

TWO BEARS STORAGE

Houghton Lake, Michigan

**Self-Storage
Investment Opportunity**

Offering Memorandum



MATTHEWS™

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MATTHEWS™

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PROPERTY OVERVIEW

Two Bears Storage

7685 W Houghton Lake Dr,
Houghton Lake, MI



INVESTMENT SUMMARY

\$1,500,000
List Price

\$64,118
Current NOI

\$174,204
Year 2 NOI

\$186,715
Year 4 NOI

±30,000
Net Rentable SF

11.65%
Year 2 Cap Rate

12.45%
Year 4 Cap Rate

209
Total Units

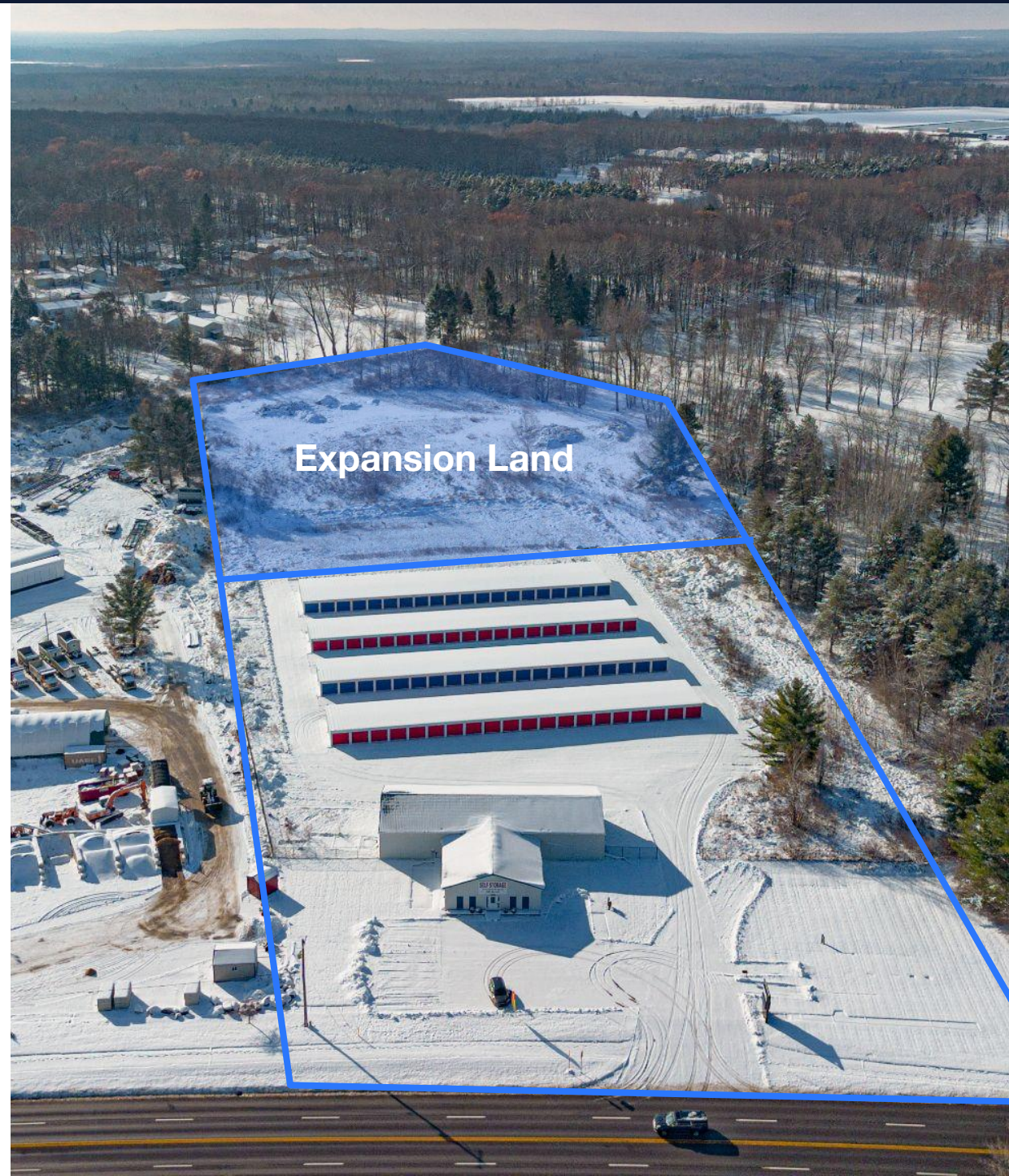
±9.00
Acres

53%
Physical Occupancy



INVESTMENT HIGHLIGHTS

- Very attractive yield projections upon stabilization of the second phase.
- Strategically located adjacent to Michigan's largest inland lake, benefiting from sustained demand driven by vacationers and second-home owners.
- Currently operated by "Mom and Pop" ownership with no formal advertising, presenting a clear opportunity for professional management and marketing to enhance revenue.
- Approximately 5 acres of remaining land with approved plans for an additional $\pm 16,000$ net rentable square feet of self-storage or Boat & RV parking, offering future development potential.
- Ownership recently spent over \$20,000 on LED customizable signage at the entrance of the property.



