



SELF STORAGE ADVISORS

Market Monitor

America's Premier Self Storage Brokers

Issue IV-2020

Facing a New Reality

by Ben Vestal

Like many of you, I have been watching closely the volatility in the stock market in recent weeks as uncertainty surrounds the COVID disruption and the new CARES Act and how effective it will be. I'm still not sure if it is a good idea or a bad idea, but I am concerned about the overall market and the fact that real estate loans are getting tougher to find. After twenty-plus years in the real estate business I thought I had seen everything that a market could throw at us, but this time it has thrown us everything at once!

The economic environment of the last several weeks has been devastating not only to the stock market but also to the commercial real estate market. Few self-storage owners realize the full extent of the devastation this market disruption has had on self-storage projects because unlike the stock market, there are no daily quotes to tell you what is happening in the self-storage world. While I can't tell you exactly how much your property value has declined, I can tell you that the average property value is down between 0%-25%, simply based on the change in market sentiment and investor confidence. If your revenues are down as well, the value will also be down by roughly the same percentage as the revenues in addition to the above declines.

There are many economic issues that have all of us concerned about the future, including COVID, inflation, trade deficits, energy costs, recession, elections, credit crunches, foreclosures... well, you get the idea. While this article can't give you the answer about what happens next, I really think it is important to know where you are today so you can react properly as directions in the economy and the real estate markets unfold in the coming weeks.

The first piece of advice is that you should conduct an Annual Checkup on the competitiveness of your property in your local marketplace (rental rates, location, appearance, cleanliness, website, physical condition, supply, etc.). If you haven't done a check-up recently, this is a wonderful time to do it. Additionally, it is good to get a check on what the value of your property is in today's market. I am often surprised at how many owners don't have a very close watch on their property's value and aren't aware that the value can change dramatically in a short time even though the income remains the same. If the real estate taxes, utilities, or other expenses go up, the value goes down by about ten to fifteen dollars for every dollar of increase. Likewise, if the revenue goes down, the value declines at the same ratio. You can also request an Argus broker to provide you a free market valuation in order to double check your numbers and valuations. It is always good to get a second set of eyes on the numbers and get an expert's opinion of current market conditions.

If you have a loan on the property and the maturity date is within the next one to two years, learning the value of your property is critical in deciding when or how to refinance the maturing loan. Today I would suggest you start the process at a minimum 12 months prior to the loan maturity to make sure you have adequate time to refinance because everything is taking longer today. Just as a side note on refinancing, we are currently in the fortunate situation that financing for self-storage is still generally available, but tightening, and the market is very fluid and changing daily. The Federal Reserve has recently dropped rates to help soften the COVID disruption which has caused the rates for real estate loans to remain low, but underwriting seems to be tightening and the lenders are not being as generous with loan amounts. The value of your property determines the amount of your loan and the underwriting requirements have now become much more stringent. In today's world, loan proceeds will max out at about 65%-70% of the value of the property and miscellaneous terms will be more rigorous as well.

