

**Conversion
Case Study**



1953



2012

Owned and Operated by:
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429 Beale Street... retaining San Francisco's heritage

Conversion Case Study

StoragePRO



Fig. 5 – 430 Main Street – c1952 (from SF Assessor's Records)



Fig. 6 – 429 Beale Street – c1952 (from SF Assessor's Records)

430 MAIN @ 429 BEALE, SAN FRANCISCO
MIPA-612/2007-PAGE 13-PRELIMINARY



429 Beale Street
San Francisco

Merging Today with Yesterday



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General Information

StoragePRO

LOCATION

..... 429 Beale Street; San Francisco, CA 94105

OWNER

..... Portland-Pacific Main, LLC/Chris Zupsic

BUILDER

..... Portland-Pacific, LLC/Chris Zupsic

ARCHITECT

..... Ariel Valli, Valli Architectural Group

DOOR/INTERIOR SYSTEM

..... Janus International

PROPERTY MANAGER

..... StoragePRO

MANAGEMENT ACCESS SYSTEM

..... PTI

OPERATION MANAGEMENT SOFTWARE

..... Self-Storage Manager



Background

StoragePRO

Self storage wasn't the original plan. Developer Chris Zupsic acquired the site in 2006 for its residential potential. Situated in the center of San Francisco's Rincon Hill neighborhood, surrounded by high-rise luxury condominiums, the existing 35,000 square foot building was to be razed to make way for an eight-story, 113 unit apartment complex. The location was ideal for an apartment building. Each unit would have views of the water and the towering Bay Bridge. It was walking distance to the Financial District and the Giants' AT&T Park. The City had recently rezoned the site for residential, providing for an 84 foot height limit, with no restrictions on the number of residential units and no parking requirements whatsoever. And it also eliminated self-storage as a permitted use.

It would be hard to imagine a more challenging project for a first time self-storage developer. In the midst of a recession, with the debt markets frozen, in a city notorious for its grueling approval process, Portland-Pacific set out to convert a 75 year old run down warehouse into a viable inner city storage facility. And the building was only 68 feet wide.

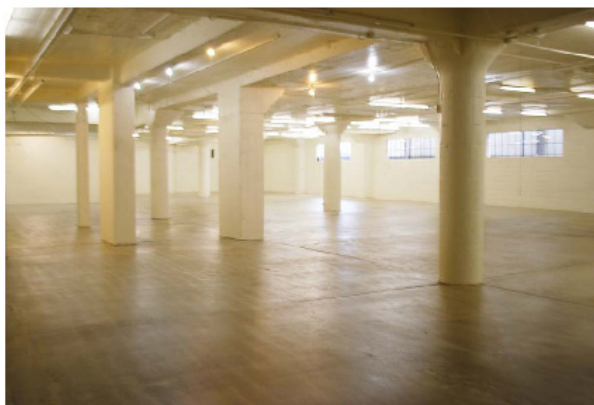
Date Opened:
July 1, 2011

Rentable Square Footage:
+/- 23,500

Number of Units:
276

Current Occupancy:

99.28%
(8/18/12)



The City of San Francisco's reputation as a challenging place to develop is not without merit. Portland-Pacific embarked on a review and public hearing process that was not for the faint of heart. There were wind studies and archeological reviews. They had to prove that the poured-in-place concrete warehouse had no historical merit and that the proposed building wouldn't cast a shadow on any public park. (There isn't a public park within a mile of the site.) There were in-depth traffic studies, noise analysis, air quality sampling. And a review of what type of tree would be planted at the curb.

Then the public hearings began. While wholeheartedly backed by the City's Planning Staff and the neighbors, who were anxious to see a blighted building removed from their community, the project was opposed by residents of the adjacent building, whose views of the Bay would be impacted. There were two appearances before the Planning Commission, where over 100 members of the community spoke in support or opposition to the project. The project was approved. Then there were two more hearings before the Board of Appeals. The proposed project prevailed again. Finally, the project was appealed to the San Francisco Board of Supervisors. As elected officials, they have the last word, specifically on whether the City's employees correctly reviewed the proposal's effect on the environment. In the end, after a four hour hearing and a cadre of expert witnesses, the Board concluded that the City's engineers did not



adequately study the pollution generated by the cars traveling across the Bay Bridge and the project was denied. Portland-Pacific would have to start again. And the bank that had the bridge loan on the property, due the following month, was just ceased by the FDIC.



