



Storage Business  
Owners Alliance

# WHAT IS A CAPITAL EXPENDITURE?

**Capital expenditure** or **capital expense** (**capex** or **CAPEX**) is the money an organization or corporate entity spends to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment, or land. It is considered a capital expenditure when the asset is newly purchased or when money is used towards extending the useful life of an existing asset, such as repairing the roof.

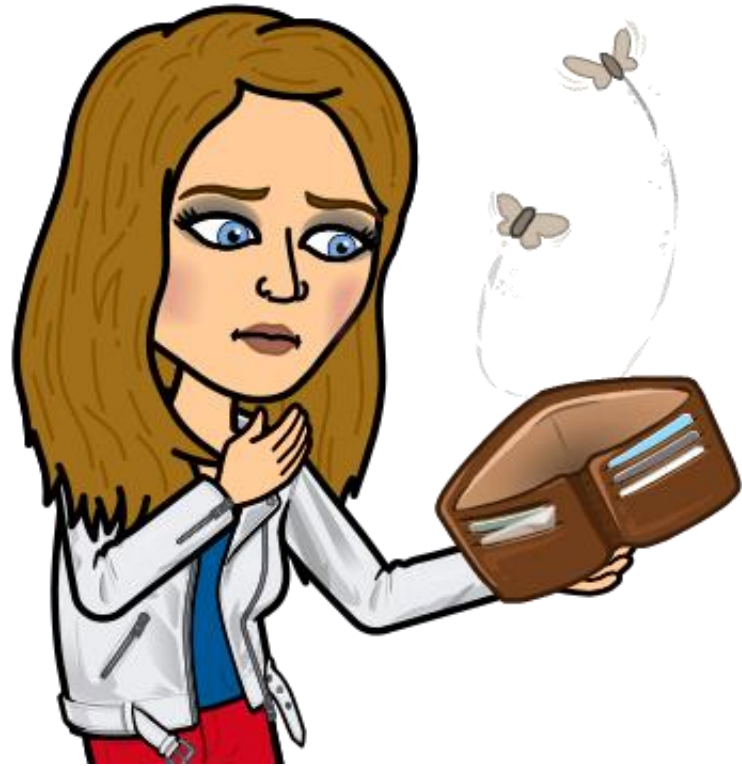
Capital expenditures contrast with [operating expenses](#) (opex), which are ongoing expenses that are inherent to the operation of the asset. Opex includes items like [electricity](#) or cleaning. The difference between opex and capex may not be immediately obvious for some expenses; for instance, repaving the parking lot may be thought of inherent to the operation of a [shopping mall](#). The dividing line for items like these is that the expense is considered capex if the financial benefit of the expenditure extends beyond the current [fiscal year](#).



Storage Business  
Owners Alliance

# EXAMPLES IN SELF-STORAGE





Do you have a  
maintenance or  
Capex budget or a  
reserve fund?

Don't let this be YOU!!



Storage Business  
Owners Alliance

## LET'S DO SOME SIMPLE MATH:

My HVAC system has 10 years left on its life expectancy.

10 years is 120 months.

A new HVAC system costs around \$5k.

Divide the \$5k by 120 months.

=====

\$41.66/month.