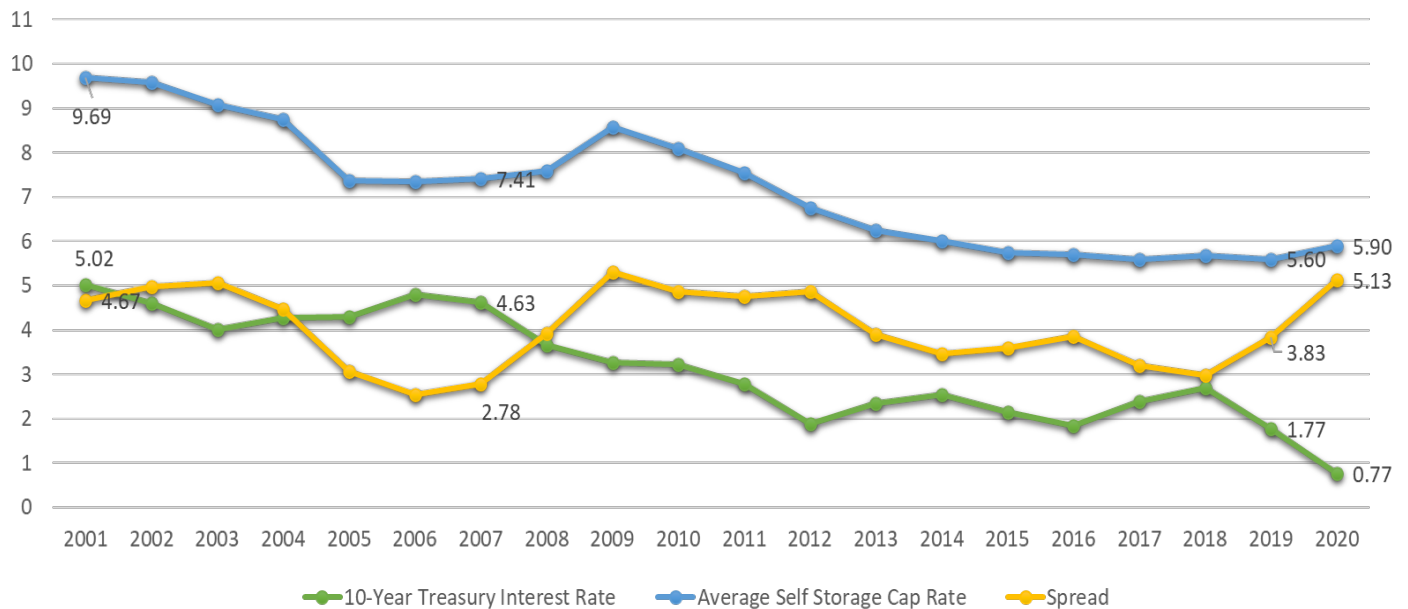
Now for some good news, the spread between the ten-year treasury and self-storage cap rates is at or near historical highs, as you can see in Chart I on the following page. This would suggest that self-storage valuations will be more stable and will not be as adversely affected by temporarily softening operating trends and a market disruption. Additionally, the spread between cap rates and interest rates will lead many investors to make very compelling buys in today's challenging market.

Self-storage continues to be a resilient asset class due to the granularity of our tenant base, strong operating margins, low capital requirements, and month to month business model. Because of these fundamental business traits, self-storage is positioned well to once again be the shining star of commercial real estate. I believe that as we emerge from the post-coronavirus disruption, self-storage will be recognized as a real estate asset class that has been proven to be very resilient during economic downturns and provides its investors with a very reliable and stable return on their investment.

It is too early to tell how self-storage will perform, but it is clear that we are better positioned to weather a downturn than other commercial real estate assets. It's going to be a disruption for a while and there will be inconveniences but as we have seen after 9/11, the great recession of 2008, and every time the United States is presented with adversity we will pull together and the United States and the self-storage industry will lead the way to recovery.

(continued)

Chart I: Ten Year Treasury Interest Rates and Self-Storage Cap Rates 2001-2020



Ben Vestal, President of Argus Self Storage Advisors can be reached at 800-557-8673 or bvestal@argus-realestate.com.

FACING MARKET UNCERTAINTY? WE CAN HELP!

Special Offer

Free Broker Opinion of Value

- Do you know what your property is worth?
- How has your value changed in the current market?
- What can you do to increase your property's value?
- How have rental rates been impacted?

You're Invited

Self-Storage Investment Market Q&A

*Wednesday, May 13th, 2020
2:00pm Eastern, 11:00am Pacific*

Join Ben Vestal and a panel of industry experts to answer your questions about the self-storage investment market during today's changing market.

Contact your Argus Broker Affiliate today for a free Broker Opinion of Value and to RSVP for the upcoming Q&A!

