

FOR SALE
KAIMUKI SELF STORAGE
2919 Kapiolani Blvd.
Honolulu, Hawaii

\$2,900,000



Represented Exclusively By

Business Development Associates

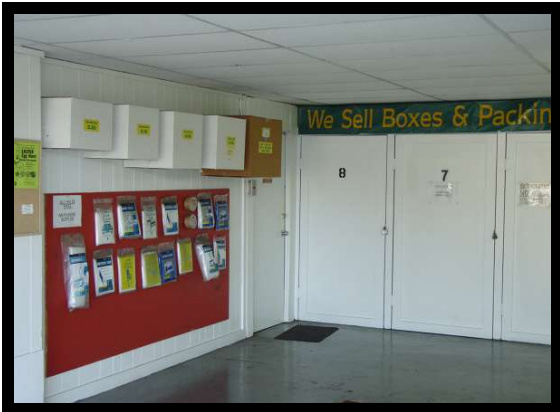
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**Kaimuki Self Storage
Honolulu, Hawaii**



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Kaimuki Self Storage
Honolulu, Hawaii

INVESTMENT DESCRIPTION

Kaimuki Self Storage is an excellent investment opportunity in the desirable Hawaiian self storage market. The investment is being offered at a 10.4% cap rate based on current rents and 90% occupancy. Yield would be 15.7% cash-on-cash with current loan terms at 90% occupancy. The facility was originally constructed in the late 80's and contains 88,492 rentable cubic feet demised into 776 storage units. Rents are competitive. The facility is well established in the community. Increasing the occupancy from the current 88% to 90% will provide excellent returns.

Very few storage properties come on the market in Hawaii. Because of the extremely high land values in Hawaii, purchase of Kaimuki Self Storage represents an opportunity to get into this market at an affordable price. To arrange a tour of the property or to obtain additional information, please contact Vincent Schwent at (916) 837-6380

PROPERTY DESCRIPTION

Kaimuki Self Storage consists of 16,391 square feet of leased space in the Market City Shopping Center. The storage facility was built in 1987 and consists of 776 storage lockers in over 60 different sizes. Storage units range from as small as 2'X2'x2' (8 cubic feet) up to 10.5'X9'X9' (850 cubic feet). Kaimuki Self Storage has one of the largest ranges of storage unit sizes in its market. Total rentable cubic feet of storage is 88,492 cu. ft. Because of the extremely high rent rates for storage in Hawaii, storage rates are typically calculated by the cubic foot, not the square foot as in other markets, and many storage units are less than full standing room height.

The storage facility is located on the lower level of the shopping center and consists of a 456 sq. ft. office, 1,935 sq. ft. of entryway into which customers can pull their vehicle to unload out of the weather, and 14,000 of underground storage which extends under the super market and other shops on the upper level of the shopping center. Construction is all concrete floors, walls and ceiling with wood storage units. Security is provided by a roll down lockable door at the entrance, as well as an alarm system and video surveillance cameras. The business also comes with a Dodge Caravan that is used to transport customer's possession to the facility. The office is open seven days a week with a staff of four and management is done using Rent Plus software.

The facility has a long term, triple net lease with Market City Shopping Center which presently runs through January 1, 2026. Currently monthly lease payments, including all CAM charges are approximately \$15,678 and are fixed until 2012. Because of the

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extremely high land values in Honolulu, and Hawaii in general, most storage facilities in Hawaii are located on leased land or in leased buildings

The current owners have also installed new outside lighted signage and increased marketing including a full page ad in the main Honolulu yellow pages (increasing from the current ¼ page ad in Oct. 2008). At 90% occupancy the business is priced at a 10.4% CAP rate (15.7% cash-on-cash return with new financing).

LOCATION DESCRIPTION

Kaimuki Self Storage is located at 2919 Kapiolani Blvd in the Market City Shopping Center, one of the main shopping centers of eastern Honolulu. This location is convenient to all the major neighborhoods of eastern Honolulu and is at the intersection of several major streets (King Street, Kapiolani Blvd. and Kahahulu Avenue) and immediately adjacent to the main Honolulu freeway, H-1. Strategically located in the Kaimuki neighborhood, it is well situated between the ever growing number of new apartments and condos in Waikiki to the south, the students of the University of Hawaii to the north and the affluent neighborhoods of Hawaii Kai and Diamondhead to the east.

