



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue XI-2018

What Have We Learned in 2018?

by Ben Vestal

In 2018, the biggest lesson we have learned is that not all markets and self-storage operators are created equal. We have seen new deliveries continue to push down rental rates on a national level, but revenue growth remains positive. New development continues to be highest in markets with strong employment growth which leads to outsized population growth. As I have traveled the country attending self-storage meetings and touring self-storage projects, I have noticed some common themes; overall everyone is happy, they have good jobs, the economy is growing, self-storage is still a desired asset class and for now life is good. Below I have noted four key positives and negatives that we have learned about the current self-storage market:

1. The five major self-storage REITS are showing signs of slowing with same store net operating income (NOI) growth ranging from 0.6% to 5% in the third quarter. This is down from last year, but we should all be thankful for positive NOI growth.

REIT	Revenue Growth	NOI Growth	Occupancy 3Q18
PSA	1.2%	0.6%	92.1%
EXR	3.2%	3.3%	93.9%
CUBE	3.0%	3.9%	92.7%
LIFE	3.6%	4.2%	91.3%
NSA	4.0%	5.0%	89.5%

2. Nationwide, Yardi Matrix is tracking more than 2,000 new self-storage projects under various stages of development: 692 under construction, 966 planned, 408 prospective and 280 abandoned or canceled projects. Peak delivery of new projects is sometime in 2018 or early 2019 and we should all be thankful that self-storage is continuing to perform well under the pressure of the crest of the development wave.

Argus has recently completed over 50 development reports around the country, broken down by submarket to assist our clients in understanding the affects of new supply within a submarket. Contact your local Argus broker to receive a copy.

3. Implied Cap Rates for the REITS based on common share prices:

REIT	Implied Cap Rate
Public Storage	5.5%
Extra Space	5.3%
CubeSmart	5.8%
Life Storage	5.9%
National Storage Affiliates	6.0%

Source: BMO Capital Markets

It is clear that the implied cap rates of the self-storage REITS have made new acquisitions of sub 5.5% cap rate deals less attractive than in years past. In our estimation cap rates have risen by 25-40 bps and the national average is around 6% today.

4. As we start to experience a operational headwinds it is evident that not all markets and operators are created equal. Nationwide, the top performing and underperforming markets are:

Top Performers: Las Vegas, Inland Empire and Boston
Underperformers: Pittsburgh, Raleigh-Durham and Charleston

Obviously, this is a very broad brush of these markets and submarkets within these MSAs may be performing much better.

With Thanksgiving upon us and the end of the year looming, it is clear that self-storage fundamentals are being stressed for the first time in more than a decade. We should all be thankful for the resilience our industry has shown during this cycle and it will continue to prove itself as the shining star of commercial real estate. We will absorb the new supply over the next several years, but we should all prepare for slower than anticipated lease ups and market rate returns. Remember, everyone is happy, we have good jobs, the economy is growing, self-storage is still a desired asset class and life is good. **MM**

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



Property Showcase

Placerville, CA

\$895,000

- 31 Units
- 6,000 RSF
- 2 Acres
- Located in Gold Country and Wine Country, approximately 50 miles east of Sacramento
- Value-add opportunity by adding more units and increasing rental rates
- Good opportunity for retiree or contractor
- Seller financing available

NEW!

Jim Rueter

805-815-8105

argusnorcal@gmail.com



Bowman, ND

\$950,000

- 113 Units
- 30,068 RSF
- ~4.5 Acres
- Comprised of 22,640 RSF of storage and 3,428 SF retail/office building
- Excellent upside potential
- 2018 revenue on pace to grow 15% over 2017 revenue

NEW!

**Tom Flannigan
& Alex Ihrke**

612-790-3747

tom@selfstorage.com

alex@selfstorage.com



Colorado Springs, CO

\$8,700,000

- 491 Units
- 69,037 GSF
- 9.6 Acres
- Project is under construction to be delivered early 2019
- State-of-the-art project in North Colorado Springs
- Excellent location with visibility to over 100,000 vehicles per day on I-25

NEW!

Joan Lucas

720-855-6587

jluucas@selfstorage.com



Tulsa, OK

\$1,780,000

- 272 Units
- 29,857 RSF
- 2.3 Acres
- Infill location with great population density
- High quality facility with low maintenance requirements
- Upside available through revenue management
- Easily accessible

NEW!

