



SELF STORAGE ADVISORS

Market Monitor

America's Premier Self Storage Brokers

Issue IX-2022

Not All Bad News!

by Ben Vestal

Cap rates are up, prices are down, interest rates are higher, competition is down and best of all, Cash on Cash returns - the Holy Grail of investing, are steady and maybe even up!

For the last several months the industry has been abuzz about the uncertainty of the real estate markets. By most measures, the self-storage rental business is reasonably steady and as we approach the fourth quarter, I feel it would be appropriate to share with everyone what we are seeing in the market today. As you know Argus has been entrenched in the self-storage industry for more than 28 years, has roots in investment sales and manages one of the largest third-party management portfolios in the industry. This industry reach gives us a unique real time look into the operations and valuation of self-storage properties around the country.

Over the last two years the self-storage industry has benefited from lack of seasonality, muted move outs, and historically high occupancies and pricing power, which has led to outsized returns. Most of you have enjoyed and benefited from double-digit revenue and net operating income growth. It has been a great run! As we head into the fall, we continue to observe larger than normal move outs across our management portfolio. This is consistent with the self-storage REITS and other large operators in our industry. Without a doubt we are officially past the COVID bump and we should all expect more seasonal fluctuations in occupancies and more moderate revenue growth over the next several quarters.

We are rapidly seeing the self-storage market change and return to more historically normal patterns with regards to occupancies and revenues. On average I would anticipate a 5%-10% occupancy swing to account for the return of seasonality and 5%-8% annual revenue growth over the next several quarters. This is in line with historical averages in the self-storage industry. To be clear, there is nothing wrong with the self-storage market; it is a great investment and valuations are still within 10% of all time highs, but we are subject to the greater economy, rising interest rates and changes

in market sentiment. Like all commercial real estate investments, the market ebbs and flows. As we have seen in past real estate cycles, the buyers who are sitting on the sideline today waiting for blood in the water will miss out on meaningful acquisition opportunities. The old sayings about self-storage being "recession resilient" and an inflation hedge will once again ring true. It certainly appears that there may be some real opportunities for experienced self-storage investors over the next several quarters that have reasonable return expectations.

As we embark on the 2023 budget season and future valuations, we all need to be taking into account these changing market conditions. Take a moment and think about what will happen if this is not the bottom and prices go down further (they might). First, your net operating income and cash flow will likely not meaningfully change and as long as you have your debt locked for at least 5 years. Not a bad outcome for riding out this real estate cycle. However, there is one possible serious downside to waiting too long - if inflation continues to go up and the Federal Reserve continues to aggressively raise interest rates in response, the banks will likely really tighten up on lending. This could prevent new loans from being financially feasible for real estate investors. Take it from Argus Founder Michael McCune, who had a construction loan ticking off at 19% in 1983. Trust me, he never got over it and he used to tell me "You will not be impressed about finding the bottom!"

In this high-stakes game of musical chairs, NOW is the time to find a chair before the music stops, bringing an end to this run of high real estate prices. It is time for a serious analysis of your personal objectives and options because the real estate markets are likely to severely limit your options and outcomes in the short term. **MM**

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



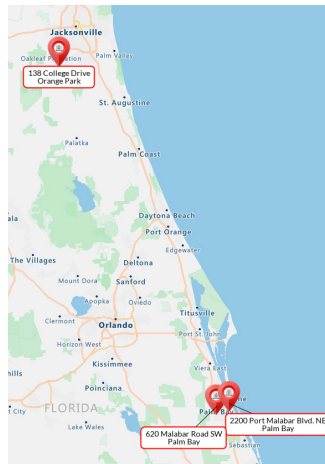
Property Showcase

East Coast, FL

\$13,422,500

- Three Development Sites
- 383,500 RSF
- 17.36 Acres
- All sites within proximity to major retailers and significant residential development
- All sites contingent upon necessary approvals and/or zoning for the intended use
- Located in Clay and Brevard Counties

NEW!



