



SELF STORAGE ADVISORS

MARKET MONITOR

America's Premier Self Storage Brokers

Issue IV-2023

Self Storage Market Trends

by Ben Vestal

Over the last two months the industry has gathered at two national self-storage meetings and in my 20-year career I have never seen a market that is more unsure of the direction it is heading. The self-storage market is a classic tale of two cities. There are both headwinds and tailwinds, making it challenging to predict the future. Below I have outlined some self-storage trends to help you identify your next opportunity.

Strong Occupancy Levels:

All five self-storage REITS reported 90%+ occupancies at the end of 2022. In June of 2022 we started to see street rates fall as the REITS and other large operators observed larger than normal move out velocity and started cutting rental rates to maintain occupancy. Many of them set occupancy goals to be in the low to mid 90's by the end of the year, which is in sharp contrast to a revenue-centric approach over the last 10 years. This has been successful as the REITS and large operators have continued to maintain low to mid 90% occupancy, while maintaining meaningful revenue growth, albeit at lower new customer rental rates. In just the last 30-45 days we have started to see street rents firming up and, in some markets, rise.

Another interesting observation is that the length of tenant stay is getting longer for a select segment of tenants. In data shared by Extra Space Storage at the ISS conference, they have seen 61% of current tenants staying more than 12 months, and 47% staying longer than 24 months. These percentages have meaningfully grown over the last 3-5 years as usership has also increased. According to data from the *Self Storage Almanac*, the total percentage of US Households utilizing storage has increased steadily over the years, from 5.5% in 2004 to 10.6% currently. This means that demand should continue to be strong for the self-storage product.

Chart I: Length of Tenant Stay

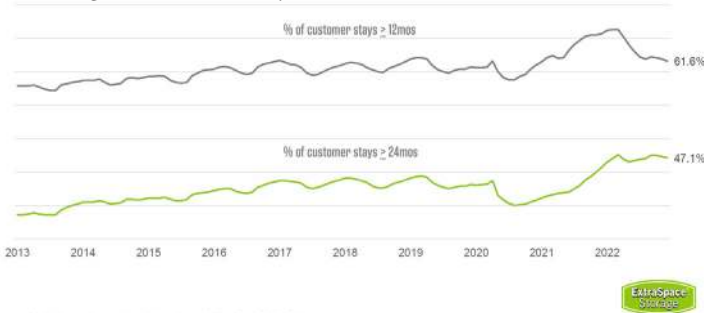
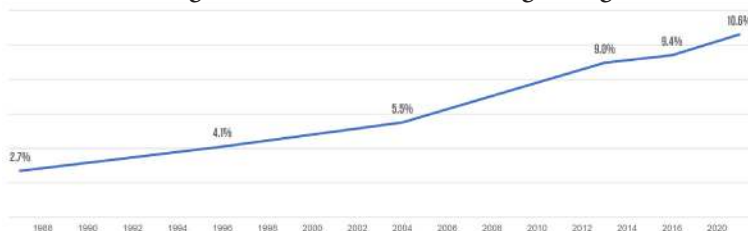


Chart II: Percentage of U.S. Households Utilizing Storage



*Sources: Mini-Storage Messenger - Self Storage Almanac, Census, Green Street Advisors & 2020 Self Storage Demand Study

Strong Total Rent/SF Growth:

With the well-documented street rate decline over the last several months it is clear that your property's value is being bolstered by existing customer rate increases (ECRIs) that are allowing revenues to remain resilient. Yardi reported in March that non-climate 10x10 rents were down 2.3% year-over-year and down 3.4% for climate-controlled units. With street rates continuing to be compressed and revenues continuing to show resiliency it is clear that artificial intelligence (AI) pricing systems that are widely used today are working, which allows operators to maximize revenues at lower Gross Potential Income levels. The value of the tenant may be more in the acquisition of the tenant than we once thought. Oh, how times have changed - occupancy may be more important than rental rates if you have the AI systems to capitalize on the embedded value of your rent roll.

Acquisition Landscape:

In talking with our peers and self-storage appraisers it is clear that acquisition volume is down. However, the bid-ask spread between buyers and sellers seems to be smaller than anyone would have thought, as both the buyers and sellers are showing willingness to meet in the middle. The buyer pool today is the deepest it has ever been and many buyers are highly focused on value-add, early lease-up and C of O opportunities. Core assets that are well run are increasingly hard to value and have a very thin buyer pool. With meaningfully fewer listings on the market today, buyers have fewer acquisition opportunities. When they identify an opportunity that fits their criteria, they are leaning into the acquisition, making bid sheets as deep and aggressive as ever.

