ARGUS
SELF STORAGE SALES NETWORK

Market Monitor

"America's Premier Self Storage Brokers" **Issue XII-2012**

It's Been a Good Ride!

by Ben Vestal

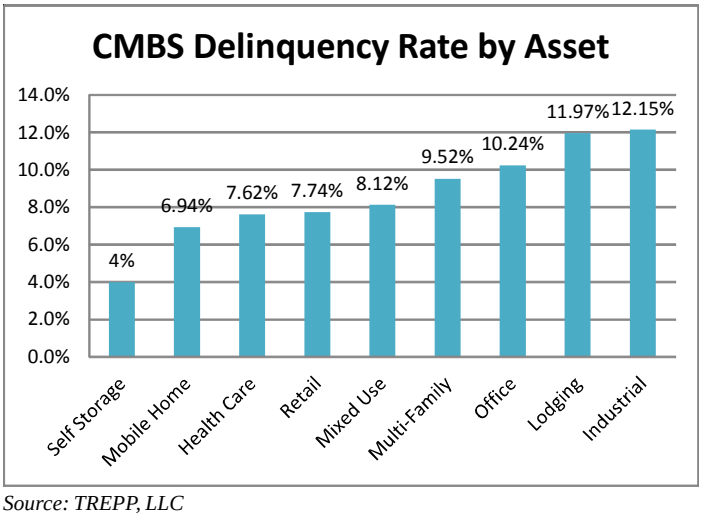
The holidays are upon us and optimism is certainly present in today's real estate market. This includes self storage which continues its Cinderella story, evolving from the "homely step-sister" to the best performing commercial real estate asset class. Let's take a look at what got us to this point.

How Did We Get Here?

The solid underlying performance of self storage properties year over year is boosted because self storage has no tenant improvements or leasing commissions which create higher net rental incomes than most commercial real estate. Additionally, the low maintenance requirement also contributes to the increased bottom line performance while the large tenant base and short term nature of self storage leases allows owners to react quickly to changing market conditions. This also protects owners from long term vacancies that occur in other types of commercial real estate. As we all know, the speed of business is increasing all the time and there is nothing worse than having your hands tied in a rapidly changing market. Because of these operating characteristics and the flexibility that the short term leases provide the operators, it is very likely that self storage is still underestimated and the best is yet to come.

How Does Self Storage Stack Up?

Low capital expenditures and strong cash flow have made self storage a desired asset class for the yield hungry investment community today. Self storage has managed to maintain stable occupancies throughout the economic downturn and currently only 4% of self storage CMBS loans are in delinquent status. As you will see in the chart below, self storage continues to have the lowest delinquency rate among the major commercial real estate asset classes.



Source: TREPP, LLC

Liquidity in the self storage debt markets continues to be robust with interest rates remaining low and loan to values (LTV) creeping up throughout the year. This has been lead mainly by the CMBS market; however we have also experienced banks and life companies competing for business in core markets. This has created some very compelling spreads between the cost of debt and cap rates, allowing many investors to capitalize on staggering spreads while paying aggressive prices. Additionally, the run in self storage sales over the last 12 months was fueled by the current US capital gains tax structure which is scheduled to rise from 15% to 23.8% (this includes 3.8% associated with the Affordable Care Act). We must remember though, that one stroke of a pen can change everything!

It is noteworthy that self storage has a higher 10 year average return than any other major property sector as shown below.

Property Sector	Industrial	Office	Apartment	Retail	Self Storage
10 yr. Avg. Return '02-'11 (Based on NAREIT Data)	8.36%	9.83%	14.44%	15.34%	18.54%

Source: Cushman & Wakefield Self Storage Industry Group & Self Storage Data Services

Time to Look in the Crystal Ball

With the election behind us, it is time to adjust to the new reality of higher taxes, low interest rates (for the time being), bigger government and the possibility of hyperinflation, etc. This will likely lead to a brief pause in transactions in 2013 as self storage buyers and sellers adjust. Although major markets have outpaced non-major markets since the trough of the recovery, according to Moody's Investor Service, non-major markets have set the pace over the past 12 months, up by 8.4% versus 5.3% in the major markets. I believe we will continue to see this trend because non-major markets are providing higher-yielding investments with a risk adjusted return worth taking note of.

