ARGUS
SELF STORAGE SALES NETWORK

Market Monitor

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

Self-Storage Market Update

by Ben Vestal

As the only national brokerage firm that specializes in self-storage properties, Argus is presented with unique market data as it relates to the self-storage investment market around the country. Because of our recent market observations we are compelled to share with you our insight which will allow you to "do what must be done" to reach your investment goals. With more than 19 years of self-storage experience and more than 750 successfully completed self-storage transactions, Argus is the dominant self-storage brokerage firm in the country.



Argus Broker Affiliate Locations across the U.S.

Property Operations:

For the majority of storage owners and operators, revenues are now surpassing 2007 levels, resulting in an increase in property values. If you are not experiencing this bump in revenues, you should take a closer look at your operations and seek advice from your Argus broker about ways you can increase your revenues and value.

It is important that you as an operator are doing everything you can to enhance the value of your property, including utilizing new technologies which have recently been proven to increase value. You must constantly ask yourself "Do I have the necessary time, energy, resources and competence to compete in the new reality of self-storage investments?"

Why Acquisitions Will Continue to Dominate the Market:

Because of the current buying frenzy in the market it is important to stay disciplined; however, you also need to be equipped with the proper knowledge and contacts to take advantage of the current market conditions. As you will see in the current charts below, it's not all about cap rates and may be more about your ability as an investor to source debt and your overall understanding of the debt markets.

Chart I: Spread Between Interest Rates and Cap Rates 2000-2012

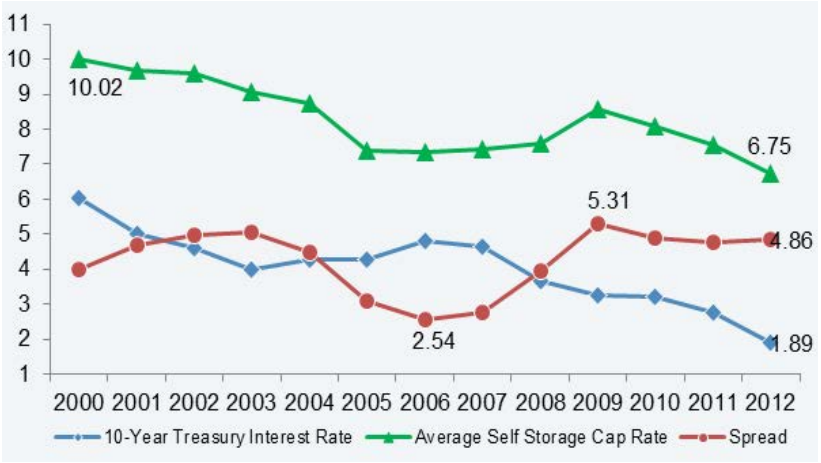


Chart I represents the average cap rates and interest rates over the last 10 years. Today the average cap rate is around 6.75%. Please remember that this is an average and not all properties will command a cap rate at this compressed level. You will also notice that the spread between cap rates and the ten year treasury (the benchmark for all commercial real estate loans) is higher today than in 2007 and almost any time over the last 10 years. The increased spread between cap rates and interest rates has improved

(continued)

real estate values by more than 8% without raising the NOI, simply by increasing the arbitrage an investor can capitalize on.

Let's take a look at how this scenario plays out in a hypothetical example. Chart II shows how a property that had no NOI improvement between 2007 and 2013 would be more valuable today than in 2007 simply due to today's debt markets. As we all know, it all comes down to cash flow in the self-storage business and you will notice that the cash on cash return increases by 110 basis points from 2007 to 2013. More importantly, the debt service coverage ratio increases from 1.39 to 1.52 making the 2013 scenario an inherently less risky investment.

Chart II: Debt Comparison

	Scenario 1 (2007)	Scenario 2 (2013)
Gross Revenue	$300,000	$300,000
Operating Expense	$100,000	$100,000
NOI	$200,000	$200,000
2007 Value @ 7.3% cap rate	$2,739,000	
2013 Value @ 6.75% cap rate		$2,962,000
2007 Debt Service (5.76%m 30y Am., 75% LTV)	$143,832 (Total Loan $2,054,000)	
2013 Debt Service (4.25%, 30y Am, 75% LTV)		$131,100 (Total Loan $2,221,000)
Cash Flow	$56,168	$68,900
Cash on Cash Return	**8.20%**	**9.30%**
Debt Service Coverage Ratio	**1.39**	**1.52**

There may not have been a better time to be a seller! Times like these remind me of that old real estate saying "it's better to be a year too early than a day too late!" As we all know the transaction process can be complicated, intense, overwhelming and is most likely one of the biggest decisions you will make in your lifetime. It is important that as a seller you do not let the buyer set the value of your property and that you and your team are in control of the process from start to finish. If you are considering selling your property, create demand for your property through the marketing process (today this is more important than ever), understand your numbers and what upside a buyer might have, and most importantly make sure you are professionally represented. You owe it to yourself and your partners to make sure you are maximizing the value of your investment. To achieve the highest price, list your property with a self-storage specialist and the ease of the transaction process and the additional dollars you will receive will more than justify the fees involved. Professional advice is more valuable today than ever!

