

**Are These the Good Times?**

by Ben Vestal

*Cap rates are up, prices are down, interest rates are higher, competition is down and best of all, Cash on Cash returns - the Holy Grail of investing, are up!*

It certainly appears to us that there may be some real opportunities for experienced self-storage owners to pick up some nicely priced, quality built, well-occupied properties, earn a handsome cash on cash return, and yet have significant upside potential when the market improves. However, it is not a time for amateurs! You really need to understand the self-storage business to be sure that the underlying business value is there.

Many of you may ask, "Is this the bottom?" My answer is that I don't know and probably neither do you! On the other hand, we now know for sure it isn't the top either. The real questions to be answered are: 1) Is the facility one that will maintain economic viability well into the future or 2) can the facility be improved or better managed to secure long term viability? 3) Is the cash-on-cash return significant enough to warrant the current investment? 4) Are you comfortable that you have the experience and knowledge to recognize the risks and potentials of the investment and the talent to manage the property in an effective manner? As you answer these questions listen to both your "gut" and your "brain" and make sure they both answer YES before you decide.

Before you assume that I am crazy, let me show you some numbers that illustrate the difference between Early 2022 and Early 2024 respecting the paradigms that I have listed above.

	Early 2022	Early 2024
Revenue	\$300,000	\$300,000
Expenses	\$100,000	\$100,000
NOI	\$200,000	\$200,000
Cap Rate	5%	6.75%
Value	\$4,000,000	\$2,962,962
Loan to Value	75%*	55%*
Loan Amount/Rate	\$3,000,000 / 3.5%	\$1,629,629 / 6.25%
Equity	\$1,000,000	\$1,333,333
Debt Service Payment	\$161,004	\$120,396
Cash Flow	\$38,996	\$79,604
Cash on Cash Return	3.9%	6%

\*Note: Cap rates and available loan terms are generally consistent with B properties in the respective time frame. Loan term assumes 30-year amortization.

As you may have noticed in the example, the price is down, the loan is smaller, the relative leverage is down and the cash-on-cash return on equity is up a whopping 53.8% - not a bad tax-sheltered return. The only negative is that the equity requirement is up, but then again, you are earning a solid tax-sheltered return on the equity and that is really the name of the game! Also, there is the nice advantage that if cap rates go back down to 5%, with the same NOI the facility will produce a \$1,037,000 increase in value - a 75% increase in equity.

Take a moment to think about what will happen if this isn't the bottom and prices go down further. First, your returns will not change and all of the positive things mentioned before will remain true. Not a bad outcome for being partially wrong on the timing! However, there is one possible serious downside to waiting too long to see if prices go down further. Think for a minute about the potential of inflation going up again and the Federal Reserve once again aggressively raising interest rates in earnest or the banks really tightening up on lending and rates. We've all heard stories of construction loans ticking off at 19% in the 1980's - you won't be impressed about finding the bottom!

One last item - most people (in fact very few) who own self-storage do not sell because of changes in the market. They sell for any one of many personal reasons; retirement, relocation, illness, divorce, etc. This means that there are usually many fine performing properties on the market at any given time. Please take a look the listings in this month's Market Monitor and see if there is a project that you would like to consider. You might just find that diamond in the rough! **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**

**Mobile, AL**  
\$5,400,000

- Offers due 4/2/2024
- 42,115 RSF
- 364 Units
- 3.34 Acres
- Located on Airport Blvd with 10,000 AADT
- Fully fenced with electronic gate and security cameras

**Josh Koerner & Bill Barnhill, CCIM**

904-591-0140  
josh@coastalstorage.com



**NEW**

**Sierra Vista, AZ**  
\$17,000,000

- 131,800 RSF
- 1,063 Units
- Built in 2008
- 94% Occupancy
- Property Expansion Opportunity
- Upside Through Existing Customer Rent Increases

**Jeff Gorden, CCIM**

480-331-8880  
jeff@gorden-group.com



**NEW**

**Danville, AR**  
\$800,000

- 19,488 RSF
- 150 Units
- 3.29 Acres
- Room for expansion
- Fenced and gated with electronic gate access
- Recently expanded with a 2,100 SF building

**Larry Goldman, CCIM**

913-707-9030  
lgoldman@selfstorage.com



**NEW**

**Grand Junction, CO**  
Call for Offers

- Offers due 4/23/2024
- 30,300 RSF
- 200 Units
- 90% Occupancy
- Beautifully constructed self storage project completed just four years ago

**Cole Carosella & Matthew Cox**

720-909-8602  
cole@argus-realestate.com



**NEW**

**Casa Grande, AZ**  
\$2,800,000

- Development Site
- 121,900 RSF
- 6.47 Acres
- High Traffic Frontage Road
- Capitalize on Area's Development Growth
- Proximity to Phoenix MSA

