



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue VII-2017

Staying Competitive in Today's Market

by Ben Vestal

Today, the investment market for self-storage assets can best be described as having flat or softening values, but the demand remains strong. It is still a seller's market, for now! Over the last 3 years, sales prices of self-storage properties have risen dramatically. A typical owner has seen their value (without any increase in rents or occupancy) go up by about 27%+; even more if their operating results improved. This large jump in value comes almost exclusively from cap rate compression of 150-300 basis points. These outsized gains in value over the last 3 years have resulted in the first wave of new development hitting the market. This, along with a few other headwinds, will temporarily slow the pace of self-storage investment. Let's take a look at a few things that will impact investment opportunities in the self-storage space over the next year and talk about what you can do to stay competitive despite this potential slowdown.

Rental Rate Management:

Professional operators use sophisticated algorithms to manage not only their move-in rental rates (street rates) but also their rental rate increases on existing tenants. Today's reality is that you need to take a proactive approach in managing your rental rates to stay competitive. You can do this without a sophisticated algorithm, but it will take discipline and a bit of hard work.

First, you will need to identify the 3-5 most relevant competitors to your property and have your site manager check the move-in rental rates every morning as part of their daily duties. This will include not only checking the website rental rates but also calling the competitor's facility. You will find that the website rates will most likely be less than the rate quoted over the phone. You will then need to set some parameters as to how the site manager will price your units daily. For example, if the unit size is less than 75% occupied, you must discount the unit \$5-\$10 less than the website rate of the lowest competitor or offer a "move-in special" such as a free month. If the unit occupancy is 90%+, you can just match the lowest rental rate or price it just a few dollars above the lowest competitor's rates. It is very important to remember that it is about buying the occupancy and getting the tenant in the space so don't be afraid of concessions or discounts. Remember, the beauty of self-storage is that you can raise rents on 30 days' notice.

Second, you will need to have a systematic approach to raising rents on your existing customers. This is what has made self-storage the darling child of commercial real estate investments. Many of the self-storage management software programs have rental rate tools that allow you to track and input data points for rental rate increases. You can also achieve similar results by be-

ing diligent and reviewing your rent roll on a monthly basis and setting parameters by which you raise your existing customers' rental rates every 7-10 months. A new competitor in your market will likely have a much higher cost basis in their investment and will be looking to achieve a higher rental rate, so established property owners will have pricing power over the long run.

New Development – Staying Competitive:

With more than 1,000 new self-storage projects scheduled to open in 2017 across the U.S., there is a large amount of older first generation self-storage properties that will be competing with new, bigger, and better located properties. This is no reason to panic! The key is to keep your tenant base loyal to your property and to make sure you are providing them with the necessary product and service to keep them as a customer.

It's time to pull the trigger on the capital improvements that you have been putting off. The first step is to make sure your paint is fresh, the asphalt is clean and repaired, the landscaping is updated, and the office and entryway are inviting. Take the time to visit a new hotel or retail development in your area and take some notes on the flooring, paint color, wall coverings, signage, and displays. Make a list of all required capital improvements and start getting them done.

The second thing you want to do is double down on your marketing during the construction and grand opening of a new competitor. Marketing is an investment and needs to be ongoing even when you are operating at peak occupancy and profitability. Increasing marketing will drive occupancy and allow you to position your property to weather the lease-up discounts when a new competitor enters the market.

Upgrading your website (making sure it is mobile friendly) and SEO marketing programs is always a good idea and will keep you in front of younger consumers who are seemingly always on their mobile devices. Have your site managers offer incentives for positive online reviews and testimonials because this will help your online conversion rate and will drive customers to rent at your property.

While we don't know how long this current peak in self-storage valuations will last, we do know that the owners who take proactive measures to keep their properties competitive will be in the best position to capitalize on opportunities that may arise. **MM**

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

Tallahassee, AL

\$965,000

- 190 Units
- 27,400 RSF
- 2.2 +/- Acres
- Excellent visibility
- High occupancy
- Management upside
- Located approximately 30 miles northeast of Montgomery

NEW!



**Bill Barnhill, CCIM
& Stuart LaGroue**

251-432-1287

barnhill@selfstorage.com
stuart@selfstorage.com

Asheville, NC Metro

\$9,850,000

- 2-Property Portfolio
- 503 Total Units
- 70,400 Total RSF
- 6.83 Total Acres
- Located in the Asheville Metro area in Hendersonville and Fairview, NC
- Quality facilities with conventional and climate units
- Both locations have security fencing, digital gates, and surveillance cameras

NEW!



