



SELF STORAGE SALES NETWORK

# Market Monitor

America's Premier Self Storage Brokers

Issue IX-2015

## Tenant Insurance: What is it Really Worth?

by Ben Vestal

For the last several months we have been talking about the uncertainty in the self-storage investment market, due to stock market volatility, looming interest rate hikes, a new development pipeline, and the ever-changing financing market. By most measures the self-storage rental business is reasonably steady, if not booming today. However, over the last several years the self-storage industry has been able to grow and prosper because of its ability to continue to find "bolt on" revenue streams (such as tenant insurance, truck rentals, lock and box sales, and increasing administrative and late fees, just to name a few) which have had a meaningful impact on the value of self-storage properties.

Recently the topic of tenant insurance has been brought to the attention of most self-storage owners and operators as it has become a very profitable revenue stream for many of the large operators in the business. I first must tell you that insurance is regulated state by state and I am NOT an expert in insurance. I would recommend that you talk with your attorney and your state association to better understand the tenant insurance business in your market.

The basis of tenant insurance for storage operators is much like the rental car insurance that you can buy when you rent a car. It is insurance that a tenant can buy for \$8-\$20 per month to protect their stored property in the event it becomes damaged or stolen. Typically, the amount of insurance is capped at \$2,000 to \$5,000 per occurrence depending on what plan the tenant chooses. Tenant insurance is typically offered to a tenant at the time of rental and is waived if the tenant can provide a copy of their renter's insurance or homeowner's insurance, indicating that their stored goods are covered in the event of a loss. There are several different types of tenant insurance or tenant protection plans being offered by operators today which create additional revenue (owners/operators receive an administrative/processing fee for administering the tenant insurance application or participating in a co-op) allowing the owner to participate in the premiums being paid by their customers. Obviously, the devil is in the details

and there are several ways to structure an agreement that will provide protection to the parties involved and allow owners and operators to conduct business in a productive manner.

However, tenant insurance is not without controversy and misunderstanding. The major operators have long been offering tenant insurance to their customers, operating under the assumption that they are not selling insurance per se, but simply offering it as a service to their customers. However, it has recently been brought to the attention of the general public that some operators have deceived or misled customers who bought tenant insurance policies by not disclosing that the owners and operators are retaining some of the premiums. Obviously, this is on a company by company basis. How each operator individually structures their program will affect how each company is receiving compensation, but some of the numbers being thrown around are staggering due to the fact that the self-storage industry has grown larger than anyone ever imagined. It is also worth mentioning that if the tenant insurance revenue is larger than 5% to 10% of the gross revenue, it may be valued on a different basis than rental revenue, similar to truck rental commissions.

Having been in the business for over 10 years it is my opinion that the tenant's ability to purchase tenant insurance is positive for the industry as a whole. Most storage customers do not fully understand that they are taking full responsibility for their stored goods and tenant insurance is a tool that allows tenants to protect their personal items in the event their property is damaged. To a self storage owner/operator, the true value of tenant insurance is not only measured by the additional revenue stream it creates, but also by the peace of mind it brings that they are doing right by their customers. If you are interested in learning more about tenant insurance, please contact your local Argus broker to discuss the details. **MM**

*Ben Vestal, President of the Argus Self Storage Sales Network, can be reached at 800-557-8673 or [bvestal@argus-realestate.com](mailto:bvestal@argus-realestate.com).*

## Texas/Colorado 4-Property Portfolio

**Bid Date September 30, 2015**

- ~280,833 Total RSF
- ~1,844 Total Units
- Properties are located in the markets of Houston, TX, San Antonio, TX (2), and Denver, CO
- Class A properties are market leaders with best-in-class locations and architecture
- Upside through expansion, moving rates to market, and adding tenant insurance
- \$72,249 Avg. 3 Mile Household Income
- 95,492 Avg. 3 Mile Population
- Strong submarkets with high barriers to entry
- Offers for individual properties or entire portfolio will be considered

**NEW!**

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



## Tifton, GA

**\$750,000**

- 108 Units
- 26,176 RSF
- 2.2 Acres
- Well established facility in downtown Tifton
- 2 miles from Interstate 75
- Expansion space on site or land for sale next door
- Nice office with potential apartment space
- Statewide moving and storage license included

