



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue III-2015

The Improved Lending Market for Private Investors

by Ben Vestal

Small and mid-sized investors have been very active in the self-storage space recently. This is evident as Argus has transacted more sub-\$5M deals over the last 6 months than any other period in our 21 year history of brokering self-storage transactions. No longer an afterthought in the industry, lenders are taking this segment of smaller deals more seriously. With more than 75% of the total self-storage transactions in the U.S. being less than \$5M, this portion of the industry presents the greatest opportunity for investors to capitalize on the robust self-storage fundamentals that are present in today's market.

The highly entrepreneurial nature of the small to mid-sized investor has provided an opportunity for local and regional lenders to capitalize on oversized debt yields and debt service coverage ratios. In the past, in order to fulfill their lending needs, these small and mid-sized investors were forced to look to local commercial banks that had little to no understanding of the self-storage industry. Other lenders would typically steer clear of these smaller \$1M-\$5M deals because the perception was that there was more risk involved, as well as a higher underwriting cost. But since market data has become more readily available and more reliable, the opportunity for the small to mid-sized investor to access other alternative "non-bank" financing sources has opened up. These include non-bank private lenders, select life companies, CMBS platforms and others. Because of the depth of this opportunity and overall understanding that the smaller deals are NOT materially more risky, the competition for the business has become fierce, leading to more favorable loan terms for small to mid-sized investors who are active in the market today.

Over the last year there have been a number of new programs that cater to the lending needs of this segment of the market. These small-balance lenders offer the same competitive rates as the local/regional banks and they are generally more borrower friendly with more flexible terms and they are willing to negotiate i.e. caps on underwriting cost, third party report cost, loan amounts, guarantees, IO terms, prepayments, etc., all of which are very important to real estate entrepreneurs. The small balance lending will remain strong for as long as the fundamentals will support this product. For example, we now have new CMBS loan programs that will consider loans as small as \$1,000,000 and will cap internal underwriting cost at \$10,000, making this loan product available for a vast amount of the self-storage properties around the country today.

With the slew of self-storage loans that started coming due in 2013 and will continue through 2017, this is all adding up to a transaction and refinancing boom that will continue for the fore-

seeable future, barring any material change in the investment climate. However, it is worth noting that we are starting to see signs of leveling off and the rock and roll of an election year in 2016 will inevitably lead to some volatility in the market. But with all of this transaction velocity, new lending and refinancing, the looming question is: will we see a repeat of the failure experienced during the great recession of the late 2000's? My hope and belief is that the lending market will not repeat its mistakes from the past. The industry has tightened its guidelines and has a better understanding of the self-storage asset class, requiring new investors in the industry to partner or consult with self-storage experts. This has led to fewer ill-conceived projects and more discipline today than in previous run ups in the self-storage space. The perceived simplicity that makes the self-storage business so attractive on the surface is also what has led to many of the failed projects over the years. It is nice to finally have investors understand that there is a science to the self-storage business that is critical to the success or failure of a project.

The other looming question on the minds of self-storage professionals is whether or not we will be facing another real estate bubble? It is clear that the self-storage investment market feels a little "bubblicious" today with historically high values and tremendous interest in the industry from new investors, big and small. However, while it is difficult to predict the future, what is clear is that the self-storage market is vastly different today than it was during the last real estate cycle. During the last recession of the late 2000s, there wasn't an issue of oversupply of self-storage properties – it was a lack of demand and only in certain markets. Today, the overall paradigm shift of the US population (re-urbanization, baby boomers retiring, millennials not forming families as quickly, job growth, etc.) has led more people than ever to consider storing. Over the next few years, the likely result will be a market adjustment of the perceived risk of interest rates and other non-storage related market risks and not an all-out bust of a self-storage bubble. However, investors would be wise to keep a close eye on new development because it's one aspect of the business that has the potential to create havoc in the coming years.

The self-storage market as a whole has woken up to the opportunity of small and mid-sized self-storage investments and this push is being led by the mid-sized investors and the lenders who are in the market today. In terms of who can capitalize on this market segment, it comes down to who is willing to roll up their sleeves and understand there is a vast and profitable market in small and mid-sized self-storage properties. **MM**

Ben Vestal, President of Argus Self Storage Sales Network, can be reached at 800-557-8673 or bvestal@argus-realestate.com.



Property Showcase

Atmore/Brewton, AL • \$3,182,000

- 2-Property Portfolio
- 460 Units
- 147,769 RSF
- 12.21+/- Acres
- Unique investment opportunity
- Includes self-storage, Boat/RV parking, laundromat and commercial warehouse space
- Comprised of 3 locations, 2 in Atmore and 1 in Brewton, northeast of Mobile, AL

NEW!