Joey Godbold

704-632-1027

jgodbold@svn.com

Hot Springs Village, AR

\$1,600,000

- 263 Units
- 58,201 RSF
- 8.25 Acres
- High traffic location in front of Walmart
- Expandable site with boat, RV, and conventional storage
- On-site management office
- Located less than 2 miles from the largest gated community in the country



Larry Goldman, CCIM

913-707-9030

lgoldman@selfstorage.com

Peachland/Wingate, NC

\$225,000

- 2-Property Portfolio
- 72 Total Units
- 7,950 Total RSF
- 1.07 Total Acres
- 75% Economic Occupancy
- Portfolio provides strong return as-is, or value add opportunities
- Quality construction
- Both properties visible from Hwy 74

NEW!



Jamey Cox

704-632-1030

jamey.cox@svn.com

Atlanta, GA

\$925,000

- Self-Storage Development Site
- 2.21 Acres
- Visible site on major East/West traffic artery with 45,000+ vehicles per day
- Located 5 miles from city center and 3 miles inside I-285
- High density market near exploding growth areas of East Lake and Oakhurst
- Commercial zoning allows self-storage

NEW!



Mike Patterson, CCIM

770-301-1886

ebroker@msn.com

Central Point, OR

\$1,975,000

- Self-Storage Development Site
- 6.72 Acres
- Highway frontage and prime location in area of growth
- Facility site plan is already designed
- 3,150 SF leased office building on site
- Existing utilities and parking
- Driveway is grandfathered



Scott King

541-890-6708

scottking@gmail.com





Sells Self Storage Nationwide!

Our complete list of available properties is detailed below. For additional information, visit www.argus-selfstorage.com or contact your local Argus Broker Affiliate!

Alabama

Cullman	\$260,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Montgomery	\$22,000,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Tallassee	\$965,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Bisbee	\$270,000	Jeffrey A. Gorden	480-331-8880
Concho	\$350,000	Jeffrey A. Gorden	480-331-8880
Gilbert	Call Broker	Jeffrey A. Gorden	480-331-8880
Lakeside	SOLD	Jeffrey A. Gorden	480-331-8880
Mayer	\$1,650,000	Jeffrey A. Gorden	480-331-8880
Vernon	\$795,000	Jeffrey A. Gorden	480-331-8880

Arkansas

Hot Springs Vlg	\$1,600,000	Larry Goldman	913-707-9030
Hot Springs Vlg	\$180,000	Larry Goldman	913-707-9030
Russellville	\$1,495,000	Larry Goldman	913-707-9030

California

CA Portfolio	Call Broker	Tom de Jong	408-282-3829
Antioch	\$3,500,000	Tom de Jong	408-282-3829
Lincoln	Call Broker	Tom de Jong	408-282-3829
San Jose	\$10,500,000	Tom de Jong	408-282-3829

Colorado

Denver	\$2,150,000	Joan Lucas	720-855-6587
Fort Collins	\$3,500,000	Joan Lucas	720-855-6587
Fort Collins	\$2,150,000	Joan Lucas	720-855-6587
Loveland	\$1,270,000	Joan Lucas	720-855-6587

Florida

Middleburg	\$1,300,000	Frost Weaver	904-265-2001
Navarre	Call Broker	Bill Barnhill/Shannon Barnes	251-432-1287
Starke	\$920,000	Frost Weaver	904-265-2001

Georgia

Atlanta	\$925,000	Mike Patterson	770-241-9070
Carrollton	\$1,500,000	Mike Patterson	770-241-9070
Dallas	SOLD	Mike Patterson	770-241-9070
Jackson	\$3,200,000	Mike Patterson	770-241-9070
Lithia Springs	\$1,600,000	Mike Patterson	770-241-9070

Idaho

Salmon	\$430,000	Larry Hayes	406-544-1921
--------	-----------	-------------	--------------

Illinois

Byron	\$389,000	Bruce Bahrmassel	312-518-3550
Macomb	\$950,000	Bruce Bahrmassel	312-518-3550
Rockford	\$5,100,000	Bruce Bahrmassel	312-518-3550
Seneca	\$699,000	Bruce Bahrmassel	312-518-3550

Indiana

Plymouth	\$3,475,000	Bruce Bahrmassel	312-518-3550
Terre Haute	\$1,100,000	Paul Grisanti/Mike Helline	502-296-4586