Jared Jones, CCIM

918-609-0541

jjones@selfstorage.com



Longmont, CO

\$2,800,000

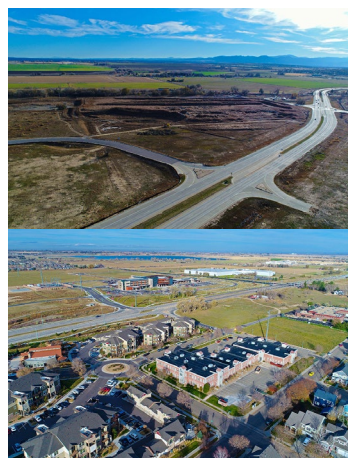
- Self-Storage Development Site
- 5.6 Acres
- 521 Proposed Units
- 69,500 Proposed RSF
- Site is approved for a single-story facility with climate and ambient storage
- Located on Hwy 119, the entry corridor to Longmont and Boulder
- In the path of residential development

NEW!

Joan Lucas

720-855-6587

jluucas@selfstorage.com



Seminole, TX

\$1,115,000

- RV Park and Storage
- 47 RV Pads
- 10 enclosed storage units
- 4 furnished cabin units
- Stable and diversified income stream
- Rent upside as submarket workforce continues to expand
- On-site management

**Richard Minker, CCIM
& Chad Snyder**

817-335-5600

richard.minker@colliers.com

chad.snyder@colliers.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

Childersburg	\$768,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Fultondale	\$699,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Spanish Fort	\$890,000	Bill Barnhill/Shannon Barnes	251-432-1287

Arkansas

Cabot	\$429,000	Larry Goldman	913-707-9030
Hot Springs	\$8,000,000	Larry Goldman	913-707-9030
Hot Springs Vlg	\$4,000,000	Larry Goldman	913-707-9030
Hot Springs Vlg	\$1,600,000	Larry Goldman	913-707-9030

California

Placerville	\$895,000	Jim Rueter	805-815-8105
Whittier	\$2,967,000	Peter Pappageorge	532-269-4844

Colorado

Bennett	\$4,200,000	Joan Lucas	720-855-6587
Calhan	\$910,000	Joan Lucas	720-855-6587
Colo. Springs	\$8,700,000	Joan Lucas	720-855-6587
Longmont	\$2,800,000	Joan Lucas	720-855-6587

Florida

Ft. Myers	\$725,000	Frost Weaver/Josh Koerner	904-265-2003
High Springs	\$2,880,000	Frost Weaver/Josh Koerner	904-265-2003
Jacksonville	\$1,500,000	Frost Weaver/Josh Koerner	904-265-2003
Macclenny	\$2,425,000	Frost Weaver/Josh Koerner	904-265-2003
Pensacola	\$3,800,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Stuart	\$2,500,000	Frost Weaver/Josh Koerner	904-265-2003

Georgia

Cumming	\$950,000	Mike Patterson	770-301-1886
Lithia Springs	\$950,000	Jane Sauls	770-328-2379
Mableton	\$895,000	Jane Sauls	770-328-2379
Mableton	\$538,000	Jane Sauls	770-328-2379
Warner Robins	SOLD	Luke Sauls	770-328-2379

Illinois

Bloomington	\$2,350,000	Bruce Bahrmassel	312-518-3550
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Indiana

Terre Haute	\$1,100,000	Paul Grisanti/Mike Helline	502-296-4586
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Iowa

Altoona	Call Broker	Tom Flannigan	612-790-3747
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Kansas

Hayesville	SOLD	Larry Goldman	913-707-9030
Manhattan	\$5,400,000	Larry Goldman	913-707-9030

Maine

Naples	\$850,000	Joseph Mendola	603-668-7000
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Massachusetts

Methuen	\$9,500,000	Joseph Mendola	603-668-7000
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Minnesota

Forest Lake	\$2,800,000	Tom Flannigan	612-790-3747
Two Harbors	\$1,200,000	Tom Flannigan	612-790-3747

Missouri

Jefferson City	\$599,000	Larry Goldman	913-707-9030
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Mississippi

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

Lemoyne	\$1,500,000	Joan Lucas	720-855-6587
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New Hampshire

