



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue VI-2018

Mid-Year Market Update

by Ben Vestal

In this high-stakes game of real estate investment musical chairs, NOW is the time to find a chair before the music stops, bringing to an end high real estate prices and easy financing. Recently there have been subtle changes in the lending market that may actually be much more material than an initial glance might reveal. This is the time for serious analysis of your personal objectives and options because the real estate and credit markets are likely to change due to new supply, flattening of rental rate growth, and overall pull back in aggressive underwriting.

Argus works hard to ensure that our clients have access to the most accurate and timely information regarding the state of the self-storage industry. We have recently completed our annual webinar series covering every major market around the country. These webinars are 35-45 minute overviews of specific regions of the country and feature our Argus Broker Affiliates discussing the outlook for self-storage in each region of the U.S. ([CLICK HERE to view](#)). Additionally, Argus has completed the update of our Self-Storage Development Reports for 2018. Please contact your local Argus broker to receive a copy of the most up to date development report for your market. Below is a mid-year market update so you can get a feel of the overall national self-storage investment market today.

Market Fundamentals

Nationwide, self-storage continues to do well as an industry. We expect to see revenue growth in the 2%-4% range over the next few years. This is slightly less than in previous years and is largely due to new supply pressures and the end of embedded value on the current customer bases. We find that self-storage customers can afford to pay between 2.0%-2.5% of their household income for storage before choosing not to store. This has limited the effectiveness of rent increases on long term tenants. The demand for the product remains strong and is growing in many markets. There are several contributors to this continued demand; smaller housing units, aging population (baby boomers), mobility of the American population, and overall acceptance and reuse of the product just to name a few. The returns of self-storage investments are slowly coming in line with other real estate investment classes (office, retail, industrial, and multifamily) but the flexibility in unit pricing, low amounts of capital improvements, large tenant bases, and lack of leasing commission are proving that self-storage is still one of the most consistent and reliable income-producing real estate classes.

Self Storage Development

Over the last 4 years (between 2015-2018) Argus has tracked

between 3,000 and 4,000 new self-storage developments nationwide, encompassing projects in the proposed, planned or under construction phases. The majority of new development has been in the top 50 MSAs, with very little new development taking place in the secondary markets. Taking it one step further, most of the new or proposed developments have been clustered in their respective markets. This has led to many new developers in the industry and seasoned industry professionals feeling that the overall market is getting overbuilt. However, in my belief that the concerns of overbuilding on a national scale are meaningfully overstated and that only certain submarkets and clusters within the top 50 MSAs are going to feel the real pain of overbuilding. It is true that we have seen some submarkets of Denver, Austin, and Nashville, for example, experience new supply growth of more than 20% over the last few years. This will undoubtedly cause a softening in occupancy and revenues as these submarkets will take time to grow into this new supply. The silver lining in all of this is that I believe self-storage construction starts have peaked in the second half of 2017 or first half of 2018 nationwide. Obviously, there are always exceptions to the rule such as Minneapolis, Southern California, and New Mexico where we will see peak deliveries later in this development cycle.

Overbuilding

Over the last 5-7 years we have seen the quality of industry information improve drastically, but we are still years behind other real estate sectors such as office and retail. This improvement in industry information has in a lot of ways spurred the recent self-storage development boom and has created a lot of interest from new, more mainstream developers and investors. Because the information is so fragmented and collection is so difficult we are seeing meaningful gaps in the information provided by institutional-type data providers. This lack of accuracy and industry nuances have led many very sophisticated developers (who are accustomed to receiving very accurate market information) to believe that a submarket is under or over-supplied. It will take time and most likely two to three real estate cycles, but the industry is taking great strides to provide the best possible information to the overall market. This cycle's development boom is part of the growing pains a real estate sector must endure as self-storage continues to mature into a more institutional investment. The improvement of market specific industry information is the only way to control growth and avoid overbuilding but there will undoubtedly be some bumps along the road. **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

Arkansas Portfolio

\$28,659,000

- 4-Property Portfolio
- 2,243 Total Units
- 317,125 Total RSF
- 31.01 Total Acres
- Two locations in the Hot Springs area and two in Eastern Arkansas
- Quality properties in high profile locations
- Strong occupancy history

NEW!

Larry Goldman, CCIM

913-707-9030

lgoldman@selfstorage.com



Derby, KS

\$1,300,000

- 145 Units
- 25,065 RSF
- 1.36 Acres
- Three locations with excellent visibility
- Office located at W. Emma and two satellite facilities are 1/4 mile away on Buchner Ave.

NEW!

Larry Goldman, CCIM

& Brian Goldman

913-707-9030

lgoldman@selfstorage.com



Fanning Springs, FL

\$2,500,000

- 294 Units
- 42,805 RSF
- 8.8 Acres
- Value-add opportunity
- Positive occupancy trend over last three years
- Quality construction
- Well-maintained facility

NEW!

**Josh Koerner
& Frost Weaver**

904-591-0140

jkoerner@weaver-realty.com



Maize/Park City, KS

\$2,300,000

- 260 Total Units
- 44,560 Total RSF
- 5.09 Total Acres
- Two properties located 8 miles from one another
- Maize location has manager residence and leasing office that covers both facilities

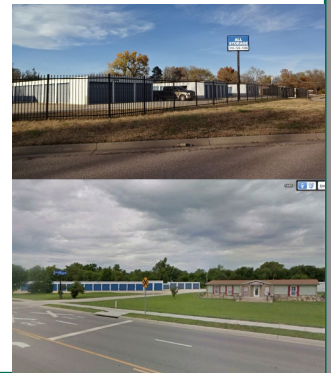
NEW!

