



SELF STORAGE ADVISORS

Market Monitor

America's Premier Self Storage Brokers

Issue XII-2020

2021 Self Storage Market Outlook

by Ben Vestal

Without question, 2020 proved to be a very unique and challenging year and the anxiety related to the coronavirus made most investment reports irrelevant. However, it is clear that each part of the country is experiencing a different amount of disruption. Argus is the only national full-service self-storage advisory group comprised of third-party management, investment sales and advisory services, which gives us a unique, all-encompassing perspective for self-storage owners throughout the country. Below we have tried to touch on some key points regarding the investment markets as we head into 2021.

Self-Storage Demand:

We have seen self-storage perform very well during the 2020 pandemic. Due to the shutdown in March, the leasing season, which usually starts in April-May and ends in August-September, was delayed until June-July and ended in October-November, which is usually a period when seasonal dips in occupancy are expected. At this time, we have continued to see fewer move-outs during this same period. New demand drivers such as remote work, home remodels, migration out of urban city centers, remote learning and the continued disruption in the restaurant and small business sectors continue to fuel the growing demand for storage space. Because of this, the industry is experiencing historically high occupancies with self-storage REIT portfolios reaching 95% occupancy by mid-September. It is clear that the COVID disruption has driven demand higher and the new demand drivers will remain sticky for an extended period of time. This will lead to very strong performance in 2021!

Transaction Activity:

The transaction market paused during the spring and early summer as the pandemic caused turmoil within the investment community and capital markets. However, the well-documented performance during the shutdown led to an uptick in investor sentiment as we entered the summer months. The stabilization of the debt markets and continued low interest rates have fueled an acceleration of transaction velocity as we head into 2021. Today, fewer self-storage listings on the market and more flow of capital into the industry have increased competition for a limited number of stabilized assets and have led to cap rate compression of 15-30 basis points, all while continuing to push historically high valuations. Investors continue to find yield and value in secondary and tertiary markets which benefit from little to no new development and the pandemic-driven migration out of urban city centers. The spread between major market and secondary market cap rates will narrow as secondary markets continue to outperform major markets. 2021 will undoubtedly be a very active and aggressive transaction year with many investors seeking constant yield. Self-storage once again is proving to be a very resilient and durable sector.

New Development:

Over the last five years, we have seen a tremendous boom in self-storage development around the country. Heading into 2020, we anticipated a slight slowdown of 3%-8% in new development largely due to softening market fundamentals and declines in rental rates. The pandemic disruption accelerated the slowdown in new development as lenders pulled back, making new construction loans very difficult to obtain. Comparatively speaking, development in 2020 for new self-storage properties is down 10%-20% over prior years. Although some new facilities did break ground in 2020, the pause button was pushed on many planned and proposed projects. In certain markets, this was a welcome sign as newly constructed properties were having to implement aggressive rate discounts to achieve leasing velocity. We feel new development in 2021 will continue to be delayed.

2021 Opportunities:

Investors will continue to find value in secondary and tertiary markets around the country with many of these markets experiencing aggressive population growth and strong operating fundamentals. However, in 2021 investors will also start to find value in newly constructed projects in major/core markets that have failed to achieve proforma rents and leasing velocity over the last 2-3 years. Though these opportunities will be heavily marketed, we believe investors with deep pockets and long investment horizons will find value at or below replacement cost next year. Expansion opportunities on existing stabilized properties and the conversions of failed retail big boxes will continue to be on the forefront of investors' minds. Lastly, we will see technology widen the gap between operators; we project 50%+ of future rental activity to be generated online and the introduction of technology such as digital rental apps becoming more important to the success of a property. The continued refinement of "unmanned" stores will start to make major headway in 2021 and we will see major investments made to automate the day-to-day operations of self-storage properties.

Summary:

We should all be very thankful to be in the self-storage industry which experienced very solid performance throughout 2020 and has a bright outlook for 2021. While we are experiencing a once-in-a-lifetime social and economic disruption, I am very hopeful that a vaccine will be widely available and distributed next year. We will likely see even stronger valuations in 2021 due to an increase in investor confidence, a slowdown in new development, better and more useful technology and the very well-documented performance of self-storage during this pandemic. **MM**

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



Property Showcase

Chelsea, AL

\$4,295,000

NEW!