ARGUS

SELF STORAGE ADVISORS



Property Showcase

Cottonwood, AZ

\$1,750,000

- 121 Units
- 22,976 RSF
- 2.26 Acres
- Value-add investment
- Conversion opportunity
- Area job growth at 150% of national average
- Major intersection location



Jeff Gorden, CCIM
480-331-8880
jgorden@selfstorage.com

Vero Beach, FL

\$2,100,000

- Boat & RV Storage **NEW!**
- Development Site
- 254 Proposed Units
- 8.88 Acres
- Unique joint venture development opportunity
- Strong demand and limited competition in the area



WEST VIEW DETAIL
N.T.S.



Josh Koerner & Frost Weaver
904-591-0140
jkoerner@weaver-realty.com

Colorado Springs, CO

\$5,000,000

- 2-Property Portfolio
- 497 Units **NEW!**
- 67,720 RSF
- 5.67 Acres
- Huge upside with strong revenue management
- Extremely well-maintained
- Great visibility and traffic exposure



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

Athens, GA

\$6,300,000

- 470 Units **NEW!**
- 61,225 RSF
- 11.7 Acres
- Well-established facility in a strong growth market
- Consistent U of GA clientele
- Room to expand as market dictates
- Well built and maintained



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

Loveland, CO

\$1,095,550

- RV Storage Development Site
- 154 Units **NEW!**
- 75,086 RSF
- 5.02 Acres
- Site has been entitled to construct a 4-building enclosed RV parking facility
- Excellent location with strong retail growth in the area



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

Douglasville, GA

\$2,900,000

- 229 Units **NEW!**
- 28,500 RSF
- 2.39 Acres
- Excellent location with good visibility from highway
- Well-established facility with strong occupancy
- Includes 8,000 SF retail building



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

Pensacola, FL

\$1,628,000

- 191 Units **NEW!**
- 16,200 RSF
- 1.34+/- Acres
- Excellent visibility and high traffic counts
- Fully fenced and gated
- Land available for expansion
- Climate & non-climate units

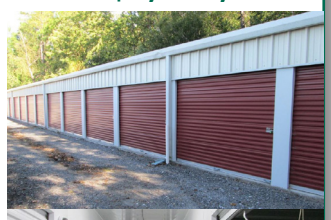


Bill Barnhill, CCIM & Stuart LaGroue
251-432-1287
stuart@selfstorage.com

Jesup, GA

\$2,400,000

- 423 Units **NEW!**
- 48,089 GSF
- 5.39 Acres
- 3-Property Portfolio allows buyer to control large portion of the market
- Significant upside potential
- Good traffic exposure on major thoroughfares



Josh Koerner & Frost Weaver
904-591-0140
jkoerner@weaver-realty.com



Property Showcase

Des Moines, IA

\$13,500,000

- Call for Offers Due May 7, 2020
- 4-Property Portfolio
- 1,048 Total Units **NEW!**
- 183,169 Total RSF
- Outstanding locations in Greater Des Moines Area
- Fastest growing major market in the Midwest

Tom Flannigan & Alex Ihrke

612-790-3747

tom@selfstorage.com

alex@selfstorage.com



Wagoner, OK

\$725,000

- 170 Units
- 42,670 RSF
- 3.2 Acres
- Great value-add opportunity with management and expansion upside
- Well-positioned with highway frontage
- Priced below replacement cost

NEW!

Jared Jones, CCIM

918-609-0541

jjones@selfstorage.com



Hutchinson, KS

\$2,390,000

- 329 Units
- 53,700 RSF
- 3 Acres
- Largest facility in the local market
- Fenced and gated with on-site office
- Located near a main retail corridor

NEW!

Larry Goldman, CCIM

913-707-9030

lgoldman@selfstorage.com



Temple, TX

Call Broker for Price

- 176 Units
- 20,675 RSF
- 1.5 Acres
- Value-add investment at 65% occupancy
- Priced below replacement cost
- Newly renovated, modern and clean
- Located off of Hwy US 190

NEW!