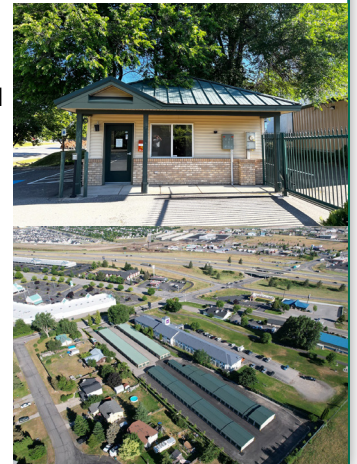
Josh Koerner & Frost Weaver
904-591-0140
jkoerner@weaver-realty.com

Post Falls, ID

\$3,850,000

- 288 Units
- 28,410 RSF
- 2.04 Acres
- 91 Brand New Units Completed in Spring 2022
- Only Storage Facility Serving the South I-90 Market
- Fully Paved Drive Aisles and Security/Camera System in Place
- Storage Rental Office with Customer Area, Bathroom, Office

NEW!



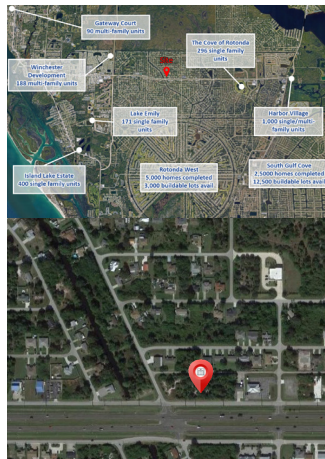
Ryan Layton
509-435-2424
rlayton@areanw.com

Englewood, FL

\$2,700,000

- Development Site
- 90,000 GSF
- 1.68 +/- Acres
- Proposed class A, climate controlled, self-storage building
- Proximity to major retailers
- Site already zoned for use: wetland study, geotech and Phase 1 have been completed for the site and it is free of these issues

NEW!



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

Gastonia, NC

Offers Due 10/13

- 271 Units
- 40,350 RSF
- 4.8 Acres
- Built in 1991 & 2022
- Value-add opportunity for buyer to lease expansion and increase rates
- Recent expansion of 18,850 RSF
- Very high occupancy before expansion
- Ability to add on site management

NEW!



Jamey Cox
704-995-9168
jcox@selfstorage.com

Clinton, IA

\$2,900,000

- 282 Units
- 44,700 RSF
- 4.73 Acres
- Built in 2006 & 2022
- 91% occupancy with recent expansion of 4,800 SF (completed June 2022)
- Priced at replacement cost with a going-in cap rate of 7.41%
- Ample room for expansion or parking and outdoor storage

NEW!



Tom Flannigan, Matt Haugen & Alex Ihrke
612-790-3747

tom@selfstorage.com, alex@selfstorage.com, mhaugen@selfstorage.com

Hoodspport, WA

\$575,000

- 37 Units
- 5,658 RSF
- 1.11 Acres
- 100% Occupancy
- Built in 1996
- Fenced Property with security system in place
- Easy Storage Solutions Software
- Room to expand - additional units or parking
- High barriers to entry for competition in market

NEW!



Ryan Layton
509-435-2424
rlayton@areanw.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

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

Arizona

Buckeye	\$850,000	Jeff Gorden	480-331-8880
Laughlin Ranch	\$13,500,000	Jeff Gorden	480-331-8880

Arkansas

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

Colorado Spgs	Call Broker	Joan Lucas	720-855-6587
Cortez	\$4,750,000	Joan Lucas	720-855-6587
Greeley	Call Broker	Joan Lucas	720-855-6587
Montrose	\$4,100,000	Joan Lucas	720-855-6587