- 206 Units
- 50 Parking Spaces
- 19+/- Acres
- Fully fenced and gated with keypad access
- Approved self storage expansion
- Mobile home park has grandfathered status

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



Port Charlotte, FL

\$2,200,000

NEW!

- Development Site
- 70,000 GSF
- 1.6 Acres
- 3-story, Class A all climate-controlled building
- Excellent location with 265 ft of road frontage on Tamiami Trail
- Traffic count of 28,000+ vpd
- Strong demographics

**Josh Koerner
& Frost Weaver**
940-591-0140
jkoerner@weaver-realty.com



Estes Park, CO

\$1,400,000

NEW!

- 88 Units
- 11,505 GSF
- 0.81 Acre
- 6 Parking Spaces
- Extremely well-maintained with strong occupancy history and low turnover
- Fully fenced with keypad access and security cameras
- 200 SF portable container has a restroom and kitchenette

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



Swannanoa, NC

\$2,300,000

NEW!

- 25,525 RSF
- 262 Units
- 2.44 Acres
- 5 Buildings
- Long-term owner/operator
- High occupancy history
- Rental rate increase possible
- On-site office
- Fenced and gated property accessible by access codes

Jamey Cox
704-632-1030
jamey.cox@svn.com



Fort Oglethorpe, GA

\$5,500,000

NEW!

- 581 Units
- 82,650 RSF
- 20 Parking Spaces
- 6.34 +/- Acres
- Main location with two satellite sites
- Excellent locations on highly traveled roads
- High unit and physical occupancy
- Fenced and gated with camera system

Luke Sauls
770-841-4591
luke@saulsstoragegroup.com



Bridgeport, TX

\$1,100,000

NEW!

- 167 Units
- 16,480 RSF
- 2.13 Acres
- Includes additional 4,800 SF of warehouse/shop space and 1,920 SF shipping containers
- 15,000 SF expansion land available
- Excellent visibility, located off Hwy 114, as you enter Bridgeport

**Chad Snyder
& Tyler Trahant**
817-813-5631
csnyder@dominuscommercial.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

Chelsea	\$4,295,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Huntsville	SOLD	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Black Canyon	\$2,950,000	Jeff Gorden	480-331-8880
Flagstaff	\$1,650,000	Jeff Gorden	480-331-8880
Rimrock	\$1,900,000	Jeff Gorden	480-331-8880

Arkansas

Wynne	SOLD	Larry Goldman	913-707-9030
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Colorado

Calhan	\$910,000	Joan Lucas	720-855-6587
Castle Rock	\$1,500,000	Joan Lucas	720-855-6587
Colo. Springs	\$6,250,000	Joan Lucas	720-855-6587
Estes Park	\$1,400,000	Joan Lucas	720-855-6587
Loveland	\$1,095,550	Joan Lucas	720-855-6587
Monument	\$10,000,000	Joan Lucas	720-855-6587

Florida

Oakland Park	\$3,475,000	Josh Koerner/Frost Weaver	904-594-0140
Opa-Locka	\$2,975,000	Josh Koerner/Frost Weaver	904-591-0140
Pensacola	\$1,628,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Port Charlotte	\$2,200,000	Josh Koerner/Fros	
Port St. Lucie	\$3,250,000	Josh Koerner/Frost Weaver	904-594-0140
South Florida	Call Broker	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
Byron	\$5,800,000	Luke Sauls/Jane H. Sauls	770-841-4591
Crawford	\$4,300,000	Mike Patterson	770-301-1886
Fort Oglethorpe	\$5,500,000	Luke Sauls	770-841-4591
Loganville	\$85,000/Acre	Mike Patterson	770-301-1886
Mableton	\$895,000	Jane H. Sauls	770-328-2379

Illinois

Rockford	\$2,975,000	Bruce Bahrmassel	312-518-3550
Rockford	\$325,000	Bruce Bahrmassel	312-518-3550

Indiana

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

Hutchinson	\$2,390,000	Larry Goldman	913-707-9030
Lawrence	\$2,000,000	Larry Goldman	913-707-9030

