

## Just the Doldrums?

*Time to Adjust Your Sails!*

by Ben Vestal

The doldrums are certainly present in today's real estate markets, including self-storage. The winds are quiet. Sellers are hoping to get yesterday's prices and most of the very aggressive buyers of the past few years are long gone. The remaining buyers tend to be very experienced self-storage owners and they are being very cautious. Thus, the market for buying and selling self-storage is slower and a lot more difficult these days. When sailors hit the doldrums, they all knew it was just a matter of time before the winds picked up again, but they also worried which way the wind would blow them when it started. Interestingly, that is also the case with the self-storage investment market today. The major questions are: when will the wind blow, in which direction will it blow, and how strong will it be when it comes? History tells us that real estate cycles are almost always longer than we expect, and the normal cycles are usually about three years depending on the location. However, brutal experience reminds me that they can last much longer.

There are many economic issues that have all of us concerned about the future including inflation, recession, elections, operating fundamentals, street rate declines, rent roll downs, the housing market...well, you get the idea. While this article can't give you the answer about what happens next, I really think it is important to know where you are today so you can react properly as directions in the economy and the self-storage markets unfold in the future.

In the last Market Monitor, we offered you a free rental rate survey. If you haven't requested one yet, this is a wonderful time to reach out to your local Argus Broker and request a rental rate survey for your property. This will allow you to better understand your property's submarket and how your competition is pricing their units. We all know that unit pricing is more complicated today than ever before and understanding on-site rates, web rates and achieved rates will give you a strategic advantage when pricing your units moving forward. Additionally, when talking with your Argus Broker, I think it is also good to get a check on what the value of your facility is in today's market. I am often surprised at how many owners don't have a very close watch on their property's value and aren't aware that the value can change dramatically in a short time even though the income remains the same. If the real estate taxes, utilities, or other expenses go up, the value goes down by about fourteen or fifteen dollars

for every dollar of increase. Likewise, if the revenue goes down, the value declines in the same ratio. If the net operating income remained exactly the same as last year, the property would have declined in value by about 10%-15% just because of the changes in the marketplace cap rates – the rate investors will pay for the earnings from real property.

If you have a loan on the property and the maturity date is within the next two or three years, learning the value of your property is critical in deciding when or how to refinance the maturing loan. Just as a side note on refinancing, we are currently in the fortunate situation that financing for self-storage is still generally available. The Federal Reserve has raised rates to help deal with rising inflation which has caused the rates for self-storage loans to be higher today than in years past. But they are still making loans! The catch is that the lenders are not being as generous with loan amounts due to DSCR being hard to achieve with higher rates. Now that inflation seems to be under control, the Fed's position on lower interest rates might change in the near future but nobody knows when. The value of your property determines the amount of your loan and the underwriting requirements have now become much more stringent. In today's world, loan proceeds will max out at about 60% to 70% of the value of the property and terms such as liquidity requirements, DSCR, LTV and amortization will be more rigorous as well.

How do you best understand the value of your property? The easiest way, and we believe the best way, is to call your local Argus Broker and ask them to give you an estimate of the value. In addition to some math, there is also an art to the business of valuation that our professionals work with every day. The volatility in the capital markets and slow down in sales has made our 30 years of experience more valuable than ever when advising our clients on the current value of their property today. An Argus Broker will be glad to help you at no cost or obligation and will be able to adjust the valuation for any unusual or special circumstances specific to your property.

One of the best things you can do to beat the doldrums is to prepare your sails! **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**

**Pensacola, FL**  
*Call for Offers*

- Offers due 6/5/2024
- 2-Property Portfolio
- 284,725 Total RSF
- 1,897 Total Units
- 14.83+/- Acres
- Class-A, Institutional-quality sites
- Excellent visibility and traffic counts

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



**NEW**

**Bixby & Catoosa, OK**  
*Call Broker for Price*

- 2 Properties plus a self-storage development site
- 66,495 RSF
- 426 Units
- 6.12 +/- Acres
- Located in areas of significant residential growth
- High barriers to entry locations
- Upside through revenue mgmt

**Jared Jones, CCIM**  
918-948-3941  
jjones@selfstorage.com



**NEW**

**Hayfork, CA**  
\$410,000

- 8,000 RSF
- 30 Units
- Built in 2015
- Situated on 3 Acres of flat buildable land zoned General Commercial (C2)
- Fully fenced and secured with keypad entry and AI Cameras

**Vanessa Castaño  
& Ken Miller**  
951-867-0517  
vanessa@ncp-cre.com



**NEW**

**Windom, MN**  
\$750,000

- 12,900 RSF
- 77 Units
- 0.88 Acre
- Consistently high occupancy above 90%
- Rental rate upside
- Great location off US Hwy 71 with strong visibility

**Nathan Gottlieb  
& Tom Flannigan**  
612-930-6614  
nathan@selfstorage.com



**NEW**

**Des Moines, IA**  
*Call for Offers*

- Offers due 6/6/2024
- 65,920 RSF
- 379 Units
- 4.84 Acres
- Class-A facility offering climate control and non-climate units
- Located in the fastest growing MSA in the Midwest

**Matt Haugen  
& Tom Flannigan**  
612-852-5048  
mhaugen@selfstorage.com



**NEW**

**Clyde, TX**  
*Call for Offers*

- Offers Due 5/31/2024
- 2-Property Portfolio
- 54,150 RSF
- 414 Units
- 5 Acres
- Stabilized occupancy with room in rent growth
- Recently expanded

