

SSA 2022 SPRING CONFERENCE & TRADE SHOW

Climbing the Hill

In keynote address, Merit Hill Capital's Schlesinger to share determination needed to build top 10 portfolio.

By Laura Williams-Tracy

To celebrate the closing of each self storage deal, the team at Merit Hill Capital pops open a bottle of champagne.

Six years into a journey to build what is now the ninth-largest self storage portfolio in the U.S., Merit Hill Capital's Brooklyn office is filled with more activity, more employees and many empty bottles.

Liz Raun Schlesinger, founder and CEO of Merit Hill Capital, will deliver the keynote address on March 10 during the Self Storage Association's Spring Conference & Trade Show at the Rosen Shingle Creek in Orlando, Florida. Schlesinger will share her unique perspective on the for-sale market and the knowledge, insights and resolve that are required to build a sustainable, top-performing portfolio.

"Many industries have personalities so great that they only require one name—music has 'Prince', basketball shoes has 'Jordan', self storage has 'Liz,'" said Noah Springer, executive vice president and chief strategy and partnerships officer with Extra Space Storage. "The hardest worker in the self storage business has been able to amalgamate one of the premier value-add self storage portfolios in the United States. This has not been done by luck or mere timing. This was accomplished through grit, vision, partnership and many sleepless nights of hard work."

Merit Hill Capital is Extra Space Storage's largest management partner.

A Phi Beta Kappa graduate from the University of Pennsylvania and MBA from Harvard Business School, Schlesinger cut her teeth on self storage



starting in 2005 at W.P. Carey. Over that decade, Schlesinger became more convinced of the valuable attributes of the sector, even when friends said she had "trashed her MBA" in such a niche market.

Taking her knowledge of what it took to succeed in the sector, Schlesinger raised a \$300 million investment to start Merit Hill Capital in 2016. Shortly thereafter, her entire team joined her at the new firm, which takes its name from the idea that success should be the result of merit and that proving one's merit requires climbing a hill using grit and determination.

To make the point, Schlesinger's team has researched and evaluated more than 4,700 properties to buy the 234 properties it owns in 33 states.

Schlesinger has said that self storage is unique within commercial real estate because success in storage investing requires the tenacity to put together many individual deals. Often those deals

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are emotional sales with owners for whom the storage facility is their retirement nest egg.

While other commercial real estate sectors merely require large amounts of money to be exchanged over an institutional asset, self storage requires dogged determination to complete many smaller deals. But it is that tenacity that creates the industry's leading returns for investors.

In 2020, when self storage transactions reached record levels, Merit Hill Capital ranked eighth among the top buyers. That year, Blackstone's REIT's purchase of Simply Self Storage and NexPoint's acquisition of Jernigan Capital accounted for over 25% of the year's transaction volume. Merit Hill Capital ranked just behind the industry's five biggest, publicly traded REITs, with 31 deals that year closing on 57 individual properties, according to Real Capital Analytics.

Merit Hill now has \$29 billion of capital under management with offices in New York and Dallas. Every deal in the Merit Hill Capital portfolio has beaten its revenue and NOI projections.

Schlesinger will share her approach to self storage investing, including where and what kinds of facilities her team pursues.

"Liz has built something incredible," said Jeff Norman, senior vice president of capital markets for Extra Space Storage. "She has a high-performing portfolio, an amazing team, and a strong growth strategy. Extra Space Storage has partnered with Liz for years now. During that time, we have managed properties for Liz, done bridge loans for Liz and acquired stores from Liz. Merit Hill is a great example of the type of partnership we want at Extra Space and the success a great partnership can create."

SSA President & CEO Tim Dietz said Schlesinger offers one of the most compelling stories in the industry.

"Our attendees will appreciate her positive, unique perspective as she shares her remarkable background and track to success," Dietz said. "This one will be fun." ♦

The advertisement features a dark grey background with a light grey curved top section. At the top, the words "UNMANNED", "UNATTENDED", and "HUB & SPOKE" are written in bold blue capital letters, each with a red circle and a diagonal slash over it. In the center is a large white rounded square containing a blue square with a dark grey square inside it. Below this is the text "VIRTUAL MANAGEMENT®" in light blue capital letters. At the bottom left is a QR code, at the bottom center is the website "StoreEaseVirtualManagement.com", and at the bottom right is the "StoreEase" logo in blue.