

ASSET UNDERWRITING / BORROWER FIELD GUIDE

Self-storage underwriting guide

Separate physical occupancy from collected rent, promotions and delinquency.

Self-storage underwriting begins with the difference between occupied space and collected rent. Unit count, rentable area, promotions and tenant balances can tell different stories. Build an evidence package that reconciles them and shows whether a proposed rate increase, expansion or lease-up can fund its own operating and financing obligations.

Measure the denominator carefully

Reconcile unit count and rentable square footage by unit type. State whether occupancy uses units or area and whether it is measured at a date or averaged over a period. Public Storage's issuer-specific definitions distinguish rent per occupied area from rent per available area; those definitions are useful context, not a universal lender metric. A high physical occupancy percentage can coexist with weaker collections or promotional rents.

Bridge street rates to collected income

Separate advertised rates, in-place contracted rent, discounts, promotions, delinquency and write-offs. Support proposed rate changes with actual tenant cohorts and collection evidence rather than applying the current advertised rate to every occupied unit. Identify administrative, late, insurance-related or other income distinctly, including the related expenses and any contractual restrictions on what the owner retains.

Fund lease-up and capital together

Expansion can add units before those units generate cash. Schedule construction, new operating costs, marketing, concession periods and occupancy growth. A competing facility may affect the timing and price needed to lease space; record that as a supported scenario rather than a forecast certainty. Include security, access, roof, paving and other property-specific capital needs in the funding plan.

Use this guide with the matching Excel model. Illustrative assumptions are editable; no lender approval, market quote or universal threshold is represented.

FIELD GUIDE / 02

What the lender needs to understand

Preparation questions and evidence to resolve them. Actual requests and acceptance standards depend on the lender and transaction.

01 / Are occupancy and rent measured on the same inventory?

Unit and area reconciliation with consistent dates and averaging conventions.

02 / What portion of scheduled rent is collected?

Tenant ledger, concessions, delinquency and cash reconciliation.

03 / How durable are higher rents?

Move-in cohorts, rate-change history, move-outs and collected-rent evidence.

04 / Which ancillary income belongs to the borrower?

Contracts, remittance records and associated expense detail.

05 / What does expansion require before stabilization?

Cost and delivery schedule, lease-up assumptions and monthly cash plan.

06 / What happens if competing supply delays absorption?

Documented local deliveries and a separate slower-lease-up scenario.

Turn the request list into an evidence ledger

For each material question, record the document and date, the responsible owner, the unresolved fact, the party who can accept it, and the financing consequence if it remains unresolved. A file delivered to a lender is not necessarily an accepted answer.

Evidence state: requested / received / reconciled / accepted / still conditional. Preserve the lender response and avoid treating an unanswered question as approval.

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Document checklist: cash flow and collateral

Use a consistent cutoff date. Mark missing items, conflicts and explanations rather than simply counting files.

Cash flow and operations

Document / evidence request	Received / open
Unit-level roll with size, type, status and in-place rent.	[] _____
Rentable-area reconciliation and occupancy calculation definitions.	[] _____
Collections, arrears, write-offs, discounts and promotional periods.	[] _____
Monthly operating statements and bank reconciliation.	[] _____
Ancillary-income contracts and net retained-income calculations.	[] _____
Move-in, move-out, pricing and tenant-cohort history.	[] _____

Property and collateral

Document / evidence request	Received / open
Site and building plans with legal unit inventory and access.	[] _____
Condition assessment covering roofs, paving, drainage, security and gates.	[] _____
Environmental and other third-party reports requested.	[] _____
Expansion approvals, construction scope and delivery dates where relevant.	[] _____
Equipment and security-system ownership and maintenance obligations.	[] _____
Evidence of reported competing projects used in the downside case.	[] _____

Reconciliation note

The schedules should agree with the source documents or identify the exact reason for a difference. Keep the source amount, the adjustment and the lender-accepted amount visible as separate fields.

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Document checklist: sponsor and closing

Confirm who provides the money, when it is available and what evidence permits the transaction to fund.

