



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue XII-2013

What's in Store for 2014?

by Ben Vestal

Looking back over 2013, most self-storage operators are continuing to bask in their own glory, and in general self-storage properties continue to improve. It is now time to look into the crystal ball and position yourself for success in 2014. After exhibiting an incredible pace of recovery since 2009, the self-storage real estate sector will likely slow or flatten out slightly during the coming year.

The year-over-year performance of the self-storage REITs has started to slow as much as 200 basis points from 2012 to 2013. This, along with the recent decline in self-storage stock prices in November (CUBE -11.22%, EXR -8.85%, PSA -8.55% & SSS -12.75%), has left the self-storage REITs with a more than 10% correction in pricing. With the unemployment rate now at 7%, the Fed's bond buying program is now in a position to start tapering in 2014. The potential impact on interest rates and modest outlook on economic growth should keep a lid on the economy and self-storage performance in 2014.

Self-Storage owners continue to be selling primarily because of life events, with few owners making the decision to sell in order to capitalize on the current strong transaction market and historically high prices. Green Street CPPI shows commercial property prices increasing by 1% in November. However, Green Street noted that all commercial property appreciation has slowed to a near standstill over the past few months. As you can see in the chart below we have surpassed the prop-

erty valuation peak of 2007 and that would lead us to believe that we are headed for a more moderate property valuation period over the next 12 months.

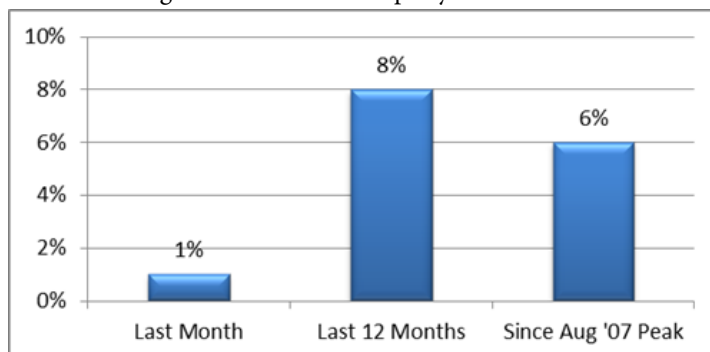
While we continue to see very robust transaction volume for all self-storage properties, it is possible that transaction volume may pause in early to mid-2014 as the market may adjust to rising interest rates and the first new development of any scale in several years. We have started to see self-storage investors moving to smaller markets and suburban properties as they search for higher yields. We believe this will continue in 2014 as there is still plenty of capital for self-storage investment. However, if investors are in search of bargains they will need to move a bit further down the quality spectrum. For example, Moody's reported that over the last three to six months, non-major market prices have risen 5.6%, outpacing the 0.7% rise in major market prices. ⁽¹⁾

Self-storage has outperformed almost all other real estate asset classes over the last few years, but the recent plateau by the self-storage REITs may be a sign of things to come. Not to say that we will see a dramatic correction in self-storage property values or performance, but all good things must come to an end. With the real estate investor sentiment remaining strong, we have found, ironically, that the uncertainty in the market (interest rates, inflation, stock market fluctuation, etc.) may actually be increasing the demand for self-storage investment for both the large institutional investor and the small entrepreneurs who are looking to invest in the stability of the self-storage industry. **MM**

Ben Vestal, President of the Argus Self Storage Sales Network, can be reached at 800-557-8673 or bvestal@argus-realestate.com.

1) Source: Moody's Investor Service

Chart I: Change in Commercial Property Values



Source: Green Street Advisors, Inc.



Property Showcase

Woodland, CA

• \$6.50/SF

- **NEW!**
- Self-Storage Development site
- 5.024 Acres for self-storage development with an optional 3.5 Acres for outdoor boat/RV storage
- 490 Proposed Units
- 74,515 Proposed NRSF
- Located at the intersection of 113 and I-5 in the town of Woodland



Tom de Jong
408-282-3829
tom.dejong@colliers.com

Topeka, KS

• \$1,795,000

- 299 Units
- 46,558 RSF
- 6.19 Acres
- Unique, award-winning, eco-friendly design
- State of the art security system
- Property includes 1.6 acre retail pad site approved for storage expansion
- Built in 2004, expanded in 2005



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

Jacksonville, FL

• \$3,675,000

- 458 Units
- 58,650 RSF
- 3.75 Acres
- All steel construction with concrete paving throughout
- Visible from two major highways
- Well lit and well maintained
- Located close to the University of North Florida and nearby single and multi-family housing



