ARGUS
SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers **Issue III-2013**

A Macro Look at Today's Self Storage Market

by Ben Vestal

While self-storage owners are enjoying a surge in occupancies, revenues and most importantly, property values, the U.S. economy continues to work through some messy politics while still registering modest growth. In the face of tax increases and the sequester budget cuts, the U.S. GDP is still on pace to grow around 2% in the first quarter of 2013(1). Self-storage continues to benefit from the mobility of the U.S. population with more than 36 million people relocating in 2012, an increase of 2.5% from the record low of 35.1 million in 2011, according to the U.S. Census Bureau. Most importantly, consumer spending remains resilient, aided by increased retail sales in late 2012 and recent trends in big ticket items such as home sales, vehicle sales and self-storage same-store revenue reported by the self-storage REITS. This indicates that the U.S. consumer is comfortable enough to continue spending money on new possessions, and ultimately, storing them.

Self-Storage Fundamentals: Positive But Still Uneven

The self-storage markets are clearly on the mend. The demand metrics for all major markets have indicated positive occupancy gains for two straight years. Over 80% of the country is currently absorbing excesses self-storage space. However, the performance varies greatly by location and market. The record occupancy levels reported by Public Storage (91.5%) and Extra Space (87.8%) would indicate that demand is exceeding pre-recession levels, with same store revenue growth of 4.9% and 6.6% respectively at the end of 2012. It would be safe to assume that we are reaching new levels for self-storage demand.

The unevenness in the self-storage recovery links back to the abnormally slow economic recovery. With a GDP growth rate of 2%, there is simply not enough growth to go around. The best properties in each market will continue to outperform the other properties in the market that are competing for the same customer. This is consistent in markets across the board and I expect the fight for equality to continue through the first half of 2013. But on a positive note, we are seeing signs that the demand and the consumer's price elasticity for the self-storage product are beginning to trickle down across the entire sector and we are also seeing most properties enjoy an uptick in occupancies and revenues.

(1) Moody's Analytics: *U.S. Macro Outlook*
(2) http://www.economist.com/blogs/graphicdetail/2013/02/focus-1

Credit is Flowing

Over the last 3 years we experienced a very choppy capital market but in the early months of 2013, I believe we are starting to see a very compelling lending environment emerge, at least for the time being. With the self-storage fundamentals firming up, lenders are once again targeting self-storage assets that can earn higher returns. Over the last three months the CMBS market, which is responsible for about 25% of all commercial real estate loans, has provided nearly $21 Billion in new loans. This is nearly double the volume during any other stage of the current recovery. It is also worth noting that the pricing of these loans is getting increasingly aggressive, but it is also comforting to see that the underwriting is generally conservative compared to pre-recession levels, with loan to values remaining in the 65% to 75% range. Traditional banks are also becoming more active as commercial real estate trended upward for the better part of a year and a half. With job growth spreading beyond just the usual markets (New York, Washington D.C., etc.) combined with the loosening credit markets, it is safe to assume that investment sales (self-storage properties included) will continue to climb at a steady clip throughout 2013.

Enjoy the Ride

Unlike in previous years, the self-storage investment outlook is easier to spot and it's poised for a robust run. We are enjoying increasing occupancies, revenues and most importantly values. All of this is supercharged by the low interest rates and lenders who are willing to give self-storage the respect we all know it deserves. Today, the downside risks are familiar ones, the biggest being inflationary risk followed by energy (gas) prices, the Euro crisis that seems to be creeping back into the headlines as of late and the biggest wild card, the U.S. fiscal policy.

Seeing through all of the messy politics and possible downside risks mentioned above, the U.S. economy will grow between 2% and 2.5% in 2013(2), enough to create 1.9 million new jobs and assist the commercial real estate markets (including self-storage) in making significant strides, assuming the economy will have no external shocks or self-inflicted wounds. 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

Andalusia, AL • $900,000

- 109 Units
- 12,450 RSF
- 1+/- Acres
- Great location with high traffic count
- Climate and non-climate units
- Land for expansion



Bill Barnhill, CCIM & Stuart LaGroue
251-432-1287
barnhill@selfstorage.com, stuart@selfstorage.com

Junction City, KS • $1,895,000

- 219 Units
- 30,266 RSF
- 4.13 Acres
- Dynamic location just of I-70
- Outdoor storage/Expansion area
- New facility enjoyed rapid lease up in 2012



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

Hiwasse, AR • $599,000

- 144 Units
- 23,900 RSF
- 9.79 Acres
- Dynamic NW Arkansas location near Bella Vista, AR retirement and recreation area
- Onsite manager's office
- Outdoor storage/expansion potential



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

Marshfield, MO • $2,550,000

- 395 Units
- RSF
- 8.5 Acres
- Expandable three-site facility
- Stable Occupancy
- Facility enjoys market dominance
- Impeccably well maintained



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

Kingman, AZ • $3,875,000

- 2-Property Portfolio
- 659 Total Units
- 105,704 GSF
- 4.46 Acres
- Significant upside potential with active managment
- Convenience Store real estate and business included!



