



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue IV-2016

Succession Planning: *The Benefits May Come Sooner Than You Think*

by Ben Vestal

In today's highly competitive self-storage marketplace, companies that actively cultivate the next generation of leadership enjoy a business advantage. Every company needs a good succession plan, it is critical to ensure the protection of the company's future for the investors, employees, and with regard to partnerships and family owned firms, for its successor-owners, too.

Real estate companies unfortunately are often very short-lived compared to other industries. More often than not, the leadership is not prepared for succession and the company doesn't survive past that first generation. In particular, small firms that do not have a succession plan in place are putting so much at risk by not being ready. Succession plans aren't just for the untimely death we all think about, but can involve a surprise illness, a firing of a senior executive, a poorly planned retirement, or other change in leadership that jolts the firm, its employees or its investors. Small to mid-sized privately held real estate firms often find the succession planning process has beneficial personal and family implications, too. An embedded succession plan makes the organization consider leadership changes, organizational capabilities, technology, employees, investment horizons and the overall investment portfolio.

The benefits of well-defined succession plan will pay dividends sooner than you think. Below I have outlined three main steps that self-storage business owners can take to prepare for the transition and will benefit them today.

Leadership:

This one topic can have more to do with the success or failure of your succession plan and the longevity of your firm than anything else. Before talking with the next generation of company leadership, be certain to have a general layout and deal points in place that are important to the current leadership. Talking with and informing the next generation of company leadership about the succession plan will allow them to provide useful insight and details as to what they feel will be successful when the plan is set in to motion. You will undoubtedly see the next generation's true colors after including them in this process. Hopefully it will add to an increased ownership of the company and overall quality of the operations, as they should see this as an opportunity to be part of the inner circle. If the outcome is not favorable it is better to know now, so you can make adjustments.

The Plan:

No matter how simple your current structure is or how complicated, the succession plan is going to be more complicated than you think. Depending on the goals and objectives of the current

principals and leadership you will need to have in-depth conversations about how you structure and implement the succession plan when the time is right. During these in-depth conversations you will learn more about what motivates your key personnel and makes your company a success. These insights will lead to new ideas and create value for your company well in advance of the succession plan being set into motion. It is critical to have your accountant and lawyer involved from day one. They will need to sit in on the discussions with the principals and current leadership in order to accurately draft and structure your succession plan. They may also offer up advice as to how to achieve the goals of the current principals by using such techniques as a "partnership freeze" which creates two classes of interest, preferred and common, on the existing real estate partnerships or LLC. The senior generation takes back preferred interest on its holdings, which allows them to keep the cash flow for their lifetimes while any upside on the holdings now belongs to the common interest, which you typically see transferred to the children, trusts or next generation of leadership. Accountants and lawyers agree that the earlier a succession plan is put into place the better. But the longevity of the current leadership is another asset in real estate, and official transitioning will often times lag more than you think.

The Execution:

As you move through the process, make sure to build in flexibility to the plan. As we all know things change and to ensure your vision is carried out you need to be open to allowing the next generation of leadership to make decisions that are appropriate for the current market and situation. Conversations with up-and-coming executives help them think about career planning even as the current leadership team begins considering their future potential. You might consider putting the next generation of leadership in a situation such as heading up major projects or a unit of operations so you can see how they work and their ability to execute. Whether done as an annual review or more than that, succession planning and the ability to execute is critical to your success.

As self-storage owners and investors continue to enjoy the benefits of the strong market fundamentals it is never too early to prepare for the future. The companies that continuously cultivate the next generation of leadership enjoy a business advantage and a well thought out and structured succession plan will not only ensure your company is successful for years to come, but the immediate benefits may surprise you. **MM**

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

Mobile, AL \$1,700,000

- 296 Units
- 42,600 RSF
- 5.19 Acres
- Great traffic count and visibility on two major roads
- Upside potential to increase occupancy
- Attractive and well-maintained

NEW!



Bill Barnhill, CCIM
251-432-1287
barnhill@selfstorage.com

Lithia Springs, GA \$1,600,000

- 143 Units
- 31,800 RSF
- 4+/- Acres
- Great location minutes from downtown Atlanta
- Less than 1/4 mile from I-20
- Industrial buildings have conversion potential

NEW!



Mike Patterson, CCIM
770-301-1886
ebroker@msn.com

Bernalillo, NM \$4,250,000

- 633 Units
- 81,943 RSF
- 7.62 Acres
- Three locations operated as one facility in Albuquerque suburb
- Huge upside potential
- Experienced onsite management
- Highly visible and accessible locations

NEW!



