

8 STRATEGIES TO MONETIZE IDLE SPACE

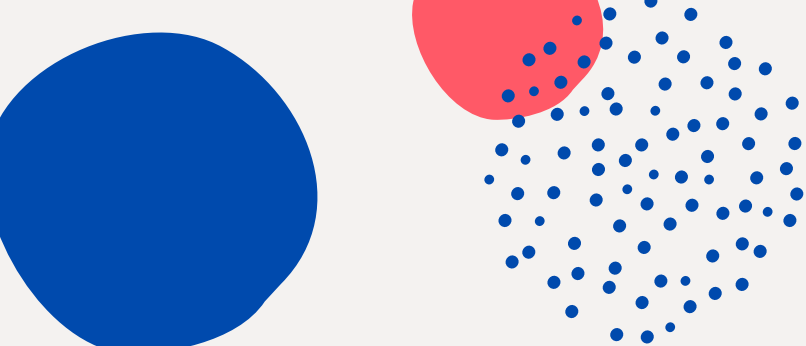


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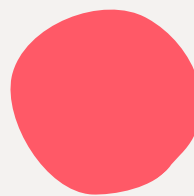
TOPIC OUTLINE

- 1/ Parking
- 2/ Storage
- 3/ EV Charging
- 4/ Leasing undeveloped land
- 5/ Maximize Rental Amenities
- 6/ Ad Space
- 7/ Vending Machines
- 8/ Cell phone towers



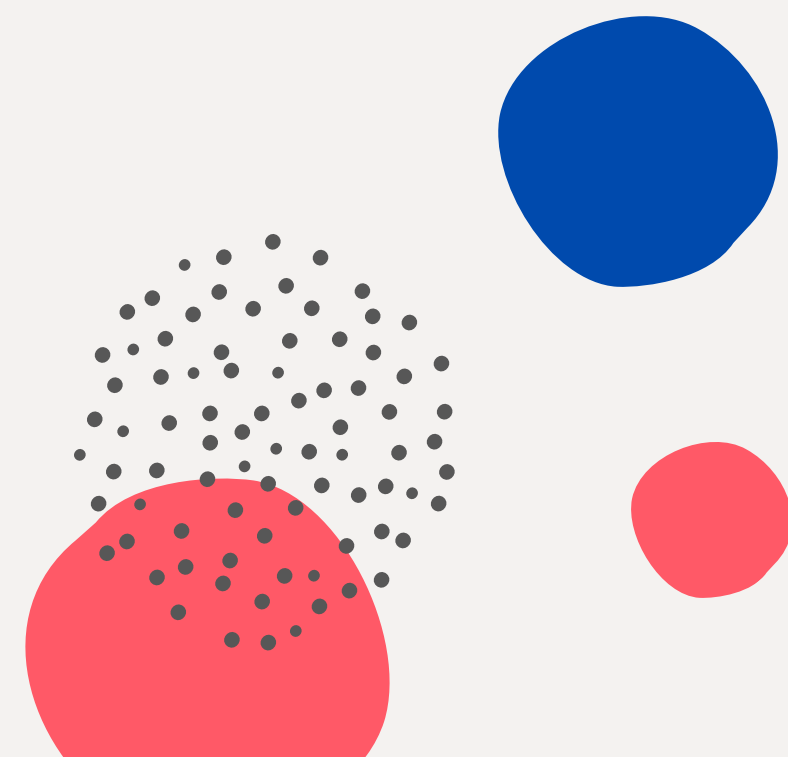


WORDS TO PONDER



IT IS NOT THE STRONGEST OF THE
SPECIES THAT SURVIVES, NOR THE
MOST INTELLIGENT, BUT THE ONE
MOST RESPONSIVE TO CHANGE.

CHARLES DARWIN



MAKING MORE FROM SPACE...

Whether it is passive or self-managed, property managers, building owners and more specifically asset managers and those in charge of ancillary revenues, are mandated with driving NOI. While renting the main space for its purpose (ie. apartment rentals) are the biggest driver and revenue generator, there's a number of other "dead spaces" in your building that are literally wasted.

Oftentimes, we don't realize the true value of our properties for maximum ancillary revenue.

Enclosed are several ways to get the most from your multi-family asset.



