



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue XII-2016

A New Year, A New President, A New Real Estate Market...

by Ben Vestal

The holidays are upon us and cautious optimism is certainly present in today's real estate market, including self-storage. The recent presidential election along with the softening of the self-storage REITs' operating data has momentarily caused the market to pause as many investors and financial institutions, both big and small, are pulling in the reins and exercising discipline. The ten year treasury has been gradually moving up from a low of 1.37% in July to over 2.4% in early December, with the largest jump coming just weeks after the presidential election.

Now is the time to look into the crystal ball and position yourself for success in 2017. After exhibiting an incredible pace of recovery since 2009, the self-storage real estate sector is showing signs of slowing to a more sustainable pace in 2017 which historically is much better than most commercial real estate. Cap rates and values in most markets are expected to be flat and will not compress further. However, we are also not anticipating any rise in cap rates as there is still meaningful demand and bidding competition from qualified investors.

The potential impact of rising interest rates, large amounts of CMBS loans coming due in 2017, and the first meaningful new supply hitting the market in 2017 will keep a lid on the self-storage boom. Some markets such as Denver, Charlotte, Oklahoma, New York and all four major Texas markets will be more affected by new supply than others. Self-storage owners continue to sell primarily because of life events with few owners making the decision to sell in order to capitalize on the strong transaction market and peaking valuations. As this real estate cycle continues to run its course, 2017 may present sellers the opportunity to capitalize on values within 10% of the peak of the market as the new market sentiment indicates that we will have a longer valuation push than originally expected. However, some sellers that hold out for the final dollar will be left wondering what happened when the investment market officially turns downward.

Below I have outlined 10 market predictions for 2017.

These are general in nature and I am hopeful they will allow you to identify new opportunities and ideas as you position your self-storage investments for success in 2017. But as we all know, there will always be exceptions to the rule.

1. Self-storage NOI growth will start to slow; will remain at or above historical averages of 3%-6%.
2. The first meaningful new supply will hit the market; 700-1,000 facilities nationwide.
3. Interest rates will remain low by historical standards, but market instability, regulation in the CMBS market, and a large amount of properties needing refinancing will create volatility in the lending market.
4. Transaction velocity will start to slow by the beginning of Q3, largely due to lender volatility.
5. Self-storage valuation will start to soften by the start of Q4.
6. Physical occupancies will remain unchanged and near historically high levels nationwide.
7. Rental rates will flatten and in some markets we will see concessions return by the middle of Q2.
8. Secondary markets will outperform the major markets.
9. Real estate taxes will be the fastest growing expense nationwide.
10. Self-storage will still be the best performing real estate sector!

Self-storage has outperformed almost all other real estate asset classes over the last few years, but the recent pull back by the self-storage REITs may be a sign of things to come. Not to say that we will see a dramatic correction in self-storage property values or performance, but all good things must come to an end. With investor sentiment remaining strong, we have found, ironically, that the uncertainty in interest rates, U.S. politics, and the direction of the US economy may actually be increasing the length of the current real estate cycle. Carpe Diem! **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

Russellville, AR • \$1,495,000

- 79 Units
- 23,804 RSF
- 3.34 Acres
- Mixed use development includes 6,000 SF retail building, office/warehouse buildings and self-storage
- Well-leased facility with ample room to expand
- Surrounded by major restaurants and retailers

NEW!

Larry Goldman, CCIM
913-707-9030
lgoldman@selfstorage.com



Prescott, AZ • \$4,300,000

- 2-Property Portfolio
- 601 Units
- 75,896 RSF
- 4.22 Acres
- Value add opportunity
- High barriers to entry
- Excellent visibility
- Both locations include office and residence

NEW!