**Jeff Gorden, CCIM**

480-331-8880  
jeff@gorden-group.com



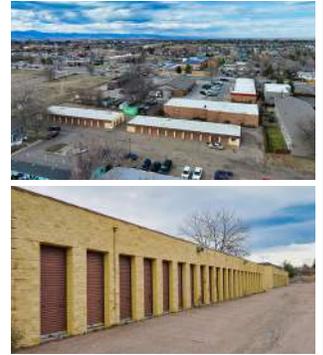
**NEW**

**Lafayette, CO**  
\$850,000

- 7,400 RSF
- 76 Units
- Value-add self storage opportunity in desirable Boulder County
- Large upside in physical occupancy

**Cole Carosella & Matthew Cox**

720-909-8602  
cole@argus-realestate.com



**NEW**

**Sedona, AZ**  
\$1,150,000

- **Under Contract**
- 9,062 RSF
- 93 Units
- 96% Occupancy
- Value Add Investment
- Upside Through Active Revenue Management
- Tax Advantaged Opportunity

**Jeff Gorden, CCIM**

480-331-8880  
jeff@gorden-group.com



**NEW**

**Ocala, FL**  
\$2,200,000

- Development Site
- 86,320 Proposed RSF
- 144 Boat/RV Units
- 6 Acres
- Visibility on SW State Road 200 with 31,000 CPD
- Located near the entrance of a planned community with over 10,000 homes underway

**Josh Koerner & Frost Weaver**

904-591-0140  
josh@coastalstorage.com



**NEW**

**Douglas, GA**  
\$2,500,000

- Offers due 3/27/2024
- 16,250 RSF
- 133 Units
- 1.48 Acres
- 23% occupied within 4 months of opening
- 24/7 access, fenced and video surveillance

**Ryan Haney, Josh Koerner & Frost Weaver**  
904-591-1556  
ryan@coastalstorage.com

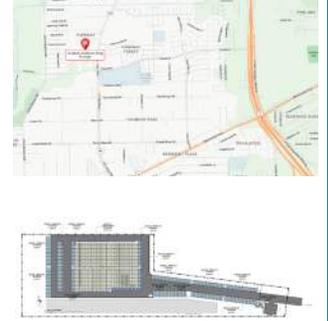


**NEW**

**Houston, TX**  
Call for Offers

- Offers Due 4/10/2024
- Development Site
- 110,925 RSF
- 9.348 Acres
- Site is planned and approved for a single-story facility - 110,925 SF of climate and nonclimate self storage

**Tyler Trahant & Chad Snyder**  
817-901-7600  
ttrahant@dominuscommercial.com



**NEW**

**Shenandoah, IA**  
\$2,100,000

- 4-Property Portfolio
- 48,320 RSF
- 310 Units
- 90% Occupancy
- 3 locations in Shenandoah, IA and 1 in Pacific Junction, IA
- Priced below replacement cost at \$43 per rentable square foot

**Tom Flannigan**  
651-269-6307  
tom@selfstorage.com



**NEW**

**Hoodsport, WA**  
\$710,000

- 5,928 RSF
- 37 Units, 23 Boat/RV and 14 Parking Spots
- 1.11 Acres
- 90% Occupancy
- Room to expand (add additional units or parking)
- Fenced property

**Ryan Layton**  
509-435-2424  
rlayton@areanw.com



**NEW**

**Fenton, MO**  
Call for Offers

- Offers due 3/29/2024
- 223,770 RSF
- 1,108 Units
- 3-property portfolio in southwest suburbs of St. Louis, Missouri
- Excellent track record of facility growth

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



**NEW**

**Plover, WI**  
\$1,750,000

- 27,925 RSF
- 160 Units
- 92% Occupied
- Opportunity to own self storage with great visibility off I-39
- 12 security cameras allow for 24/7 remote access
- Exterior lights upgraded to LED in 2023

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



**NEW**

**Greenwood, MS**  
\$5,400,000

- 3-Property Portfolio
- 98,729 RSF
- 706 Units
- 6.4 +/- Acres
- Excellent locations with good visibility
- Strong historical occupancy

**Bill Barnhill, CCIM & Stuart P. LaGroue, Sr.**  
251-432-1287  
stuart@selfstorage.com



**Wharton, NJ**  
Call Broker for Price

- 13,990 RSF
- 114 Units
- 3.28 Acres
- Independently Managed Self-Storage Facility with Approved Expansion Plans
- 2 Existing Self Storage Buildings and an Office Building
- Stabilized Occupancy

