



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue VI-2015

What is Your Investment Horizon?

by Ben Vestal

Today we find ourselves in a unique position in the self-storage industry. Capital appreciation, combined with strong fundamentals, increasing demand, and STILL low interest rates have made the traditional transaction more accommodating so that both the buyer and seller can achieve their goals without hurting the other party's position. These positive economics do not resolve all of the differences that may occur in a real estate transaction, but given reasonable expectations and a measure of goodwill, the current transaction market will allow buyers and sellers to more quickly find "common ground" where they can both meet their objectives. The looming interest rate hike could cause the self-storage investment market to pause or possibly readjust leaving many owners with an investment horizon longer or shorter than they had planned. Below we have outlined some key points to consider when evaluating your investment horizon.

Long Term Hold:

As brokers we often hear "I am not a seller and I plan on holding this property forever." Well, we all know things change from time to time and long term hold investors may encounter circumstances that alter their long term investment horizon; i.e. health or partnership issues, new competition, the desire to live in warmer weather, etc. However, if you do plan on holding the property for 7-10 years or more, here are some things to consider.

First, embrace technology and get your property up to speed with the latest in website design and functionality. This will ensure that your property stays competitive in its ability to attract new customers and it will allow you to expand your customer tenant base by attracting tenants from a larger market area. Depending on your current situation, this technology upgrade will cost \$3,000-\$8,000 upfront and will come with a monthly service fee to make sure your website is being optimized and easily searchable on the web.

Second, do everything you can to maximize your gross revenue. This means you need to focus on driving revenue through rate increases, creating additional revenue streams such as tenant insurance and ancillary sales, and making sure your rates are in-line with the market. By maximizing your revenues it will allow you to absorb the inevitable ups and downs that all real estate investments have over the long haul.

Lastly, take advantage of these still low interest rates by locking in some long term financing. Be leery of onerous prepayment penalties. Things can change and you may want or need to sell and prepayment penalties can really hurt the overall return on the investment.

2 to 3 Years:

If you are considering selling in the shorter term, say 2 to 3 years, you should look hard at the overall market conditions today. It is

crucial to understand the effect that a change in cap rates would have on your value if they were to move up 100-250 basis points and how much you would need to increase your NOI in order to offset the rise in cap rates. This simple sensitivity analysis can give you a good idea of the range of value. You can then weigh the risk and rewards of staying in your investment for 1, 2 or 3 years depending how much your NOI will grow over the next few years. My feeling is that most owners will find that the risk of missing the market today will outweigh the NOI growth over the next few years.

You should also move forward with any capital improvement projects such as asphalt repairs, roof repairs, upgraded security, and painting, just to name a few. This will ensure that your property is in presentable condition when the time is right. These projects always seem to take longer to complete than expected, and if done right, with a little marketing it is very likely you will see a bump in revenue.

Capitalize on Today's Market:

If you are considering selling today, you have the good fortune of selling into a very aggressive capital appreciation market. We have experienced cap rate compression across the board on all self-storage assets, leaving many owners in a position to capitalize on a generational high value. However, keep in mind that the listing, marketing, and closing process of a self-storage property takes at least 90-180 days and can be demanding on owners from a time, paperwork and reports perspective.

As you prepare to capitalize on the market today make sure your property reports and P&Ls are clean and up to date and as always, make sure your property is clean and in good working order. Consider having an Argus broker come tour your property and review your reports with you as this will allow you to have a second set of eyes on your property and will allow you to position your property in the best possible light.

I hope that this discussion has given you an understanding of the various factors to consider when evaluating your own investment horizon. For a more in-depth look at this topic, we encourage you to listen to one of our Argus Regional Investment webinars that took place this month. Argus brokers from around the country shared their insights on self-storage market fundamentals and economic trends in their regions and they gave advice to owners on how to approach their investment horizons. To view a recording, visit www.argus-selfstorage.com/presentations.php and select your region from the list. **MM**

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

Montgomery, AL • \$5,000,000

- 949 Units
- 135,800 RSF
- 10.83 Acres
- Two locations situated directly across from each other on Troy Highway (Hwy 231)
- High traffic counts
- Lock, box and packing supply sales
- Great visibility

NEW!

**Bill Barnhill, CCIM
& Stuart LaGroue**

251-432-1287

barnhill@selfstorage.com

stuart@selfstorage.com



Poplar Branch, NC • \$990,000

- 162 Units
- 21,650 RSF
- 4.15 Acres
- Located on heavily traveled Rt. 158
- Room to expand
- Management efficiencies present
- Great turnaround property for a self-run facility
- Office space available for lease

NEW!

Stuart Wade

757-618-3597

stuart_wade@hotmail.com



Hot Spgs Village, AR • \$180,000

- Self Storage Development Site
- 18.93 Acres
- Located one mile from East Gate of Hot Springs Village
- Nearest competitor is 6 miles away
- 525 feet of frontage on Highway 5
- Area enjoys high occupancy

NEW!