**Jeff Gorden, CCIM
& Lucian "Seth" Hodges**
480-331-8880
jgorden@selfstorage.com
seth@gorden-group.com



Texarkana, AR • \$1,450,000

- 206 Units
- 39,175 RSF
- 2.518 Acres
- Visible to over 82,000 cars per day in I-30
- Consistently well-leased
- Significantly lower taxes than Texas competitors
- Located at the entrance of the Links Golf Community
- Surrounded by retail amenities, restaurants and hotels

NEW!

Larry Goldman, CCIM
913-707-9030
lgoldman@selfstorage.com



Rineyville, KY • \$565,000

- 86 Units
- 13,500 RSF
- 1.097 Acres
- Built in 2011
- Excellent opportunity for the independent investor
- 2,200 SF recently added and 2,300 SF can be added to built-out expansion pad

NEW!

**Paul Grisanti, CCIM
& Mike Helling**
502-296-4586
paul@grisantigroup.com
mike@grisantigroup.com



Bisbee, AZ • \$270,000

- 92 Units
- 12,628 RSF
- 1.14 Acres
- Seller financing available
- Recently renovated facility
- Growing occupancy
- Easy to manage
- Mining giant Freeport-McMoRan investing in the city
- Estimated 300,000 tourists per year

NEW!

Jeff Gorden, CCIM
480-331-8880
jgorden@selfstorage.com



Windsor, VA • \$1,100,000 **NEW PRICE!**

- 242 Units
- 27,125 RSF
- Great visibility and traffic counts
- Owner has additional buildings and acreage available for purchase
- Limited competition in the area
- Located in southeast Virginia, approx. 12 miles from the town of Suffolk

Stuart Wade
757-618-3597
stuart_wade@hotmail.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
Loxley, AL	SOLD	Bill Barnhill/Stuart LaGroue	251-432-1287
Mobile, AL	\$1,685,000	Bill Barnhill	251-432-1287

Arizona

Bisbee	\$270,000	Jeffrey A. Gorden	480-331-8880
Fort Mohave	\$450,000	Jeffrey A. Gorden	480-331-8880
Miami	\$1,089,000	Jeffrey A. Gorden	480-331-8880
Nogales	\$5,573,164	Jeffrey A. Gorden	480-331-8880
Prescott	\$4,300,000	Jeffrey A. Gorden	480-331-8880
Vernon	\$795,000	Jeffrey A. Gorden	480-331-8880

Arkansas

Hot Springs Vlg	\$180,000	Larry Goldman	913-707-9030
Little Rock	\$900,000	Larry Goldman	913-707-9030
Russellville	\$1,495,000	Larry Goldman	913-707-9030
Texarkana	\$1,450,000	Larry Goldman	913-707-9030

California

Burson	\$849,000	Tom de Jong	408-282-3829
Oakdale	\$250,000	Tom de Jong	408-282-3829
Vallejo	\$1,850,000	Tom de Jong	408-282-3829

Colorado

Denver	Call Broker	Joan Lucas	720-855-6587
Evans/Greeley	\$1,652,450	Joan Lucas	720-855-6587

Florida

Lake City	\$310,000	Frost Weaver	904-265-2001
Pensacola	\$1,400,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Vero Beach	\$454,000	Frost Weaver	904-265-2001

Georgia

Athens	\$6,750,000	Mike Patterson	770-241-9070
Bremen	\$175,000	Mike Patterson	770-241-9070
Carrollton	\$4,577,000	Mike Patterson	770-241-9070
Lithia Springs	\$1,600,000	Mike Patterson	770-241-9070
Macon	\$450,000	Mike Patterson	770-241-9070
Tifton	\$750,000	Mike Patterson	770-241-9070

Iowa

Mason City	\$1,370,000	Rusty Hike	402-291-2500
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Illinois

Macomb	\$950,000	Bruce Bahrmassel	312-518-3550
Seneca	\$699,000	Bruce Bahrmassel	312-518-3550

Indiana

Plymouth	\$4,775,000	Bruce Bahrmassel	312-518-3550
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Kansas

