

## Evaluating the Current Interest Rate Landscape *Was It Really That Bad to Begin With?*

by Cole Carosella

Today's real estate markets, including self-storage, are slower than in years past. Much of what you hear today is all about interest rates and what the Fed is going to do next. Sellers are hoping to get yesterday's prices and most of the buyers today tend to be very experienced self-storage owners/operators who are being much more disciplined with their underwriting. Thus, the market for buying and selling self-storage is slower and more difficult these days. How long will it last? History tells us that real estate cycles are almost always longer than we expect, and the normal cycles are usually about three to seven years. But is the current market, and coinciding interest rate environment, really that bad?

There are many economic and political issues that have all of us concerned about the future, including inflation, trade deficits, energy costs, elections, rising home prices...well, you get the idea. While this article can't give you the answer about what happens next, it can give perspective on where we currently are and how to prepare for what might be next. Due to the Fed's commitment to higher interest rates over the last few years, cap rates in the beginning of this cycle rose and quickly cut the value of all CRE, including self-storage. The historically low cap rates of 2020-2022 are gone. By historical standards though, today's interest rates are right in line with averages over the last 50 years. I would argue that the environment we are in today is at a level where the macro economy actually performs efficiently. There is still plenty of debt and equity available to be placed in CRE, investors can get a respectable return by placing their money in a CD or Money Market account, buyers can still pay attractive (historical) prices for CRE, sellers are still able to 1) get out of a property if they need to (unlike in 2008), and 2) see a nice return on their investment (as long as they didn't buy in the last two years), and banks are operating at healthy margins. While self-storage has not been entirely immune from the effects of this softer market, the devastation that has visited other types of real estate (e.g., office) has been less damaging for self-storage properties.

This brings us back to my initial question: is today's interest rate environment really that bad? The cap rate spreads have now narrowed and are starting to stabilize in the self-storage market and we are seeing transactions for the well-occupied, maintained, demographically superior properties at 5.5% to 6.5%. Sellers are starting to recognize that 2021 and 2022 were years of exuberance in the market, both in price and ease of sale, and Buyers have been equally tamed by their experience over the last several years and thus are more realistic about pricing. The result is that once again there seems, ever so slightly, to be more rationality developing in the self-storage transaction market. With the reported, albeit cautious, positive news of a potential interest rate cut, the demand for self-storage transactions will be more accommodating in the months to come.

Having made these predictions, I would like to close with three cautionary comments. First, if you have a loan that is going to mature in the next year, start planning to replace that loan now. It is taking longer to get financing done and the more time you have to plan, the better. Argus brokers are happy to help in this process or provide a valuation that you can use as a benchmark for financing or a possible sale if the time is right. Secondly, now is the time to out-compete your competition by improving your property and fine-tuning your marketing. A little money spent now when your competitors are holding back could improve your future competitive situation dramatically, and ultimately lead to better performance, increased cash flow, and a higher valuation in a sale. Third, watch for signs that the economy does not go in reverse. While the market seems to be trending upward, there are still a considerable number of economic issues at hand that need to be addressed. Only the paranoid survive!

A wise man once said "there must be a pony in there somewhere." With all that is going on in today's world, it is easy to get caught up in the mess. Let's remember that sure enough, there is a pony in there, and that pony is self-storage. **MM**

*Cole Carosella, Vice President of Argus Self Storage Advisors, can be reached at 800-557-8673 or cole@argus-realestate.com.*

**NEW**

**Kingsland, GA**  
*Call for Offers*

- Offers Due 8/13/24
- 15,000 RSF
- 224 Units
- 5.52 Acres
- 24/7 self-service kiosk
- 26+ Covered Boat/RV parking spaces currently in lease-up
- Upside in rent increases and marketing
- Owner financing available

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



**NEW**

**Toledo, OH**  
\$1,050,000

- Development Site
- 133,825 RSF
- 922 Units
- 12 Acres
- Single-story self storage development in an excellent density retail location (7,450 vpd on Glendale Ave)
- Project was fully approved in February 2024

**Paul DiVincenzo**  
440-382-5700  
paul.divincenzo@naipvc.com



**NEW**

**Elk River, MN**  
\$3,500,000

- 41,650 RSF
- 190 Units
- 8.13 Acres
- Phenomenal location in Elk River with strong population and household incomes
- Highly visible site right off of Highway 169 with traffic count over 25,000 vehicles per day
- Built in 2021 and 2024

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



**NEW**

**Bridgeport & Chico, TX**  
\$3,200,000

- 3 properties located in the Bridgeport and Chico submarkets
- 43,285 RSF
- 379 Units
- 10.67 Acres
- Stabilized occupancy at 78% with room to grow occupancy and rents
- Price offered below replacement cost

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



**NEW**

**Fargo, ND**  
\$1,900,000

- 22,000 RSF
- 141 Units
- Consistently high occupancy with current unit occupancy at 97%
- High density area with the 3 mile population over 80,000 and the 5 mile over 185,000
- Recent expansion of 3,600 square feet completed in 2022

