



SELF STORAGE ADVISORS

# MARKET MONITOR

America's Premier Self Storage Brokers

Issue VII-2023

## The Rich Get Richer!

by Ben Vestal

Public Storage, a leading provider of self-storage solutions, recently announced its \$2.2B acquisition of Simply Self Storage from Blackstone. The deal, which was finalized this month, marked a significant milestone for both companies and has far-reaching implications for the ever-expanding self-storage market. This deal is a counter punch to the \$11B Extra Space acquisition of Life Storage announced earlier this year. With this strategic purchase of Simply Self Storage, Public Storage continues to solidify its position as a dominant player in the sector, allowing it to tap into new markets and broaden its customer base within the Simply Self Storage portfolio. This deal is no surprise to self-storage professionals; the self-storage industry remains a strong segment within the real estate investment market and the acquisition of Simply Self Storage may just be the beginning of Public Storage's continued consolidation of large industry participants.

The Simply Self Storage portfolio is comprised of 127 owned properties that are geographically diversified across 18 states located in markets with strong population growth, with approximately 65% of the portfolio located in the sunbelt markets. While Simply Self Storage's occupancy is already at 91%, the "hook" to the transaction is that Public Storage management sees the opportunity to dive more than 100 bps of NOI growth via further revenue enhancements and operating expense efficiencies. This puts that year 3 stabilized yield in the 6.25%-6.75% range. Back of the envelope math points to a mid-5%'s going in cap rate on the transaction. We should also point out that Simply's direct NOI margin of 69% is well below Public's 79% margin. Roughly two thirds of the margin improvement is expected to come via revenue improvement, with the balance coming from expense efficiencies layered over Public's large-scale platform.

Rapid re-urbanization after COVID, changing lifestyles, and increasing consumerism have all fueled recent demand for self-storage. As a result, self-storage investments have continued to be an attractive option for savvy investors seeking stable returns in today's ever changing economic landscape. Based on current estimates, the self-storage REIT sector trades around a 17x-18x multiple on forward 12-month earnings estimates. This puts the current valuation of the self-storage REITs in 5.5%-6% cap rate range on year 1 earnings/NOI estimates, with the outlier being NSA currently trading around 7% implied economic cap rate. The current self-storage REIT multiples are well below the historical average of 20x-23x multiple that the sector has enjoyed. The sector's current dividend yield is about 3.6%-4.0%, roughly in-line with the REIT Universe yield.

The self-storage REIT investment market is showing signs of fatigue largely due to the increased cost of capital and rising interest rates. This is evident by the market valuations of the self-storage REITs being 15-25% lower today than historical averages. The self-storage REITs with strong balance sheets and very low leverage (Extra Space and Public Storage) are taking advantage of the current market conditions by adding meaningful scale and profitability through acquisitions of large market participants. These strategic moves by Public Storage and Extra Space will allow them to continue to benefit from economies of scale, expanded market reach, and diversification. It also sets the stage for these companies to do more large-scale acquisitions as we continue to see the rich get richer! **MM**

*Ben Vestal, CEO of Argus Self Storage Advisors, can be reached at 800-557-8673 or [bvestal@argus-realestate.com](mailto:bvestal@argus-realestate.com).*



# PROPERTY SHOWCASE

## Mobile, AL

**NEW!**

- 475 Units
- 65,835 RSF
- 4.21+/- Acres
- Excellent location in high growth area of West Mobile
- Excellent visibility
- Well maintained

**Bill Barnhill, CCIM  
& Stuart LaGroue**

251-432-1287  
barnhill@selfstorage.com

**Offers Due 8/16/23**



## New Brighton, MN

**NEW!**

- 667 Units
- 71,648 RSF
- 4.23 Acres
- State-of-the-art facility with large office and kiosk
- High quality tenant base with consistently low delinquency
- Climate and drive up units
- 7,745 SF Warehouse with 5 year lease

**Tom Flannigan**

651-269-6307  
tom@selfstorage.com

**Call Broker for Price**



## Greers Ferry, AR

**NEW!**

- 5-Property Portfolio
- 441 Total Units
- 169,336 Total RSF
- 30.54 Total Acres
- Value-add opportunity with significant room for expansion
- Diverse unit mix with conventional storage, covered and uncovered parking

**Larry Goldman, CCIM**

913-707-9030  
lgoldman@selfstorage.com

**\$3,750,000**



## Mankato, MN

**NEW!**

- 78 Units
- 15,900 RSF
- 1.11 Acres
- All drive-up units
- Strong demographics with a 3-mile population of 47,660
- Quality steel construction and asphalt paving
- Rental rate upside

**Matt Haugen  
& Tom Flannigan**

612-852-5048  
mhaugen@selfstorage.com

**\$899,000**



## Hahira, GA

**NEW!**

- 192 Units
- 35,292 RSF
- 12.81 Acres
- Lease-up and development opportunity
- Phase 2 has site plan approval for additional 59,350 RSF
- Excellent visibility from I-75

**Ryan Haney, Josh Koerner  
& Frost Weaver**

904-591-1556  
rhaney@weaver-realty.com

**Offers Due 7/26/23**



## Madison, MN

**NEW!**

- 77 Units
- 13,940 RSF
- 2 well-located facilities serving Madison and surrounding markets
- Limited competition - nearest competitor is 25 miles away
- 5,200 SF building completed in May 2023

**Nathan Gottlieb  
& Tom Flannigan**

612-930-6614  
nathan@selfstorage.com

**\$450,000**



## Terre Haute, IN

**NEW!**

- 167 Units
- 17,350 RSF
- 3+/- Acres
- Steady performer with consistently high occupancy
- Three separate locations within 1/2 mile of each other
- Fully fenced with electronic gates

**Rob Schick**

317-403-1205  
schickassociates@gmail.com

**\$1,075,000**



## Gulfport, MS

**NEW!**

- 642 Units
- 108,301 RSF
- 6.3+/- Acres
- Excellent location
- High traffic count
- Room for expansion
- Climate control, non-climate, covered and uncovered Boat & RV parking

**Stuart LaGroue  
& Bill Barnhill, CCIM**

251-432-1287  
stuart@selfstorage.com

**Offers Due 8/9/23**





# Sells Self Storage Nationwide!

Our complete list of available properties is detailed below. For additional information, visit [www.argus-selfstorage.com](http://www.argus-selfstorage.com) or contact your local Argus Broker Affiliate.

