

# 5 Reasons to

## Own Personal Warehouse Space Instead of Renting

Provided by PW Development



[PersonalWarehouse.com](https://www.personalwarehouse.com)



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 2278 Manatt Court, C11  
Castle Rock, CO 80104

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According to the industrialist billionaire Andrew Carnegie, "Ninety percent of all millionaires become so through owning real estate. More money has been made in real estate than in all industrial investments combined. The wise young man or wage earner of today invests his money in real estate." The time and reasons for ownership have never been stronger. Below are a few things to consider before you make the important decision to rent or buy.

## 1. BUILD EQUITY

If you own your warehouse, you will generally **gain equity each month**. After all, a portion of your monthly loan payment goes towards the principal. When you rent, your monthly payments are purely expenses, rather than building into your portfolio. Owning a Personal Warehouse not only builds equity, but **adds to your assets**. Many service-based companies find it difficult to borrow and build credit if they don't own any assets. A Personal Warehouse is the perfect addition to your balance sheet to help you build and expand your borrowing abilities and build your business. Plus, if you decide to sell the Personal Warehouse, you get to **keep the proceeds of the sale**. Who doesn't like getting cash back?

**Appreciation benefits**, including leverage of cash invested, are key aspects of real estate investment and of owning commercial

real estate. A Personal Warehouse is an investment that many people value more than stocks, because they get the tangible, daily **benefit of physical ownership**. The financial benefits are also significant, and can be more substantial than stock investing because as commercial real estate appreciates, the entire property value appreciates, not just the gain your down payment cash investment. For example, if you bought \$40,000 in stock and it appreciated by 3% per year for 3 years, you've gained \$3709 on top of your \$40,000 investment. If you buy a \$160,000 Personal Warehouse with a down payment of \$40,000 (representing a 25% down payment) and it appreciated by 3% per year for 3 years, you would gain \$14,836 on top of the \$40,000 invested, which is an **increase of \$11,127** over the stock investment. Which one sounds better to you?



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## 2. FIXED RATE BANK LOANS VERSUS RENT

Interest rates continue to remain at a near all time low, making ownership more affordable and attractive. **A fixed rate loan will ensure your monthly repayment stays the same**, while rental rates may dramatically increase over the term of the lease. It is common for **rental rates to increase by 3-5% per year**, compounding the effective cost to lease. When you own, you're protected from market swings and have locked in your ownership cost. As warehouses and flex space become increasingly popular, you won't be stuck with a huge rent increase. Instead, watch your investment rise in value with the peace of mind of a fixed monthly payment.

For example, if you entered into a 5-year lease on a 1000-square foot warehouse for \$1000 per month, and assume a 5% annual rent increase, the new monthly lease rate would be \$1215 per month, and the total rent increase over the term would be \$6307 paid to the landlord. In comparison, by owning that same space with a fixed rate loan, not only would your payments be lower than the rental rate, but you would also **keep the \$6307 in your pocket**.

## 3. TAX BENEFITS

Taking advantage of available tax write-offs on your property can make a big difference to your profitability. Investment in business or personal use of a Personal Warehouse can really help with tax deductions and savings.

**Owner-user tax deductions for business uses.** Origination fees, underwriting, appraisal, application fees, and so on, are all tax deductible. Title, recording, survey, and attorney fees (not loan-related) are added to the cost basis and depreciated over the life of the property. This means that if you secure a 20-year loan, you can deduct one-twentieth, or 5%, each year. If you sell the property and pay off the loan, you can write off the remaining fees and points in the year the property is sold.

**Rental tax deductions.** Thinking of renting the space or partially leasing it? If rental income is \$12,000 and your allowable deductions total \$9000, you would only owe taxes on the remaining \$3000. If your deductions totaled \$14,000, you could use the excess \$2000 against other income, or carry it over to the following year.

**Depreciation.** The biggest benefit in commercial real estate ownership over an investment or rental is that you get to depreciate the full cost of the warehouse (excluding any associated land value). Both the down payment and the financed portion (if it is used for commercial use) would depreciate over a 39-year period. These deductions can really add up, potentially saving you thousands of dollars each year at tax time.



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## 4. COST EFFECTIVE

On average, you can **save up to 50% per month by owning rather than renting**. How can this be possible when renting is mainstream and customary in the industry? There are a few key factors that contribute to this spread, as outlined below.

