



SELF STORAGE

UK ANNUAL REPORT

DATA COMPILED FROM 2023 CALENDAR YEAR

2024



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INTRODUCTION & METHODOLOGY



This is the seventeenth year the Self Storage Association UK (SSA UK) has surveyed its members in producing an annual industry report. The report covers all viewpoints of the industry, collecting data from operators, customers and the general public, making it one of the most comprehensive reports on a self storage market in the world.

There have been some changes to the sample group this year as the industry becomes more consolidated and new independent stores are opened. With around a quarter of stores in the UK completing the survey, representing over 40% of the storage space, the sample size is exceptionally robust.

The SSA UK has also invested in a more detailed analysis of the size and make-up of the UK industry, particularly smaller regional sites and the split of external and internal storage sites. This has been used for the industry supply section of the report.

For the ninth year, the report has been produced in conjunction with Cushman & Wakefield. Their extensive experience in valuing self storage properties around the world, as well as knowledge of the broader property market, has further added to the valuable information in this report. The economic overview provided by Cushman & Wakefield included in the report also gives context to the achievements of the industry.



The operator survey was completed by 72 companies with 688 stores in total. Each one a member of the SSA UK. The survey was completed in the months of January and February based on data from the 2023 calendar year, unless otherwise stated. Compared to the industry as a whole, the data set is slightly weighted to larger operators, as less of the small independent operators complete the survey.

The public survey, conducted online by YouGov on behalf of the SSA UK, was completed between January 15th and 16th 2024. It was an online survey with data taken from a statistically selected and weighted sample that represents a sample of the demographics of the adult UK population. This year, 2,076 people completed the survey.

Also included in the report is data from the customer survey completed in January 2023, from 29 self storage companies who have over 152 stores in total. 1,837 customers responded to the survey of which 82% were domestic customers and 18% business customers. This survey was sent to the main contact on the self storage contract. The survey was entirely voluntary and without reward.

I would like to thank all the SSA UK members who responded so promptly to the survey this year and the team at Cushman & Wakefield for collating the data, providing commentary and analysis and producing the final report. I'm sure you find a lot of valuable insight in this report, it certainly shows the industry has remained resilient despite challenging economic conditions.

RENNIE SCHAFER
CEO – SELF STORAGE ASSOCIATION UK



SUMMARY OF KEY FINDINGS



INDUSTRY
ANNUAL
TURNOVER

£1.08B



OCCUPANCY
RATES DOWN

2.5

PERCENTAGE
POINTS IN 2023



INDUSTRY
CHURN RATE

98%

UP FROM 81%
LAST YEAR



AVERAGE
RENTAL RETURNS

£26.23

PER SQ FT,
UP 1%



EAST MIDLANDS
HAS THE HIGHEST
OCCUPANCY OF
MATURE STORES AT

82.5%



ONLY

4%

OF CUSTOMERS
ARE NOT HAPPY
WITH THEIR
SELF STORAGE
SOLUTION



8.1%

INCREASE
IN STORAGE
SPACE IN
THE YEAR



84%

OF STORES
ARE INTERNAL
AND 16% ARE
CONTAINER
BASED

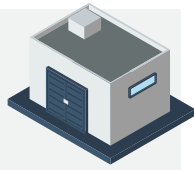


UK STORAGE
SPACE PER HEAD
OF POPULATION
HAS INCREASED TO

0.89

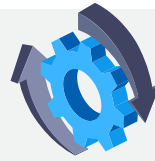
SQ FT UP FROM
0.82 SQ FT





60M

SQ FT OF SELF
STORAGE SPACE
IN THE UK IN 2023



CONVERSION RATE
INCREASED TO

24%



13%

OF STORES DID
NOT HAVE A
STAFF MEMBER
PERMANENTLY
ON SITE



5%

INCREASE IN
OPERATORS
INTERESTED
IN MIXED-USE
DEVELOPMENT



73%

OF CUSTOMERS
ARE RESIDENTIAL



37%

OF CUSTOMERS
PREFER TO
CONTACT THEIR
STORE BY PHONE



40%

OF CUSTOMERS
CONTACTED THE
FIRST STORE
THEY CHOSE



53%

OF CUSTOMERS
TRAVEL LESS
THAN 15 MINUTES
TO THEIR SELF
STORAGE UNIT



60%

OF CUSTOMERS
THINK SELF
STORAGE IS
GOOD VALUE



25%

OF BUSINESSES
ARE ACTIVELY
USING AI



95%

OF SSA UK
MEMBERS FELT
THAT ADDING
SUSTAINABILITY
IMPROVEMENTS
TO THEIR BUSINESS
INCREASED
ITS VALUE



44%

OF OPERATORS
ARE PLANNING
MORE INVESTMENT
IN NEW SITES

Q3 INDUSTRY OVERVIEW

In 2023, the SSA UK conducted an in depth study into the supply of self storage in the UK.

This study found many businesses that claimed to be self storage, but were in fact removals storage, mobile storage, warehousing or other forms of storage. It also found a number of self storage businesses that were marketing locations that did not actually exist.

In this report, a self storage unit is defined as a securable static space less than 500 square feet in size that is to be used by a person or business for the storage of their goods. The customer will have exclusive and ready access to the space. Ready access means the ability to access the unit at will during normal office hours without intervention.

It is not intended that the unit be used as a workspace, trade counter or place where business activities other than storage or storage related activities take place. Storage related activities would include goods receiving, dispatch and packing that involve the goods in storage.

This unit would be rented under a self storage contract that was not part of, or tied to, an additional agreement such as a residential tenancy, office space, workspace or similar. Stores that do not have these kinds of units as the bulk of their storage, are not considered to be self storage for the purpose of this report.

This definition would not include mobile storage where portable units are delivered to customers and then returned on request as this does not meet the criteria of static space or ready access. Similarly, it would not cover peer-to-peer storage in most cases as this also would not meet the criteria ready access without intervention.

Based on this definition, the SSA UK found there were 2,706 self storage stores in the UK, of which 1,012 were predominately container based storage, that is using shipping containers as the storage unit. There were around 1,400 individual self storage operators, and 60 million square feet of storage space. The industry turned over just under £1.1 billion in 2023.

ORGANISATION	TOTAL	INTERNAL	CONTAINERS
SPACE (SQ FT)	60,000,000	50,284,800 (84%)	9,715,200 (16%)
STORES	2,706	1,694 (63%)	1,012 (37%)
TURNOVER	£1,080,000,000		
STORAGE SPACE PER HEAD OF POPULATION	0.89 SQ FT		



Of the 1,694 internal storage stores, 1,078 were deemed to be significant. That being, over 100 units in size and being compliant with the British Standard for self storage which defines minimum levels of security and access.

The number of small container based storage sites continues to grow, particularly in rural areas. In 2023, a number of larger urban stores were opened, the largest of which was Big Yellow Kings Cross London, with a maximum lettable area of 125,000 square feet. However, this kind of mega site is becoming less common, with the average store size being 22,173 square feet, down from almost 30,000 in 2017. Even excluding the addition of container sites to the market, the average internal storage store size is just under 30,000 square feet, down from over 35,000 in 2017.

Even in major cities like London, there are less stores of over 90,000 square feet being built.

The number of unmanned stores is also increasing. From the survey sample 13% of stores did not have a staff member permanently on site. This is not just smaller stores in regional locations. There are many significant stores in prime locations that are remotely managed.

Consolidation of the industry has continued as operators continue to grow their portfolios through a combination of acquisition, organic growth and new developments. There is a very limited number of operators with 5 – 20 significant self storage sites left in the market, particularly in the major cities.

TOTAL SPACE UNDER OWNERSHIP OR MANAGEMENT AS OF MARCH 2024

ORGANISATION	NO. OF STORES	TOTAL SPACE
BIG YELLOW (INC ARMADILLO)	109	6.5M
SAFESTORE	133	5.7M
ACCESS	60	3.4M
SHURGARD	43	2.3M
LOK'NSTORE	43	2.2M
STORAGE KING	42	2M
FLEXISS (SURESTORE AND SELF STORAGE COMPANY)	19	894,800
LOCK STOCK SELF STORAGE (CONTAINER STORAGE)	28	833,760
READY STEADY STORE	27	815,000
CINCH SELF STORAGE	20	806,000

TOTAL STORES UNDER ONE BRAND AS OF MARCH 2024

ORGANISATION	NO. OF STORES	TOTAL SPACE
SAFESTORE	133	5.7M
BIG YELLOW	85	5.5M
ACCESS	60	3.4M
SHURGARD	43	2.3M
LOK'NSTORE	43	2.2M
STORAGE KING	42	2M
LOCK STOCK SELF STORAGE (CONTAINER STORAGE)	28	833,760
READY STEADY STORE	27	815,000
ARMADILLO	24	1M
CINCH SELF STORAGE	20	806,000

INDUSTRY HIGHLIGHTS

JUNE
2023

STOREBOX

Acquired Outer Space Storage's 38,000 sq ft facility in Farnworth, Bolton for £3.95 million.



Q1 AND Q2: CINCH SELF STORAGE

Acquired properties in Southend-on-Sea, Edmonton, Haverhill and Chippenham.

MAY
2023

THE STORAGE TEAM

Acquired two stores in York and Kettering totalling 90,000 sq ft from Go Store Management.

JULY
2023

LOK'NSTORE

Acquired a new 60,000 sq ft landmark site in Eastbourne.



EQT PARTNERS

Acquired two development properties in Cricklewood and Sunbury for £13.1 million.

MARCH
2023

NUVEEN

Acquired Easistore's portfolio of four assets for £84 million. Storage King will operate the stores on behalf of Nuveen.



THE STORAGE TEAM

Acquired Rent-a-Space's shell and core building in Winsford. TNT will fit out to provide 45,000 sq ft.

DECEMBER
2023



LOK'NSTORE

Acquired an 83,000 sq ft industrial warehouse for conversion in Eastbourne. Purchased from Alfa Laval Ltd for £5.25 million.

OCTOBER
2023



BIG YELLOW

Finalised a capital raise of £110 million.

AUGUST
2023



CINCH SELF STORAGE

Acquired an industrial warehouse for conversion in Newbury.

SEPTEMBER
2023



SAFESTORE

Acquired a leasehold interest in an 14,500 sq ft industrial building for conversion in Eastleigh.



