth 307

**LOCK AMERICA INC.**  
The Definitive Word in Locks

Website: <http://www.laigroup.com>

**(800) 422-2866**

Tel: (951) 277-5180

Fax: (951) 277-5170

has satisfied the pent-up demand we have been building toward for the past 40-plus years and now owners are feeling the impact of the recession like never before. Self storage revenues started to decline way back in 2006, yet investors continued to pay more and more, and now we are seeing a bubble for the first time in the history of the industry. Foreclosures are increasing due to the many investors who over paid and over financed their facilities in the last four years.”

“Looking toward the future, I can see this industry evolving into two distinct segments,” Wilson concludes. “One segment will involve the public companies (and there will be more of them) and the largest private operators who will have access to the capital. This segment of the industry will take self storage to the next level.

“The other segment of the industry will be comprised of the private operators who survive the next few years by learning what it takes to compete on a level they have never experienced before. The very first generation of facility owners, who have had a free and very profitable ride over the past 30-plus years, will quite possibly become the self storage industry’s equivalent of the ‘motel-on-the-highway.’” ❖



## Two of the Best Building Suppliers Are Now Under One Roof

DESIGN. MANUFACTURE. ERECT.



### Free educational seminars coming soon:

- Lancaster, PA April 13
- Toronto, ON April 20
- Winnipeg, MB April 22
- Sun Prairie, WI April 29
- Seattle, WA May 11
- San Diego, CA June 8

Sign up at [trachte.com](http://trachte.com)



[www.trachte.com](http://www.trachte.com) • [www.techfast.com](http://www.techfast.com)  
800.356.5824

ISO 9001:2008 CERTIFIED  
EMPLOYEE OWNED

# FLINT CREEK

PARTNERS



## The Capital Markets are Rough Terrain

*An experienced guide can lead you through...*

**Flint Creek Partners, LLC**

[www.FlintCreekPartners.com](http://www.FlintCreekPartners.com)  
tel 847.462.5927

Securities offered through and Registered Representatives of Ausdal Financial Partners, Inc. Member FINRA/SIPC 220 N. Main Street, Suite 400 Davenport, IA 52801  
Flint Creek Partners, LLC and Ausdal Financial Partners, Inc. are independent companies.  
This advertisement does not constitute a solicitation to purchase or sell securities.