New Supply:

The national new supply pipeline continues to be moderate and has tapered off since the peak of 2019. As we head into the third and fourth quarter, we will see more developments put on hold given the high cost of construction and financing as the small to mid-sized banks pull back their financing allocations. New supply will continue to taper well into 2024. The exceptions to the market will continue to be Florida, New York and Boston where supply-demand ratios are well under industry averages. The Sunbelt Region will also continue see more than expected new supply, largely driven by explosive population growth driven by the migration of households from the north.

While no one truly knows how the next 6-9 months will play out for the self-storage industry, recognizing and capitalizing on these current trends should keep you well-positioned to take advantage of future opportunities. **MM**

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



PROPERTY SHOWCASE

Mohave County, AZ

Call Broker for Price

- 33-Property Portfolio
- 3,349 Units **NEW!**
- 608,134 RSF
- Proposed additional 1,164 Units and 224,335 RSF
- Most locations on, or adjacent to, Interstate 40, US Highway 66 or US Highway 95
- 90% Physically Occupied
- Dominant self-storage operator in Mohave County
- \$6.6M of gross revenue by Year 3 with expansions

Jeff Gorden, CCIM
480-331-8880
jeff@gorden-group.com



Brunswick, GA

\$6,200,000

- Offers Due May 9, 2023
- 305 Units **NEW!**
- 38,950 RSF
- 3.50 Acres
- Lease-up opportunity with 1.45 acres of Boat/RV Storage under construction
- Phase I opened in early 2022 and fully leased up in 5 months
- Phase II completed Dec. 2022

Josh Koerner, Ryan Haney & Frost Weaver
904-591-1556
jkoerner@weaver-realty.com
rhaney@weaver-realty.com



Kingman, AZ

\$6,750,000

- 409 Units **NEW!**
- 56,625 RSF
- 9.82 Acres
- Located near Route 66 and Interstate 40
- 96% Physical Occupancy
- Property is in excellent physical condition
- Proximity to diverse customer base

Jeff Gorden, CCIM & Donnie Dodson
480-331-8880
jeff@gorden-group.com
donnie@gorden-group.com



Osceola, IA

\$325,000

- **Under Contract** **NEW!**
- 46 Units
- 6,864 RSF
- 0.929 Acres
- Excellent location off of Hwy 34 next to McDonalds
- Excellent upside potential
- Limited competition
- Room to expand and add outdoor parking

Nathan Gottlieb, Alex Ihrke, Matt Haugen & Tom Flannigan
612-930-6614
nathan@selfstorage.com, alex@selfstorage.com, mhaugen@selfstorage.com, tom@selfstorage.com



Weed, CA

\$1,250,000

- 90 Units **NEW!**
- 13,400+/- RSF
- 1.7+/- Acres
- Includes 78 enclosed units and 12 outdoor Boat/RV spaces
- Located 70 miles north of Redding in Northern CA
- Excellent freeway exposure, adjacent to I-5
- 100% occupancy with waiting list

Ken Miller & Vanessa Castaño
530-768-1650
kenmiller@ncp-cre.com
vanessa@ncp-cre.com



Mineral Wells, TX Offers Due May 3, 2023

- 410 Units **NEW!**
- 78,000 RSF
- 2 Acres
- Value-add opportunity in management and expansion
- Expandable acreage and conversion of unit mix to larger units
- Expansion potential for Boat/RV line of business
- Unmanned property

Chad Snyder & Tyler Trahant
817-980-7276
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

Elberta	SOLD	Bill Barnhill/Stuart LaGroue	251-432-1287
Mobile	\$1,851,300	Bill Barnhill	251-432-1287
Mobile	\$398,000	Bill Barnhill/Jeremy Milling	251-421-0919

Arizona

Kingman	\$6,750,000	Jeff Gorden	480-331-8880
Mohave County	Call Broker	Jeff Gorden	480-331-8880

Arkansas

Greenbrier	\$1,400,000	Larry Goldman	913-707-9030
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California

Sonora	\$440,000	Ken Miller	530-768-1650
Weed	\$1,250,000	Ken Miller	530-768-1650

Colorado

CO Springs	Call Broker	Cole Carosella	720-909-8602
Evans	Call Broker	Cole Carosella	720-909-8602
Gypsum	Call Broker	Cole Carosella	720-909-8602
Longmont	Call Broker	Cole Carosella	720-909-8602
Pueblo	Call Broker	Cole Carosella	720-909-8602

Connecticut

New Milford	Call Broker	Linda Cinelli/Guy Blake	908-722-5661
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Florida

