



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue X-2016

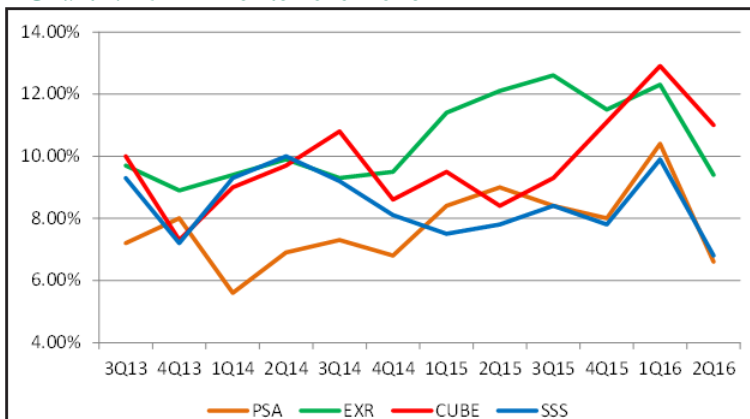
Is This the End of the Self-Storage Boom?

by Ben Vestal

Over the last 12 months we have seen the formation of a new self-storage REIT (National Storage Affiliates) and the other four self-storage REITS (Public Storage, CubeSmart, Life Storage and Extra Space Storage) have all hit all-time high valuations. Like many of you, I have been watching the stock market closely and it is clear that Wall Street has started to take caution with regards to self-storage investments. The four major self-storage REITS are down on average about 15% year to date and dividend yields are moving higher as stock prices sink lower. It appears that peak valuation was sometime around the start of the second quarter for most of these companies. In this high-stakes game of musical chairs, NOW is the time to find a chair before the music stops, bringing to an end historically high real estate values and easy financing.

By most measures, the self-storage rental business is still reasonably steady, if not booming. According to Argus brokers around the country, the development of new supply is becoming a concern and having an impact in some markets. Rental rates are still going up, but at a more modest rate (2%-4%), and occupancies appear to be peaking. Overall I believe we are starting to see a flattening in net operating income as the REITS gains are starting to slow. The chart below shows that the profit gains of the four major REITS have all declined dramatically in the second quarter of 2016 and are approaching more historical norms.

Chart I: REIT Profits 2013-2016



Source: CCM Commercial Mortgage

It appears that Wall Street and the REITS are sending a warning that the market is showing signs of softening. This is by no means a time to panic, but it is time for thoughtful and thorough analysis of self-storage investments - existing and

proposed. Today, owners and developers must take the time to best understand their self-storage investments in their respective markets and take the necessary steps to maximize their value.

With the self-storage REITS' stock prices peaking sometime in the second quarter and most of them operating at or near peak occupancy, I believe it is time to realize we may have passed peak valuation in this real estate cycle. The fundamentals continue to remain strong but it is clear that new supply will have an effect on the industry's ability to grow revenues over the next few years. We know that all real estate markets are cyclical, but one factor that is unpredictable in the cycle is the time it takes to go from the peak (High) to the trough (Low) and back again. Because it is unclear how long this current real estate cycle will last, owners today should take steps to protect their investment.

1) See how your property stacks up competitively in the market place. This self-performed examination, combined with your self-storage experience, will tell you where your competitive strengths and weaknesses are. Don't forget to go to the city and see what projects are on the drawing board. You may be surprised by how much new product is being proposed!

2) Know what you want personally. Do you want to retire, relocate, spend more time with your grandkids, work less, never quit working, travel, be financially secure? Only you can decide what objective is best for you but it will take some planning to achieve the objective.

3) Have a good perspective on the current market conditions and then project these conditions into the future. Look at the chart in this article to see how the major operators are doing and see if you think the current conditions will continue. The only way to make a good decision is to test your options against your view of possible outcomes.

4) You must make sure that you are making the right decision for your objectives! It may be very hard to unwind an outcome that you are unhappy with. My advice is to listen to your stomach and make sure that the decision that you make lets you sleep at night. I find that sometimes the brain is more subject to greed and fear than the stomach! Good Luck! **MM**

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

Little Rock, AR

\$900,000

- 245 Units
- 48,926 RSF
- 7.1 Acres
- Expandable facility with over 3.4 acres of additional land
- Value add opportunity in the heart of Little Rock
- Fully fenced and gated
- Limited seller carry back financing

NEW!

Larry Goldman, CCIM

913-707-9030

lgoldman@selfstorage.com



Detroit, MI

Auction Sale

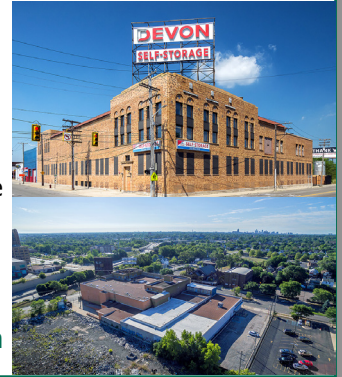
- 543 Units
- 52,470 RSF
- 80,404 SF Land Area
- 100% climate controlled storage
- Large expansion capability
- Accessibility and visibility from major roads and highways to the customer base in Detroit

NEW!

