



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue XII-2019

Prepared for Challenges, Focused on Opportunity

by Ben Vestal

The last decade was a remarkable one for all investors. Stock markets soared and the global economy, though threatened, remained resilient while one incredibly volatile investment stood out from all the rest as the best of the 2010s. Want to guess what it was? Bitcoin. According to a recent report by Bank of America Securities, if you invested \$1 in bitcoin at the start of the decade, it would now be worth more than \$90,000. As we move into the next decade, investors face a new set of obstacles—from trade wars, to elections, to recession concerns. How will the investment market perform? And more importantly, how will the self-storage industry perform over the next decade?

Self-storage has done a lot of growing in the last decade and even though it has not seen the valuation multiple of Bitcoin, I think we would all agree that we like the stability of the cash flow and overall it has been a good investment. Today the holidays are upon us and cautious optimism is certainly more present in today's self-storage market than over the last ten years. The REITS are showing signs of operational headwinds and the development boom is slowly starting to taper off, but new supply will continue to affect operational performance across the board. The upcoming rock and roll of the presidential election will certainly have a psychological effect on investor sentiment in 2020. This, along with recession concerns, will momentarily cause the investment market to pause in 2020 as many investors and financial institutions, both big and small, will pull in the reins and exercise discipline as they wait and see how 2020 will shape up.

Now is time to look in to the crystal ball and position yourself for success in 2020. After exhibiting an incredible pace of growth over the last ten years, self-storage will come back down to reality in 2020 and provide investors a return that is more in line with other real estate assets. The operational concerns in the market will continue and keep a lid on pricing in the coming year, with markets that have experienced large amounts of new supply seeing more disappointment in valuation and performance than others. Self-storage owners continue to sell primarily because of life events with few owners making a decision to sell in order to capitalize on market valuations. We will see the first

meaningful round of disappointed owners/investors who decide to sell in 2020. These will largely be owners/investors who entered the self-storage space during the last 3-5 years and are not hitting their investment goals. This real estate cycle continues to run its course as the longest in history and 2020 will present buyers and sellers with opportunity to capitalize on market uncertainty. The ability of investors to be decisive and have a clear investment horizon/goal will lead to their success in 2020.

Below I have outlined 10 market predictions for 2020. These predictions are general in nature and I am hopeful they will allow you to identify new opportunities and spark new ideas as you position your self-storage investments, but as we all know, there will always be exceptions to the rule.

1. Real estate taxes and new supply will be the tipping point to a new reality!
2. Self-Storage NOI growth will be flat or a very moderate
3. New development will continue to slow and will actually stop much faster than most anticipate
4. Interest rates will remain low but construction loans will continue to tighten
5. Transaction velocity will remain steady in 2020
6. Physical occupancies will remain flat or down slightly
7. Rental rates will soften and some markets will see concessions expand
8. Self-storage returns will come down to be in line with the major real estate classes
9. Secondary and tertiary markets will continue to outperform the major markets
10. The 2020 presidential election will keep the real estate wave going!

Despite these challenges, we expect 2020 to be a year of growth for the self-storage investment market. All of us at Argus wish you and your loved ones a safe and happy holiday season, and we look forward to serving your self-storage investment advisory needs in the coming year and beyond! **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

Brady, TX

\$550,000

- 43 Units
- 8,965 RSF
- 0.43 Acre
- Two parcel facility
- Priced below replacement cost
- Only two competitors within a 1-mile radius
- Unit sizes larger than competitors

NEW!



**Bill Brownfield, CRE, CCIM
& Faith Pate**
713-907-6497
bill@wbrownfield.com
faith.pate@avisonyoung.com

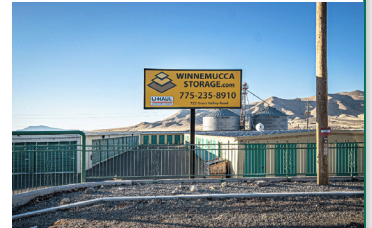


Winnemucca, NV

\$1,580,000

- 412 Units
- 55,690 RSF
- 2.84 Acres
- Value add opportunity
- Located at a signalized intersection
- On-site office and residence available
- Strong household incomes
- Includes 11,200 SF of RV storage

NEW!



Jeff Gorden, CCIM
702-643-1000
jeff@gorden-group.com



Bridgeport, TX

\$700,000

- 140 Units
- 18,000 RSF
- 2.5 Acres
- Upside opportunity
- Rates have not been increased in over two years
- Residential property can be purchased for owner/operator or manager's residence
- Expandable land

NEW!



