

## Where Are We Headed in 2024?

by Ben Vestal

We have reached the time of year where we reflect on the lessons learned in 2023 and set our sights on 2024. Without question, 2023 proved to be a very unique and challenging year. The anxiety related to rising interest rates made most investment reports irrelevant, and pricing discovery on every deal was real. What we do know is that the investment market has changed and the overall outlook on 2024 is looking strong. Over the last 30-45 days the Fed has started to shed some light on possible interest rate cuts in the new year. We have also started to see improvement in leasing velocity and rental rates seem to be stabilizing but it is too early to tell if the market has bottomed.

Argus is the only national full-service self-storage advisory group comprised of third-party management, investment sales, and advisory services, which gives us a unique, all-encompassing perspective for self-storage owners around the country. Below we have tried to touch on some key points regarding the investment market and also provide some tips for self-storage owners and operators as we head into 2024. Happy Holidays from all of us here at Argus!

### 2024 Market Outlook:

- Occupancy has been declining from historically high levels during the pandemic. We expect occupancy will bounce back 200-400 basis points by the end of 2024, largely due to an uptick in home sales, increased utilization, longer length of stay, and resurgence of counter-cyclical demand drivers (death, divorce and dislocation).
- Rental rates fell in 2023. We expect modest growth in rental rates during 2024 with most markets' rental rates growing in the 2-4% range as demand surges due to economic drivers.
- Self-storage valuations will stabilize in 2024 with cap rates remaining flat or slightly compressing. Improving market fundamentals and clarity in the economy and debt markets will stabilize valuations and possibly push valuations higher by the end of 2024.
- Growing operating costs such as insurance, payroll, and real estate taxes will be on the front of operators' minds as we head into 2024. A reduction of advertising spends, reduced office hours, implementation of technology and a major push to contactless rentals/payments will help with payroll costs. However, elevated real estate taxes and insurance costs seem to be here to stay for the foreseeable future.

- New supply will be slow in coming in 2024, as higher interest rates, longer entitlement timelines, lower rental rates, and still-elevated construction costs make it difficult to be a developer these days! We will continue to see planned and proposed projects tabled until the developers have more clarity on market fundamentals and debt markets. But be aware that the development pipeline is ready to be loaded as soon as we see market fundamentals improve and interest rates soften. There is still a large amount of willing and able developers just waiting for the right opportunity.

- Debt markets for self-storage assets will start to stabilize as we head into 2024. Short term and variable rates will likely be a bit choppy as the Fed starts to look at cutting rates, however the cadence and amount of rate cuts is still unclear. Long-term rates in 2024 are likely coming down, but there is still enough uncertainty in the market that we will likely see long-term rates stabilize in the mid 5's to low 6's.

- Transaction velocity will bounce back in 2024 as equity continues to pour into the space. We will see lots of owners faced with refinancing at higher interest rates than the last go around and they will choose to test the market. 2021 to 2023 deliveries and early lease-up deals will face proforma shortfalls and difficult refinancing prospects will push them to consider selling.

- Secondary market performance will continue to flatten while major market assets will outperform as people continue to head back to the city centers for employment, entertainment and social life.

We should all be very thankful to be in the self-storage industry. While we have experienced a change in the investment market as interest rates settle in at higher levels and market fundamentals start to rebound, I am confident that the self-storage sector will once again outperform other investments. A slowdown in new development, better and more useful technology, and the very well-documented performance of self-storage during these inflationary/recessionary times will lead the investment community back to the self-storage industry with the understanding that it is the most durable income-producing real estate and the best real estate to own. **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).*

**NEW**

**Henderson, CO**  
*Call for Offers*

- Offers Due 1/30/24
- 30,000 RSF
- 250 Units
- 84% Occupancy
- Well-built storage property with a mix of drive up and interior climate control units

**Cole Carosella & Matthew Cox**  
720-909-8602  
cole@argus-realestate.com  
matthew@argus-realestate.com



**NEW**

**Granite Falls, MN**  
\$600,000

- 8,608 RSF Self Storage
- 10,190 RSF Heated Bulk Storage
- 57 Units
- Two well-located facilities serving Granite Falls, Minnesota, and surrounding markets
- Priced below replacement cost at \$32/SF

**Nathan Gottlieb & Tom Flannigan**  
612-852-5048  
nathan@selfstorage.com



**NEW**

**Holly Hill, FL**  
\$2,900,000

- Development Site
- 124,000 GSF
- 11 +/- Acres
- 72 Covered Parking Spots
- 51 Uncovered Parking Spots
- Adjacent to family-owned boat dealership operating since 1973