SYNDICATE

Funded by Pithos Capital and Davidson Kempner Capital Management, acquired the UK Storage Company for £120 million.



CINCH SELF STORAGE

Acquired a 1.15 acre brownfield site for in Swindon for £2.4 million. A new 56,700 sq ft facility will be built.

FEBRUARY
2023



SAFESTORE

Open new stores in Morden and Wigan.

ECONOMIC OVERVIEW

THE STATE OF THE ECONOMY

Over the last 12 months, there has been a slow and steady improvement in the inflationary environment, largely as a result of the Bank of England's hiking of the interest rates.

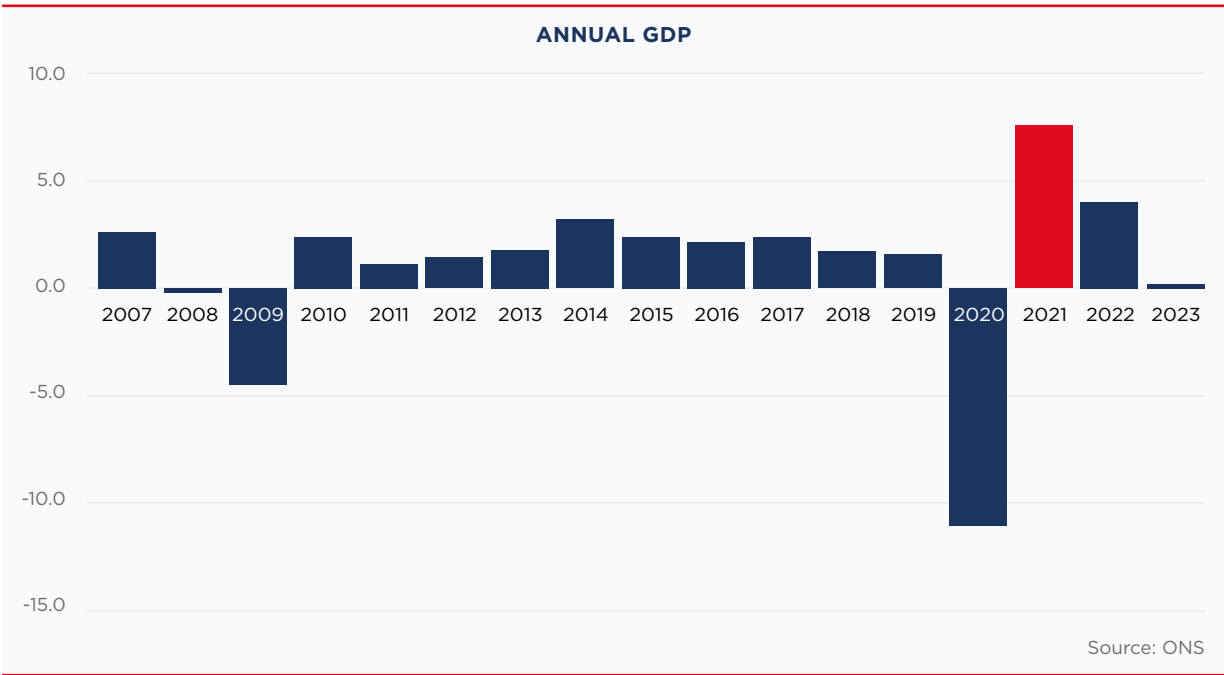
At the time of writing, the general feeling is that “we are not out of the woods yet”, with the Bank of England having now voted to keep rates stable at 5.25% for five consecutive meetings.

Market expectations are very much that we are now at the peak of interest rates hikes, although the Bank of England has cited that “more evidence was needed” prior to any monetary loosening. This is similar to the approach of both The Fed and the ECB.

The pause in interest rate hikes in the UK was driven partially by slower inflation, but also by a result of weakening economic data.

There is likely to be caution across the central banks and governments of advanced economies, with the UK entering a technical recession in late 2023, after contracting 0.3% in the three months to December.

Overall, the economy grew by just 0.1% during the course of 2023, with the outlook muted - HM Treasury comparison of independent forecasters suggesting growth of 0.4% for 2024.



In truth, the inflationary pressures, energy pricing shocks and tightening of monetary policy are still having an impact and will weigh on the economy, certainly during the first half of 2024. There is likely to be continued pressure on businesses and subsequently employment, and the impact of increased mortgage rates may take a while to filter through.

There continues to be a risk of company failures impacting the economy. 2023 saw 25,158 insolvencies - the record year for company insolvencies, up 13.7% on 2022. For perspective, 2009 saw 24,035 insolvencies. During December alone there were 2,002 insolvencies, 2% higher than the corresponding month in 2022.

This number is higher than at any point since the Global Financial Crisis. The increase in interest rates, in a relatively challenging economic environment is putting pressure on a number of businesses to service debt.

FOCUS ON SUPPLY CHAIN DISRUPTION

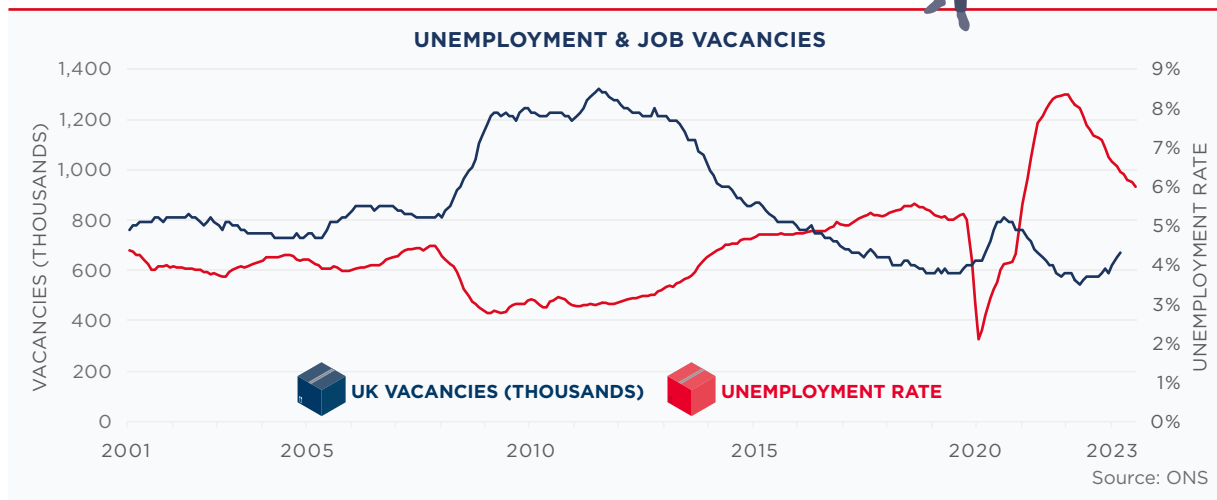
The Houthi attacks in the Red Sea have led to significant re-routing and longer shipping routes. In response, the US and UK have conducted a series of joint air strikes against Houthi targets. The disruption in the area is another in a line of disruptions to the global supply chain, with the route responsible for approximately 15% of global sea traffic, which has been halved as a result of the conflict, causing traffic to be diverted and adding around 20 days to journey times.

This has driven up the cost of container freight according to Freightos to £3,352 at the end of February from £1,048 in October. In perspective, however, it is worth noting that this is still well down on the pandemic-high of £8,030.51. At present, this added cost is not being passed onto consumers.



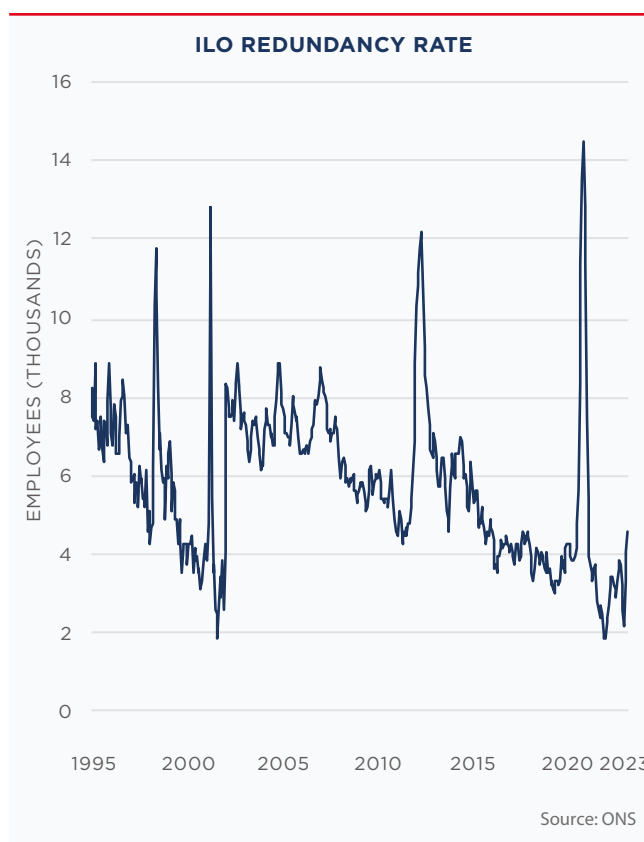
LABOUR MARKET

The labour market, while softening slightly, has remained resilient albeit the view of the picture has been distorted by data reporting issues. The most recent estimates of the market put the unemployment rate now at 3.8%.



