

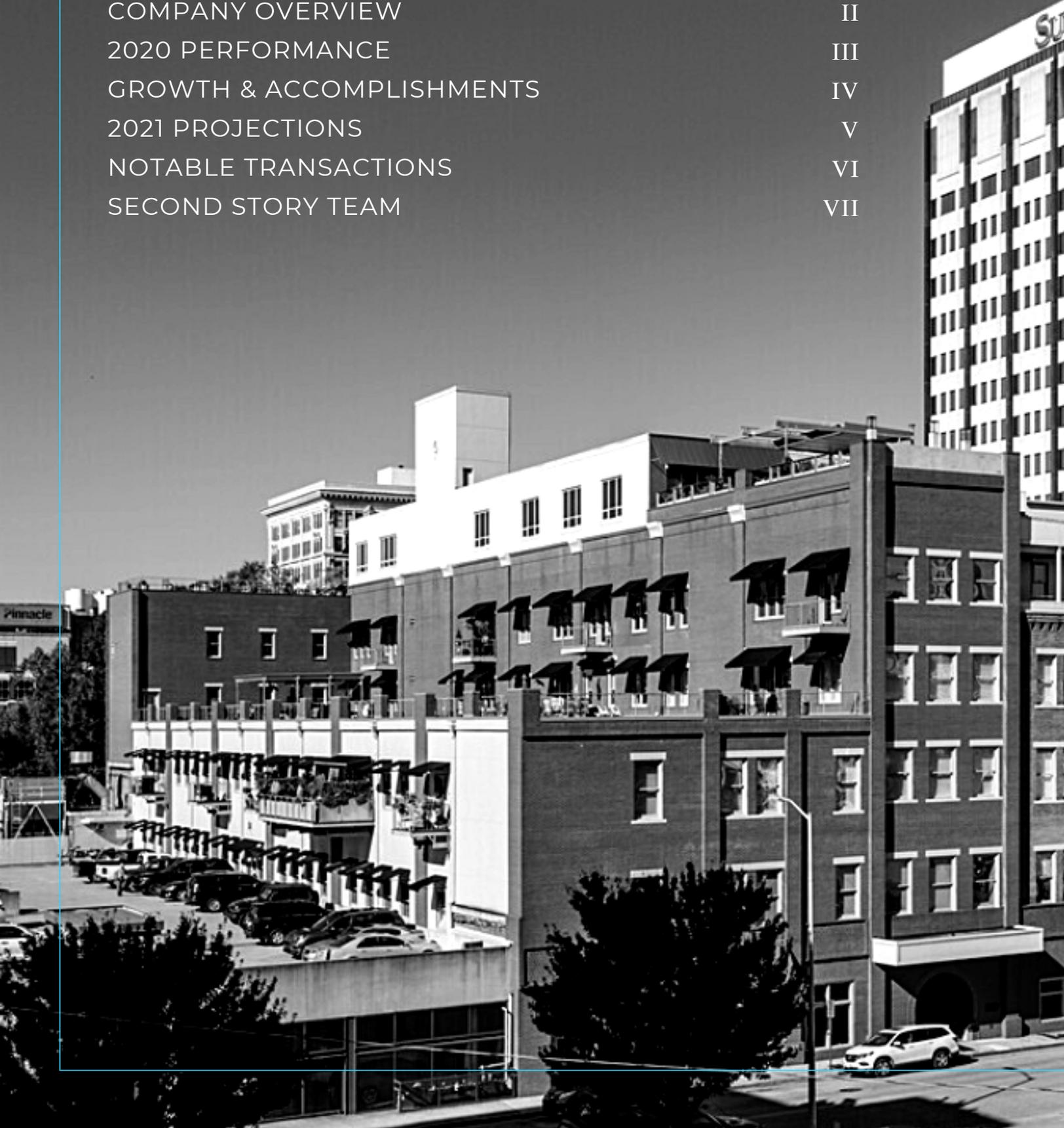


# ANNUAL REPORT 2020

**SECOND  
STORY**  
REAL ESTATE MANAGEMENT

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## | A LETTER FROM OUR CEO

Second Story was founded on the principles of passion, service and expertise. If the year of 2020 has taught me anything, it is that those driving factors now play an even greater role in the success of our work. We have a *passion* for the work that we do, we place *service* to our customers above all else and we pride ourselves in being *experts* in our respective markets. Looking back at our 2019 Annual Report and my address to you then, there was no way any of us could have predicted what the year 2020 had in store for our nation.

