



SELF STORAGE SALES NETWORK

# Market Monitor

America's Premier Self Storage Brokers

Issue VI-2016

## The One-Two Punch

*Your Competitor Just Raised Your Taxes and Encouraged New Development*

by Ben Vestal

The good news is your competitor sold for a record high price; the bad news is that you have to pay for it in higher real estate taxes and new competition. Today, these two factors will likely reduce the value of your self-storage project because increased property assessment and increased competition always follow record high sales values. As a result, your real estate taxes could take a significant jump due to recent sales of other self-storage properties, just as your cash flow will be impaired by new competition.

### Real Estate Taxes:

Real estate tax increases are the biggest risk to property values in today's self-storage investment market. As a general rule of thumb, for every dollar increase in your real estate taxes, the value of your property is reduced by \$10 to \$12. Many owners believe you can't fight City Hall and they just accept the assessor's valuation. While this is certainly the easiest approach, it can have a significant impact on your value. There are three ways to appraise the value of all real estate; the sales comparison approach, the cost approach and the income approach. In the market, buyers and sellers tend to put more emphasis on the income approach, while assessors tend to look at sales comparables.

Approach	Definition	Consideration
Sales Comparison Approach	Compares subject property to similar properties that have recently sold	Location, size, condition, quality, time of sale
Income Approach	Considers how much income the property would produce if it were rented and capitalizes the income to arrive at value	Current market rents, vacancy rates, operating expenses, taxes, insurance, expected rate of return
Cost Approach	Estimates how much money it would take to replace the property with a similar one	Value of land, depreciation

It is worth taking the time to check and make sure your real estate taxes are in line with the market. Here are three steps to help you protect your value. First, get a good idea of what your property is really worth. You can ask your Argus broker to provide you with an estimate of value by providing a year-to-date profit and loss statement and the most recent management summary reports. Your Argus broker's estimate of value will also include some recent sales comparisons. Second, take the time to know how your property's real estate taxes relate to the assessment of other properties in your area. You can locate this information in the county records. A review of this information on a square footage basis will give you a good idea of how, or if, your property is out of line with other self-storage properties. Third, you should know the best way to prosecute an appeal. The success of these appeals generally depends on how well prepared you are in your argument. You may want to

consider hiring a tax consultant to help you at this stage. They typically work on a contingency basis and you can ask your Argus broker for some recommendations in your market.

### Overbuilding – Is it happening to you?

We have all seen the comparison of self-storage to other real estate asset classes and in short, the returns are higher and the various risks are more moderate with one exception: overbuilding. Today, the general market fundamentals are favorable for new development, but as you dig into each potential site, make sure there are not several other projects coming online in that market. New self-storage developments today tend to be clustered around the same areas and with similar demographics.

The main reason overbuilding is more of a risk to self-storage owners compared to other real estate classes is that we are all competing for the same customer and we are a more localized business. Overbuilding is a market condition where supply (self-storage space) exceeds demand (renters) at any given time. Using this definition, I would suggest that almost all markets are overbuilt to some degree if there is more than nominal vacancy in the market. For example, a stabilized market that averages 88% occupancy could really mean

that it is overbuilt by 12%. While 88% occupancy is not economically threatening, it does indicate that excess demand is simply not there- otherwise they would be closer to 100% full.

Because overbuilding is a critical issue facing the self-storage industry today, Argus compiled development reports covering major MSAs across the country and it is

clear that most markets are in danger of becoming overbuilt in the next 12-36 months, with most markets seeing a 5% to 25% increase of new supply in the development pipeline. We are estimating that 800-1,000+ new projects will be opened in 2016 with even more coming online in 2017. Contact your local Argus broker to receive the self-storage development report that covers your market.

Clearly, each market is different and requires different projections with regard to reassessment of real estate taxes and overbuilding. However, even with minor adjustments, the impacts of increased real estate taxes and overbuilding can be very serious. Remember that it is always easier to be proactive than reactive! **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).*

## Loxley, AL

• \$1,260,000

- 244 Units
- 29,175 RSF
- 6.453+/- Acres
- 28 boat/RV spaces
- Strong traffic exposure
- U-Haul truck and trailer rental
- Room for expansion
- Retail rental space

**NEW!**



**Bill Barnhill, CCIM, Stuart LaGroue & Mary Franklin**

251-432-1287

barnhill@selfstorage.com

stuart@selfstorage.com

mary@selfstorage.com

## Mason City, IA

• \$1,500,000

- 221 Units
- 49,967 RSF
- 3.4 Acres
- 92% Unit Occupancy
- Warehouse and office buildings included
- 14,500 SF brick warehouse approved for conversion to temperature controlled storage
- Secure facilities with controlled gate
- Room for expansion