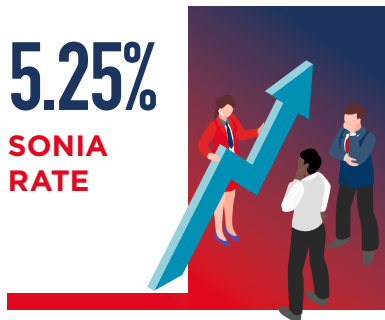
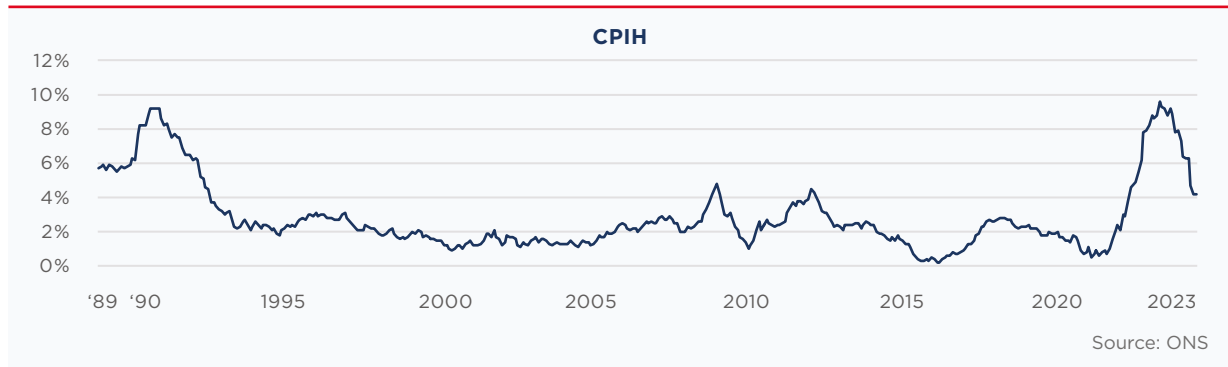
The number of job vacancies continues to decrease, albeit marginally – for the 19th consecutive period. The number of vacancies in the three months to January totalled 932,000. Consecutive falls means that total vacancies are down by 28% from May 2022 – when vacancies hit its peak. Despite recent falls, the job market is still 8% above the pre-pandemic, pre-Brexit high of 865,000, back in December 2018.

Due to the lagging nature of the data, information on redundancies is unlikely to give a true indication of the current health of the economy. Nevertheless, the data that runs from November-January saw the number of redundancies remain relatively low at 4.6 per 1,000 employees. It is now above the ten-year average of 4.2 for the first time since the pandemic.



INFLATION & INTEREST RATES

The Bank Rate remains stable at 5.25%, after five consecutive meetings. CPI growth increased in January to 4.0%. Similarly, CPIH rose by 4.2%, the same as the month previous.



Early year inflationary data has had an upward impact on the cost of borrowing. The 5-year SONIA which had been running at ~3.4% a month ago at the beginning of the year is now back up to ~4.0%. Confidence in the banking sector is still relatively fragile as a result of continued interest rate rises, and bond volatility.

This is likely to temper the supply of debt available to investors, although net lending to commercial property has remained relatively robust, despite negative survey data.



Similarly, Government bonds 10 year UK gilts are now running at c.4.2%, compared to c.3.6% a month previous. Nevertheless, this is still c.50bps lower than c.4.7% in November. The previous elevation in the 'risk-free' rate has driven re-pricing of commercial real estate and had an adverse impact on property values, downward re-pricing is likely to have a positive impact.

HOUSING MARKET

High interest rates, strong inflation, and a weaker economy have impacted buyers' confidence, leading to a slowdown in housing market activity. However, there are early signs of optimism with mortgage rates reducing, and approvals increasing. Approvals in December were 2.3% above the previous month, and 26% up on the corresponding period last year.

Mortgage rates have started to decline in anticipation of base rate cuts. As an example, on 2-year fixed mortgage with a 90% LTV, average rates have now declined to 5.5% from 6.6% in August 2023.

Completed transactions remain down on previous benchmarks, however, the level of decline is slowing. An estimated 80,420 sales completed in December 2023, 0.8% below November, 17.8% below the same time last year, and 18.4% below pre-pandemic levels (December 2017-2019 average).

Nationwide reported a 0.7% seasonally adjusted monthly increase in house prices in January 2024. Annual house price growth is now at -0.2%, an improvement on last month (-1.8%). Demand and pricing are expected to pick up in the second half of the year, in line with base rates being cut, further reducing mortgage rates, and election uncertainty subsides (with the election outcome most likely in autumn 2024).

2.3%

**MORTGAGE
APPROVALS
GROWTH IN
DECEMBER**



26%

**UP ON THE
CORRESPONDING
PERIOD OF 2023**

London will perform more positively than the UK as a whole, with slower historic growth making London look more “affordable”, stronger household disposable income forecasts, more cash buyers, and a continued recovery in international buyers following the pandemic.

Pent-up housing market demand from a slower market in 2023 and 2024 will lead to a surge in demand, translating into strong house price growth in 2025. Cushman & Wakefield forecasts house prices to increase 5.5% in the UK and 6.6% in London in 2025.

The rental market has been robust although at the time of writing, the UK average rent had fallen for three consecutive months. Nevertheless, the rent is £1,260 pcm, 7.5% higher than a year previous. The RICS January 2024 residential survey showed a net balance of +26% of respondents reporting an increase in demand in January 2024. New rental supply remained in negative territory, with a net balance of -19% of respondents reporting a decline in landlord instructions.



UK rental stock shows no signs of improving. Private landlords have been exiting the market, as many are exposed to rising mortgage rates and changing landlord regulations. Despite the Build to Rent sector increasing by 17% over the last year, there are still only 100,372 complete units (BPF). The renter demand pool is becoming even more robust. There are more renters overall, growing from 3.9 million private renter households in 2011 to 5 million in 2021 (Census 2021) in England and Wales. The number of renters is forecast to grow, not only due to a growing population but also owing to affordability constraints in the sales market.



The combined result of this is that the number of house moves declined which will have an impact on self storage demand. In 2023, there were 1.064 million house moves (TwentyCi Home mover report), this was down from 1.2 million in 2022. Of those moves it is estimated that 23-24% (250,000) were self fulfilled (British Association of Removers). That is they used their own transport or a man with a van rather than a full removals company.

THE COST OF LIVING

While there continues to be significant pressure on households, a number of pressures that were seen during 2023 have now been at least partially relieved.

GfK's measure of consumer confidence has recovered from lows of around -30 to -21 eve, despite a fall in February. The index is nevertheless still firmly in negative territory but reflects optimism for easing environment over the year ahead.

The most notable easing of pressure has been the fall in energy prices, with gas prices falling 31% y-o-y. Nevertheless, 41% of adults who pay energy bills say that it's difficult to afford them; down from 49% a year previous. Similarly 44% are using less fuel in order to cut back on expenditure.

One positive element (albeit, not necessarily from the BOE's perspective) is that with wages continuing to grow, and inflation increasing at a much lower rate, we are now seeing real wage growth continue.

The cost of mortgages is likely still feeding into households expenditure, with an average annual payment of c.£3,000 per household; with costs increasing for those who rent. Furthermore, UK consumers owe an estimated £22 billion of unpaid essential bills, up 34% on levels seen pre-pandemic. Credit figures show that households are borrowing much less and saving much more than a year ago.

FUTURE OF SELF STORAGE

In the past few years the self storage industry has undergone an unprecedented period of change largely driven by adoption of technology.

From completing contracts online, to keyless locks, automated stores and sustainability initiatives, the modern self storage store looks different to its predecessor.

What more change is in store for the industry and what should operators be doing to future proof their stores? We look at some of the changes likely to impact the sector.





TECHNOLOGY WILL CONTINUE TO IMPROVE SECURITY

The basic standard of self storage security will increase. No longer will passive security systems be acceptable. AI security monitoring systems will be commonplace to identify suspicious activity in store.

Tighter checking of customer ID and sharing of information between stores and across the industry as a whole will identify problem customers and potential criminals.

Digital locks will be commonplace not just in self storage but in the residential market, heading physical keys into obsolescence. There will be increased biometric identification of customers and this could also be linked to access control systems. Within the store, individual unit alarms, IR beams, in-room sensors and other such technology will provide a higher level of security for those customers looking for such.

Some stores may even segregate their stores into higher security levels at a higher price and cheaper, lower security units.

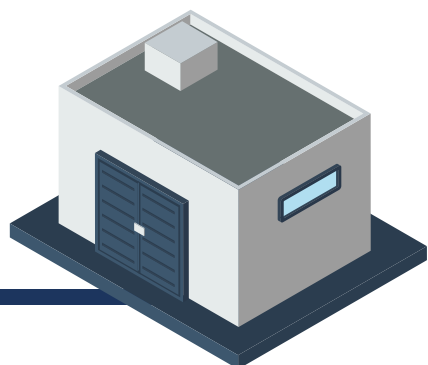


AUTOMATION WILL BECOME MORE UBIQUITOUS

Improvements in data collection will allow for operators to have a better understanding of consumer needs and requirements. This will allow for predictive analytics that can forecast demand and drive pricing models.

Mobile apps will continue their growth, and will expand to more wearable technology. This will allow for more contactless check-ins. It will also enable consumers to be able to request transportation of their goods (more on this later), as well as keep an eye on storage security, temperature, ventilation and humidity.

The increase of electronic locks and online interaction with customers will result in more in-store automation with less reliance on in-store staff interacting with customers. These new automated sites will also allow for more small scale stores, often in areas currently not serviced by self storage.





DELIVERY OPTIONS WILL CHANGE

Robotic assistance will become more affordable and be implemented in self storage stores to assist customers with loading, unloading and moving their goods; with labour intensity and stress reduced for customers and staff alike.

Potentially of a greater impact is the use of drones, driverless cars or other vehicles to enable a secure option of delivery of goods in or out of self storage stores. While initially this is likely to be more focussed on commercial customers delivering goods, it could also be that residential customers could send their drone or automated vehicle to take their goods in and out of storage.

If so, increased accessibility could result in more goods being put in storage, due to the diminished hassle, and the ability to service across greater distances.

It is possible that some self storage stores could become drone hubs, either land or air based, for last mile deliveries as well as customers goods.



THE TYPICAL CUSTOMER WILL CHANGE

There will be more lifestyle customers. That is long term residential customers that genuinely use their self storage unit as their room away from home, storing different items at different periods of their life.

Self storage will become more commonplace in society and better understood by the public. Particularly in higher wealth demographics. There will be an increase in business use, primarily small businesses as the benefit of flexible storage and automated delivery options appeals to local businesses and the warehousing and logistic real estate market changes.

The industry will be less reliant on house-move based customers as the level of churn in stores decreases and other customer segments emerge.

While younger generations may not gather as many material belongings as their parents, those they do keep will be important and valuable to them. As house design becomes more focussed on living spaces rather than storage, these goods will be placed into self storage for safe keeping.



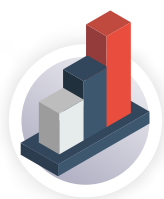
THERE WILL BE FURTHER SPECIALISATION AND SEGMENTATION OF THE MARKET

New types of self storage stores will evolve, particularly at the smaller end of the market. This will be driven by supply-side opportunities as we see increased obsolescence of the built environment in a number of locations for certain sectors. This will likely become a route of greater exposure to the sector for institutional investors.

