

## Third Party Management - Is it Right for Your Facility?

by Ben Vestal

As we approach the end of 2024, many self-storage operators are experiencing occupancies at the lowest levels in many years. The reality is that today it's not about getting the rental, it's about taking the rental away from your competitors. It has been well-documented that there are 10%-20% fewer storage customers in the market today than there were 12-24 months ago and the large operators are spending more to capture every rental that they can. Operators are at a crossroads with the decision on what to prioritize, and it is clear that the REITs are prioritizing occupancy over revenues in today's market. Their thesis is that self-storage customers are sticky and will continue to absorb very aggressive existing customer rate increases, and when demand comes back and rental rates start growing again, they will be ahead of the game with higher occupancies. This will allow them to drive revenues higher and faster with their larger existing customer base. The question today becomes: is achieving higher occupancy at lower rental rates worth the reputational risk and monetary cost? This complex scenario has led many long-term owner/operators to consider third party management as an option. Most third-party management companies have very sophisticated revenue management systems that are able to track, measure, and test pricing strategies to maximize revenues and occupancy. If you are considering third party management, please review the points I have listed below as I believe it is important to understand who your third-party manager is and make sure their objectives are in line with yours.

As self-storage brokers and third-party managers, we at Argus review hundreds of operating reports each year, and I have noticed that there is a difference between good management companies and let's just say *less than good* management companies. Regardless of your situation, the most important thing to consider before hiring a management company is to determine whether or not you are comfortable with handing over the day-to-day operations of your property. An experienced and reputable management company can be an effective way to free up an owner's time to focus on other aspects of their business and ultimately grow your property's value.

One of the first things to consider is your financial situation; will you be able to accommodate the additional expense of hiring a third-party management company? Secondly, are the added benefits of a management company worth that cost? We typically see management fees in the range of 4% to 6% of gross revenue. This gross revenue number should only include the total money collections, not the monthly billing amount. As you start to interview management companies here are some questions to ask that will help you understand how they work and what the best fit is for your property:

(continued)

- Who will be my main point of contact and what authority do they have to make adjustments as I request?
- Will I have the ability to view the point of sales software and other daily operations via a remote login?
- Does the management company understand my investment objectives? Such as refinancing, sale or legacy asset for my estate.
- Does the management company have an interest in buying my property?
- Does the management company have a revenue management system? If so, do they listen to me and discuss strategy regarding revenues or occupancy?
- How does the management company allocate the marketing budget and track ROI for each marketing dollar spent at my property?
- Where are the corporate offices of the management company located? Do they have a local presence in the market my property is located in?
- How will the management company staff my facility with site managers? And will my site manager only be working at my property or will they be shared with other properties in my submarket?
- How often will executive or corporate management visit my property?
- What kind of training will the manager be given at the beginning and on an ongoing basis?
- Does the management company manage any other facilities in my market? Who owns those facilities?

These are just a few questions that might help you understand how you will be able to work with a third-party management company and if they will be able to meet your needs. You will also want to understand how you are going to communicate with the management company. Are you going to have weekly or monthly conference calls, in-person meetings, or scheduled site visits? It is important to have open communication with potential management companies so that you are able to accurately set your expectations.

After you have selected a few management companies that you believe will be able to accommodate your needs, ask to review their management contract. Focus on the terms of the agreement: set up fees, termination clause, tenant insurance splits, corporate overhead or technology expense pass-throughs, district manager cost, and branding, just to name a few. One other thing you want to focus on is what is the management company's core business? Is it the management company's intent to buy your property or to maximize the value before a sale or refinancing? Because Argus' roots are in brokerage, our management company's goal is to maximize value so that we get a chance to interview for the listing and help our clients achieve their investment goals. Above all, work closely with your management company to understand the operations of your facility and make sure the value of your property is maintained.

Third-party management companies can bring expertise, systems, and exciting new ideas to your facility which can lead to a good working relationship, greater flexibility, and ultimately more value. Choosing the correct management company and aligning your strategy with current trends has never been more important to the continued success of your business. As with any business, the old saying "evolve or die" rings true here. Argus is here to make you sure you evolve and thrive. **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**

**Robertsdale, AL**  
\$99,900

- Vacant Storage Facility
- 4,262 +/- RSF
- 13 climate controlled and 37 non-climate units
- 0.55 Acres
- Property fronts U.S. Hwy. 90, with visibility from the highway
- Great start-up property or for an established operator