Parking

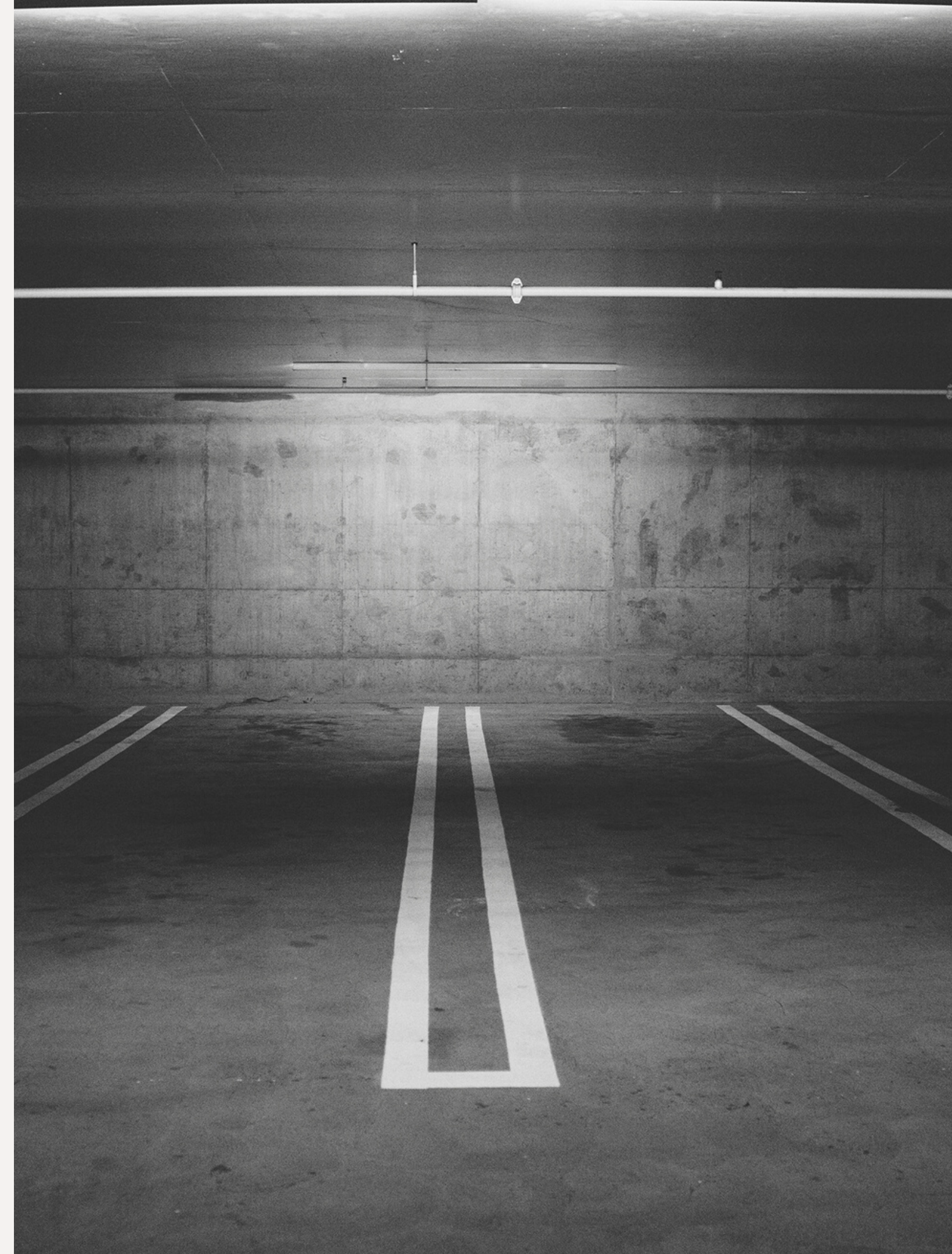
The changing face of parking, especially amidst economic chaos, can leave many wondering how next to move ahead.

Consider this, there are at least 3 non-residential parking spots for every car in North America (1). Some estimates place this statistic even higher at more like 8:1. So supply far outstrips demand, and yet because of decades of policy and inefficiencies, it's not always easy to find parking.

This is where you come in. Parking has been done in one of a few ways:

- 1/ Completely private and only available to tenants;
- 2/ Managed by a parking company for excess inventory;
- 3/ Self-managed

1. <https://news.mit.edu/2012/parking-lot-redesign-0313>





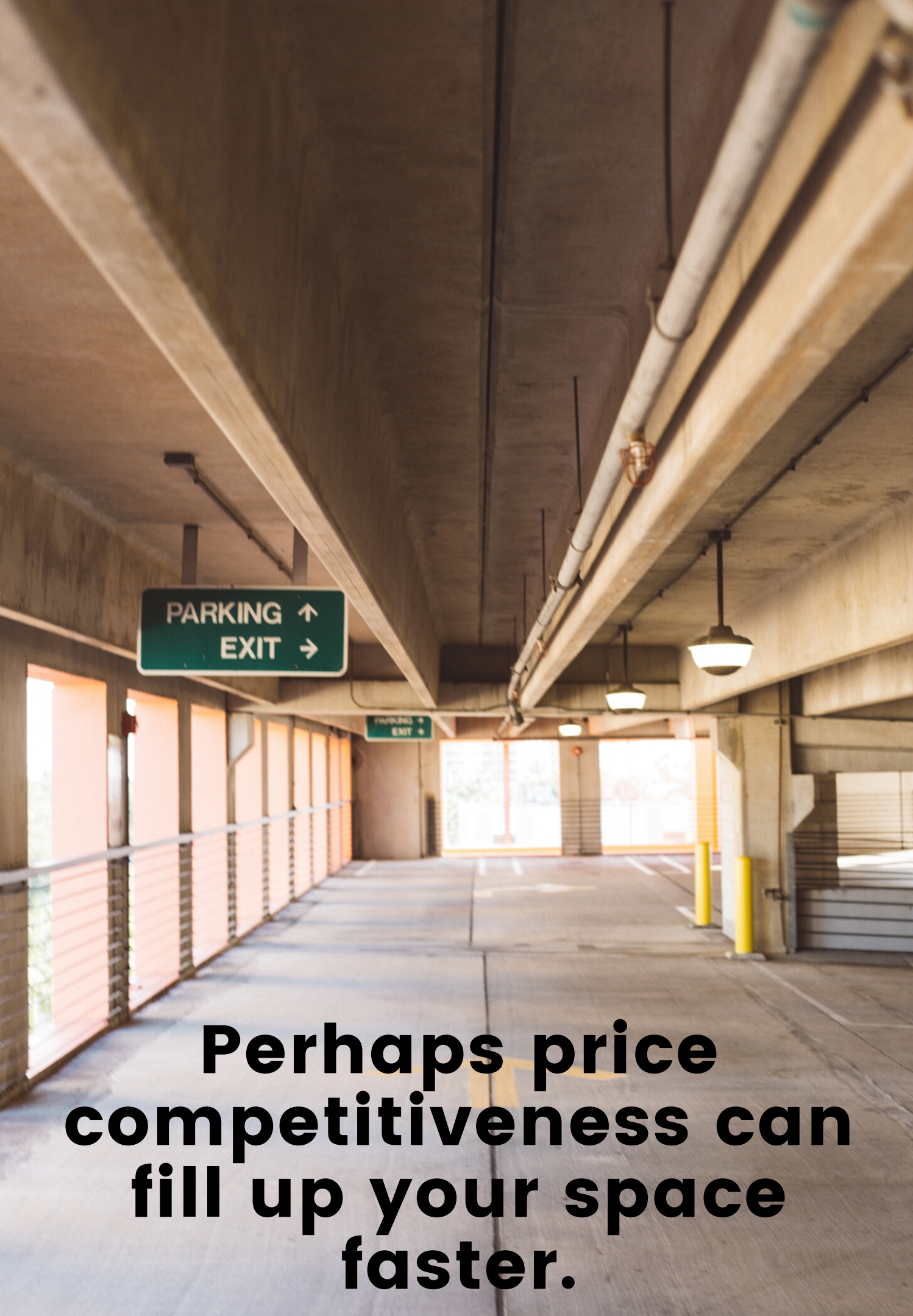
Private parking only

If it has been decided through condo bylaws that only tenants can access the space in your building, there's a good chance that others are still accessing it regardless. With the advent of the sharing economy moving from a \$15BN to \$335 BN industry by 2025 (2), there's no doubt that your residents, especially millennials, are renting the spaces they don't need through Craigslist or Kijiji.

