



Are You a Real Seller?

by Ben Vestal

Looking back at the first 6 months of 2012, there is no doubt that the real estate transaction market has improved significantly, and along with it, the pressure to overprice properties has increased. This is due primarily to the two most critical factors that affect a fluid transaction market; the ability to finance an acquisition and the buyer's and seller's perception of fear or greed in the market. With more than 50,000 self storage properties around the country, there is bound to be an owner who is contemplating parting with their beloved facility on a daily basis. However, we have learned that there is a material difference between "thinking about selling" and becoming an actual seller. Eventually, almost everyone will end up being a seller and it is a matter of *when* that concerns most owners. Thinking through the following factors will help you determine how close you are to becoming a real seller which will help maximize your investment's return.

Personal Issues: Retirement, estate planning, partnership problems, liquidity and divorce are just a few things that make owning an investment property difficult. Experience has shown that the vast majority of self storage sales are a result of a personal issue and not what we as brokers would consider a market driven issue; a sale that takes advantage of the market conditions or concern for the future market. This proclivity to make the final decision based on personal issues is entirely appropriate, but with a little planning and forward thinking about the current market, a small adjustment in the timing of a sale (1 to 2 years) can be very rewarding.

Competition: Another factor affecting the decision to sell is increased competition, or even future competition. We are seeing many local markets that are seriously affected by larger, more sophisticated operators and in addition, the prospect of new competition being built is coming back into the picture after a 5 year hiatus.

Cap Rates/Ability to Finance: Cap Rates are the shorthand way that real estate professionals talk about values. In short, the lower the cap rates, the higher the real estate prices are in the current market. Today's cap rates are near the lowest (that means the highest prices) they have been in the last 40 years! This change in cap rates is almost exclusively related to the unprecedented lower interest rates that the market is experiencing. One material difference in the market today is

that the low cap rates that are being paid today are almost exclusively in major cities (i.e. Chicago, New York, San Francisco and Los Angeles) whereas the rest of the country is seeing more historical norms with regard to cap rates. This is the new reality that all potential sellers must understand! Properties in non-major markets will continue to see higher cap rates (lower values) as the market has consistently valued these properties at higher cap rates for the last few years and this is unlikely to change any time soon.

The low interest rates have also created tremendous opportunity for smaller investors because there are many very compelling opportunities within smaller markets. With the cap rates 100 to 400 basis points higher in smaller markets and with interest rates in the 4% to 6% range, it has created an arbitrage play within smaller markets that is worth considering.

Are You a Seller? Determining if and when you are a "real" seller is the single most important step in the process of your investment. This is someone who has a defined reason to sell and is willing to price the sale at a level that is within the market of the property. Serious buyers want serious sellers and when a buyer finds out that a seller isn't realistic about selling because of price, timing, or market conditions, serious buyers will seldom get interested again. The result is that a non-serious seller offends their best prospects - and they will remember! **OVER PRICING IS NOT HARMLESS!**

Experience has shown us that motivated sellers who are willing to accept a price that is reasonable in the marketplace will in fact see their property sell in a reasonable amount of time. This does not mean you have to accept a low ball offer, it simply means that a deal is made so that you get a fair value for your investment and the buyer gets a fair value for the future potential of the property.

In summary, prices are very strong and the uncertainties of the world never less settled, so if you are at or near one of those "personal crossroads" it is time to get serious about selling. These high prices will not last forever, maybe not much longer, and if you are thinking about selling in the near term you should hurry while qualified buyers are scrambling to take advantage of the lowest interest rates in history! **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

Orland, CA

• \$2,099,000

- New Price!
- 344 Units
- 53,800 RSF
- 4.31 Acres
- Occupancy up 16%+ over past 4 years!
- Visibility from I-5 Freeway
- All new computers, upgraded security, access and gates
- Fully fenced and secured

Tom de Jong
408-282-3829

tom.dejong@colliers.com



Newark Valley, NY

• \$349,000

- 72 Units
- 12,700 RSF
- 1.15 Acres
- Excellent Main Street location
- 2 Commercial tenants
- Municipal water
- Room for expansion

