



SELF STORAGE SALES NETWORK

Market Monitor

"America's Premier Self Storage Brokers"

Issue I-2010

Oh, How Times Have Changed!

by Ben Vestal

Over the last 12 months, the blues have certainly been present in the real estate market, and this includes self storage. Many self storage owners have seen occupancies and revenues decline, and in some cases, the value of their facility has declined by as much as 30% to 40%. This has largely been caused by the overwhelming breakdown of the credit markets and investor confidence. Credit availability is largely a function of the lender's confidence that they will be paid back with reasonable interest. Unfortunately, in 2009 there were very few financial institutions that had the confidence and ability to make new real estate loans. Investor confidence has also been shaken, due to the substantial stock market declines in 2009 and the collapse of several major financial institutions leaving a lasting impression on investors. Many self storage owners and operators may have been aware of the changes taking place in the commercial real estate world, but many of them have not noticed the seismic changes that have taken place in the last 12 months.

Periodically I hear the saying that self storage is a recession-proof business. I believe, however, that today a more accurate statement would be that self storage is a recession-resistant business. We have seen self storage outperform almost any other commercial real estate investment throughout this recession, with most facilities only experiencing minor declines in revenues and occupancies. This has given potential buyers confidence in the ability of self storage properties to continue to produce consistent returns. This trend is also reflected in the foreclosure percentages of various types of real estate, with self storage being the lowest by a wide margin. With the economy beginning to show signs of recovery we can all expect to see our investments start to crawl out of what has been one of the scariest years in recent history. The pace of this recovery will be in line with the recovery of the credit markets and investor confidence. Initial signs indicate that the credit markets are starting to thaw and there is a

reemergence of qualified buyers entering the market. This leads me to believe that we will start to see a slow and methodical recovery of the lost occupancies and revenue that most self storage owners and operators have experienced. We will also learn that despite the improving economy, poorly conceived projects and overbuilt markets will continue to struggle. Even a dramatic market recovery will not make a jewel out of a bad property.

Thus, the majority of self storage owners and operators continue to be pleased with the real cash flow and the stability of their self storage investments. I believe that values of self storage investments will begin to stabilize at levels we have historically considered the norm, which will be far less than the historical highs of 2006 and 2007. As we move forward into 2010 I anticipate transaction volume to slowly increase for stabilized and well-located facilities. Cap rates will be in the range of 8% to 10% on stabilized properties with little to no value placed on vacant space or expansion land. New properties with lease up risk and properties with low occupancies located in overbuilt markets will continue to be very difficult to sell, unless they are priced substantially below replacement cost. Loans on self storage facilities will continue to be difficult to obtain but we will start to see loan to values (LTV) increase and stabilize at levels in the 70% to 75% range while interest rates will remain around 6.5% to 7.5% for most of 2010.

It is clear that the recent events in the economy and the overall credit markets will have a lasting impact on the investment decisions of self storage owners for several years to come. As we all wait to see what happens next, I believe that this unique time has created tremendous opportunity. I expect that several years from now both buyers and sellers will be asking "Why didn't I do something in 2010?" In other words, it is a great time for a fair deal, but this does not make just any deal work at any price. **MM**

Ben Vestal, President of the Argus Self Storage Sales Network, can be reached at 800-55-STORE or bvestal@argus-realestate.com



Property Showcase

Monee/Richton Park, IL • \$1,350,000

- 2-Property Portfolio
- 275 Total Units
- 32,440 Total RSF
- 4+/- Total Acres
- Facilities located equidistant from commuter rail station in south suburban Chicago
- Land available for expansion
- Billboard income at Richton Park location.