In the changing face of the economy, now more than ever, people are going to find ways to make \$100 here, \$200 there. Starting to have an open and collaborative platform that allows everyone to share space through a single portal is the best way to mitigate risks. After all, you have people signing lease agreements for \$2,000 for the apartment, yet there's been a huge “stranger danger” element to allowing people to access the building otherwise.

SOURCE

2 <http://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf>



**Perhaps price
competitiveness can
fill up your space
faster.**

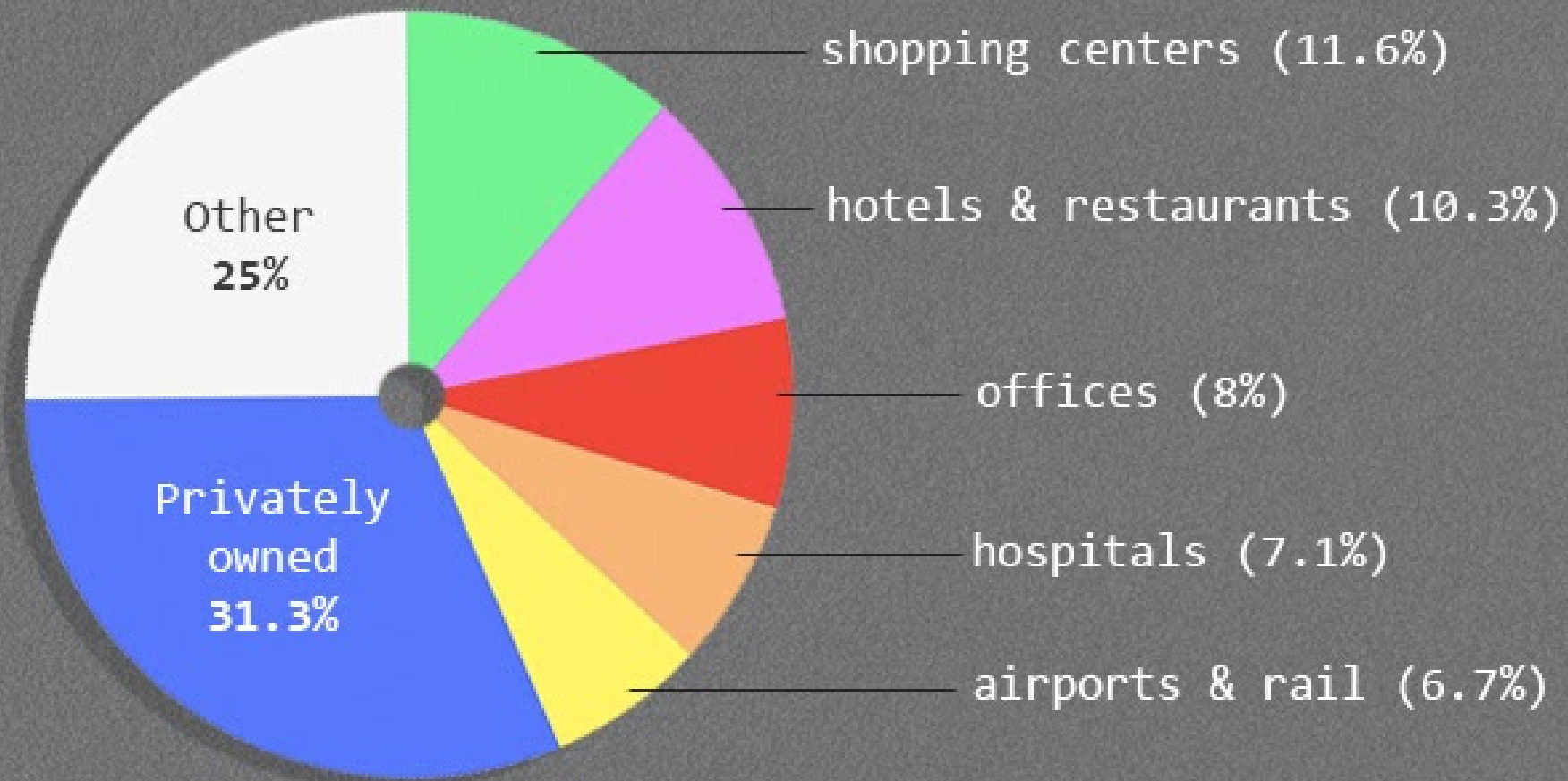
Consider that parking and storage “tenants” are not ONE NIGHT STANDS like AirBnb. These are people in your community who require the space. Whether the lease is signed for \$2000 or \$200, the rules should remain the same: someone is accessing your property, they sign a lease to do so, and the stipulations outline what the user can and cannot use (ie. parking Renter should not access any floors above ground floor).

Regardless of the building bylaws, if you’re the property owner of the building, you likely have the right to rent out spaces to residents or non residents. Monthly parking requires leases to be signed, FOBs to be distributed and sometimes, third-party verification, all which can be done through the SpaceiShare platform.

It’s true that parking in Toronto is extremely expensive, but you know which city has it even worse? Calgary. Their median monthly rate for unreserved parking was \$435.38 in 2010, according to a study conducted by Colliers. In Toronto, the median rate was \$336.25. (For monthly reserved parking, meanwhile, Toronto’s median rates were the most expensive in Canada.)

