

## Has Self Storage Reached the Bottom?

by Ben Vestal

Change and uncertainty go hand in hand, whether it's looming inflation or the impact of rising interest rates, the stability of the economy is in question and creating uncertainty. Today, many are adopting a "wait and see" policy when it comes to evaluating the market for self-storage investments. We know that the three biggest risks to your self-storage value and the overall industry are investor sentiment, cap rates and overbuilding. These risks have been looming in the background for the last few years, but as our economy will inevitably change, so too is the likelihood that these risks will have a meaningful impact on the value of your investment.

### Investor Sentiment:

Investor sentiment is the most unpredictable aspect of the equation today. We have seen upward pressure on the 10-Year Treasury over the last 12 months, and it is unlikely that there will be any meaningful movement downward before the end of the year. After this month's Fed meeting, it is clear that the Fed will continue to keep pressure on higher rates until they fully understand the impacts of global tariffs and, as of this week, the Iran conflict. The smart money is on the Fed keeping rates steady for the time being. This lack of clarity has made investing in self-storage and other alternative investments tricky as appropriate risk-adjusted returns are hard to pin down and, in most cases, much higher than current self-storage investment yields.

However, there are signs that the self-storage market has bottomed out. According to Yardi, half of the top metro areas saw an increase in rental rates in the first half of 2025, but growth remains negative. We are seeing a slight improvement in street rates as the rental season is well underway and demand is slowly getting better but continues to lag due to the continued slow-

down in the housing market. Even with a slight pullback in mortgage rates last month, housing affordability challenges continue to impact home buying and selling activity in 2025.

As the economy improves, the housing market will pick up and self-storage will be a leading indicator that we have made the turn. Investors who take the plunge in today's market will be rewarded with outsized gains and will outperform the overall investment market.

### Cap Rates:

Cap rates provide a simple way for experienced real estate professionals to discuss property values and market conditions. In layman's terms, cap rates are the rate of return an owner would expect to receive without using any debt on an income-producing investment property. But cap rates are a very subjective topic and can be misleading because not everyone has the same depth of knowledge and experience with the market or asset class. So, when you are talking cap rates, it is important to understand who you are talking with and it's most likely worth a few questions with regards to operating expenses, occupancy, and the overall market to make sure you are on the same page. Most experienced real estate professionals can quickly decipher fiction from non-fiction when talking cap rates with real estate investors.

Cap rates and interest rates have a direct correlation in that the risk-adjusted return that a cap rate represents is oftentimes set by the spread between the return that an investor can achieve without meaningful risk, such as the 10-Year Treasury, and the increased return an investor can achieve by purchasing an income-producing property. Today, self-storage values are hard to pin down. Cap rates today are ranging from 5.25%-7.5%

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depending on location, market, asset quality, age of the property, occupancy, and size, just to name a few. With looming uncertainty in the economy and still relatively low cap rates, some owners may decide that now is the time to capitalize on still relatively high valuations. With the 10-year treasury hovering around 4.4% and all-in financing costs in the mid to high 6's, cap rates are much lower than they should be today, and if your investment horizon is less than 24 months, now may be a good time to consider selling. Conversely, many owners feel the best is yet to come for self-storage assets, and as we start to see the housing market improve and interest rates soften, it is clear that self-storage has some runway left, which has investors with longer term investment horizons of five-plus years licking their chops.

### **Overbuilding:**

Over the last 10+ years we have all seen the comparison of the self-storage industry to other real estate sectors and in short, the returns are higher and the various risks are more moderate with one exception; the risk of overbuilding. The main reason for this is that self-storage operators are all competing for the same customer because it is a more localized business compared to other real estate. The office, retail, multifamily and industrial sectors can target specific customers, businesses, professionals and industries and it has been proven that the customers of these real estate products will travel great distances. Conversely, all self-storage customers are basically looking for the same product; a friendly, clean, safe and dry place to store their personal treasures. In almost every case where occupancies and rents have declined, strong evidence suggests that overbuilding is a substantial contributor to this undesirable market condition.

