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Strategic Self Storage Makes Second AZ Buy

By Jennifer Duell Popovec

MESA, AZ-Strategic Storage Trust Inc. has acquired Augusta Ranch Self Storage just days before the property's special servicer planned to foreclose on the 570-unit self storage facility.

As part of the deal, the publicly registered, non-traded REIT assumed a \$3.1 million CMBS loan with a 5.38% interest rate, according to Chairman and CEO H. Michael Schwartz. The loan, which has a 30-year amortization schedule, is due in five years.

The seller was Phoenix-based AR Self Storage LLC. Michelle Watson of Marcus & Millichap's Phoenix office brokered the deal in an off-market transaction. Schwartz tells GlobeSt. that the seller was distressed, which caused the property to move into special servicing prior to Strategic Storage Trust's acquisition.



Augusta Ranch Self Storage

Located at 9252 E. Guadalupe Rd., the self-storage facility contains roughly 75,600 net rentable square feet in six single-story buildings on 4.6 acres. It boasts drive-up units, interior climate control units, RV/Boat parking, a large retail office and U-Haul truck rental dealership.

"I wish I had a 100 of these opportunities," Schwartz tells GlobeSt.

Developed in 2002, the facility currently has an occupancy rate of about 81%, Schwartz says, slightly higher than the REIT's portfolio average of 79.3 percent. It is the second self-storage property the REIT has acquired in the Phoenix metro area since its inception two years ago.

"We're excited to grow in the Phoenix area," Schwartz says, adding that the new facility will be renamed under Strategic Storage's SmartStop brand. "We continue to look for acquisition opportunities here. We consider this a grow market, despite its current economic difficulties."

During the first quarter of this year, Strategic Storage Trust acquired \$24 million worth of self-storage facilities. The REIT expects to deploy \$200 million to \$300 million in acquisition capital this year, Schwartz says. Today, the firm owns 30 properties in 14 states.