



SELF STORAGE ADVISORS

Market Monitor

America's Premier Self Storage Brokers

Issue V-2022

Caution!

A Real-Time Look into Today's Self-Storage Investment Market

by Ben Vestal

After five-plus years of momentum building in the self-storage investment market, buyers, sellers and lenders are proceeding cautiously as the volatility in the overall financial markets has yet to trickle down to our small corner of the real estate industry. In light of the recent market uncertainty, we have asked some of our most active and successful Argus Broker Affiliates to opine on the state of the investment market in their respective markets. Below you will find real time insight on how the self-storage market is performing in each area of the country.

1. How is the self-storage rental season kicking off in your market?

Tom Flannigan, Minneapolis, MN: As we approach Memorial Day weekend, we are seeing a strong start to the self-storage rental season. Although rent rates haven't been as strong in some pockets of the Twin Cities, most facilities are enjoying high occupancies which should allow for future rate increases. As an example, a local operator with a facility in lease-up recently commented that they have leased up over 4,500 SF in the last month.

Josh Koerner, Jacksonville, FL: The Florida market continues to perform in every way. The majority of new lease-up projects are ahead of projections, rental rates across the state continue to increase, and occupancies continue to hold above 90% on average throughout the state.

Ryan Layton, Spokane, WA: In the Pacific Northwest, we are seeing continued upward occupancy across the board at all facilities. There are three new facilities that I'm aware of that have averaged over 10% rent velocity monthly. In general, stabilized occupancies remain over 90% in most markets.

Joan Lucas & Cole Carosella, Denver, CO: Leasing velocity remains strong and occupancies are still at all-time highs in the Rocky Mountain region. Operators are able to roll out significant rate increases, partially due to the slowing of new development, and are seeing robust year-over-year revenue growth.

2. How are you changing your underwriting and valuation amidst rising interest rates, and how are buyers adjusting their LOIs?

Jared Jones, CCIM, Tulsa, OK: In Oklahoma, we are underwriting deals with increased debt assumptions of 4.75-5.5% and Year 1 growth assumptions of 8%. Cap rates remain

low at 4.5-5.5% for Class A properties, 5.5-6.5% for Class B properties, and 6.5-7.5% for Class C properties. Buyers are still aggressive, albeit more cautious due to market volatility. We are seeing banks be less decisive on their term sheets and debt terms may change during due diligence.

Chad Snyder & Tyler Trahant, Fort Worth, TX: We are raising the debt range in our underwriting by 50 basis points today, especially for local investors. For cap rates, we are using Trailing 3-month financials for properties in secondary markets and trailing 1-month financials for primary market, trophy assets. Buyers are tending to adjust their offering price for interest rate exposure in some outside markets, but due diligence and closing timeframes are remaining tight.

Bill Barnhill, CCIM & Stuart LaGroue, Mobile, AL: In the Gulf States, we used to be underwriting deals around 3.75% interest rates and now we're underwriting them around 4.5% and limiting loan to value to 70%. Cap rates should remain about the same for the next 12 months due to the volume of equity seeking yields that are difficult to achieve elsewhere. We have seen buyers submit LOIs well above asking price in order to win deals and that strategy has been successful in today's highly competitive acquisition market.

Jeff Gorden, CCIM, Phoenix, AZ: In our underwriting, we are using 4.5-5% rates depending on the property location, size and expected buyer profile, and rent growth assumptions of 10% in year 1 then 5% thereafter. Currently we are not looking at cap rates except for very small deals. Instead, we are looking at forward year 1 cash on cash and the ability to finance cash flows if the buyer is expected to need debt financing.

3. Have deal flow and seller expectations been impacted by market volatility?

Koerner: Our current listing pipeline contains more listings than at this time last year and we are on track to more than double last year's total sales numbers. Many sellers seem to sense that a change may be coming and have begun to explore the possibility of selling.

Gorden: There has been a wave of new properties coming to market in Arizona and Nevada in the last two weeks. Sellers who are on everyone's radar are getting a lot of solicitation and thus have rising expectations for valuation, whereas sellers who have been under the radar are more open to a broker's opinion.

(continued)

Snyder & Trahant: In North Texas, we are still experiencing robust deal flow but seeing initial signs of slowing. Seller expectations on pricing are not changing and we have not seen any re-trades in the market yet.

Lucas & Carosella: Deal flow in Colorado is still strong. Sellers are aware of the interest rate rise and want to take advantage of the still relative high prices being paid. The hard part will be educating clients that pricing expectations may need to be adjusted as we head into this new interest rate environment.