There will also be increased overlap with larger scale warehousing and logistics sector, particularly through the advent of flexible storage solutions, with greater provision of full- or part life cycle logistics services at levels that do not justify the establishment of dedicated real estate facilities.

External, drive-up style self storage will continue to develop offering more than just shipping containers as a storage solution. Drop down style self storage will offer a range of unit sizes for external storage stores.





THE SECTOR WILL CONTINUE TO GROW

Since 2005, self storage in the UK has tripled – from 18 million sq ft to 60 million sq ft as of the end of 2023. With the sector still in its nascency in the UK, the self storage footprint is likely to grow significantly in the short and medium term.

At present, we estimate that there is just 0.89 sq ft of self storage space per person. This is considerably smaller than markets such as Australia and the US which supply 12 sq ft and 7 sq ft per capita respectively, suggesting a significant potential upside.

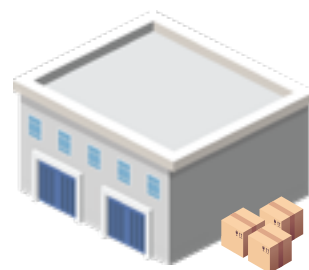
Additionally, the UK still has some way to go in terms of market awareness. While 8.7% of the population are considering using self storage space, only 43% believe they understand what self storage is. This means that the current supply of space is unlikely to be meeting potential market demand – as evidenced by rising occupancy rates, which achieved 77.5% in 2023.

Long term, structural demographic drivers are likely to support the growth of the sector – as they have already done so. An increasing population has increased the overall potential customer base. This has coincided with an increase in major life events – namely births, deaths and divorces – all of which can often stoke the need for additional space.

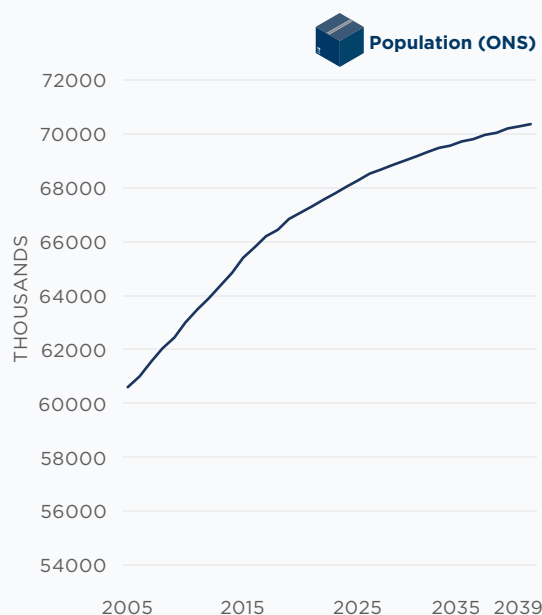
There has also been substantial evolution in the housing market. Soaring prices due to demand heavily outweighing supply has led to homes becoming increasingly unaffordable, driving an increase in PRS, and with that, associated house movement.

Concurrently, rapidly increasing rents (as well as smaller household sizes) are putting pressure on the size of dwellings, meaning moving into smaller units is more common. Both of these factors – moving home more often and moving into smaller dwellings – are key drivers of self storage demand.

60M SQ FT
SELF STORAGE
IN THE UK IN 2023



POPULATION



Source: ONS, Moody's, Cushman & Wakefield

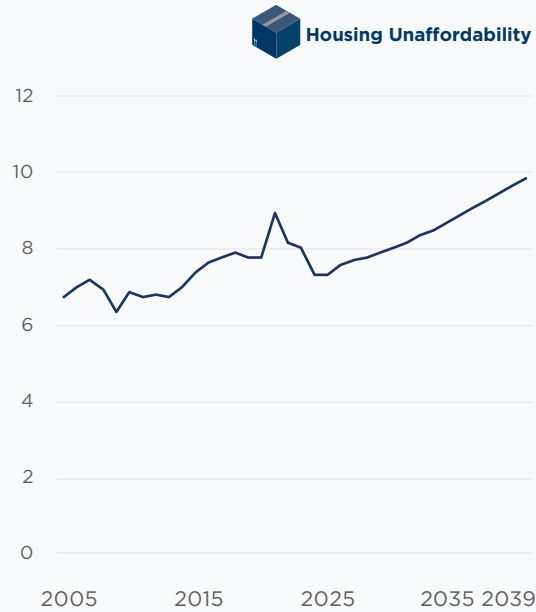
Looking ahead, these factors are expected to continue along broadly similar trajectories through to 2040. The number of births is expected to decrease over the next five years before starting to increase modestly, while the number of deaths are projected to gradually increase as the population ages.

The 20-74 year old population (those most relevant to the self storage market) is expected to increase at a diminishing annual rate through to a peak in 2038, when it begins to subside marginally.

Finally, housing unaffordability – measured through comparing house prices to earnings – is also expected to continue to rise, with a growing share of the population living in PRS tenures.

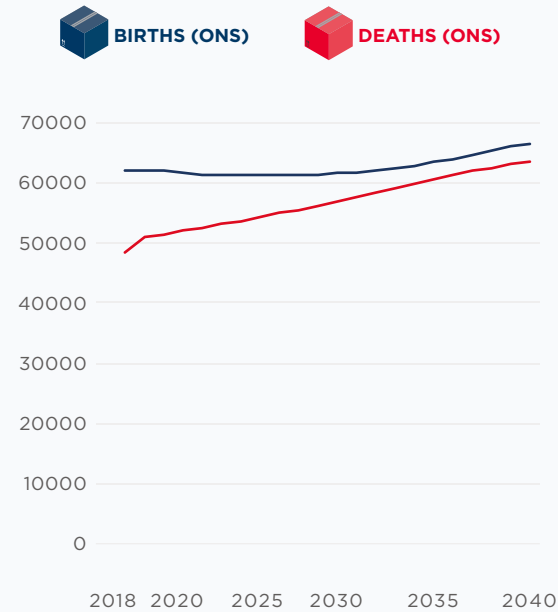
As such, the strength of demand in the sector is expected to continue, albeit this is likely to be at a slower rate as the sector matures. Any imbalance between demand-supply will drive rental growth over the years to come even as the market continues to expand.

HOUSING UNAFFORDABILITY



Source: ONS, Moody's, Cushman & Wakefield

BIRTHS AND DEATHS

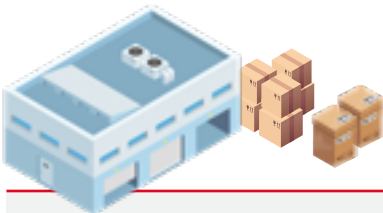


Source: ONS, Moody's, Cushman & Wakefield

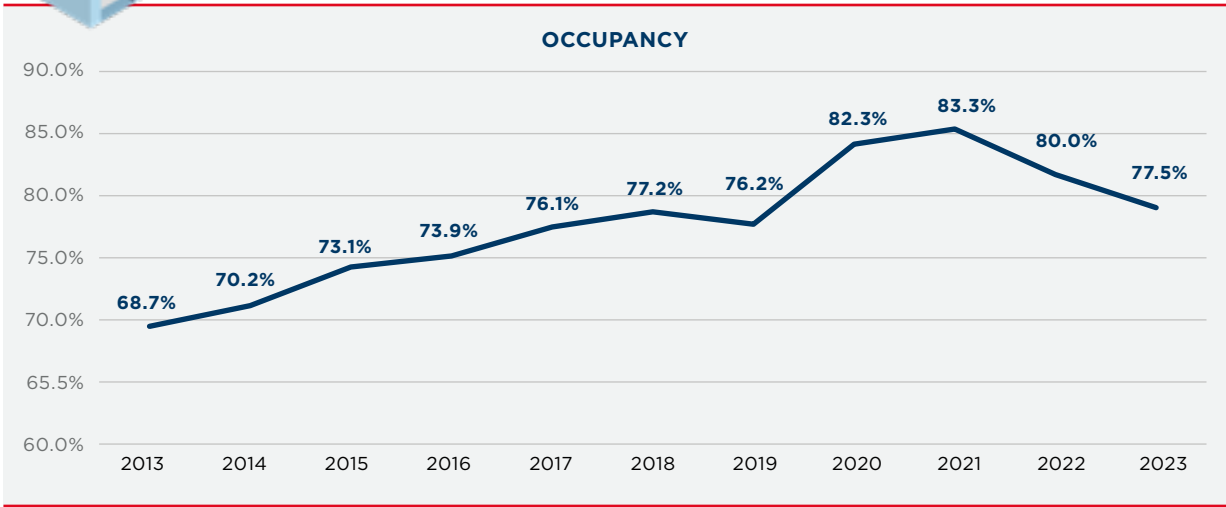
Q7 PERFORMANCE

The industry had a more challenging year in 2023 as the cost of living and inflationary pressures impacted enquiry levels.

Occupancy dropped towards pre-pandemic levels and below the long term growth trend, however, returns had a moderate increase to remain at a record high levels. The industry's low cost base, along with easing energy prices, meant that cost increases were also kept to a minimum, combined with a small decrease in profit margins across the industry.



Note that this data was previously calculated on a weighted basis and is now calculated on total occupied space, hence there may be some discrepancies with data in previous reports.