Florida

Portfolio (6)	\$16,871,340	Josh Koerner/Frost Weaver	904-594-0140
Portfolio (5)	\$20,926,676	Josh Koerner/Frost Weaver	904-594-0140
Portfolio (3)	\$13,422,500	Josh Koerner/Frost Weaver	904-594-0140
Delray Beach	\$4,800,000	Josh Koerner/Frost Weaver	904-594-0140
Englewood	\$2,700,000	Josh Koerner/Frost Weaver	904-594-0140
Ft. Myers	\$4,676,676	Josh Koerner/Frost Weaver	904-594-0140
Ft. Myers	\$2,400,000	Josh Koerner/Frost Weaver	904-594-0140
Ft. Pierce	\$10,000,000	Josh Koerner/Frost Weaver	904-594-0140
Hudson	\$2,841,480	Josh Koerner/Frost Weaver	904-594-0140
Jacksonville	\$3,200,000	Josh Koerner/Frost Weaver	904-594-0140
Jacksonville	\$2,400,000	Josh Koerner/Frost Weaver	904-594-0140
Ocoee	\$5,250,000	Josh Koerner/Frost Weaver	904-594-0140
Orange Park	\$3,307,500	Josh Koerner/Frost Weaver	904-594-0140
Palm Bay	Call Broker	Josh Koerner/Frost Weaver	904-594-0140
Palm Bay	\$4,865,000	Josh Koerner/Frost Weaver	904-594-0140
Port Charlotte	\$4,500,000	Josh Koerner/Frost Weaver	904-432-0140
Port St. Lucie	\$3,250,000	Josh Koerner/Frost Weaver	904-594-0140
Spring Hill	\$4,865,000	Josh Koerner/Frost Weaver	904-594-0140
Venice	\$3,900,000	Josh Koerner/Frost Weaver	904-594-0140
Vero Beach	\$6,800,000	Josh Koerner/Frost Weaver	904-594-0140

Idaho

Post Falls	\$3,850,000	Ryan Layton	509-435-2424
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Illinois

Zion	Call Broker	Bruce Bahrmassel	312-518-3550
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Indiana

Muncie	\$535,000	Rob Schick	317-403-1205
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Iowa

Clinton	\$2,900,000	Tom Flannigan	612-790-3747
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Kansas

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

Louisville	Call Broker	Mike Helline	502-296-4586
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Minnesota

Oak Grove	\$2,050,000	Tom Flannigan	612-790-3747
Spicer	Call Broker	Tom Flannigan	612-790-3747
Wabasha	\$1,000,000	Tom Flannigan	612-790-3747

Mississippi

Diamondhead	\$6,400,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Kiln	Call Broker	Bill Barnhill/Stuart LaGroue	251-432-1287

Missouri

St. Louis	SOLD	Larry Goldman	913-707-9030
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Montana

Billings	\$1,990,000	Larry Hayes/Kim VanDelinder	406-698-6850
Billings	\$3,325,000	Larry Hayes/Kim VanDelinder	406-698-6850
Butte	\$2,150,000	Larry Hayes/Kim VanDelinder	406-698-6850

Nebraska

Lemoyne	\$1,850,000	Joan Lucas/Mark Billingsley	720-855-6587
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Nevada

Yerington	\$1,600,000	Jeff Gorden	480-331-8880
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North Carolina

Gastonia	Call Broker	Jamey Cox	704-995-9168
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Oklahoma

Broken Arrow	SOLD	Jared Jones	918-609-0541
Broken Bow	\$1,600,000	Jared Jones	918-609-0541
Eufaula	\$1,380,000	Jared Jones	918-609-0541
Lawton	Call Broker	Jared Jones	918-609-0541

Oregon

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

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

Anna	\$1,500,000	Chad Snyder/Tyler Trahant	817-813-5642
Ennis	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Fort Worth	SOLD	Chad Snyder/Tyler Trahant	817-813-5642
Fort Worth	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Fort Worth	Call Broker	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
Hoodsport	\$575,000	Ryan Layton	509-435-2424
Spokane	Call Broker	Ryan Layton	509-435-2424

Wyoming

Cheyenne	\$1,400,000	Joan Lucas/Kristen Zimmerman	720-855-6587
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ARGUS SALES



Congratulations to **Ryan Layton of American Real Estate Associates, Inc.** who sold Flatlander Storage in Davenport, WA! Contact Ryan at 509-435-2424 for details.



Congratulations to **Larry Goldman, CCIM of Goldman Investment Advisors** who sold Second Attic Mini Storage in St. Louis, MO! Larry can be reached at 913-707-9030 for details.



Congratulations to **Jared Jones, CCIM of Jones Investment Properties** who sold Storage Near Me - Kenosha in Broken Arrow, OK! Call Jared at 918-948-3941 for more information.



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
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 & Kim VanDelinder
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