While we are excited for what the future holds, it is only appropriate that we reflect on this past year and leave with thankful hearts. From the cities we work *in* to the clients and residents we work *with*, we could not be more appreciative to our support system that keeps our company alive. This year has made our company stronger and as a result our customers will reap the benefits. Second Story has shown resilience, flexibility and fearlessness. In the face of uncertainty I can confidently say that we rose to the challenge by studying the market, implementing immediate protocols as situations evolved, increasing our communication tactics all while improving internal processes and providing transparency behind our operations.

I believe that because we carried ourselves throughout the year with open minds and a resourceful approach, as a company we were able to have our most successful year yet. We were able to achieve all goals set for ourselves and then some, and because of our hard work we are projected to have a fruitful 2021. I could not be more proud of the team I have behind me. Our team has full confidence that we can continue to provide the highest quality of service to our clients resulting in *their* 2021 being fruitful as well.

Regardless of what this year holds, we hope that you too, place your confidence in Second Story. We appreciate your business and look forward to what 2021 has in store.

- Tiffanie Robinson, President & CEO

# | WHO WE ARE.

## COMMERCIAL BROKERAGE

Second Story's team of commercial agents are dedicated to providing a high level of expertise across all asset classes including medical, office, retail, restaurant, land and industrial. In recent years, we have refined consistency in performance and results. It is a priority to be a company with whom our clients are proud to work with. Our team is fueled by a passion for the real estate industry as well as quality of service to our customers and their respective markets.

# | WHAT WE DO.

## COMMERCIAL SERVICES

- ✓ Landlord & Tenant Representation
- ✓ Buyer & Seller Representation
- ✓ Asset Valuation
- ✓ Acquisitions & Dispositions
- ✓ Site Selection
- ✓ Listing Marketing Services

## PROPERTY MANAGEMENT

Second Story's property management team works to make sure our clients' assets are thriving. Our team is comprised of departments including business development, property management, leasing management, maintenance, accounting and marketing. While protecting our client's investments, we work to not only keep properties in immaculate shape but also provide the customer service needed to build relationships and enhance tenant's on-site experience.

## MANAGEMENT SERVICES

-   
24/7 Maintenance
  - 24 Hour Emergency Communication
  - Daily Maintenance Needs
  - Build-Out Management
  - Vendor Management & Contract Bundling
-   
Strategic Marketing
  - Full Marketing Services
  - Social Media Management
  - Google Ad Management
  - Website Development & Management
-   
Leasing Coordination
  - Leasing Plan creation & execution
  - Tenant Application & Screening Process
  - Move In/Out Concierge
  - Resident Relations
-   
Accounting & Bookkeeping
  - Accounts Receivable & Accounts Payable
  - Budget Creation
  - Monthly Financial Reporting
  - COA/HOA Fee Management

“Second Story was founded on the principles of passion, service and expertise. We want to be able to provide innovative solutions through customized service by being experts at what we do. We offer commercial real estate services as well as property management solutions in an effort to be the ultimate package for our clients.

- Tiffanie Robinson, President & CEO



# | GROWTH & ACCOMPLISHMENTS

## COMMERCIAL BROKERAGE

Our commercial team faced a series of challenges throughout the year but because of our proactivity and efficiency, our team had a very successful year. Our accomplishments were the direct result of our ability to evolve and make decisions quickly based on our observations and nationwide market research. Because of our company dynamic we were able to face challenges as a team to create innovative solutions for our clients. Because we relied so heavily on each individual team member, we are able to gather several different perspectives and think outside of the box. As the economy changed we analyzed who can afford to spend money right now, how can we change our negotiation tactics, what are lenders looking for right now, what permits and processes would cause development delays. Even during lockdown we were able to continue working on behalf of our clients to ensure that their money and time was being invested properly.

These strategies came in handy throughout 2020 as the markets we work in both locally and nationally were faced with evolving challenges. Not only did we have to ensure that our clients felt comfortable moving forward with developments and transactions, but we also had to push each other to take advantage of our research and what we were seeing in the market on local and national levels. As a result of our efforts, this past year we closed deals in 18 different cities outside of Chattanooga, and we are actively working on deals in 14 new cities in the Southeast Region, as well as a few in the Central Region.

