



SELF STORAGE SALES NETWORK

# Market Monitor

America's Premier Self Storage Brokers

Issue VIII-2017

## Self Storage Valuation

### *Time to Look in the Mirror*

by Ben Vestal

As indicated by the stock performance of the 5 self-storage REITs in 2017, the self-storage investment market is experiencing some headwinds. As we continue to see self-storage Net Operating Incomes flatten and rental revenue decelerate, we are also experiencing expense pressure as owners are spending more on advertising/marketing, payroll, and real estate taxes. But as the values of self-storage investments have flattened, the demand for investment in the private sector is remaining strong. We continue to see new supply coming on-line and the impact of new supply could be higher in 2018 than 2017, reflecting multi-year lease-up of prior year deliveries. Today, as owners of self-storage investment properties, you must understand that the value of your property is driven more by the sentiment in the self-storage real estate market rather than by the actual financial performance of the property and you must take the time to understand how good the last five years have been.

#### The Last Five Years:

Many self-storage owners have been acutely aware of the recent changes in self-storage valuations. Over the last five years we have seen self-storage values skyrocket to all-time highs. However, in the last 6-9 months we've seen values level out or soften a bit due to the market's perception of softening fundamentals, increasing cost of debt and slowing or flattening of rental growth. The chart below will show you a real-world example of how a particular property has performed over the last five years and how the value has been impacted. You'll note that the property's overall net operating income was relatively stable, but the change in value was meaningful and the change in equity was even more dramatic.

	2013	2014	2015	2016	2017
NOI	\$625,000	\$718,000	\$755,000	\$798,000	\$775,000
Cap Rate	6.5%	6.25%	6%	5.3%	6.5%
Value	\$9,615,000	\$11,488,000	\$12,583,000	\$15,056,000	\$11,923,000
Equity (75% LTV)	\$2,403,000	\$4,277,000	\$5,372,000	\$7,845,000	\$4,712,000
% Equity Increase since 2013		77%	123%	226%	96%

While it is comforting to know how well self-storage properties have prospered from this extraordinary market, several questions hang over the future. Wondering if high or higher values will last is really just a manifestation of wishful thinking, and can probably be answered best by the statement: They never have! It is important to remember that all good things must come to an end and while values of self-storage assets are off the peak, they are still very strong by most measures.

#### What To Do?

First, decide what you want to do and what your particular circumstances are and, most importantly, be realistic. If you want to keep your property for at least five years or more, and you believe that your competitive situation is such that you can maintain and grow your income over that time, then make sure you have captured a low interest rate loan for at least that term, keep a close eye on new competition and, and stay on top of the day to day operations of your property. However, if your ownership horizon is less than five years or you are concerned about your property's long-term ability to compete in your market, then selling could be an attractive option today. Values are within 20% of the all-time highs and capital gains rates are still at a very attractive level for the time being (who knows what our current administration will do?). The chances of cap rates increasing (values going down) and the impact of new competition appear to be significantly greater than having cap rates decline (value going up) in the near term.

If you are wondering when to make the decision, my suggestion is to do so only as soon as you are comfortable. In order to provide our clients with the necessary information to

make an informed decision, **contact your local Argus Broker Affiliate to receive a free, no obligation Broker Opinion of Value before September 30th.** While no one can predict where values will be a year from now, we can be sure that the "best of times" won't last forever. **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).*

## Jacksonville, AR \$365,000

**NEW!**

- 102 Units
- 16,800 RSF
- 1.57 Acres
- Convenient location in Little Rock, just off Hwy 67
- Stabilized occupancy
- Priced below replacement cost
- Rates recently increased



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

## Loganville, GA \$7,800,000

**NEW!**

- 2-Property Portfolio
- 450 Units
- 67,200 RSF
- Stabilized portfolio located in the NE quadrant of Atlanta MSA in Loganville and Monroe, GA
- Minimal competition and strong demographics



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

## Laurel, MS \$550,000

**NEW!**

- 138 Units
- 20,100 RSF
- 2 Acres
- Great Visibility
- Wide Aisles
- Room for Expansion
- Located 30 miles northeast of Hattiesburg, MS



**Bill Barnhill, CCIM & Shannon Barnes, CCIM**  
251-432-1287  
barnhill@selfstorage.com/shannon@selfstorage.com

## Colorado Spgs, CO \$3,140,000

**NEW!**

- 253 Units
- 34,426 RSF
- 4.06 Acres
- Well-established facility with new entrance and large monument sign
- 81,000 SF of additional land for Boat/RV or approx. 266 new storage units
- Family run with revenue upside



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

## Junction City, KS \$1,195,000

**NEW!**

- 222 Units
- 28,235 RSF
- 4.2 Acres
- Room for expansion on site
- 1.2 miles from Fort Riley Army Base
- Newly remodeled office and apartment
- New building added in 2016