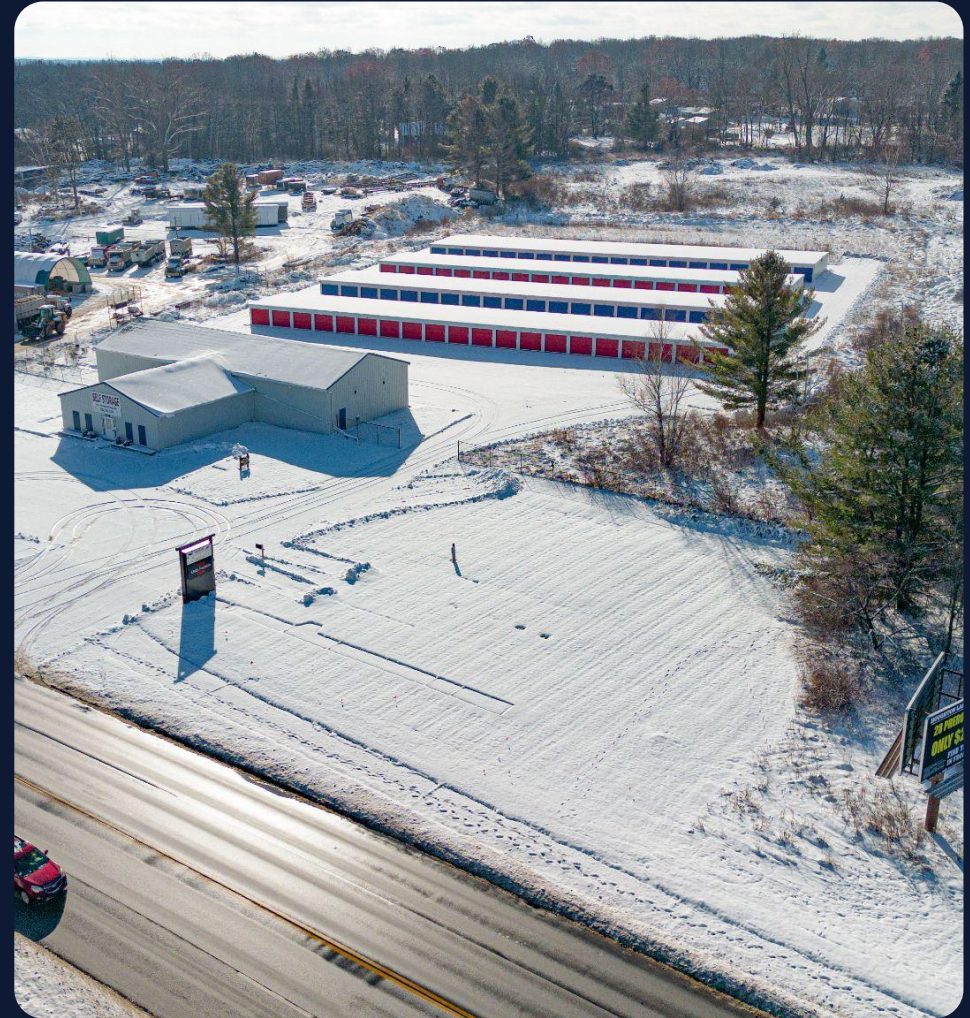
ASSET OVERVIEW



Asset Overview

Facility Name	Two Bears Storage
Address	7685 W Houghton Lake Dr
City, State, Zip Code	Houghton Lake, MI
County	Roscommon
Parcel Number	011-203-016-0155
Lot Size (AC)	±9.00
Year Built/Expanded	2021/2023
Number of Buildings	7
Number of Stories	1
Net Rentable SF	±30,000
Total Units	209
Climate Controlled Units	0
Non-Climate Controlled Units	209
Parking Spaces	0
Unit Occupancy	53%
Square Foot Occupancy	53%
Economic Occupancy	43%
3-Mile SF/Capita	34.50
5-Mile SF/Capita	21.57
Management	Owner Operated
Foundation	Concrete
Framing	Steel
Roof	Metal
Fencing	Chain Link
Parking Surface	Concrete
Traffic Counts	±9,665 VPD
Flood Zone	No
On-Site Apartment	No

PROPERTY PHOTOS





55

127



Houghton Lake State (5Y2)

Houghton Lake



Subject Property

Good Days Marina on Houghton Lake



Houghton Lake Wildlife Research Area



55

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Google Earth

FINANCIAL OVERVIEW

Two Bears Storage

7685 W Houghton Lake Dr,
Houghton Lake, MI 48629



Non-Climate Controlled

Unit Size	Unit SF	Total Units	Occupied	Vacant	Total Rentable SF	Current Rate	Monthly Total	Annual Total
5 X 5	25	6	6	0	150	\$40	\$240	\$2,880
5 X 10	50	17	6	11	850	\$70	\$1,190	\$14,280
10 X 10	100	20	20	0	2,000	\$85	\$1,700	\$20,400
10 X 10	100	18	9	9	1,800	\$95	\$1,710	\$20,520
10 X 15	150	80	25	55	12,000	\$115	\$9,200	\$110,400
10 X 15	150	8	5	3	1,200	\$120	\$960	\$11,520
10 X 20	200	60	40	20	12,000	\$145	\$8,700	\$104,400
Facility Totals		209	111	98	30,000	-	\$23,700	\$284,400

FINANCIAL OVERVIEW

	T-12		Year 1		Year 2		Year 3		Year 4	
	Total	\$/SF	Total	\$/SF	Total	\$/SF	Total	\$/SF	Total	\$/SF
Income										
Gross Potential Rent	\$284,400	\$9.48	\$284,400	\$9.48	\$284,400	\$9.48	\$292,932	\$9.76	\$301,720	\$10.06
