



# My Perspective



Featuring Jeff Helgeson, Vice President of Real Estate at 180 Development Services in Gilbert, AZ

**TSSA:** How and when did you get interested in self storage?

**JH:** I've been in the self-storage industry for 20 years. I started as a store manager in Seattle in 1988, with Shurgard Storage Centers. I was later promoted to district manager in Portland, and again as a market and regional manager in California. After spending over a decade in operations, I took on real estate responsibilities and worked on deals in California. I then transferred to Phoenix, AZ as regional real estate manager for Texas, Colorado, Arizona and Washington. After the Shurgard/Public Storage merger, five of us (myself, Jeff, Larry Hoffmann, Tim Jones, and Jeff Mikus) from Shurgard, made the decision to continue in the self-storage industry and formed 180 Development Services and bought our first five facilities in October of 2007. Our growth strategy was to acquire and develop self-storage properties in markets we had operational experience. Our objective was to penetrate a market with multiple stores, giving us a brand presence as well as operational efficiencies. The purchase of five AAA facilities (now Morningstar Mini Storage) in Houston allowed us to meet that objective. The acquisition of two Best Storage facilities in the Houston area further solidified the Morningstar brand in the market.

**TSSA:** How have things changed in the time you've been in the industry?

**JH:** In the past 20 years, much has changed. When I started in the industry, most stores worked off ledger cards, had manual gates, and no security systems. You were pretty hi-tech if you had a fax machine. As computers became more prevalent, we worked with security companies and upgraded to electronic gates and infrared beams. Some stores had security displays that seemed really cool at the time. So things have changed a whole lot. Now you see wine storage, lots of climate control, covered drives, improved security systems, more customer amenities, and the quality of storage management has significantly improved. I think it really began changing in the 90's, when the industry got more competitive. As the industry grew, storage companies became more focused on quality and value. As a result, I believe there are three niches in the storage industry today – the high quality, the value, and the low price.

**TSSA:** Why did you choose to acquire sites in Texas?

**JH:** The opportunity was there. We were able to acquire a group of stores, and we liked the market. The stores all had upside potential to them. Frankly, the economy has done pretty well in Texas' major markets—Houston, San Antonio, Austin, and Dallas. So we're always looking for opportunities there. We like Texas.

**TSSA:** How do markets compare between different states?

**JH:** That's a tough question. For example, if you are looking at Texas and Arizona there is not that much disparity. Texas has probably done better than Arizona in terms of the housing market.

**TSSA:** Has the down economy affected you one way or another?

**JH:** Well, our Houston portfolio has gained 11% physical occupancy over the past 10 months. I used to believe that self storage was somewhat "recession-proof." For example, we have stores that had a lot of growth around them—housing developments were going up. Those developments have stopped in the last 12 months due to the economy, which has affected the demand for storage in those areas, though our company still believes they have great potential going forward as the economy improves. In my storage life, I haven't seen storage slow down as much as it has now. But if you buy the right location, and manage it effectively, you'll be able to do well even in a down economy.

**TSSA:** Let's talk about management. Do you have specific training programs in place?

**JH:** Robert Neunkirch, our district manager, is responsible for recruiting, hiring, and developing our people. Robert ensures that all store personnel are trained with the basic storage fundamentals which are: Treat the customer well, focus on getting people through the door, make sure rents are collected and ensure the stores look good. Our Houston managers are all very qualified individuals. We have a solid team and their customer service is exceptional. The major reason that we are succeeding is our people. Robert has done a great job putting together a first rate team, devel-

oping our folks, and creating positive camaraderie. Our store personnel are the heart and soul of the company.

**TSSA:** What's more important in your opinion, great customer service or fantastic amenities?

**JH:** To be honest, I would like to have both, but if I have to choose one over the other, it would be great customer service. People tend to do business with people who are friendly, informative, and trustworthy and are more likely to refer people to that business. You can have all the bells and whistles imaginable, but with a poor service experience you may not gain customers as easily and may lose potential customers indirectly through negative word of mouth.

**TSSA:** Tell me what pops into your mind when you think of great customer service.

**JH:** I just went on an RV trip with my wife and kids. I had never been on one before. I went to a dealership and the sales rep spent a lot of time educating me on the RV. So our family takes off to northern Arizona, we get to our RV park, and start our hookups—electricity and such. Then my wife discovers that the kitchen has no water. We figured if we called the dealer, we'd get an answering service since it was around 8:30 p.m., but the owner answered. He saw my name pop up on his caller ID, and he knew we were hooking up for the first time. He took me through the whole process for hooking up the water supply and we got it all working. Given the time of evening, I was amazed that someone answered the phone and took the time to help me! This is the type of customer service that I will remember and a company that I will use again for a future RV excursion. I hope that our customer service at Morningstar Mini will leave customers with that same feeling of comfort and care and wanting to do future business with us.

180 Development Services owns seven facilities in Texas: Morningstar—Magnolia; Morningstar—Tomball; Morningstar—Stuebner Airline, Spring; Morningstar—Cypresswood, Spring; Morningstar—Louetta, Houston; Morningstar—Barker Cypress, Houston; and Morningstar—Friendswood.