Chad Snyder
817-980-7276
csnyder@dominuscommercial.com



Portage, IN

\$250,000

- 55 Units
- 6,811 RSF
- 1.78 Acres
- Located along the Indiana Toll Road at the Oasis exit and visible from I-90 and I-80
- Tremendous upside!
- Owner does not utilize management software or a website
- Significant opportunity to raise rental rates

NEW!



Bruce Bahrmassel
312-518-3550
bruce@selfstorage.com



Lawrence, KS

\$3,900,000

- 2-Property Portfolio
- 406 Total Units
- 51,220 Total RSF
- 5.01 Total Acres
- Two established sites in Lawrence, home of the University of Kansas
- One location offers additional land for development
- Entitled for expansion in areas with high barriers to entry



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



Alexandria, MN

\$2,200,000

- 265 Units
- 45,870 RSF
- 22.19 Acres
- Two facility portfolio
- Ample land for expansion
- Growing market with strong demographics
- Significant opportunity for operational improvement
- Below market rents



**Tom Flannigan &
Alex Ihrke**
612-790-3747
tom@selfstorage.com
alex@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

Bessemer	SOLD	Bill Barnhill/Stuart LaGroue	251-432-1287
Childersburg	\$768,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Cottonwood	\$1,750,000	Jeff Gorden	480-331-8880
Mohave Valley	\$450,000	Jeff Gorden	480-331-8880
Wickenburg	SOLD	Jeff Gorden	480-331-8880

Arkansas

Arkadelphia	\$335,000	Larry Goldman	913-707-9030
Hot Springs	SOLD	Larry Goldman	913-707-9030
Hot Springs Vlg	\$1,600,000	Larry Goldman	913-707-9030
West Memphis	\$9,645,000	Larry Goldman	913-707-9030
Wynne	\$5,172,000	Larry Goldman	913-707-9030

California

Whittier	\$2,659,000	Doug Shea	562-773-4000
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Colorado

Loveland	\$5,700,000	Joan Lucas	720-855-6587
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Connecticut

Danbury	\$25/NRSF	Linda Cinelli	908-722-5661
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Florida

Chiefland	\$1,500,000	Josh Koerner/Frost Weaver	904-591-0140
Naples	\$2,650,000	Josh Koerner/Frost Weaver	904-591-0140
Ormond Beach	\$1,200,000	Josh Koerner/Frost Weaver	904-591-0140
Vero Beach	\$4,425,000	Josh Koerner/Frost Weaver	904-591-0140

Georgia

Alpharetta	\$695,000	Jane H. Sauls, CCIM	770-328-2379
Lake Park	\$2,200,000	Luke Sauls	770-841-4591
Mableton	\$895,000	Jane H. Sauls, CCIM	770-328-2379
Valdosta	\$2,925,000	Luke Sauls	770-841-4591

Illinois

Chillicothe	\$1,200,000	Bruce Bahrmassel	312-518-3550
Rockford	\$3,250,000	Bruce Bahrmassel	312-518-3550

Indiana

Portage	\$250,000	Bruce Bahrmassel	312-518-3550
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Iowa

Cedar Rapids	SOLD	Tom Flannigan	612-790-3747
Hiawatha	\$950,000	Tom Flannigan	612-790-3747

Kansas

Eudora	\$3,650,000	Larry Goldman	913-707-9030
Iola	\$565,000	Larry Goldman	913-707-9030
Lawrence	\$3,900,000	Larry Goldman	913-707-9030
Ottawa	\$575,000	Brian Goldman	913-707-3941
S. Hutchinson	\$565,000	Jared Jones	918-609-0541

Kentucky

Shepherdsville	\$699,000	Mike Helline	502-296-4586
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Massachusetts

Northampton	\$595,000	Joseph Mendola	603-668-7000
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Michigan

Addison	\$975,000	Jim Soltis	810-494-2062
Eagle	\$450,000	Jim Soltis	810-494-2062

Minnesota

Alexandria	\$2,200,000	Tom Flannigan	612-790-3747
Coon Rapids	\$650,000	Tom Flannigan	612-790-3747
Duluth	Call Broker	Tom Flannigan	612-790-3747

Missouri

Branson West	Call Broker	Jared Jones/Larry Goldman	918-609-0541
Jefferson City	\$249,000	Larry Goldman	913-707-9030
Moscow Mills	\$4,150,000	Larry Goldman	913-707-9030

