



SELF STORAGE ADVISORS

Market Monitor

America's Premier Self Storage Brokers

Issue IV-2021

As Good as It Gets?

by Ben Vestal

For the last 27 years, Argus has reported our market findings honestly and with an acute sense of what we are experiencing in the 100+ self-storage transactions that we are involved in each year. For the first time in my 15+ year history at Argus I find myself wondering why self-storage values are growing at such a rapid pace. With all of the hype surrounding self-storage (a renewed buzz about development, very strong market fundamentals, fluid financing options, and all-time high values), it's worth contemplating; is this as good as it gets?

We have been talking about the uncertainty of this self-storage valuation boom for over 10 years now, including how long it will last and the impacts of major driving factors such as interest rates, new development, consumer and demographic trends, and overall market fundamentals. For now, all signs are pointing to **GO!** However, in this high-stakes game of musical chairs, NOW is the time to think outside the box and find your chair before the music stops. This is the time for serious analysis of your personal objectives, your investment tax positions and financing options because the real estate market, tax code, and credit market are likely to change quickly and limit your options moving forward.

By most measures, the self-storage rental market is booming. We have recently seen a very large increase in move-ins and vacates have continued to be very low by historical standards. We are heading into the leasing season with historically high occupancy and it is setting up to be one of the best leasing seasons in recent history. According to industry reports, we are finding that most rental rates are also strengthening and that has given the investment community the shot of confidence needed to push values even higher. For the first time in Argus' 27-year history, self-storage is truly being priced at CORE real estate levels. Cap rates for stabilized, institutional quality assets in major markets (top 50 MSAs) are falling in the 4%-5% range and secondary market cap rates are not far behind. There has also been a renewed interest in C of O and lease-up

deals and new development seems to be gaining momentum after a very brief slowdown during the pandemic.

While it is comforting to know how well self-storage has prospered in recent times, several questions hang over the future. Wondering if high values will last forever is really just a manifestation of wishful thinking, and can probably be answered best by the statement: They never have! The more typical historical range in values, occupancies and lending options will inevitably resurface, leaving many owners wishing they capitalized on the current market today.

How should you move forward? First, decide what you want to do and the details of your investment (current tax position, operating performance, financing restrictions, submarket fundamentals, capital improvements needed, etc.). If you want to keep your property for at least five years or more and believe that your competitive situation is such that you can maintain and grow your income over time, then make sure that you have captured a low interest rate loan for at least your investment horizon, plus 2-3 years to give you some wiggle room. Be wary of prepayment penalties that may prohibit you from selling, because you never know when you might change your mind. If your ownership horizon is less than five years or you are concerned about your property's long-term ability to compete in your market, then selling could be an attractive option today. Values are at all-time highs and the chances of cap rates going up (values going down) appear to be significantly greater than having cap rates decline any further. If you are wondering when to make the decision, my suggestion is to do so only as soon as you are comfortable. While no one has the ability to predict where the investment market will go over the next several years or where values will be a year from now, we can be sure that the "best of times" won't last forever. **MM**

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



Property Showcase

Yreka, CA

\$1,650,000

- 135 Units
- 25,000 RSF
- 5 Acres
- Established business with 95% occupancy year round
- Gated 5 acres with opportunity for expansion
- Existing owner's residence on property

NEW!

**Ken Miller
& Brandy Rundel**
530-768-1650
kenmiller@ncp-cre.com
brundel@ncp-cre.com



Des Moines, IA

\$500,000

- 75 Units
- 9,600 RSF
- 1.07 Acres
- Built in 2006
- Completely fenced and gated with keypad access
- Well-positioned facility in one of the fastest growing major metros in the Midwest

NEW!

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



Brighton, CO

Call Broker for Price

- 696 Units
- 76,330 RSF
- 8.35 Acres
- Fortress Self Storage is an institutional-quality, single-story project located in Brighton, Colorado
- Opened in January 2020 and experienced rapid lease-up during COVID
- 1.43 acres of land remains to be converted to boat/RV storage, subject to county approval

NEW!

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



St. Clair, MO

\$200,000

- 50 Units
- 9,400 RSF
- 2 Acres
- 8 parking spaces and 9 trailer truck units
- Fully fenced facility with room for expansion
- Visible from I-44
- Value-add opportunity
- Priced below replacement value

NEW!

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



Riverdale, GA

\$422,500

- Development Site
- ~6.5 Acres
- Great opportunity for a ground-up development in a growing market
- Zoning allows for self storage with conditional use permit
- Located on highly-traveled Highway 138 with a traffic count of 26,500 vpd
- Area supports strong climate rental rates

NEW!