Nationally, **rental rates on industrial properties have increased by 5.4% year on year** since 2017. Comparatively, office rents have increased by 4.1%, with an average expectation of an annual 3% increase. Rising rents have made ownership more attractive and much more affordable. Vacancies are running at all-time lows, meaning **demand is increasing**, which in turn will continue to apply pressure to **rising rental rates**.

For example, in most of our markets, small industrial/office space rental ranges between \$12 and \$18 NNN. If you were to lease 10,000 square feet, your average monthly base rental rate would be between \$1000 and \$1500 NNN per month. Assuming a purchase of this same space at \$160,000 (\$160 psf) with a 25% down payment (\$40,000) and a 25-year fixed rate loan at 5.5%, your monthly payment will be approximately \$736 per month (principal and interest only). **Savings can range between 25 and 50%** - not to mention the tax benefits, and the fact that your payment won't go up.

Commercial financing is readily available for purchasing Personal Warehouse units. Depending on your credit and financial status, you may be able to put as little as 20% down. SBA loans and other loan programs can accommodate a reduced down payment of as little as 10%. On average we see buyers putting down 20-30% of the purchase price, which lowers the monthly payment and increases the affordability.



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## 5. CUSTOMIZE YOUR SPACE

Ownership has its privileges and benefits. Many landlords will not approve customizations to their space, or if they do, your investment and upgrades will likely remain with the landlord once you leave. Personal Warehouses are ideal for a wide variety of uses, and are easy to **customize to fit your needs**. We provide the box and you create your space. Whether it is to **Work, Store or Play, a Personal Warehouse has you covered.**

### Work - Space for your business

Business needs are as unique as individuals. Whether you require a creative office space or studio, mezzanine, pallet racks, or 24-hour access, Personal Warehouse has a flexible, affordable solution for you. Because zoning and approved uses vary by site, please be sure to work with our team to find the best location to meet your needs.

### Store - Space for your stuff

Whether storing your antique collections, classic car shrine, or other important collectibles, Personal Warehouses offer a secure, affordable, flexible solution to meet your needs. Own your space for a fraction of the cost of renting, while building equity.

### RV/Boat Storage - Covering your assets

Most residences don't have the parking space to accommodate an RV or boating lifestyle. Personal Warehouses provide the perfect storage solution to protect your investment. Experience peace of mind knowing that your assets are protected from nature's elements, theft, burglary, and vandalism. With 24/7 access, there are no time or day restrictions - your space is always available.



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## Collectors - The space you've always wanted

Anything worth collecting is worth protecting. You've invested valuable time and money building that perfect collection, now it's time to keep it safe, organized, and accessible. A Personal Warehouse is an affordable solution for storing and enjoying your collection. With a variety of unit sizes and customizable options and upgrades, we have the ideal space for your needs.

## Warehouse and Distribution - Storage on steroids

If you have business storage needs, you know how difficult it can be to find affordable space for your inventory, supplies, and equipment. The customizable options offered by a Personal Warehouse are ideal for warehousing and distribution. Designed for high bay pallet racks, fork-lifts, and multi-sized delivery trucks, the projects can accommodate your business.

## Play - Space for fun

Unlike a typical storage unit, Personal Warehouses are designed for an experience. Your getaway can be used for anything including a man cave, high-tech entertainment, billiards, a studio, gaming center, winery, and more. With options such as a mezzanine, wet bar, and private restrooms, anything is possible.

You will quickly find that no other option has more flexibility than a Personal Warehouse to meet your unique needs. Because our warehouses are zoned for retail, office, warehouse, and personal use, they are much more likely to keep or increase their value over other real estate investments.

## Work, Store, Play - Personal Warehouse

A Personal Warehouse is an innovative solution for business owners, RV users, boat owners, sport enthusiasts, collectors, hobbyists, and entertainment seekers. By creating ownership benefits and incorporating flexible sizes, heat, power, security, and unlimited access, we have developed a new and expanding niche in the warehouse market. Through the development of our numerous projects, we have seen demand grow from 'simple' RV storage to a vibrant community made up of toy collectors, hobbyists, retail, office, and other business usage. We call our product a 'Personal Warehouse' because the only limit is your imagination!



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# WORK, STORE, PLAY!



## CONTACT US

Contact PW Development, LLC to learn how you can benefit from the Personal Warehouse solution, and to start planning your custom space.

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**Call or Email Today for a  
FREE CONSULTATION!**

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