AMERICA'S PARKING LOTS, BY SECTOR

Market segmentation for US parking lots and garages (2020)



Data: IBISWorld / 'other' includes university parking

the HUSTLE

<https://thehustle.co/covid-19-business-of-parking-lots/>

PARKING LOTS & GARAGES IN
CANADA

MARKET SIZE: \$412M

NUMBER OF BUSINESSES: 953

Parking-Company Management

While many property managers deal with large parking organizations, many are still finding that 1/3 or more of their parking is still dormant. Those lost opportunities have real-world revenue implications. Without having a more “vocal” advocate for your empty spaces, relying on companies to post a sign and “hope” it fills up is pointless.

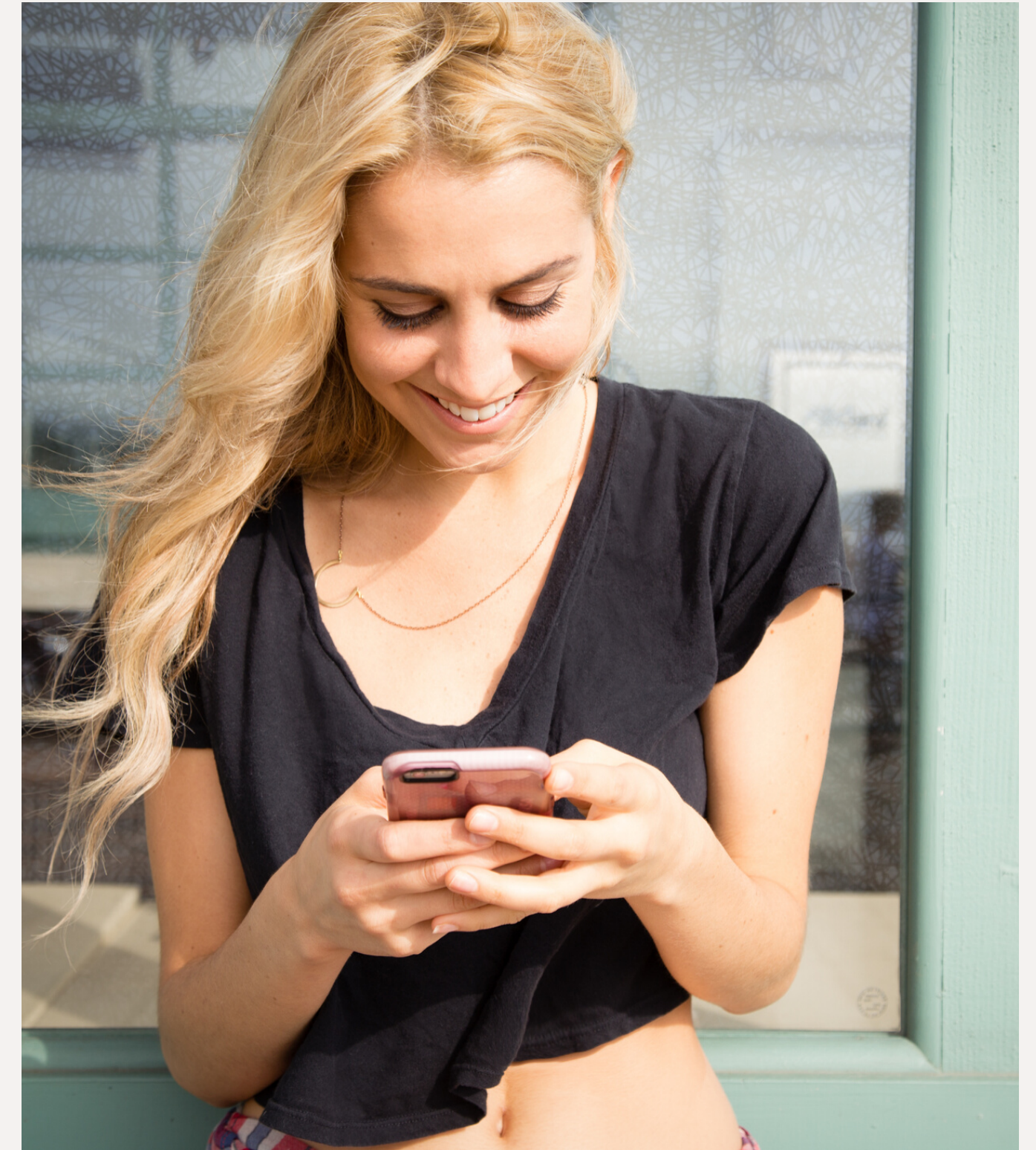
The parking industry had become too complacent and vendors no longer listen to their customer's needs or put any effort in growing the revenues for the assets they manage. As an asset manager, you're also likely being charged exorbitant fees by your operator who provided little to no customer service; while taking weeks to respond to client emails or submitting parking budgets that were either incomplete or inaccurate. Industry-wide, property managers are either fed up, or completely ignorant to the money they're leaving on the table.

Engage a Technology Demand Organization

Seeking a long-term solution through technology is often far better, especially when that solution seeks to find the demand you desperately need.

Through space-sharing marketplaces like SpaceiShare, several participating REITs are generating \$5,000 in monthly parking revenue (\$60,000 annually). One is on pace to exceed \$125,000 in parking revenue its first year. An urban REIT filled 23 vacant spots and increased its monthly revenue by \$3,638 (\$43,656 annualized), increasing its asset value by \$793,745 based on a 5.5 percent cap rate.

