

The *Storage Wars* Effect



Photo: Lance Watkins

By Tim Dietz – SSA Sr. VP, Communications & Government Relations

“I thought it would fail,” said Lance Watkins, owner of Storage Outlet in Newport Beach, California. “I didn’t see the show getting any traction.”

Site of no less than 15 days of shooting for the latest reality television hit *Storage Wars*, Watkins’s business is at once both a source and beneficiary of the much-hyped cable show that has changed the industry’s auction dynamics—at least for now.

Ironically A&E, or the Arts & Entertainment network, seems to have found success with subjects which generally don’t reflect either of those two definitions. But the impact of the show on the auction side of the self storage industry is undeniable. Since its premiere in December, a remarkable phenomenon has taken hold within the industry: more bidders and higher payoffs.

Exponential Growth

“Units that used to sell at auction for \$75 or \$125 are now going for \$400 or \$500,” according to Watkins. “That’s

because we’re seeing an exponential increase in the number of people coming to the auctions. *Storage Wars* is being watched by 2.5 million viewers. You do the math.”

The *Storage Wars* effect is not just influencing Storage Outlet because it is being filmed at their properties. Down the road, Brian Caster of San Diego-based A-1 Self Storage also attributes the newfound interest in their auctions to the reality TV craze. “Last week at one of our LA stores we had over 125 bidders, when the usual number is around 15 to 20,” he said.

And it can’t be said that the trend is isolated to Southern California where all of the filming has taken place thus far. Take Karen Sroka, whose company Atlas Realty Management oversees three self storage facilities in Johnstown, Pennsylvania. “Usually at a sale we would have only 1 or 2 bidders,” she said. “Since *Storage Wars* our sale attendance has had a huge increase, maybe 10 to 15 people. Finally we are getting something close to what the tenant left unpaid.”

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“That’s a revolutionary concept,” according to Watkins. “Before there was this much interest in the auctions, you couldn’t dream of paying off the actual rent you’d lost. Many of us are getting close to that now.”

Auction Show

By all accounts *Storage Wars* is not about storage at all, but about auctions, truly a very small part of what goes on at self storage facilities. “Generally about 1 percent of self storage units fall into a lien situation that goes to auction,” according to SSA General Counsel Carlos Kaslow. “Self storage is really very boring. These auction shows don’t, by any means, reflect the typical day in self storage.”

The stars are not self storage professionals; rather they are the auctioneers, the thrift and pawn shop owners, with a sprinkling of opportunists peering from a few feet away for their “diamonds in the rough” in the boxes, crates and furniture left by tenants who failed to keep up with their rent.

One of the shows star “buyers” Darrell Sheets, a salvage veteran, is amazed by the interest. He’s been bidding on storage units for more than three decades and has never seen this many people at auctions. “Seriously, it’s been out of control. This whole thing has developed this underground culture and all of these people are coming out of the woodwork. I can’t believe it,” he said.



Photo: Courtesy A&E Network

Good for Industry?

“I don’t think anyone is under any illusion that this show was produced as a benefit to the industry; it’s designed to make those producers a lot of money,” said Michael Riva, chairman of the Self Storage Association board. “Regardless though, it is undeniably creating interest. What’s good and what’s bad, we probably won’t know for a year or so.”

Riva says that what the show has done for his company’s exposure is remarkable. “We were getting 50 or 60 hits on our website each month previously. Since that show premiered, we’ve registered about 1,600 independent visits. Crazy”

Watkins says that he understands the industry concerns and hesitated in being involved at first. Like others, he was worried about the scrutiny this could bring to a small side of the industry and wasn’t sure that he wanted to participate. But when he heard at least two similar shows were moving forward with or without him, he decided he might as well participate. Now he says, it’s the best thing he’s ever done.

“I think we’re reducing the number of delinquent situations out there because people are seeing what happens,” according to Watkins, who is not receiving any payment from the show but instead negotiated plenty of television time for his brand. “If you have the number of bidders going up and the number of delinquencies going down, it’s a win-win for the industry.”

For Watkins the whole process has been a revelation, leading him to start a new venture called “Storage Treasures.” He thinks that, for years, the self storage industry has been missing the boat, focusing on compliance and remedies for deadbeat situations, rather than creating efficiencies and marketing the auctions as true revenue improvement opportunities. Storage Treasures will provide an online solution to organize and get the most out of the auctions.

“I was guilty of not getting it,” said Watkins. “Before, I was ambivalent about the auction process. Now, because of the filming, I’ve had to babysit my auctions and I see what I was doing wrong. The more people the better, so you will find the most hospitable and welcoming auction environment.”

The industry, once somewhat reluctant to warm to the attention this show is creating, can’t help but enjoy the unexpected success that the public is bringing to its lien process. But the SSA is still preaching caution.

“I don’t think anyone should take their eyes off their core strategy,” said Riva. “This is just the lien process, which by definition means we were losing money in unpaid rent. More buyers and higher bids just helps us lose less money.” ❖