



SELF STORAGE ADVISORS

Market Monitor

America's Premier Self Storage Brokers

Issue X-2022

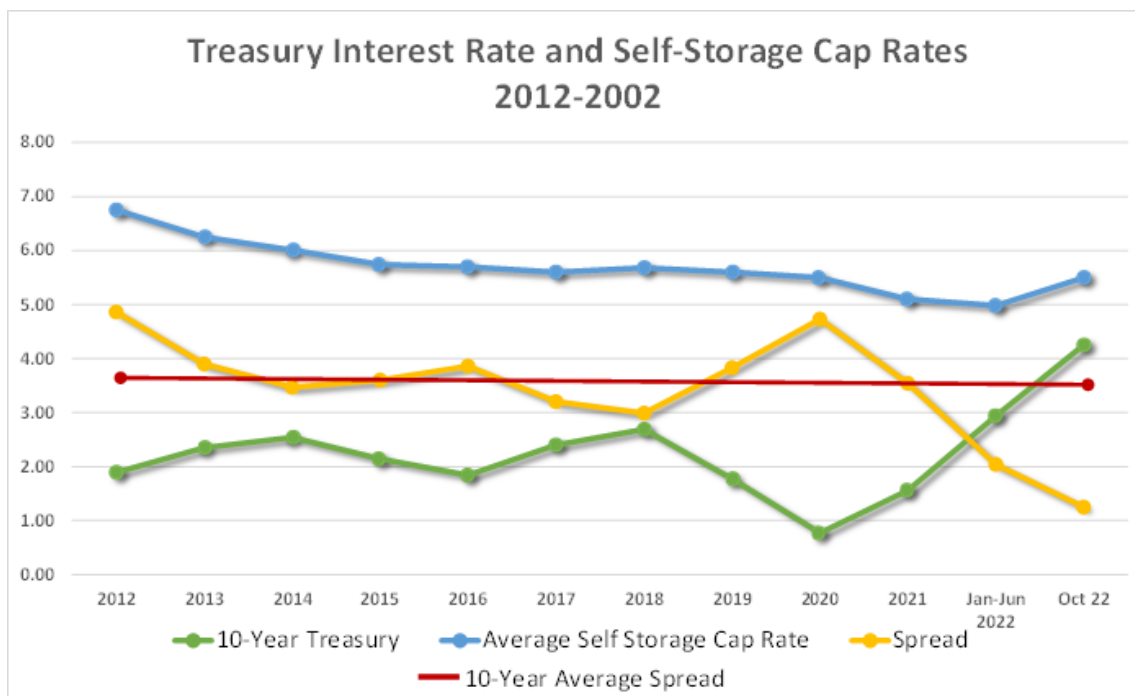
It's Gut Check Time!

by Ben Vestal

In these very uncertain times, many owners are giving some thought to selling their property rather than waiting out the market. As we all know, trying to squeeze out every last penny comes with the risk of going on the always bumpy ride of the next real estate cycle. Real estate prices have been gradually increasing over the last several years and self-storage has continued to be the shining star of “niche” real estate sectors. In this time, we have learned that there is a material difference between “thinking about selling” and becoming an actual seller. Eventually, almost everyone will end up being a seller and it is a matter of *when* that concerns most owners. Thinking through the following factors will help you determine how close you are to actually becoming a real seller which will help maximize your investment returns. Now is a time to be smart, not emotional.

Financing & Valuation:

It has been well documented that the recently rising interest rates of the past few months have something to do with the current situation of most self-storage owners today. While this probably does not come as a surprise, I believe that the magnitude of the current financing market and rising interest rates are worth more than a cursory nod. Rapidly rising interest rates have created major volatility in the self-storage investment business today. In order for investors to achieve compelling cash-on-cash returns today, prices have softened 10%-20% in most markets. It is clear that we are past peak valuation and if you examine the chart below outlining the 10-year history of cap rates and interest rates, you will see that valuations may be soft for an extended period of time. In looking at the spread between interest rates and cap rates, the average spread over the last 10 years has been 3.64 basis points. If applied to today's 10-Year Treasury interest rate of 4.11%, the average implied cap rate today would be 7.76%. This leads me to believe that there is some upward movement in cap rates still to come as the market stabilizes toward historical averages.



It is important for owners/operators to remember that valuations have more than doubled in the last 10 years and cheap debt and strong market fundamentals fueled these outsized valuation gains. As most of us have been at the real estate game for some time, I believe it is appropriate to consider our “gut feeling” with regards to the longevity of the current financing market and how valuations will be impacted over the next several years.

(continued)

Competition:

Another factor facing owners/sellers today is the development pipeline and increased competition or potential future competition. We are seeing many local markets that are starting to see the effects of larger, more sophisticated operators and in addition, the prospects of new competition being built are coming back into the picture after a 2–3-year hiatus. New development is slow in coming, however it never seems slow if one is built in your local market!

Are You a Real Seller?