Sponsor and execution

Document / evidence request	Received / open
Sponsor operating and lease-up experience in self-storage.	☐ _____
Property-management platform and pricing/collection responsibilities.	☐ _____
Ownership, borrower and guarantor documents.	☐ _____
Available liquidity after expansion and other property commitments.	☐ _____
Portfolio debt, guarantees and competing funding needs.	☐ _____
Equity authorization for a longer promotional and lease-up period.	☐ _____

Closing and funding

Document / evidence request	Received / open
Payoff, title and transaction-cost documentation.	☐ _____
Lender-approved inventory and cash-flow assumptions.	☐ _____
Construction or repair holdback conditions and completion evidence.	☐ _____
Insurance and restricted-account requirements.	☐ _____
Management and material contract transfer or consent requirements.	☐ _____
Monthly closing-to-stabilization cash bridge with verified sources.	☐ _____

Before committing the next dollar

- ☐ Reconcile inventory, occupied area and actual collections.
- ☐ Separate current performance from the rate-growth and expansion cases.
- ☐ Identify the deepest lease-up funding need before allocating surplus cash.

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Use the model and reconcile the result

self-storage-underwriting-model.xlsx | Summary, Assumptions, Storage Activity, Operations, Debt and Funding, Review

- 1. Use Assumptions!D5 for Base (1) or Downside (2), and the labeled scenario input rows. Enter source data in Storage Activity!D10:L21; preserve formula cells and an untouched workbook copy.
- 2. Paying occupancy is economic occupancy after bad debt. Enter promotions separately only if they are not already reflected in paying occupancy or unit rents. Climate and standard units retain separate pricing; reconcile to unit-level evidence.
- 3. Reconcile Operations to Summary. Apply the entered lender adjustment separately to the modeled cash flow. Sizing uses amortizing debt service, while first-year payments reflect the entered interest-only period.
- 4. In Assumptions, replace illustrative value, LTV, DSCR, debt yield, rate, amortization and requested ceiling with the intended scenario. Review capacities in Debt and Funding. The smallest modeled capacity does not establish eligibility or approval.
- 5. Closing equity includes the entered opening cash and restricted reserves. Additional operating cash need is measured after that opening cash, so do not add it twice. Inspect monthly cash and remaining principal at maturity.
- 6. Read Review for model conventions and limitations. Save each scenario with its supporting evidence and date; actual lender definitions, legal rights and professional findings control the transaction.

Worked example: editable teaching assumptions

Illustrative Base / Downside inputs: Property value \$6,000,000 / \$5,200,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$714,960	\$613,901
NCF after reserve	\$465,991	\$344,300
NCF used for sizing	\$465,991	\$319,300
Modeled loan	\$3,900,000	\$2,651,920
Binding sizing constraint	LTV	DSCR
First-year debt service	\$284,748	\$228,884
Required closing equity	\$2,000,000	\$3,248,080
Equity left / (closing gap)	\$500,000	-\$748,080
Additional operating cash need	\$0	\$0
Equity left / (combined gap)	\$500,000	-\$748,080
Principal at modeled maturity	\$3,574,328	\$2,471,386

Base NCF used for sizing is \$465,991. The modeled loan is \$3,900,000, with LTV binding. Closing uses of \$5,900,000 less that loan require \$2,000,000 of equity. Available equity is \$2,500,000; the signed combined surplus/gap is \$500,000 after any additional operating cash need. Downside changes the loan to \$2,651,920 and the combined result to -\$748,080.

Dollar results rounded to the nearest dollar; the workbook retains precision. Signed funding surplus is negative for a shortage. A positive funding surplus remains subject to actual source availability.

FIELD GUIDE / 06

Review the risks and the evidence

- Do not compare square-foot occupancy with a unit-based denominator without a bridge.
- Advertised street rent is not the same as rent collected from existing tenants.
- Avoid deducting a promotion twice through both reduced rent and a separate concession line.
- New units increase capacity before they necessarily increase cash available for debt service.

Sources and applicability

These references support the stated asset and risk context. The questions and document lists are preparation tools, not a statement that every lender requires or accepts the same package. Actual contracts, applicable rules and the chosen lender determine the transaction requirements.

1. Public Storage - 2025 Form 10-K | Item 7; Same Store Facilities operating measures; footnotes (c) and (d), printed page 32 | Checked 2026-10-21

Issuer-specific reporting definitions; not a universal lender underwriting standard.

<https://www.sec.gov/Archives/edgar/data/1393311/000162828026007696/psa-20251231.htm>

2. OCC - Commercial Real Estate Lending | Printed page 43: DSCR and debt yield | Checked 2026-10-21

Sizing concepts; modeled assumptions are not lender offers.

<https://www.occ.gov/publications-and-resources/publications/comptrollers-handbook/files/commercial-real-estate-lending/pub-ch-commercial-real-estate.pdf>

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Education and analysis do not establish a financing offer, appraisal, legal opinion or program eligibility. Confirm the current source, actual contract terms and professional advice relevant to the transaction.