Portfolio (6)	\$16,871,340	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	\$3,250,000	Josh Koerner/Frost Weaver	904-594-0140
Ft. Pierce	\$14,000,000	Josh Koerner/Frost Weaver	904-594-0140
Jacksonville	\$2,750,000	Josh Koerner/Frost Weaver	904-594-0140
Jacksonville	\$2,950,000	Josh Koerner/Frost Weaver	904-594-0140
Lake Alfred	\$4,500,000	Josh Koerner/Frost Weaver	904-594-0140
Lake Placid	\$1,800,000	Josh Koerner/Frost Weaver	904-594-0140
Palm Bay	\$2,300,000	Josh Koerner/Frost Weaver	904-594-0140
Port Charlotte	\$3,250,000	Josh Koerner/Frost Weaver	904-432-0140
Port St. Joe	Call Broker	Linda Cinelli/Bill Barnhill	908-722-5661
Port St. Lucie	\$3,250,000	Josh Koerner/Frost Weaver	904-594-0140
Sarasota	\$2,500,000	Josh Koerner/Frost Weaver	904-594-0140
Vero Beach	\$7,000,000	Josh Koerner/Frost Weaver	904-594-0140

Georgia

Brunswick	Call Broker	Ryan Haney/Josh Koerner & Frost Weaver	904-591-1556
Kingsland	Call Broker	Ryan Haney/Josh Koerner & Frost Weaver	904-591-1556

Illinois

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

Dillsboro	\$1,050,000	Rob Schick	317-403-1205
Lafayette	\$7,150,000	Rob Schick	317-403-1205

Iowa

Clinton	\$2,600,000	Tom Flannigan	612-790-3747
Osceola	\$325,000	Tom Flannigan	612-790-3747
Sioux City	\$900,000	Tom Flannigan	612-790-3747

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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Michigan

Ray	\$590,000	Jim Soltis	810-494-2062
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Minnesota

Little Canada	\$1,690,000	Tom Flannigan	612-790-3747
MN Portfolio	Call Broker	Tom Flannigan	612-790-3747

New Jersey

Saddle Brook	\$4,000,000	Linda Cinelli/Edan Cohen	908-722-5661
Wharton	Call Broker	Linda Cinelli/Edan Cohen	908-722-5661

New York

Jordan	\$300,000	Guy Blake	845-787-1372
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North Carolina

Gastonia	Call Broker	Jamey Cox	704-995-9168
Mt. Pleasant	\$2,650,000	Jamey Cox	704-995-9168
Salisbury	Call Broker	Jamey Cox	704-995-9168

Oklahoma

Broken Arrow	\$6,800,000	Jared Jones	918-609-0541
Edmond	Call Broker	Jared Jones	918-609-0541
Grove	\$1,950,000	Jared Jones	918-609-0541
Lawton	Call Broker	Jared Jones	918-609-0541
Tulsa	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	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Cleburne	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Fort Worth	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Granbury	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Paris	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Mineral Wells	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642

Washington

Spokane	Call Broker	Ryan Layton	509-435-2424
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Wisconsin

Prescott	SOLD	Bruce Bahrmassel	312-518-3550
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ARGUS SALES



Congratulations to **Josh Koerner and Frost Weaver of Weaver Realty Group, Inc.** who sold development sites in North Fort Myers, FL and Port St. Lucie, FL! Contact Josh at 904-591-0140 for details.



Congratulations to **Chad Snyder & Tyler Trahant of Dominus Commercial** who represented the buyer of an off market deal in Weatherford, TX! Contact Chad and Tyler at 817-242-2361 for details.



Congratulations to **Stuart LaGroue and Bill Barnhill, CCIM** who sold Class A Storage in Elberta, AL! Contact Stuart and Bill at 251-432-1287 for details.



Congratulations to **Bruce Bahrmassel** who sold a development site in Prescott, WI! Contact Bruce at 312-518-3550 for details.



To keep you informed and make sure you're protecting and growing your property's value, we are offering a free, no-obligation Rental Rate Survey and Competition Analysis report for your facility. This report will allow you to keep an eye on your competitors' rental rates and make sure that you are pricing your units accordingly to maximize your property's value.

Please contact your Argus Broker, listed below, for a free **Rental Rate Survey and Competition Analysis** report for your self-storage property!

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

Area CRE Services
NAI Pleasant Valley
Goldman Investment Advisors, Inc.
Schick & Associates
Preview Properties.com

312-518-3550
612-790-3747
216-831-3310
913-707-9030
317-403-1205
810-494-2062

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

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

Omega Properties, Inc.
MLB Commercial Real Estate
Etzold & CO
Goldman Investment Advisors, Inc.
Column Realty
Jones Investment Properties
Dominus Commercial

251-432-1287
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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 & Cole Carosella
Ken Miller
Tenere Williams
Thomas Wolter

Etzold & CO
KW Commercial
The Gorden Company
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American Real Estate Associates
Joan Lucas Real Estate Services, LLC
Northstate Commercial Partners
Douglas Elliman Real Estate
RE/MAX Commercial

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626-788-7774
206-200-3325

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