**Rusty Hike**

402-291-2500

rusty@hikerealestate.com



## Saraland, AL

• \$3,426,000

- 381 Units
- 46,750 RSF
- 2.49+/- Acres
- All climate controlled facility
- Includes boat/RV parking at the rear of the facility
- Lock, box and packing supply sales
- U-Haul truck and trailer rentals

**NEW!**



**Bill Barnhill, CCIM & Stuart LaGroue**

251-432-1287

barnhill@selfstorage.com

stuart@selfstorage.com

## Windsor, VA

• \$2,100,000

- 242 Units
- 28,200 RSF
- 14 Acres
- Located on site of Roy's Radiator Repair
- 30,000 GSF
- Sale includes mini storage, Radiator shop, 2,500 SF building and surplus land (14 acres total)

**NEW!**

**Stuart Wade**

757-618-3597

stuart\_wade@hotmail.com



## Fanning Springs, FL

• \$1,725,000

- 295 Units
- 43,000 RSF
- 8.8 Acres
- Value-add opportunity
- Positive occupancy trend
- 7,500 SF climate controlled expansion planned and approved
- Located on US-19, a major highway



**Frost Weaver**

904-265-2001

fweaver@weaver-realty.com

## Shelton, WA

• \$995,000

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



**Thomas Wolter**

206-200-3325

tom@thomaswolter.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	\$3,382,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Chelsea, AL	\$3,000,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Loxley, AL	\$1,260,000	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
Saraland, AL	\$4,765,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Saraland, AL	\$3,426,000	Bill Barnhill/Stuart LaGroue	251-432-1287

## Arizona

Fort Mohave	\$450,000	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

## Arkansas

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

Vallejo	\$1,850,000	Tom de Jong	408-282-3829
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## 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
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## Georgia

Carrollton			
Columbus	\$1,600,000	Mike Patterson	770-241-9070
Douglasville	\$2,250,000	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

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

## Mississippi

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

## New Jersey

Branchville	\$1,390,000	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

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

NC Portfolio	\$2,300,000	Joey Godbold/Jamey Cox	704-632-1030
Powells Point	\$560,000	Stuart Wade	757-618-3597

## 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	\$795,000	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	<b>SOLD</b>	David Etzold	915-845-6006
Caldwell	Call Broker	Bill Brownfield	713-907-6497

## Virginia

DeWitt	\$450,000	Stuart Wade	757-618-3597
Williamsburg	<b>SOLD</b>	Stuart Wade	757-618-3597
Windsor	\$2,100,000	Stuart Wade	757-618-3597

## Washington

Cathlamet	\$795,000	Tom de Jong/Thomas Wolter	408-282-3829
Shelton	\$995,000	Thomas Wolter	206-200-3325

## Wyoming

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



Congratulations to Stuart Wade of The Nicholson Companies who sold the Williamsburg Antique Mall in Williamsburg, VA! Contact Stuart at 757-618-3597 for details.



Congratulations to David Etzold of Etzold & CO who sold AAA Mini Storage in Big Spring, TX! Contact David at 915-845-6006 for details.



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

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

888-801-4534  
704-632-1027  
770-301-1886  
757-618-3597  
904-733-0039

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

### NORTH CENTRAL

Bruce Bahrmassel  
Rusty Hike  
Alec Pacella, CCIM  
Larry Goldman, CCIM  
Mike Helline & Paul Grisanti, CCIM  
Jim Soltis

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

312-518-3550  
402-291-2500  
216-831-3310  
913-707-9030  
502-253-1811  
810-494-2062

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

### SOUTH CENTRAL

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

Omega Properties, Inc.  
Brownfield & Associates, LLC  
Etzold & CO LLC  
RE/MAX Commercial  
Grisanti Group Commercial Real Estate  
Porthaven Partners  
Colliers International

888-801-4534  
713-907-6497  
915-845-6006  
913-707-9030  
502-253-1811  
918-583-3483  
817-335-5600

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

### WEST

David Aldridge  
Tom de Jong  
David Etzold  
Jeffery A. Gorden, CCIM  
Larry Hayes  
Joan Lucas  
Thomas Wolter

Aldridge & Associates  
Colliers International  
Etzold & CO LLC  
Eagle Commercial Realty Services  
Hayes & Associates  
Joan Lucas Real Estate Services, LLC  
RE/MAX Commercial

503-789-5333  
408-282-3829  
915-845-6006  
480-331-8880  
406-728-0088  
720-855-6587  
206-200-3325

OR  
Northern CA  
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CO  
WA