How this developer arrived at self-storage is a separate story, but it was an old photo discovered in the historical review process that made it possible. Portland-Pacific had acquired the property from the family that owned City Transfer and Storage in 1953. Their business had evolved over the years, first to legal file box storage and ultimately to digital media. For over fifty years this site had been a storage facility in one form or another. Armed with the historical report and the old photo, the developer headed back to the City to make the case for self-storage. If the City wouldn't approve residential, then the building had to revert to its historical use. **And that was storage.**

The City agreed. While Portland-Pacific had completed four dozen commercial projects in five different West Coast cities, it had never attempted self-storage. But Chris Zupsic had learned new markets before. His first call was to a fellow developer who owned one of the premier storage facilities in town. Interestingly, that developer had done a conversion ten years earlier when his office building got caught up in the dot-com bust. He gave Chris Zupsic a tour and an initial understanding of the business. And most importantly, that friend put Portland-Pacific on the path to assembling a world class team.

The first call was to Ariel Valli of Aliso Viejo, CA-based **Valli Architectural Group**. Ariel had pretty much seen it all before, but even he was amazed by the tale that led Portland-Pacific to self-storage and the challenges they still faced to get self-storage to work inside this existing building. The site was actually two buildings. The first section, a three-story, 27,000 square foot warehouse built in 1927, was a zero lot line structure. It had one roll up door and one third of the square footage was below street level. An additional 8,000 square feet was added in 1953, providing a second street frontage and a few parking spaces. The structure was all concrete with round columns twenty feet on center and large metal windows on three elevations. The old storage system consisted of rolling filing racks, wooden shelves and chain linked fence partitions.



Ariel concluded that the main entrance needed to be moved to what was historically the rear of the building. A new office area would be built and customers would now have some parking. The structure is very narrow at 68 feet and quite long at 275 feet. Operationally, the customers would need access from both streets. One side would provide truck access into the original loading dock. The other would provide vehicle parking and cart only access to the below grade units.



The design team worked with a myriad of other challenges. The freight elevator was in a less than ideal place, the restrooms were over fifty years old, and the topography sloped a full story from front to rear of the site. The end result was a 276 unit facility that provided units on average of 78 square feet. The smallest was a simple 4 by 4 locker on the lower floor, and the largest a 12 by 18 unit near the roll up door. The units were designed to appeal to the residents of the surrounding high-rise buildings. San Francisco is a densely populated city, and while these urban dwellers do not have any less “stuff” than suburbanites, they live in considerably smaller units. Within walking distance of the project are over 10,000 units at an average size of 800 square feet.

The next key part of the team was **Janus International**. This was not a cookie-cutter project. Hardly any two units were going to be alike. There were existing columns, slopes and stairwells to contend with. Janus attacked the challenge head on, and through job walks and multiple revisions came up with a hallway and door system that would fit and maximize square footage. It was a challenging



install for contractors Dick and Mark Powell. In all their years and hundreds of installs, it would be the first time they bent diamond plate around a twenty-four inch concrete column or installed a roll up door on a twelve degree slope. The end result was fantastic. Nestled in between towering sky scrapers was a clean and tight facility that had a spectrum of unit types to serve the local residents.

As challenging as it may have seemed, Janus sales manager Richard Seaberry readily stated that this job was solid as a rock due mostly to Chris Zupsic's vision, willingness to try something new and innate construction prowess. "When Chris said 'let's make it better' that's exactly what we did," states Seaberry. "Chris was open to suggestion and kept the ball rolling to make this project work well. We couldn't have asked for a better working environment," Seaberry said.



The final member of the team was property manager Steve Mirabito of StoragePRO. A thirty-year veteran in the self-storage business, Steve was instrumental in getting the design right and the systems up and running. StoragePRO has a stellar reputation and years of experience running urban locations. Portland-Pacific decided to operate under the StoragePRO flag and the result was instant credibility in the community.

StoragePRO at Beale Street opened for business on July 1, 2011. The unorthodox facility looked great, but no one was quite sure how it would be received in the local market. There hadn't been a new entry in the area for over a decade. The units were competitively priced, but at an average rent of nearly \$2.50 per square foot per month, a five-by-five unit would require a local condo dweller to pay \$62.50 per month, before insurance.

The reception has been nothing less than spectacular. In the first six months of operations, by December 31, 2011, the facility was 60% occupied. At the one year anniversary mark of June 30, 2012, the property was running with 95% of the units occupied. And on August 12, 2012 the facility achieved a milestone almost unheard of in self-storage; it ended the day with 100% of the units occupied.



**Yes, StoragePRO is raising the rents.
And Portland-Pacific is busy building another facility.**