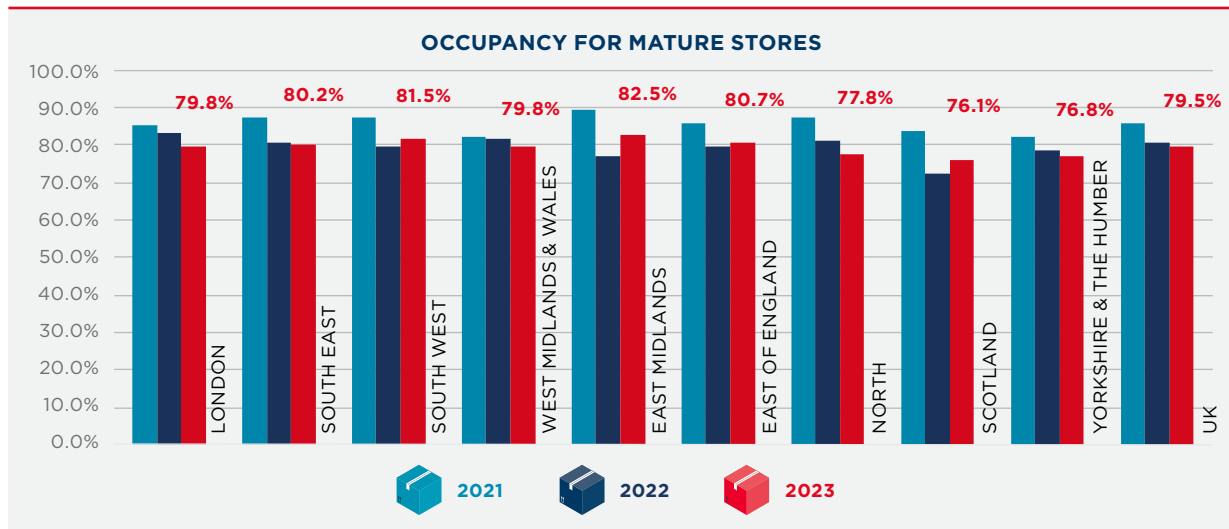
Occupancy levels dropped by 2.5 percentage points, resulting in a 5.8 percentage point drop over the last two years. However, this is coming off record high occupancy levels attained during the pandemic and occupancy levels are still just above pre-pandemic levels. There were also significant amounts of additional self storage space added to the market during the year.

This will impact average occupancy, as these stores will have lower occupancy as they fill up. It also should be considered, that the last time the industry had a significant occupancy drop was the global financial crisis of 2008, when there was also a drop in revenue per square foot. This year revenue increased despite increasing discounting.



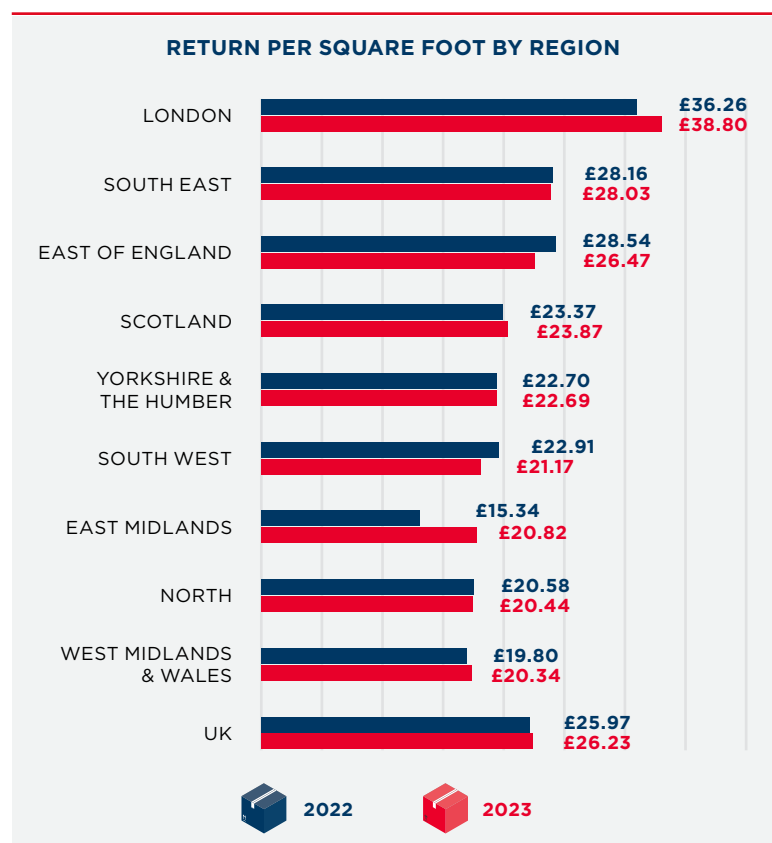
When considering mature stores that are not filling newly added space, the drop in occupancy was similar but obviously the level is higher, falling just under 80%. A mature self storage store should never be at 100% occupancy, as this is indicative of poor yield management where there is no product left to sell.

Many operators consider optimal occupancy to be around 85%, but this depends on pricing strategies and unit mix. It is interesting to note that not all regions experienced a drop in occupancy, with the East Midlands improving the most, although it did also have the largest drop in 2022.



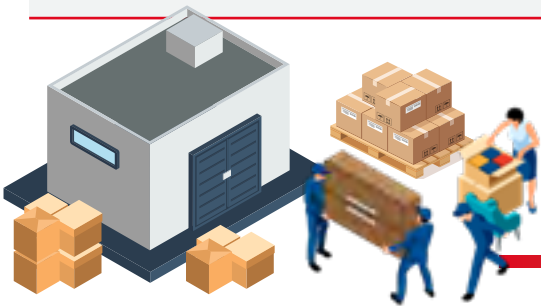
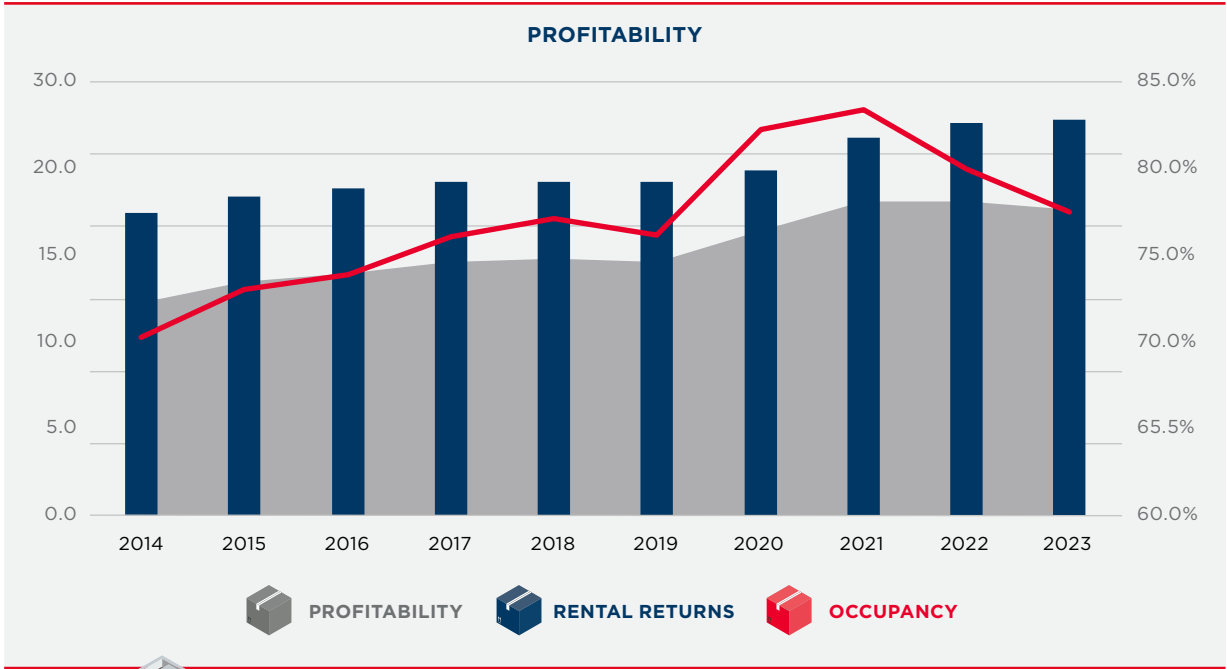
While most regions had relatively stable returns per square foot, London and East Midlands had significant increases, albeit for East Midlands off a low base. This is significant for the East Midlands, as they also increased occupancy resulting in a more profitable year for them.

While it could be argued that London is less impacted with the rising cost of living due to the higher average wealth of its residents, markets like the North, that have a lower household income did not see a drop in returns like the South West. These differences could be attributed to increases in supply or the discounting practices of local operators.



When evaluating the success of the industry, it is important to consider occupancy in relation to revenue. A drop in occupancy could be offset by a larger increase in revenue, while this was not the case in 2023, it is still encouraging that there was not a drop in both revenue and occupancy. Profitability only decreased by 2% in the year.

It is often debated if it is easier for a self storage store to increase occupancy or rates after a downturn. This depends largely on local conditions, churn and existing pricing policies. The test for the industry will be in the coming 12 months to see if the trend of decreasing occupancy rates continues or returns to its long term upward trend while operators continue to push rate increases.



**OPERATORS
FREQUENTLY
PROMOTE**

**50% OFF ON THE
INITIAL MONTHS
OF STORAGE.**

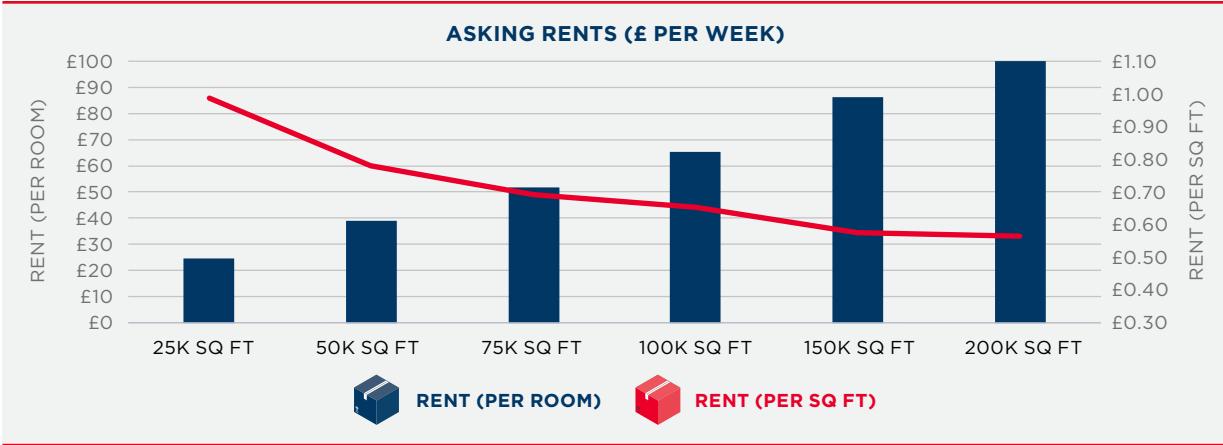
One factor in the more moderate increase in return, is the increase in discounting. Up front discounts that were largely wound back during the pandemic have returned. In some cases, at a greater level. 50% off multiple months initial storage is not uncommonly advertised by operators.