Louisiana

Baton Rouge	\$775,000	Bill Barnhill/Jeremy Milling	251-694-5050
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Michigan

Battle Creek	\$190,000	Jim Soltis	810-494-2062
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Minnesota

Bemidji	\$1,400,000	Tom Flannigan	612-790-3747
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Missouri

Cameron	\$375,000	Larry Goldman	913-707-9030
Knob Noster	\$1,920,000	Larry Goldman	913-707-9030
Lee's Summit	\$8,800,000	Larry Goldman	913-707-9030

New Jersey

Tenafly	\$3,900,000	Linda Cinelli/Edan Cohen	908-722-5661
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New York

Islip	\$5,700,000	Linda Cinelli	908-722-5661
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North Carolina

Swannanoa	\$2,300,000	Jamey Cox	704-632-1030
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North Dakota

Jamestown	\$7,400,000	Tom Flannigan	612-790-3747
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Ohio

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

Elgin/Verden	\$1,400,000	Jared Jones	918-609-0541
Enid	\$7,000,000	Jared Jones	918-609-0541
Newcastle	\$2,800,000	Jared Jones	918-609-0541
Wagoner	SOLD	Jared Jones	918-609-0541

Oregon

Hermiston	\$7,533,000	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

Bridgeport	Call Broker	Chad Snyder	817-980-7276
Granbury	Call Broker	Chad Snyder	817-980-7276
Mt. Pleasant	Call Broker	Chad Snyder	817-980-7276
Nash	Call Broker	Chad Snyder/Tyler Trahant	817-980-7276
Pampa	Call Broker	Chad Snyder/Tyler Trahant	817-980-7276
San Antonio	Call Broker	Bill Brownfield/Faith Pate	713-907-6497
Van Alstyne	Call Broker	Chad Snyder	817-980-7276

Washington

Newport	\$475,000	Ryan Layton	509-435-2424
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Wisconsin

St. Germain	\$975,000	Bruce Bahrmassel	312-518-3550
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ARGUS SALES



Congratulations to **Josh Koerner and Frost Weaver of Weaver Realty Group** who sold a development site in Tamarac, FL! Contact Josh and Frost at 940-591-0140 for details.



Congratulations to **Bill Brownfield, CCIM, CRE and Faith Pate of Brownfield & Associates, LLC** who sold Guard Dog Storage in Buda, TX! Contact Bill and Faith at 713-907-6497 for details.



Congratulations to **Jared Jones, CCIM of Jones Investment Properties** who sold Pitchford Lakeside Boat & RV Storage and Merrill Self Storage in Wagoner, OK! Contact Jared at 918-948-3941 for details.



Congratulations to **Bill Barnhill, CCIM and Stuart P. LaGroue, Sr. of Omega Properties, Inc.** who sold CubeSmart Self Storage in Huntsville, AL! Contact Bill and Stuart at 251-432-1287 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, Jr. & Ed Nicholson
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
Rob Schick
Jim Soltis

KW Commercial
NAI Pleasant Valley
Goldman Investment Advisors, Inc.
Column Realty
Revel & Underwood, Inc.
Preview Properties.com

312-518-3550
612-790-3747
216-831-3310
913-707-9030
502-296-4586
317-922-1225
810-494-2062

Northern IL, WI
MN, ND, IA
OH, Western PA
KS, MO, Southern IL
KY
IN
MI

SOUTH CENTRAL

Bill Barnhill, CCIM
Bill Brownfield, CRE, CCIM & Faith Pate
David Etzold
Larry Goldman, CCIM
Mike Helline & Aaron Willis
Jared Jones, CCIM
Chad Snyder & Tyler Trahant

Omega Properties, Inc.
Brownfield & Associates, LLC
Etzold & CO
Goldman Investment Advisors, Inc.
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
Jeff Gorden, CCIM
Jeff Gorden, CCIM
Larry Hayes
Scott King
Ryan Layton
Joan Lucas
Ken Miller
Doug Shea
Thomas Wolter

Etzold & CO
KW Commercial
The Gorden Company
Hayes & Associates
Merit Commercial Real Estate
American Real Estate Associates
Joan Lucas Real Estate Services, LLC
Northstate Commercial Partners
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
530-768-1650
562-773-4000
206-200-3325

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