**Bill Barnhill, CCIM
& Stuart LaGroue**

251-432-1287

barnhill@selfstorage.com
stuart@selfstorage.com



Alto, GA • \$490,000

- 107 Units
- 14,600 RSF
- 3.9 Acres
- Nice facility in Northeast Georgia area
- 88% occupancy
- Some owner financing possible
- 6,000 SF pad ready to add another building as demand grows
- Manager in place will stay

NEW!

Mike Patterson, CCIM

770-241-9070

ebroker@msn.com



San Bernardino, CA • \$473,000

- 127 RV Spaces
- 50,184 RSF
- 88,425 Total SF
- Significant improvements made in last 6 months
- Increasing occupancy and ancillary sales income
- 14% potential return at current rents

NEW!

Tom de Jong

408-282-3829

tom.dejong@colliers.com

Gilbert Enciso

858-874-8777

gilbert@torreypinescommercial.com



Newnan, GA • \$1,200,000

- 208 Units
- 29,816 RSF
- 5.68 Acres
- Also includes 36 parking spaces and 1 warehouse
- Possible owner financing
- Consistently high occupancy
- Well-designed site with easy access
- Upside potential

NEW!

Mike Patterson, CCIM

770-241-9070

ebroker@msn.com



Frederick, CO • Call for Offers due 4/1/15

- 553 Units
- 74,475 RSF
- Located 20 miles north of Denver CBD
- Quality construction, gated entry and concrete drives
- 20 new 10x10 units to be delivered at closing
- Strong commercial and residential growth area
- High visibility location

NEW!

Joan Lucas

720-855-6587

jluucas@selfstorage.com



Macomb, IL • \$1,100,000

- 173 Units
- 22,075 RSF
- 1.26 Acres
- Tremendous upside potential
- Insomniac 900 kiosk on site
- Built in 2011
- Gated, fully fenced and paved throughout
- 0.56 acre for expansion located 2 blocks north of facility

NEW!

Bruce Bahrmassel

312-518-3550

bruce@selfstorage.com





Property Showcase

Junction City, KS • \$1,145,000

- 201 Units **NEW!**
- 20,862 RSF
- 1.53 Acres
- Consistent historic performance
- Less than 2 miles from Fort Riley Military Reservation
- Fenced and gated
- Strong U-Haul truck location
- Excellent demand for smaller units boosts dollar per SF average

Larry Goldman, CCIM
913-339-0641
lgoldman@selfstorage.com



Carthage, NY • \$2,400,000

- 435 Units **NEW!**
- 53,950 RSF
- 25.7 Acres
- Stabilized facility
- Room for expansion
- Additional land for development
- Primary vehicle storage for Fort Drum
- Excellent reputation

Guy Blake, CCIM
845-522-5900
gblake@pyramidbrokerage.com



Clinton, MO • \$278,000

- 117 Units **NEW!**
- 15,464 RSF
- 2.6 Acres
- Expandable facility
- Central location in downtown Clinton, MO
- Fenced property
- Priced to sell at below replacement cost!
- Popular lake area with strong demand for boat storage

Larry Goldman, CCIM
913-339-0641
lgoldman@selfstorage.com



Howard, OH • \$1,550,000

- 220 Units **NEW!**
- 32,150 RSF
- 7.38 Acres
- Historically high performing complex
- Includes 7,800 SF retail center
- Low-maintenance metal construction with metal roofs
- Adjacent to Apple Valley Lake, a 3,700 acre development

Alec Pacella, CCIM
216-455-0925
apacella@naidaus.com



Reno, NV • \$3,500,000

- Development Site
- 11.313 Acres
- Zoned Neighborhood Commercial
- Highly visible corner
- High traffic count
- Joint venture possible
- Located in upscale, growing neighborhood
- Minimal competition in the area

Bill Nicoloff
801-416-1026
bnicoloff@ngacres.com



NEW!

Marble Falls, TX • \$745,000

- Development Site **NEW!**
- 3.11 Acres
- Dual access on FM 1431 and Avenue L
- Zoned C-3 Commercial
- Located in the heart of Marble Falls, Burnet County
- Feasibility report and recommendations
- Suggested site plan and layout available for review

Bill Brownfield, CRE, CCIM
713-907-6497
bill@wbrownfield.com





Sells Self Storage Nationwide!

For property details, visit www.argus-selfstorage.com or contact your local Argus Broker Affiliate!

