



State of the Union

Keynote Speaker Chris Marr to address past, present and future of storage industry.

By John Dunlap

When Dean Jernigan decided in 2013 to step down as CEO of CubeSmart, it was all too easy for the company to find his replacement. After all, Chris Marr had been working for the company since 2006, rising regularly in title and importance.

Marr ascended to the role of CEO on January 1, 2014, so he now has a year under his belt at the helm of the company, which continues to grow and impress. Who better to serve as the keynote speaker at the SSA Spring Conference & Trade Show?

Marr understands the business side of self storage as well as anyone, having been the chief financial officer and treasurer at CubeSmart prior to rising to president and now CEO. A graduate of Loyola University in Baltimore, Marr also served as the CFO of Brandywine Realty Trust (a publicly-traded office REIT) from 2002-2006. Prior to that he was the CFO of Storage USA, Inc., from 1998-2002.

When Marr was selected to replace Jernigan, one of the first words of praise came from William M. Diefenderfer III, chairman of CubeSmart's board of trustees. "Chris is a natural leader and a strategic thinker," he said. "He has broad experience in all facets of the self storage business and a strong public company track record."

A native of Rockville, Maryland, Marr will return to his old stomping grounds for the SSA gathering, prepared to discuss a number of topics in his presentation. Marr took some time to speak with *SSA Globe* about his upcoming talk and the state of self storage in general.

His take on the industry might best be summed up by this statement: "I'm not sure if there has ever been a happier time for the industry than there is right now."

The Impact of New Supply

Marr expects to touch upon a number of areas in his speech, one of those being new supply. With the economy having improved over the past six years, self storage companies are once more looking into the possibility of

building new facilities. Marr thinks this could be both good and bad.

"When you talk about new supply you have to consider the impact on cash flow," Marr said. "You have to consider some fundamentals, like whether a new facility would be built in an underserved area where there is a potentially bigger impact than in a fully-served area. There is a difference between good development and bad development. We are also now starting to see more real estate entrepreneurs becoming involved with self storage. All these things factor into pricing and market rates, some for the good, some for the bad. Everybody should be concerned about new supply in well-served markets."

Marr confesses that dealing with the great recession of the mid-2000s was rough, to say the least, but he has been most impressed by how the storage sector responded.

"The road was not easy for a while there," Marr said. "But we have a culture of discipline and resiliency in self storage. I came out of the recession with a newfound respect for the resiliency of our industry. If you look at the industries that got through those tough years in the best shape,

self storage had one of the highest quality portfolios of anybody."

The Age of Technology

When Marr looks at today's self storage landscape he sees the need for everyone to get on board with new technology.

"So many of today's customers are now using their cell-phones to make transactions online," Marr said. "Technology has come into play as one of the key elements of our business and has changed the way that people now find us."

Marr also looks at the role of facilities changing and evolving.

"When a customer comes into a self storage office, their expectations continue to grow," Marr said. "Many self storage facilities are adding space for office work with

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Wi-Fi. People now may want to use us for more than just physical storage. So we have to do more to make the overall experience of the customer a better one. At CubeSmart, we call it the 'Wow Experience.'

While new supply is a concern for Marr, so, too, is the manner in which many facilities go about doing renovations. He warns that while renovations and upgrades are often desirable, the disruption they can cause for customers having to move their items during construction must be considered. However, Marr likes the idea of facilities doing what it takes to make their businesses look more modern and appealing out on the street.

Areas of Concern

As far as Marr is concerned, these are golden days for the self storage industry. But one element, in particular, worries him.

"A spike in the interest rate would probably concern me the most," he said. "A rapid spike could cause real trouble for our industry."

And what about the role of mom-and-pop operators in the industry? Are the REITs taking over and moving out that once-prominent segment of the business?

"It can be daunting for folks in self storage who run mom-and-pop operations to keep up with the platforms of larger companies," said Marr. "It takes a pretty savvy local entrepreneur running a small business to maximize their cash flow. It is hard for many smaller companies to invest their finances into technology. Larger companies and third-party management operations can handle so many parts of the business that some smaller companies can't. I'm sure it is a hard decision to sell, but some mom-and-pops will likely gravitate toward the larger brands."

CubeSmart runs a third-party management business and Marr says it is particularly important that CubeSmart understand and respect every facility's place in its community.

"Having a strong presence in your community is so important in self storage," he said. "Even when we go about doing third-party management for a facility, we let the owner decide if they want to rebrand with CubeSmart. It's a very personal decision."

But for all his concerns, Marr still feels that self storage is looking better than ever.

"I do think we'll have continued growth in our industry with new building starting up," he concluded. ♦