Kansas

Basehor	\$650,000	Larry Goldman	913-707-9030
Junction City	\$380,000	Larry Goldman	913-707-9030

Kentucky

Cynthiana	\$875,000	Paul Grisanti/Mike Helline	502-296-4586
-----------	-----------	----------------------------	--------------

Massachusetts

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

Missouri

Belton	SOLD	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
--------	-----------	------------------------------	--------------

New Hampshire

Weare	\$435,000	Joe Mendola	603-668-7000
-------	-----------	-------------	--------------

New Jersey

Branchville	SOLD	Linda Cinelli	908-722-5661
Ewing	\$2,100,000	Linda Cinelli	908-722-5661
Howell	\$2,350,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661
Ventnor City	\$1,999,000	Linda Cinelli	908-722-5661
West Berlin	\$5,450,000	Linda Cinelli	908-722-5661

New York

Islip	\$6,250,000	Linda Cinelli	908-722-5661
Monticello	\$3,850,000	Linda Cinelli	908-722-5661
Shirley	\$11,500,000	Linda Cinelli	908-722-5661

North Carolina

Asheboro	\$350,000	Joey Godbold/Jamey Cox	704-632-1030
Asheville	\$9,850,000	Joey Godbold	704-632-1027
Greenville	\$1,250,000	Joey Godbold/Jamey Cox	704-632-1030
Peachland	\$225,000	Joey Godbold/Jamey Cox	704-632-1030
Wadesboro	\$758,000	Joey Godbold/Jamey Cox	704-632-1030

Ohio

Glouster	\$299,000	Alec Pacella	216-455-0925
----------	-----------	--------------	--------------

Oklahoma

Ada	\$2,400,000	Jared Jones	918-583-3483
Edmond	\$650,000	Jared Jones	918-583-3483

Oregon

Beaverton	\$3,200,000	Tom de Jong	408-282-3829
Central Point	\$1,975,000	Scott King	541-890-6708

Pennsylvania

Bechtelsville	\$1,600,000	Chuck Shields	610-828-0100
Olyphant	\$925,000	Chuck Shields	610-828-0100

Tennessee

Kingsport	\$1,650,000	Paul Grisanti/Mike Helline	502-296-4586
-----------	-------------	----------------------------	--------------

Texas

Arlington	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Fort Worth	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Fort Worth	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Mineral Wells	Call Broker	Richard Minker/Chad Snyder	817-335-5600

Virginia

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

ARGUS SALES



Congratulations to **Jeff Gorden, CCIM and Lucian "Seth" Hodges** of Eagle Commercial Realty Services who sold Mariposa Self Storage in Noglaes, AZ and AC Self Storage in Pinetop-Lakeside, AZ! Contact Jeff and Seth at 480-331-8880 for details.



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



Congratulations to **Mike Patterson, CCIM** of Commercial Realty Services of West Georgia who sold Rock Solid Self Storage in Dallas, GA! Contact Mike at 770-301-1886 for details.



Congratulations to **Joe Mendola** of NAI Norwood Group who sold Upton Self Storage in Upton, MA! Contact Joe at 603-668-7000 for details.



Congratulations to **Jared Jones, CCIM** of Porthaven Partners who represented the buyer of a self-storage development site in Arlington, TX! Contact Jared at 918-583-3483 for details.



Congratulations to **Larry Goldman, CCIM** of RE/MAX Commercial who sold Attic Storage of Belton in Belton, MO! Contact Larry at 913-707-9030 for details.

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
Tom Flannigan
Rusty Hike
Alec Pacella, CCIM
Larry Goldman, CCIM
Mike Helling & Paul Grisanti, CCIM
Jim Soltis

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

312-518-3550
651-269-6307
402-291-2500
216-831-3310
913-707-9030
502-253-1811
810-494-2062

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

SOUTH CENTRAL

Bill Barnhill, CCIM
Bill Brownfield, CRE, CCIM & Tommy LeBlanc
David Etzold
Larry Goldman, CCIM
Mike Helling & Paul Grisanti, CCIM
Jared Jones, CCIM
Richard D. Minker, CCIM & Chad Snyder

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

888-801-4534
713-907-6497
915-845-6006
913-707-9030
502-253-1811
918-583-3483
817-335-5600

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

WEST

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

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

775-848-5901
915-845-6006
480-331-8880
406-728-0088
541-890-6708
720-855-6587
562-498-3395
206-200-3325

NV
NM
AZ
MT
OR
CO
Southern CA
WA