

Self-Storage JV Earmarks \$100M for Southwest

By Connie Gore

GILBERT, AZ-Ending a near one-year hiatus, a quartet of executives from the former Shurgard Storage Centers Inc. camp is returning to the industry with a \$100-million buying pool in hand. The locally based 180 Development Services LLC is seeding the rollout with equity from Morningstar Properties LLC and Harrison Street Real Estate Capital.

"We wanted to lay low, take some time with our families before we started gearing up 180 Development Services," says Jeff Mikus, vice president of finance and Shurgard's former asset manager for the Southeast. Also at 180 Development's helm are Larry Hoffmann, president and COO and former regional vice president of the Southwest for Shurgard; Jeff Helgeson, vice president of real estate and development and Shurgard's former market manager for Arizona and Colorado; and Tim Jones, vice president of construction and Shurgard's former construction manager in the Southwest. The quartet had logged more than 40 years with Seattle-based Shurgard before its sale in August 2006 to Public Storage Inc. of Glendale, CA.

The investment partnership will close on its first self-storage acquisition in the Southwest in October. And, Mikus says, it's a five-property portfolio in Texas. The joint venture partners hope to bed down a couple more deals before the year ends, according to Mikus. The Matthews, NC-based Morningstar and Harrison Street, headquartered in Chicago, kicked off a similar joint venture earlier this year in the Southeast.

Mikus says the \$100-million plan for the Southwest is underwritten with \$25 million of equity, but the size and three-year shelf life can be expanded. The JV is targeting all major metros in Arizona, California, Colorado and Texas. The 180 Development team's role is mining for deals and managing the acquired properties.

On average, the JV is eyeing assets averaging \$4 million to \$5 million. And, it's willing to take on a challenge. "The four of us and our partners have the capability to tackle any type of property that's out there," Mikus says. "Our strategy is properties that have some sort of upside potential with redevelopment, repositioning or development."