



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue II-2015

A Due Diligence Checklist for Buyers and Sellers

by Ben Vestal

Sometimes real estate brokers forget that the details associated with a transaction may be unfamiliar to their clients when they decide to buy or sell self-storage properties. With this in mind, I thought I would take you through some of the behind-the-scenes aspects of a real estate transaction and focus on the due diligence requirements. Obviously, the devil is in the details when buying and selling a self-storage property and due diligence can separate the winners from the losers.

Property-Level Due Diligence Info:

Both the buyer and seller should work together to collect all of the required documents in order to move the transaction through the due diligence process. The sellers should start collecting and organizing the necessary due diligence documents well before the property is taken to market and the buyers should also provide the sellers with a list of requested documents at the time they submit an offer. Be prepared to be overwhelmed with requests for more information and more paperwork (as the days of little or no documentation loans are a thing of the past) even for the strongest of buyers. Below I have listed a few of the basic property-level documents that will get this exchange process going. However, there are always a few deal-specific documents that can cause some craziness because they will prove to be difficult or impossible to track down.

- ✓ 2 years property-level profit & loss statements (broken down by month if possible)
- ✓ 2 years property tax statements
- ✓ 12 months management summary reports by month
- ✓ 12 months occupancy statistics reports by month
- ✓ 12 months of utility bills by month
- ✓ 3 years of tax returns for the ownership entity
- ✓ Copy of your certificate of occupancy from the city
- ✓ Copy of the management agreement
- ✓ List of all personal property on site
- ✓ Copy of your rental lease
- ✓ Phase I environmental studies
- ✓ Site survey and all municipality documents
- ✓ Photos of the property (it is always better if it is sunny in the pictures)

Timing of Due Diligence:

The amount of time needed for due diligence is outlined in the purchase and sale agreement. This is arguably the most important aspect of the purchase and sale agreement because both parties will agree to work exclusively with each other to arrive at a closing. During the due diligence period, the seller agrees

to remove the property from the market and assist the buyer (and possibly the buyer's lender) in understanding the details of the property. The buyer agrees to spend the time to understand the detail of the property as well as engage consultants to provide appraisal, environmental studies, property condition assessment, zoning compliance report, title commitment, etc. in order to satisfy the buyer's understanding of the property and possibly arrange for a loan to acquire the property. Depending on the buyer's level of experience and the overall complexity of the property, the due diligence timeframe can range from 30-90 days in today's market. However, it is important to remember that the vast majority of due diligence language in purchase and sale agreements today will allow for the buyer to approve all due diligence items at his or her sole and absolute discretion and it will allow for termination by the buyer without penalty. So as a seller, working with a qualified self-storage broker will allow you to tighten up the due diligence language and most importantly alert you to who the "good and bad" buyers are in today's market.

The Devil is in the Details:

As you dig into the details of the property, you must understand that not all buyers or sellers are created equal and sometimes the transaction of the property may cause some undue consequences. For example, if you are purchasing a property from a large or experienced operator, in certain parts of the country, the insurance premiums may increase by more than 50% due to the economies of scale that some operators enjoy due to blanket insurance policies. It is also worth mentioning that when you have a change of ownership, some vendors are able to readjust a service contract to reflect market rates which can have a meaningful impact on the cash flow of the property. Most importantly, you should pay special attention to the real estate taxes as most of the local municipalities are aware of the success of the self-storage market and a revaluation could lead to an increase in real estate taxes.

Over the last 12 months we have been involved with 100s of millions of dollars of self-storage transactions and we have learned that most of the due diligence process can be handled in a 30-90 day timeframe. Inevitably you will have a few issues pop up during due diligence, but if both the buyer and seller are committed to working together, and a professional self-storage broker can offer up ideas as to how similar issues have been resolved in the past, you will arrive at a successful closing. Due diligence is all about dotting your i's and crossing your t's! **MM**

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



Property Showcase

Gilbert, AZ

• Call Broker

- Under Contract **NEW!**
- 168,330 RSF
- 556 Vehicle Storage Spaces
- 11.26 Acres
- Multiple upside opportunities
- Infill location
- Easy access to multiple freeways
- High income and growth community with regional population over 4 million

Jeff Gorden, CCIM

480-331-8880

jgorden@selfstorage.com



Warner Robins, GA

• \$1,275,000

- 309 Units
- 40,000 RSF
- 3 +/- Acres
- Located 2 blocks from Robins Air Force Base (23,000 employees)
- Additional 3,000 SF office/warehouse building
- Expansion would allow additional 15,000 SF
- Strong traffic and excellent visibility

Mike Patterson, CCIM

770-241-9070

ebroker@msn.com



Mesa, AZ

• Call Broker

- 356 Storage Units
- 139 Covered & 216 Uncovered RV parking spaces
- 139,955 RSF
- 6.73 Acres
- Immediate upside opportunities
- Regional population over 4 million
- Excellent frontage on Power Rd.