**Josh Koerner, Carrie Stowell & Frost Weaver**  
904-591-0140  
jkoerner@weaver-realty.com



**NEW**

**Egg Harbor, NJ**  
*Call Broker for Price*

- Development Site
- 102,025 RSF Self Storage
- 39,680 RSF Covered Parking
- 763 Units & Parking
- 9.01 Acres
- Strong market demand for storage and parking

**Linda Cinelli, CCIM & Edan Cohen**  
908-722-5661  
linda@lcrealityusa.com



**NEW**

**Pinellas Park, FL**  
\$2,900,000

- Development Site
- 131,592 GSF
- 4.10 +/- Acres
- Approx 919 units
- Combined 579' frontage on a busy corner with 72,000 cars per day

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



**NEW**

**Williamstown, NJ**  
*Call Broker for Price*

- Development Site
- 64,624 GSF Multi-Story Facility
- 48,225 NRSF
- 480 Units
- 2.28 Acres
- Fully Approved Self-Storage Development

**Linda Cinelli, CCIM & Edan Cohen**  
908-722-5661  
linda@lcrealityusa.com



**NEW**

**Chatham, IL**  
\$5,250,000

- 101,776 RSF
- 627 Units
- Part of the Springfield, IL market
- Two locations close to each other that can be run as one operation
- Always above 95% occupied
- Great visibility!

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



**NEW**

**Elizabethtown, KY**  
\$9,950,000

- 83,250 RSF
- 664 Units
- Built in 2023
- Over 5,000 residential units under construction or in planning in Elizabethtown
- Excellent traffic counts exceeding 20,000 VPD at the intersection on Ring Road

**Rob Schick**  
317-403-1205  
schickassociates@gmail.com



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	\$5,700,000	Bill Barnhill/Sharon Wright	251-510-1822
Hoover	\$1,250,000	Bill Barnhill/Brian Rowley	251-421-0919
Loxley	\$2,650,000	Bill Barnhill/Sharon Wright	251-432-1287
Mobile	\$1,851,300	Bill Barnhill	251-432-1287
Mobile	\$398,000	Bill Barnhill/Brian Rowley	251-421-0919

## Arizona

Lake Havasu City	\$5,300,000	Jeff Gorden	480-331-8880
Mesa	\$5,950,000	Jeff Gorden	480-331-8880
Star Valley	\$1,375,000	Donnie Dodson	480-331-8880

## Arkansas

Greers Ferry	\$3,750,000	Larry Goldman	913-707-9030
N. Little Rock	Call Broker	Jared Jones	918-948-3941

## Colorado

Henderson	Call Broker	Cole Carosella/Matthew Cox	720-909-8602
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## Connecticut

New Milford	Call Broker	Linda Cinelli/Edan Cohen	908-722-5661
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## Florida

Portfolio (6)	\$16,463,120	Josh Koerner/Frost Weaver	904-594-0140
Delray Beach	\$4,800,000	Josh Koerner/Frost Weaver	904-594-0140
Fort Myers	\$3,250,000	Josh Koerner/Frost Weaver	904-594-0140
Fort Pierce	\$1,300,000	Josh Koerner/Frost Weaver	904-594-0140
Holly Hill	\$2,900,000	Josh Koerner/Frost Weaver	904-594-0140
Palm Bay	\$2,300,000	Josh Koerner/Frost Weaver	904-594-0140
Pinellas Park	\$2,900,000	Josh Koerner/Frost Weaver	904-594-0140
Port St. Joe	Call Broker	Linda Cinelli/Edan Cohen	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

Albany	Call Broker	Ryan Haney/Josh Koerner	904-591-1556
Cataula	Call Broker	Brooks Dove	678-439-8441
Hahira	\$3,900,000	Ryan Haney/Josh Koerner	904-591-1556
Kathleen	Call Broker	Jared Jones/Brooks Dove	918-948-3941
Richmond Hill	\$1,650,000	Ryan Haney/Josh Koerner	904-591-1556
Valdosta	\$3,450,000	Ryan Haney/Josh Koerner	904-591-1556

## Illinois

Chatham	\$5,250,000	Bruce Bahrmassel/Cole Carosella	312-518-3550
Crest Hill	\$1,075,000	Bruce Bahrmassel/Cole Carosella	312-518-3550
Sleepy Hollow	\$750,000	Bruce Bahrmassel/Cole Carosella	312-518-3550