Jones: We are busier than we were last year at this time and sellers are holding firm to strong pricing expectations, with some wondering if they should have sold last year. Sentiment is still high and owners are being approached weekly with broker and buyer direct calls promising the moon. However, if it is a sub-\$5M deal many sellers are adjusting their expectations or focusing on holding their properties due to rising interest rates.

4. Please summarize today's storage market performance in your region.

Flannigan: Self-storage continues to perform well in Minnesota, Iowa and the Dakotas. In particular, rental rate increases have been well tolerated by tenants in the context of historically high inflation. With the advantage of monthly contracts, it is important for owners to increase rates while they can. As many owners begin to consider the impact of interest rates on the value of their facility, we do expect to see some adjustments to pricing expectations going forward.

Lucas & Carosella: The Colorado self-storage market is cautiously optimistic. Self-storage still has a lot going for it as an operating business and a top asset class that lenders want to finance. It does seem like everyone has their ear to the ground waiting for bad news. I believe we will have a strong year in 2022, with 2023 looking more uncertain.

Snyder & Trahant: In North Texas we are not seeing the swift change to pricing expectations that other areas of the country might be experiencing. We are still seeing buyers close on deals at early 2022 pricing and many off market, all-cash transactions. Simply put, there is still great need and desire to place capital into cash flow producing assets like self-storage.

Barnhill & LaGroue: Storage market performance is still robust due to actual and projected population growth along the Gulf Coast. While seller expectations may be evolving due to concerns about overbuilding and higher interest rates, there are still many investors desiring to own self-storage and valuations should remain strong.

Koerner: The Florida market continues to see a large number of properties coming to market, as prices remain aggressive and cap rates remain historically low. The development market is very active, with a historic number of ground up projects underway and more new development capital seeking a home in our state. Florida continues to experience significant population growth with recent corporate relocations providing new employment opportunities.

Gorden: In Arizona and Nevada, we have not yet seen quantifiable change in the market. Self-storage owners are either in denial of the impending change in the market, or are willing to ride out the next downturn with cash flowing assets. Developers, however, seem to be more ready to sell in anticipation of falling values. Buyers are still eager to place raised cash before things turn.

Layton: The Pacific Northwest storage market is still robust as many areas like Spokane, WA and Northern Idaho are popular with outside money from other states. We are expecting that this may cool as we approach the end of 2022. There is still a lot of 1031 Exchange money looking to be placed and willing to pay sub-5.5% cap rates, but we are seeing that properties listed at sub-4.5% cap rates are not moving, especially in rural areas. There is a lot of room for rental rate growth in our area which is appealing to buyers looking for instant upside.

Jones: Sentiment in Oklahoma is still very strong and buyers can purchase here for a much lower price per pound than other markets, which creates a larger, non-institutional buyer pool. Occupancies for non-lease up properties are at peak and revenues are hitting records. New development is occurring, but finding good sites with the right zoning is becoming more challenging, and coupled with higher construction costs should keep supply in check.

It is clear that the self-storage market continues to outperform other asset classes throughout the investment space and valuations are holding for the time being. Self-storage lenders are continuing to maintain disciplined underwriting standards, albeit at slightly higher interest rates, all while creating liquidity and a fluid transaction market. At the same time, overall market fundamentals are remaining strong and new supply is still slow in coming. The question on many investors' minds is, "how long will this last?" History tells us that these market cycles always go farther and last longer than anyone thinks. Each self-storage owner must consider their individual and company objectives to capitalize on the current market conditions and make sure they protect the fruits of their labor. **MM**

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



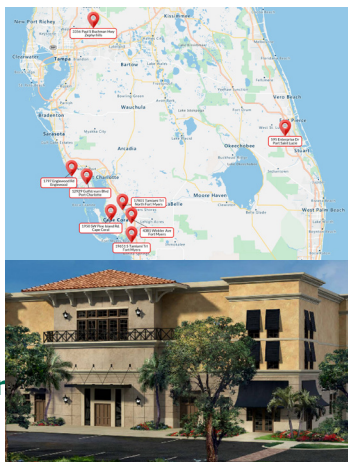
Property Showcase

Florida Portfolio

\$23,528,820

NEW!