**Bill Barnhill, CCIM**  
**& Sharon Wright, CCIM**  
251-510-1822  
sharon@selfstorage.com



**NEW**

**Brunswick, GA**  
Call for Offers

- Offers Due 11/7/24
- 52,490 RSF
- 386 Units
- 6 Acres
- Immediate access to I-95 offers convenient access to tenants both within the town of Brunswick and without
- Combination of climate-controlled, non-climate controlled, and exterior parking

**Ed Nicholson**  
757-474-5365  
enicholson@thenicholsoncompanies.com



**NEW**

**Colorado Springs, CO**  
\$1,800,000

- Offers Due 10/29/24
- 17,860 RSF
- 136 Units
- 87% Occupancy
- Owner installing electronic gates with keypads at both properties
- Below market in place rental rates with upside in revenue management

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



**NEW**

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

- Offers Due 11/7/24
- 3-Property Portfolio
- 178,461 Total Storage RSF
- 12,855 Total Commercial RSF
- 1,395 Total Units
- Remarkably well located facilities with excellent visibility near retailers such as Hy-Vee and McDonalds; high barriers to entry

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



**NEW**

**Cocoa, FL**  
\$1,800,000

- Development Site
- 73,513 NRSF
- 674 Units
- 2.99 Acres
- Shovel Ready Self-Storage Development Opportunity in the Cocoa-Space Coast of FL
- SF/Capita 1.75 within 3 miles
- No class A multistory competitors within 10 miles

**Josh Koerner**  
**& Frost Weaver**  
904-591-0140  
josh@coastalstorage.com



**NEW**

**Walker, MN**  
\$2,300,000

- 31,325 RSF
- 31 Units
- 3.20 Acres
- 31,325 rentable square feet of large RV sized units with in-floor heating, ventilation system, and 30 amp outlets
- Brand new facility with the first building completed in August 2020 and the second building in July 2021
- 97% Occupied

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



**NEW**

**Alamogordo, NM**  
\$550,000

- 17,250 RSF
- 111 Units
- 2.44 Acres with 1.44 acres for expansion
- Located on major highway
- Major residential area for Holloman Airforce Base
- Full camera monitoring system throughout facility (accessible via app)

**Sam Livingston & Jacob Livingston**  
915-497-4054  
samuel@jhl-tx.com



**NEW**

**Ashland, OR**  
\$2,850,000

- 20,860 +/- RSF
- 129 Units, 37 parking, 9 office suites, 7 warehouse/shops
- 2.36 Acres
- 97.8% Physical Occupancy
- One-of-a-Kind asset that's anchored by its exceptional location, visibility, and access
- Property sits on prominent corner of Hwy 66 and Dead Indian Memorial Rd

**Scott King**  
541-890-6708  
scott.king@selfstorage.com



**NEW**

**Yonkers, NY**  
Call for Price

- Development Site
- 82,140 GSF
- 0.51 Acres
- ZB Approvals for a 6-Story Class A Self Storage Facility
- Strong Market Fundamentals
- 387,000 Population in 5 mi.
- Market Average 10 x 10 CC: ±\$33.48
- Excellent visibility and frontage on Saw Mill River Road

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



**NEW**

**Conroe, TX**  
\$1,650,000

- Shovel ready Self-Storage Development Opportunity on 1.796 +/- acres in Conroe, TX
- Proposed 3-story 95,700 GSF | 74,750 NRSF | 702 Units of Class A climatecontrolled storage
- Located on Porter Road with 8,375 AADT and visibility from S Loop 336 E with 28,997 cars per day

**Josh Koerner & Frost Weaver**  
904-591-0140  
josh@coastalstorage.com



**NEW**

**Broken Arrow, OK**  
Call for Offers

- Offers Due 11/8/24
- 43,660 RSF + 2,488 SF expansion underway
- 322 Units + 19 expansion underway
- Well-positioned infill location with high barriers to entry
- Significant upside remaining through capturing tenant insurance
- Attractive scale for current or new market entrants

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



**NEW**

**Bay City, TX**  
\$4,500,000

- 40,517 RSF
- 374 Units
- 10.83 Acres
- NEW & Best in Class Stabilized Facility | 95% Climate Controlled
- Located on I35 (Main Thoroughfare into Bay City)
- Opening Date: August 2022 | 90% Occupancy
- Tractor Supply Tenant | NNN Lease | S&P Rated BBB | Extensions Until 2040

**Faith Pate & Bill Brownfield, CRE**  
713-805-2907  
fpate@mlbcre.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	\$1,851,300	Bill Barnhill	251-432-1287
Robertsdale	\$99,900	Bill Barnhill & Sharon Wright	251-432-1287