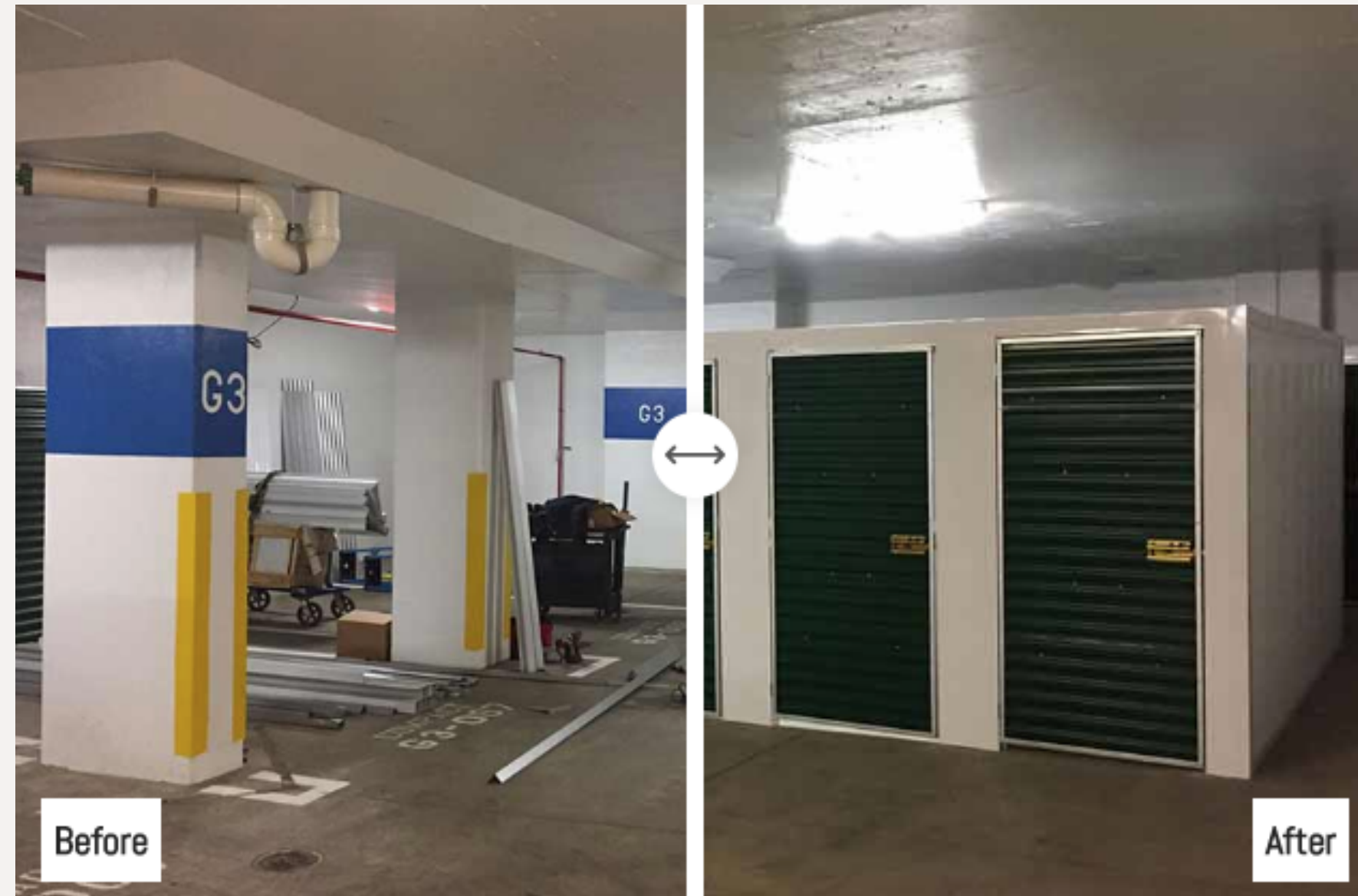
Depending upon your location, many of your tenants may not have a vehicle and so much of your parking spaces lie vacant. SpaceiShare can drive your NOI through monthly parking contracts with other businesses, giving you predictable monthly income and the reliability of knowing your new tenant is an organization whose spare fleet of vehicles resides in your unused parking space. Through aggressive marketing like SEO, Google Ads and social media marketing, your parking is promoted to individuals and corporations. More money ends back in your hands with little overhead.





Storage

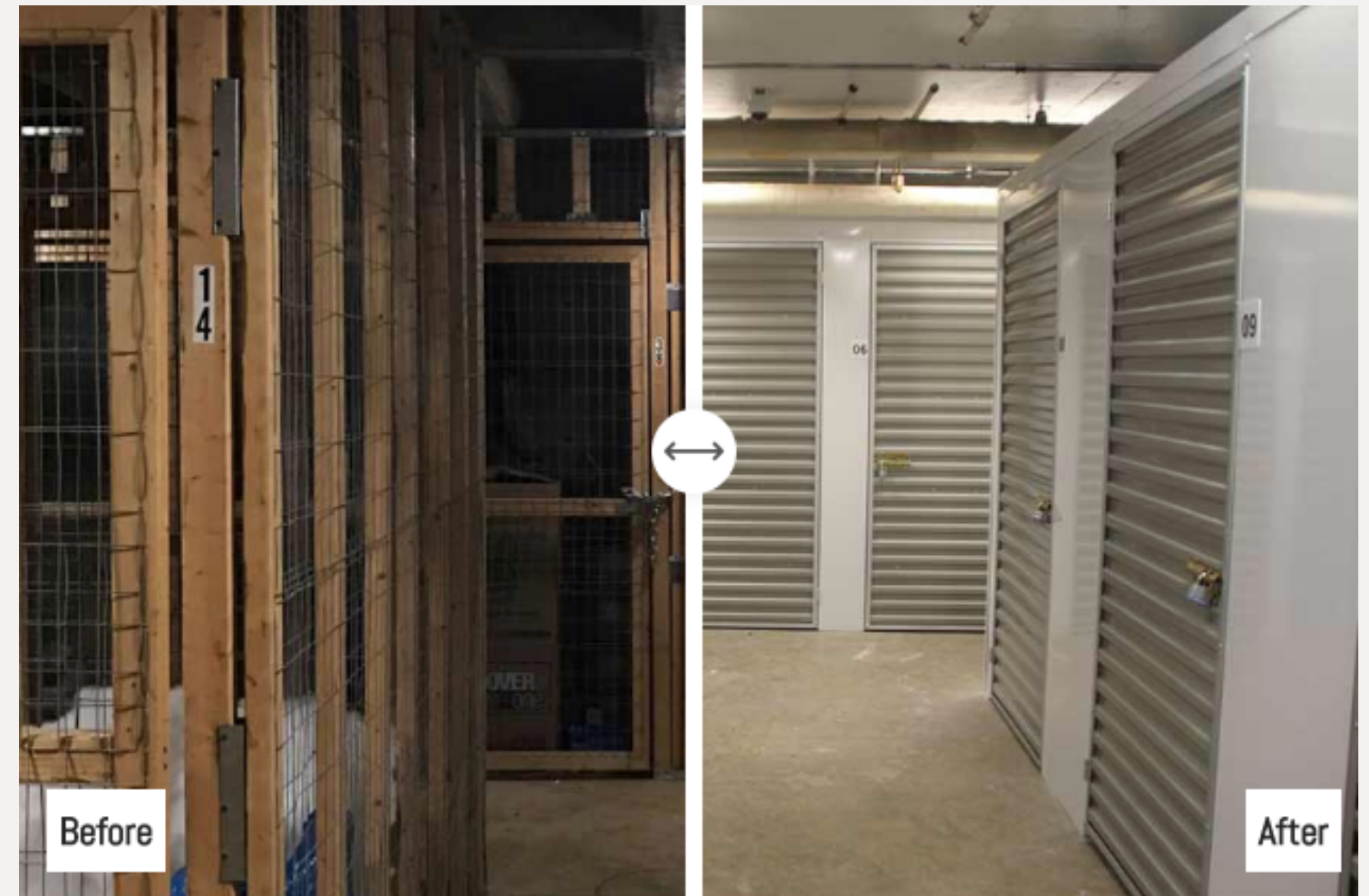
Do you have empty lockers or rooms in your building? Tenants will describe how there are rows and rows of empty lockers in their building, while other buildings are stuffed full. The problem is storage space and space in general hasn't been managed as a whole, until now. The storage industry has been the fastest growing commercial industry since the 60s! Let that concept sink in. In the US, there's enough self-storage space to fill Manhattan. And yet the industry is growing year-over-year at an astonishing rate. You are likely offering storage space already to your live-in tenants. Why not do the same for storage-only tenants? Demand is growing, so although the revenue is considerable now, the increase is only going up.