Determining if you are a real seller is the single most important decision any one owner can make. A real seller is someone who has a defined reason to sell and is willing to price the property at level that is within the market. Serious buyers want serious sellers and when a buyer finds out that a seller isn't realistic about selling because of price, timing, or market conditions, those buyers will seldom get interested again. The result is that a non-serious seller offends their best prospects and they will remember! In today's rapidly changing market real sellers need to be aware that pricing has changed. OVERPRICING IS NOT HARMLESS!

Personal Issues:

Retirement, estate planning, partnership problems, liquidity, and divorce are just a few things that make owning an investment property difficult. Experience has shown that the vast majority of self-storage sales are a result of personal issues and not what we as brokers would consider market-driven issues (a sale that takes advantage of the market conditions or concerns for the future market conditions). This proclivity to make the final decision based on personal issues is entirely appropriate, but with a little planning and forward thinking about the current market, small adjustments in the timing of a sale (1-3) years can have a very beneficial effect on the IRR of an investment property. Just consider the value swings we have experienced over the last 2 years!

Clearly any of these topics mentioned above may have a material impact on a buyer's or seller's investment outcomes. The good news is that the transactional market is still fluid and deals are getting done, albeit at lower valuations, and there are still well-capitalized buyers looking to purchase properties at market valuations. However, it is my unfortunate duty to report that the current market conditions have pushed values lower and made the decision to sell or not to sell very difficult today. I wish I could predict exactly how this market is going to behave over the next few years, but I can't. It has been my experience that you can't call the top of the market because by the time you make the call, the market has passed you by. If you are at or near one of those "personal crossroads" or your "gut feeling" tells you that now is the time to capitalize on current valuations, it is time to get serious about selling. **MM**

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

The Market Has Changed... Has Your Value?

Recent volatility in the capital markets has changed the self-storage investment landscape. Contact your Argus Broker Affiliate today to receive a **FREE**, no obligation Broker's Opinion of Value for your property.

Learn More About:

- How rising interest rates affect your valuation
- Important steps to protect your value
- Market Fundamentals & Cap Rates

Contact your Argus Broker, listed on the back page of the Market Monitor, to learn more!



Property Showcase

Elberta, AL

\$1,909,000

- **Under Contract** **NEW!**
- 98 Storage Units
- 135 Boat/RV Units
- 11,250 Storage RSF
- 16.14 +/- Acres
- Located on a major highway
- Room for expansion
- Opportunity to push rates and implement tenant insurance
- Located in high growth area of Baldwin County, AL

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



Jacksonville, FL

\$4,500,000

- Development Site **NEW!**
- 150,000 GSF
- 4.7 +/- Acres
- Proposed 4-story, class A self-storage building
- 430+ feet frontage along Devove Street (13,400 AADT) with additional 330+ feet on Mallory Road
- Buyer can go straight to architectural drawings & permits

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



Brighton, CO

Offers Due 11/1

- **NEW!**
- 738 Units
- 108,499 RSF
- 7.104 Acres
- Built in 2003
- Institutional-quality self storage investment opportunity
- Easy access to major thoroughfare in Brighton
- Below market rents – ability to increase rates immediately
- All units have drive up access

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



Lake Placid, FL

\$1,800,000

- **NEW!**
- 165 Units
- 15,890 RSF
- 2.3 +/- Acres
- 4 Buildings, most recent phase completed in 2001
- 78 Boat/RV Parking Spaces
- Locally owned and operated
- Sale includes 2.3 +/- acres of vacant land to for expansion
- Additional 1 +/- acre available for \$170,000
- Owner financing available

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



Deland, FL

\$2,700,000

- **NEW!**
- 91 Units
- 38,330 RSF
- 7.5 +/- Acres
- Built in 2019
- 100% Occupied with below market rents and waiting list
- Unit Mix includes climate controlled indoor vehicle parking, fully enclosed, open air covered, and outdoor Boat/RV parking spaces
- 4 Buildings (1 Climate)

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



Kalona, IA

\$1,300,000

- **NEW!**
- 148 Units
- 23,000 RSF
- 1.73 Acres
- Built in 1994-2001
- All-Steel Buildings with Concrete Paved Drive
- 3,600 RSF Temperature Controlled Building Completed at End of 2021
- Visibility to 3,720 Vehicles Per Day via Iowa Highway 22 (2018)

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

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





Property Showcase

Kewanee, IL

Call Broker for Price

- 292 Units
- 46,800 RSF
- 6-Property Portfolio
- All drive-up units
- 24/7 Access
- Significant amount if personl property may be available
- On-site office/apartment for manager or owner
- Room to expand
- Consistently high occupancy

NEW!



Bruce Bahrmasel

& Jesse Luke

312-518-3550

bruce@selfstorage.com

Texas City, TX

\$6,500,000

- 249 Units
- 146,394 RSF
- 9.84 Acres
- Built in 2020-2021
- 87% occupancy
- 6 acres of expansion land available
- Includes 187 Climate & Non-Climate storage units, 249 Boat/RV units (Enclosed, Partially Covered, and Open parking) and 2 warehouses

NEW!



