

## CASE STUDY:

# HIGHLINE STORAGE PARTNERS

Highline Storage Partners Utilizes Revenue Management to Analyze Acquisitions and Optimize Prices in the Secondary and Tertiary Markets



## ABOUT HIGHLINE STORAGE PARTNERS

**Highline Storage Partners (HSP) is a values-focused real estate investor, developer, owner, and management company.** HSP's core strategy is to acquire and reposition existing self storage assets in secondary and tertiary markets. HSP's mission is a commitment to become the most innovative organization in the industry by identifying value and realizing unique opportunities in our properties, our people, and our communities.



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– **Jim Berry**, President of Highline Storage Partners



## SUMMARY

After several years of developing properties that were managed by 3<sup>rd</sup> party managers, Highline Storage Partners decided to create their own property management company after acquiring three "mom & pop" self storage facilities. But to compete with the REITs, they knew they needed REIT-equivalent technology and tools, especially in the area of pricing.

They initially tried a rules-based pricing module that came with their property management system, but this failed to give them the transparency and reporting needed. Both based in Atlanta, Highline implemented Prorize on all of their properties in 2020 and were immediately impressed with the team of data scientists and their technology specifically built for the self storage industry. Since first working together, Highline has grown to own and manage thirty self storage facilities. In addition to achieving astounding revenue growth, they have also used the data from the system to evaluate new acquisition targets and forecast budgets.



## CHALLENGE

**Highline Storage Partners' executives were seasoned property and real estate development veterans in the Southeast.** After several years of developing self storage facilities managed by REITs, in 2019 they began acquiring underperforming self storage properties, which led them to launch their own property management platform. They quickly acquired three properties focusing on secondary and tertiary markets.

Highline learned with each acquisition that there were disparities and opportunities. Many storage facilities had not raised rates in years as owners were complacent and content with 99% occupancy levels regardless of revenue growth.

Initially, Highline attempted to use the built-in pricing module of their property management software. While these systems are good at tracking renters, managing finances, and streamlining operations, the pricing module was unsophisticated, rules-based, and not result-oriented. It provided zero transparency into the efficacy of the decision-making or the ability to analyze the data to understand better the what's and why's

To achieve revenue goals and support their aggressive growth strategy, Highline realized they needed to address three pricing pitfalls.

1. Remove the emotion in rent raises – It's only natural that Highline's store managers were hesitant to raise rents. It had been years since one was executed, and dealing with an angry or complaining customer was foreign. But this fear of customer confrontation negatively impacted store revenue and performance.
2. Reduce the time commitment – Highline knew that the time spent computing and analyzing prices was not scalable. As a result, they were either had to devote more existing resources or hire additional staff.
3. Increase transparency across rank and file – The lack of analytics and reports kept the upper-level management guessing and created division among the ranks with managers who were not bought into the process.



## SOLUTION

In 2020, after reading an article about their revenue management solution for self storage companies, Highline reached out to Prorize, another Atlanta-based company. Upon viewing a demo of Prorize's Self Storage Revenue Optimizer™ (SSRO™) solution, Highline realized the technology was a game-changer for their business, mainly because they were focused on secondary and tertiary markets where there was less sophistication.

"In many markets, we are competing with REITs who have the latest technology and personnel resources at their fingertips," said Jim Berry, President of Highline Storage Partners. "When we saw Prorize's Self Storage Revenue Optimizer solution and how it forecasts demand and generate prices, we knew we had a solution that puts us on par with the REITs."

Highline Partners had an ambitious timeline to deploy SSRO and get stores up and running on the system, and Prorize held their hand every step of the way.

"The whole onboarding process was pretty spectacular," said Mr. Berry. "Even when we didn't understand requests, they patiently walked us through the steps and requirements. I've onboarded several systems over the years, and I have to say that the Prorize team was second to none."

One consistent pattern in acquiring facilities in the secondary and tertiary markets was years of stagnant rent raises combined with high occupancy rates, which made revenue growth flat. As such, store managers were initially hesitant about the pricing recommendations generated by SSRO and pushed back.

In educating their managers, Highline focused on the concept of forecasting. Forecasting forced everyone to rethink traditional markets and what they thought they knew about the customer. And



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by being able to toggle through data and generate reports, Highline could quickly address scenarios where what a manager thought was going to happen was contradicted by the data. So while it was easy for store managers to initially challenge the rate hikes, in the end, they could not question the results.

"A considerable part of our success is that we took a leap of faith and have 0% overrides," said Mr. Berry. "The more we let the system run, the more we learn. Sometimes I still can't believe some of the rates we are getting. The revenue growth with Prorize has been astounding and more than we ever thought we could get."

As Highline acquired more data, they realized other valuable benefits beyond forecasting demand and prices with Prorize.

One area was budgeting for each facility. "Budgeting is a painful process," said Mr. Berry. "Expense growth is a science where you can apply a normal escalator. The revenue side, however, is an art and requires interpretation and hypothesizing. We use our Prorize reports to forecast revenue, which provided more accurate numbers and gave us more confidence in our financials."

Another area where Highline leverages Prorize is comparing new acquisition targets with existing stores. By comparing data points like demographics and current store rates, they can find correlations between the stores and make bounded assumptions and revenue projections.



## RESULTS

Over the years, Highline has experienced rapid growth, acquiring one or two properties each month. They credit Prorize for helping them develop a more disciplined approach to onboarding new properties.

"From the time we get new store data to the time we turn it on, we want it as short as possible," said Mr. Berry. "Prorize has helped us develop a better process, and we haven't thrown anything at them that they haven't been able to address or solve."

Highline is looking to the future optimistically, in part thanks to Prorize.

"Without Prorize, whatever time we spent on trying to predict prices wouldn't be enough, nor would it be accurate," said Mr. Berry. "The correlation between the time we've put in and the results we have gained is disproportional in the most positive of ways. There's just no replacing their technology and the value it has brought to our bottom line."

## ABOUT PRORIZE: PIONEERS IN THE SCIENCE OF PRICING

Prorize is a global leader in revenue management solutions now serving clients in over a dozen countries across five continents. The only pricing company to ever win the world's top prize for advanced analytics, the Franz Edelman Award, Prorize's proprietary software and pricing consultants help clients capture maximum revenue from their assets. Prorize's data-driven approach focuses on providing value through mutually beneficial transactions and optimum price points allowing for sustainable and profitable growth of the enterprise.