Additionally, this is some of the most passive income available as storage-only tenants on average rarely visit their storage lockers. Self-storage is a \$38 billion industry in North America (\$3 billion in Canada, \$35 billion in US) [3] and continues to grow as the demand for storage space goes up. The average unit size in North America is 10' x 10'. This unit in the Toronto city centre will cost between \$190-\$395 a month, in Mississauga it will cost \$195-\$260 a month, and in Oakville the same 10' x 10' unit is \$180-\$240 a month. When you take into account that the belongings of a Renter are “stored” no differently than the belongings of your tenant in their apartment, but the Renter is paying month-over-month for a tiny piece of space that ends up making a lot of money per square foot. If you have idle space this strategy is a tremendous opportunity.

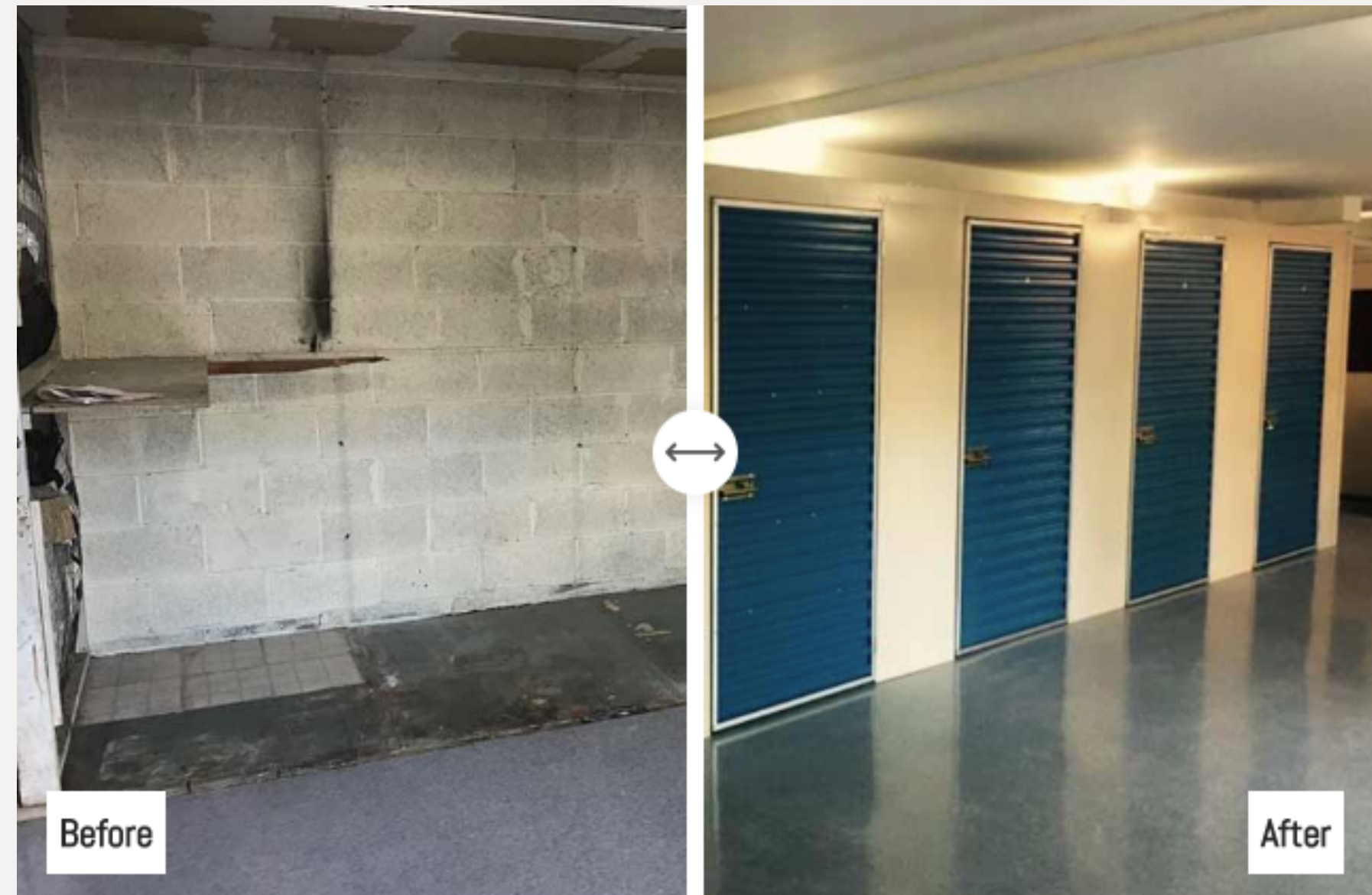
Discover how to optimize revenue in your multifamily property with on-site storage. Increasingly, professionals responsible for on-site storage in multifamily properties are driving revenue with upgrading to on-site storage solutions.