Jim Soltis

810-494-2062

jsoltis@previewproperties.com



Burson, CA

\$795,000

- 97 Units
- 15,725 RSF
- 3.73 Acres
- "Mom and Pop" facility with significant management upside
- Also includes 12,600 SF of boat/rv parking and 5,900 SF office/shop space

NEW!

Tom de Jong

408-282-3829

tom.dejong@colliers.com



Hardyston, NJ

\$7,400,000

- Under Contract
- 549 Units
- 61,583 RSF
- 7.842 Acres
- High visibility
- Historic stabilized occupancy
- Established tenants in retail and office space
- Additional expansion potential

NEW!

Linda Cinelli, CCIM

908-722-5661

linda@lcrealtyusa.com



Oakdale, CA

\$250,000

- Closed Facility
- 6,900 RSF
- Facility consists of 3 separate parcels with approx. 6,900 SF of drive-up storage units
- Opportunity for small owner to start the operation from scratch
- True value-add opportunity

NEW!

Tom de Jong

408-282-3829

tom.dejong@colliers.com



Bulverde, TX

Call Broker for Price

- 2-Property Portfolio
- 672 Total Units
- 273,256 Total RSF
- 12+ Acres
- Pristine properties serving the San Antonio/Bulverde/Spring Branch area
- Lots of upside in a growing market
- Adjacent tracts avail. for expansion

NEW!

Bill Brownfield, CRE, CCIM

713-907-6497

bill@wbrownfield.com



Denver, CO

\$13,000,000

- 3-Property Portfolio
- 723 Total Units
- 103,060 Total RSF
- 7.15 Total Acres
- Very unique opportunity in Denver market
- Well-run facilities with room for expansion
- Substantial revenue upside

NEW!

Joan Lucas

720-855-6587

jluucas@selfstorage.com



Fort Worth, TX

\$3,995,000

- 536 Units
- 163,000 RSF + 25,000 SF document storage
- 9.9 Acres
- Excellent location near TCU
- All units are climate controlled
- Room for growth

Richard Minker, CCIM

& Chad Snyder

817-335-5600

chad.snyder@colliers.com





Sells Self Storage Nationwide!

For property details, visit www.argus-selfstorage.com or contact your local Argus Broker Affiliate!

Alabama

Atmore/Brewton	\$3,382,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Chelsea, AL	\$3,000,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Loxley, AL	\$1,260,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Mobile, AL	\$1,700,000	Bill Barnhill	251-432-1287
Saraland, AL	\$3,426,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Fort Mohave	\$450,000	Jeffrey A. Gorden	480-331-8880
Miami	\$1,089,000	Jeffrey A. Gorden	480-331-8880
Mohave Valley	\$300,000	Jeffrey A. Gorden	480-331-8880
Nogales	\$5,573,164	Jeffrey A. Gorden	480-331-8880
Vernon	\$795,000	Jeffrey A. Gorden	480-331-8880

Arkansas

Hot Springs Vlg	\$180,000	Larry Goldman	913-707-9030
Little Rock	\$900,000	Larry Goldman	913-707-9030
Springdale	\$3,200,000	Larry Goldman	913-707-9030

California

Burson	\$795,000	Tom de Jong	408-282-3829
Manteca	\$4,195,000	Tom de Jong	408-282-3829
Modesto	\$795,000	Tom de Jong	408-282-3829
Oakdale	\$250,000	Tom de Jong	408-282-3829
Vallejo	\$1,850,000	Tom de Jong	408-282-3829

Colorado

Denver	\$13,000,000	Joan Lucas	720-855-6587
Evans/Greeley	\$1,652,450	Joan Lucas	720-855-6587

Florida

Lake City	\$310,000	Frost Weaver	904-265-2001
Pensacola	\$1,400,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Port St. Joe	\$3,504,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Georgia

Bremen	\$175,000	Mike Patterson	770-241-9070
Carrollton	\$4,577,000	Mike Patterson	770-241-9070
Columbus	\$1,250,000	Mike Patterson	770-241-9070
Douglasville	\$2,250,000	Mike Patterson	770-241-9070
Lithia Springs	\$1,600,000	Mike Patterson	770-241-9070
Macon	\$450,000	Mike Patterson	770-241-9070
Tifton	\$750,000	Mike Patterson	770-241-9070
Winston	\$292,000	Mike Patterson	770-241-9070

Iowa

Mason City	\$1,370,000	Rusty Hike	402-291-2500
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Illinois

Macomb	\$950,000	Bruce Bahrmassel	312-518-3550
Seneca	\$699,000	Bruce Bahrmassel	312-518-3550

Kansas

Iola	\$400,000	Larry Goldman	913-707-9030
Junction City	\$380,000	Larry Goldman	913-707-9030
Lansing	\$1,500,000	Larry Goldman	913-707-9030
S. Hutchinson	\$630,000	Jared Jones	918-583-3483

Kentucky

Crestwood	\$1,700,000	Paul Grisanti	502-253-1811
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Louisiana