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

## Santa Teresa, NM \$4,650,000

**NEW!**

- 415 Units
- 67,420 RSF
- 3.93 Acres
- Prime location in El Paso, TX metro area
- Easy access and good visibility from major arterial
- Land for expansion



**David Etzold**  
915-845-6006  
etzoldco@att.net

## Thornton, CO \$3,513,000

**NEW!**

- 215 Units
- 32,464 RSF
- 2.33+/- Acres
- Well-run property enjoys high occupancy
- Large 450 SF manager's office
- Strong area demographics



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

## Lawrence, KS \$5,260,000

**NEW!**

- Conversion Opportunity
- 70,145 GBA
- Approved for 54,854 SF of climate and non-climate self storage
- 4.9 Acres
- Solid, long-term retail tenants in place
- Great location on major retail corridor



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

## Bacliff, TX Call for Price

**NEW!**

- 109 Units
- 15,950 RSF
- 0.651 Acre
- Value-add opportunity
- Adjacent to League City
- Well-maintained, concrete drives, and metal buildings
- Recently renovated manager's apartment



**Bill Brownfield, CRE, CCIM**  
713-907-6497  
bill@wbrownfield.com



# Sells Self Storage Nationwide!

Our complete list of available properties is detailed below. For additional information, visit [www.argus-selfstorage.com](http://www.argus-selfstorage.com) or contact your local Argus Broker Affiliate!

## Alabama

Cullman	\$260,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Montgomery	<b>SOLD</b>	Bill Barnhill/Stuart LaGroue	251-432-1287
Tallassee	\$965,000	Bill Barnhill/Stuart LaGroue	251-432-1287

## Arizona

Bisbee	\$270,000	Jeffrey A. Gorden	480-331-8880
Concho	\$350,000	Jeffrey A. Gorden	480-331-8880
Gilbert	Call Broker	Jeffrey A. Gorden	480-331-8880
Mayer	\$1,650,000	Jeffrey A. Gorden	480-331-8880
Vernon	<b>SOLD</b>	Jeffrey A. Gorden	480-331-8880

## Arkansas

Hot Springs Vlg	\$1,600,000	Larry Goldman	913-707-9030
Hot Springs Vlg	\$180,000	Larry Goldman	913-707-9030
Jacksonville	\$365,000	Larry Goldman	913-707-9030
Russellville	\$1,495,000	Larry Goldman	913-707-9030

## California

CA Portfolio	Call Broker	Tom de Jong	408-282-3829
Antioch	\$3,500,000	Tom de Jong	408-282-3829
Lincoln	Call Broker	Tom de Jong	408-282-3829
San Jose	\$10,500,000	Tom de Jong	408-282-3829

## Colorado

Denver	\$1,800,000	Joan Lucas	720-855-6587
Fort Collins	\$3,500,000	Joan Lucas	720-855-6587
Fort Collins	\$2,150,000	Joan Lucas	720-855-6587
Loveland	\$1,270,000	Joan Lucas	720-855-6587
Thornton	\$3,513,000	Joan Lucas	720-855-6587

## Florida

Navarre	Call Broker	Bill Barnhill/Shannon Barnes	251-432-1287
Starke	\$920,000	Frost Weaver	904-265-2001

## Georgia

Atlanta	\$925,000	Mike Patterson	770-301-1886
Carrollton	\$1,500,000	Mike Patterson	770-301-1886
Jackson	\$3,200,000	Mike Patterson	770-301-1886
Loganville	\$7,800,000	Mike Patterson	770-301-1886

## Idaho

Salmon	\$399,000	Larry Hayes	406-544-1921
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## Illinois

Byron	\$389,000	Bruce Bahrmassel	312-518-3550
Macomb	\$950,000	Bruce Bahrmassel	312-518-3550
Rockford	\$5,100,000	Bruce Bahrmassel	312-518-3550
Seneca	\$699,000	Bruce Bahrmassel	312-518-3550

## Indiana

Plymouth	\$3,475,000	Bruce Bahrmassel	312-518-3550
Terre Haute	\$1,100,000	Paul Grisanti/Mike Helline	502-296-4586

## Kansas

Basehor	\$650,000	Larry Goldman	913-707-9030
Junction City	\$380,000	Larry Goldman	913-707-9030
Junction City	\$1,195,000	Larry Goldman	913-707-9030
Lawrence	\$5,260,000	Larry Goldman	913-707-9030

## Kentucky

Cynthiana	\$875,000	Paul Grisanti/Mike Helline	502-296-4586
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## Louisiana

Bossier City	<b>SOLD</b>	Bill Barnhill/Stuart LaGroue	251-432-1287
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## Massachusetts