The self storage recovery has been stronger than most asset classes and this will continue through 2013. Self storage REITS will continue to outperform others, primarily due to higher liquidity, reliable revenue streams and relatively easy access to capital markets. We will also likely continue to see moderate compression in cap rates across the board in 2013. With the visible improvements in fundamentals, lack of new construction, increased availability of capital, aggressive asset pricing and transaction volume, 2013 will be another robust year for self storage operators. 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

Carrollton, GA • $350,000

- 169 Units
- 24,750 RSF
- 2.2 Acres
- Fully fenced with computerized access
- Well maintained and professionally managed
- Great location near downtown



Mike Patterson, CCIM
770-241-9070
ebroker@msn.com

Fulshear, TX • $4,250,000

- 457 Units
- 116,470 RSF
- 7.729 Acres
- Great value-add opportunity!
- Located in one of the fastest growing counties in the U.S.
- Surrounded by new residential development and new schools



Bill Brownfield, CCIM
713-366-3134
brownfield@selfstorage.com

Little Rock, AR • $2,675,000

- 386 Units
- 42,550 RSF
- 4.8875 Acres
- Dynamic location in heart of Northwest Arkansas
- Spacious manager's office and retail area
- Room for expansion



Richard Minker, CCIM & Tyler Trahant
817-335-5600
rminker@casecre.com
ttrahant@selfstorage.com

Larry Goldman, CCIM
913-339-0641
lgoldman@selfstorage.com

Alamogordo, NM $3,950,000

- 618 Units
- 84,450 RSF
- 10.245 Acres
- Largest self storage facility in Alamogordo
- Consistently high occupancy, especially in climate control units
- High visibility location at major intersection in an area with strong demand



Noel Woodwell
915-491-9610
nwoodwell@hotmail.com

Branchville, NJ • $1,950,000

- New Price!
- 21,290 RSF
- 152 Units
- 24.4 Acres
- Underperforming property with great upside potential
- Located off US Hwy 206 in Sussex County
- Expansion potential
- 100 Boat/RV parking spaces



Linda Cinelli, CCIM
908-722-5661
linda@lcrealtyusa.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 & Alec Pacella, CCIM
216-455-0920
rbrehmer@naidaus.com,
apacella@naidaus.com

ARGUS Sells Self Storage Nationwide!

- Over $140 million in self storage properties currently for sale, with prices ranging from $300,000 to over $9 million to meet the needs of every buyer.
- Check out our current inventory of 70 properties listed in 20 states and contact the listing broker for more information or visit www.argus-selfstorage.com!