Jeff Gorden, CCIM
480-331-8880
jgorden@selfstorage.com

Medford, OR • $1,250,000

- **Under Contract!**
- 253 Units
- 31,424 RSF
- 1.73 Acres
- Well established business
- High visibility road frontage
- Low maintenance metal siding and roof
- Onsite office and apartment



Steve Boldish, CCIM
541-776-1031
steve@mcpre.com

Panama City, FL • $900,000

- 241 Units
- 34,200 RSF
- 3.4 Acres
- Great location on Highway 231
- Onsite apartment
- Pawn Business provides additional income



Bill Barnhill, CCIM, Stuart La-Groue & Shannon Barnes, CCIM
251-432-1287
barnhill@selfstorage.com, stuart@self-storage.com, shannon@selfstorage.com

Friday Harbor, WA • $1,890,000

- 82 Units
- 22,996 RSF
- 2.53 Acres
- Premier location in Downtown Friday Harbor
- Potential for expansion or redevelopment
- Low vacancy



Jason Wilcox, CCIM
206-919-7643
jason@jasonwilcoxccim.com

ARGUS Sells Self Storage Nationwide!

- Over $115 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 66 properties listed in 24 states and contact the listing broker for more information.
- For property details, broker information and helpful industry articles, visit www.argus-selfstorage.com!

Alabama			
Andalusia	$900,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Foley	$999,500	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	251-432-1287
Theodore	$300,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Arizona			
Kingman	$3,875,000	Jeffery A. Gorden	480-331-8880
Lake Havasu City	$7,500,000	Jeffery A. Gorden	480-331-8880
Arkansas			
Hiwasse	$599,000	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
California			
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
Colorado Springs	$7,012,000	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
Panama City	$900,000	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	
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	$300,000	Mike Patterson	770-241-9070
Villa Rica	$980,000	Mike Patterson	770-241-9070
Illinois			
Freeport	$1,050,000	Bruce Bahrmasel	312-518-3550
Rochelle	$899,000	Bruce Bahrmasel	312-518-3550
Kansas			
Junction City	$1,895,000	Larry Goldman	913-339-0641
Michigan			
Lapeer	Call Broker	Jim Soltis	810-494-2062
Missouri			
Marshfield	$2,550,000	Larry Goldman	913-339-0641
Sedalia	$775,000	Larry Goldman	913-339-0641
Mississippi			
Meridian	$1,596,000	Bill Barnhill/Stuart LaGroue	251-432-1287
New Hampshire			
Claremont	$290,000	Joe Mendola	603-668-7000
New Jersey			
Branchville	$1,950,000	Linda Cinelli	908-722-5661
New Jersey, cont.			
Hackettstown	$4,500,000	Linda Cinelli	908-722-5661
Haledon	$725,000	Linda Cinelli	908-722-5661
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
New York			
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
Modena	$1,800,000	Linda Cinelli	908-722-5661
Peekskill	$3,500,000	Linda Cinelli	908-722-5661
Port Jervis	$1,600,000	Linda Cinelli	908-722-5661
Shirley	$5,700,000	Linda Cinelli	908-722-5661
North Carolina			
Chapel Hill	$895,000	Joey Godbold	704-632-1027
North Dakota			
Watford City	$1,200,000	Bruce Bahrmasel	312-518-3550
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/	913-339-0641
		Jared Jones	918-665-1210
Hugo	$1,650,000	Jared Jones	918-665-1210
Stillwater	$750,000	Jared Jones	918-665-1210
Tulsa	$950,000	Jared Jones	918-665-1210
Oregon			
Bandon	$749,000	Steve Boldish	541-776-1031
Medford	$1,250,000	Steve Boldish	541-776-1031
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			
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
Richmond	$1,850,000	Bill Brownfield	713-366-3134
Washington			
Friday Harbor	$1,890,000	Jason Wilcox	206-919-7643
Morton	$697,000	Jason Wilcox	206-919-7643

Argus News

Argus is proud to welcome our newest Broker Affiliates to the Network!

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





Tyler Clay and Bob Southern of Coldwell Banker Commercial Clay & Associates are located in Reno, NV and will represent Argus in the state of Nevada! Tyler Clay has been in commercial real estate since the late 1990's and in 2007, he sold the largest self storage facility in Northern Nevada. Bob Southern has been a commercial and residential real estate investor for over 25 years and has also owned and operated a successful manufacturing business. Tyler and Bob look forward to assisting self storage owners in Nevada with their real estate needs. They can be reached at 775-829-5900 or via email at ctclay@cbcreno.com and bob@cbcreno.com.

SPECIAL OFFER!

Contact your Argus Broker Affiliate to receive a FREE Exhibit Hall pass to the Inside Self Storage World Expo, April 3-4, 2013. Visit us at the show in Booth #222!

Click Here to request a pass, or contact your Argus Broker Affiliate listed below!

WORLD expo ISS INSIDE SELF-STORAGE

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
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			
Tyler Clay & Bob Southern	Coldwell Banker Commercial Clay & Associates	775-829-5900	NV
Steve Boldish, CCIM	Oregon Self Storage Brokers	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