



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue I-2017

What Can We Expect in 2017?

by Ben Vestal

The last few months of 2016 saw some interesting changes. We had a historic presidential election, the ten year treasury moved up in a meaningful way, and Self-Storage REIT stock prices sagged for the first time in quite awhile. Meanwhile, the phone at Argus has been ringing off the hook with owners wanting to find out what their property is worth. In some cases, their interest is only curiosity, but in many cases they are interested in financing, real estate taxes, estate valuation or selling. Most are looking at a “ballpark” number for planning purposes and have asked Argus to develop a range so that they can make an informed decision about their investment. Argus is now offering free 2016 self-storage sales comps for your market. The Argus network was involved in over 65 transactions with an aggregate value of more than \$200 million in 2016, putting us in a unique position to advise our clients on a rapidly changing investment market. If you would like to receive free sales comps, simply contact your local Argus broker and they will provide you with sales data from 2016 and they will be able to answer any questions you might have.

As we look at the self-storage investment environment today, valuation is on the forefront. Valuation is a professional art, and while mechanical number manipulations are a very important part of the process, there is also a large measure of real estate judgment and experience in developing a precise value range. It is clear that self-storage property values are changing, largely due to the shift in the capital markets. Self-Storage investing has long been a cash flow business and that still rings true today.

Chart I: Impact of Changing Interest Rates

	Q1-2016	Q4-2016
Gross Revenue	\$500,000	\$500,000
Operating Expenses	\$200,000	\$200,000
NOI	\$300,000	\$300,000
Value @ 6.5% Cap Rate	\$4,600,000	\$4,600,000
Equity	\$1,150,000	\$1,150,000
Debt	\$3,450,000	\$3,450,000
	Loan Quote 3/21/16	Loan Quote 12/15/16
Debt Service	(4.25%, 30 yr. am.) \$203,652	(5.25%, 30 yr. am.) \$228,612
Cash Flow	\$96,348	\$71,388
Cash on Cash Return	8.3%	6.2%

Chart I outlines the impact of the recent volatility in the capital markets and how the shift in interest rates affected the cash flow of a deal we worked on in 2016. As you can see, the loan quotes were received 9 months apart and the change in interest rates reduced the cash on cash return by more than 25%.

While we cannot elaborate on every point that affects the value of a self-storage property today, property values are more likely to decrease in the current capital markets environment than increase as a result of the decrease in cash flow. This can obviously change if we were to experience a drop in interest rates or change in loan terms that would increase cash flow such as interest only period loans.

It should be noted that true market valuations today take a much more in-depth look at value, noting not only the value based on income and cash flow, but also on replacement cost and market sale comparables. The replacement cost method compares the cost of replacing the asset in the market it is currently located in and the market sales comparable method compares the value actually achieved in the marketplace by similar facilities in recent sales. Without reconciling the value from each of these three independent methods, one cannot be sure that the right value for the property has been identified. However, in large measure, the value of your property to a potential buyer is driven by the cash flow because that is what self-storage business is all about.

Understanding and evaluating the market conditions along with the operations of your property on a regular basis will allow you to best position your investment for refinancing, estate planning or selling. It may also uncover some hidden value that will help improve your bottom line. Please contact your local Argus Broker to receive a free sales comp report and discuss the changing self-storage investment market. [MM](#)

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

San Jose, CA

• \$12,000,000

NEW!

- Self-Storage Development Site
- 1,171 Proposed Units
- 209,000 Proposed RSF
- 7.4 Acres
- Class A facility to be built in two phases
- Two-story climate control building plus drive up units
- Excellent location with high density and high income population

Tom de Jong

408-282-3829

tom.dejong@colliers.com



Middleburg, FL

• \$1,300,000

NEW!

- Self-Storage Development Site
- 2 Acres
- Proposed plan calls for multi-story facility
- Additional land available for multi-story or Boat/RV storage
- Prime development land in Brannan Field Activity Center
- Strong performing storage market with limited competition

Josh Koerner

& Frost Weaver

904-591-0140

jkoerner@weaver-realty.com



Ft. Myers, FL

• \$1,875,000

NEW!