We saw that the retail/restaurant classes were facing unprecedented challenges so we had a proactive approach to moving deals along. We worked on getting flexible and affordable lease terms for tenants, we negotiated pop-up options into agreements, but overall as a team we were still able to close 15 transactions related to retail and restaurant concepts. When we saw the need for office space slow due to the increased work from home conditions, we shifted our teams focus to asset classes that were initially benefitting from the situation like the medical class. We closed 17 transactions that dealt with medical or wellness related concepts alone, which is a testament to how the market reacted to a pandemic. The need for medical space increased as well as the demand for mental health, self-care and aesthetic related services.

## PROPERTY MANAGEMENT

Our property management team took a different approach throughout the year of 2020. We managed a total of 45 properties throughout the greater Chattanooga area, into Ooltewah, Cleveland and North Georgia totaling just over 1 Million square feet. Of the properties we manage, we have clients in both the multi-family and commercial markets. A majority of the multi-family communities we work with are also mixed-use developments. With regard to commercial properties, we are largely focused on medical and office buildings. We also specialized in COA and HOA management.

This past year allowed our team to grow at a rapid rate. We implemented unprecedented emergency plans and mass communication plans to both owners and investors as well as the tenants and residents in our buildings. We had to walk the line between maintaining a return on investment to the landlords but also creating a safe environment for tenants in addition to being graceful financially. We lasered in on how to be better stewards fiscally, how to stabilize properties during the pandemic, how to maintain high occupancy rates, keep delinquency rates low all while satisfying both tenants and owners. As a result, all communities stayed occupied at 85-90% and we did not lose any clients during the pandemic. We believe that our track record through 2020 speaks volumes of the lengths we are willing to go to for our clients and customers. Company reputation and customer satisfaction are the pillars to our company's success.

## INTERNAL GROWTH

Overall, the year of 2020 forced our company to grow, expand and change in many ways faster than expected. But the result of it all was more positive than we could have hoped for. As a united front, we overcame challenges the country did not see coming. We were able to double down on asset classes that we knew would thrive during the pandemic, while still lending a helping hand to those who were struggling. We prioritized building strong client relations and transparent communication plans. As a small company we spent enormous amounts of time overhauling internal processes to be more efficient for the benefit of our customers.

Internal changes included creating a Business Development position, a Marketing Manager job role, a Director of Multi-family, we hired a new Vice President of Property Management, and added several maintenance team members. We also added three new agents to our Commercial Brokerage team. In addition to adding new team members and promoting others, our company launched our new storage management arm - Easy Storage Solutions. We will now be able to provide storage asset management solutions as well.

We were able to make these internal changes to our team because of the success we are seeing, but we realize they are necessary changes in order to continue to scale our company and provide the absolute best service possible to our clients. We are positive we are setting ourselves up for success in the year 2021 and are taking a fearless approach to what the year has in store for our company.



# | 2020 PERFORMANCE

We manage a total of 45 properties. Management services range from rent collection, budgeting and forecasting, leasing services, maintenance and marketing.

We manage approximately **1.2 Million square feet** of Multi-family properties, Commercial properties, Home Owner's Associations and Condo Owner's Associations throughout the Greater Chattanooga Area..