Frost Weaver
904-265-2001
fweaver@weaver-realty.com

Leland, MS

• \$286,000

- **NEW!**
- 115 Units
- 11,300 RSF
- 1+/- Acre
- High traffic count
- Good visibility
- Room for expansion
- Surrounding land available for purchase
- Located at intersection of Highway 82 and Highway 61



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

Winston, GA

• \$292,000

- **NEW!**
- Self-Storage Development Site
- 5.14 Acres
- 50,000 RSF Proposed
- Land zoned with approved site plan for self-storage
- Engineering in place
- Small building in place that may be converted to an office/apartment
- Preliminary DOT approvals with decel lane only



Mike Patterson, CCIM
770-241-9070
ebroker@msn.com

Moore, OK

• \$1,573,000

- 172 Units
- 28,375 RSF
- Located in the rapidly growing community of Moore, OK, just south of Oklahoma City
- Additional room for expansion
- Good traffic counts with 5,865 vehicles per day



Jared Jones, CCIM
918-583-3483
jjones@porthavenpartners.com



Sells Self Storage Nationwide!

- Over \$90 million in self storage properties currently for sale, with prices ranging from \$150,000 to over \$4 million to meet the needs of every buyer.
- For property details, broker information and helpful industry articles, visit www.argus-selfstorage.com or contact your local Argus Broker Affiliate listed on the back of the Market Monitor!

Alabama

Foley	\$999,500	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	251-432-1287
Pinson	\$1,385,000	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	251-432-1287
Theodore	\$300,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Bullhead City	\$403,750	Jeffery A. Gorden	480-331-8880
Bullhead City	\$357,000	Jeffery A. Gorden	480-331-8880
Kingman	\$3,875,000	Jeffery A. Gorden	480-331-8880

Arkansas

Hiwassee	\$599,000	Larry Goldman	913-339-0641
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California

Orland	\$1,875,000	Tom de Jong	408-282-3829
Vallejo	In Contract	Tom de Jong	408-282-3829
Woodland	\$6.50 PSF	Tom de Jong	408-282-3829
Vallejo	\$1,850,000	Tom de Jong	408-282-3829
Yreka	\$750,000	Tom de Jong	408-282-3829

Colorado

Loveland	\$2,400,000	Joan Lucas	720-855-6587
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Florida

Jacksonville	\$3,675,000	W. Frost Weaver	904-265-2001
Lake City	\$1,535,000	W. Frost Weaver	904-265-2001
Lake City	\$325,000	John W. Hill	386-362-3300
New Port Richey	\$425,000	Chuck Grey/Jeff Grey	727-849-2424
St. Augustine	\$2,450,000	W. Frost Weaver	904-265-2001

Georgia

Carrollton	\$270,000	Mike Patterson	770-241-9070
Oakwood	SOLD!	Mike Patterson	770-241-9070
Villa Rica	\$1,200,000	Mike Patterson	770-241-9070
Winston	\$292,000	Mike Patterson	770-241-9070

Illinois

Dupo	\$807,000	Larry Goldman	913-339-0641
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Kansas

Iola	\$530,000	Larry Goldman	913-339-0641
Junction City	\$1,895,000	Larry Goldman	913-339-0641
Topeka	\$1,795,000	Larry Goldman	913-339-0641

Louisiana

Bossier City	\$1,098,000	Tyler Trahant/ Stuart LaGroue/Shannon Barnes	817-840-0055 251-432-1287
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Michigan

Lapeer	\$785,000	Jim Soltis	810-494-2062
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Missouri

Branson West	\$895,000	Larry Goldman	913-339-0641
Republic	\$850,000	Larry Goldman	913-339-0641
Sunrise Beach	\$1,870,000	Larry Goldman	913-339-0641

Mississippi

Brandon	\$650,000	Bill Barnhill/Stuart LaGroue Shannon Barnes	251-432-1287
Leland	\$286,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Mississippi, cont.

Canton	\$850,000	Bill Barnhill/Stuart LaGroue	251-432-1287
3-Prop. Portfolio	\$4,500,000	Bill Barnhill/Stuart LaGroue	251-432-1287

New Hampshire

Claremont	\$290,000	Joe Mendola	603-668-7000
Fitzwilliam	\$675,000	Joe Mendola	603-668-7000
Loudon	\$650,000	Joe Mendola	603-668-7000

New Jersey

Branchville	\$1,950,000	Linda Cinelli	908-722-5661
Hackettstown	\$4,00,000	Linda Cinelli	908-722-5661
Haledon	SOLD!	Linda Cinelli	908-722-5661
Montague	\$1,600,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661
Pennsauken	\$1,300,000	Linda Cinelli	908-722-5661

New Mexico

Mesilla Park	\$625,000	David Etzold/Noel Woodwell	915-491-9610
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New York

