

Cautious Optimism Leads the Way!

by Ben Vestal

2023 will be remembered as the year the market changed! Rising interest rates put downward pressure on valuations throughout 2023, but despite the volatile capital markets, the transaction market remained fluid, albeit at reduced levels to years past. Over the last few weeks, top executives from around the industry gathered in New York City and Whistler, British Columbia to discuss industry trends, market fundamentals, investor sentiment and the overall market outlook for 2024. The consensus is that the industry continues to feel the effects of a slower housing market, volatile debt markets, and lower occupancies across the board. These current headwinds have kept investor sentiment in check even though occupancies seem to be stabilizing in the mid to high 80s and revenues are still growing. Most industry veterans remain cautiously optimistic about the industry long-term (3-5 years) and have a positive outlook for the year.

Now more than ever, you need to be taking steps to protect your property's value. Year-1 cap rates for stabilized, institutional-quality assets in major markets (top 50 MSAs) are still strong and in the 5%-6.5% range. Secondary and tertiary market cap rates are higher as investors look for compelling risk-adjusted rates of return outside the major markets. There has also been a renewed interest in C of O and lease-up deals as new development deliveries seem to be very slow-in-coming due to still-elevated interest rates and relatively high construction costs. We anticipate new supply continuing to slow throughout the year, leading to stronger market fundamentals and the return of growing street rates by the end of 2024.

The business of buying and selling self-storage has never been more complex with pricing discovery playing a major role on every deal. Over the last few weeks, the phone has been ringing off the hook at Argus with owners, developers, and buyers wanting to find out what their property is worth in this rapidly changing market and what opportunities we are finding in the market today. In some cases, their interest is only curiosity, but many are interested in valuation for financing, tax planning, or selling. As part of our advisory services to our clients, **Argus is now offering a free 2023 Sales Comp Report for each of our markets in an effort to keep our clients informed about recent sales and**

industry trends. Argus has tracked and inventoried all the self-storage sales by market and was involved in more than 100 transactions in 2023, giving us a unique opportunity to advise our clients with regards to real-time market valuations and trends, taking the pricing discovery element out of the equation for our clients. If you would like to receive a copy of the sales comp report for your market, please contact your local Argus Advisor.

Overall, operational performance will continue to improve as we head into 2024, driving rental rates back up by the end of Q3, and for the first time in more than a year. Occupancies will start to stabilize and grow, as muted new supply will continue to drive occupancies higher as we head into leasing season. As the U.S. economy and housing market continue to improve, the self-storage sector should continue to tighten and market fundamentals will improve as we head toward the November presidential election. Investors continue to look at self-storage as a reliable and resilient income stream. Our business model of month-to-month leases proves to be a very compelling inflation hedge and low capital expenditures allow investors to feel confident about the self-storage investment sector.

However, one cannot ignore the recent market volatility and the continued threat of elevated interest rates. I continue to be concerned that the self-storage industry will be impacted or derailed by an outside factor, such as the upcoming presidential election, loan defaults in other asset classes affecting banks' ability to continue to offer debt to the self-storage sector, or a black swan event such as the pandemic, but this time it might not benefit our industry. In my 25+ year real estate career I have learned that only the paranoid survive. So far this year, investor sentiment is positive; we are seeing signs that interest rates are stabilizing and market fundamentals are improving. 2024 marks **Argus's 30th year in business**, and we are cautiously optimistic that investment sales will bounce back because there is still a tremendous amount of new and existing equity looking to be placed in self-storage investments. **MM**

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

NEW

Tucson, AZ
\$2,825,000

- Self-Storage Development Site
- 86,000 RSF Proposed
- 720 Units Proposed
- 102,600 SF Land Area
- Plan approved by Pima County
- Class-A multi-story project
- Proximity to high income households and high traffic attractions
- Direct competitors at full capacity with little new supply



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

NEW

Sarasota, FL
\$2,700,000

- Self-Storage Development Site
- 123,341 GSF
- 2 Acres
- 3-Story Class-A climate controlled building
- 185 feet of frontage along 17th street
- Significant residential development in the market area
- Sale contingent upon seller providing site plan approval



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

NEW

Safford, AZ
\$650,000

- 9,248 RSF
- 90 Units
- 0.7 Acre
- Prime location in the heart of downtown Safford
- Significant value-add potential through strategic renovations and modernization
- High demand and occupancy
- Consistent and stable income
- Proximity to Hwy 70 and 191



Donnie Dodson
301-928-9318
donnie@gorden-group.com

NEW

Harrisonville, MO
\$2,400,000

- Self-Storage Development Site
- 11.25 Acres
- High profile location on Interstate 49
- Over 21,700 VPD average annual daily traffic
- Located between Kansas City and popular Missouri lakes
- Can sell individual parcels or entire project



Larry Goldman, CCIM
913-707-9030
lgoldman@selfstorage.com

NEW

Port St. Joe, FL
Call for Offers

- Offers Due 1/30/2024
- 48,403 RSF
- 293 Units
- 5.49 Acres
- Opened for business in May 2023
- Additional 9,300 SF lot available
- Effective unit mix and strong leasing trajectory
- Proximity to major highways