## Indiana

Terre Haute	\$1,075,000	Rob Schick	317-403-1205
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## Iowa

West Burlington	\$550,000	Tom Flannigan	612-790-3747
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## Kansas

Iola	\$815,000	Larry Goldman	913-707-9030
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## Kentucky

Elizabethtown	\$9,950,000	Rob Schick	317-403-1205
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## Minnesota

Granite Falls	\$600,000	Tom Flannigan	612-790-3747
Mankato	\$875,000	Tom Flannigan	612-790-3747
Oronoco	<b>SOLD</b>	Tom Flannigan	612-790-3747
St. Cloud	\$4,200,000	Tom Flannigan	612-790-3747
Silver Lake	\$1,800,000	Tom Flannigan	612-790-3747

## Mississippi

Pascagoula	\$4,800,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Sherman	\$850,000	Bill Barnhill/Brian Rowley	251-432-1287

## Missouri

Harrisonville	Call Broker	Larry Goldman	913-707-9030
Liberty	\$2,270,000	Larry Goldman	913-707-9030
Wright City	\$1,580,000	Larry Goldman	913-707-9030

## Montana

Billings	\$8,500,000	Kim VanDelinder/Larry Hayes	406-698-6850
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## New Jersey

Egg Harbor	Call Broker	Linda Cinelli/Edan Cohen	908-722-5661
Wharton	\$3,495,000	Linda Cinelli/Edan Cohen	908-722-5661
Williamstown	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

Salisbury	Call Broker	Jamey Cox	704-995-9168
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## Oklahoma

Moore	\$850,000	Jared Jones	918-948-3941
OKC/Mustang	Call Broker	Jared Jones	918-948-3941
Ponca City	<b>SOLD</b>	Jared Jones	918-948-3941

## 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
Bay City	\$5,700,000	Faith Pate/Bill Brownfield	713-805-2907
La Marque	\$995,000	Faith Pate/Bill Brownfield	713-805-2907
Mexia	<b>SOLD</b>	Chad Snyder/Tyler Trahant	817-813-5642

## Washington

Omak/Okanogan	\$750,000	Ryan Layton/Greg Meager	509-435-2424
Spokane	\$1,900,000	Ryan Layton/Greg Meager	509-435-2424

## Wyoming

Cheyenne	Call Broker	Cole Carosella/Matthew Cox	720-909-8602
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## RECENT SALES



Congratulations to **Jared Jones, CCIM of Jones Investment Real Estate** who sold Advantage Storage in Edmond, OK and Dempewolf Storage in Ponca City, OK! Contact Jared at 918-948-3941 for details.



Congratulations to **Ryan Haney and Josh Koerner of Weaver Realty Group, Inc. FL** who sold Brunswick Climate Control Storage in Brunswick, GA! Contact the team at 904-591-0140 for details.



Congratulations to **Jeff Gorden, CCIM of KW Commercial** who sold Valley Mini Storage in Phoenix, AZ! Contact Jeff at 480-331-8880 for details.



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



Congratulations to **Chad Snyder and Tyler Trahant of Dominus Commercial** who sold Sumpter Street Storage in Mexia, TX! Contact the team at 817-242-2361 for details.



Congratulations to **Cole Carosella and Matthew Cox of Argus Self Storage Advisors** who sold Empire Storage in Louisville, CO! Contact the team at 720-909-8605 for details.



Congratulations to **Tom Flannigan, Alex Ihrke, Matt Haugen and Nathan Gottlieb of Area CRE Services** who sold Oronoco Mini Storage in Oronoco, MN! Contact the team at 612-790-3747 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  
Josh Koerner & Ryan Haney

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

251-432-1287  
704-995-9168  
770-530-8441  
757-474-5364  
904-591-0140  
904-591-1556

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  
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  
Larry Goldman, CCIM  
Mike Helline & Aaron Willis  
Jared Jones, CCIM  
Samuel Livingston & Jacob Livingston  
Faith Pate  
Chad Snyder & Tyler Trahant

Omega Properties, Inc.  
Goldman Investment Advisors  
Column Realty  
Jones Investment Properties  
Livingston Brokerage LLC  
MLB Commercial Real Estate  
Dominus Commercial

251-432-1287  
913-707-9030  
502-296-4586  
918-948-3941  
915-581-8754  
713-907-6497  
817-980-7276

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

### WEST

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

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

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

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