



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue XII-2017

2017 - A Year in Review

by Ben Vestal

Looking back over the last three years, without qualification, the market has simply been the best it has ever been, at any time, in the existence of the self-storage business. Interest rates have remained low, lenders are aggressive, industry information is getting better, values have risen rapidly, NOIs have been growing, and large institutional investors are buying self-storage assets. All of the positive energy and results have supercharged the development cycle and the industry is now entering uncharted territory.

Experience has shown us that the value of self-storage has more to do with where we are in the real estate cycle and market sentiment rather than the actual performance of the property. Most independent self-storage owners appear to still be selling primarily because of life events, with few making the decision to sell in order to capitalize on the current real estate market. However, it is also very apparent that the institutional investors are taking notice of the current market conditions and are choosing to sell some or all of their self-storage holdings and are being disciplined with regards to new acquisitions. Concerns about new supply and rising real estate taxes seem to be on the forefront of all self-storage owners' minds.

The economic prosperity of the current real estate cycle has lasted longer and gone further than anyone expected. While the values of self-storage investments slowed in 2017, demand has remained strong. We continue to see new supply coming on line at a higher rate than in previous development cycles, reflecting a planned-to-start ratio in the range of 40%-60%+ in some markets. The effects of new supply will be higher in 2018 vs. 2017, reflecting multi-year lease-up of prior year deliveries. New supply and the overall slowdown in NOI growth will be the tipping point in the current self-storage real estate cycle. It is anyone's guess as to when the market will officially tip into the downward trajectory of the cycle, but all signs point to this being likely in the next 1-5 years. These cycles always last longer and go further than anyone anticipates.

In my opinion, the self-storage market is past the peak of the current real estate cycle with new supply deliveries peaking in 2017. Lenders and developers are beginning to scale back their new development efforts. However, we are still finding pockets for new development opportunity and occasionally a hard-headed, stubborn developer who simply will not take NO for an answer. Over the next 1-2 years it will become evident

who has the winners and losers with regards to new developments and it is likely that the majority of the new projects will succeed while a small amount will struggle to fill up. The changing market dynamics will have an impact on self-storage performance over the next few years and the majority of new developments will fill up, but the forecasted rental rates will be much less than originally projected during the pre-development process. The good news is that as we move through the cycle there will be new opportunities, ushering in the upswing of the next real estate cycle.

One significant factor that makes self-storage a better bet in the long run than a lot of other real estate types is that its customer base is growing faster than the population. Let me make two statements and then tie them together and you will see the tremendous leverage this gives the self-storage industry. First, there are still many Americans who have never used self-storage. Today, it is estimated that 50% of the new self-storage customers are using the product for the first time, and in many areas, there is still unmet demand for the product. Second, after a period of time, perhaps five to eight years, many self-storage properties report that an increasing percentage of their business (50%+) is from repeat customers. If you combine these two statements, it is clear that people are not only still learning how to use the product but they are using it again and again. My point is that this type of real estate growth is not just limited to a market's population, housing starts, and job growth, but it gets a tremendous boost from "moving up the learning curve" and the ongoing change in America's housing products.

2017 has turned out to be a very good year for the self-storage industry. While a change is on the horizon, overall, we believe that self-storage industry fundamentals are sound. As the product becomes more mainstream, the self-storage industry will continue to evolve and the opportunities for growth in the coming years may be different than in the past as the customer base is clearly changing. Self-storage owners should look to add value to their product by being open to new ideas and services that can be offered to customers. This entrepreneurial spirit is what has made self-storage the shining star of commercial real estate and will also allow our industry to grow as it continues to mature. **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

Haysville, KS

\$785,000

- 185 Units
- 25,925 RSF
- 1.59 Acres
- High visibility on South Broadway Street
- Historically stable occupancy
- 1,500 SF office with room for retail or apartment conversion
- Fenced and gated with video surveillance system

NEW!

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



Hattiesburg, MS

\$285,000

- 83 Units
- 11,350 RSF
- 1.4 Acres
- Room for expansion
- Located just off high-traffic US Highway 49
- Management upside
- Site is comprised of 5 storage buildings and 2 office buildings

NEW!

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



Naples, ME

\$850,000

- 118 Units
- 19,000 RSF
- 6+/- Acres
- Mixed-use property with 3 residential rental units
- High visibility location in a resort community in The Lakes Region of Southern Maine
- Significant management upside

NEW!

Joe Mendola
603-668-7000
joe@nainorwoodgroup.com



Richland, MS

\$1,300,000

- 373 Units
- 41,275 RSF
- 3+/- Acres
- Property is fenced and gated
- U-Haul truck and trailer rentals
- On site manager apartment
- Located just off US Hwy 49, approx. 7 miles south of Jackson, MS

NEW!

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



Clinton, MO

\$1,500,000

- 223 Units
- 53,530 RSF
- 3.9 Acres
- Expandable facility with boat/RV and conventional storage
- Billboard lease provides additional income
- High visibility location
- Only fenced and gated facility in the city

NEW!