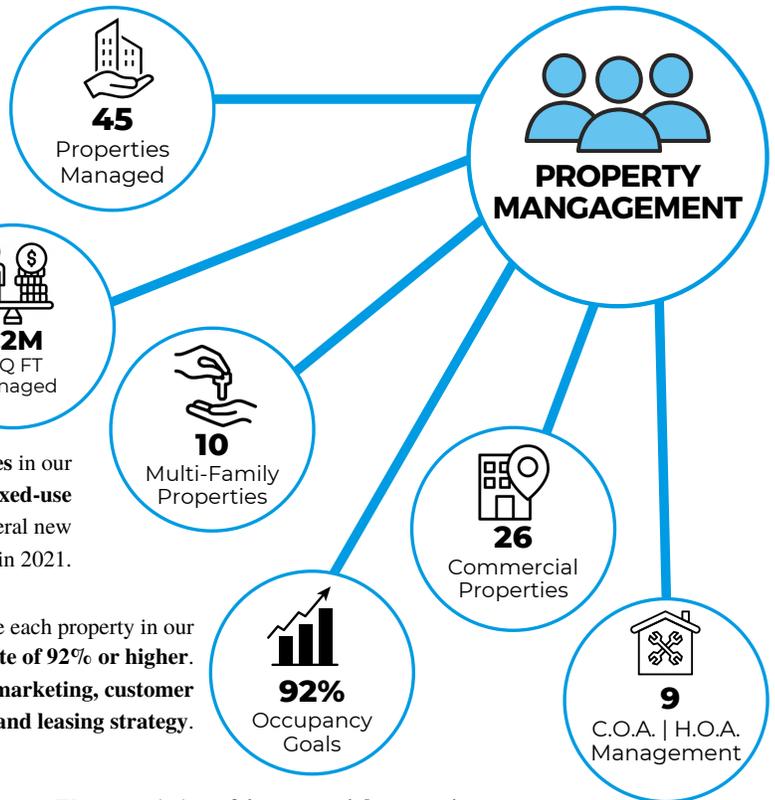
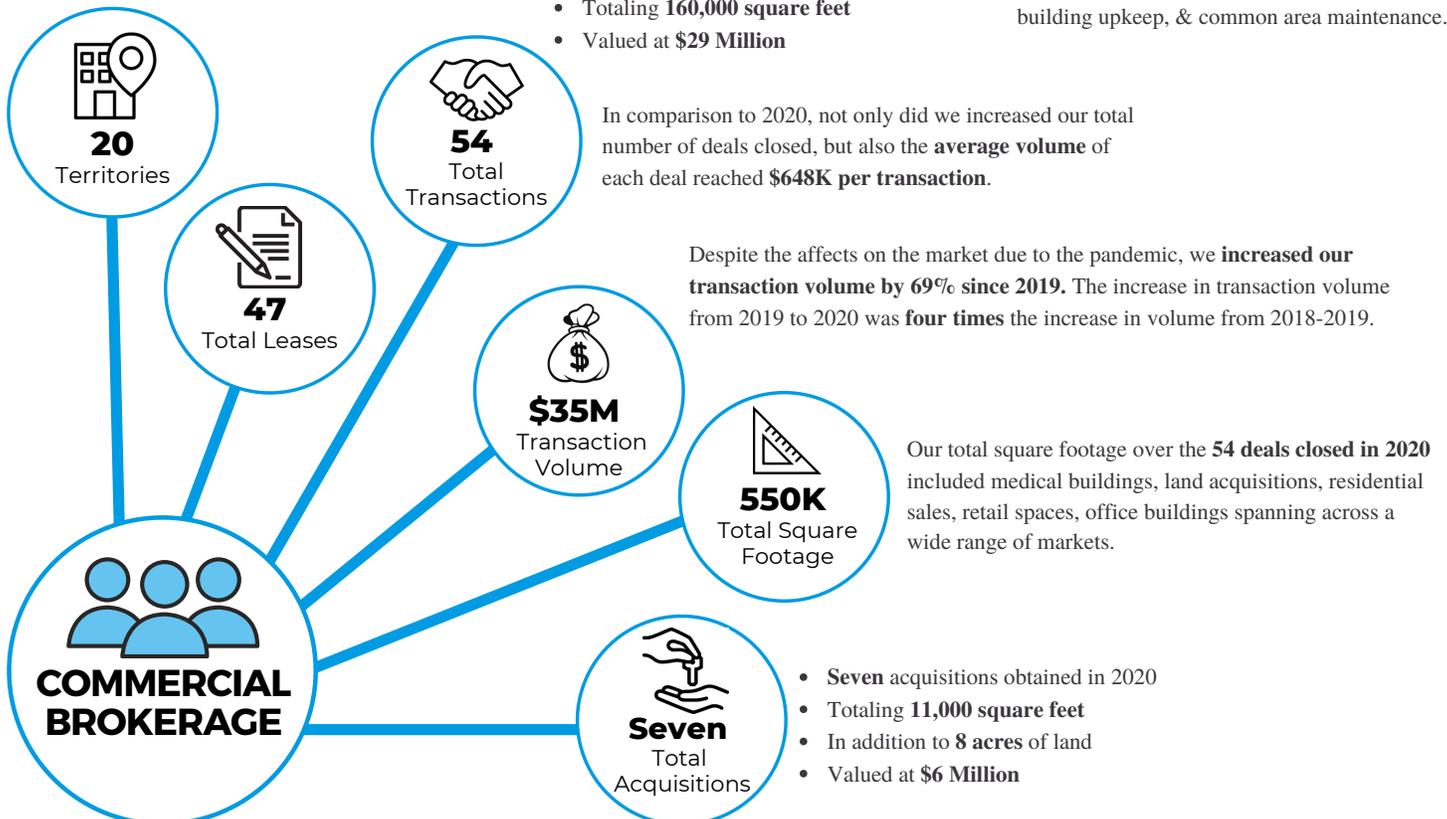
We currently have **10 multi-family communities** in our Property Management portfolio including **mixed-use developments**, with plans of adding several new communities in 2021.