This is an indication that operators are finding it harder to source or convert new customers. As most of the public have never used self storage before, the industry has historically relied on up front discounts to encourage people to use the service. The intention is to have them stay longer than they anticipate and return to the full rate for the majority of their stay.



The impact of increased discounting is further emphasised when considering asking rents, which have increased significantly since last year. However, overall returns have not increased to the same level due to the erosion of returns from the discounting. The chart also shows how typically self storage pricing is not on a linear scale, and large units earn less per square foot than small units.

Large units do have less “wasted” space on corridors, but even considering, this small units will generally provide a greater yield than large units. Unit mix is a more complex equation, as customer demand will not be exclusively for smaller units. Smaller units means more customers are required to achieve the same occupancy levels.

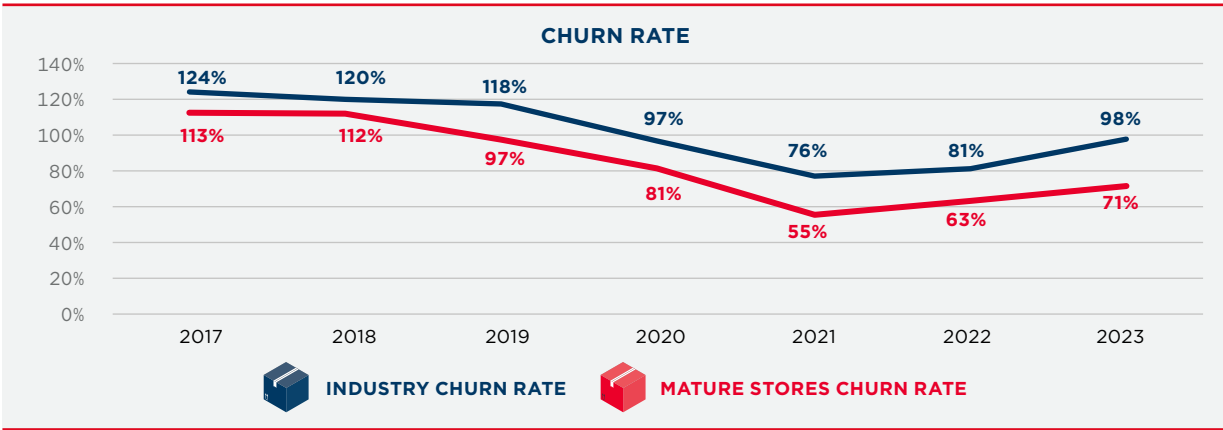


Churn rate is an important measure in self storage, it shows how many new customers you need to increase occupancy. For this report, churn is measured by the total number of customers that moved out during the year divided by the total units occupied at the end of the year. In simple terms, it represents the percentage of total customers who move out in a year. A churn of 100% on a store of 300 occupied units means you need replace 300 customers in a year just to maintain occupancy.

There is a growing disparity within the sample group on churn. Some operators have largely maintained the low churn achieved during the pandemic, and others have returned to above 100%. It would be interesting to correlate discounting practices with churn, to see if up front discounts influence churn.

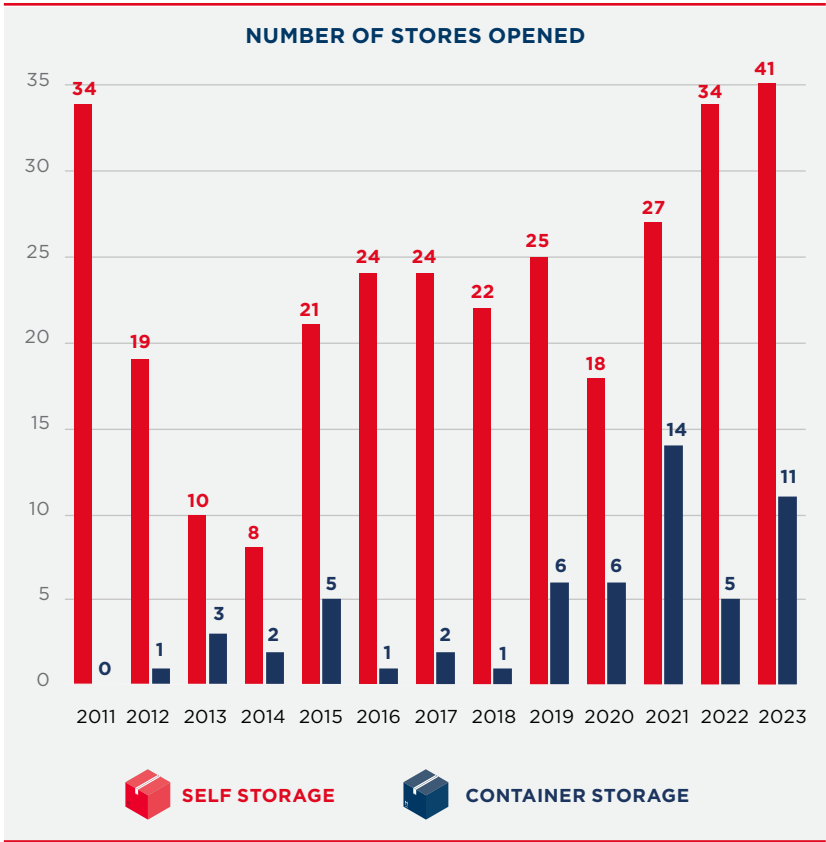
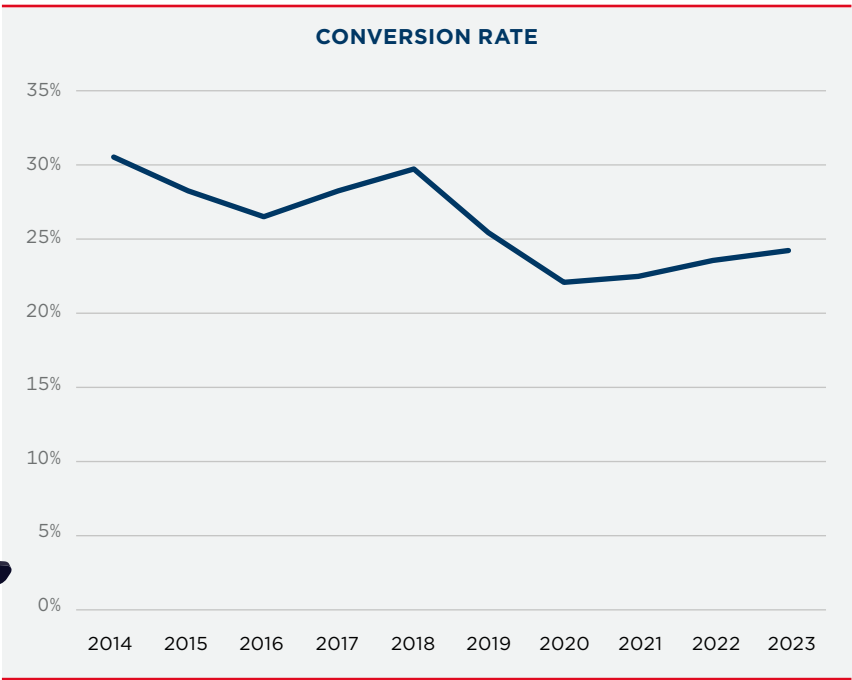
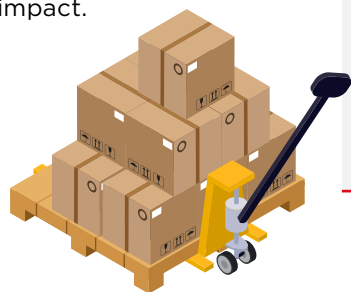
In a period where it is harder to get new customers, this becomes critical. Stores with lower churn need to replace less customers each year and will have a longer average length of stay.

It is evident that mature sites have less churn. This is partly attributed to the fact that mature sites are generally older and the older a site the more long-term customers it will accumulate. The increasing gap indicates new customers are not staying as long as they previously did, meaning sites in fill up stage are requiring even more customers to reach occupancy levels.



An increasing conversion rate with decreasing occupancy shows that it is not the operators failing to convert enquires, but that enquiry levels have dropped.

This is likely a combination of softening of pandemic driven changes to people's housing and the increasing cost of living. Less house moves will have also had an impact.