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



Ada, OK

\$1,050,000

- 493 Units
- 45,438 RSF
- 3.6 Acres
- Compelling value-add opportunity priced below replacement cost
- Additional value available through increasing occupancy, rents and ancillary sales
- Great signage potential and visibility

Jared Jones, CCIM
918-583-3483
jjones@selfstorage.com





Sells Self Storage Nationwide!

Our complete list of available properties is detailed below. For additional information, visit www.argus-selfstorage.com or contact your local Argus Broker Affiliate.

Alabama

Leeds	\$2,800,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Tallassee	\$965,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Concho	\$350,000	Jeffrey A. Gorden	480-331-8880
Peoria	\$2,200,000	Jeffrey A. Gorden	480-331-8880
Phoenix	\$3,850,000	Jeffrey A. Gorden	480-331-8880

Arkansas

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

Colorado

Colorado Spgs.	\$3,268,000	Joan Lucas	720-855-6587
Denver	\$1,800,000	Joan Lucas	720-855-6587
Fort Collins	\$3,500,000	Joan Lucas	720-855-6587
Loveland	\$1,270,000	Joan Lucas	720-855-6587
Thornton	SOLD	Joan Lucas	720-855-6587

Florida

Ft. Myers	\$850,000	Frost Weaver/Josh Koerner	904-265-2001
Ormond Beach	\$1,150,000	Frost Weaver/Josh Koerner	904-265-2001
Starke	\$875,000	Frost Weaver/Josh Koerner	904-265-2001

Georgia

Carrollton	\$425,000	Mike Patterson	770-301-1886
Carrollton	\$1,300,000	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
Rockford	\$5,100,000	Bruce Bahrmassel	312-518-3550
Seneca	\$699,000	Bruce Bahrmassel	312-518-3550

Indiana

Terre Haute	\$1,100,000	Paul Grisanti/Mike Helline	502-296-4586
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Kansas

Hayesville	\$785,000	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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Maine

Naples	\$850,000	Joseph Mendola	603-668-7000
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Massachusetts

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

Chaska	Call Broker	Tom Flannigan	651-269-6307
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Missouri

Belton	SOLD	Larry Goldman	913-707-9030
Clinton	\$319,000	Larry Goldman	913-707-9030

Missouri, cont.

Clinton	\$1,500,000	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
Hattiesburg	\$285,000	Bill Barnhill/Shannon Barnes	251-432-1287
Laurel	\$550,000	Bill Barnhill/Shannon Barnes	251-432-1287
Richland	\$1,300,000	Bill Barnhill/Stuart LaGroue	251-432-1287

New Hampshire

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

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

New York

Islip	\$5,700,000	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
Cherryville	\$2,100,000	Jamey Cox	704-632-1030
Henderson	\$410,000	Jamey Cox	704-632-1030
Hickory	\$795,000	Jamey Cox	704-632-1030
Laurinburg	\$1,000,000	Jamey Cox	704-632-1030
Peachland	\$225,000	Joey Godbold/Jamey Cox	704-632-1030

Ohio

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

Ada	\$1,050,000	Jared Jones	918-583-3483
Edmond	SOLD	Jared Jones	918-583-3483

Oregon

Central Point	\$1,975,000	Scott King	541-890-6708
Lakeview	\$835,000	Scott King	541-890-6708
Medford	\$375,000	Scott King	541-890-6708

Pennsylvania

Bechtelsville	\$1,400,000	Chuck Shields	610-828-0100
Olyphant	\$925,000	Chuck Shields	610-828-0100

Tennessee

Crossville	\$975,000	Paul Grisanti/Mike Helline	502-296-4586
Kingsport	\$1,250,000	Paul Grisanti/Mike Helline	502-296-4586

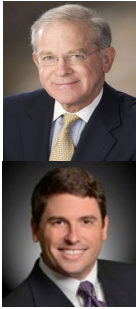
Texas

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

Virginia

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



Congratulations to **Richard Minker, CCIM** and **Chad Snyder** of Colliers International who sold Air Control Storage 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 self-storage development site in Edmond, OK! Contact Jared at 918-583-3483 for details.



Congratulations to **Joan Lucas** of Joan Lucas Real Estate Services, LLC who sold Handy Storage in Thornton, CO! Contact Joan at 720-855-6587 for details.



Congratulations to **Larry Goldman, CCIM** of RE/MAX Commercial who sold a self-storage development site in Hot Springs Village, AR and Central Self Storage in Belton, MO! Contact Larry at 913-707-9030 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 & Jamey Cox
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.

251-432-1287
704-632-1030
770-301-1886
757-618-3597
904-733-0039

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

NORTH CENTRAL

Bruce Bahrmassel
Tom Flannigan
Rusty Hike
Alec Pacella, CCIM
Larry Goldman, CCIM
Mike Helline & 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 Helline & 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

251-432-1287
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

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

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

915-845-6006
480-331-8880
406-544-1921
541-890-6708
720-855-6587
562-498-3395
206-200-3325

NM
AZ
MT
OR
CO
Southern CA
WA