

The self-storage market has become highly competitive, with new facilities opening frequently. Owners are adding extra features to attract customers, emphasizing security and curb appeal. Naturally, owners want to ensure that they are getting the greatest possible return on these investments. Capstan has partnered with hundreds of owners and their tax advisors, collaborating to ensure maximum tax savings on self-storage facilities.

One such facility, Property SS, was newly constructed and placed-in-service in June 2018. Located in a high-end east coast suburb, Property SS consists of 8 buildings spread over 8 acres, containing 875 units of various sizes. In addition, there is a rental office with an apartment on the second floor, and a paved parking area for RV's and trailers.

With a depreciable basis of almost \$10.5M, Property SS was designed with many premium features. Curb appeal was a priority, with decorative fencing, attractive retaining walls, and lush landscaping installed around the perimeter. Top-of-the-line cameras, keypads, and gates ensure that customers feel safe choosing Property SS. Over 825 units are climate-controlled, and in a unique finishing touch, the entire property is equipped with ceiling speakers playing pleasant music.

The owners of Property SS spared no expense in constructing their facility, and consulted Capstan Tax Strategies for solutions that might help recoup part of their investment. The Capstan engineer was able to move 16.9% of assets into 5-year personal property, including the removeable walls separating interior units. The attention paid to outdoor aesthetics also paid off, as the Capstan engineer moved a 33.1% of assets into 15-year land improvements. Boosted by 100% bonus in play under the TCJA, the cost segregation study of Property SS resulted in a first year tax savings of \$2,333,070.