## Arizona

Casa Grande	\$2,800,000	Jeff Gorden	480-331-8880
Phoenix	Call Broker	Jeff Gorden	480-331-8880
Tucson	\$2,825,000	Jeff Gorden	480-331-8880

## California

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

Colorado Springs	\$1,800,000	Cole Carosella & Matthew Cox	720-909-8602
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## Florida

Cocoa	\$1,800,000	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	\$2,400,000	Josh Koerner/Frost Weaver	904-594-0140
Palmetto	Call Broker	Josh Koerner/Frost Weaver	904-594-0140
Pensacola	Call Broker	Bill Barnhill/Stuart LaGroue	251-432-1287
Port St Lucie	\$1,600,000	Josh Koerner/Frost Weaver	904-594-0140
Sarasota	\$2,700,000	Josh Koerner/Frost Weaver	904-594-0140
Williston	\$1,450,000	Josh Koerner/Frost Weaver	904-594-0140

## Georgia

Albany	\$2,600,000	Ryan Haney/Josh Koerner	904-591-1556
Brunswick	Call Broker	Ryan Haney/Josh Koerner	904-591-1556
Brunswick	Call Broker	Ed Nicholson	757-474-5365
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

## Idaho

Paul	\$1,400,000	Ryan Layton	509-435-2424
Post Falls	Call Broker	Ryan Layton	509-435-2424

## Illinois

Antioch	\$2,450,000	Bruce Bahrmassel/Cole Carosella	312-518-3550
Lansing	Call Broker	Bruce Bahrmassel/Cole Carosella	312-518-3550

## Indiana

Elkhart	\$980,000	Rob Schick	317-403-1205
Lafayette	\$8,900,000	Rob Schick	317-403-1205

## Iowa

Des Moines	Call Broker	Tom Flannigan	612-790-3747
Des Moines MSA	Call Broker	Tom Flannigan	612-790-3747
Des Moines MSA	Call Broker	Tom Flannigan	612-790-3747
Iowa Falls	\$475,000	Tom Flannigan	612-790-3747

## Kansas

Park City	Call Broker	Larry Goldman	913-707-9030
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## Minnesota

Elk River	\$3,500,000	Tom Flannigan	612-790-3747
Hinckley	\$200,000	Tom Flannigan	612-790-3747

## Minnesota Cont.

St. Cloud	\$975,000	Tom Flannigan	612-790-3747
St Joseph	<b>SOLD</b>	Tom Flannigan	612-790-3747
Walker	\$2,300,000	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
Sedalia	Call Broker	Larry Goldman	913-707-9030
Wright City	\$1,400,000	Larry Goldman	913-707-9030

## New Jersey

Egg Harbor	Call Broker	Linda Cinelli	908-722-5661
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## New Mexico

Alamogordo	\$550,000	Sam Livingston	915-497-4054
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## New York

Yonkers	Call Broker	Linda Cinelli	908-722-5661
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## North Dakota

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

Toledo	\$900,000	Paul DiVincenzo	440-382-5700
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## Oklahoma

Bixby/Catoosa	Call Broker	Jared Jones	918-948-3941
Broken Arrow	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

Ashland	\$2,850,000	Scott King	541-890-6708
Medford	\$375,000	Scott King	541-890-6708

## Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
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## Texas

Bay City	\$4,900,000	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
Conroe	\$1,650,000	Chad Snyder/Tyler Trahant	817-813-5642
Denison	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Eagle Pass	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
La Marque	\$895,000	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

Colville	\$849,000	Ryan Layton/Greg Meager	509-435-2424
Walla Walla	Call Broker	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 **Josh Koerner & Frost Weaver** who sold a Public Storage managed facility in Miami, FL! Contact the team at 904-591-0140 for details.



Congratulations to **Tom Flannigan, Alex Ihrke, Matt Haugen & Nathan Gottlieb** who sold Greenwater Storage in Minot, ND and Ridgewood Storage in St. Joseph, MN! Contact the team at 612-790-3747 for details.



Join your Argus Broker affiliates at these upcoming state tradeshows, we hope to see you there!

### [NCSSA Convention & Tradeshow](#)

November 7-8, 2024

Ballantyne Charlotte Hotel - Charlotte, NC

### [OKSSA 2024 Conference and Expo](#)

November 12-13, 2024

Sheraton Oklahoma City Downtown Hotel - OKC, OK

### [SSAM Annual Conference and Tradeshow](#)

November 13-14, 2024

The Godfrey Hotel - Detroit Michigan

## 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

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

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

AZ, UT  
NV  
MT  
OR  
Eastern WA, Northern ID  
CO  
Northern CA  
Southern CA