Hicksville	\$4,200,000	Linda Cinelli	908-722-5661
Islip	\$3,995,000	Linda Cinelli	908-722-5661
Middletown	\$450,000	Linda Cinelli	908-722-5661
Modena	\$995,000	Linda Cinelli	908-722-5661
Peekskill	\$3,500,000	Linda Cinelli	908-722-5661
Port Jervis	\$1,600,000	Linda Cinelli	908-722-5661

North Carolina

Whiteville	\$3,750,000	Joey Godbold	704-632-1027
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North Dakota

Watford City	\$1,200,000	Bruce Bahrmassel	312-518-3550
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Ohio

Cleveland	\$2,300,000	Alec Pacella/Michael Venesky	216-455-0886
Copley	\$1,425,000	Alec Pacella/Michael Venesky	216-455-0886
Elyria	\$2,699,000	Alec Pacella/Michael Venesky	216-455-0886
Painesville	Call Broker	Alec Pacella/Michael Venesky	216-455-0886
Zanesville	\$585,000	Alec Pacella/Michael Venesky	216-455-0886

Oklahoma

Moore	\$1,573,000	Jared Jones	918-583-3483
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Oregon

Selma	\$649,000	Steve Boldish	541-776-1031
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Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Matamoras	\$1,100,000	Linda Cinelli	908-722-5661
Olyphant	\$850,000	Chuck Shields	610-828-0100

South Carolina

Aiken	\$1,100,000	Joey Godbold	704-632-1027
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Virginia

Petersburg	\$450,000	Stuart Wade	757-618-3597
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Wisconsin

Milwaukee	\$2,262,000	Matson Holbrook	414-270-4108
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Congratulations to the following Argus Broker Affiliates on their recent sales!



Larry Goldman, CCIM, of RE/MAX Commercial sold a self-storage development site in Lee's Summit, MO! Contact Larry at 913-339-0641 for more information.



Linda Cinelli, CCIM, of LC Realty sold Bell Tower Park Mini Storage in Haledon, NJ! Contact Linda at 908-722-5661 for more information.



Happy Holidays from all of us at the Argus Self Storage Sales Network! On behalf of our staff and Broker Affiliates, we wish you a prosperous and joyful New Year!



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
N.J. "Joey" Godbold
Mike Patterson, CCIM
Stuart Wade
Frost Weaver (FL Commercial Brokers Network)

Omega Properties, Inc.
Percival McGuire Commercial Real Estate
Commercial Realty Services of West Georgia
The Nicholson Companies
Weaver Realty Group, Inc.

888-801-4534
704-632-1027
770-241-9070
757-618-3597
904-733-0039

FL Panhandle
NC, SC
GA
MD, VA
North, Central & South FL

NORTH CENTRAL

Bruce Bahrmassel
Alec Pacella, CCIM & Michael Venesky
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Matson Holbrook, CCIM & Max Schultz
Jim Soltis

Landstar Realty Group
NAI Daus
RE/MAX Best Associates
Grisanti Group Commercial Real Estate
Siegel-Gallagher, Inc.
Preview Properties.com

312-518-3550
216-831-3310
913-339-0641
502-253-1811
414-270-4108
810-494-2062

Northern IL, Northern IN
OH, Western PA
KS, MO, Southern IL
KY, Southern IN
WI
MI

SOUTH CENTRAL

Bill Barnhill, CCIM
Bill Brownfield, CRE, CCIM
David Etzold & Noel Woodwell
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Jared Jones, CCIM
Richard D. Minker, CCIM & Tyler Trahan

Omega Properties, Inc.
MKP Self Storage LLC
Etzold & Co.
RE/MAX Best Associates
Grisanti Group Commercial Real Estate
Porthaven Partners
CASE Commercial Real Estate Partners

888-801-4534
713-907-6497
915-845-6006
913-339-0641
502-253-1811
918-583-3483
817-335-5600

AL, MS, LA
South & Central TX
West TX
AR
TN
OK
North TX

WEST

Steve Boldish, CCIM
Tyler Clay, Bob Southern & Nicholas Maerz
Tom de Jong
David Etzold & Noel Woodwell
Jeffery A. Gorden, CCIM
Larry Hayes
Joan Lucas
Jason Wilcox, CCIM

Oregon Self Storage Brokers
Coldwell Banker Commercial Clay & Associates
Colliers International
Etzold & Co.
Eagle Commercial Realty Services
Hayes & Associates
Joan Lucas Real Estate Services, LLC
RAVEN Commercial Real Estate

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775-829-5900
408-282-3829
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480-331-8880
406-728-0088
720-855-6587
206-919-7643

OR
NV
Northern CA
NM
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ID, MT
CO
WA