The area demographics are excellent with over 126,000 households within a five mile radius and a median income of \$45,000 per year. The location also provides very high traffic counts with over 22,000 cars per day on the surface streets alone and easy freeway access with its location at an off ramp of the H-1.

Honolulu is very densely populated with an unusually large concentration of apartment and condominium dwellers. Homes are built without basements or attics, usually without garages, and on smaller lots. New apartment buildings and condominiums are going up the adjacent Waikiki area and are being constructed with less and less space available for storage. The need for self storage is great and will continue to increase as Honolulu's population continues to grow. The combination of a well established facility in an excellent location should make this facility highly desirable to the self-storage investor.

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INVESTMENT SUMMARY

LOCATION:	2919 Kapiolani Blvd. #13 Honolulu, Hawaii 96826
LISTING PRICE:	\$2,900,000
TERMS:	Cash to new financing
NUMBER OF UNITS:	776 self-storage units
NET RENTABLE CUBIC FEET:	88,492 CU. FT.
GROSS POTENTIAL INCOME:	\$743,570
NET OPERATING INCOME:	\$300,605 (Per Pro Forma)
CAPITALIZATION RATE:	10.4% (Per Pro Forma at 90% occupancy)
CASH ON CASH (LEVERAGED):	15.7% (70% LTV, 7%, 10 Yr Term, 30 Yr Amort.)
CURRENT UNIT OCCUPANCY:	88% (Economic)
LEASED AREA:	16,391 SQ. FT. leased on the lower level of the Market City Shopping Center
LEASE TERMS:	Triple Net Lease currently at \$15,678/mo including CAM through 2011. Lease until Jan. 1, 2026
CONSTRUCTION:	Poured concrete slab, walls and ceiling. Wood storage units.
HOURS OF OPERATION:	8am-7pm Mon-Fri, 8am-6pm Sat, 9am-2pm Sun
ADVERTISING:	Full Page Ad – Main Phone Book (Starting Oct. 08; ¼ Page presently
SECURITY:	Metal roll down doors on entrance Video Surveillance Security alarm system
YEAR BUILT:	Storage facility constructed – 1987
TO VISIT:	Contact Vince Schwent at (916) 837-6380

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PROFORMA INCOME AND EXPENSES

	2007	Pro Forma	
	Actual	90% Occupancy	Expenses as % of Income
<i>Income</i>			
Potential Storage Income		\$743,570	
Less Vacancy Factor (10%)		(\$74,357)	
		\$669,215	
Excise Tax (4.712% of Sales)		(\$30,115)	
Pro Forma Storage Income		\$639,100	
Other Income		\$31,995	
<i>Pro Forma Total Income</i>	\$618,395	\$671,055	100%
<i>Expenses</i>			
Advertising Expense	\$41,868	\$38,850	5.79%
Credit Card Processing	\$10,445	\$6,000	0.89%
Dues, Subscriptions, Licenses	\$790	\$800	0.12%
Insurance (Liability, Property, Workers Comp, Health, Auto)	\$46,140	\$25,800	3.98%
Payroll (Salaries and Taxes)	\$74,763	\$73,000	10.88%
Maintenance/Repairs	\$9,016	\$3,000	0.45%
Office Expense	\$2,440	\$2,500	0.37%
Lease – Market City Center	\$195,791	\$188,000	28.02%
Computer & Accounting Expenses	\$2,295	\$500	0.07%
Security System	\$747	\$750	0.11%
Management	\$6,708	\$20,000	2.98%
Telephone		\$4,750	0.71%
Utilities	\$6,572	\$6,500	0.97%
<i>Total Expenses</i>	<u>\$ 397,575</u>	<u>\$370,450</u>	<u>55.34%</u>
<i>NET OPERATING INCOME</i>	\$220,820	\$300,605	44.66%
<i>LISTING PRICE</i>	\$2,950,000	\$2,900,000	
<i>CAPITALIZATION RATE</i>	7.5%	10.4%	
<i>CASH ON CASH (LEVERAGED)</i>		15.7%	

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CURRENT UNIT MIX & INCOME SCHEDULE

