



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue IV-2018

What Has Changed?

How Today's Self Storage Deals Look Different from Previous Cycles

by Ben Vestal

As investors are enjoying the fluid nature of today's transaction market, it has become evident that buyers and sellers may need to focus on more than just purchase price. We are in an incredible period for the self-storage industry where the unconventional and unexpected have become a part of everyday business. The influx and sheer amount of buyers/equity in the self-storage space over the last few years has led to higher transaction velocity, higher values and has, much to my surprise, extended the self-storage investment cycle with very little signs of slowing down.

As real estate investment brokers, we sometimes forget that our world of day-to-day real estate transactions is quite unfamiliar to our clients when they decide to buy or sell a self-storage property. With this in mind, I thought I would take you through some of the less obvious parts of today's self-storage transactions and explain not only the activity but also the associated strategy.

Deal Structure:

If you are in the market as a buyer or seller of a self-storage property, it is important to understand that the structure of the deal can be as important as the purchase price. With very sophisticated capital continuing to enter the market and values continuing to remain high, alternative structures are becoming more and more common. Too often the buyer and seller only focus on the purchase price and glaze over the structure without considering the financial implication of the structure. We have advised our clients on many deal structures that include UpReits (OP Units), preferred equity structures, and price allocations, just to name a few. These all allow a buyer or seller to achieve different goals and it can be very beneficial financially if you understand the structure. But, as always, the devil is in the details. It is important to remember that each buyer and seller's situation is unique, so please seek tax and legal advice from an experienced deal lawyer and accountant.

Deal Pricing:

Today's very fluid market has made it difficult for even the most sophisticated investment broker, and nearly impossible for a local investor, to pinpoint the exact value of a self-storage investment. Oftentimes our clients are thinking about a price that would make them ecstatically "happy" and not the price at which someone would actually buy the property. In the world of real estate transactions, the market usually has a relatively narrow band of market value. However, today's unique self-storage investment market has led us to a much wider band of market values.

It is not uncommon in today's investment market for offers on a \$10,000,000 self-storage listing to be several million dollars apart (10%-25%). It is important to remember that overpricing is NOT harmless! You must diligently and carefully analyze the value of a self-storage project. You should consider the traditional valuation techniques such as market sales comps, price per square foot, impact of new development, embedded value and the income approach. In addition, you must also have a good feel for the national self-storage investment sentiment and trends. We are seeing more and more national and regional buyers expanding to secondary and tertiary markets, where there has been far less new development. This has driven prices up in smaller markets while the valuations in major markets are flat or softening. Keep in mind that you should not be misled to believe your secondary market property is a 5% cap deal. We are seeing secondary market deals in the 6%-8% cap rate range and major markets in the 5.5%-7.5% cap rate range. These cap rates assume market rate operating expenses for underwriting; i.e. payroll, offsite management fee, advertising, R&M, etc. Secondary markets may not get the same respect as major markets, but it is clear that in this cycle that is where the smart money is going.

Marketing:

When taking a property to market, it is important to note that the difference in quality and risk are often very subjective. For example, a relatively low occupancy might indicate a poor performing property, or alternatively, a great opportunity to increase occupancy and revenues. For this reason, it is extremely important to broadly market properties to find the buyer who has the most optimistic view of not only your property but of the investment market today. Always beware of the broker or colleague that says "I have the right buyer for you. We don't need to market the property." In order to maximize your value, you are looking for the buyer who is qualified and sees the opportunity to improve your property. The more qualified prospects who are exposed to your property the better chance you have of maximizing your sales price.

In order to maximize your value when selling your property today, you must hire an investment sales broker who has experience and national reach! When considering a sale, you would be well-served to focus on how your broker will structure the deal and market the property, and focus less on the price. **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

El Mirage, AZ

\$4,200,000

- 578 Units
- 280,560 RSF
- 18.54 Acres
- Boat & RV Storage facility is over 90% occupied and rising
- High demand in area due to RV parking restrictions
- Upside potential through management and expansion on site
- High growth community

NEW!



Jeff Gorden, CCIM

480-331-8880

jgorden@selfstorage.com

Cañon City, CO

\$2,080,000

- 185 Units
- 30,000 RSF
- 4.74 Acres
- 16 Boat/RV spaces
- Best facility in the market
- Excellent operating history with no deferred maintenance
- Large billboard generates additional revenue
- Room to expand an additional 22,000 SF

NEW!



Joan Lucas

720-855-6587

jlucas@selfstorage.com

Gilbert, AZ

\$9,600,000

- 553 Units
- 81,571 RSF
- 5.2 Acres
- 86% occupied
- High income community
- Planned highway access
- Land available for expansion
- Revenue management upside
- Offers traditional, climate controlled, and RV storage

NEW!