**NEW!**

**Mike Patterson, CCIM**  
770-241-9070  
ebrokers@msn.com



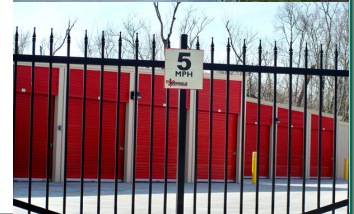
## Avondale, LA

**\$6,000,000**

- 540 Units
- 59,380 RSF
- 4.1+/- Acres
- Excellent visibility with frontage along US Highway 90, a major east/west artery on the West Bank of New Orleans
- State of the art facility
- Climate control, non-climate and outside parking
- Room for expansion

**NEW!**

**Bill Barnhill, CCIM  
& Stuart LaGroue**  
251-432-1287  
barnhill@selfstorage.com  
stuart@selfstorage.com



## South Hutchinson, KS • \$630,000

- 221 Units
- 37,500 RSF
- 2.22 Acres
- Well-established storage business with three locations
- Strong occupancy
- Great signage and visibility
- New exterior lighting and security camera upgrades
- Insomniac Kiosk

**NEW!**

**Jared Jones, CCIM**  
918-583-3483  
jjones@porthavenpartners.com



## Helper, UT

**\$430,000**

- 44 Units
- 8,600 RSF
- 2.95 Acres
- Property includes 75 parking spaces
- Exceptional Cap Rate of 7.38%
- Significant upside potential
- Additional 1.5 acres of buildable land
- High visibility from Highway 6

**NEW!**

**Bill Nicoloff**  
801-927-2000  
bnicoloff@ngacres.com





# Sells Self Storage Nationwide!

For property details, visit [www.argus-selfstorage.com](http://www.argus-selfstorage.com) or contact your local Argus Broker Affiliate!

## Alabama

Atmore/Brewton \$3,182,000 Bill Barnhill/Stuart LaGroue 251-432-1287  
Montgomery \$5,000,000 Bill Barnhill/Stuart LaGroue 251-432-1287

## Arizona

Fort Mohave \$450,000 Jeffery A. Gorden 480-331-8880  
Tucson **SOLD!** Jeffery A. Gorden 480-331-8880  
Tucson \$260,000 Jeffery A. Gorden 480-331-8880  
Vernon \$825,000 Jeffery A. Gorden 480-331-8880

## Arkansas

Avoca \$2,347,000 Larry Goldman 913-339-0641  
Hot Springs Vlg \$180,000 Larry Goldman 913-339-0641

## California

San Mateo \$1,400,000 Tom de Jong 408-282-3829  
San Rafael \$1,600,000 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

Cortez \$1,185,000 Joan Lucas 720-855-6587  
Monument \$8,000,000 Joan Lucas 720-855-6587  
Pagosa Spgs \$1,342,000 Joan Lucas 720-855-6587

## Florida

Gulf Breeze \$5,499,000 Bill Barnhill/Stuart LaGroue 251-432-1287  
Lake City \$325,000 John W. Hill 386-362-3300  
Panama City \$850,000 Bill Barnhill/Shannon Barnes 251-432-1287  
Pensacola \$2,700,000 Bill Barnhill/Stuart LaGroue 251-432-1287

## Georgia

Alto **SOLD!** Mike Patterson 770-241-9070  
Carrollton \$2,290,000 Mike Patterson 770-241-9070  
Douglasville \$1,580,000 Mike Patterson 770-241-9070  
Newnan \$1,200,000 Mike Patterson 770-241-9070  
Tifton \$750,000 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 \$950,000 Bruce Bahrmassel 312-518-3550  
Peoria \$2,399,000 Bruce Bahrmassel 312-518-3550

## Kansas

Iola \$530,000 Larry Goldman 913-339-0641  
Junction City \$1,145,000 Larry Goldman 913-339-0641  
Spring Hill Call Broker Larry Goldman 913-339-0641

## Louisiana

Avondale \$6,000,000 Bill Barnhill/Stuart LaGroue 251-432-1287

## Michigan

Roscommon \$305,000 Jim Soltis 810-494-2062

## Missouri

Clinton \$268,000 Larry Goldman 913-339-0641  
Sedalia \$1,338,000 Larry Goldman 913-339-0641  
Waynesville \$2,360,000 Larry Goldman 913-339-0641

## Mississippi

Brandon \$650,000 Bill Barnhill/Stuart LaGroue 251-432-1287  
Canton \$850,000 Bill Barnhill/Stuart LaGroue 251-432-1287  
Leland \$199,000 Bill Barnhill/Stuart LaGroue 251-432-1287  
Terry \$1,350,000 Bill Barnhill/Stuart LaGroue 251-432-1287