Alabama			
Theodore	$300,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Arizona			
Lake Havasu City	$7,500,000	Jeffery A. Gorden	480-331-8880
Lakeside	$2,600,000	Jeffery A. Gorden	480-331-8880
Arkansas			
Fort Smith	$1,100,000	Larry Goldman	913-339-0641
Gravette	$800,000	Larry Goldman	913-339-0641
Little Rock	$2,675,000	Larry Goldman	913-339-0641
		Richard Minker/TylerTrahant	817-335-5600
Little Rock	$525,000	Larry Goldman	913-339-0641
Siloam Springs	$1,515,000	Larry Goldman	913-339-0641
Springdale	$1,489,000	Larry Goldman	913-339-0641
California			
El Dorado Hills	Make Offer	Tom de Jong	408-282-3829
Orland	Make Offer	Tom de Jong	408-282-3829
Vallejo	Make Offer	Tom de Jong	408-282-3829
Colorado			
Brighton & Peoria, AZ	$9,777,000	Joan Lucas	720-855-6587
Fountain	$1,150,650	Joan Lucas	720-855-6587
Greeley	$1,600,000	Joan Lucas	720-855-6587
Florida			
Live Oak	$599,999	John W. Hill	386-362-3300
Macclenny	$1,725,000	W. Frost Weaver	904-265-2001
Malabar	$475,000	Adam Rathbun	321-752-1199
Pensacola	$615,000	Bill Barnhill	251-432-1287
Wildwood	$849,000	Reggie Caruthers	352-748-1182
Wildwood	$799,000	Reggie Caruthers	352-748-1182
Georgia			
Carrollton	$350,000	Mike Patterson	770-241-9070
Illinois			
Crete	$400,000	Bruce Bahrmasel	312-518-3550
Freeport	$1,175,000	Bruce Bahrmasel	312-518-3550
Metamora	$1,499,000	Bruce Bahrmasel	312-518-3550
Mississippi			
Meridian	$2,795,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Meridian	$1,596,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Missouri			
Farmington	$2,890,000	Larry Goldman	913-339-0641
Mount Vernon	$1,170,000	Larry Goldman	913-339-0641
New Hampshire			
Claremont	$290,000	Joe Mendola	603-668-7000
New Jersey			
Branchville	$1,950,000	Linda Cinelli	908-722-5661
Haledon	$990,000	Linda Cinelli	908-722-5661
New Jersey, cont.			
Montague	$1,600,000	Linda Cinelli	908-722-5661
Pemberton	$975,000	Linda Cinelli	908-722-5661
Pennsauken	$1,300,000	Linda Cinelli	908-722-5661
New Mexico			
Alamogordo	$3,950,000	Noel Woodwell	915-491-9610
Albuquerque	$750,000	Noel Woodwell	915-491-9610
Mesilla Park	$550,000	Noel Woodwell	915-491-9610
NewYork			
Hicksville	$4,200,000	Linda Cinelli	908-722-5661
Lynbrook	$2,550,000	Linda Cinelli	908-722-5661
Middletown	$450,000	Linda Cinelli	908-722-5661
Peekskill	$4,500,000	Linda Cinelli	908-722-5661
Port Jervis	$1,600,000	Linda Cinelli	908-722-5661
Shirley	$5,700,000	Linda Cinelli	908-722-5661
Yorktown Hgts	$2,450,000	Linda Cinelli	908-722-5661
Ohio			
Cleveland	$2,300,000	Bob Brehmer/Alec Pacella	216-455-0920
Franklin	$775,000	Bob Brehmer/Alec Pacella	216-455-0920
Oklahoma			
Commerce	$585,000	Larry Goldman/ Jared Jones	913-339-0641 918-665-1210
Hugo	$1,650,000	Jared Jones	918-665-1210
Oklahoma City	Make Offer	Jared Jones	918-665-1210
Stillwater	$750,000	Jared Jones	918-665-1210
Tulsa	$950,000	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
Texas			
Flint	$599,000	Richard Minker/TylerTrahant	817-335-5600
Fulshear	$4,250,000	Bill Brownfield	713-366-3134
Gonzales	$3,200,000	Bill Brownfield	713-366-3134
Horizon City	$350,000	Noel Woodwell	915-491-9610
Lewisville	$5,200,000	Richard Minker/TylerTrahant	817-335-5600
Missouri City	$2,500,000	Bill Brownfield	713-366-3134
Richmond	$1,850,000	Bill Brownfield	713-366-3134
Washington			
Friday Harbor	$2,120,000	Jason Wilcox	206-919-7643
Morton	$697,000	Jason Wilcox	206-919-7643
Wisconsin			
Mauston	$405,000	Chris Hitler	262-236-0612
Milwaukee	$425,000	Chris Hitler	262-236-0612
Spring Green	$1,150,000	Chris Hitler	262-236-0612

Argus News

Congratulations to **Chuck Shields**, of Beacon Commercial Real Estate, who represented the buyer of Mt. Pocono Mini Storage in Mt. Pocono, PA! Chuck can be reached at 610-862-1645 for more information.



WINNER ISS INSIDE SELF-STORAGE 2012 BEST OF BUSINESS BEST REAL ESTATE BROKERAGE



Argus is proud to wecome our newest Broker Affiliate to the Network!