The sad part of this overbuilding tale is that nobody wants to do it! While a few developers are just stubborn, most are thoughtful and concerned about how they invest their money. For the most part, the self-storage

industry has to rely solely on "statistical" projections which, at best, provide limited information about the largest markets and none about the submarkets or secondary markets. The lack of quality submarket information leaves most self-storage developers "flying blindly" when they are making the decision to build a self-storage project. For many complex reasons, entrepreneurial developers are not scared off by this lack of information and in some cases, they actually seem to be encouraged by it. However, it is worth noting that many of the large operators seem to have a good handle on what is going on in specific submarkets and they are developing and buying self-storage properties with a significant strategic advantage of having empirical data. It is worth noting that we are seeing meaningful slowdown in new developments due to financing constraints and overall lack of quality submarket rental rate information. There are very few submarkets in this country that can justify a new self storage project today.

Much like the current economy, the self-storage investment market is changing and we will see fluctuations in the investment community's risk tolerance that will inevitably affect the value and liquidity of self-storage investments. Whether it is improving market fundamentals, stabilizing interest rates, or the overall change in the geopolitical landscape, the good news is that we still have a window of opportunity to capitalize on the stagnant economy. Things will continue to evolve for the next several months as the investment community continues to measure and understand the effects of global tariffs and geopolitical changes. This has created an opportunity for active investors to push through investments as the landscape is not well-defined and self-storage market fundamentals may stagnate for the time being. **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**

## Highland, AR \$1,300,000

- 22,380 RSF
- 112 Units
- 2.95 Acres
- Most Visible and Established Facility in Area
- Expandable Both On-Site and Included Nearby Site
- Historically Well Occupied
- Services Ozark Gateway Vacation Area and Lakes

**Larry Goldman, CCIM  
& Derek Arnold**

913-707-9030

lgoldman@selfstorage.com



**NEW**

## Billings, MT \$2,150,000

- 33,500 RSF
- 185 Units
- 3.5 Acres
- Built in 2008 and 2009
- Expansion Land
- Includes security cameras, an electronic gate, and an on-site office, enhancing tenant appeal and supporting efficient operations

**Kim Van Delinder**

406-698-6850

kim@theselfstoragebrokers.com



**NEW**

## Lonsdale, AR \$3,325,000

- 24,643 RSF
- 173 Units
- 6.51 Acres
- 100% climate-controlled, stabilized, conversion project with expansion opportunities to increase scale through Dollar General conversion and future development on 2.64-acre tract
- Renovated in 2020
- 97% Unit Occupancy

**Jared Jones, CCIM**

918-948-3941

jjones@selfstorage.com



**NEW**

## Gastonia, NC \$3,500,000

- Offers Due: 7/22/25
- 33,275 RSF
- 270 Units
- Expanded in 2022
- In addition to traditional self-storage, the property includes four warehouse units and 18 outdoor parking spaces
- Strong local demographics with average household incomes exceeding \$100K within a 3-mile radius

**Cole Carosella & Jamey Cox**

720-909-8602

cole@argus-realestate.com



**NEW**

## Colorado Springs, CO \$3,500,000

- Offers Due: 7/10/25
- 34,425 RSF
- 254 Units
- 4.65 +/- Acres
- Infill Colorado Springs location surrounded by dense residential
- Expansion potential that may include additional storage, parking or redevelopment – subject to local zoning and site planning

**Cole Carosella & Matthew Cox**

720-909-8602

cole@argus-realestate.com



**NEW**

## Cheyenne, WY Call for Offers

- Offers Due: 7/23/25
- Two-Property Portfolio
- 76,730 RSF
- 557 Units
- With 557 total units and a blend of self-storage and warehouse/office space, the portfolio generates nearly \$715K in effective gross income annually
- Positioned in a stable, growing market

**Cole Carosella & Matthew Cox**

720-909-8602

cole@argus-realestate.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.