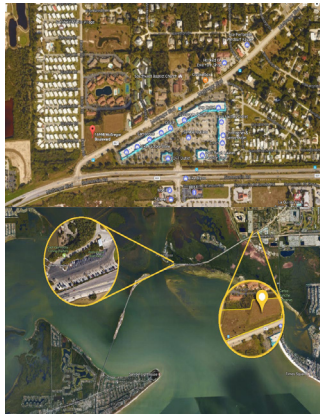
- Self-Storage Development Site
- 4.3 Acres
- 108,817 Proposed RSF
- Proposed site plan includes 1.58 acres for Boat & RV storage
- Prime development location serving Sanibel Island, Punta Rassa and Ft. Myers
- Adjacent to Sanibel Outlet Mall and Publix shopping center
- High barriers to entry market

Josh Koerner

& Frost Weaver

904-591-0140

jkoerner@weaver-realty.com



Umatilla, FL

• \$1,250,000

NEW!

- 139 Units
- 14,446 RSF
- 4 Acres
- Facility has shown strong revenue and occupancy growth in recent years
- Gated facility with keypad and management office
- Boat/RV Storage
- Land for future development

Josh Koerner

& Frost Weaver

904-591-0140

jkoerner@weaver-realty.com



Live Oak, FL

• \$425,000

NEW!

- 111 Units
- 14,912 RSF
- 2 Acres
- Significant investor upside
- Low occupancy and no active management or marketing
- Frontage on Highway 90
- Well maintained
- Concrete block construction
- Many small businesses in area

Josh Koerner

& Frost Weaver

904-591-0140

jkoerner@weaver-realty.com



Dallas, GA

• \$2,489,307

NEW!

- Under Contract
- 141 Storage Units
- 141 Parking Units
- 21,831 RSF Storage
- 36,969 SF Parking
- Great location in exploding growth area of Atlanta metro
- Good visibility and dual access from busy corridors
- Modern facility with climate and dry combination
- Nice office with rental apt.

Mike Patterson, CCIM

770-301-1886

ebroker@msn.com





Property Showcase

Byron, IL

• \$389,000

- 81 Units
- 13,640 RSF
- 1.38 Acres
- Always near 100% occupied
- Room to add up to 50% more RSF with pods
- Well maintained and easy to manage
- Great for a first time investor
- Can be sold with Route 6 Storage in Seneca, IL

NEW!



Bruce Bahrmassel

312-518-3550

bruce@selfstorage.com

West Berlin, NJ

• \$5,600,000

- 505 Units
- 50,237 RSF
- 2.09 Acres
- First generation multi-story facility
- Underperforming with income upside potential
- Close proximity to Route 73
- 4.3 acre site across the street available for expansion

NEW!



**Linda Cinelli, CCIM
& John Mulholland**

908-722-5661

linda@lcrealtyusa.com

johnm@lcrealtyusa.com

Cynthiana, KY

• \$875,000

- 184 Units
- 26,400 RSF
- 2.3 Acres
- Room to expand
- 100% occupied
- Located 30 miles from Lexington, KY and 50 miles from Cincinnati, OH
- Manager's office onsite

NEW!



**Paul Grisanti, CCIM
& Mike Helline**

502-296-4586

paul@grisantigroup.com

mike@grisantigroup.com

LaGrange, OH

• \$1,300,000

- 2-Property Portfolio
- 213 Units
- 32,800 RSF
- 7.03 Acres
- Located in northeast Ohio on primary arterials
- Very well maintained with great curb appeal
- Solid performance with upside via additional lease up
- Owner willing to sell individually or as portfolio

NEW!



Alec Pacella, CCIM

216-455-0925

apacella@nadaus.com

Shepherdsville, KY

• \$675,000

- 121 Units
- 13,120 RSF
- 1.087 Acres
- Located at the entrance to an industrial park
- Land available for additional storage units
- Secure property is gated and lighted

NEW!



**Paul Grisanti, CCIM
& Mike Helline**

502-296-4586

paul@grisantigroup.com

mike@grisantigroup.com

Cave Junction, OR

• \$1,250,000

- 135 Units
- 17,200 RSF
- 1.36 Acres
- Excellent investment with onsite manager's residence
- Permits in place to add 10 units, with room for more
- Well-maintained with no vacancies
- Video surveillance
- Long, successful tenant history

NEW!



Scott King

541-890-6708

scottking@gmail.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
Mobile, AL	\$1,685,000	Bill Barnhill	251-432-1287

Arizona

Bisbee	\$270,000	Jeffrey A. Gorden	480-331-8880
Fort Mohave	SOLD	Jeffrey A. Gorden	480-331-8880
Miami	\$1,089,000	Jeffrey A. Gorden	480-331-8880
Nogales	\$5,573,164	Jeffrey A. Gorden	480-331-8880
Prescott	\$4,300,000	Jeffrey A. Gorden	480-331-8880