Wire storage cages and lockers are oftentimes unsightly. They may offer some convenience and a little extra storage for tenants, but they offer nothing in the way of privacy and little more in the way of security. Due to the shortcomings of wire storage cages, many tenants are choosing off-site storage facilities or none at all. Yet, with a superior on-site storage solution, they wouldn't have to.



Bring That Off-Site Storage Revenue Home

1 in 5 tenants currently have off-site storage. Next to a fitness center, pool, and high-end appliances, on site storage is the most important amenity residents seek, according to Haven's Insights' Independent Study [4]. Tenants also revealed that the most important features regarding storage areas are privacy, 24-hour access, and security cameras. When asked, 85% of residents said they would likely move their offsite storage back to their apartment building. In short, tenants want a private, safe and secure place to store their personal items. If they cannot find it on site they will invest in off-site storage.



1 in 5 renters pay for off-site storage. That's money that could be elevating your bottom line.

SpaceiShare is working with some of the largest REITs in Canada to help them monetize space. Our recommendation is to install lockers and general leasehold improvements (for a higher return, see before and after images). Conversely, keep the rooms as they are and expect a bigger client to rent the entire space for a smaller margin. SpaceiShare can work with your team to generate cash flow modelling to anticipate how much capital will be required. Our marketplace and booking system offers a seamless way to book and promote outside the building should you want the lockers also available to the community.

Our goal is to keep your tenants happier by renting larger spaces in their own building, also guaranteeing you a long-term income. People can rent spaces for storage for years, and offering them a more inexpensive option than the traditional self-storage facilities and valet storage services is a bonus to you (and the environment).



Install EV Charging Stations

By the end of 2019, there were over 1.5 million electric vehicles (EV) on the road in North America. This is a 500 per cent increase from just 5 years prior. EV trends are only going up. The IEA predicts that 50 million new electric vehicles could be on the roads in the US and Canada by 2030 ⁵.

According to AAA, 40 million Americans - led by the largest generation, millennials - are considering buying an electric vehicle (EV) for their next car. Owners and managers of multi-unit dwellings should care for two reasons: 1) More than 80% of EV charging happens at home; 2) As more people buy EVs, they will filter their housing search by properties that have EV chargers installed on-site. To install these stations, different provinces and states are offering incentives to lower your installation costs.



Electric cars are the future, and the sooner you become the trusted “gas” station, the better.

More than 80% of charging takes place at home, and as more and more tenants make the switch to electric cars, they will demand charging at their multi-unit dwelling. Will your building be EV ready? Electric cars are the future, and the sooner you become the trusted “gas” station, the better. Once the upfront installation is done, you’re on your way to becoming the “go-to” place in the neighbourhood to get charged.



Once the upfront installation is done, you’re on your way to becoming the “go-to” place in the neighbourhood to get charged. Not only is this good for revenue, it also positions you as an environmentally-friendly organization. It’s the wave of the future, so get on it now and the demand for these kinds of income-producing amenities will only grow with time. One organization working towards installing electric stations across North America is EVMatch. (www.EVMatch.com) They’ve created a network of homeowner and building charging stations across the US and will be building into Canada soon. This network requires a simple app and the user can move from place-to-place to charge with a single company.

While there is a capital investment to install these stations, different provinces and states are offering incentives to lower your installation costs. SpaceiShare can provide you with trusted companies to implement charging stations and a way to promote to the community.

Leasing out Undeveloped Land

Unused land can be used for many purposes such as long-term parking (think RV's and boats), community garden, solar energy, dog park, and athletic fields (to name a few) and there are many people and organizations that will take you up on any of these suggestions.

Idle space is revenue waiting to happen if you just get creative, there are others who will do the leg-work to make this a primarily passive form of income outside of the upfront search for renters. If you're concerned about the length of the lease, should you want to develop or sell this land before the lease expires, have this freedom in the contract should the need arise to change your use of this asset.





Maximize The Use of Rental Amenities

If your property has a party-room that is rarely used, consider renting it out to the public. If your fitness centre is empty much of the time, there are fitness instructors will pay to access that space (these trainers may be even some of your existing tenants). Yoga, pilates, and fitness trainers would all be interested.

Tenants will love the on-site service, instructors will make money, and you have improved the amenities of your building. In contrast, there may be pushback by tenants who do not welcome non-tenants to share their building. If you're renting out your event room, simply alerting security and charging a premium to rent the space, might not upset tenants if a portion of the funds go towards the condo slush fund. As for fitness instructors, this will be a case-by-case issue, whereby the instructors in your building need to have excellent people skills so as to engage with your tenants in the best possible way. They need to be seen as adding value, not causing inconvenience. This vetting process for fitness instructors can be time consuming, but it will save time and potential headaches for not doing it.

Sell Advertising Space

The outside of your building is great advertising space and depending on the traffic your location has, revenue may be higher or lower. You can offer it up as a self-managed option, or outsource this work to a billboard company for a revenue split, or straight rent. Outsourcing this strategy is a better way to go, as the sign company will handle permitting, design, installation and maintenance, saving you the time and challenge of learning those new duties. Indoor digital billboards are also an option which is also best to be outsourced, but offers decent income. One good option for buildings is Vertical Media (www.verticalcity.com)- a Canadian company who specialize in elevator screens in residential buildings. They get screens up in your lobby and elevators in as little as 6 weeks and share in the ad revenue they generate.