Junction City	\$380,000	Larry Goldman	913-707-9030
S. Hutchinson	\$630,000	Jared Jones	918-583-3483

Kentucky

Crestwood	SOLD	Paul Grisanti	502-253-1811
Rineyville	\$565,000	Paul Grisanti/Mike Helline	502-296-4586

Massachusetts

Sutton	\$550,000	Joseph Mendola	603-668-7000
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Michigan

Detroit	Call Broker	Jim Soltis	810-494-2062
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Missouri

Farmington	SOLD	Larry Goldman	913-707-9030
House Springs	\$450,000	Larry Goldman	913-707-9030
Waynesville	\$2,360,000	Larry Goldman	913-707-9030

Mississippi

Canton	\$850,000	Bill Barnhill/Stuart LaGroue	251-432-1287
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New Hampshire

Claremont	\$2,350,000	Joe Mendola	603-668-7000
Manchester	\$10,000,000	Joe Mendola	603-668-7000

New Jersey

Branchville	\$1,390,000	Linda Cinelli	908-722-5661
Ewing	\$1,900,000	Linda Cinelli	908-722-5661
Hardyston	\$7,400,000	Linda Cinelli	908-722-5661
Howell	\$2,350,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661

New Mexico

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

New York

Monticello	\$3,700,000	Linda Cinelli	908-722-5661
Peekskill	\$3,500,000	Linda Cinelli	908-722-5661

North Carolina

NC Portfolio	\$2,300,000	Joey Godbold/Jamey Cox	704-632-1030
Wadesboro	\$758,000	Joey Godbold/Jamey Cox	704-632-1030
Wilmington	\$1,400,000	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
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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	\$925,000	Chuck Shields	610-828-0100
Plymouth	SOLD	Linda Cinelli/Chuck Shields	908-722-5661

South Carolina

Lancaster	\$695,000	Joey Godbold/Jamey Cox	704-632-1030
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Texas

Arlington	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Austin	Call Broker	Bill Brownfield	713-907-6497
Bulverde	Call Broker	Bill Brownfield	713-907-6497
Fort Worth	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Killeen	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Mineral Wells	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Red Oak	Call Broker	Richard Minker/Chad Snyder	817-335-5600

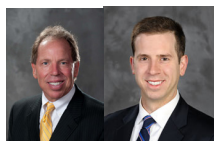
Virginia

Windsor	\$1,100,000	Stuart Wade	757-618-3597
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Washington

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



Congratulations to Paul Grisanti and Nick Grisanti of Grisanti Group Commercial Real Estate who sold South Oldham Self Storage in Crestwood, KY! Contact Paul and Nick at 502-253-1811 for details.



Congratulations to Linda Cinelli, CCIM of LC Realty and Chuck Shields of Beacon Commercial Real Estate who sold Atwater Self Storage in Plymouth, PA! Contact Linda at 908-722-5661 or Chuck at 610-828-0100 for more information.



Congratulations to Larry Goldman, CCIM of RE/MAX Commercial who sold Adams Storage Center in Farmington, MO! Larry can be reached at 913-707-9030 for details.



Congratulations to Bill Barnhill, CCIM and Stuart LaGroue of Omega Properties, Inc. who sold Loxley Super Storage in Loxley, AL! Contact Bill and Stuart at 251-432-1287 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

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

888-801-4534
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757-618-3597
904-733-0039

FL Panhandle
NC, SC
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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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Northern IL, Northern IN, WI
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

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South & Central TX
West TX
AR
TN
OK
North TX

WEST

Steve Avanzino
Tom de Jong
David Etzold
Jeffery A. Gorden, CCIM
Larry Hayes
Joan Lucas
Doug Shea & Peter Pappageorge
Thomas Wolter

Kidder Matthews
Colliers International
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Hayes & Associates
Joan Lucas Real Estate Services, LLC
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RE/MAX Commercial

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206-200-3325

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