Our Leasing Team strives to have each property in our portfolio sitting at an **occupancy rate of 92% or higher**. We are able to achieve this through **marketing, customer service, and leasing strategy**.

We currently have **26 commercial properties** in our portfolio including **office and medical buildings**.

Over the course of 2020, we closed deals in **20 different cities** spanning across several different neighboring states and a handful of western states.

We currently manage **nine separate Condo Owner's Associations and Home Owner's Associations**, involving financial forecasting, budget creation, building upkeep, & common area maintenance.



# | 2021 PROJECTIONS

Our company goals for 2021 are geared towards business development and expansion. Our expectations are set based on our 2020 performance rate. As our staff grows and departments increase we will maintain excellent results driven by customer service. As we continue to change internally we can ensure our processes, marketing efforts and software development keep up to pace. We feel equipped to be able to produce great returns for our clients this year.



At the forefront of our goals is working to expand our business relationships and brokerage reach throughout the Southeast. The first step to doing so is continuing to obtain brokerage licensure in other states. We are currently licensed in TN, GA, AL and the Carolinas with more on the way!

Constant improvement and internal development are always a priority for our company. We spend a great deal of time investing in each employee on each team to ensure we are delivering for our customers. Not only do we have plans to grow our brokerage team, but when the demand for management increases, our team will rise to meet the requirements. The stronger we are internally the better we can perform for clients.

With growth and expansion comes a need to build strong brand awareness and marketing strategy to ensure our work aligns with our company values. We are developing a more in depth strategic marketing plan for all different media platforms to reflect our services through both the commercial real estate and property management. Improved marketing efforts will overall result in better services provided and more desirable results for our clients.

As our portfolio of management contracts continue to grow, we prioritize the happiness of our clients and customers above all. While acquiring new management business is a major focus, we also have processes in place to ensure our performance maintains a high standard. Our current acquisition opportunities include several apartment communities and lease up developments as well as medical and office buildings. As our brokerage firm continues to expand it opens doors for management possibilities as well.

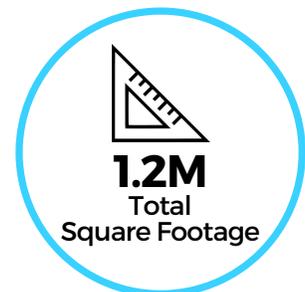
## COMMERCIAL BROKERAGE IN REAL TIME



As of March 2021, we have 49 commercial transactions in the pipeline. 17 deals have already closed and 13 deals are under contract.



Our brokerage goal for 2021 is to reach a total transaction volume of \$50 Million or higher.



Of the 49 transactions in our current pipeline, they make up over 1.2M square feet including 5.44 acres of land.

# | WHY CHATTANOOGA?

Chattanooga has proven to be the perfect location for Second Story Real Estate Management's headquarters as we push our efforts into surrounding states. The Chattanooga market has developed to include a wide variety of asset categories that are themselves showing exponential growth. We feel that the market has proven stable to provide foundational support as we continue to expand our business throughout the Southeast region of the country.

As we experienced first hand how our home base was impacted by the pandemic as well as the different markets we work in, our team stayed dedicated to keeping business alive. Based on our market observations, we predict that 2021 will be a strong year and that 2020 only delayed movement in the market and did not necessarily stifle it. Because of Chattanooga's location, we believe that the city may even directly benefit from the long term effects the pandemic has on the market, causing people to relocate from large, over crowded cities to centralized mid-sized cities.



