

3 Unique Perspectives on the Challenges, Pros and Cons of Self-Storage Conversion Projects

By Ramey Jackson as appeared in the September 2013 issue of *Inside Self-Storage* magazine

Self-storage conversion is certainly not a new topic but one that bears further investigation. It's almost impossible to discuss a conversion project without comparing it to a new build, but there are some distinct challenges, pros and cons for conversions that are worth noting. In this article, you'll get three unique perspectives to help shed light on this project type: the building manufacturer's point of view, the architect's and the developer's.

THE MANUFACTURER'S POV

First I'll discuss my own perspective, that of the building manufacturer. As a provider of self-storage doors and hallway systems, I've made the following observations regarding conversion projects.

Time savings is a key benefit. The permitting process can be lengthy and riddled with hurdles, but many municipalities are motivated to fill vacant buildings, which cuts down on some of the hard edges of the process. Many building candidates also have mechanical, electrical and plumbing systems already in place; therefore, your time to convert can be less than one-third that of new construction. (Note that your building layout does make a difference. I've seen quite a variance in big-box vs. multi-story conversions.) Hand in hand with time savings is a financial advantage to embarking on a conversion. Again, you often have motivated sellers and a real cost benefit in selecting an existing shell. My clients tell me that rental rates in a conversion self-storage facility run equal with those of new construction, which is another plus.

On the cons list, some older buildings may have design elements such as columns, elevators, etc., that can reduce the total rentable area. I've seen floor-load challenges, environmental issues and external roadblocks, such as limited parking opportunities. Urban-area conversions have their own unique obstacles as well, such as limited unloading or storage areas and poorly operating elevators. On the other hand, I've encountered conversions that really allowed us to showcase ingenuity and flexibility, such as column wraps and panel modifications that we used on the conversion of a Hawaii cave to self-storage.

THE ARCHITECT'S POV

Next we'll take a look at conversions through the eyes of an architect. For this perspective, I spoke with Bruce Jordan of Jordan Architects Inc. in San Clemente, Calif. He agreed conversions can offer their share of challenges, but addressing them in creative ways has led to many innovative yet practical solutions.



Storage Neighbor in Atlanta is a self-storage conversion and new construction of a four-story building joined seamlessly for a total facility. The original building was erected in the 1920s and was formerly owned by A.C. White Transfer & Storage Co.

The neighborhood in which Storage Neighbor resides borders the Atlanta BeltLine, the most comprehensive revitalization effort ever undertaken in the city, and among the largest, most wide-ranging urban redevelopment and mobility projects currently underway in the United States. This sustainable project is providing a network of public parks, multi-use trails and transit by re-using 22 miles of historic railroad corridors circling downtown and connecting 45 neighborhoods directly to each other.

The most common building type Jordan has been called upon to convert is a warehouse, but he frequently converts office buildings, retail buildings, supermarkets and, yes, even hotels. “Since conversions involve existing buildings, we find the zoning approval process to be generally easier than obtaining approvals for new ground-up facilities,” he says. “Existing buildings are known to the community and often less threatening to neighbors than a proposed new facility with its unknown impacts.”

Also helping with easier zoning approvals is the traffic impact. Self-storage projects generate significantly less traffic than a warehouse, retail space or office building, so the community will benefit in traffic reduction.

Jordan says the access and design of efficient and convenient loading facilities are essential for the development of a successful self-storage conversion since they don’t have the traditional drive aisles for access to the units. For multi-story conversions, vertical access with elevators replaces drive aisles. Many warehouses have a 20-foot interior height and can accommodate an another floor, so the addition of a second floor is very common. A 30,000-square-foot warehouse becomes a 60,000-square-foot self-storage project.

Since 50 percent of customers will have storage space on the second floor, the elevator and loading facilities are key. Elevators should have large cabs. Typically, we use 5,000-pound elevators and specify 10-foot-high cabs so large items such as a couch can be easily loaded. The travel distance to the most remote unit should not exceed 175 feet, and elevator lobbies should be a minimum of 10 by 10 feet to allow for the maneuvering of carts.

“Most buildings suitable for a conversion to self-storage do not have sufficient structural systems or load-carrying capacity, so the structural impacts need to be evaluated by a structural engineer,” says Jordan, offering this example. A two-story office building will usually have a second floor designed to carry a load of about 50 pounds per square foot. Self-storage requires 125 pounds per square foot, so the structure will have to be modified to carry the increased load.

“Usually, adding a beam line to reduce the span of the structure supporting the floor will achieve the desired load,” Jordan says. “Where a new second floor is added, such as in a warehouse, bearing-wall partitions can be used to support the new second floor.” The existing foundation may or may not be adequate to carry this load, Jordan notes. “If the existing foundation proves inadequate to take the increased load, one method we use is to over pour the slab to increase its thickness and, hence, take the new load. Sometimes in older buildings we get lucky and find thick foundations that will take a new floor load.”



Everett Downtown Storage in Everett, Wash., before (left) and after.

Jordan also attests to the importance of aesthetics as a significant consideration for any conversion. A warehouse that looks like a warehouse will be at a competitive disadvantage to a nice, new aesthetically pleasing facility.

THE DEVELOPER’S POV

Our self-storage conversion story would not be complete without the perspective of a developer. I checked in with Neil and Nitesh Sapra of the Atlanta-based investment firm NitNeil Partners LLC. In 2012, NitNeil acquired the former A.C. White Transfer & Storage Co. building in an established in-town neighborhood of Atlanta with plans for self-storage conversion. The development involved converting an existing two-level, 40,000-square-foot building and the addition of a four-story building on a 0.86-acre parcel. Having completed a facility that required both conversion and new construction, Nitesh had these pros and cons to share:

Timing. From start to finish, the conversion phase of the project took approximately four months, while the ground-up construction phase took approximately nine months. With conversions of shell buildings, there’s no site work, foundation work or erection of buildings involved. In this municipality, the permitting process was much simpler, as conversions can often be conducted under a renovation permit rather than a land disturbance and building permit.

No site-development risk. Under normal development projects, much exposure for the developer exists during the site work phase. Soil compaction and environmental conditions are often unpredictable. Furthermore, this phase of the project is heavily dependent on dry weather or risk-delayed projects, driving up costs.

Hard-cost savings. Assuming the conversion project does not require anything out of the ordinary, typical conversion “hard costs” currently range from \$15 to \$20 per square foot compared to \$40 per square foot on a ground-up development.

Rentable square-foot constraints. When working with a shell with predefined column-grid spacing and load-bearing walls, the developer is limited in his layout. This results in higher than normal square-foot loss factors. Even with a simple column grid and minimal load-bearing walls, this particular conversion yielded a loss factor of close to 30 percent of gross square foot.

Unknown building conditions. With the conversion of structures, the developer should conduct full building inspections to uncover any unknowns. Some common pitfalls are the occurrence of lead asbestos, foundational concerns with the change in use/load requirements, and routine deferred maintenance (i.e., roof leaks, defective mechanical and HVAC systems, etc.)

Access limitations. From an operational perspective, access is critical. To ensure the best customer experience possible, access needs to be easy and plentiful. With conversions, the existing building already has natural predefined points of access, and the developer is often limited to having to work with existing exterior doors, internal stairwells and elevator shafts. Relocating these points of access can be difficult, costly and sometimes impossible.



Everett Downtown Storage interior before (left) and after.

From three different perspectives, there are many similarities in the perceived values and concerns regarding self-storage conversions. In closing, it’s important to do your homework and consider all the major design issues carefully. Overall, it’s completely feasible that a conversion can be as successful as a new, ground-up facility, if not more so.

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