- 8-Site Development Portfolio
- 1,147,841 GRSF
- Class A development sites located throughout Florida
- All sites will close contingent upon site plan approval and with removal of political risk
- Located in Lee, Saint Lucie, Sarasota, Charlotte and Pasco Counties, where populations are increasing drastically



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

Louisville, KY

Call for Price

NEW!

- 352 Units
- 81,998 RSF
- 6.2+/- Acres
- Built in 2020
- Located in the Heart of Louisville, KY
- Close proximity to residential, interstates and Louisville International Airport
- Outstanding mix of climate control units and secure RV parking



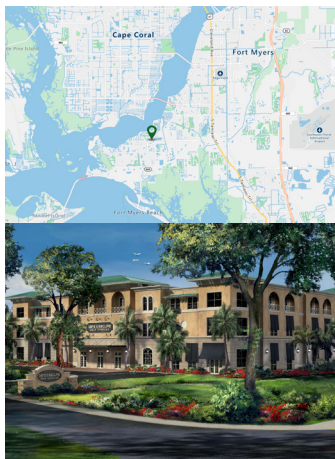
Mike Helline
502-296-4586
mhelline@outlook.com

Ft. Myers, FL

\$4,676,676

NEW!

- Development Site
- 101,328 GRSF
- 2.06 Acres
- Located on McGregor Blvd in Fort Myers market with proximity to Cape Coral, Sanibel and Captiva Islands
- Proposed 3-story building
- Proximity to Gulf Points Square Mall, Sanibel Outlet Mall, and Publix shopping center



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

Oak Grove, MN

\$2,050,000

NEW!

- 115 Units
- 23,100 RSF
- 2.09 Acres
- 97% Occupied
- Built in 2002
- High quality storage facility with steel and concrete block construction
- Completely fenced with gate system, keypad entry and security cameras



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

Vero Beach, FL

\$6,800,000

NEW!

- 632 Units
- 63,300 RSF
- 4.68 Acres
- 97% Occupied
- Built in 1990 & 1999
- Upside potential with below market rental rates
- Close proximity to City connectors such as US-1, I-95, and the West Vero Corridor
- Fenced and well-lit with security cameras



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

Live Oak, FL

\$4,250,000

- 233 Units
- 24,270 RSF
- 2.5 Acres
- 100% occupied with a mix of climate & non-climate storage units
- Built in 2003 & 2020
- Great reputation in the community with over 15+ years in business
- Most climate control units in Suwannee County



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



Property Showcase

Zion, IL

Call for Price

- 374 Units
- 5 Boat/RV Spaces
- 49,380 RSF
- Class A facility
- Great visibility, average daily traffic count of 12,700
- Built in 2001 and expanded in 2015
- Great demographics
- Located by a retail corridor
- Possible expansion land
- Contiguous office/2-bedroom apartment

NEW!

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



St. Louis, MO

Offers Due 6/14/22

- 289 Units
- 34,450 RSF
- 1.87 Acres
- 92% Occupied
- Well-established facility in the path of redevelopment
- Fully fenced with electronic gate access
- High density area with excellent access to the entire St. Louis Metro
- 22,875 VPD on St Charles Rock Road

NEW!

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



Spicer, MN

Offers Due 5/26/22

- 410 Units
- 82,517 RSF
- 9.16 Acres
- 99% Occupied
- Mix of drive up and climate controlled self storage
- Completely fenced with barbed wire, security cameras, gate system and keypad entry
- Great visibility to 4,950 VPD via Highway 71 (2018)

NEW!

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



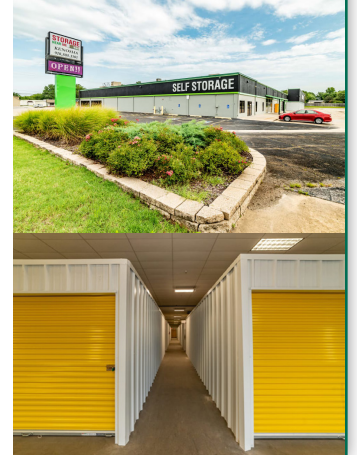
Broken Arrow, OK

\$5,000,000

- 328 Units
- 48,771 RSF
- 3.87 Acres
- Built in 2020
- Institutional quality asset located in Tulsa, OK, a top 55 MSA
- Significant upside remaining through aggressive tenant insurance strategy, expansion and lease up
- High-quality construction

NEW!

Jared Jones, CCIM
918-948-3941
jjones@selfstorage.com



Wabasha, MN

\$1,000,000

- 62 Units
- 10,000 RSF
- Built in 2019 & 2021
- 1.85 Acres
- High-quality self storage facility with approved expansion plans for additional 12,100 RSF
- Completely fenced with barbed wire, gate and keypad access

NEW!

