



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue VII-2016

Protecting Value in Uncertain Times

by Ben Vestal

With capital flow of both equity and debt having dramatically increased over the past few years, self-storage has become the golden child of niche real estate. Delivering higher returns and a more stable cash flow than other investments, self-storage is well positioned for the time being. A wise real estate investor once told me that "you are NOT in the self-storage business - you are in the real estate business." Even though your self-storage business has an extremely reliable income stream, the real estate market has more to do with the value of your self-storage property than the operations of your self-storage business. With that being said, the question I have recently been asked is how can owners protect their value? Below I have outlined four topics that will help you position your property to preserve its value.

Financing:

This one topic has more to do with the value of your property than anything else! Even though the operations of your property go up and down, the financing market affects your value more than the operations. In today's market, buyers, sellers and operators are enjoying a low interest rate environment. This has allowed buyers to grow their portfolio and sellers to achieve very aggressive pricing.

It would be prudent of all self-storage owners to evaluate their current financing on a regular basis to ensure that they are preserving their cash flow. Depending on the ownership's investment horizon, locking in long term fixed-rate debt may be a wise move. However, maintaining flexibility with regards to prepayment penalties, trapped equity and having the ability to sell when the market presents an opportunity might be more valuable than the security and cash flow that long term fixed rate debt might provide.

Watch Your Expenses:

The operations of a self-storage business are critical to the success or failure of the property. It is important to understand the magnitude of what each dollar of net operating income (NOI) means to the value of a property. Every dollar saved in operating expenses adds one dollar of NOI which results in \$12 to \$16 in value enhancement or preservation. For example, if you are able to reduce your trash expense by \$50 per month or \$600 per year, you will have increased the value of the property by \$7,500 to \$10,000. Operating expenses need to be reviewed on a regular basis to ensure that value isn't being eroded by uncontrolled or unnecessary expenses.

Know Your Market:

The secret is out! Self-storage is widely considered a viable development opportunity and is being considered on every vacant piece of ground. Due to the success of self-storage over the last 5-10 years, we are now seeing meaningful new development across the country. Over the last 23 years we have learned that only three major demographic categories prove to create self-storage demand; population growth, income levels and percentage of renters. There is a major push of new development in high-growth markets such as Denver, Dallas, Miami, New York and the Northwest just to name a few. New development will have a meaningful impact on the operations and value of properties that have new competitors coming online during this cycle.

If you are operating a self-storage project, take the time to understand your market and know what new developments are likely to come online and compete with your property. You can do this by talking with your local planning department about what inquiries and submittals have been made. You should also ask what pieces of land currently have the appropriate zoning for a storage project. This will give you an idea of what to expect as self-storage developers and brokers are scouring the country for good development sites.

Know Your Investment Horizon:

The value of your self-storage property goes up and down as the market sentiment and debt markets change for this investment type. In order to truly realize what the value of your property is and what it has been, you must at some point sell the investment. Obviously, the investment horizon of each ownership group is different and will vary depending on their individual objectives. In order to maximize your value you should always be evaluating the current market, the risks, the opportunities and how those dynamic factors impact the value of your property. This will allow you to make the best decision and position your investment appropriately.

In summary, prices have never been higher and the world has never been more uncertain, so if you are at or near one of those personal crossroads it is time to get serious about maximizing your investment's value. Take the time to talk with your local Argus broker and receive the necessary information to make an informed investment decision. **MM**

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

Saraland, AL • Call for Offers: Due 7/27

- 479 Units
- 51,905 RSF
- 1.5 Acres
- Located in a fast-growing suburb of Mobile, AL
- 3-story climate controlled facility
- Assumable mortgage with 1% transfer fee

**Bill Barnhill, CCIM
& Stuart LaGroue**

251-432-1287

stuart@selfstorage.com



Seneca, IL

• \$725,000

NEW!

- 131 Units
- 16,500 RSF
- Best facility in its market
- Great visibility
- Very high historical occupancy
- Room for expansion
- Great upside potential

Bruce Bahrmassel

312-518-3550

bruce@selfstorage.com



Manteca, CA

• \$4,195,000

NEW!