Bruce Bahrmassel
312-518-3550
bbbahr@aol.com

Hampton Falls, NH • \$4,400,000

- 54,375 +/- RSF
- 485 +/- Units
- 6.46 +/- Acres
- Three-story facility with climate controlled and non-climate units
- Surrounded by mixed-use developments including commercial, residential and retail
- Surveillance cameras, door alarms and exterior lighting



Joe Mendola
603-668-7000
joem@nainorwoodgroup.com

Kansas City, KS • \$2,100,000

- 38,725 RSF
- 277 Units
- 1.66 Acres
- New facility with mostly climate controlled units
- Security cameras, fenced and gated
- Demand driven by the nearby NASCAR Kansas Speedway and Village West development



Larry Goldman, CCIM
913-339-0641
lgoldman@selfstorage.com

Yorktown Heights, NY • \$3,000,000

- 24,670 RSF
- 578 Units
- 0.6887 Acres
- Brand new, state-of-the-art storage facility ready to open for business
- 98% of the units are climate controlled
- Joint venture opportunity for qualified buyer



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

Metairie, LA • \$1,695,000

- 20,474 RSF
- 273 Units
- 0.46 Acres
- Recently renovated
- Located in the heart of a major metropolitan area
- In business for over 25 years
- Onsite pack & ship business brings additional income and foot traffic



Jon Cerruti
504-366-6800
jon@jackstumpf.com

Concrete, WA • \$2,750,000

- 33,053 RSF
- 235 Units
- 4.6 +/- Acres
- Class "A" facility in an excellent location with highway visibility
- Onsite apartment and commercial office building provide additional income
- Land available for expansion
- History of high occupancy



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



Sells Self Storage Nationwide!

- Over \$129 million in self storage properties currently for sale, with prices ranging from \$175,000 to over \$6.1 million to meet the needs of every buyer
- Check out our current inventory of 73 properties listed in 29 states and contact the listing broker for more information or visit www.selfstorage.com!

Alabama

Mobile	\$385,000	Bill Barnhill	251-432-1287
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Arizona

Lake Havasu	\$2,380,000	David R. Laney	888-602-3335
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Arkansas

Bentonville	\$2,490,000	Larry Goldman	913-339-0641
Fort Smith	\$1,050,000	Barney Lehmsbeck	405-627-5481
Garfield	\$750,000	Larry Goldman	913-339-0641
Gravette	\$800,000	Larry Goldman	913-339-0641

Colorado

Colorado Springs	\$3,600,000	Joan Lucas	720-855-6587
Cortez	SOLD!	Joan Lucas	720-855-6587
Mead	\$750,000	Joan Lucas	720-855-6587

Florida

Jacksonville	SOLD!	Frost Weaver	904-733-0039
Pensacola	\$3,900,000	Bill Barnhill/Shannon Barnes	251-432-1287

Illinois

Antioch	\$1,850,000	Bruce Bahrmassel	312-518-3550
Chicago	\$3,600,000	Bruce Bahrmassel	312-518-3550
Elgin	\$1,300,000	Bruce Bahrmassel	312-518-3550
Monee	\$1,350,000	Bruce Bahrmassel	312-518-3550
Sandwich	\$1,425,000	Bruce Bahrmassel	312-518-3550

Indiana

Corydon	\$2,256,430	Mike Helline	502-253-1811
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Iowa

Mason City	\$1,350,000	Bob Randklev	319-533-6927
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Kansas

Kansas City	\$2,100,000	Larry Goldman	913-339-0641
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Kentucky

Crestwood	\$1,640,000	Mike Helline	502-253-1811
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Louisiana

Denham Springs	\$4,250,000	Jon Cerruti	504-366-6800
Houma	\$2,600,000	Jon Cerruti/ David Laney	504-366-6800 505-286-2060
Metairie	\$1,695,000	Jon Cerruti	504-366-6800

Maine

Topsham	\$1,000,000	Joe Mendola	603-668-7000
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Maryland

Baltimore	\$2,300,000	Grady Riggs	301-468-0606
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Massachusetts

Swansea	\$3,000,000	Joe Mendola	603-668-7000
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Michigan

Mason	\$2,200,000	Bruce Bahrmassel/ Jim Soltis	312-518-3550 810-494-2062
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Mississippi

Flowood	\$3,400,000	Bill Barnhill/Stuart LaGroue	251-432-1287
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Missouri

Belton	\$1,990,000	Larry Goldman	913-339-0641
Branson West	\$895,000	Larry Goldman	913-339-0641

Missouri, cont.