Merchandise Sales	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tenant Insurance (Net)	\$6,930	\$0.23	\$9,781	\$0.33	\$13,042	\$0.43	\$13,857	\$0.46	\$14,272	\$0.48
Admin Fees	\$0.00	\$0.00	\$1,152	\$0.04	\$1,187	\$0.04	\$1,222	\$0.04	\$1,259	\$0.04
Late Fees	\$1,920	\$0.06	\$1,978	\$0.07	\$2,037	\$0.07	\$2,098	\$0.07	\$2,161	\$0.07
Economic Vacancy	-56.8% (161,453) (\$5.38)		-30.0% (85,320) (\$2.84)		-12.0% (34,128) (\$1.14)		-12.0% (35,152) (\$1.17)		-12.0% (36,206) (\$1.21)	
Effective Gross Income	\$131,797	\$4.39	\$211,991	\$7.07	\$266,537	\$8.88	\$274,957	\$9.17	\$283,206	\$9.44
Expenses										
Real Estate Taxes	\$9,685	\$0.32	\$10,169	\$0.34	\$10,373	\$0.35	\$10,580	\$0.35	\$10,792	\$0.36
Insurance	\$5,165	\$0.17	\$5,268	\$0.18	\$5,373	\$0.18	\$5,481	\$0.18	\$5,590	\$0.19
Utilities & Trash	\$9,266	\$0.31	\$9,451	\$0.32	\$9,640	\$0.32	\$9,833	\$0.33	\$10,030	\$0.33
On-Site Payroll	\$25,000	\$0.83	\$25,500	\$0.85	\$26,010	\$0.87	\$26,530	\$0.88	\$27,061	\$0.90
Management Fees	\$6,590	\$0.22	\$10,600	\$0.35	\$13,327	\$0.44	\$13,748	\$0.46	\$14,160	\$0.47
Bank & Credit Card Fees	\$2,965	\$0.10	\$4,770	\$0.16	\$5,997	\$0.20	\$6,187	\$0.21	\$6,372	\$0.21
Advertising & Marketing	\$0.00	\$0.00	\$12,000	\$0.40	\$12,240	\$0.41	\$12,485	\$0.42	\$12,734	\$0.42
Office & Administrative	\$2,289	\$0.08	\$2,334	\$0.08	\$2,381	\$0.08	\$2,429	\$0.08	\$2,477	\$0.08
Telephone & Internet	\$2,220	\$0.07	\$2,264	\$0.08	\$2,310	\$0.08	\$2,356	\$0.08	\$2,403	\$0.08
Repairs & Maintenance	\$4,500	\$0.15	\$4,590	\$0.15	\$4,682	\$0.16	\$4,775	\$0.16	\$4,871	\$0.16
Total Operating Expenses	\$67,680	\$2.26	\$86,947	\$2.90	\$92,333	\$3.08	\$94,403	\$3.15	\$96,491	\$3.22
<i>Operating Expense Ratio</i>	<i>51.4%</i>	<i>-</i>	<i>41.0%</i>	<i>-</i>	<i>34.6%</i>	<i>-</i>	<i>34.3%</i>	<i>-</i>	<i>34.1%</i>	<i>-</i>
Net Operating Income	\$64,118	\$2.14	\$125,044	\$4.17	\$174,204	\$5.81	\$180,554	\$6.02	\$186,715	\$6.22

