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CubeSmart to acquire \$540m self-storage portfolio

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New York, NY According to CubeSmart, it has entered into an agreement to acquire a portfolio of eight self-storage properties in the city from Storage Deluxe for \$540 million. The portfolio, currently professionally managed by and branded CubeSmart, consists of 780,425 rentable s/f located in Brooklyn, Queens, and the Bronx.

“This exciting transaction represents the culmination of our ten-year strategic plan to establish our leading market position in New York City,” said Christopher Marr, president and CEO. “The acquisition of this portfolio expands our presence in attractive submarkets within each outer borough that have positive demographic trends and a strong growth outlook. The timing of this opportunity allows us to take advantage of strong fundamental trends for self-storage in the boroughs.”

Consideration for the acquisition will consist of \$201.7 million payable in cash, \$183.7 million payable in Class B Operating Partnership Units, and the assumption of \$154.6 million of existing fixed-rate secured debt. The company expects to finance the cash portion of the purchase price at closing through cash-on-hand and borrowings under the unsecured revolving credit facility.

The transaction is expected to close in two tranches, both in the fourth quarter of 2020, and is subject to customary closing conditions, including lender consent with respect to the debt that will be assumed.

Steven Guttman, founder and chairman of Storage Deluxe, said, “When I began investing in self-storage in 1998, I identified New York City as the best market in the country and, over 20 years later, I still believe that. Over the last ten years we have been a seller, customer and partner of CubeSmart, and with this transaction we will add investor. CubeSmart has established a strong position in the New York City market which has been further solidified due to recent zoning restrictions.” CubeSmart’s impressive operating platform, coupled with their position as a market leader in New York, makes us highly optimistic about the future performance of our investment in CUBE.”

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