Photo by Nathan Dumlao on Unsplash





Photo by Ashima Pargal on Unsplash

Vending Machines

This tactic has been around for many years but it is amazing just how many managers are not leveraging it. Apartment community residents flock to vending machines for convenient items without having to leave the premises. It's not unusual to make revenues from \$1000 - \$2500 weekly from having machines on premise. That said, you can opt to have a service place their vending machines on site and split the profits with you. This saves any investment, upkeep, or stocking of the machines and is a great form of passive income. Consider what type of vending machines to install alongside what inventory best suits your tenants. For drink and snack vending machines it might be more beneficial to offer indulgent treats or healthy options or a balance of both. A good approach is to survey clients via email using options such as SurveyMonkey.com to get feedback from tenants before committing to a particular inventory.

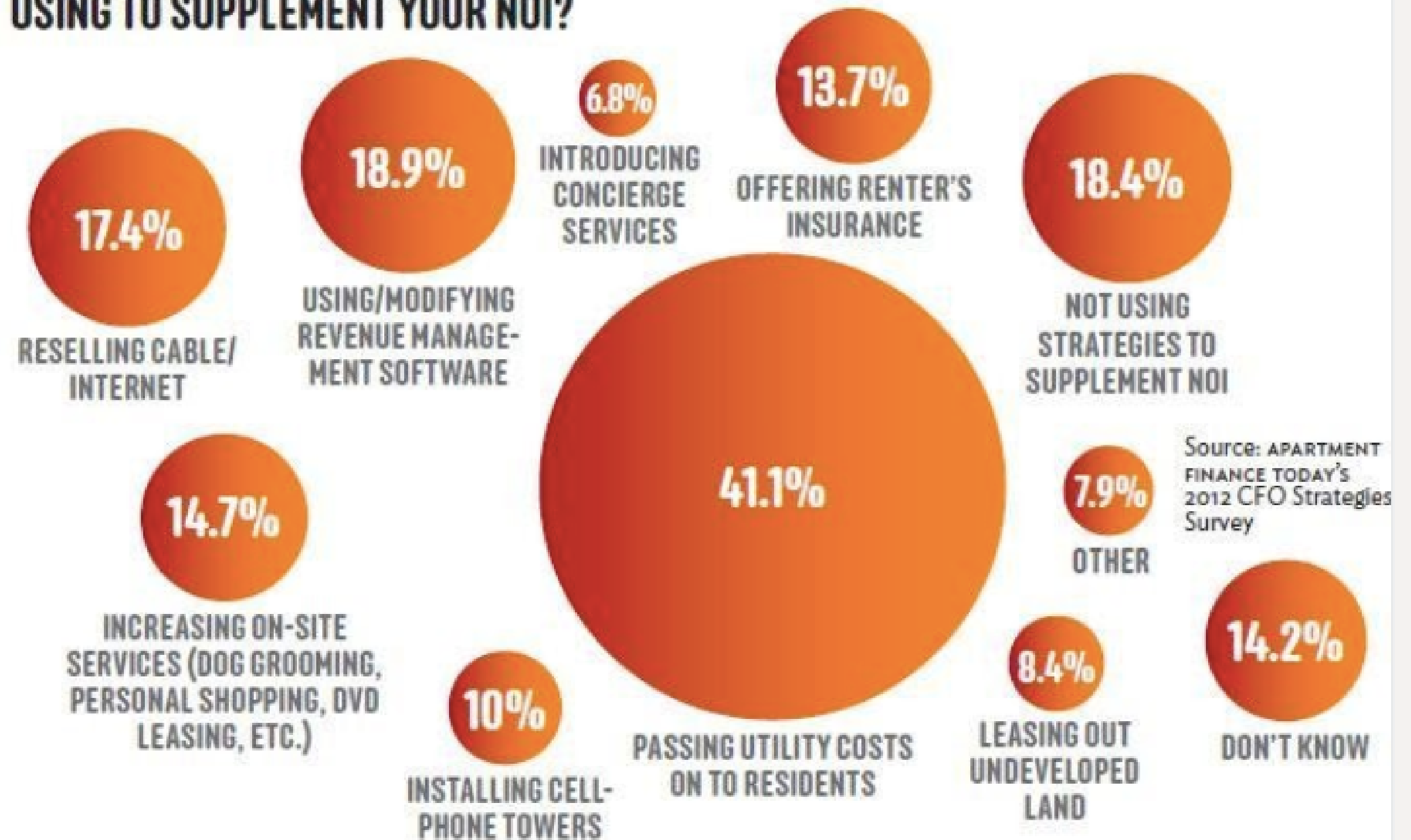


Installing Cellphone Towers

In light of recent questions surrounding the health risks within the vicinity of apartments, the best plan is get all the facts first. Reach out to the major wireless companies (e.g. Rogers, Telus, Bell in Canada) and see if your property fills a need they might have for better wireless coverage for their consumers. Your income varies depending on your location and the need it fills for the wireless company so you could be making anywhere from tens of thousands to only hundreds of dollars.

Now the big consideration with this option is the health implications, as tenants on the top floor could and likely will be impacted. Radiofrequency waves have shown symptoms such as nausea, dizziness, and headaches. Radiation levels on these top floors are also much higher once the cellphone tower is installed. Therefore, this option needs to be investigated fully, but can be a good, viable option if the event space or other non-tenant apartments are on the top floors.

WHICH ANCILLARY SERVICES IS YOUR COMPANY USING TO SUPPLEMENT YOUR NOI?



Additional ways people are increasing the revenue of their buildings.

Get in touch

CONTACT INFORMATION

MAIN OFFICE

400 Centre St. S.
Whitby, ON
L1N4W2

PHONE NUMBER

416-995-4443

EMAIL

Niall@SpaceiShare.com