Assumptions:

- Gross Potential Rent - Unchanged in Year 1, 5% increase in Year 2, 3% increases moving forward
- Tenant Insurance (Self-Storage Units Only) - 60% penetration x \$6.50 (Profit) x 12 months in Year 1, 80% penetration in Year 2, 85% penetration in Year 3, 3% annual growth moving forward
- Admin Fees - \$24 per move-in x 4 move-ins per month x 12 months in Year 1, 3% annual growth moving forward
- Real Estate Taxes - Estimated in Year 1 based on the sale price (with 30% goodwill allocation) and current millage rate, followed by 2% annual growth moving forward
- Insurance Expense - 2% annual growth starting in Year 1
- Utilities Expense - 2% annual growth starting in Year 1
- On-Site Payroll - Added \$25,000 in Payroll for T-12 Expenses to be in-line with market
- Management Fee - 5% of Effective Gross Income
- Bank and Credit Card Fees - 2.25% of Effective Gross Income
- Advertising & Marketing - \$1,000 per month budget starting in Year 1, 2% annual growth moving forward
- Office & Administrative - 2% annual growth starting in Year 1
- Telephone & Internet - 2% annual growth starting in Year 1
- Repairs & Maintenance - 2% annual growth starting in Year 1

10 YEAR CASH FLOW ANALYSIS

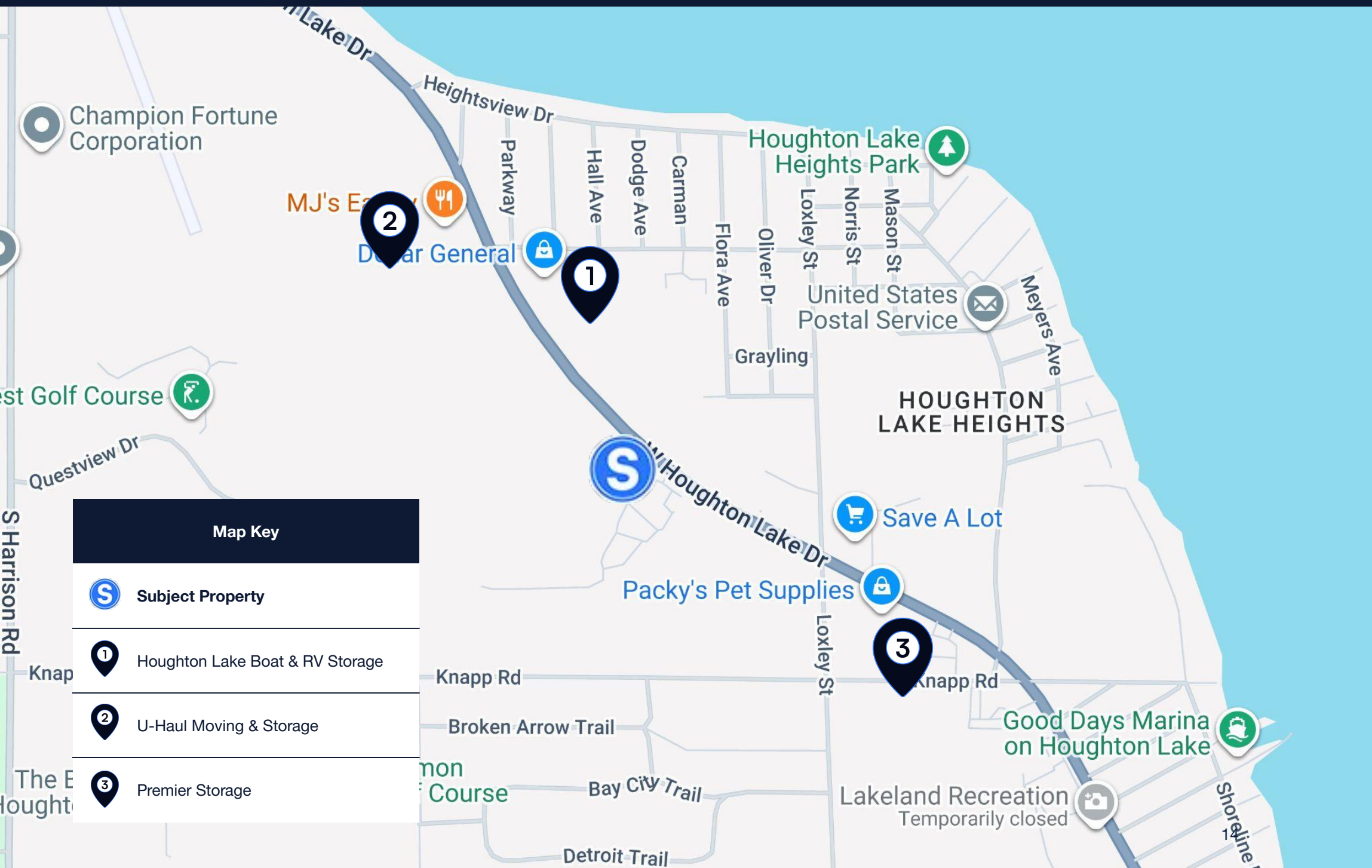
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income										
Gross Potential Rent	\$284,400	\$284,400	\$292,932	\$301,720	\$310,772	\$320,095	\$329,698	\$339,588	\$349,776	\$360,269
Merchandise Sales	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tenant Insurance (Net)	\$9,781	\$13,042	\$13,857	\$14,272	\$14,701	\$15,142	\$15,596	\$16,064	\$16,546	\$17,042
Admin Fees	\$1,152	\$1,187	\$1,222	\$1,259	\$1,297	\$1,335	\$1,376	\$1,417	\$1,459	\$1,503