Mike Patterson, CCIM of Commercial Realty Services of West Georgia will represent Argus in the state of Georgia. Mike has 22 years of military experience and a background as a mechanical engineer. He has 12 years of experience in commercial real estate and earned the prestigious CCIM designation in 2004. Mike can be reached at 770-241-9070 or via email at ebroker@msn.com.

Argus Professional Storage Management is pleased to announce the signing of two new management clients: **Alameda & Buckley Self Storage in Aurora, CO** and **Storage Works Self Storage in Dallas, TX!** For more information, call 800-55-STORE or visit www.argusstoragemanagement.com.

ARGUS
PROFESSIONAL STORAGE MANAGEMENT

Contact an Argus Broker Affiliate

	Company	Phone	Territory
NORTHEAST			
Guy Blake, CCIM	Pyramid Brokerage Company	845-522-5900	Upstate NY, Western CT
Linda Cinelli, CCIM, CEA & Sean Bortel	LC Realty	908-722-5661	Northern NJ, NY (NYC, Long Island)
Joseph Mendola	NAI Norwood Group	603-668-7000	MA, ME, NH VT, Eastern CT
Chuck Shields	Beacon Commercial Real Estate	610-862-1645	Eastern PA, Southern NJ, DE
SOUTHEAST			
Bill Barnhill, CCIM	Omega Properties, Inc.	888-801-4534	FL Panhandle
N.J. "Joey" Godbold	Percival McGuire Commercial Real Estate	704-632-1027	NC, SC
Mike Patterson, CCIM	Commercial Realty Services of West Georgia	770-241-9070	GA
Frost Weaver (FL Commercial Brokers Network)	Weaver Realty Group, Inc.	904-733-0039	North, Central & South FL
NORTH CENTRAL			
Bruce Bahrmasel	Landstar Realty Group	312-518-3550	Northern IL, Northern IN
Robert K. Brehmer, CCIM	NAI Daus	216-831-3310	OH
Larry Goldman, CCIM	RE/MAX Best Associates	913-339-0641	KS, MO, Southern IL
Mike Helline & Paul Grisanti, CCIM	Grisanti Group Commercial Real Estate	502-253-1811	KY, Southern IN
Peter Hitler & Chris Hitler, MBA	Investment Real Estate Specialists	262-236-0612	WI
Jim Soltis	Preview Properties.com	810-494-2062	MI
SOUTH CENTRAL			
Bill Barnhill, CCIM	Omega Properties, Inc.	888-801-4534	AL, MS
Bill Brownfield, CRE, CCIM	MKP Self Storage LLC	713-366-3134	South & Central TX
David Etzold & Noel Woodwell	Etzold & Co.	915-845-6006	West TX
Larry Goldman, CCIM	RE/MAX Best Associates	913-339-0641	AR
Mike Helline & Paul Grisanti, CCIM	Grisanti Group Commercial Real Estate	502-253-1811	TN
Jared Jones, CCIM	Bauer & Associates	918-665-1210	OK
Richard D. Minker, CCIM & Tyler Trahant	CASE Commercial Real Estate Partners	817-335-5600	North TX
WEST			
Jim Berry, CCIM	CRG Utah	801-560-5601	UT, NV
Steve Boldish, CCIM	Coldwell Banker Commercial NW	541-776-1031	OR
Alan Davidson, CCIM	Realty One	949-424-1680	Southern CA
Tom de Jong	Colliers International	408-282-3829	Northern CA
David Etzold & Noel Woodwell	Etzold & Co.	915-845-6006	NM
Jeffery A. Gorden, CCIM	Eagle Commercial Realty Services	480-331-8880	AZ
Larry Hayes	Hayes & Associates	406-728-0088	ID, MT
Joan Lucas	Joan Lucas Real Estate Services, LLC	720-855-6587	CO
Jason Wilcox, CCIM	Gleason & Company Commercial Real Estate	206-919-7643	WA