



Brotherly Duo Delivers Super Storage Experience

Blair and Matt Nagel carry on their father's tradition by knowing their strengths.

By John Dunlap

In the good old days in America, sons were expected to replace their fathers and carry on the family business. If you were a farmer, your sons would be farmers. If you were a builder, your sons would be builders. But over the past few decades that trend has changed for America's youth: If you find something you like and are good at, you do it—normally with your father's blessing.

More than most other professions, however, self storage is filled with examples of children assuming the mantle of their father's company. And nowhere can the successful passing of the torch be better seen than with Blair and Matt Nagel, the owners of Metro Storage LLC based in Lake Forest, Illinois (30 miles north of Chicago). They have not only taken what their father Karl passed along to them, but expanded it exponentially to the point where Metro Storage owns and operates 88 self storage facilities and plans for more.

Of course, the fact that Karl Nagel was one of the pioneers in self storage didn't hurt, and the brothers Blair and Matt had a decided comfort level with the industry. Karl learned about the mini-warehouse concept while in Dallas, Texas, (where he owned several apartment complexes) around 1969-70 and he brought the idea to a Chicago suburb in 1973. It was the first of its kind in Chicago. Karl put his teenage sons to work with his construction crews building self storage facilities, single and multi-family homes and medical office buildings in the 1970s.

The boys soon headed out to college. Matt received his BA from Drake University and MBA from the Northwestern University Kellogg School of Business. Blair graduated with a BA from American University and an MBA from DePaul University.

Matt, who is 48, first joined the company in 1985 after having had a successful career trading commodities. Father Karl was expanding the self storage side of the business and needed someone to find sites, so he asked Matt if he was interested. It was a tough decision for the older Matt since, at the time, it represented a substantial pay cut—but he accepted.

K. Blair Nagel, CEO (left) and Matthew M. Nagel, Chairman (right).

Blair, 46, then joined the company in 1988 after working several years as a market analyst in Northern Virginia for a large office park developer. He started with the family company in the construction department as a site superintendent.

"I think both of us were attracted to the family business at an early age and felt it lent the greatest opportunities over the long run—and we were correct!" says Blair.

Sharing the Load

Obviously, as heart warming as it must be for a parent to watch as his children step into the family business to make it even better, an initial concern always must be "who does what?" In the case of Matt and Blair, it was simply a matter of playing to their strengths.

"Deciding who would be responsible for what was relatively easy," says Blair. "Matt is a great deal maker and visionary and I have always enjoyed the development and operations side of the business. Combined, it has been a perfect partnership. Now we both run the company with a lot of help from a core group of very talented long-term senior executives.

"First off, we have always worked extremely well together and consider each other best friends. We've generally shared the same objective and vision of where the company should be heading. We help motivate each other and together feel we can accomplish just about anything we set out to do. Seriously, we've never had any material disagreements on business direction or strategy.

"We are lucky to have been in this industry since 1973," Blair adds. "Neither of us could have ever envisioned back when we first started in the business in the 1980s that we would be where we are today. It's been a fantastic run. We've become friends with so many other people in the industry. We have enjoyed coming to work each and every day since the beginning. The short answer to your question is the industry has been both more financially and individually rewarding than we could have ever imagined."

Metro Storage has had impressive growth, to say the least. In 1997, the brothers bought out their father and formed

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Metro Storage, growing the company from 33 facilities to 57. In 2004, 42 of the stores were sold to a REIT for \$184 million, the largest private self storage transaction at the time. Since 2005, the company has grown from 25 facilities to its current total of 88.

Matt agrees with his brother and says that the company has grown more than he or Blair could ever have imagined.

“Our financial success is beyond what we ever had anticipated,” Matt says. “I think our key is that we are constantly making adjustments to our strategy in order to match the opportunities we see within each market cycle. We have weathered each economic shock that has come our way over the last 25-plus years with this core approach. Each time we come out stronger and smarter. This round is looking to be no different.”

Maxed-Out? Never

One wonders if the brothers Nagel ever feel as if they have more than they can handle.

“If you wanted us to take over 50 stores tomorrow I’d say no problem!” says Blair. “Metro’s property management platform is seamlessly scalable through the proper utiliza-

tion of sophisticated software systems, call centers, lead management systems, websites, manuals, and the like. Another key to sound operational growth is continuous development of middle level and senior management. Our organization can perform staff development efficiently, so we should never max-out our operation.”

That means that attention also must go into promotion for all the Metro Storage facilities, but even in difficult economic times, the Nagels can find a frugal way to get the message out.

“Generally, our marketing spending has been declining over the past couple of years, but that has much more to do with a movement away from print advertising and direct mail toward Internet marketing,” says Matt. “I will say that our best marketing bang is through our current tenants. Delivering a super storage experience to our customers is the driver to more rentals. This translates to 35 percent of our tenants being repeat customers or hearing about us from a friend. In difficult times it is important to stick with what works and not cut back on promotional expenses.”

So there you go—proof positive that brothers can not only get along in the working world, but thrive. And it is probably fair to say that self storage has been very, very good to the Nagel family. ❖



Metro Storage LLC corporate headquarters in Lake Forest, Illinois