Nevada

Sparks	Call Broker	Jeff Gorden	702-643-1000
Winnemucca	\$1,580,000	Jeff Gorden	702-643-1000

New Jersey

Belvidere	SOLD	Linda Cinelli	908-722-5661
Sparta	\$7,450,000	Linda Cinelli	908-722-5661
Ventnor City	\$2,000,000	Linda Cinelli	908-722-5661

New York

East Hampton	Call Broker	Linda Cinelli	908-722-5661
Islip	\$5,700,000	Linda Cinelli	908-722-5661
Staten Island	\$6,250,000	Linda Cinelli	908-722-5661

North Dakota

Watford City	\$2,500,000	Tom Flannigan	612-790-3747
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Ohio

N. Ridgeville	\$1,500,000	Alec Pacella	216-455-0925
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Oregon

Central Point	\$1,875,000	Scott King	541-890-6708
Lakeview	\$798,000	Scott King	541-890-6708
Medford	\$375,000	Scott King	541-890-6708

Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
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Texas

Anna	Call Broker	Richard Minker/Chad Snyder	817-980-7276
Brady	Call Broker	Bill Brownfield/Faith Pate	713-907-6497
Bridgeport	Call Broker	Richard Minker/Chad Snyder	817-980-7276
Channelview	Call Broker	Richard Minker/Chad Snyder	817-980-7276
Lewisville	Call Broker	Richard Minker/Chad Snyder	817-980-7276
Mabank	Call Broker	Richard Minker/Chad Snyder	817-980-7276
Magnolia	Call Broker	Bill Brownfield/Faith Pate	713-907-6497

ARGUS SALES



Congratulations to **Chuck Shields of Beacon Commercial Real Estate** who sold Moose Crossing Self Storage in Blakeslee, PA! Contact Chuck at 610-828-0100 for details.



Congratulations to **Jeff Gorden, CCIM of The Gorden Company** who sold Sunshine Plaza and Storage Units in Wickenburg, AZ and a self-storage Development Site in San Tan Valley, AZ! Contact Jeff at 480-331-8880 for details.



Congratulations to **Tom Flannigan and Alex Ihrke of KW Commercial** who sold Northland Self Storage in Cedar Rapids, IA! Contact Tom and Alex at 612-790-3747 for details.



Congratulations to **Larry Goldman, CCIM of RE/MAX Commercial** who sold Lakeside Mini Storage in Hot Springs, AR! Contact Larry at 913-707-9030 for details.



Congratulations to **Joan Lucas of Joan Lucas Real Estate Services** who sold Gateway Boat & RV Storage in Greeley, CO. Contact Joan at 720-855-6587 for details.



Congratulations to **Linda Cinelli, CCIM of LC Realty** who sold Layton's Self Storage in Belvidere, NJ! Contact Linda at 908-722-5661 for details.



Congratulations to **Scott King of Merit Commercial Real Estate** who sold Smith Self Storage in Klamath Falls, OR. Contact Scott at 541-890-6708 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
Jamey Cox
Mike Patterson, CCIM
Stuart Wade
Josh Koerner & 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
904-591-0140

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 & Aaron Willis
Jim Soltis

KW Commercial
NAI Pleasant Valley
RE/MAX Commercial
Column Realty
Preview Properties.com

312-518-3550
612-790-3747
216-831-3310
913-707-9030
502-296-4586
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 & Faith Pate
David Etzold & Avi Kotkowski
Larry Goldman, CCIM
Mike Helline & Aaron Willis
Jared Jones, CCIM
Richard D. Minker, CCIM & Chad Snyder

Omega Properties, Inc.
Brownfield & Associates, LLC
Etzold & CO LLC
RE/MAX Commercial
Column Realty
Jones Investment Properties
Dominus Commercial

251-432-1287
713-907-6497
915-845-6006
913-707-9030
502-296-4586
918-948-3941
817-980-7276

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

WEST

David Etzold & Avi Kotkowski
Jeff Gorden, CCIM
Larry Hayes
Scott King
Joan Lucas
Sandy McCleve
James Rueter
Doug Shea
Thomas Wolter

Etzold & CO LLC
Eagle Commercial Realty Services
Hayes & Associates
Merit Commercial Real Estate
Joan Lucas Real Estate Services, LLC
McCleve Real Estate, LLC
Pacific Brokers
Centennial Advisers
RE/MAX Commercial

915-845-6006
480-331-8880
406-544-1921
541-890-6708
720-855-6587
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805-815-8105
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206-200-3325

NM
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