Late Fees	\$1,978	\$2,037	\$2,098	\$2,161	\$2,226	\$2,293	\$2,361	\$2,432	\$2,505	\$2,580
Economic Vacancy	(\$85,320)	(\$34,128)	(\$35,152)	(\$36,206)	(\$37,293)	(\$38,411)	(\$39,564)	(\$40,751)	(\$41,973)	(\$43,232)
Effective Gross Revenue	\$211,991	\$266,537	\$274,957	\$283,206	\$291,702	\$300,453	\$309,467	\$318,751	\$328,313	\$338,162
Expenses										
Real Estate Taxes	\$10,169	\$10,373	\$10,580	\$10,792	\$11,008	\$11,228	\$11,452	\$11,681	\$11,915	\$12,153
Insurance	\$5,268	\$5,373	\$5,481	\$5,590	\$5,702	\$5,816	\$5,932	\$6,051	\$6,172	\$6,295
Utilities & Trash	\$9,451	\$9,640	\$9,833	\$10,030	\$10,230	\$10,435	\$10,644	\$10,856	\$11,074	\$11,295
On-Site Payroll	\$25,500	\$26,010	\$26,530	\$27,061	\$27,602	\$28,154	\$28,717	\$29,291	\$29,877	\$30,475
Management Fees	\$10,600	\$13,327	\$13,748	\$14,160	\$14,585	\$15,023	\$15,473	\$15,938	\$16,416	\$16,908
Bank and Credit Card Fees	\$4,770	\$5,997	\$6,187	\$6,372	\$6,563	\$6,760	\$6,963	\$7,172	\$7,387	\$7,609
Advertising & Marketing	\$12,000	\$12,240	\$12,485	\$12,734	\$12,989	\$13,249	\$13,514	\$13,784	\$14,060	\$14,341
Office & Administrative	\$2,334	\$2,381	\$2,429	\$2,477	\$2,527	\$2,577	\$2,629	\$2,682	\$2,735	\$2,790
Telephone & Internet	\$2,264	\$2,310	\$2,356	\$2,403	\$2,451	\$2,500	\$2,550	\$2,601	\$2,653	\$2,706
Repairs & Maintenance	\$4,590	\$4,682	\$4,775	\$4,871	\$4,968	\$5,068	\$5,169	\$5,272	\$5,378	\$5,485
Total Operating Expenses	\$86,947	\$92,333	\$94,403	\$96,491	\$98,626	\$100,810	\$103,044	\$105,329	\$107,667	\$110,058
<i>Operating Expense Ratio</i>	<i>41.0%</i>	<i>34.6%</i>	<i>34.3%</i>	<i>34.1%</i>	<i>33.8%</i>	<i>33.6%</i>	<i>33.3%</i>	<i>33.0%</i>	<i>32.8%</i>	<i>32.5%</i>
Net Operating Income	\$125,044	\$174,204	\$180,554	\$186,715	\$193,076	\$199,643	\$206,423	\$213,421	\$220,646	\$228,104