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



Ennis, TX

Call for Price

- 301 Units
- 46,000 RSF
- 6.5 Acres
- Best traffic exposure of any storage facility in Ennis, TX, off both Interstate 45 and Hwy 287
- Located within 1/4 mile of the new Buc-ee's in Ennis with the other location across from a 212-home planned development by Lennar Homes

NEW!

Chad Snyder & Tyler Trahant
817-813-5642
csnyder@dominuscommercial.com
ttrahant@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

Mobile	\$1,851,300	Bill Barnhill	251-432-1287
Mobile	\$414,500	Bill Barnhill/Jeremy Milling	251-421-0919

Alaska

Wasilla	Call Broker	Ben Vestal/Cole Carosella	303-317-6469
---------	-------------	---------------------------	--------------

Arkansas

Malvern	\$3,580,000	Larry Goldman	913-707-9030
---------	-------------	---------------	--------------

California

Bay Point	Call Broker	Ken Miller	530-768-1650
-----------	-------------	------------	--------------

Colorado

Brighton	Call Broker	Joan Lucas	720-855-6587
Evans	Call Broker	Joan Lucas	720-855-6587
Fort Collins	Call Broker	Joan Lucas	720-855-6587
Greeley	Call Broker	Joan Lucas	720-855-6587
Montrose	\$4,100,000	Joan Lucas	720-855-6587

Florida

Portfolio (8)	\$23,528,820	Josh Koerner/Frost Weaver	904-594-0104
Delray Beach	\$4,800,000	Josh Koerner/Frost Weaver	904-594-0104
Ft. Myers	\$4,676,676	Josh Koerner/Frost Weaver	904-594-0104
Ft. Pierce	\$8,500,000	Josh Koerner/Frost Weaver	904-594-0104
Gainesville	Call Broker	Josh Koerner/Frost Weaver	904-594-0104
Keystone Hgts	\$4,300,000	Josh Koerner/Frost Weaver	904-594-0104
Live Oak	\$4,250,000	Josh Koerner/Frost Weaver	904-594-0104
Milton	SOLD	Bill Barnhill/Stuart LaGroue	251-432-1287
Pensacola	\$948,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Port Charlotte	\$3,900,000	Josh Koerner/Frost Weaver	904-432-0140
Port Charlotte	\$2,200,000	Josh Koerner/Frost Weaver	904-432-0140
Port Charlotte	\$1,600,000	Josh Koerner/Frost Weaver	904-432-0140
Port St. Lucie	\$3,250,000	Josh Koerner/Frost Weaver	904-594-0140
St. Augustine	Call Broker	Josh Koerner/Frost Weaver	904-594-0140
Venice	\$3,900,000	Josh Koerner/Frost Weaver	904-594-0104
Vero Beach	\$6,800,000	Josh Koerner/Frost Weaver	904-594-0104

Georgia

Kingsland	Call Broker	Josh Koerner/Brooks Dove	904-594-0104
Riverdale	\$422,500	Luke Sauls	770-841-4591

Illinois

Belvidere	SOLD	Bruce Bahrmassel	312-518-3550
Seneca	\$1,200,000	Bruce Bahrmassel	312-518-3550
Steger	\$999,000	Bruce Bahrmassel	312-518-3550

Kansas

Iola	\$895,000	Larry Goldman	913-707-9030
------	-----------	---------------	--------------

Kentucky

Louisville	Call Broker	Mike Helline	502-296-4586
------------	-------------	--------------	--------------

Louisiana

Cut Off	\$1,193,000	Bill Barnhill/Jeremy Milling	251-421-0919
---------	-------------	------------------------------	--------------

Minnesota

Alexandria	\$3,500,000	Tom Flannigan	612-790-3747
Cannon Falls	\$2,200,000	Tom Flannigan	612-790-3747
Howard Lake	SOLD	Tom Flannigan	612-790-3747
Howard Lake	SOLD	Tom Flannigan	612-790-3747
Marshall	\$2,700,000	Tom Flannigan	612-790-3747
Spicer	Call Broker	Tom Flannigan	612-790-3747
Wabasha	\$1,000,000	Tom Flannigan	612-790-3747

Mississippi

Vanceleave	SOLD	Jeremy Milling	251-694-5050
------------	-------------	----------------	--------------