Jeff Gorden, CCIM

480-331-8880

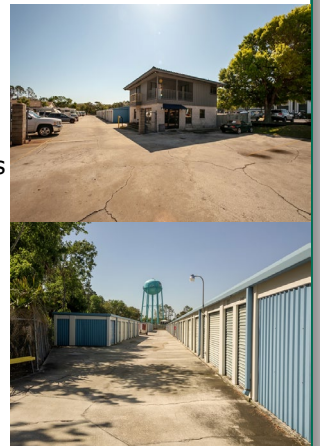
jgorden@selfstorage.com

Atlantic Beach, FL

\$5,470,000

- 552 Units
- 66,400 RSF
- 4.43 Acres
- Close proximity to Naval Station Mayport with frontage on Mayport Rd./A1A
- Gated access, lighting and cameras
- Stabilized occupancy
- Growth in surrounding markets
- Office and 2 bedroom manager's apartment on site

NEW!



**Josh Koerner
& Frost Weaver**

904-591-0140

jkoerner@weaver-realty.com

Bakersfield, CA

\$2,000,000

- 215 Units
- 30,200 RSF
- 2.1 Acres
- Opportunity to acquire underperforming facility
- Situated on busy Union Ave.
- Priced below replacement cost
- Ability to develop additional units
- Significant upside potential

NEW!



**Peter Pappageorge
& Doug Shea**

562-269-4844

peter@centennialadvisers.com

Wildwood, FL

\$7,750,000

- 93 Units
- 98,050 RSF
- 19.02 Acres
- Located in The Villages, FL, the largest retirement community in the world
- Easy to manage facility with long-term tenants
- Well maintained allowing for low overhead

NEW!



**Josh Koerner
& Frost Weaver**

904-591-0140

jkoerner@weaver-realty.com



Property Showcase

Wichita/Lawrence, KS

• **\$8,770,000**
NEW!

- Portfolio with 4 locations in Wichita and 1 in Lawrence, KS
- 797 Total Units
- 213,218 Total RSF
- 19.1 Total Acres
- Stable operating history with well-established local presence
- Mix of conventional, climate controlled and outside storage
- High population density locations

Larry Goldman, CCIM
& Brian Goldman

913-707-9030

lgoldman@selfstorage.com



Littleton, NH

• **\$395,000**

- 142 Units
- 15,825 RSF
- 1.5+/- Acres
- Two sites located on a main thoroughfare in downtown Littleton
- Upside potential through increased marketing
- Vibrant downtown area with many shops, restaurants and brew pubs

Joe Mendola

603-668-7000 ext. 203

joe@nainorwoodgroup.com



Forest Lake, MN

• **\$2,950,000**
NEW!

- 190 Units
- 50,050 RSF
- 15.5 Acres
- Stable and profitable self storage facility
- Expansion plans approved by city
- Mix of conventional and outdoor storage plus 5 retail/industrial bays

Tom Flannigan
& Corly Wilkerson

651-269-6307

tom@selfstorage.com

corly@selfstorage.com



Kingsport, TN

• **\$1,250,000**

- 135 Units
- 15,480 RSF
- 1.376 Acres
- Property is profitable at below market rents
- Significant upside potential through ancillary sales and rental rate management
- This opportunity is all about untapped potential!

Mike Helline
& Paul Grisanti, CCIM

502-253-1811

mike@grisantigroup.com

paul@grisantigroup.com



Park Rapids, MN

• **\$399,000**

NEW!

- 33 Units
- 19,000 RSF
- 1.99 Acres
- 100% occupied facility with opportunity to raise rents
- Additional land included with approval to add 48 more units
- Located in a boating and recreational destination
- All units are 24x24 individually registered condominiums

Tom Flannigan
& Corly Wilkerson

651-269-6307

tom@selfstorage.com

corly@selfstorage.com



Mineral Wells, TX

• **\$2,499,000**

- 394 Units
- 67,874 RSF
- 5.5 Acres
- Excellent exposure on main artery to Mineral Wells
- Located 1 hour from DFW
- Land for expansion
- Conventional storage and boat/RV parking
- Electronic gate access and security cameras

Richard Minker, CCIM
& Chad Snyder

817-335-5600

richard.minker@colliers.com

chad.snyder@colliers.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

Daphne	\$530,000	Bill Barnhill/Shannon Barnes	251-432-1287
Fultondale	\$899,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Leeds	\$2,800,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

El Mirage	\$4,200,000	Jeff Gorden	480-331-8880
Gilbert	\$9,600,000	Jeff Gorden	480-331-8880