Self-Storage Industry Leadership:

For the second consecutive year the Argus Self-Storage Sales Network, Inc. has been selected by the readers of Inside Self-Storage magazine as the Best Real Estate Brokerage Firm. These self-storage professionals are REITS, regional operators, local operators and entrepreneurial investors. Since 1994, Argus has earned this industry-leading reputation by maximizing our clients' values while maintaining long term relationships with self-storage owners around the country. Argus clients benefit from the ONLY comprehensive self-storage specific marketing platform, which exposes each property to the largest amount of qualified investors and enables Argus brokers to complete the most self-storage transactions around the country. MM

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





ARGUS Property Showcase

Bisbee, AZ • $150,000

- 91 Units
- 8,648 RSF
- 1.14 Acres
- Tremendous upside potential
- Local management in place
- Excellent visibility
- Few competitors and minimal operating expenses



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

Topeka, KS • $1,795,000

- 299 Units
- 46,558 RSF
- 6.19 Acres
- Unique, award winning eco-friendly design
- State of the art security system
- Property includes retail pad site approved for storage expansion



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

Cortez, CO • $1,243,500

- 231 Units
- 41,250 RSF
- 8.2 Acres
- Excellent visibility and accessibility from Hwy 491
- Room to expand
- Very nice large office, workroom and coffee bar



Joan Lucas
720-855-6587
jlucas@selfstorage.com

Brandon, MS • $650,000

- Self Storage Development Site
- 3.69+/- Acres
- 46,100 RSF Proposed
- Only suitable and approved site for self storage in Brandon, MS
- Shovel ready - site plan approved and building permit issued



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

Oakwood, GA • $1,499,000

- 362 Units
- 56,800 RSF
- 4.58 Acres
- Located in busy Atlanta NE corridor
- High visibility location near residential development and a major univeristy
- Nice office with apartment



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

Copley, OH • $1,425,000

- 319 Units
- 32,268 RSF
- 12.39 Acres
- All climate control facility
- Built in 2007
- Phenomenal security with biometric readers
- Stable, long term tenant base



Alec Pacella, CCIM & Michael Venesky
216-455-0886
apacella@naidaus.com
mvenesky@naidaus.com

Byron, IL • $300,000

- 81 Units
- 13,860 RSF
- 1.38 Acres
- 2012 NOI: $27,200
- Located approx. 10 miles southwest of Rockford, IL



Bruce Bahrmasel
312-518-3550
bruce@selfstorage.com

Fort Worth, TX • $1,790,000

- 186 Units
- 27,790 RSF
- 2.86 Acres
- Well performing U-Haul truck rental
- Cell tower and small office building provide add'l income
- Land available for expansion



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

Sells Self Storage Nationwide!

- Over $104 million in self storage properties currently for sale, with prices ranging from $150,000 to over $7 million to meet the needs of every buyer.
- For property details, broker information and helpful industry articles, visit www.argus-selfstorage.com or contact your local Argus Broker Affiliate listed on the back of the Market Monitor!

Alabama			
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			
Bisbee	$150,000	Jeffery A. Gorden	480-331-8880
Bullhead City	$475,000	Jeffery A. Gorden	480-331-8880
Bullhead City	$420,000	Jeffery A. Gorden	480-331-8880
Kingman	$3,875,000	Jeffery A. Gorden	480-331-8880
Phoenix	$1,500,000	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
California			
Orland	Make Offer	Tom de Jong	408-282-3829
Vallejo	Make Offer	Tom de Jong	408-282-3829
Colorado			
Colorado Springs	$7,012,000	Joan Lucas	720-855-6587
Cortez	$1,243,500	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	**SOLD!**	Adam Rathbun	321-752-1199
Panama City	$900,000	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	
Georgia			
Carrollton	$270,000	Mike Patterson	770-241-9070
Oakwood	$1,499,000	Mike Patterson	770-241-9070
Villa Rica	$940,000	Mike Patterson	770-241-9070
Illinois			
Byron	$300,000	Bruce Bahrmasel	312-518-3550
Dupo	$807,000	Larry Goldman	913-339-0641
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
Topeka	$1,795,000	Larry Goldman	913-339-0641
Michigan			
Lapeer	$785,000	Jim Soltis	810-494-2062
Missouri			
Marshfield	$2,550,000	Larry Goldman	913-339-0641
Sedalia	$775,000	Larry Goldman	913-339-0641
St. Joseph	$2,350,000	Larry Goldman	913-339-0641
Mississippi			
Brandon	$650,000	Bill Barnhill/Stuart LaGroue	251-432-1287
		Shannon Barnes	
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
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 York			
Hicksville	$4,200,000	Linda Cinelli	908-722-5661
Lynbrook	**SOLD!**	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
Whiteville	$3,750,000	Joey Godbold	704-632-1027
North Dakota			
Watford City	$1,200,000	Bruce Bahrmasel	312-518-3550
Ohio			
Cleveland	$2,300,000	Alec Pacella/Michael Venesky	216-455-0886
Copley	$1,425,000	Alec Pacella/Michael Venesky	216-455-0886
Elyria	$2,699,000	Alec Pacella/Michael Venesky	216-455-0886
Franklin	$775,000	Alec Pacella/Michael Venesky	216-455-0886
Painesville	$315,000	Alec Pacella/Michael Venesky	216-455-0886
Oklahoma			
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
Verden	$249,500	Jared Jones	918-665-1210
Oregon			
Bandon	$749,000	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			
Fort Worth	$1,790,000	Richard MInker/Tyler Trahant	817-840-0055
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 Sales

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

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

Linda Cinelli, CCIM of LC Realty sold South Shore Self Storage in Lynbrook, NY! Contact Linda at 908-722-5661 for details.



Adam Rathbun, CCIM of Southtrend Realty sold Railroad Avenue Storage in Malabar, FL! Adam can be reached at 321-752-1199 for more information.



Announcing the NEW Argus Mobile App!

Now you can access property information, maps, and demographics right from your smartphone or tablet! Simply scan the QR Code or visit m.argus-selfstorage.com to learn more!



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
Alec Pacella, CCIM & Michael Venesky	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 & Nicholas Maerz	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