Jeff Gorden, CCIM

480-331-8880

jgorden@selfstorage.com



Howard, OH

• \$1,550,000

- 220 Units
- 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@nadaus.com



Surprise, AZ

• \$3,400,000

- Under Contract
- 488 Units
- 74,020 RSF
- 5.53 Acres
- Excellent neighborhood location
- High growth community
- Professional management
- Located just off US-60
- 23 boat/vehicle spaces

Jeff Gorden, CCIM

480-331-8880

jgorden@selfstorage.com



Bridgeport, TX

• \$515,000

- 66 Units
- 25,440 GSF
- 2.18 Acres
- Prime location on Hwy 114
- Expansion opportunity
- Fully fenced
- 12,000 SF warehouse for conversion

**Richard Minker, CCIM
& Chad Snyder**

817-840-0054

rminker@selfstorage.com

csnyder@casecre.com





Sells Self Storage Nationwide!

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

Alabama

Dothan	\$4,795,000	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	\$3,400,000	Jeffery A. Gorden	480-331-8880
Yuma	\$6,500,000	Jeffery A. Gorden	480-331-8880
Yuma	\$2,500,000	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

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
Yreka	SOLD!	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

Florida

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

Georgia

Douglasville	\$1,460,000	Mike Patterson	770-241-9070
Jackson	\$2,520,000	Mike Patterson	770-241-9070
LaFayette	SOLD!	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

Palatine	SOLD!	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

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	\$895,000	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
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
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

New Hampshire

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

New Jersey

Branchville	\$995,000	Linda Cinelli	908-722-5661
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
Ogdensburg	\$1,450,000	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	\$2,200,000	Linda Cinelli	908-722-5661
Hicksville	\$4,200,000	Linda Cinelli	908-722-5661
Islip	\$3,995,000	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
--------------	-------------	------------------	--------------

Ohio

Ashtabula	\$379,000	Alec Pacella	216-455-0925
Howard	\$1,550,000	Alec Pacella	216-455-0925
Canton	\$1,150,000	Alec Pacella	216-455-0925
N. Ridgeville	\$375,000	Alec Pacella	216-455-0925
Painesville	Call Broker	Alec Pacella	216-455-0925

Oklahoma

Mangum	\$350,000	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	\$1,590,000	Richard Minker	817-840-0054
Fort Worth	\$3,010,000	Richard Minker	817-840-0054
Galveston	SOLD!	Bill Brownfield	713-907-6497
Livingston	\$1,400,000	Bill Brownfield	713-907-6497
Spring	\$6.00 PSF	Bill Brownfield	713-907-6497
Texarkana	\$4,100,000	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
New Franken	SOLD!	Matson Holbrook	414-270-4108



Argus is pleased to welcome our newest Broker Affiliates to the Network! Isaac and Ben Hawkins, of Hawkins Edwards Inc., are located in Spokane, WA and will represent Argus in Washington and Idaho. Isaac and Ben have extensive experience in brokerage and ground-up development and they also manage a portfolio of over 500,000 square feet of commercial development. They can be reached at 509-838-8500 or via email at ihawkins@me.com and bhawkins@me.com.



ARGUS SALES

Congratulations to Bruce Bahrmassel with Waveland Commercial Real Estate who sold Colfax Mini Storage in Palatine, IL and I-94 Self Storage in Sturtevant, WI! Contact Bruce at 312-518-3550 for more information.

Congratulations to Bill Brownfield, CRE, CCIM of MKP Self Storage who sold Island Storage & Galveston Park n Cruise in Galveston, TX! Contact Bill at 713-907-6497 for more information.

Congratulations to Tom de Jong of Colliers International who represented the buyers of 2 Superior Self Storage properties in Woodland and Sacramento, CA and sold JB Oberlin Mini Storage in Yreka, CA! Contact Tom at 408-282-3829 for details.

Congratulations to Alec Pacella, CCIM of NAI Daus who sold Abbe Road Self Storage in Shefiled Village, OH! Contact Alec at 216-455-0925 for details.

Congratulations to Joe Mendola of NAI Norwood Group who sold a Self Storage Conversion site in Seabrook, NH! Contact Joe at 603-668-7000 for details.

Congratulations to Matson Holbrook, CCIM & Max Schultz of Siegel Gallagher, Inc. who sold Royal Storage in New Franken, WI! Contact Matson and Max at 414-225-4407 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.

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

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

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

Northern IL, Northern IN
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