Farmington	\$3,245,000	Sheldon Johnson	314-862-3000
Harrisonville	\$900,000	Larry Goldman	913-339-0641
Joplin	\$900,000	Larry Goldman	913-339-0641
Nixa	\$995,000	Larry Goldman	913-339-0641
Nixa	\$1,820,000	Larry Goldman	913-339-0641
Ozark	\$1,600,000	Larry Goldman	913-339-0641
Sedalia	\$950,000	Larry Goldman	913-339-0641

Montana

Kalispell	\$1,200,000	Larry Hayes	406-728-0088
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New Hampshire

Hampton Falls	\$4,400,000	Joe Mendola	603-668-7000
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New Jersey

Egg Harbor Twp.	\$1,650,000	Linda Cinelli	908-722-5661
Stanhope	\$5,375,000	Linda Cinelli	908-722-5661

New Mexico

Artesia	\$579,700	David R. Laney	505-286-2060
Eunice	\$595,000	David R. Laney	505-286-2060
Eunice	\$650,000	David R. Laney	505-286-2060
Gallup	\$2,040,977	David R. Laney	505-286-2060
Las Cruces	\$1,300,000	David R. Laney	505-286-2060

New York

Ft. Edward	\$479,000	Guy Blake	845-522-5900
Middletown	\$450,000	Linda Cinelli	908-722-5661
Port Jervis	\$1,600,000	Linda Cinelli	908-722-5661
Yorktown Hgts	\$3,000,000	Linda Cinelli	908-722-5661

Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Drexel Hill	\$1,600,000	Chuck Shields	610-828-0100
Matamoras	\$1,100,000	Linda Cinelli	908-722-5661

South Carolina

Anderson	\$1,950,000	P. John DeStefano	843-406-7979
Greenville	\$3,100,000	P. John DeStefano	843-406-7979
Hollywood	\$3,450,000	P. John DeStefano	843-406-7979
Moncks Corner	\$995,000	P. John DeStefano	843-406-7979
Simpsonville	\$3,500,000	P. John DeStefano	843-406-7979
Spartanburg	\$2,400,000	P. John DeStefano	843-406-7979
Summerville	\$3,900,000	P. John DeStefano	843-406-7979
Summerville	\$1,500,000	P. John DeStefano	843-406-7979
Summerville	\$1,950,000	P. John DeStefano	843-406-7979

Texas

Lubbock	\$1,390,000	John Owens	806-771-0003
Texarkana	\$860,000	Richard Minker/Tyler Trahant	888-7-MINKER

Washington

Concrete	\$2,750,000	Ryan Layton	509-435-2424
Kittitas	\$150,000	Ryan Layton	509-435-2424
Spokane	\$6,100,000	Ryan Layton	509-435-2424
2-Property Portfolio	\$1,250,000	Ryan Layton	509-435-2424

Wisconsin

Wild Rose	\$175,000	Peter Hitler/Chris Hitler	262-236-0612
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INSIDE SELF-STORAGE WORLD EXPO

Join Argus at the industry's premier tradeshow event for FREE! Contact us to request a free exhibit hall pass to the Inside Self Storage World Expo in Las Vegas March 1-3, 2010 at the Paris Hotel and Casino! Want to attend the educational conferences and events? Use this pass for a \$50 discount on any full registration package! Don't delay - offer good until February 26, 2010!

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ARGUS SALES



Congratulations to Broker Affiliates **Joan Lucas** and **Ryan Layton** on the sale of High Country Mini Storage in Cortez, CO! Joan Lucas, of Joan Lucas Real Estate Services, LLC represented the seller and Ryan Layton of American Real Estate Associates represented the buyer.



Congratulations to **Paul Grisanti** and **Mike Helline** of Grisanti Group Commercial Real Estate who represented the buyer of Fern Valley Self Storage in Louisville, KY!



Congratulations to **W. Frost Weaver** of Weaver Realty Group, Inc. on the sale of Argyle Forest Mini Storage in Jacksonville, FL!

Contact an Argus Broker Affiliate

NORTHEAST

Guy Blake, CCIM
Linda Cinelli, CCIM, CEA
Joseph Mendola
Chuck Shields

Company

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