Faith Pate

713-805-2907

fpate@mlbcre.com

Little Canada, MN

\$1,799,000

- 102 Units
- 23,693 RSF
- Located in a suburb of St. Paul, MN with a 3-mile population over 80,000
- Equipped with 14 security cameras, fence and manual gates
- Freshly painted building, all new roofs and most doors replaced in 2021

NEW!



Tom Flannigan, Matt Haugen

& Alex Ihrke

612-790-3747

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

Malvern, AR

\$3,580,000

- 325 Units
- 54,138 GBA
- Built in 2005 and 2022
- New Storage Conversion Opened in September, 2021
- Room for Expansion with 5,000 SF Mezzanine and Additional Land
- High Profile Location on Key Retail Corridor with 18,000 VPD
- Rapid Lease Up



Larry Goldman

913-707-9030

lgoldman@selfstorage.com

Plano, TX

Call Broker for Price

- 404 Units
- 32,050 RSF
- 3.23 Acres
- 93% Occupancy
- Built in 2004
- Great visibility on highly traveled thoroughfare in Plano, TX
- Approximate 20,000 SF retail building can be converted to additional self storage

NEW!



Chad Snyder & Tyler Trahant

817-242-2361

csnyder@dominuscommercial.com

ttrahant@dominuscommercial.com

Louisville, KY

Call Broker for Price

- 352 Climate Control Units
- 30 Parking Spots
- 81,998 RSF
- 6.2 +/- Acres
- Built in 2020
- Close proximity to residential, Interstates and Louisville International Airport
- Opportunity to add over 40,000 SF of storage providing a significant boost to revenues
- Additional upside through rental rate increases



Mike Helline

502-296-4586

mhelline@outlook.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

Elberta	\$1,909,000	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	SOLD	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

Brighton	Call Broker	Joan Lucas	720-855-6587
Colorado Spgs	Call Broker	Joan Lucas	720-855-6587
Cortez	\$4,750,000	Joan Lucas	720-855-6587
Montrose	SOLD	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
Deland	\$2,700,000	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	\$2,400,000	Josh Koerner/Frost Weaver	904-594-0140
Ft. Pierce	\$10,575,000	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
Jacksonville	\$4,500,000	Josh Koerner/Frost Weaver	904-594-0140
Lake Placid	\$1,800,000	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	SOLD	Josh Koerner/Frost Weaver	904-594-0140
Vero Beach	\$6,800,000	Josh Koerner/Frost Weaver	904-594-0140

Idaho

Post Falls	\$3,750,000	Ryan Layton	509-435-2424
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Illinois

Kewanee	Call Broker	Bruce Bahrmassel/Jesse Luke	312-518-3550
Zion	Call Broker	Bruce Bahrmassel	312-518-3550

Indiana

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

Clinton	\$2,900,000	Tom Flannigan	612-790-3747
Kalona	\$1,300,000	Tom Flannigan	612-790-3747

Kansas

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

Kentucky

Louisville	Call Broker	Mike Helling	502-296-4586
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Minnesota

Little Canada	\$1,799,000	Tom Flannigan	612-790-3747
New Brighton	Call Broker	Tom Flannigan	612-790-3747
Oak Grove	\$2,050,000	Tom Flannigan	612-790-3747
Spicer	Call Broker	Tom Flannigan	612-790-3747
Wabasha	\$925,000	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

Montana

Billings	\$1,990,000	Larry Hayes/Kim VanDelinder	406-698-6850
Billings	\$3,325,000	Larry Hayes/Kim VanDelinder	406-698-6850
Butte	SOLD	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	SOLD	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 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
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
Plano	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Texas City	\$6,500,000	Faith Pate	713-805-2907

Washington

Davenport	SOLD	Ryan Layton	509-435-2424
Hoodspoint	\$575,000	Ryan Layton	509-435-2424
Spokane	Call Broker	Ryan Layton	509-435-2424

Wyoming

Cheyenne	SOLD	Joan Lucas/Kristen Zimmerman	720-855-6587
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ARGUS SALES



Congratulations to **Josh Koerner and Frost Weaver of Weaver Realty Group** who sold a development site in Venice, FL! Contact Josh and Frost at 904-591-0140 for details.



Congratulations to **Joan Lucas of Joan Lucas Real Estate Services** who sold Storm-King Storage in Montrose, CO and A-Lot-A Self Storage in Cheyenne, WY! Contact Joan at 720-855-6587 for details.



Congratulations to **Kim VanDelinder and Larry Hayes of Hayes & Associates** who sold Montana Mini Storage in Butte, MT! Contact Kim and Larry at 406-698-6850 for details.



Congratulations to **Jeff Gorden, CCIM of The Gorden Company** who sold Yerington Store-All in Yerington, NV and Buckeye RV & Boat Storage in Buckeye, AZ! Contact Jeff at 480-331-8880 for details.



Congratulations to **Larry Goldman, CCIM of Goldman Investment Advisors** who sold Space Saver Hallmark Self Storage in Lawrence, KS! Contact Larry at 913-707-9030 for details.



Congratulations to **Ed Nicholson of The Nicholson Companies** who sold a 2-Property Portfolio in Virginia Beach, VA! Contact Ed at 757-474-5364 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
Brooks Dove
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
757-474-5364
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