Chad Snyder

817-980-7276

csnyder@dominuscommercial.com



Warrensburg, MO

\$1,665,000

- 320 Units
- 33,500 RSF
- 3.15 Acres
- Excellent exposure on main thoroughfare
- On-site leasing office
- Consistent operating history
- Expansion land available but not included

NEW!

Larry Goldman, CCIM

913-707-9030

lgoldman@selfstorage.com



Chattaroy, WA

\$625,000

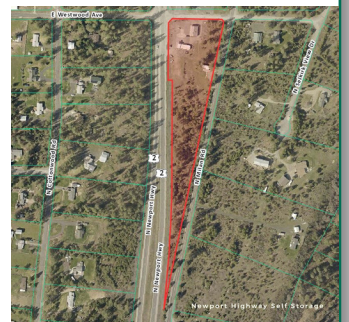
- Self-Storage Development Site
- 188 Units TBB
- 76,645 RSF TBB
- 4.06 Acres
- Pre-approved for self-storage
- High demand for large sized unit mix
- Strong demographics in the surrounding area

NEW!

Ryan Layton

509-435-2424

rlayton@selfstorage.com



LaGrange, OH

\$395,000

- 53 Units
- 10,200 RSF
- 2 Acres
- Low maintenance metal/vinyl sided buildings with metal roofs
- Historically solid occupancy levels
- Land for expansion
- Attractive returns

NEW!

Alec Pacella, CCIM

216-455-0925

apacella@naipvc.com



Ripon, WI

\$375,000

- 42 Units
- 8,880 RSF
- 1.21 Acres
- Brand new facility built in 2018
- Great visibility
- Always fully occupied
- Possible expansion into contiguous parcel

NEW!

Bruce Bahrmassel

312-518-3550

bruce@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

Daphne	\$800,000	Bill Barnhill/Shannon Barnes	251-432-1287
Foley	\$1,229,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Camp Verde	\$1,450,000	Jeff Gorden	480-331-8880
Cottonwood	\$1,750,000	Jeff Gorden	480-331-8880
Mohave Valley	\$399,000	Jeff Gorden	480-331-8880

Arkansas

Arkadelphia	\$289,000	Larry Goldman	913-707-9030
Hot Springs Vlg	\$1,650,000	Larry Goldman	913-707-9030
Wynne	\$4,340,000	Larry Goldman	913-707-9030

Colorado

Colo. Springs	\$5,000,000	Joan Lucas	720-855-6587
Denver	\$7,800,000	Joan Lucas	720-855-6587
Loveland	\$3,900,000	Joan Lucas	720-855-6587
Loveland	\$1,095,550	Joan Lucas	720-855-6587

Florida

Naples	\$2,650,000	Josh Koerner/Frost Weaver	904-591-0140
Oakland Park	\$3,750,000	Josh Koerner/Frost Weaver	904-594-0140
Opa-Locka	\$3,000,000	Josh Koerner/Frost Weaver	904-591-0140
Pensacola	\$1,628,000	Bill Barnhill/Stuart LaGroue	251-432-1287
South Florida	Call Broker	Josh Koerner/Frost Weaver	904-591-0140
Vero Beach	\$4,425,000	Josh Koerner/Frost Weaver	904-591-0140
Vero Beach	\$2,100,000	Josh Koerner/Frost Weaver	904-591-0140

Georgia

Alpharetta	\$695,000	Jane H. Sauls	770-328-2379
Athens	\$13,900,000	Mike Patterson	770-301-1886
Athens	\$6,300,000	Mike Patterson	770-301-1886
Crawford	\$4,300,000	Mike Patterson	770-301-1886
Douglasville	\$2,900,000	Mike Patterson	770-301-1886
Jesup	\$2,400,000	Josh Koerner/Frost Weaver	904-591-0140
Mableton	\$895,000	Jane H. Sauls	770-328-2379
Rockmart	\$2,300,000	Kris Knowles	720-323-2055
Valdosta	SOLD	Luke Sauls	770-841-4591

Illinois

Rockford	\$3,250,000	Bruce Bahrmassel	312-518-3550
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Indiana

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

Altoona	\$3,900,000	Tom Flannigan	612-790-3747
Des Moines	\$13,500,000	Tom Flannigan	612-790-3747
Hiawatha	SOLD	Tom Flannigan	612-790-3747

Kansas

Eudora	\$3,650,000	Larry Goldman	913-707-9030
Hutchinson	\$2,390,000	Larry Goldman	913-707-9030
Iola	\$565,000	Larry Goldman	913-707-9030

Kansas Cont.