## Alabama

Daphne	<b>SOLD</b>	Bill Barnhill/Stuart LaGroue	251-432-1287
Loxley	\$2,650,000	Bill Barnhill/Sharon Wright	251-510-1822
Mobile	\$1,851,300	Bill Barnhill	251-432-1287
Mobile	\$398,000	Bill Barnhill/Jeremy Milling	251-421-0919
Mobile	Call Broker	Bill Barnhill/Stuart LaGroue	251-432-1287

## Arizona

Kingman	\$6,750,000	Jeff Gorden	480-331-8880
Mohave County	Call Broker	Jeff Gorden	480-331-8880
Wellton	\$1,200,000	Jeff Gorden	480-331-8880

## Arkansas

Greers Ferry	\$3,750,000	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

Colorado Spgs	Call Broker	Cole Carosella	720-909-8602
Evans	Call Broker	Cole Carosella	720-909-8602
Longmont	<b>SOLD</b>	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)	\$16,463,120	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
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	\$2,295,000	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	\$6,800,000	Josh Koerner/Frost Weaver	904-594-0140

## Georgia

Brunswick	Call Broker	Ryan Haney/Josh Koerner & Frost Weaver	904-591-1556
Hahira	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	<b>SOLD</b>	Rob Schick	317-403-1205
Lafayette	\$7,150,000	Rob Schick	317-403-1205
Terre Haute	\$1,075,000	Rob Schick	317-403-1205

## Iowa

Sioux City	\$1,250,000	Tom Flannigan	612-790-3747
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## Kansas

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

Ray	<b>SOLD</b>	Jim Soltis	810-494-2062
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## Mississippi

Gulfport	Call Broker	Stuart LaGroue/Bill Barnhill	251-432-1287
Tupelo	\$925,000	Brian Rowley/Bill Barnhill	251-383-8051

## Minnesota

Delano	\$1,850,000	Tom Flannigan	612-790-3747
Madison	\$450,000	Tom Flannigan	612-790-3747
Mankato	\$899,000	Tom Flannigan	612-790-3747
New Brighton	Call Broker	Tom Flannigan	612-790-3747
MN Portfolio	Call Broker	Tom Flannigan	612-790-3747

## New Jersey

Wharton	Call Broker	Linda Cinelli/Edan Cohen	908-722-5661
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## 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	\$2,400,000	Jamey Cox	704-995-9168
Salisbury	Call Broker	Jamey Cox	704-995-9168

## Oklahoma

Grove	\$1,950,000	Jared Jones	918-609-0541
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## 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
Bay City	Call Broker	Faith Pate/Bill Brownfield	713-805-2907
Granbury	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Harleton	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
La Marque	Call Broker	Faith Pate/Bill Brownfield	713-805-2907
Mineral Wells	<b>SOLD</b>	Chad Snyder/Tyler Trahant	817-813-5642
San Antonio	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642

## Washington

Spokane	Call Broker	Ryan Layton	509-435-2424
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# ARGUS SALES



Congratulations to **Bill Barnhill, CCIM** and **Stuart LaGroue** of **Omega Properties, Inc.** who sold Belforest Storage Masters in Daphne, AL! Contact Bill and Stuart at 251-432-1287 for details.



Congratulations to **Rob Schick** of **Schick & Associates** who sold Adkins Storage in Dillsboro, IN! Contact Rob at 317-403-1205 for details.



Congratulations to **Tom Flannigan, Matt Haugen, Alex Ihrke & Nathan Gottlieb** of **Area Commercial Real Estate Services** who sold Davenport Storage Center in Davenport, IA! Contact the team at 612-790-3747 for details.



Congratulations to **Jim Soltis** of **PreviewProperties.com** who sold a self storage development site in Ray Township, MI! Contact Jim at 810-494-2062 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

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

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

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

### SOUTH CENTRAL

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  
713-805-2907  
915-845-6006  
913-707-9030  
502-296-4586  
918-948-3941  
817-980-7276

AL, MS, LA  
Central & South TX  
West TX, NM  
AR  
TN, KY  
OK  
North TX

### WEST

Cole Carosella & Matthew Cox  
Jeff Gorden, CCIM  
Jeff Gorden, CCIM  
Larry Hayes & Kim VanDelinder  
Scott King  
Ryan Layton  
Ken Miller  
Tenere Williams  
Thomas Wolter

Argus Self Storage Advisors  
KW Commercial  
The Gorden Company  
Hayes & Associates  
Merit Commercial Real Estate  
American Real Estate Associates  
Northstate Commercial Partners  
Douglas Elliman Real Estate  
RE/MAX Commercial

720-909-8602  
480-331-8880  
702-643-1000  
406-698-6850  
541-890-6708  
509-435-2424  
530-768-1650  
626-788-7774  
206-200-3325

CO  
AZ  
NV  
MT  
OR  
Eastern WA, Northern ID  
Northern CA  
Southern CA  
Western WA