- Chattanooga's population reached 184,561 in 2020 making it Tennessee's second fastest growing city, second to Nashville. People from all over the world are choosing to call Chattanooga home because of its low cost of living and diverse job market. Studies even predict that this city will become our nation's hiring capital in the year 2020.
- Over the past 20 years, Chattanooga and Hamilton County has celebrated over 60 business expansions resulting in 11,686 new jobs and more than \$2 billion in capital investment.
- Erlanger launched a master plan of a 600,000 square foot expansion in the Health & Wellness District (centered at 3rd and 4th Street). This \$300 million investment will be a work in progress over the course of the next 10 years, but this long term renovation will implement new cardiac, neurology, women's and children's health centers in the downtown sector.
- Because of the 2019 renovation of Miller Plaza and Warehouse Pavilion, this space was able to host over 130 public and private events. During 2020, the city spent time focusing on the renovation project at Patten Parkway creating an extension of Miller Plaza but also contributing to the beautification of the district. It is scheduled for completion Spring 2021.
- There are over 25 logistics companies in Chattanooga that provide thousands of jobs. Arrive Logistics will be investing over \$3 million in expansion creating over 500 jobs. In addition Freight Waves will be expanding creating nearly 300 additional jobs. Other main logistics companies in the area include U.S. Xpress, Kenco, XPO Logistics and Coyote Logistics.
- Chattanooga is also home to a wide variety of manufacturing and service industries including McKee Food Corporation and Chattanooga Bakery who work to mass produce Little Debbie snack cakes, Chatter; the world's first Coca-Cola bottling plant, Ferrara Candy Company, DuPont and even Amazon.
- Volkswagen's assembly plant has approximately 2,000 employees currently. As of July 2020, it was confirmed that they are still on schedule and moving forward with their \$800 million expansion investment. By 2022 their production line will roll out their electric SUV that will accommodate another 1,000 potential jobs.
- Chattanooga's 2019 Downtown Living Tour had participation from 14 residential properties, 20 downtown restaurants offering discounts and tour assistance from local transportation companies like ChattyWagon, CARTA, the Lookouts trolley and Chattanooga's bike share program. This was an amazing display of the downtown residential communities and the potential clientele opportunities for local businesses. We are hoping that although large events and gatherings were delayed in 2020, that this will bring more exciting opportunities in the next few years.
- City Council approved of the expansion of the Business Improvement District, bordered by US 27, Riverfront Pkwy, Cherry Street and over to 7th St. The city with the help of local business partners will begin improvement in cleaning, hospitality and beautification projects which will overall positively impact business development as well.



# | NOTABLE TRANSACTIONS

A display of our most memorable and notable transactions from 2020 will show that we procured results from every asset category, even during a pandemic. It is clear that the medical asset class did not skip a beat however we did have to think outside the box for other asset classes. Our commercial team is able to provide services for all asset classes including medical, retail, restaurant, office space, industrial and land acquisitions.



**Galen East Internal Medicine & Pediatrics**  
 1651 Gunbarrel Rd, Chattanooga, TN  
 Total SF: 5,000  
 Tenant Representation  
 Medical - Lease



**Vascular Institute of Chattanooga**  
 Holiday Inn Express Way, Cleveland, TN  
 Total SF: 7,700  
 Landlord Representation  
 Medical Office - Lease



**Vascular Institute of Chattanooga**  
 Battlefield Parkway, Ringgold, GA  
 Medical Building Development  
 Total SF: 7,000  
 Landlord Representation  
 Medical Office - Lease



**i3 Verticals Software Solutions**  
 110 Academy Street, Canton, GA  
 Total SF: 6,700  
 Landlord Representation  
 Office - Lease



**Planet Fitness**  
 160 Banks Crossing, Commerce, GA  
 Total SF: 28,500  
 Landlord Representation  
 Retail - Lease



*know us. know our work.*  
**Legal Aid of East TN**  
 100 W M. L. King, Chattanooga, TN  
 Total SF: 5,600  
 Tenant Representation  
 Office - Lease



**SPENGA Fitness Studio**  
 1705 Market St, Chattanooga, TN  
 Total SF: 4,200  
 Landlord Representation  
 Retail - Lease



**Chipotle Mexican Grill**  
 20 Cherokee Blvd, Chattanooga, TN  
 Total SF: 2,700  
 Landlord Representation  
 Restaurant - Lease



**Mean Mug Coffeehouse**  
 2705 Battlefield Parkway,  
 Fort Ogelthorpe, GA  
 Total SF: 2,100  
 Landlord Representation  
 Restaurant - Lease



**Buff City Soaps**  
 Chattanooga, Hixson & Knoxville, TN  
 Combined Total SF: 10,800  
 Tenant Representations  
 Retail - Lease



**Harbor Freight**  
 1213 W Spring St, Monroe, GA  
 Total SF: 16,000  
 Landlord Representation  
 Retail - Lease



**Smartbank**  
 835 Georgia Ave, Chattanooga, TN  
 Total SF: 4,400  
 Seller Representation

# | MEET OUR TEAM



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