Lawrence	\$3,900,000	Larry Goldman	913-707-9030
Ottawa	\$575,000	Brian Goldman	913-707-3941

Massachusetts

Northampton	SOLD	Joseph Mendola	603-668-7000
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Michigan

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

Branson West	SOLD	Jared Jones/Larry Goldman	918-609-0541
Jefferson City	\$249,000	Larry Goldman	913-707-9030
Winfield	\$2,900,000	Larry Goldman	913-707-9030
Warrensburg	\$1,665,000	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

Sparta	\$7,450,000	Linda Cinelli	908-722-5661
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New York

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

Ohio

LaGrange	\$395,000	Alec Pacella	216-455-0925
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Oklahoma

Newcastle	\$2,800,000	Jared Jones	918-609-0541
Wagoner	\$725,000	Jared Jones	918-609-0541

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
Vale	\$1,600,000	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
Bridgeport	Call Broker	Richard Minker/Chad Snyder	817-980-7276
Buda	Call Broker	Bill Brownfield/Faith Pate	713-907-6497
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
Mt. Pleasant	Call Broker	Chad Snyder	817-980-7276
Temple	Call Broker	Chad Snyder	817-980-7276

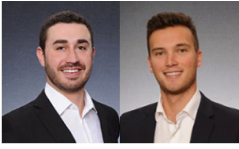
Washington

Chattaroy	\$625,000	Ryan Layton	509-435-2424
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Wisconsin

Ripon	\$375,000	Bruce Bahrmassel	312-518-3550
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ARGUS SALES



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



Congratulations to **Jared Jones, CCIM of Jones Investment Properties and Larry Goldman, CCIM of RE/MAX Commercial** who sold Acorn Storage Center in Branson West, MO! Contact Jared at 918-609-0541 or Larry at 913-707-9030 for details.



Congratulations to **Luke Sauls and Jane H. Saus, CCIM of Sauls Storage Group, LLC** who sold General Storage in Valdosta, GA! Contact Jane and Luke at 770-841-4591 for details.



Congratulations to **Bill Barnhill, CCIM and Stuart LaGroue of Omega Properties, Inc.** who sold Storage Solutions in Terry, MS! Contact Bill and Stuart at 251-432-1287 for details.



Congratulations to **Joe Mendola of NAI Norwood Group** who sold a self-storage development site in Northampton, MA! Contact Joe at 603-668-7000 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
Jane H. Sauls, CCIM & Mike Patterson, CCIM
Stuart Wade
Josh Koerner & Frost Weaver

Omega Properties, Inc.
SVN Percival Partners
Sauls Storage Group, LLC
The Nicholson Companies
Weaver Realty Group, Inc.

251-432-1287
704-632-1030
770-328-2379
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, WI
MN, ND, IA
OH, Western PA
KS, MO, Southern IL
KY
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
Jeff Gorden, CCIM
Larry Hayes
Scott King
Ryan Layton
Joan Lucas
Doug Shea
Thomas Wolter

Etzold & CO LLC
KW Commercial
The Gorden Company
Hayes & Associates
Merit Commercial Real Estate
American Real Estate Associates
Joan Lucas Real Estate Services, LLC
Centennial Advisers
RE/MAX Commercial

915-845-6006
480-331-8880
702-643-1000
406-544-1921
541-890-6708
509-435-2424
720-855-6587
562-773-4000
206-200-3325

NM
AZ
NV
MT
OR
Eastern WA, Northern ID
CO
Southern CA
Western WA