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## Passion and Perseverance

A whirlwind 2020 for National Storage Affiliates' new CEO Tamara Fischer has proven one thing: The self-storage REIT's unique model is rock solid.

Tamara Fischer, President and CEO

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# Passion and Perseverance

**A whirlwind 2020 for National Storage Affiliates' new CEO Tamara ("Tammy") Fischer has proven one thing: The self-storage REIT's unique model is rock solid.**

BY DIANE RUSIGNOLA

**T**AMMY FISCHER HAS been with National Storage Affiliates Trust (NYSE: NSA) since its formation in 2013. A unique structure in self-storage at the time, Fischer says the idea was to form a company that allowed high-quality regional operators to remain involved in the day-to-day business operations of their companies and achieve their own growth objectives, while embracing a partnership and a corporate platform that would allow the company to deliver outsized organic and external growth.

NSA's participating regional operators, or PROs, are all experts in their geographic areas, making them a unique competitive advantage for the REIT. "They've got skin in the game like no other management team," Fischer said. "Their distributions are tied to the performance of their own portfolio they manage for us."

NSA's innovative structure was conceptualized and founded by Arlen Nordhagen, a veteran self-storage private operator at the time, who retired as NSA's CEO in 2019 but remains executive chairman of the Board of Trustees. Based in Greenwood Village,

Colorado, just south of Denver in the Denver Tech Center, NSA today boasts just under 1,000 employees and approximately a \$6 billion total enterprise value. "I'm still very excited about what we're doing and what we're delivering for our customers, our employees, and our shareholders," Fischer said.

After serving as CFO for almost seven years, and being appointed president in 2018, Fischer ascended to her new role as CEO in January and joined NSA's Board of Trustees at the same time. In April of this year, NSA celebrated the fifth anniversary of its

## Up Close

### Name

Tammy Fischer

### Education

BBA, Case Western Reserve University

### Family

Tammy and her husband, Jeff Kellogg, live in Denver. Their three daughters reside with their families in Boston, Dallas, and San Diego.

### Hobbies

Hiking, gardening, and cooking

### Currently Reading

The Lessons of History, by Will Durant

### Favorite Charity

ACE Scholarships, an organization dedicated to providing kids from low-income families with financial assistance and access to schools that are a better fit for each individual child.



IPO. The REIT was slated to visit the New York Stock Exchange on its anniversary, but the coronavirus pandemic prevented the in-person celebration of the company's many achievements in the five years since its IPO.

The pandemic also triggered a country-wide economic shutdown, but NSA still performed better than expected in the second quarter, with negative same store NOI growth of only 1%, a statistic that outperformed its peers. "I now have more confidence in our structure than I ever have, and I'm extremely grateful and humbled to be in this position," Fischer said.

Fischer recently spoke with REIT magazine about her new role as CEO, NSA's competitive advantage, and the importance of diversity and inclusion.

**Q** National Storage Affiliates has a unique model within the self-storage REIT sector. How did the idea for the company first come about?

Self-storage is a highly fragmented sector. There are about 50,000 self-storage properties in the United States and only about 20% are owned by the public companies and large private operators. That left a significant opportunity for consolidation.

As a private operator, Arlen Nordhagen, the founder of our company, had grown a large portfolio over 20-plus years. He observed that the lower cost of capital enjoyed by the public operators presented a significant disadvantage to growth-oriented private operators seeking to grow both through investment in acquisitions and through the development of increasingly important technology platforms, such as revenue management and digital marketing platforms.



## 1-on-1

Arlen realized there was an advantage to being public, but the challenge was aggregating the size portfolio needed to access the public markets. The question became: How do you aggregate the size portfolio you need to tap the public capital markets? The obvious way would have been to acquire one asset at a time, or one portfolio at a time, likely at a premium for those assets. Arlen realized that as he faced this dilemma, other large private operators were likely facing similar issues. He decided to level the playing field.

### **Q** What was most intriguing about National Storage Affiliates when you first joined the company?

I found the proposed structure to be both interesting and innovative. One aspect I liked was that although it was designed to bring together multiple high-quality private operators, and they were all seasoned operators with substantial portfolios, the differentiated structure demanded both strength of character and integrity to succeed. And there was no corporate platform, no team, no office...and so our challenge was to build out a corporate team and various corporate platforms.

Talk about starting from scratch. To me, that was exciting. I really bought into the concept and the challenge. That was extremely appealing to me.

### **Q** Did having a passion for the work make it more enjoyable?

Being part of building NSA from its formation to where we are today was truly challenging and quite an adventure. It continues to be rewarding to see how far we've come and yet how much we have to do together. It's probably obvious, but enjoying what you're doing and who you're doing it with is imperative to making the commitment.

### **Q** When you first came on board to help start NSA, did you see CEO on the horizon?

Becoming CEO of NSA wasn't part of my vision when I joined with Arlen to build NSA. My background as a CFO and



specifically with public companies was my value proposition. There were a lot of seasoned self-storage operators sitting around the table, but the one thing I brought to the table was my capital markets experience and proven ability in guiding another REIT through its successful IPO execution.