Larry Goldman, CCIM

913-339-0641

lgoldman@selfstorage.com

Franklinville, NJ • \$849,000

- 170 Units
- 20,450 RSF
- 5.5 Acres
- Well-established facility on major artery through Gloucester County
- Located 1 mile from exit 43 of Rt. 55
- 5 buildings plus office and manager's apartment
- Plans for additional 5 buildings

NEW!

Chuck Shields

610-828-0100

cshields@beaconcre.com



Tucson, AZ • \$260,000

- 44 Units
- 5,440 RSF
- 0.39 Acres
- 100% Occupancy
- Located near Davis Monahan Air Force Base
- Easily accessed from State Route 210
- Regional population of 526,116

NEW!



Jeff Gorden, CCIM

480-331-8880

jgorden@selfstorage.com

Muskogee, OK • \$1,650,000

- 340 Units
- 52,520 RSF
- 2.42 Acres
- Significant upside available!
- Priced well below replacement cost
- Only climate control facility in the market
- Value-add operational opportunity
- On-site apartment

Jared Jones, CCIM

918-583-3483

jjones@porthavenpartners.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
Montgomery	\$5,000,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Pinson	\$1,270,000	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	251-432-1287
Saraland	SOLD!	Bill Barnhill/Shannon Barnes	251-432-1287

Arizona

Gilbert	Call Broker	Jeffery A. Gorden	480-331-8880
Mesa	Call Broker	Jeffrey A. Gorden	480-331-8880
Tucson	\$260,000	Jeffrey 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

Fremont	SOLD!	Tom de Jong	408-282-3829
Palo Alto	SOLD!	Tom de Jong	408-282-3829
San Bernardino	\$473,000	Tom de Jong/ Gilbert Enciso	408-282-3829 858-874-8777
San Mateo	\$1,400,000	Tom de Jong	408-282-3829
Vallejo	SOLD!	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

Florida

Deerfield Beach	\$4,302,320	Scott Brenner	954-596-5502
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

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
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
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

Michigan

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

Missouri

Clinton	\$278,000	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
Sedalia	\$1,338,000	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
Hackettstown	\$4,400,000	Linda Cinelli	908-722-5661
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	\$575,000	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	\$3,495,000	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

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

Oklahoma

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

7-Prop Portfolio	Call Broker	Bill Brownfield	713-907-6497
Bridgeport	\$515,000	Richard Minker	817-840-0054
Canyon	\$545,000	David Etzold	915-491-9610
Livingston	\$1,400,000	Bill Brownfield	713-907-6497
Mansfield	\$3,395,000	Richard Minker/Chad Snyder	817-840-0054
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

ARGUS SALES



Congratulations to Tom de Jong of Colliers International who sold American Self Storage in Palto Alto, CA and All Season Self Storage in Fremont, CA! Contact Tom at 408-282-3829 for details.



Congratulations to Jared Jones, CCIM of Porthaven Partners, who sold a development site in Yukon, OK! Contact Jared at 918-583-3483 for details.



Congratulations to Bill Barnhill, CCIM, Stuart LaGroue, and Shannon Barnhill Barnes, CCIM of Omega Properties, Inc. who sold SpaceSavers Storage in Saraland, AL. The Omega team can be reached at 251-432-1287 for more information.



Argus is proud to participate once again in the ISS Best of Business poll! Please vote for **Argus** as the **Best Real Estate Brokerage** and cast your vote for all of your favorite industry vendors and suppliers!

Voting ends June 30, so **click here** to submit your vote today!

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

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

312-518-3550
402-660-5610
216-831-3310
913-339-0641
502-253-1811
414-270-4108
810-494-2062

Northern IL, Northern IN
NE, IA
OH, Western PA
KS, MO, Southern IL
KY, Southern IN
WI
MI

SOUTH CENTRAL

Bill Barnhill, CCIM
Bill Brownfield, CRE, CCIM
David Etzold & Noel Woodwell
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Jared Jones, CCIM
Richard D. Minker, CCIM

Omega Properties, Inc.
MKP Self Storage LLC
Etzold & Co.
RE/MAX Commercial
Grisanti Group Commercial Real Estate
Porthaven Partners
CASE Commercial Real Estate Partners

888-801-4534
713-907-6497
915-845-6006
913-339-0641
502-253-1811
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
Isaac & Ben Hawkins
Larry Hayes
Joan Lucas
Bill Nicoloff

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

541-776-1031
408-282-3829
858-874-8777
915-845-6006
480-331-8880
509-838-8500
406-728-0088
720-855-6587
801-671-7324

OR
Northern CA
Southern CA
NM
AZ
WA, ID
MT
CO
UT, NV