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



**NEW**

**Des Moines/Ames, IA MSA**  
*Call for Offers*

- Offers Due 6/6/2024
- 14-Property Portfolio
- 216,059 NRSF
- Priced near replacement cost
- Land available for expansion
- Fastest growing MSA in the Midwest
- Well-located facilities with management upside

**Tom Flannigan**  
612-790-3747  
tom@selfstorage.com



**NEW**

**Denison, TX**  
*Call Broker for Price*

- 19,120 RSF
- 142 Units
- 2.237 Acres
- Expansion land included
- Adjacent to multiple multi-family projects
- Less than 1 mile from Hwy 75 & FM 120 intersection

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

Mobile	\$5,000,000	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	<b>SOLD</b>	Jeff Gorden	480-331-8880
Mesa	\$5,950,000	Jeff Gorden	480-331-8880
Mohave Valley	\$900,000	Jeff Gorden	480-331-8880
Sedona	<b>SOLD</b>	Jeff Gorden	480-331-8880
Sierra Vista	\$17,000,000	Jeff Gorden	480-331-8880
Tuscon	\$2,825,000	Jeff Gorden	480-331-8880

## Arkansas

Danville	\$800,000	Larry Goldman	913-707-9030
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## California

Hayfork	\$410,000	Vanessa Castaño/Ken Miller	951-867-0517
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## Colorado

Grand Junction	Call Broker	Cole Carosella/Matthew Cox	720-909-8602
Lafayette	\$850,000	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
Pensacola	Call Broker	Bill Barnhill/Stuart LaGroue	251-432-1287
Port St. Joe	Call Broker	Linda Cinelli/Edan Cohen	908-722-5661
Sarasota	\$2,700,000	Josh Koerner/Frost Weaver	904-594-0140
Vero Beach	\$6,800,000	Josh Koerner/Frost Weaver	904-594-0140
Zephyrhills	\$2,990,000	Josh Koerner/Frost Weaver	904-594-0140

## Georgia

Albany	\$2,900,000	Ryan Haney/Josh Koerner	904-591-1556
Cataula	Call Broker	Brooks Dove	678-439-8441
Douglas	\$2,400,000	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

Antioch	\$2,450,000	Bruce Bahrmassel/Cole Carosella	312-518-3550
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## Indiana

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

Des Moines	Call Broker	Tom Flannigan	612-790-3747
Des Moines	Call Broker	Tom Flannigan	612-790-3747

## Iowa Cont.

Pacific Junction	\$400,000	Tom Flannigan	612-790-3747
Shenandoah	\$2,100,000	Tom Flannigan	612-790-3747

## Kentucky

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

Cambridge	<b>SOLD</b>	Tom Flannigan	612-790-3747
Windom	\$750,000	Tom Flannigan	612-790-3747

## Mississippi

Greenwood	\$5,400,000	Bill Barnhill/Stuart LaGroue	251-432-1287
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## 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	\$1,400,000	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

## New York

Yonkers	Call Broker	Linda Cinelli/Edan Cohen	908-722-5661
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## North Carolina

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

Bixby/Catoosa	Call Broker	Jared Jones	918-948-3941
Moore	\$850,000	Jared Jones	918-948-3941
OKC/Mustang	\$18,750,000	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
Clyde	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Denison	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Houston	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
La Marque	\$995,000	Faith Pate/Bill Brownfield	713-805-2907
Temple	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642

## Washington

Hoodspport	\$710,000	Ryan Layton/Greg Meager	509-435-2424
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## 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 **Jeff Gorden, CCIM** of **KW Commercial** who sold Sedona Self Storage in Sedona, AZ and Lakeside Boat & RV Storage in Lake Havasu City, AZ! Contact Jeff at 480-331-8880 for details.



Congratulations to **Tom Flannigan, Alex Ihrke, Matt Haugen and Nathan Gottlieb** of **Area CRE Services** who sold Lucky 7 Storage in Cambridge, MN! Contact the team at 612-790-3747 for details.

**ARGUS**  
SELF STORAGE ADVISORS

**NOW AVAILABLE!**  
**FREE RENTAL RATE SURVEY**

MAXIMIZE YOUR VALUE

Maximizing your value in today's market is essential. Argus is offering free Rental Rate Surveys to self-storage owners.

Insights this report will provide for your property:

- Is your occupancy down? If so, are your units priced right?
- What are your competitors charging for 5x10, 10x10 and 10x20?
- Are you doing Existing Customer Rate Increases? If so, when and how much?

Reach out to your local Argus Broker Affiliate below to request a report!

## 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  
Kevin Friedman  
Alec Pacella, CCIM  
Larry Goldman, CCIM  
Rob Schick

Area CRE Services  
Hayes Ventures, LLC  
NAI Pleasant Valley  
Goldman Investment Advisors  
Schick & Associates

312-518-3550  
612-790-3747  
847-436-5483  
216-831-3310  
913-707-9030  
317-403-1205

Northern IL, WI  
MN, ND, IA  
MI  
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, UT  
NV  
MT  
OR  
Eastern WA, Northern ID  
CO  
Northern CA  
Southern CA  
Western WA