### **Q** How does NSA's business operate day-to-day?

The thing that appealed to me in the very beginning was this innovative structure that brings private operators together on common state-of-the-art platforms. Our PROs exchange their equity in the assets they contribute to NSA for subordinated equity, the economic benefit of which is tied to the performance of those specific assets. Our PROs continue to manage the assets they contribute and, in addition to that, leverage their deep industry relationships to source acquisition opportunities for NSA. In many respects, our decentralized structure results in little change to day-to-day business operations. I believe it's our structure that has allowed us to outperform our peers over the past few years and I think that will continue to be our strength as we work our way through the COVID-19 pandemic and current economic recession.

What has changed is that we've grown. We went public in April of 2015 with about



**“WITHOUT QUESTION, NSA'S GOALS ARE TO CONTINUE TO GROW AND TO DELIVER SECTOR-LEADING RESULTS ACROSS ALL OF OUR KEY METRICS.**

– Tammy Fischer



LEFT: NSA Family of Brands: SecurCare Self Storage — San Bernardino, CA

250 self-storage properties valued at about \$1 billion. Since then, we've invested \$2.5 billion dollars in another 350 properties and formed two joint ventures with initial property values of about \$2 billion. We've also been successful in delivering sector-leading quarterly same store NOI growth averaging over 7% since our IPO and have grown our dividend by nearly 80% during that time.

**Q** With so much growth and excitement over the previous seven to eight years, you must have been thrilled beginning your new role as CEO in January. But of course, no one could have predicted what 2020 was going to look like.

I came into my new role and the new year thinking, 'We're well-positioned for success heading into 2020. We have \$250 million of acquisitions lined up and our balance sheet is in great shape.' We were also moving through the process of internalizing our largest PRO, SecurCare, which we ended up completing successfully despite the unanticipated remote work environment.

So, as I stepped into the role of CEO, we were working through the internalization of our largest PRO and closing \$250 million of deals...and the entire world shut down, all in about 60 days.

**Q** That's a lot! How did the pandemic ultimately impact NSA?

A few things happened. Most importantly, the strength of our unique structure really became apparent at the end of the first quarter and through the second quarter. Our PROs and our management team pulled together like the family we've become. Self-storage is generally considered a very recession-resilient asset class, but at the end of March and beginning of April, we were all in agreement that we had never seen anything like this in the sector.

Our structure is designed such that our PROs benefit when our results are positive, but on the flipside, our PROs disproportionately absorb the downside when times are tough. But this is the first time our unique structure has been tested and there were many uncertainties. The experience and dedication of our PROs and our entire team was amazing.

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**Q** What mentors have stuck out for you throughout your career?

I've had the benefit of working with open-minded professionals over the course of my entire career, and generally felt guided and encouraged along the way.

Most recently, though, I consider Arlen Nordhagen, NSA's founder, to be an outstanding mentor. His vision for what NSA could be never faltered and his willingness to share his knowledge and expertise with me along the way has been extraordinary.

**Q** What advice would you give someone who might look up to you as a mentor?

There are a few things that I would encourage anyone seeking to grow in business to consider. It's incredibly important to do what you say you're going to do and to never give up. But equally as important, follow your passion and enjoy what you do. And whatever you do, don't lose your sense of humor!

**Q** Quarantine has led many Americans to explore hobbies and examine personal goals. Do you have any newfound hobbies?

One silver lining to this pandemic is that I've learned we really can Zoom from almost anywhere. This has opened opportunities to spend more time in the beautiful Colorado mountains and to pursue one of my family's personal goals: visiting each of the amazing U.S. national parks and monuments in our RV!

**Q** What are NSA's goals over the next five to 10 years?

Our primary goal, without question, is to continue to grow and to deliver sector-leading results across all of our key metrics, and we'll do that in a couple of ways. First, we have very aggressive external growth targets, generally around 10% of our asset base annually. Our differentiated structure allows us to deliver on our goal through the addition of new PROs, acquisitions from our captive pipeline, and third-party acquisitions sourced by both our PROs and our corporate acquisitions team.

We also have opportunities to deliver exceptional organic growth through our commitment to evolving our existing technology platforms, such as revenue management and data analytics.

**Q** What are your goals for NSA as its leader?

I believe our team at NSA and across our PROs are incredibly talented and committed. A big part of my job is to help them in any way I can—support them, help them grow and develop and find new opportunities.

We're very mature as an operating company, with seasoned operators and the experience of our corporate and PRO management teams. But NSA itself is still a young company. We came together because we were aligned in our beliefs and our values, and we now have an opportunity to develop our communications around our values. The evolution of our culture involves encouraging our team to think about and support the notion of living our values—integrity, accountability, humility, and compassion—that's a big part of my job. I'm super committed to that.

**Q** How have diversity and inclusion issues come to light at NSA over the past few months?

Our board and senior leadership teams are champions for our diversity and inclusion efforts. While this has always been part of our culture, I think we have an opportunity to better communicate around our commitment to these values. We recently published our first ESG report and I believe that gives people a better sense of who we are and what we stand for, especially as it relates to diversity and inclusion. We have a strong commitment to, and passion for, this mission. ■