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

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

Canton	\$850,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Laurel	\$550,000	Bill Barnhill/Shannon Barnes	251-432-1287

## New Hampshire

Weare	\$435,000	Joe Mendola	603-668-7000
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## New Jersey

Ewing	\$2,100,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661
Ventnor City	\$1,850,000	Linda Cinelli	908-722-5661

## New Mexico

Santa Teresa	\$4,650,000	David Etzold	915-845-6006
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## New York

Islip	\$6,250,000	Linda Cinelli	908-722-5661
Monticello	\$3,850,000	Linda Cinelli	908-722-5661
Shirley	\$11,500,000	Linda Cinelli	908-722-5661

## North Carolina

Asheboro	\$350,000	Joey Godbold/Jamey Cox	704-632-1030
Asheville	\$8,900,000	Joey Godbold	704-632-1027
Greenville	<b>SOLD</b>	Joey Godbold/Jamey Cox	704-632-1030
Peachland	\$225,000	Joey Godbold/Jamey Cox	704-632-1030
Wadesboro	\$700,000	Joey Godbold/Jamey Cox	704-632-1030

## Ohio

Glouster	\$299,000	Alec Pacella	216-455-0925
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## Oklahoma

Ada	<b>SOLD</b>	Jared Jones	918-583-3483
Edmond	\$650,000	Jared Jones	918-583-3483

## Oregon

Beaverton	\$3,200,000	Tom de Jong	408-282-3829
Central Point	\$1,975,000	Scott King	541-890-6708

## Pennsylvania

Bechtelsville	\$1,600,000	Chuck Shields	610-828-0100
Olyphant	\$925,000	Chuck Shields	610-828-0100

## Tennessee

Kingsport	\$1,650,000	Paul Grisanti/Mike Helline	502-296-4586
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## Texas

Arlington	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Bacliff	Call Broker	Bill Brownfield	713-907-6497
Fort Worth	<b>SOLD</b>	Richard Minker/Chad Snyder	817-335-5600
Fort Worth	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Mineral Wells	Call Broker	Richard Minker/Chad Snyder	817-335-5600

## Virginia

Windsor	\$1,100,000	Stuart Wade	757-618-3597
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# ARGUS SALES



Congratulations to **Jeff Gorden, CCIM** and **Lucian "Seth" Hodges** of Eagle Commercial Realty Services who sold 3 D Storage in Vernon, AZ! Contact Jeff and Seth at 480-331-8880 for details.



Congratulations to **Bill Barnhill, CCIM & Stuart LaGroue** of Omega Properties, Inc. who sold the Extra Space 2-Property Portfolio in Montgomery, AL! Congratulations to **Bill Barnhill, CCIM, Stuart LaGroue, and Shannon Barnes, CCIM** of Omega Properties who sold AC Self Storage in Bossier City, LA! Contact Omega Properties at 251-432-1287 for details.



Congratulations to **Joey Godbold and Jamey Cox** of SVN Percival Partners who sold Economy Self Storage in Greenville, NC! Contact Joey and Jamey at 704-632-1030 for details.



Congratulations to **Richard Minker, CCIM & Chad Snyder** of Colliers International who sold A-Storage Inn in Fort Worth, TX! Contact Richard and Chad at 817-335-5600 for details.



Congratulations to **Jared Jones, CCIM** of Porthaven Partners who sold A Storage Closet in Ada, OK! Contact Jared at 918-948-3941 for details.

## 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  
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 Bahrmasel  
Tom Flannigan  
Rusty Hike  
Alec Pacella, CCIM  
Larry Goldman, CCIM  
Mike Helling & Paul Grisanti, CCIM  
Jim Soltis

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

312-518-3550  
651-269-6307  
402-291-2500  
216-831-3310  
913-707-9030  
502-253-1811  
810-494-2062

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

### SOUTH CENTRAL

Bill Barnhill, CCIM  
Bill Brownfield, CRE, CCIM & Tommy LeBlanc  
David Etzold  
Larry Goldman, CCIM  
Mike Helling & Paul Grisanti, CCIM  
Jared Jones, CCIM  
Richard D. Minker, CCIM & Chad Snyder

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  
918-948-3941  
817-335-5600

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

### WEST

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

Kidder Mathews  
Etzold & CO LLC  
Eagle Commercial Realty Services  
Hayes & Associates  
Merit Commercial Real Estate  
Joan Lucas Real Estate Services, LLC  
INCO Commercial  
RE/MAX Commercial

775-848-5901  
915-845-6006  
480-331-8880  
406-728-0088  
541-890-6708  
720-855-6587  
562-498-3395  
206-200-3325

NV  
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AZ  
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OR  
CO  
Southern CA  
WA