**Linda Cinelli & Edan Cohen**  
646-630-8511  
edan@lcrealtyusa.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	\$10,900,000	Bill Barnhill/Sharon Wright	251-510-1822
Daphne	\$5,650,000	Bill Barnhill/Sharon Wright	251-510-1822
Mobile	\$5,400,000	Bill Barnhill/Josh Koerner	904-591-0140
Mobile	\$1,851,300	Bill Barnhill	251-432-1287
Mobile	\$398,000	Bill Barnhill/Brian Rowley	251-421-0919

## Arizona

Casa Grande	\$2,800,000	Jeff Gorden	480-331-8880
Lake Havasu City	\$5,300,000	Jeff Gorden	480-331-8880
Mesa	\$5,950,000	Jeff Gorden	480-331-8880
Mohave Valley	\$900,000	Jeff Gorden	480-331-8880
Safford	\$590,000	Donnie Dodson	480-331-8880
Sedona	\$1,150,000	Jeff Gorden	480-331-8880
Sierra Vista	\$17,000,000	Jeff Gorden	480-331-8880
Star Valley	<b>SOLD</b>	Donnie Dodson	480-331-8880
Tuscon	\$2,825,000	Jeff Gorden	480-331-8880

## Arkansas

Danville	\$800,000	Larry Goldman	913-707-9030
N. Little Rock	Call Broker	Jared Jones	918-948-3941

## Colorado

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

## Florida

Arcadia	\$1,400,000	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
Holly Hill	\$2,900,000	Josh Koerner/Frost Weaver	904-594-0140
Ocala	\$2,200,000	Josh Koerner/Frost Weaver	904-594-0140
Palm Bay	\$2,300,000	Josh Koerner/Frost Weaver	904-594-0140
Pinellas Park	<b>SOLD</b>	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	\$3,300,000	Ryan Haney/Josh Koerner	904-591-1556
Cataula	Call Broker	Brooks Dove	678-439-8441
Douglas	\$2,500,000	Ryan Haney/Josh Koerner	904-591-1556
Hahira	\$3,900,000	Ryan Haney/Josh Koerner	904-591-1556
Richmond Hill	\$1,650,000	Ryan Haney/Josh Koerner	904-591-1556

## Illinois

Chatham	<b>SOLD</b>	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

Elkhart	\$980,000	Rob Schick	317-403-1205
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## Iowa

Shenandoah	\$2,100,000	Tom Flannigan	612-790-3747
West Burlington	<b>SOLD</b>	Tom Flannigan	612-790-3747

## Kentucky

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

Bemidji	\$8,500,000	Tom Flannigan	612-790-3747
Cambridge	\$850,000	Tom Flannigan	612-790-3747
Granite Falls	<b>SOLD</b>	Tom Flannigan	612-790-3747

## Mississippi

Greenwood	\$5,400,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Pascagoula	\$4,800,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Sherman	\$795,000	Bill Barnhill/Brian Rowley	251-432-1287

## Missouri

Fenton	Call Broker	Larry Goldman	913-707-9030
Harrisonville	Call Broker	Larry Goldman	913-707-9030
Harrisonville	\$2,400,000	Larry Goldman	913-707-9030
Wright City	\$1,580,000	Larry Goldman	913-707-9030

## 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

## North Carolina

Salisbury	Call Broker	Jamey Cox	704-995-9168
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## North Dakota

Fargo	<b>SOLD</b>	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

Bay City	\$5,700,000	Faith Pate/Bill Brownfield	713-805-2907
Houston	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

Hoodspport	\$710,000	Ryan Layton/Greg Meager	509-435-2424
Spokane	<b>SOLD</b>	Ryan Layton/Greg Meager	509-435-2424

## Wisconsin

Bailey's Harbor	\$800,000	Bruce Bahrmassel	312-518-3550
Plover	\$1,750,000	Bruce Bahrmassel	312-518-3550

## Wyoming

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



Congratulations to **Ryan Layton and Greg Meager of American Real Estate Associates** who sold University Direct Express Storage in Spokane, WA! Contact Ryan and Greg at 509-435-2424 for details.



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



Congratulations to **Donnie Dodson and Jeff Gorden, CCIM of KW Commercial** who sold Rim 260 Storage in Star Valley, AZ! Contact Donnie at 301-928-9318 for details.



Congratulations to **Tom Flannigan, Alex Ihrke, Matt Haugen and Nathan Gottlieb of Area CRE Services**

who sold Mini Stor All in Fargo, ND and Home Run Mini Storage in Granite Falls, MN! Contact the team at 612-790-3747 for details.



Argus will be attending the Inside Self-Storage World Expo in Las Vegas, NV next week. The show takes place in the Caesars Forum Conference Center, Argus will be in booth #610, we hope to see you there!



## 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  
713-805-2907  
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