Arkansas

Hot Springs Vlg	\$180,000	Larry Goldman	913-707-9030
Little Rock	SOLD	Larry Goldman	913-707-9030
Russellville	\$1,495,000	Larry Goldman	913-707-9030
Texarkana	\$1,450,000	Larry Goldman	913-707-9030

California

San Jose	\$12,000,000	Tom de Jong	408-282-3829
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Colorado

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

Florida

Fort Myers	\$1,875,000	Frost Weaver	904-265-2001
Lake City	\$310,000	Frost Weaver	904-265-2001
Live Oak	\$425,000	Frost Weaver	904-265-2001
Middleburg	\$1,300,000	Frost Weaver	904-265-2001
Pensacola	\$1,400,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Umatilla	\$1,250,000	Frost Weaver	904-265-2001
Vero Beach	\$454,000	Frost Weaver	904-265-2001

Georgia

Bremen	\$210,000	Mike Patterson	770-241-9070
Carrollton	\$4,577,000	Mike Patterson	770-241-9070
Dallas	\$2,489,307	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

Iowa

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

Byron	\$389,000	Bruce Bahrmassel	312-518-3550
Macomb	\$950,000	Bruce Bahrmassel	312-518-3550
Seneca	\$699,000	Bruce Bahrmassel	312-518-3550

Indiana

Plymouth	\$4,775,000	Bruce Bahrmassel	312-518-3550
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Kansas

Junction City	\$380,000	Larry Goldman	913-707-9030
S. Hutchinson	SOLD	Jared Jones	918-583-3483

Kentucky

Cynthiana	\$875,000	Paul Grisanti/Mike Helline	502-296-4586
Rineyville	\$565,000	Paul Grisanti/Mike Helline	502-296-4586
Shepherdsville	\$675,000	Paul Grisanti/Mike Helline	502-296-4586

Massachusetts

Sutton	\$550,000	Joseph Mendola	603-668-7000
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Missouri

House Springs	\$450,000	Larry Goldman	913-707-9030
Waynesville	\$2,360,000	Larry Goldman	913-707-9030

Mississippi

Canton	\$850,000	Bill Barnhill/Stuart LaGroue	251-432-1287
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New Hampshire

Claremont	\$2,350,000	Joe Mendola	603-668-7000
Manchester	\$10,000,000	Joe Mendola	603-668-7000

New Jersey

Branchville	\$1,390,000	Linda Cinelli	908-722-5661
Ewing	\$1,900,000	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
West Berlin	\$5,600,000	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	\$3,700,000	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
LaGrange	\$1,300,000	Alec Pacella	216-455-0925

Oklahoma

Ada	\$2,500,000	Jared Jones	918-583-3483
Edmond	\$650,000	Jared Jones	918-583-3483
Pryor	\$320,000	Jared Jones	918-583-348

Oregon

Cave Junction	\$1,250,000	Scott King	541-890-6708
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Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Olyphant	\$925,000	Chuck Shields	610-828-0100

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
Austin	Call Broker	Bill Brownfield	713-907-6497
Fort Worth	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Killeen	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Mineral Wells	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Red Oak	Call Broker	Richard Minker/Chad Snyder	817-335-5600

Virginia

Windsor	\$1,100,000	Stuart Wade	757-618-3597
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Washington

Shelton	\$995,000	Thomas Wolter	206-200-3325
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ARGUS SALES



Congratulations to Jeff Gorden, CCIM of Eagle Commercial Realty Services who sold Corona Self Storage in Fort Mohave, AZ! Contact Jeff at 480-331-8880 for details.



Congratulations to Linda Cinelli, CCIM of LC Realty who sold Metuchen Self Storage in Metuchen, NJ! Contact Linda at 908-722-5661 for details.



Congratulations to Jared Jones, CCIM of Porthaven Partners who sold JT Easy Storage in South Hutchinson, KS! Contact Jared at 918-583-3483 for more information.



Congratulations to Larry Goldman, CCIM of RE/MAX Commercial who sold Access Self Storage in Little Rock, AR! Larry can be reached at 913-707-9030 for details.



Argus is proud to welcome our newest Broker Affiliate!

Scott King, of Merit Commercial Real Estate in Medford, OR has been a commercial broker since 2006 and he will represent Argus in Oregon. While specializing in self-storage brokerage, he is experienced in income property sales and analysis, market and feasibility studies, distressed property disposition and general commercial real estate brokerage and leasing. Contact Scott at 541-890-6708 or scottking@gmail.com for more information.

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

Northern IL, Northern IN, WI
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

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Etzold & CO LLC
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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
Scott King
Joan Lucas
Doug Shea & Peter Pappageorge
Thomas Wolter

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

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206-200-3325

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