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EL DORADO PLACER SACRAMENTO YOLO

Developer opens self-storage center in East Sac, has plans for more in region

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This week, developer Tim Taylor opened his first new storage center in seven years.

The owner of Potter-Taylor & Co. was primarily known for building new shopping centers on undeveloped land until the housing bubble burst and deflated the rest of the economy.

For now, Taylor has returned to the storage business with the Wednesday opening of East Sac Self Storage, created from a former state data center. His company also plans to transform a former AT&T building in the Arden area into self-storage.

Taylor is setting himself apart by being one of the few people in California opening new storage centers. He's perhaps the only person in the region converting existing buildings into storage, said Tom Litton, a storage industry consultant in Stockton who advises Taylor and who consults on "Storage Wars," an A&E Network reality TV show.

"We spent (the last) 20 years doing greenfield development," Taylor said.

Getting approvals to build on undeveloped land was fairly easy, he recalled, and it was the approach that most retail developers were taking.

Some retail developers invested too heavily in new shopping centers, and some of the region's biggest names in retail development went bust. After 55 years, Potter-Taylor is surviving by pursuing a different niche.

Potter-Taylor and a group of investors created East Sac Self Storage from a 75,000-square-foot building they purchased last June for \$4.5 million. They spent a little more than \$1 million to convert the space at 3301 S St. into 527 climate-controlled units. The storage center also offers refrigerated wine storage.

It is the third self-storage center in East Sacramento, Taylor said, but it also will compete with storage businesses nearby at 21st and R streets, on 16th Street under the Capital City Freeway, and one at 9th and V streets.

"There's plenty of capacity in East Sac," Taylor said.

The average amount of self-storage space nationally is 5 square feet per person. Sacramento has 7 square feet per person, and East Sacramento has 3 square feet per person, he said. Some 200,000 square feet of storage could be added in East Sacramento, he said.

Self-storage centers in Sacramento have occupancy percentages in the mid-80s to the 90s, Taylor said, with the industry overall seeing profit margins of 12 to 15 percent.

Litton, who has been in the storage business since the 1960s, said East Sac Self Storage's spot is perfect. "That facility is going to be a home run," he said.

Nearby homes are small, with tiny closets and one-car garages, Litton noted. The site also is near a confluence of freeways, with an easy off-ramp. Plus, he said, "Tim bought the building at the right price."

Across California, Litton said, he can count on two hands the number of self-storage places being added each year.

"The self-storage industry had been growing exponentially since basically the late '80s," he said. Hundreds were being added each year in California.

"People have collected more stuff and they need more space to store what they've collected," he said.

Driving the demand, in part, are people who have lost homes, or their adult children and their families have moved in, and they need extra space for their stuff, Taylor said. Also, some business professionals who have downsized to home



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Tim Taylor's Potter-Taylor & Co. converted a former state data center in East Sacramento into a 527-unit self-storage center, which opened Wednesday.

offices are storing files at self-storage centers, he said.

Self-storage, Litton said, is recession proof. "That's always been one of the selling points," he added.

Henry Guerra, store manager of the 21st and R Self Storage and RV Storage, wouldn't go that far.

"The economy has affected every business," he said.

It's a common misconception, he said, that the storage business is picking up clients who are losing their homes. People let go of their storage units before they'll give up their homes. Self-storage, he said, felt the downturn early.

"We took a big hit in the beginning," Guerra said. Now he's seeing "a little bit of a pick up."

East Sac Self Storage will compete for some of his business, he said, but he doesn't consider the new operator to be

an immediate threat.

Taylor hopes to open his second office-to-storage conversion — Marconi Self Storage with another group of investors — this time next year. The group bought the building for \$1.3 million and will spend \$2.7 million on the renovation.

Another Potter-Taylor-led investor group still owns a 1,000-unit self-storage center in Elk Grove that the group built a decade ago. When that center filled up in 90 days, those investors added a second phase a year or two later. Taylor built and sold a Gold River self-storage center about seven years ago — his last storage project.

Taylor said he's considering buying existing self-storage operations and buying other buildings for conversion to storage.

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