Alabama

Atmore/Brewton	\$3,182,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Dothan	SOLD!	Bill Barnhill/Stuart LaGroue	251-432-1287
Phenix City	\$1,725,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Pinson	\$1,270,000	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	251-432-1287
Saraland	\$3,100,000	Bill Barnhill/Shannon Barnes	251-432-1287

Arizona

Bullhead City	\$249,000	Jeffery A. Gorden	480-331-8880
Bulhead City	\$431,000	Jeffery A. Gorden	480-331-8880
Fort Mohave	\$500,000	Jeffery A. Gorden	480-331-8880
Gilbert	Call Broker	Jeffery A. Gorden	480-331-8880
Mesa	Call Broker	Jeffery A. Gorden	480-331-8880
Surprise	SOLD!	Jeffery A. Gorden	480-331-8880
Yuma	\$6,500,000	Jeffery A. Gorden	480-331-8880
Yuma	SOLD!	Jeffery A. Gorden	480-331-8880

Arkansas

Avoca	\$2,347,000	Larry Goldman	913-339-0641
Ft. Smith	\$1,750,000	Larry Goldman	913-339-0641

California

San Bernardino	\$473,000	Tom de Jong/ Gilbert Enciso	408-282-3829 858-874-8777
Vallejo	In Contract	Tom de Jong	408-282-3829
Vallejo	\$1,850,000	Tom de Jong	408-282-3829
Woodland	\$6.50 PSF	Tom de Jong	408-282-3829

Colorado

Colo Springs	\$8,014,623	Joan Lucas	720-855-6587
Cortez	\$1,185,000	Joan Lucas	720-855-6587
Frederick	Call Broker	Joan Lucas	720-855-6587

Florida

Fanning Springs	\$1,390,000	W. Frost Weaver	904-265-2001
Lake City	\$325,000	John W. Hill	386-362-3300

Georgia

Alto	\$490,000	Mike Patterson	770-241-9070
Douglasville	\$1,580,000	Mike Patterson	770-241-9070
Jackson	\$2,520,000	Mike Patterson	770-241-9070
Newnan	\$1,200,000	Mike Patterson	770-241-9070
Villa Rica	\$1,200,000	Mike Patterson	770-241-9070
Warner Robins	\$1,275,000	Mike Patterson	770-241-9070
Winston	\$292,000	Mike Patterson	770-241-9070

Illinois

Macomb	\$1,100,000	Bruce Bahrmassel	312-518-3550
S. Beloit	\$1,100,000	Bruce Bahrmassel	312-518-3550

Kansas

Iola	\$530,000	Larry Goldman	913-339-0641
Junction City	\$1,895,000	Larry Goldman	913-339-0641
Junction City	\$1,145,000	Larry Goldman	913-339-0641

Michigan

Brooklyn	\$925,000	Jim Soltis	810-494-2062
Sturgis	\$369,000	Jim Soltis	810-494-2062

Missouri

Arnold	\$1,330,000	Larry Goldman	913-339-0641
Branson West	SOLD!	Larry Goldman	913-339-0641
Lee's Summit	\$2,650,000	Larry Goldman	913-339-0641
Mount Vernon	\$478,000	Larry Goldman	913-339-0641
Sunrise Beach	\$1,870,000	Larry Goldman	913-339-0641

Mississippi

Brandon	\$650,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Brandon	\$3,449,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Canton	\$850,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Mississippi, cont.

Leland	\$199,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Pascagoula	\$1,800,000	Bill Barnhill/Shannon Barnes	251-432-1287
3-Prop. Portfolio	\$4,500,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Nevada

Reno	\$3,500,000	Bill Nicoloff	801-416-1026
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New Hampshire

Seabrook	\$6,000,000	Joe Mendola	603-668-7000
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New Jersey

Branchville	\$995,000	Linda Cinelli	908-722-5661
Hackettstown	\$4,400,000	Linda Cinelli	908-722-5661
Howell	\$890,000	Linda Cinelli	908-722-5661
Montague	\$1,600,000	Linda Cinelli	908-722-5661
Ogdensburg	SOLD!	Linda Cinelli	908-722-5661
Orange	\$750,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661

New Mexico

Mesilla Park	\$625,000	David Etzold/Noel Woodwell	915-491-9610
Ruidoso	\$790,000	David Etzold/Noel Woodwell	915-491-9610

New York

Bayport	\$1,900,000	Linda Cinelli	908-722-5661
Carthage	\$2,400,000	Guy Blake	845-522-5900
Hicksville	\$4,200,000	Linda Cinelli	908-722-5661
Middletown	\$450,000	Linda Cinelli	908-722-5661
Modena	\$775,000	Linda Cinelli	908-722-5661
Monticello	\$4,500,000	Linda Cinelli	908-722-5661
Peekskill	\$3,500,000	Linda Cinelli	908-722-5661
Port Jervis	\$1,600,000	Linda Cinelli	908-722-5661
West Hurley	\$3,795,000	Guy Blake	845-522-5900