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

Billings, MT
\$8,500,000

- 85,784 RSF
- 414 Units
- 4.722 Acres
- Newly constructed facility built in 2023
- State-of-the-art security
- Booming local market with high demand for storage
- Seller financing available
- Strategic location off I-90



Kim Van Delinder & Larry Hayes
406-698-6850
kim@theselfstoragebrokers.com

NEW

Fargo, ND
\$3,000,000

- 60,984 RSF
- 399 Units
- 4.29 Acres
- Significant value-add opportunity
- Great location in the center of Fargo
- Includes 7,850 SF of rented retail space and 13 fully-occupied commercial bay spaces totaling 11,100 SF

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



NEW

Forney, TX
Call for Offers

- Offers Due 1/31/2024
- 252,120 GSF
- 518 Units
- 17.7 Acres
- Property consists of 169,680 SF of covered Boat & RV parking and open parking
- Air and dump station located on site
- Adjacent to four active housing development projects

Tyler Trahant & Chad Snyder
817-242-2361
ttrahant@dominuscommercial.com
csnyder@dominuscommercial.com



Wharton, NJ
\$3,495,000

- 16,510 RSF
- 114 Units
- 3.28 Acres
- Independently managed storage facility with approved expansion plans
- Two existing buildings and an office building
- 14,010 rentable SF of self-storage plus 2,500 SF of parking

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



NEW

Granbury, TX
Call for Offers

- Offers Due 1/31/2024
- 120,000 GSF
- 246 Units
- 8.7 Acres
- Comprised of 96,360 SF of covered parking, 12,240 SF of open parking, 6,720 SF of fully enclosed parking and 8,720 SF of non-climate storage
- Ability to manage remote or onsite

Tyler Trahant & Chad Snyder
817-242-2361
ttrahant@dominuscommercial.com
csnyder@dominuscommercial.com



NEW

Aledo, TX
Call for Offers

- Offers Due 1/31/2024
- 177,720 GSF
- 409 Units
- Property consists of 153,360 SF of covered Boat & RV parking and 6,800 SF of non-climate self-storage
- Ability to manage remote or onsite
- Air and dump station onsite
- Fully fenced and gated

Tyler Trahant & Chad Snyder
817-242-2361
ttrahant@dominuscommercial.com
csnyder@dominuscommercial.com



NEW

Mexia, TX
\$500,000

- 8,000 RSF
- 152 Units
- 6.93 Acres
- Mom-and-pop managed facility with plenty of expansion acreage
- Stabilized occupancy with room in rent growth
- Price offered below replacement cost
- Ideal opportunity for a value-add buyer

Tyler Trahant & Chad Snyder
817-242-2361
ttrahant@dominuscommercial.com
csnyder@dominuscommercial.com



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

Daphne	\$5,650,000	Bill Barnhill/Sharon Wright	251-510-1822
Hoover	\$1,250,000	Bill Barnhill/Brian Rowley	251-421-0919
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
Safford	\$650,000	Donnie Dodson	480-331-8880
Star Valley	\$1,375,000	Donnie Dodson	480-331-8880
Tuscon	\$2,825,000	Jeff Gorden	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

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

Florida

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
Sarasota	\$2,500,000	Josh Koerner/Frost Weaver	904-594-0140
Sarasota	\$2,700,000	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	SOLD	Jared Jones/Brooks Dove	918-948-3941
Richmond Hill	\$1,650,000	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
St. Cloud	\$3,500,000	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	\$795,000	Bill Barnhill/Brian Rowley	251-432-1287

Missouri

Harrisonville	Call Broker	Larry Goldman	913-707-9030
Harrisonville	\$2,400,000	Larry Goldman	913-707-9030
Liberty	SOLD	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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North Dakota

Fargo	\$3,000,000	Tom Flannigan	612-790-3747
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Oklahoma

Moore	\$850,000	Jared Jones	918-948-3941
OKC/Mustang	Call Broker	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

Aledo	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Anna	\$1,500,000	Chad Snyder/Tyler Trahant	817-813-5642
Bay City	\$5,700,000	Faith Pate/Bill Brownfield	713-805-2907
Forney	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Granbury	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
La Marque	\$995,000	Faith Pate/Bill Brownfield	713-805-2907
Mexia	\$500,000	Chad Snyder/Tyler Trahant	817-813-5642

Washington

Spokane	\$1,900,000	Ryan Layton/Greg Meager	509-435-2424
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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 Storage Near Me in Kathleen, GA! Contact Jared at 918-948-3941 for details.



Congratulations to **Larry Goldman, CCIM of Goldman Investment Advisors** who sold Liberty Bend Self Storage in Liberty, MO! Contact Larry at 913-707-9030 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.



Argus has compiled all of the 2023 self-storage sales comps for your market and would like to provide you with a FREE copy for your review.

This report offers insights into

- Real time market data
- Sales by major market area
- Valuation and cap rate trends

Please reach out to your local Argus Broker to request the 2023 sales comp report for your region. We look forward to hearing from you!

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
Coastal Storage Group
Coastal Storage Group

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