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



**NEW**

**Cleburne, TX**  
*Call for Price*

- 91,500 RSF
- 504 Units
- 7.57 Acres
- 86% unit occupancy
- Small office on-site currently leased to a tenant
- Highly visible location 2 miles from Toll Road and less than ½ mile from N Main St (Hwy 174) on busy Hwy 67
- Over 16,000 vehicles per day per TXDOT

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



**NEW**

**Bracketville, TX**

*Call for Price*

- 13,100 RSF
- 98 Units
- 1.694 Acres
- Additional land for expansion and future development
- Best storage property in the City of Bracketville
- 70% unit occupancy
- 2024 storage revenue is up 15% over June of 2023
- Can be purchased as part of a portfolio

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



**NEW**

**Pleasanton, TX**

*Call for Price*

- 28,776 RSF
- 235 Units
- 1.5 Acres
- 62% unit occupancy
- Small office on-site currently leased to a tenant until 2027 at \$500/month
- Highly visible location one (1) mile from 1254 W. Oaklawn KO Storage property
- Can be purchased as part of a portfolio

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



**NEW**

**Pearsall, TX**

*Call for Price*

- 29,152 RSF
- 206 Units
- 2.009 Acres
- Additional land for expansion and future development
- 206 total units with 74% unit occupancy
- 7,000 additional square feet planned for expansion
- Can be purchased as part of a portfolio

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



**NEW**

**Coleville, WA**

*\$849,000*

- 8,380 +/- RSF
- 49 Units
- 100% physically occupied
- Regular cash flow
- Variety of unit types
- Security cameras/gated
- Located near grocery store and highway
- Vast job market across multiple industries

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



**NEW**

**Pleasanton, TX**

*Call for Price*

- 44,705 RSF
- 282 Units
- 4.3959 Acres
- Additional land for expansion and future development
- 81% unit occupancy
- 23,000 additional square feet planned for expansion
- Facility contains a 2-story office structure on site
- Can be purchased as part of a portfolio

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



**NEW**

**Walla Walla, WA**

*Call for Offers*

- Offers Due 8/13/24
- 2-Property Portfolio
- 92,445 RSF
- 673 Units
- Rental market avg. = \$1.09/SF
- Market near 90% physical storage occupancy
- Established stabilized facility
- Seller financing terms—contact broker

**Ryan Layton**  
509-435-2424  
ryan@areanw.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

## Arizona

Casa Grande	\$2,800,000	Jeff Gorden	480-331-8880
Phoenix	Call Broker	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
Deltona	\$1,600,000	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
Palm Bay	\$2,100,000	Josh Koerner/Frost Weaver	904-594-0140
Pensacola	Call Broker	Bill Barnhill/Stuart LaGroue	251-432-1287
Sarasota	\$2,700,000	Josh Koerner/Frost Weaver	904-594-0140
Vero Beach	\$6,800,000	Josh Koerner/Frost Weaver	904-594-0140
Williston	\$1,600,000	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
Brunswick	Call Broker	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
Kingsland	Call Broker	Ryan Haney/Josh Koerner	904-591-1556
Richmond Hill	\$1,650,000	Ryan Haney/Josh Koerner	904-591-1556

## Idaho

Post Falls	Call Broker	Ryan Layton	509-435-2424
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## 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
Iowa Falls	\$475,000	Tom Flannigan	612-790-3747

## Minnesota

Elk River	\$3,500,000	Tom Flannigan	612-790-3747
Rochester	\$5,300,000	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	\$1,740,000	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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## North Dakota

Fargo	\$1,900,000	Tom Flannigan	612-790-3747
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## Ohio

Toledo	\$1,050,000	Paul DiVincenzo	440-382-5700
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## Oklahoma

Bixby/Catoosa	Call Broker	Jared Jones	918-948-3941
Moore	\$697,851	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
Bracketville	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Bridgeport-Chico	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Cleburne	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
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
South TX Portfolio	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Temple	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642

## Washington

Coleville	\$849,000	Ryan Layton/Greg Meager	509-435-2424
Hoodsport	\$710,000	Ryan Layton/Greg Meager	509-435-2424
Walla Walla	Call Broker	Ryan Layton/Greg Meager	509-435-2424

## Wisconsin

Plover	\$1,750,000	Bruce Bahrmassel	312-518-3550
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## Wyoming

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



Congratulations to **Joseph Mendola and Joseph Robinson of NAI Norwood Group** who sold a development site in Nantucket, MA! Contact the team at 603-496-4512 for details.



Congratulations to **Chad Snyder and Tyler Trahand of Dominus Commercial** who sold a self storage facility in Eureka, TX! Contact the team at 817-242-2361 for details.



Argus will be attending the Self Storage Association Conference & Tradeshow in Las Vegas, NV. The show takes place at the the MGM Grand September 3-6, Argus will be in booth #534, 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  
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 Trahand

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