## Arizona

Apache Junction	\$9,150,000	Jeff Gorden	480-331-8880
Tucson	\$2,400,000	Jeff Gorden	480-331-8880

## Arkansas

Highland	\$1,300,000	Larry Goldman/Derek Arnold	913-707-9030
Lonsdale	\$3,325,000	Jared Jones	918-948-3941

## Colorado

CO & TX Portfolio	Call Broker	Cole Carosella & Faith Pate	720-909-8602
Colorado Spgs	Call Broker	Cole Carosella & Matthew Cox	720-909-8602
Golden	Call Broker	Cole Carosella & Matthew Cox	720-909-8602
Lakewood	<b>SOLD</b>	Cole Carosella & Matthew Cox	720-909-8602

## Florida

Bellevue	Call Broker	Josh Koerner/Frost Weaver	904-594-0140
Cocoa	\$1,800,000	Josh Koerner/Frost Weaver	904-594-0140
Deltona	\$1,550,000	Josh Koerner/Frost Weaver	904-594-0140
Fort Pierce	Call Broker	Josh Koerner/Frost Weaver	904-594-0140
Holly Hill	\$2,400,000	Josh Koerner/Frost Weaver	904-594-0140
Palm Coast	Call Broker	Josh Koerner/Frost Weaver	904-594-0140
Saint Johns	Call Broker	Josh Koerner/Frost Weaver	904-594-0140
Williston	\$1,450,000	Josh Koerner/Frost Weaver	904-594-0140

## Georgia

Cataula	Call Broker	Brooks Dove	678-439-8441
Douglas	\$2,200,000	Ryan Haney/Josh Koerner	904-591-1556
Douglasville	Call Broker	Ryan Haney/Josh Koerner	904-591-1556
Dublin	\$2,600,000	Ryan Haney/Josh Koerner	904-591-1556
Macon	\$289,000	Ryan Haney/Josh Koerner	904-591-1556

## Idaho

Paul	\$1,100,000	Ryan Layton	509-435-2424
Post Falls	\$8,500,000	Ryan Layton	509-435-2424

## Illinois

Rantoul	\$2,500,000	Bruce Bahrmassel	312-518-3550
Rockford	\$3,500,000	Bruce Bahrmassel	312-518-3550
Springfield	\$1,400,000	Larry Goldman & Derek Arnold	913-707-9030

## Indiana

Hartford City	\$2,475,000	Rob Schick	317-403-1205
Lafayette	\$8,900,000	Rob Schick	317-403-1205

## Iowa

Prairie City	\$775,000	Tom Flannigan	612-790-3747
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## Kansas

Gardner	\$1,600,000	Larry Goldman & Derek Arnold	913-707-9030
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## Louisiana

Basile	\$175,000	Sharon Wright/Bill Barnhill	251-432-1287
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## Massachusetts

Dracut	\$11,000,000	Joe Robinson & Joe Mendola	603-714-4019
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## Michigan

Allen Park	Call Broker	Kevin Friedman	847-436-5483
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## Minnesota

Finlayson	\$625,000	Tom Flannigan	612-790-3747
Owatonna	\$2,500,000	Tom Flannigan	612-790-3747
Park Rapids	\$800,000	Tom Flannigan	612-790-3747

## Mississippi

Madison	\$2,600,000	Bill Barnhill & Stuart LaGroue	251-432-1287
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## Missouri

Harrisonville	Call Broker	Larry Goldman	913-707-9030
Moberly	\$1,350,000	Larry Goldman	913-707-9030

## Montana

Billings	\$2,150,000	Kim Van Delinder	406-698-6850
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## Nevada

Mesquite	<b>SOLD</b>	Jeff Gorden	480-331-88801
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## New Jersey

Egg Harbor	Call Broker	Linda Cinelli	908-722-5661
Waretown	\$1,650,000	Jim Remler	973-936-8250

## New Mexico

Las Cruces	\$9,000,000	Sam Livingston	915-497-4054
Lovington	\$4,811,929	Jared Jones	918-948-3941