Arkansas

Hot Springs Vlg	\$1,600,000	Larry Goldman	913-707-9030
Jacksonville	\$299,000	Larry Goldman	913-707-9030
Russellville	\$1,495,000	Larry Goldman	913-707-9030

California

Bakersfield	\$2,000,000	Peter Pappageorge	562-269-4844
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Colorado

Cañon City	\$2,080,000	Joan Lucas	720-855-6587
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Florida

Atlantic Beach	\$5,470,000	Frost Weaver/Josh Koerner	904-265-2003
Ft. Myers	\$725,000	Frost Weaver/Josh Koerner	904-265-2003
Starke	SOLD	Frost Weaver/Josh Koerner	904-265-2003
Stuart	\$2,500,000	Frost Weaver/Josh Koerner	904-265-2003
Wildwood	\$7,750,000	Frost Weaver/Josh Koerner	904-265-2003

Georgia

Carrollton	\$425,000	Mike Patterson	770-301-1886
Cumming	Call Broker	Mike Patterson	770-301-1886
Jackson	\$3,200,000	Mike Patterson	770-301-1886
Lithia Springs	\$950,000	Jane Sauls	770-328-2379
Mableton	\$895,000	Jane Sauls	770-328-2379

Idaho

Salmon	\$370,000	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

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
Wichita	\$8,770,000	Larry Goldman	913-707-9030

Kentucky

Cynthiana	SOLD	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

Methuen	\$9,500,000	Joseph Mendola	603-668-7000
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Minnesota

Chaska	SOLD	Tom Flannigan	651-269-6307
Forest Lake	\$2,950,000	Tom Flannigan	651-269-6307
Park Rapids	\$399,000	Tom Flannigan	651-269-6307
Princeton	\$325,000	Tom Flannigan	651-269-6307
Ramsey	\$1,066,000	Tom Flannigan	651-269-6307

Missouri

Sedalia	\$4,370,000	Larry Goldman	913-707-9030
St. Joseph	\$9,850,000	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	SOLD	Bill Barnhill/Shannon Barnes	251-432-1287
Laurel	\$550,000	Bill Barnhill/Shannon Barnes	251-432-1287

New Hampshire

Littleton	\$395,000	Joe Mendola	603-668-7000
Weare	\$435,000	Joe Mendola	603-668-7000

New Jersey

Pemberton	\$750,000	Linda Cinelli	908-722-5661
Ventnor City	\$1,725,000	Linda Cinelli	908-722-5661
West Berlin	\$5,400,000	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

North Carolina

NC Portfolio	\$2,050,000	Jamey Cox	704-632-1030
Cherryville	\$2,100,000	Jamey Cox	704-632-1030
Henderson	\$390,000	Jamey Cox	704-632-1030
Hickory	\$795,000	Jamey Cox	704-632-1030
Laurinburg	\$1,000,000	Jamey Cox	704-632-1030

Ohio

Glouster	\$299,000	Alec Pacella	216-455-0925
Wooster	\$499,000	Alec Pacella	216-455-0925

Oklahoma

Edmond	\$8,000,000	Jared Jones	918-583-3483
Guymon	\$1,200,000	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
Talent	\$2,870,000	Scott King	541-890-6708
Talent	SOLD	Scott King	541-890-6708

Pennsylvania

Bechtelsville	\$1,400,000	Chuck Shields	610-828-0100
Olyphant	\$950,000	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
Mineral Wells	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Texas City	Call Broker	Bill Brownfield	713-907-6497

ARGUS SALES



Congratulations to **Jeff Gorden, CCIM** of Eagle Commercial Realty Services who sold Rita Ranch Self Storage & Car Wash in Tucson, AZ! Contact Jeff at 480-331-8880 for details.



Congratulations to **Bill Barnhill, CCIM and Shannon Barnes, CCIM** of Omega Properties, Inc. who sold Cubbyhole Mini Storage in Hattiesburg, MS! Contact Bill or Shannon at 251-432-1287 for details.



Congratulations to **Scott King** of Merit Commercial Real Estate who sold South Talent Self Storage in Talent, OR! Contact Scott at 541-890-6708 for details.



Congratulations to **Frost Weaver and Josh Koerner** of Weaver Realty Group who sold C&C Mini Storage in Starke, FL! Contact Frost or Josh at 904-591-0140 for details.



Congratulations to **Tom Flannigan** of KW Commercial who sold Twin Cities Self Storage in Chaska, MN! Contact Tom at 651-269-6307 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
Alec Pacella, CCIM
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Jim Soltis

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

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

Northern IL, Northern IN, WI
MN, ND, 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 & 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
Jeff 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
Centennial Advisers
RE/MAX Commercial

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

NM
AZ, NV
MT
OR
CO
Southern CA
WA