<u>Size Category</u>	<u>Size Range (Cu. Ft.)</u>	<u>Number of Units</u>	<u>Total Cu. Ft</u>	<u>%of Total Cu. Ft.</u>	<u>Unit Rent / Cu. Ft.</u>	<u>Projected Monthly Income</u>	<u>Projected Annual Income</u>
A	0 to 10	2	16	0.02%	\$3.00	\$ 48	\$ 576
B	11 to 20	11	184	0.21%	\$1.75	\$ 322	\$ 3,869
C	21 to 35	16	450	0.51%	\$1.25	\$ 563	\$ 6,750
D	36 to 55	99	4481	5.06%	\$1.05	\$ 4,705	\$ 56,461
E	56 to 75	143	8880	10.04%	\$0.82	\$ 7,282	\$ 87,382
F	76 to 95	105	8528	9.64%	\$0.75	\$ 6,396	\$ 76,749
G	96 to 130	223	23604	26.67%	\$0.68	\$ 16,051	\$ 192,611
H	131 to 160	61	8945	10.11%	\$0.62	\$ 5,546	\$ 66,550
I	161 to 220	55	10010	11.31%	\$0.61	\$ 6,106	\$ 73,275
J	221 to 315	19	4967	5.61%	\$0.60	\$ 2,980	\$ 35,762
K	316 to 430	25	9211	10.41%	\$0.52	\$ 4,790	\$ 57,477
L	431 to 570	13	6465	7.31%	\$0.50	\$ 3,233	\$ 38,790
M	570 and up	4	2751	3.11%	\$0.42	\$ 1,155	\$ 13,863
Totals		776	88,492	100.00%		\$ 59,176	\$ 710,113
Totals with Tax						\$ 61,964	\$ 743,573
Average Monthly Rent=		\$0.67	per cubic foot				
Average Unit size=		114	Cu. Ft.				

Note: Because of the large number of unit sizes, the current owners group units into thirteen size categories and price all units within each category at the same price per cubic foot. A complete listing of all 776 units, their sizes and rents are available upon request.

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RENT SURVEY

SURVEY DATE: April 1, 2008			SURVEY RADIUS: 2 miles			
Storage Facility	Distance From Subject	Very Small - 0-50 cu. ft.	Small - up to 100 cu. ft.	Medium - up to 200 cu. ft.	Large - up to 400 cu. ft.	Xtra-Large - over 400 cu. ft.
		\$/ cu. ft. (Size in cu. ft.)	\$/ cu. ft. (Size in cu. ft.)	\$/ cu. ft. (Size in cu. ft.)	\$/ cu. ft. (Size in cu. ft.)	\$/ cu. ft. (Size in cu. ft.)
Kaimuki Self Storage 2919 Kapiolani Blvd # 13 Honolulu, HI 808-732-0337		\$1.05 (48)	\$0.82 (64) \$0.68 (100)	\$0.62 (160) \$0.61 (200)	\$0.60 (250) \$0.52 (400)	\$0.42 (500)
Hawaii Self Storage 2909 Waiialae Ave Honolulu, HI 808-949-7233	0.1 mi.	Not Available	\$0.86 (64) \$0.79 (80)	\$0.65 (150)	\$0.62 (250)	\$0.40 (500)
Public Storage 2888 Waiialae Avenue Honolulu, HI 808-735-0804	0.1 Mi.	\$1.17 (48)		\$0.56 (160) \$0.48 (200)	\$0.42 (400)	\$0.35 (600)
Waikiki Self Storage 1687 Kalauokalani Way # A Honolulu, HI 808-944-1474	1.4 mi.	\$1.02 (48)	\$0.92 (64)	\$0.77 (192)		\$0.50 (512)
Aloha Island Self Storage 1414 Kalakaua Ave Honolulu, HI 808-949-4295	1.5 mi.		\$0.89 (100)	\$0.63 (200)		\$0.38 (500)
Makiki Self Storage 1449 S Beretania St Honolulu, HI 808-943-8860	1.7 mi.	Not Available	\$0.53 (80)	\$0.47 (152)	Not Available	Not Available
Public Storage 4100 Waiialae Avenue Honolulu, HI 808-735-2543	1.8 Mi.			\$0.50 (200)	\$0.38 (400)	
RENT COMPARISON	Kaimuki	\$1.05	\$0.68-0.82	\$0.61-0.62	\$0.52-0.60	\$0.42
	Competition	\$1.02-1.17	\$0.53-0.92	\$0.47-0.77	\$0.38-0.62	\$0.38-0.50

Note: Because of the very high storage prices in the Honolulu market, storage units are typically rented and sized by the cubic foot, rather than the square foot. Unit sizes at Kaimuki Self Storage range from 8 cu. ft. (2'X2'X2') up to 850 cu. ft. (10.5'X9'X9'). Unit sizes are not standard either. Kaimuki Self Storage has over 60 different sizes of units. For these reasons, rent comparisons are made on five different size ranges for representative unit sizes within those ranges and are presented in Price per Cubic Foot (\$/cu.ft.) for each Unit Size in Cubic Feet (cu.ft.)