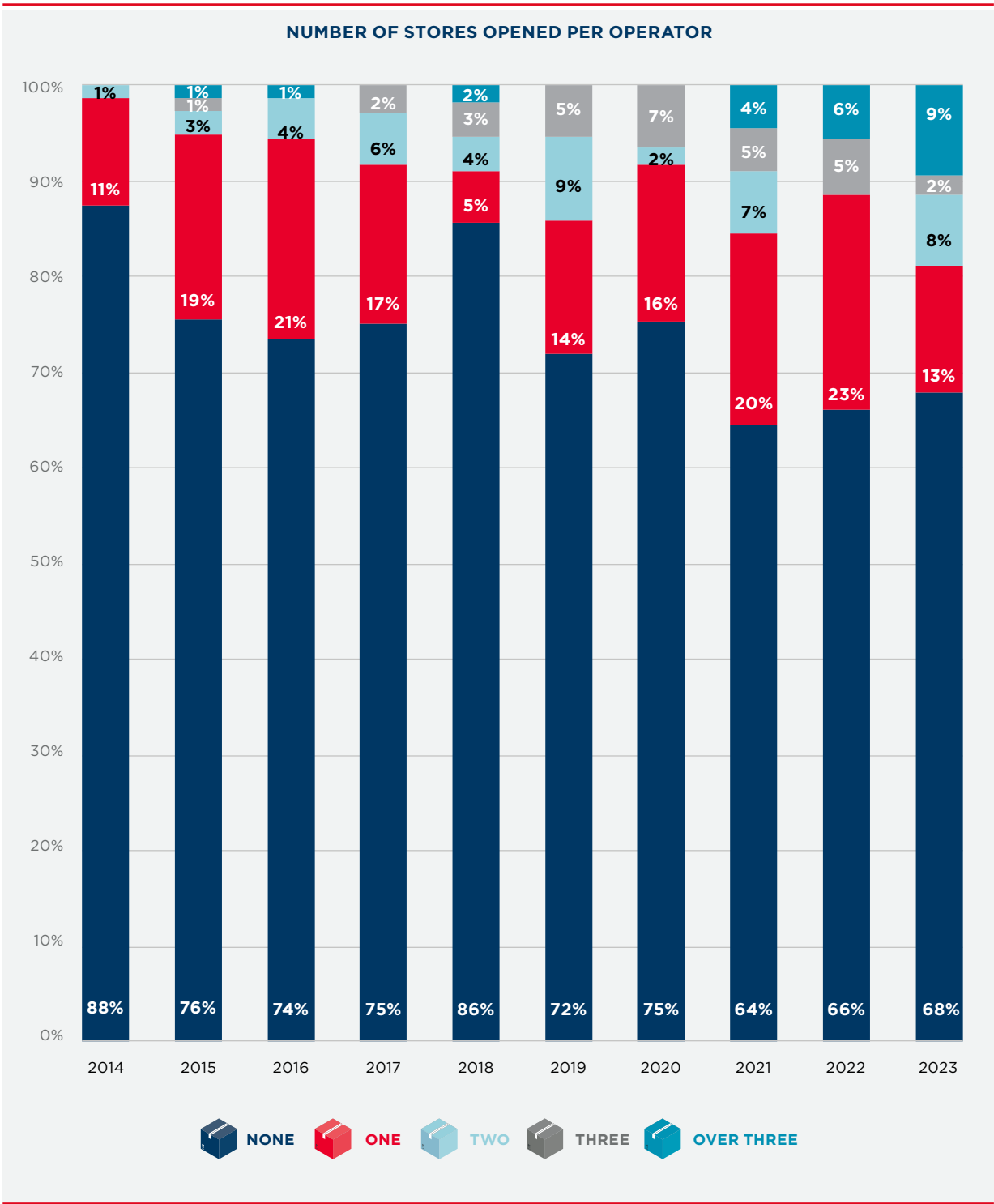
Increasing growth in the industry will also put pressure on occupancy, especially in a period when customers are harder to find. The industry continues to add space, both through new stores and organic growth.

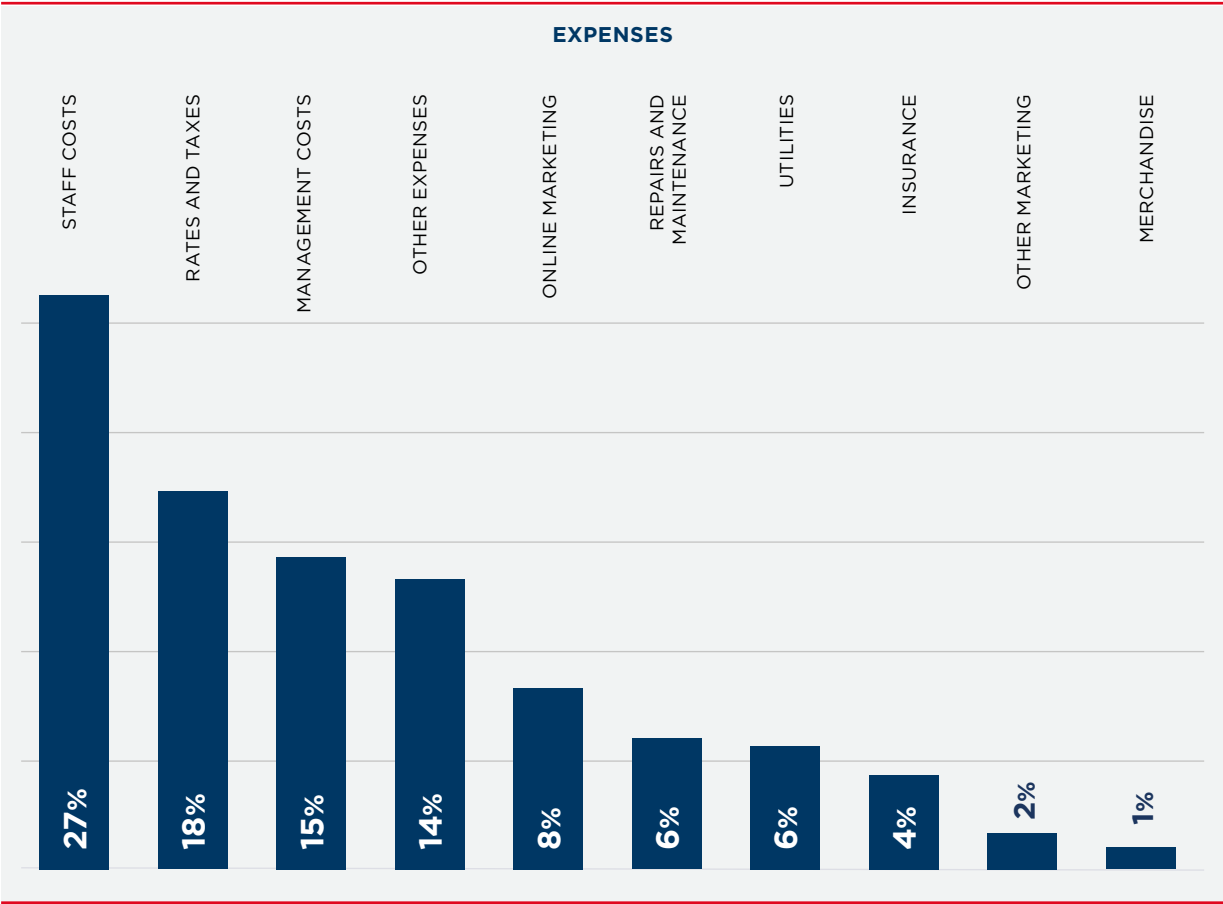
There is a strong pipeline for future sites and despite escalating times to obtain planning, the industry looks set for solid growth for at least the next three years.

Note that this chart only represents the sample group for year on year comparison and does not represent all new store openings across the industry.

The industry has consolidated in recent years, there are a small number of large operators with 20+ stores and a very large number of small operators with less than five stores, with very few mid-sized operators.

The large operators are continuing their aggressive expansion plans, with the largest ever number of operators opening more than three sites in the year. Some of this is likely due to catching up after the pandemic slowed the pace of construction generally.

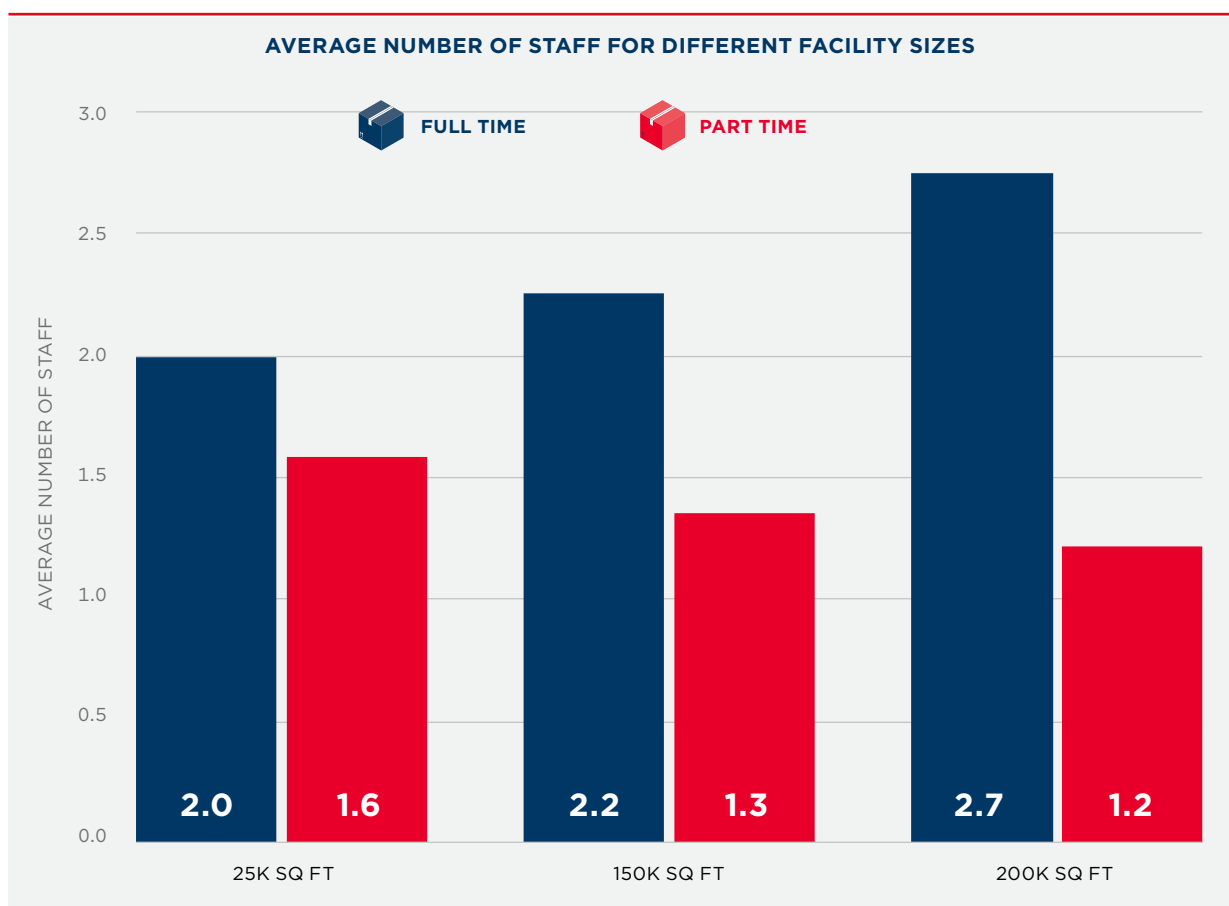




The industry has a relatively low cost base. Despite employing few people per store, staff costs remain the highest cost, with rates and taxes the second largest cost. It is worth noting that despite the rising energy costs, utility costs only increased by one percentage point over last year.

The percentage of staff costs decreased this year, reflective of the general reduction of staff in stores. Management costs on the other hand increased as more operators use management services and centralised or third party marketing and sales services.





Small stores are moving from part-time employees to full-time, having more full-time for the first time. Likely due to the tightening employment market, where often you need to offer a full-time contract to attract or retain staff.