RENT COMPARABLES

Non-Climate Controlled Rent Comparables

	Facility Name	Address	5x10 NC	10x10 NC	10x20 NC	Distance to SP
	Subject Property	7685 W Houghton Lake, Dr Houghton Lake, MI	\$70.00	\$85.00	\$145.00	-
	Houghton Lake Boat & RV Storage	833 Byron Ave, Houghton Lake, MI	-	\$129.00	\$179.00	0.2 Miles
	U-Haul Moving & Storage	8135 W Houghton Lake Dr, Houghton Lake, MI	-	\$114.95	\$199.95	0.4 Miles
	Premier Storage	7884 Knapp Rd, Houghton Lake, MI	\$50.00	\$60.00	\$90.00	0.4 Miles
Averages			\$50.00	\$101.32	\$156.32	-
Average Rent Per SF			\$1.00	\$1.01	\$0.78	-

RENT COMPARABLES MAP



MARKET OVERVIEW

Two Bears Storage

7685 W Houghton Lake Dr,
Houghton Lake, MI



Houghton Lake, MI

Market Demographics



5,761

Total Population

\$50,861

Median HH Income

2,763

of Households

79.5%

Homeownership Rate

2,112

Employed Population

17.4%

% Bachelor's Degree

54.5

Median Age

\$122,800

Median Property Value

Local Market Overview

Houghton Lake is a growing CDP in northern Michigan that continues to attract residents and seasonal visitors. Recent estimates put the population reflecting growth of roughly 3 % annually — indicative of modest but steady in-migration or retention. The median age is fairly high, and the cost-of-living and housing costs remain well below national averages, making Houghton Lake an attractive location for retirees, second-home owners, vacationers, and those seeking affordable housing outside major metro areas. The community is also characterized by a large share of second homes and seasonal properties, with many dwellings occupied only part of the year by vacationers and recreational users.

For a self-storage property, this demographic mix — including older residents, seasonal homeowners, and likely occasional movers — suggests consistent demand, especially for storage for boats/RVs (common in lake communities), seasonal items, and long-term overflow storage. The relatively high owner-occupancy rate may also suggest that many households have garages/attics, but self-storage offers extra, climate-protected space that detached homes often lack. Also, the affordability of housing in the area may lead to smaller living spaces or multi-household arrangements over time — both of which tend to drive demand for supplemental storage.

Population	1-Mile	3-Mile	5-Mile
Five-Year Projection	803	2,989	6,736
Current Year Estimate	813	3,012	6,778
2020 Census	787	3,284	7,280
Households	1-Mile	3-Mile	5-Mile
Five-Year Projection	413	1,382	3,255
Current Year Estimate	419	1,406	3,320
2020 Census	409	1,535	3,465
Income	1-Mile	3-Mile	5-Mile
Average Household Income	\$56,075	\$63,892	\$70,578

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Matthew Fitzgerald | Broker of Record | Lic. No. 6505432273 (MI)

This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at 7685 W Houghton Lake Dr, Houghton Lake, MI, 48629 ("Property"). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services™. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services™. has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

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If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Matthews Real Estate Investment Services™. or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

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