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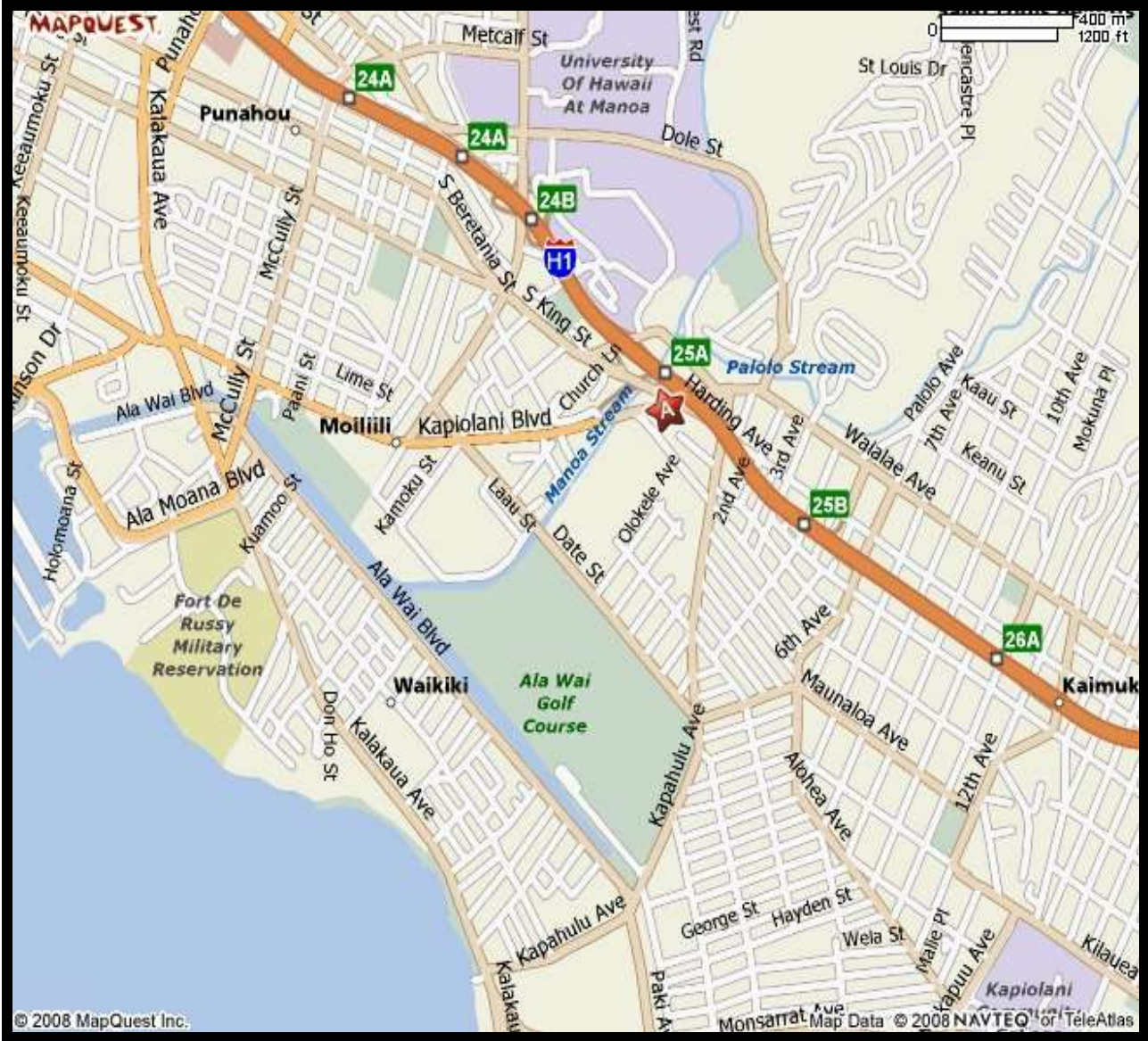
REGIONAL MAP



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LOCATION MAP



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