Missouri

St. Louis	Call Broker	Larry Goldman	913-707-9030
-----------	-------------	---------------	--------------

Montana

Billings	\$1,495,000	Larry Hayes/Kim VanDelinder	406-698-6850
----------	-------------	-----------------------------	--------------

Nevada

Boulder City	Call Broker	Jeff Gorden	480-331-8880
--------------	-------------	-------------	--------------

Oklahoma

OKC Portfolio	Call Broker	Jared Jones	918-609-0541
Broken Arrow	\$5,000,000	Jared Jones	918-609-0541
Broken Bow	\$1,600,000	Jared Jones	918-609-0541
Tulsa	SOLD	Jared Jones	918-609-0541
Shawnee	SOLD	Jared Jones	918-609-0541

Oregon

Medford	\$375,000	Scott King	541-890-6708
Medford	SOLD	Scott King	541-890-6708

Pennsylvania

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

Texas

Argyle	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Arlington	SOLD	Chad Snyder/Tyler Trahant	817-813-5642
Burleson/Crowley	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Ennis	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Fort Worth	\$1,600,000	Chad Snyder/Tyler Trahant	817-813-5642
Fort Worth	\$1,600,000	Chad Snyder/Tyler Trahant	817-813-5642
Odessa	\$2,300,000	Chad Snyder/Tyler Trahant	817-813-5642

Washington

Davenport	\$1,750,000	Ryan Layton	509-435-2424
-----------	-------------	-------------	--------------

ARGUS SALES



Congratulations to **Josh Koerner and Frost Weaver of Weaver Realty Group** who sold a development site in Port Orange, FL and a development site in Opa-Locka, FL! Call 904-591-0140 for details.



Congratulations to **Jared Jones, CCIM of Jones Investment Properties** who sold MacArthur Storage in Shawnee, OK and Storage Near Me in Tulsa, OK! Call 918-948-3941 for details.



Congratulations to **Bill Barnhill, CCIM & Stuart LaGroue of Omega Properties, Inc.** who sold Chantilly Storage in Milton, FL and Beulah Self Storage in Pensacola, FL! Call 251-432-1287 for details.



Congratulations to **Jeff Gorden, CCIM of KW Commercial** who sold a development site in Peoria, AZ! Call 480-331-8880 for details.



Congratulations to **Jeremy Milling, CCIM of MCR Commercial** who sold Vancleave Mini Storage in Vancleave, MS! Call 251-694-5050 for details.



Congratulations to **Bruce Bahrmassel** who sold Revlon Drive Self Storage in Belvidere, IL! Call 312-518-3550 for details.



Congratulations to **Chad Snyder and Tyler Trahant of Dominus Commercial** who sold Extra Space Storage in Arlington, TX! Call 817-813-5642 for details.



Congratulations to **Tom Flannigan, Alex Ihrke & Matt Haugen of KW** who sold Howard Lake Mini Storage and Wright Storage Units in Howard Lake, MN! Call 612-790-3747 for details.

Contact an Argus Broker Affiliate

NORTHEAST

Guy Blake, CCIM
Linda Cinelli, CCIM, CEA
Jon Knudsen
Joseph Mendola
Chuck Shields

Company

Pyramid Brokerage Company
LC Realty
Hanna Langholz Wilson Ellis
NAI Norwood Group
Beacon Commercial Real Estate

Phone

845-522-5900
908-722-5661
412-261-2200
603-668-7000
610-862-1645

Territory

Upstate NY, Western CT
Northern NJ, NY (NYC, Long Island)
Western PA, WV
MA, ME, NH, VT, Eastern CT
Eastern PA, Southern NJ, DE

SOUTHEAST

Bill Barnhill, CCIM
Jamey Cox
Brooks Dove
Stuart Wade, Jr. & Ed Nicholson
Josh Koerner & Frost Weaver

Omega Properties, Inc.
Percival Partners
Brick Realty, LLC
The Nicholson Companies
Weaver Realty Group, Inc.

251-432-1287
704-995-9168
770-530-8441
757-618-3597
904-591-0140

FL Panhandle
NC, SC
North GA
MD, VA
FL (except Panhandle), South GA

NORTH CENTRAL

Bruce Bahrmassel
Tom Flannigan
Alec Pacella, CCIM
Larry Goldman, CCIM
Rob Schick
Jim Soltis

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

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

Northern IL, WI
MN, ND, IA
OH
KS, MO, Southern IL
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, KY
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