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



Green Bay, WI

Call Broker for Price

- 472 Units
- 116,038 RSF
- 7.9 Acres
- 2-Property Portfolio
- Centrally located with strong traffic counts
- Very well-built and maintained facilities
- Historically high occupancy (96% currently)
- Recently expanded temperature controlled units

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

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

Arizona

Lk Havasu Cty **SOLD** Jeff Gorden 480-331-8880

California

Yreka \$1,650,000 Ken Miller/Brandy Rundell 530-768-1650

Colorado

Brighton Call Broker Joan Lucas 720-855-6587

Calhan \$910,000 Joan Lucas 720-855-6587

Castle Rock \$1,500,000 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 **SOLD** Joan Lucas 720-855-6587

Florida

Delray Beach \$4,800,000 Josh Koerner/Frost Weaver 904-594-0104

Jacksonville \$1,500,000 Josh Koerner/Frost Weaver 904-594-0104

Lake Wales \$1,150,000 Josh Koerner/Frost Weaver 904-594-0104

Oakland Park **SOLD** Josh Koerner/Frost Weaver 904-594-0140

Opa-Locka \$2,975,000 Josh Koerner/Frost Weaver 904-591-0140

Palm Bay \$900,000 Josh Koerner/Frost Weaver 904-591-0140

Pensacola **SOLD** Bill Barnhill/Stuart LaGroue 251-432-1287

Port Charlotte \$2,200,000 Josh Koerner/Frost Weaver 904-432-0140

Port St. Lucie \$3,250,000 Josh Koerner/Frost Weaver 904-594-0140

Sarasota \$12,250,000 Josh Koerner/Frost Weaver 904-594-0104

Vero Beach \$4,700,000 Josh Koerner/Frost Weaver 904-594-0104

Vero Beach \$1,700,000 Josh Koerner/Frost Weaver 904-591-0140

W. Palm Beach \$2,900,000 Josh Koerner/Frost Weaver 904-591-0140

Georgia

Augusta \$375,000 Luke Sauls/Jane H. Sauls 770-841-4591

Byron \$5,800,000 Luke Sauls/Jane H. Sauls 770-841-4591

Crawford \$4,300,000 Mike Patterson 770-301-1886

Riverdale \$422,500 Luke Sauls 770-841-4591

Idaho

Coeur d'Alene \$2,050,000 Ryan Layton 509-435-2424

Illinois

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

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

Indiana

Portage **SOLD** Bruce Bahrmassel 312-518-3550

Iowa

Des Moines \$500,000 Tom Flannigan 612-790-3747

Kansas

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

Junction City \$2,740,000 Larry Goldman 913-707-9030

Michigan

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

Minnesota

Motley \$325,000 Tom Flannigan 612-790-3747

Missouri

Cameron \$375,000 Larry Goldman 913-707-9030

St. Clair \$200,000 Larry Goldman 913-707-9030

Nevada

Winnemucca \$1,630,000 Jeff Gorden 480-331-888

New Hampshire

Concord \$11,000,000 Joseph Mendola 603-668-7000

Nashua \$13,500,000 Joseph Mendola 603-668-7000

New Jersey

Lopatcong \$4,300,000 Linda Cinelli/Edan Cohen 908-722-5661

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

New York

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

North Carolina

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

Ohio

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

Oklahoma

Enid \$7,000,000 Jared Jones 918-609-0541

Tulsa \$1,300,000 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 **SOLD** Scott King 541-890-6708

Pennsylvania

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

Texas

Bridgeport Call Broker Chad Snyder 817-980-7276

Ennis Call Broker Chad Snyder 817-980-7276

Fate 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

Washington

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

Wisconsin

Green Bay Call Broker Bruce Bahrmassel 312-518-3550

ARGUS SALES



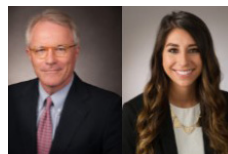
Congratulations to **Josh Koerner and Frost Weaver of Weaver Realty Group, Inc.** who sold a development site in Oakland Park, FL and a development site in Coral Springs, FL! Contact Josh and Frost at 904-591-0140.



Congratulations to **Bill Barnhill, CCIM and Stuart LaGroue of Omega Properties, Inc.** who sold Q2 Self Storage in Pensacola, FL! Contact Bill and Stuart at 251-432-1287.



Congratulations to **Chad Snyder and Tyler Trahant of Dominus Commercial** who sold SRE Self Storage in Van Alstyne, TX! Contact Chad and Tyler at 817-242-2361.



Congratulations to **Bill Brownfield, CCIM, CRE and Faith Pate of Brownfield & Associates** who sold Cool Car Storage in Spring, TX! Contact Bill and Faith at 713-907-6497.



Congratulations to **Joan Lucas of Joan Lucas Real Estate Services, LLC** who sold Monument Hill Self Storage in Monument, CO! Contact Joan at 720-855-6587 for details.



Congratulations to **Bruce Bahrmassel** who sold Lok-N-Store in Portage, IN! Contact Bruce at 312-518-3550 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