David Etzold & Noel Woodwell
915-845-6006/915-491-9610
etzoldco@att.net/nwoodwell@hotmail.com

Mobile, AL \$2,500,000

- 402 Units
- 63,907 RSF
- 4.62+/- Acres
- 57 outdoor boat/RV spaces
- High growth area of Mobile
- High occupancies

NEW!



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

Junction City, KS \$400,000

- 89 Units
- 13,450 RSF
- 2 Acres
- Expandable facility
- Auction building ideal for climate control conversion
- Excellent exposure to Milford Lake traffic

NEW!



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

Lancaster, SC \$750,000

- 204 Units
- 26,650 RSF
- 2 Acres
- Climate control and standard units
- Onsite office
- Fully fenced with coded gate

NEW!



Jamey Cox
704-632-1030
jamey.cox@svn.com

Greeley, CO \$1,550,000

- 143 Units
- 21,410 RSF
- 1.77 Acres
- Close proximity to University of Northern Colorado
- Well maintained with concrete drives
- Onsite laundromat can be converted to additional units

NEW!



Joan Lucas
720-855-6587
jlucas@selfstorage.com

Bossier City, LA \$2,500,000

- 410 Units
- 59,360+/- RSF
- 2.924+/- Acres
- Great visibility
- All ground level units
- Fully gated with keypad access

NEW!



Omega Properties, Inc.
251-432-1287
barnhill@selfstorage.com

Shelton, WA \$995,000

- 66 Units
- ~6,600 RSF
- 4.93 Acres
- Excellent drive by traffic count on Hwy 101
- Opportunity to expand property by 52,000 SF and 325 Units
- Boat/RV expansion possible

NEW!



Thomas Wolter
206-200-3325
tom@thomaswolter.com



Sells Self Storage Nationwide!

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

Alabama

Atmore/Brewton	\$3,382,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Chelsea, AL	\$3,000,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Mobile, AL	\$1,700,000	Bill Barnhill	251-432-1287
Mobile, AL	\$2,500,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Fort Mohave	\$450,000	Jeffrey A. Gorden	480-331-8880
Gold Canyon	Call Broker	Jeffrey A. Gorden	480-331-8880
Mohave Valley	\$300,000	Jeffrey A. Gorden	480-331-8880
Vernon	\$795,000	Jeffrey A. Gorden	480-331-8880
Yuma	\$6,600,000	Jeffrey A. Gorden	480-331-8880
Yuma	\$3,100,000	Jeffrey A. Gorden	480-331-8880

Arkansas

Hot Springs Vlg	\$180,000	Larry Goldman	913-339-0641
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California

Sacramento	\$13,500,000	Tom de Jong	408-282-3829
San Mateo	\$1,400,000	Tom de Jong	408-282-3829
Vallejo	\$1,850,000	Tom de Jong	408-282-3829

Colorado

Bennett	\$3,200,000	Joan Lucas	720-855-6587
Boulder	\$16,000,000	Tom de Jong	408-282-3829
Evans/Greeley	\$1,652,450	Joan Lucas	720-855-6587
Greeley	\$1,550,000	Joan Lucas	720-855-6587

Florida

Fanning Spgs	\$1,725,000	Frost Weaver	904-265-2001
Lake City	\$325,000	John W. Hill	386-362-3300
Panama City	SOLD!	Bill Barnhill/Shannon Barnes	251-432-1287

Georgia

Douglasville	\$2,380,000	Mike Patterson	770-241-9070
Lithia Springs	\$1,600,000	Mike Patterson	770-241-9070
Tifton	\$750,000	Mike Patterson	770-241-9070
Winston	\$292,000	Mike Patterson	770-241-9070

Idaho

Payette	\$1,950,000	David Gronbeck	208-319-1008
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Iowa

Mason City	\$1,500,000	Rusty Hike	402-291-2500
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Illinois

Macomb	\$950,000	Bruce Bahrmassel	312-518-3550
Rockford	\$5,100,000	Bruce Bahrmassel	312-518-3550

Indiana

Fort Wayne	Call Broker	Bruce Bahrmassel/ Neal Gussis	312-518-3550 847-922-3750
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Kansas

Iola	\$400,000	Larry Goldman	913-707-9030
Junction City	\$400,000	Larry Goldman	913-707-9030
Lansing	\$1,500,000	Larry Goldman	913-707-9030
S. Hutchinson	\$630,000	Jared Jones	918-583-3483

Louisiana

Bossier City	\$2,500,000	Bill Barnhill	251-432-1287
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Massachusetts

Sutton	\$1,575,000	Joseph Mendola	603-668-7000
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Michigan

Roscommon	\$295,000	Jim Soltis	810-494-2062
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Missouri

Clinton	\$268,000	Larry Goldman	913-707-9030
Farmington	\$3,750,000	Larry Goldman	913-707-9030

Missouri, cont.