North Dakota

Watford City	\$1,200,000	Bruce Bahrmassel	312-518-3550
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Ohio

Ashtabula	\$379,000	Alec Pacella	216-455-0925
Howard	\$1,550,000	Alec Pacella	216-455-0925
N. Ridgeville	\$375,000	Alec Pacella	216-455-0925

Oklahoma

Mangum	SOLD!	Jared Jones	918-583-3483
Muskogee	\$1,650,000	Jared Jones	918-583-3483

Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Matamoras	\$1,100,000	Linda Cinelli	908-722-5661
Olyphant	\$850,000	Chuck Shields	610-828-0100
Spring City	\$5,250,000	Chuck Shields	610-828-0100

Texas

Bridgeport	\$515,000	Richard Minker	817-840-0054
Fort Worth	SOLD!	Richard Minker	817-840-0054
Fort Worth	\$3,010,000	Richard Minker	817-840-0054
Livingston	\$1,400,000	Bill Brownfield	713-907-6497
Marble Falls	\$745,000	Bill Brownfield	713-907-6497
Texarkana	\$3,850,000	Bill Brownfield	713-907-6497

Virginia

Chesapeake	\$750,000	Stuart Wade	757-618-3597
Williamsburg	\$6,490,000	Stuart Wade	757-618-3597

Wisconsin

Franksville	\$499,000	Bruce Bahrmassel	312-518-3550
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Argus is pleased to welcome our newest Broker Affiliate to the Network!

David Dunn, of Hike Real Estate is located in Bellevue, NE and will represent Argus in Nebraska and Iowa. David has an extensive background in finance and has assisted businesses and entrepreneurs with their real estate and capital needs. He can be reached at 402-660-5610 or via email at dunndavid1@me.com.

ARGUS SALES

Congratulations to Jeff Gorden, CCIM of Eagle Commercial Realty Services who sold Sure Storage in Surprise, AZ and Fortuna Road Self Storage & Car Wash in Yuma AZ! Contact Jeff at 480-331-8880 for more information.

Congratulations to Bill Barnhill, CCIM and Stuart LaGroue of Omega Properties, Inc. who sold BMI Storage Center in Dothan, AL! Contact Bill and Stuart at 251-432-1287 for details.

Congratulations to Mike Patterson, CCIM of Commercial Realty Services of West Georgia who sold LRI LaFayette Rentals Inc in LaFayette, GA! Contact Mike at 770-241-9070 for details.

Congratulations to Larry Goldman, CCIM of RE/MAX Commercial who sold Sugarland Rentals in Branson West, MO! Contact Larry at 913-339-0641 for more information.

Congratulations to Linda Cinelli, CCIM of LC Realty who sold AA-1 Self Storage in Ogdensburg, NJ! Contact Linda at 908-722-5661 for more information.

Congratulations to Jared Jones, CCIM of Porthaven Partners who sold Arrow Storage in Mangum, OK! Contact Jared at 918-583-3483 for more information.

Congratulations to Richard Minker, CCIM of CASE Commercial Real Estate Partners who sold Trinity Self Storage in Fort Worth, TX! Contact Richard at 817-335-5600 for more information.

Contact an Argus Broker Affiliate

NORTHEAST

Guy Blake, CCIM
Linda Cinelli, CCIM, CEA
Joseph Mendola
Chuck Shields

Company

Pyramid Brokerage Company
LC Realty
NAI Norwood Group
Beacon Commercial Real Estate

Phone

845-522-5900
908-722-5661
603-668-7000
610-862-1645

Territory

Upstate NY, Western CT
Northern NJ, NY (NYC, Long Island)
MA, ME, NH VT, Eastern CT
Eastern PA, Southern NJ, DE

SOUTHEAST

Bill Barnhill, CCIM
N.J. "Joey" Godbold
Mike Patterson, CCIM
Stuart Wade
Frost Weaver (FL Commercial Brokers Network)

Omega Properties, Inc.
Percival Partners
Commercial Realty Services of West Georgia
The Nicholson Companies
Weaver Realty Group, Inc.

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North, Central & South FL

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David Dunn
Alec Pacella, CCIM
Larry Goldman, CCIM
Mike Helling & Paul Grisanti, CCIM
Matson Holbrook, CCIM & Max Schultz
Jim Soltis

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810-494-2062

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David Etzold & Noel Woodwell
Larry Goldman, CCIM
Mike Helling & Paul Grisanti, CCIM
Jared Jones, CCIM
Richard D. Minker, CCIM

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Isaac & Ben Hawkins
Larry Hayes
Joan Lucas
Bill Nicoloff

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