Bossier City	\$2,500,000	Bill Barnhill	251-432-1287
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Massachusetts

Sutton	\$1,575,000	Joseph Mendola	603-668-7000
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Michigan

Detroit	Call Broker	Jim Soltis	810-494-2062
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Missouri

Clinton	\$268,000	Larry Goldman	913-707-9030
Farmington	\$695,000	Larry Goldman	913-707-9030
Farmington	\$3,750,000	Larry Goldman	913-707-9030
House Springs	\$450,000	Larry Goldman	913-707-9030
Waynesville	\$2,360,000	Larry Goldman	913-707-9030

Mississippi

Brandon	\$650,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Canton	\$850,000	Bill Barnhill/Stuart LaGroue	251-432-1287

New Hampshire

Manchester	\$10,000,000	Joe Mendola	603-668-7000
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New Jersey

Branchville	\$1,390,000	Linda Cinelli	908-722-5661
Ewing	\$1,500,000	Linda Cinelli	908-722-5661
Hardyston	\$7,400,000	Linda Cinelli	908-722-5661
Howell	\$2,350,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661

New Mexico

Mesilla Park	\$530,000	David Etzold/Noel Woodwell	915-491-9610
Ruidoso	\$790,000	David Etzold/Noel Woodwell	915-491-9610

New York

Monticello	\$4,500,000	Linda Cinelli	908-722-5661
Peekskill	\$3,500,000	Linda Cinelli	908-722-5661

North Carolina

NC Portfolio	\$2,300,000	Joey Godbold/Jamey Cox	704-632-1030
Wadesboro	\$758,000	Joey Godbold/Jamey Cox	704-632-1030
Wilmington	\$1,400,000	Joey Godbold/Jamey Cox	704-632-1030

North Dakota

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

Gloucester	\$299,000	Alec Pacella	216-455-0925
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Oklahoma

Ada	\$2,500,000	Jared Jones	918-583-3483
Duncan	\$1,900,000	Jared Jones	918-583-3483
Edmond	\$650,000	Jared Jones	918-583-3483
Pryor	\$320,000	Jared Jones	918-583-3483

Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Olyphant	\$925,000	Chuck Shields	610-828-0100
Plymouth	\$795,000	Linda Cinelli/Chuck Shields	908-722-5661

South Carolina

Lancaster	\$695,000	Joey Godbold/Jamey Cox	704-632-1030
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Texas

Arlington	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Bulverde	Call Broker	Bill Brownfield	713-907-6497
Fort Worth	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Red Oak	Call Broker	Richard Minker/Chad Snyder	817-335-5600

Virginia

Windsor	\$2,100,000	Stuart Wade	757-618-3597
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Washington

Cathlamet	\$795,000	Tom de Jong/Thomas Wolter	408-282-3829
Shelton	\$995,000	Thomas Wolter	206-200-3325

ARGUS SALES



Congratulations to Mike Helline and Paul Grisanti, CCIM of Grisanti Group Commercial Real Estate who sold Southern Storage & Rentals in Louisville, KY! Contact Mike and Paul at 502-253-1811 for details.



ARGUS NEWS



Argus is proud to welcome our newest Broker Affiliates to the Network!

Doug Shea, Peter Pappageorge and Kirk Singer, of INCO Commercial, are located in Long Beach, CA and will represent Argus in Southern California. As experienced brokers and natives of California, the INCO team looks forward to providing self-storage owners with the most comprehensive service, knowledge and advice regarding their investments. For more information, they can be reached at 562-498-3395 or via email at dshea@incocommercial.com, peterp@incocommercial.com, and ksinger@incocommercial.com.



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

Omega Properties, Inc.
SVN Percival Partners
Commercial Realty Services of West Georgia
The Nicholson Companies
Weaver Realty Group, Inc.

888-801-4534
704-632-1027
770-301-1886
757-618-3597
904-733-0039

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

NORTH CENTRAL

Bruce Bahrmassel
Rusty Hike
Alec Pacella, CCIM
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Jim Soltis

Waveland Commercial Real Estate, LLC
Hike Real Estate
NAI Daus
RE/MAX Commercial
Grisanti Group Commercial Real Estate
Preview Properties.com

312-518-3550
402-291-2500
216-831-3310
913-707-9030
502-253-1811
810-494-2062

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

SOUTH CENTRAL

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

Omega Properties, Inc.
Brownfield & Associates, LLC
Etzold & CO LLC
RE/MAX Commercial
Grisanti Group Commercial Real Estate
Porthaven Partners
Colliers International

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913-707-9030
502-253-1811
918-583-3483
817-335-5600

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

WEST

Steve Avanzino
Tom de Jong
David Etzold
Jeffery A. Gorden, CCIM
Larry Hayes
Joan Lucas
Doug Shea & Peter Pappageorge
Thomas Wolter

NAI Alliance
Colliers International
Etzold & CO LLC
Eagle Commercial Realty Services
Hayes & Associates
Joan Lucas Real Estate Services, LLC
INCO Commercial
RE/MAX Commercial

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206-200-3325

NV
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