## North Carolina

Gastonia	Call Broker	Cole Carosella	720-909-8602
Mebane	Call Broker	Cole Carosella	720-909-8602

## Ohio

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

Ardmore	Call Broker	Jared Jones	918-948-3941
Broken Arrow	Call Broker	Jared Jones	918-948-3941
Moore	\$697,851	Jared Jones	918-948-3941
Muskogee	\$675,000	Jared Jones	918-948-3941
OKC/Mustang	\$18,750,000	Jared Jones	918-948-3941
Stillwater	\$3,400,000	Jared Jones	918-948-3941
Vinita	\$1,500,000	Jared Jones	918-948-3941

## Oregon

Grants Pass	\$600,000	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

Atlanta	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Bay City	\$4,500,000	Faith Pate/Bill Brownfield	713-805-2907
Bridgeport-Chico	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Conroe	\$1,450,000	Chad Snyder/Tyler Trahant	817-813-5642
Dallas	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Denison	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Fort Worth	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Odessa	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Texarkana	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Weatherford	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642
Yantis	Call Broker	Chad Snyder/Tyler Trahant	817-813-5642

## Washington

Airway Heights	\$1,900,000	Ryan Layton/Greg Meager	509-435-2424
Colville	\$775,000	Ryan Layton/Greg Meager	509-435-2424
Ellensburg	\$3,350,000	Ryan Layton/Greg Meager	509-435-2424
Mead	\$5,100,000	Ryan Layton/Greg Meager	509-435-2424
Walla Walla	\$7,500,000	Ryan Layton/Greg Meager	509-435-2424
Wenatchee	\$4,950,000	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 **Rob Schick of Schick & Associates** who sold an Extra Space managed facility in West Lafayette, IN! Contact Rob at 317-403-1205 for details.



Congratulations to **Ryan Layton and Scott King** who sold 5th Avenue Mini Storage in Milton Freewater, OR! Contact the Ryan at 509-435-2424 for details.



Congratulations to **Jeff Gorden, CCIM of The Gorden Company** who sold a 3-property portfolio in Mesquite, NV! Contact Jeff at 702-643-1000 for details.



Congratulations to **Tyler Trahant & Chad Snyder of Dominus Commercial** who sold Smartlock Storage in Hillsboro, TX! Contact the team at 817-242-2361 for details.



Congratulations to **Cole Carosella & Matthew Cox of Argus Self Storage Advisors** who sold 303 Self Storage in Lakewood, CO and Bobcat Storage in Longmont, CO! Contact the team at 720-909-8602 for details.



## CONTACT AN ARGUS BROKER AFFILIATE

### NORTHEAST

Guy Blake, CCIM  
Jim Remler  
Joseph Mendola  
Chuck Shields

### Company

Pyramid Brokerage Company  
Coldwell Banker Commercial  
NAI Norwood Group  
Beacon Commercial Real Estate

### Phone

845-522-5900  
973-936-8250  
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  
Ed Nicholson  
Josh Koerner & Frost Weaver  
Josh Koerner & Ryan Haney

Omega Properties, Inc.  
Percival Partners  
The Nicholson Companies  
Coastal Storage Group  
Coastal Storage Group

251-432-1287  
704-995-9168  
757-474-5364  
904-591-0140  
904-591-1556

FL Panhandle  
NC, SC  
MD, VA  
FL (except Panhandle)  
GA

### NORTH CENTRAL

Bruce Bahrmassel  
Tom Flannigan  
Kevin Friedman  
Alec Pacella, CCIM  
Larry Goldman, CCIM  
Rob Schick

Area CRE Services / KW Integrity Lakes  
Hayes Ventures  
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  
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

Cole Carosella & Matthew Cox  
Jeff Gorden, CCIM  
Jeff Gorden, CCIM  
Kim Van Delinder  
Scott King  
Ryan Layton  
Ken Miller

Argus Self Storage Advisors  
KW Commercial  
The Gorden Company  
Van Deliner Realty LLC  
Merit Commercial Real Estate  
American Real Estate Associates  
Northstate Commercial Partners

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

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