Guy Blake, CCIM
845-522-5900

gblake@pyramidbrokerage.com



Sidney, MT

• \$950,000

- 107 Units
- 18,700 RSF
- 1.46 Acres
- Brand new facility next to new Wyndham Motel and 90 space RV Park
- Located in the heart of the Bakken petroleum field
- Sidney is the fastest growing town in Montana

Larry Hayes
406-544-1921

larryhayes@selfstorage.com



Cleveland, OH

• \$2,300,000

- 153 Units
- 31,204 GSF
- 5.72 Acres
- Climate control and non-climate units
- Tremendous upside
- Property includes on site apartment
- Easy access off of I-480

Bob Brehmer, CCIM
216-831-3310

rbrehmer@naidaus.com



Sunapee, NH

• \$900,000

- 175 Units
- 22,100 RSF
- 8.8 Acres
- Closest storage facility to the town of New London
- High barriers to entry!
- Available financing at 3.75% interest, fixed for 10 years and 75% LTV

Joe Mendola
603-668-7000

joe@nainorwoodgroup.com



Gonzales, TX

• \$3,200,000

- 515 Units
- 101,187 RSF
- 6.76 Acres
- Self storage leader in Gonzales County, TX since 1977
- Built in phases as demand grew, last phase in 2008
- Great upside potential
- Very well maintained and operated by a professional manager

Bill Brownfield, CCIM
713-366-3134

brownfield@selfstorage.com





Sells Self Storage Nationwide!

Check out our current inventory of 74 properties listed in 24 states and contact the listing broker for more information or visit www.argus-selfstorage.com!

Alabama

| | | | |
|------------|-------------|---|--------------|
| Eight Mile | \$825,000 | Bill Barnhill/Stuart LaGroue | 251-432-1287 |
| Jasper | \$1,250,000 | Bill Barnhill/Shannon Barnes | 251-432-1287 |
| Mobile | \$3,800,000 | Bill Barnhill/Stuart LaGroue/ Shannon Barnes | 251-432-1287 |

Arizona

| | | | |
|--------------|-------------|-------------------|--------------|
| Blk Cyn City | \$1,500,000 | Jeffery A. Gorden | 480-331-8880 |
| Lakeside | \$2,600,000 | Jeffery A. Gorden | 480-331-8880 |
| Strawberry | \$200,000 | Jeffery A. Gorden | 480-331-8880 |
| Vernon | \$1,000,000 | Jeffery A. Gorden | 480-331-8880 |

Arkansas

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|----------------|-------------|---------------|--------------|
| Fort Smith | \$1,100,000 | Larry Goldman | 913-339-0641 |
| Gravette | \$800,000 | Larry Goldman | 913-339-0641 |
| Siloam Springs | \$1,515,000 | Larry Goldman | 913-339-0641 |

California

| | | | |
|-----------|-------------|-------------|--------------|
| Chester | \$299,900 | Tom de Jong | 408-282-3829 |
| Fairfield | SOLD | Tom de Jong | 408-282-3829 |
| Orland | \$2,099,000 | Tom de Jong | 408-282-3829 |
| Vallejo | Make Offer | Tom de Jong | 408-282-3829 |

Colorado

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|--------|-------------|------------|--------------|
| Cortez | \$1,150,000 | Joan Lucas | 720-855-6587 |
|--------|-------------|------------|--------------|

Florida

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|----------------|-------------|------------------|--------------|
| Live Oak | \$599,999 | John W. Hill | 386-362-3300 |
| Maccleeny | \$1,725,000 | W. Frost Weaver | 904-265-2001 |
| West Melbourne | \$249,000 | Adam Rathbun | 321-752-1199 |
| Wildwood | \$849,000 | Reggie Caruthers | 352-748-1182 |
| Wildwood | \$799,000 | Reggie Caruthers | 352-748-1182 |

Georgia

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|--------|-----------|------------------------------|--------------|
| Canton | \$300,000 | Bill Barnhill/Allen Barnhill | 770-487-9006 |
| Canton | \$650,000 | Bill Barnhill/Allen Barnhill | 770-487-9006 |

Illinois

| | | | |
|----------|-------------|------------------|--------------|
| Crete | \$400,000 | Bruce Bahrmassel | 312-518-3550 |
| Freeport | \$1,290,000 | Bruce Bahrmassel | 312-518-3550 |
| Metamora | \$1,499,000 | Bruce Bahrmassel | 312-518-3550 |