- 497 Units
- 53,250 RSF
- 2.87 Acres
- Excellent visibility at intersection of Hwy 99 and E. Yosemite Ave.
- 99% average occupancy over past 12 months
- Below market rents

Tom de Jong

408-282-3829

tom.dejong@colliers.com



Wadesboro, NC

• \$758,000

NEW!

- 155 Units
- 21,300 RSF
- 16.69 Acres
- Fully fenced and gated with code access
- Two additional offices/apartments
- Additional land and warehouse space for expansion

Jamey Cox & Joey Godbold

704-632-1030

jamey.cox@svn.com

jgodbold@svn.com



Colorado Springs, CO

• \$2,600,000

NEW!

- 253 Units
- 34,425
- 4.06 Acres
- Well-established facility
- Approx. 81,000 SF of ground included for expansion
- Family run and operated
- Built in stages from 1998-2016

Joan Lucas

720-855-6587

jluucas@selfstorage.com



Manchester, NH

• \$10,000,000

NEW!

- 871 Units
- 103,188 RSF
- 2.02 Acres
- Only self-storage in downtown Manchester
- Additional rental income from parking lot and office space
- Updated energy efficiencies

Joe Mendola

603-668-7000

joe@nainorwoodgroup.com



Bremen, GA

• \$175,000

NEW!

- 69 Units
- 8,600 RSF
- 0.9 Acre
- Small but well-established storage business
- Room to expand at both locations
- Lots of upside with rent increase
- Priced to sell quickly

Mike Patterson, CCIM

770-301-1886

ebroker@msn.com



Pryor, OK

• \$320,000

NEW!

- 160 Units
- 19,400 RSF
- 2.8 Acres
- Great price point below replacement cost
- Expansion land ready for future growth
- Tremendous revenue upside

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	\$3,382,000	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	Call Broker	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

Manteca	\$4,195,000	Tom de Jong	408-282-3829
Vallejo	\$1,850,000	Tom de Jong	408-282-3829

Colorado

Bennett	SOLD	Joan Lucas	720-855-6587
Boulder	\$16,000,000	Tom de Jong	408-282-3829
Colorado Spgs	\$2,600,000	Joan Lucas	720-855-6587
Evans/Greeley	\$1,652,450	Joan Lucas	720-855-6587

Georgia

Bremen	\$175,000	Mike Patterson	770-241-9070
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
Seneca	\$725,000	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 Hampshire

Manchester	\$10,000,000	Joe Mendola	603-668-7000
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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

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	SOLD	Stuart Wade	757-618-3597
Wadesboro	\$758,000	Joey Godbold/Jamey Cox	704-632-1030

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	\$650,000	Jared Jones	918-583-3483
Pryor	\$320,000	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
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Virginia

Windsor	\$2,100,000	Stuart Wade	757-618-3597
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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 a development site in Chesapeake, VA and sold Freedom Storage in Powells Point, NC! Contact Stuart at 757-618-3597 for details.



Congratulations to Larry Goldman, CCIM of RE/MAX Commercial who sold Mr. B's Storage in Imperial, MO! Contact Larry at 913-707-9030 for details.



Congratulations to Joan Lucas of Joan Lucas Real Estate Services who sold Bennett Mini Storage in Bennett, CO and a self-storage development site in Denver, CO! Contact Joan at 720-855-6587 for details.

Special Offer!

Contact your Argus Broker today to receive a FREE, no obligation Broker's Opinion of Value for your self-storage property.

Argus has the experience to help self-storage owners take full advantage of today's unique market conditions. If you've been waiting to find out what your property is worth, don't delay—contact your Argus Broker to receive this valuable 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

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

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904-733-0039

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GA
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

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Hike Real Estate
NAI Daus
RE/MAX Commercial
Grisanti Group Commercial Real Estate
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810-494-2062

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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

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

WEST

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

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