## Nevada

Reno/Sparks \$3,500,000 Bill Nicoloff 801-416-1026

## New Hampshire

Rindge \$995,000 Joe Mendola 603-668-7000

## New Jersey

Branchville \$995,000 Linda Cinelli 908-722-5661  
Franklinville \$849,000 Chuck Shields 610-828-0100  
Howell \$2,350,000 Linda Cinelli 908-722-5661  
Howell \$890,000 Linda Cinelli 908-722-5661  
Montague \$1,600,000 Linda Cinelli 908-722-5661  
Orange \$955,000 Linda Cinelli 908-722-5661  
Pemberton \$975,000 Linda Cinelli 908-722-5661

## New Mexico

Mesilla Park \$500,000 David Etzold/Noel Woodwell 915-491-9610  
Ruidoso \$790,000 David Etzold/Noel Woodwell 915-491-9610

## New York

Bayport \$1,395,000 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 \$3,495,000 Guy Blake 845-522-5900

## North Carolina

Poplar Branch \$990,000 Stuart Wade 757-618-3597  
Powells Point \$719,000 Stuart Wade 757-618-3597

## North Dakota

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

## Ohio

Gloucester \$299,000 Alec Pacella 216-455-0925  
Howard \$1,550,000 Alec Pacella 216-455-0925  
N. Ridgeville \$375,000 Alec Pacella 216-455-0925

## Oklahoma

Edmond \$810,000 Jared Jones 918-583-3483  
Stillwater \$2,300,000 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

## Tennessee

Central TN \$1,600,000 Mike Helline 502-296-4586

## Texas

Bridgeport \$449,000 Richard Minker 817-840-0054  
Canyon \$545,000 David Etzold 915-491-9610  
Marble Falls \$745,000 Bill Brownfield 713-907-6497  
Texarkana **SOLD!** Bill Brownfield 713-907-6497

## Utah

Helper \$430,000 Bill Nicoloff 801-416-1026

## Virginia

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



## ARGUS SALES



Congratulations to Mike Patterson, CCIM of Commercial Realty Services of West Georgia who sold 24/7 Storage in Alto, GA! Contact Mike at 770-241-9070 for details.



Congratulations to Tom de Jong of Colliers International who sold Hub Storage in Marysville, CA! Contact Tom at 408-282-3829 for more information.



Congratulations to Jared Jones, CCIM of Porthaven Partners who sold Cowboy Storage in Moore, OK! Contact Jared at 918-583-3483 for details.



Congratulations to Bill Barnhill, CCIM and Stuart LaGroue of Omega Properties, Inc. who sold Hi-way Mini Storage in Leland, MS! Contact Bill and Stuart at 251-432-1287 for more information.

## Argus Self Storage Sales Network wins Best of Business Award!



Once again, the readers of *Inside Self-Storage* Magazine have voted Argus as the Best Real Estate Brokerage! This is the *fifth* consecutive year that Argus has received this honor and we appreciate all of our clients and colleagues who voted! Argus is committed to providing the best service in the industry and we value the relationships that we have built with self-storage owners over the last 20 years!

### 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.

888-801-4534  
704-632-1027  
770-241-9070  
757-618-3597  
904-733-0039

FL Panhandle  
NC, SC  
GA  
MD, VA  
North, Central & South FL

#### NORTH CENTRAL

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

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Hike Real Estate  
NAI Daus  
RE/MAX Commercial  
Grisanti Group Commercial Real Estate  
Siegel-Gallagher, Inc.  
Preview Properties.com

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502-253-1811  
414-270-4108  
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#### SOUTH CENTRAL

Bill Barnhill, CCIM  
Bill Brownfield, CRE, CCIM  
David Etzold & Noel Woodwell  
Larry Goldman, CCIM  
Mike Helline & Paul Grisanti, CCIM  
Jared Jones, CCIM  
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918-583-3483  
817-335-5600

AL, MS, LA  
South & Central TX  
West TX  
AR  
TN  
OK  
North TX

#### WEST

Steve Boldish, CCIM  
Tom de Jong  
Gilbert Enciso  
David Etzold & Noel Woodwell  
Jeffery A. Gorden, CCIM  
Larry Hayes  
Joan Lucas  
Bill Nicoloff

Oregon Self Storage Brokers  
Colliers International  
Torrey Pines Commercial  
Etzold & Co.  
Eagle Commercial Realty Services  
Hayes & Associates  
Joan Lucas Real Estate Services, LLC  
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