Maryland

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

Michigan

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|--------|-----------|------------|--------------|
| Albion | \$370,000 | Jim Soltis | 810-494-2062 |
|--------|-----------|------------|--------------|

Mississippi

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|------------|-------------|------------------------------|--------------|
| Meridian | \$2,795,000 | Bill Barnhill/Stuart LaGroue | 251-432-1287 |
| Vanceleave | \$499,000 | Bill Barnhill/Shannon Barnes | 251-432-1287 |
| Vicksburg | \$550,000 | Bill Barnhill/Shannon Barnes | 251-432-1287 |

Missouri

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|--------------|-------------|---------------|--------------|
| Farmington | \$2,950,000 | Larry Goldman | 913-339-0641 |
| Mount Vernon | \$1,170,000 | Larry Goldman | 913-339-0641 |
| Ozark | \$1,200,000 | Larry Goldman | 913-339-0641 |
| Sedalia | \$775,000 | Larry Goldman | 913-339-0641 |
| St. Joseph | \$650,000 | Larry Goldman | 913-339-0641 |

Montana

| | | | |
|--------|-----------|-------------|--------------|
| Sidney | \$950,000 | Larry Hayes | 406-544-1921 |
|--------|-----------|-------------|--------------|

New Hampshire

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|-----------|-----------|-------------|--------------|
| Claremont | \$305,000 | Joe Mendola | 603-668-7000 |
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New Hampshire, cont.

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|---------|-----------|-------------|--------------|
| Rindge | \$900,000 | Joe Mendola | 603-668-7000 |
| Sunapee | \$900,000 | Joe Mendola | 603-668-7000 |

New Jersey

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|------------|-------------|---------------|--------------|
| Pemberton | \$975,000 | Linda Cinelli | 908-722-5661 |
| Pennsauken | \$1,300,000 | Linda Cinelli | 908-722-5661 |

New Mexico

| | | | |
|------------|-------------|---|------------------------------|
| Las Cruces | \$625,000 | Noel Woodwell | 915-491-9610 |
| Santa Fe | \$3,250,000 | Joan Lucas/ David Etzold & Noel Woodwell | 720-855-6587 915-845-6006 |

New York

| | | | |
|---------------|-------------|---------------|--------------|
| Hicksville | \$4,200,000 | Linda Cinelli | 908-722-5661 |
| Islip | \$3,400,000 | Linda Cinelli | 908-722-5661 |
| Lynbrook | \$2,550,000 | Linda Cinelli | 908-722-5661 |
| Newark Valey | \$349,000 | Guy Blake | 845-522-5900 |
| Middletown | \$450,000 | Linda Cinelli | 908-722-5661 |
| Peekskill | \$7,750,000 | Linda Cinelli | 908-722-5661 |
| Port Jervis | \$1,600,000 | Linda Cinelli | 908-722-5661 |
| Yorktown Hgts | \$2,750,000 | Linda Cinelli | 908-722-5661 |

North Carolina

| | | | |
|--------------|-----------|---------------------|--------------|
| Fayetteville | \$895,000 | N.J. "Joey" Godbold | 704-632-1027 |
| Statesville | \$695,000 | N.J. "Joey" Godbold | 704-632-1027 |

Ohio

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|-----------|-------------|-------------------|--------------|
| Cleveland | \$2,300,000 | Bob Brehmer, CCIM | 216-455-0920 |
|-----------|-------------|-------------------|--------------|

Oklahoma

| | | | |
|---------------|-------------|-------------------------------|------------------------------|
| Oklahoma City | Make Offer | Jared Jones | 918-665-1210 |
| Commerce | \$585,000 | Larry Goldman/ Jared Jones | 913-339-0641 918-665-1210 |
| Hugo | \$1,850,000 | Jared Jones | 918-665-1210 |
| Tulsa | \$1,180,000 | Jared Jones | 918-665-1210 |

Pennsylvania

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

South Carolina

| | | | |
|--------|-------------|---------------------|--------------|
| Camden | \$895,000 | N.J. "Joey" Godbold | 704-632-1027 |
| Chapin | \$2,875,000 | N.J. "Joey" Godbold | 704-632-1027 |