Enfield	\$6,700,000	Joe Mendola	603-668-7000
Hinsdale	\$1,280,000	Joe Mendola	603-668-7000

New Jersey

Sparta	\$7,450,000	Linda Cinelli	908-722-5661
Ventnor City	\$1,725,000	Linda Cinelli	908-722-5661
West Berlin	\$5,400,000	Linda Cinelli	908-722-5661

New Mexico

Ruidoso Downs	SOLD	David Etzold/Avi Kotkowski	915-845-6006
Santa Fe	Call Broker	David Etzold/Avi Kotkowski	915-845-6006

New York

Islip	\$5,700,000	Linda Cinelli	908-722-5661
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North Carolina

Hickory	\$750,000	Jamey Cox	704-632-1030
Raleigh	\$2,300,000	Jamey Cox	704-632-1030

North Dakota

Bowman	\$950,000	Tom Flannigan	612-790-3747
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Ohio

Empire	\$1,500,000	Alec Pacella	216-455-0925
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Oklahoma

Bixby	\$4,000,000	Jared Jones	918-583-3483
Broken Bow	\$1,650,000	Jared Jones	918-583-3483
Commerce	\$390,000	Larry Goldman	913-707-9030
Tulsa	\$1,780,000	Jared Jones	918-583-3483

Oregon

Central Point	\$1,875,000	Scott King	541-890-6708
Lakeview	\$835,000	Scott King	541-890-6708
Medford	\$375,000	Scott King	541-890-6708
Talent	SOLD	Scott King	541-890-6708
Vale	\$1,600,000	Scott King	541-890-6708

Pennsylvania

Albion	\$450,000	Alec Pacella	216-455-0925
Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100

Tennessee

Afton	\$1,675,000	Paul Grisanti/Mike Helline	502-296-4586
Kingsport	\$1,150,000	Paul Grisanti/Mike Helline	502-296-4586

Texas

Anna	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Katy	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Mineral Wells	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Rockwall	Call Broker	Richard Minker/Chad Snyder	817-335-5600
Seminole	Call Broker	Richard Minker/Chad Snyder	817-335-5600

Wisconsin

Franksville	\$599,000	Bruce Bahrmassel	312-518-3550
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ARGUS SALES



Congratulations to **Larry Goldman, CCIM** of RE/MAX Commercial who sold Air Capital Storage in Haysville, KS! Contact Larry at 913-707-9030 for details.



Congratulations to **Mike Patterson, CCIM** of Commercial Realty Services of West Georgia who sold a storage container business in Cumming, GA!



Congratulations to **Scott King** of Merit Commercial Real Estate who sold Bear Creek Mini Storage in Talent, OR! Contact Scott at 541-890-6708 for details.



Congratulations to **Luke Sauls** of Commercial Realty Services of West Georgia who sold Storage Locker in Warner Robins, GA! Contact Mike and Luke at 770-301-1886 for details.



Congratulations to **David Etzold and Avi Kotkowski** of ETZOLD & CO who sold A to Z Storage in Ruidoso Downs, NM! Contact David and Avi at 915-845-6006 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 & Jamey Cox
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.

251-432-1287
704-632-1030
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
Alec Pacella, CCIM
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Jim Soltis

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

312-518-3550
612-790-3747
216-831-3310
913-707-9030
502-253-1811
810-494-2062

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

SOUTH CENTRAL

Bill Barnhill, CCIM
Bill Brownfield, CRE, CCIM & Faith Pate
David Etzold & Avi Kotkowski
Larry Goldman, CCIM
Mike Helline & 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
Jones Investment Properties
Colliers International

251-432-1287
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

David Etzold & Avi Kotkowski
Jeff Gorden, CCIM
Larry Hayes
Scott King
Joan Lucas
James Rueter
Doug Shea & Peter Pappageorge
Thomas Wolter

Etzold & CO LLC
Eagle Commercial Realty Services
Hayes & Associates
Merit Commercial Real Estate
Joan Lucas Real Estate Services, LLC
Grand Ave. Realty
Centennial Advisers
RE/MAX Commercial

915-845-6006
480-331-8880
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541-890-6708
720-855-6587
805-815-8105
562-269-4844
206-200-3325

NM
AZ, NV
MT
OR
CO
Northern CA
Southern CA
WA