Waynesville	\$2,360,000	Larry Goldman	913-707-9030
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Mississippi

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

Nevada

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

Branchville	\$995,000	Linda Cinelli	908-722-5661
Howell	\$2,350,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661
Pennsauken	\$1,300,000	Linda Cinelli	908-722-5661

New Mexico

Bernalillo	\$4,250,000	David Etzold/Noel Woodwell	915-491-9610
Mesilla Park	\$530,000	David Etzold/Noel Woodwell	915-491-9610
Ruidoso	\$790,000	David Etzold/Noel Woodwell	915-491-9610

New York

Bayport	\$925,000	Linda Cinelli	908-722-5661
Hicksville	\$4,200,000	Linda Cinelli	908-722-5661
Monticello	\$4,500,000	Linda Cinelli	908-722-5661
Peekskill	\$3,500,000	Linda Cinelli	908-722-5661
Westmoreland	\$979,000	Guy Blake	845-522-5900

North Carolina

Powells Point	\$560,000	Stuart Wade	757-618-3597
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North Dakota

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

Gloucester	\$299,000	Alec Pacella	216-455-0925
Howard	\$1,550,000	Alec Pacella	216-455-0925
Painesville	\$1,400,000	Alec Pacella	216-455-0925

Oklahoma

Ada	\$2,500,000	Jared Jones	918-583-3483
Edmond	\$810,000	Jared Jones	918-583-3483

Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Olyphant	\$850,000	Chuck Shields	610-828-0100
Plymouth	\$850,000	Linda Cinelli/Chuck Shields	908-722-5661

South Carolina

Anderson	\$4,800,000	Neal Gussis	847-922-3750
		Joey Godbold/Jamey Cox	704-632-1030
Lancaster	\$750,000	Joey Godbold/Jamey Cox	704-632-1030

Texas

Arlington	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Big Spring	Call Broker	David Etzold	915-845-6006
Caldwell	Call Broker	Bill Brownfield	713-907-6497

Virginia

DeWitt	\$450,000	Stuart Wade	757-618-3597
Williamsburg	\$4,900,000	Stuart Wade	757-618-3597

Washington

Shelton	\$995,000	Thomas Wolter	206-200-3325
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Wyoming

Gillette	\$2,550,000	Joan Lucas/ Pat Green	720-855-6587 307-680-0102
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ARGUS SALES



Congratulations to Joan Lucas of Joan Lucas Real Estate Services who sold Mary's Magazine Storage in Canon City, CO! Contact Joan at 720-855-6587 for details.



Congratulations to Bill Brownfield, CRE, CCIM of Brownfield & Associates who sold a self-storage development site in Houston, TX! Contact Bill at 713-907-6497 for details.



Congratulations to Bill Barnhill, CCIM and Shannon Barnes, CCIM who sold Callaway Mini Storage in Panama City, FL! Contact Bill and Shannon at 251-432-1287 for more information.



Congratulations to Linda Cinelli, CCIM of LC Realty who sold a self-storage development site in Howell, NJ! Contact Linda at 908-722-5661 for details.

ARGUS NEWS

We are pleased to welcome our newest Broker Affiliates to the Network!



Thomas Wolter, of RE/MAX Commercial in Issaquah, WA joins Argus as the Broker Affiliate for Washington State. He has over 29 years of experience in commercial real estate and looks forward to assisting self-storage owners and investors in Washington. He can be reached at 206-200-3325.



David Aldridge, of Aldridge & Associates in Tigard, OR, joins Argus as the Broker Affiliate for Oregon. He has extensive experience in commercial real estate and business brokerage which will benefit his self-storage clients. David can be reached at 503-789-5333.

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
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MD, VA
North, Central & South FL

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Rusty Hike
Alec Pacella, CCIM
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Jim Soltis
Richard Stern

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608-446-0600

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

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West TX
AR
TN
OK
North TX

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David Aldridge
Tom de Jong
David Etzold & Noel Woodwell
Jeffery A. Gorden, CCIM
Larry Hayes
Joan Lucas
Bill Nicoloff
Thomas Wolter

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Colliers International
Etzold & CO LLC
Eagle Commercial Realty Services
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