Texas

| | | | |
|---------------|-------------|-----------------------------|--------------|
| Canutillo | \$575,000 | David Etzold | 915-845-6006 |
| Canutillo | SOLD | David Etzold | 915-845-6006 |
| Flint | \$599,000 | Richard Minker/TylerTrahant | 817-335-5600 |
| Forest Hill | \$2,450,000 | Richard Minker/TylerTrahant | 817-335-5600 |
| Gonzales | \$3,200,000 | Bill Brownfield | 713-366-3134 |
| Horizon City | \$350,000 | Noel Woodwell | 915-491-9610 |
| Houston | \$950,000 | Bill Brownfield | 713-366-3134 |
| Missouri City | \$2,500,000 | Bill Brownfield | 713-366-3134 |
| Richmond | \$1,850,000 | Bill Brownfield | 713-366-3134 |
| San Antonio | Call Broker | Bill Brownfield | 713-366-3134 |
| TX Portfolio | Call Broker | Richard Minker/TylerTrahant | 817-335-5600 |

Wisconsin

| | | | |
|------------|-----------|--------------|--------------|
| Egg Harbor | \$289,000 | Chris Hitler | 262-236-0612 |
|------------|-----------|--------------|--------------|

Argus Sales

Congratulations to the following Argus Broker Affiliates on their recent sales!



David Etzold of Etzold & CO sold All American Storage in Canutillo, TX!



Richard Minker, CCIM and **Tyler Trahant** of CASE Commercial Real Estate Partners sold Friendly Self Storage in Mansfield, TX!



Jared Jones, CCIM of Bauer & Associates represented the buyer of West Bank Storage in Tulsa, OK!



Richard and **Tyler** also represented the buyers of Amazing Space Self Storage in Norman, OK. **Joan Lucas** of Joan Lucas Real Estate Services represented the seller!



Tom de Jong of Colliers International sold Solano Storage Center in Fairfield, CA!



Don't forget to cast your vote for **Argus** and all of your favorite industry vendors in the annual **ISS Best of Business** poll! Voting is open through June, 30, 2012, so visit www.insideselfstorage.com/vote to participate.

Contact an Argus Broker Affiliate

NORTHEAST

Guy Blake, CCIM
Linda Cinelli, CCIM, CEA & Sean Bortel
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

Allen Barnhill
Bill Barnhill, CCIM
N.J. "Joey" Godbold
Frost Weaver (FL Commercial Brokers Network)

Omega Properties, Inc.
Omega Properties, Inc.
Percival McGuire Commercial Real Estate
Weaver Realty Group, Inc.

770-487-9006
888-801-4534
704-632-1027
904-733-0039

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

NORTH CENTRAL

Bruce Bahrmassel
Robert K. Brehmer, CCIM
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Peter Hitler & Chris Hitler, MBA
Jim Soltis

Landstar Realty Group
NAI Daus
RE/MAX Best Associates
Grisanti Group Commercial Real Estate
Investment Real Estate Specialists
Preview Properties.com

312-518-3550
216-831-3310
913-339-0641
502-253-1811
262-236-0612
810-494-2062

Northern IL, Northern IN
OH
KS, MO, AR, Southern IL
KY, Southern IN
WI
MI

SOUTH CENTRAL

Bill Barnhill, CCIM
Bill Brownfield, CRE, CCIM
David Etzold & Noel Woodwell
Jared Jones, CCIM
Ricky Lennard
Richard D. Minker, CCIM & Tyler Trahant

Omega Properties, Inc.
MKP Self Storage LLC
Etzold & Co.
Bauer & Associates
Lennard Properties, LLC
CASE Commercial Real Estate Partners

888-801-4534
713-366-3134
915-845-6006
918-665-1210
318-792-1960
817-335-5600

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

WEST

Jim Berry, CCIM
Steve Boldish, CCIM
Tom de Jong
David Etzold & Noel Woodwell
Jeffery A. Gorden, CCIM
Larry Hayes
Joan Lucas

CRG Utah
Coldwell Banker Commercial NW
Colliers International
Etzold & Co.
Eagle Commercial Realty Services
Hayes & Associates
Joan Lucas Real Estate Services, LLC

801-560-5601
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720-855-6587

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