Larry Goldman, CCIM

& Brian Goldman

913-707-9030

lgoldman@selfstorage.com



Ellijay, GA

\$1,225,000

- 224 Units
- 34,116 RSF
- 6.57+/- Acres
- Secure site with on-site manager, security cameras
- Located on busy Hwy 52
- Ability to expand 28 units with materials on site

NEW!

Jane Sauls

770-328-2379

janehsauls@gmail.com



Sparta, NJ

Call Broker for Price

- 2-Property Portfolio
- 482 Units
- 57,275 RSF
- 6.1 Acres
- Located in Sussex County
- Expansion approved for 8,550 SF
- Mix of climate controlled, non-climate units and parking spaces

NEW!

Linda Cinelli, CCIM

908-722-5661

linda@lcrealtyusa.com



Altoona, IA

Call Broker for Price

- 237 Units
- 52,320 RSF
- 3.33 Acres
- Great location in rapidly developing area
- Excellent visibility from I-80 with 38,000 vpd
- Adjacent parcel available for sale

**Tom Flannigan
& Corly Wilkerson**

612-790-3747

tom@selfstorage.com

corly@selfstorage.com



Lebanon, TN

\$2,800,000

- 174 Units
- 29,900 RSF
- 2.6 Acres
- Highway exposure on US-40
- Significant residential development within 2 miles
- Closest competitor is 3.2 miles away

NEW!

**Mike Helline
& Paul Grisanti, CCIM**

502-253-1811

mike@grisanti-group.com

paul@grisanti-group.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	\$699,000	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

Portfolio	\$28,659,000	Larry Goldman	913-707-9030
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	SOLD	Joan Lucas	720-855-6587
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Florida

Atlantic Beach	\$5,470,000	Frost Weaver/Josh Koerner	904-265-2003
Fanning Springs	\$2,500,000	Frost Weaver/Josh Koerner	904-265-2003
Ft. Myers	\$725,000	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	SOLD	Mike Patterson	770-301-1886
Cleveland	\$3,850,000	Mike Patterson	770-301-1886
Cumming	Call Broker	Mike Patterson	770-301-1886
Ellijay	\$1,225,000	Jane Sauls	770-328-2379
Lithia Springs	\$950,000	Jane Sauls	770-328-2379
Mableton	\$895,000	Jane Sauls	770-328-2379
Mableton	\$570,000	Jane Sauls	770-328-2379

Idaho

Salmon	SOLD	Larry Hayes	406-544-1921
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Illinois

Bloomington	\$2,350,000	Bruce Bahrmassel	312-518-3550
Byron	\$389,000	Bruce Bahrmassel	312-518-3550
Rockford	\$5,100,000	Bruce Bahrmassel	312-518-3550
Yorkville	\$970,000	Bruce Bahrmassel	312-518-3550

Indiana

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

Altoona	Call Broker	Tom Flannigan	651-269-6307
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Kansas

Derby	\$1,300,000	Larry Goldman	913-707-9030
Hayesville	\$785,000	Larry Goldman	913-707-9030
Maize/Park Cty	\$2,300,000	Larry Goldman	913-707-9030
Manhattan	\$5,400,000	Larry Goldman	913-707-9030

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

Forest Lake	\$2,950,000	Tom Flannigan	651-269-6307
Park Rapids	\$399,000	Tom Flannigan	651-269-6307

Minnesota, cont.

Ramsey	\$1,066,000	Tom Flannigan	651-269-6307
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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
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
Sparta	Call Broker	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
Hickory	\$795,000	Jamey Cox	704-632-1030
Laurinburg	\$875,000	Jamey Cox	704-632-1030

Ohio

Glouster	\$299,000	Alec Pacella	216-455-0925
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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	\$2,790,000	Scott King	541-890-6708

Pennsylvania

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

Kingsport	\$1,250,000	Paul Grisanti/Mike Helline	502-296-4586
Lebanon	\$2,800,000	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

Washington

Federal Way	\$6,995,000	Steve Libert Thomas Wolter	847-452-2082 206-200-3325
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ARGUS SALES



Congratulations to **Joan Lucas** of Joan Lucas Real Estate Services who sold Cañon City Self Storage in Cañon City, CO and a self-storage development site in Brighton, CO! Contact Joan at 720-855-6587 for details.



Congratulations to **Larry Hayes** of Hayes & Associates who sold Bitterroot Self Storage in Salmon, ID! Contact Larry at 406-544-1921 for details.



Congratulations to **Mike Patterson, CCIM** of Commercial Realty Services of West Georgia who sold Newnan Road Mini Storage in Carrollton, GA and A-Z Storage in Danielsville, GA! Contact Mike at 770-301-1886 for details.



**WHO ARE YOUR
FAVORITE
INDUSTRY
SUPPLIERS?**

VOTE NOW



ISS Best of Business Voting is Now Open!
We appreciate your vote for
Argus Self Storage Sales Network as the
Best Real Estate Brokerage!

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
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562-269-4844
206-200-3325

NM
AZ, NV
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OR
CO
Southern CA
WA