Overall the industry is reducing the number of staff per store. The ability to source staff will be contributing to this. It is also likely due to increasing use of automation in the industry, more reliance on central sales and operational teams by the larger operators and lowering of staffed times of stores.



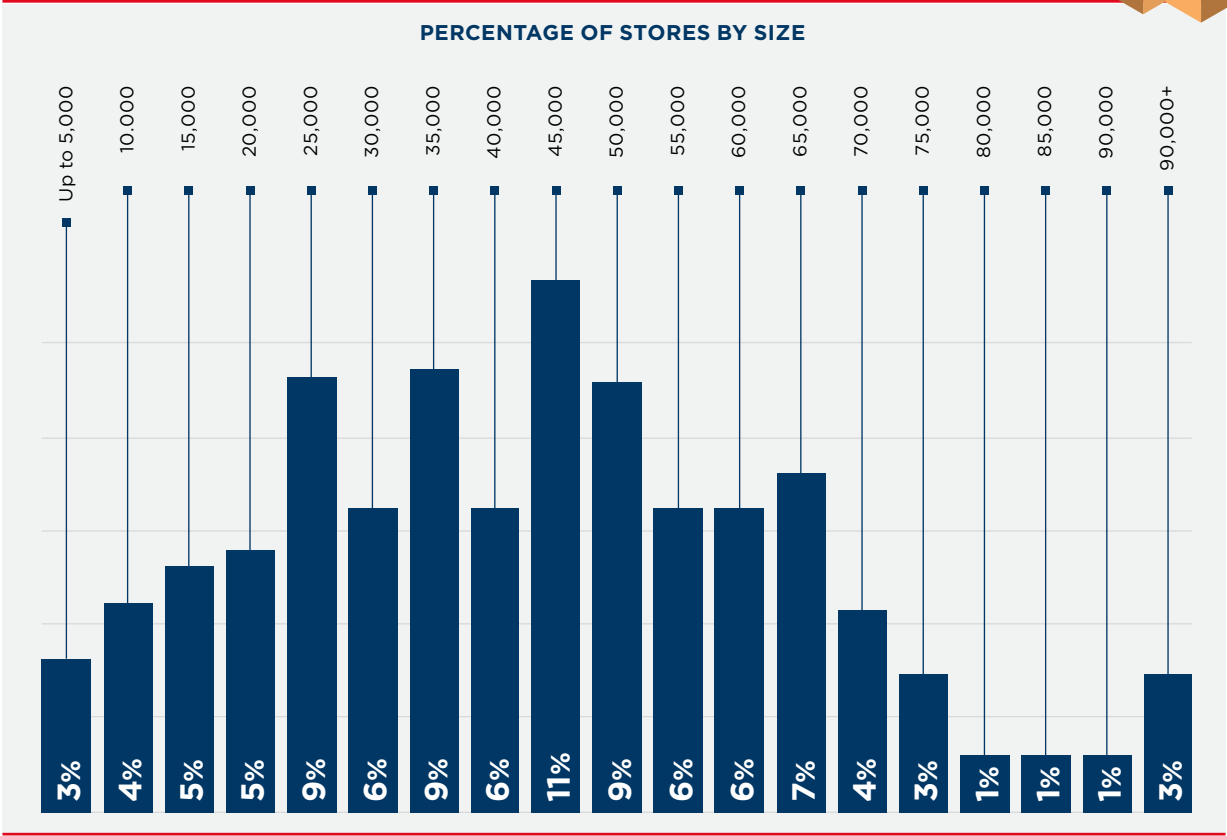
08

STORE FEATURES

The progression to smaller stores continued in 2023.

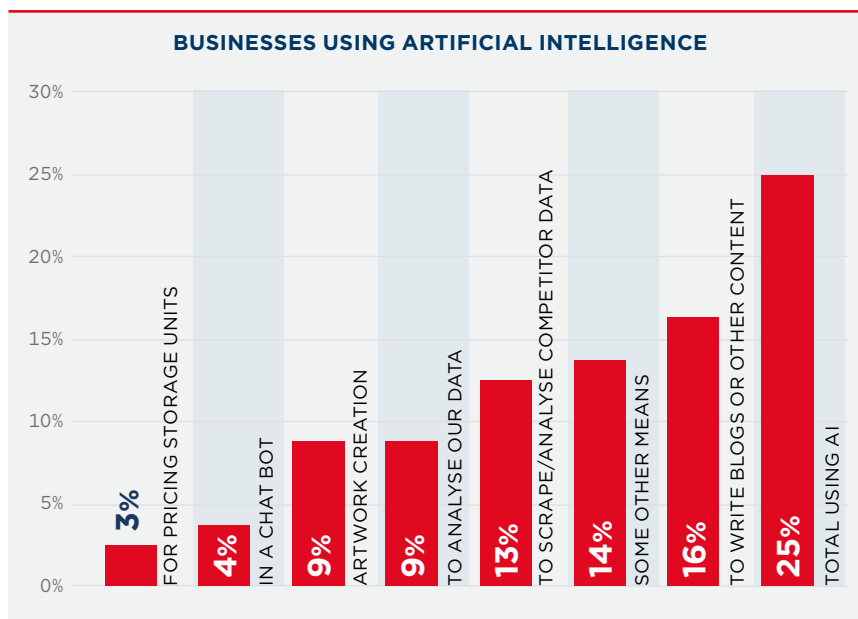
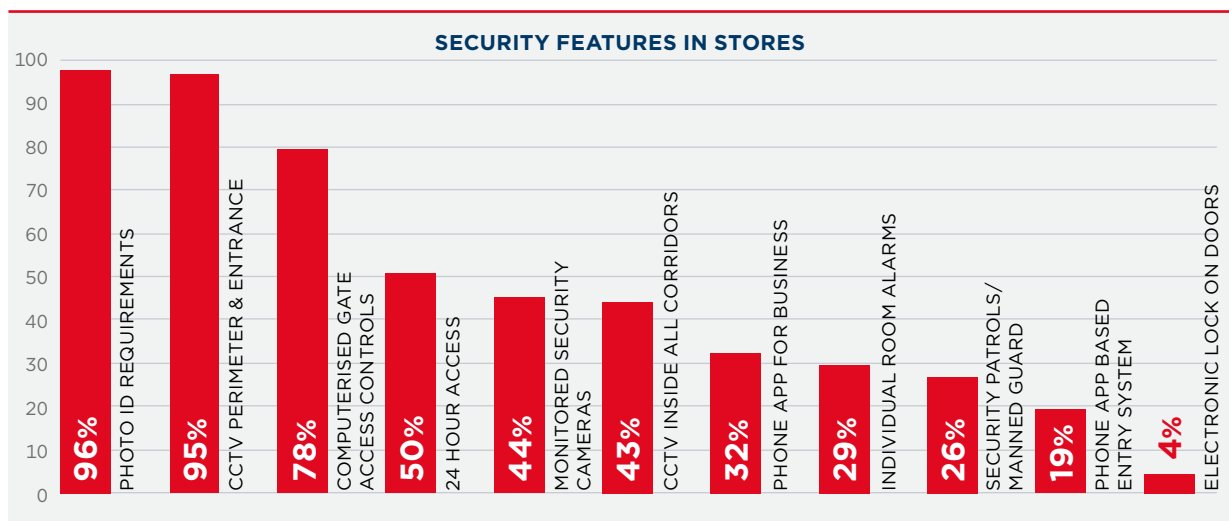
The percentage of mega stores of 90,000 sq ft+ remained the same, however, there was a decrease in the percentage of stores in the 50,000 – 75,000 range. 45,000 remains the most popular store size but more stores of less than 15,000 are being added.

The growth in very small stores is likely to be a result of the expansion of the industry into smaller rural hamlets and introduction of automation allowing for smaller, unmanned stores.

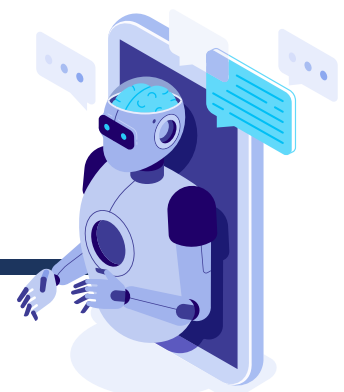


As criminal activity in the UK increases and criminal technology, such as micro cameras, become more readily available, self storage operators need to also invest in improving security. One of the biggest growth areas has been the use of CCTV monitoring services. There are now dedicated self storage monitoring services in the UK, allowing more pro-active use of CCTV to prevent crimes.

More operators are upgrading their CCTV to cover internal corridors, not just access points. Stores are also moving away from PIN code access control, moving to phone app entry systems or other two factor authentication systems.

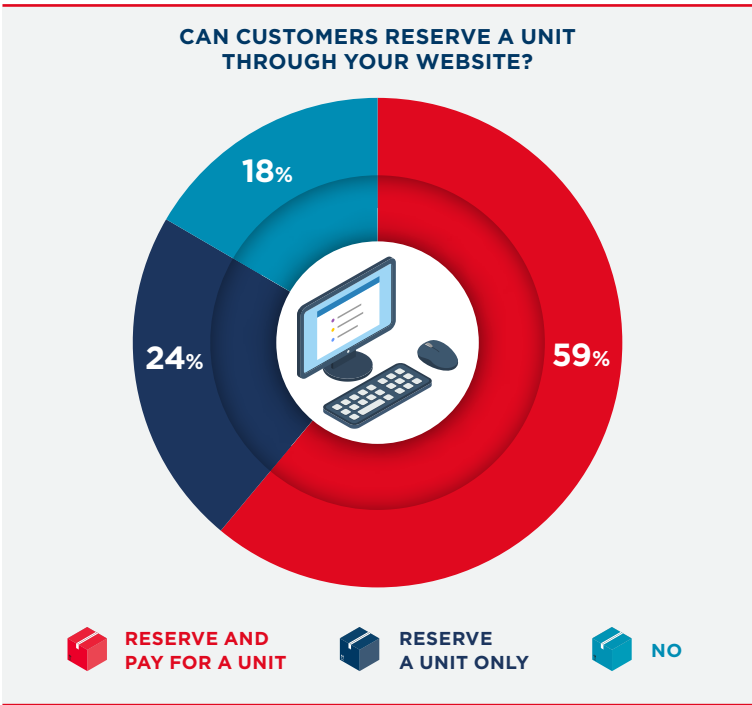
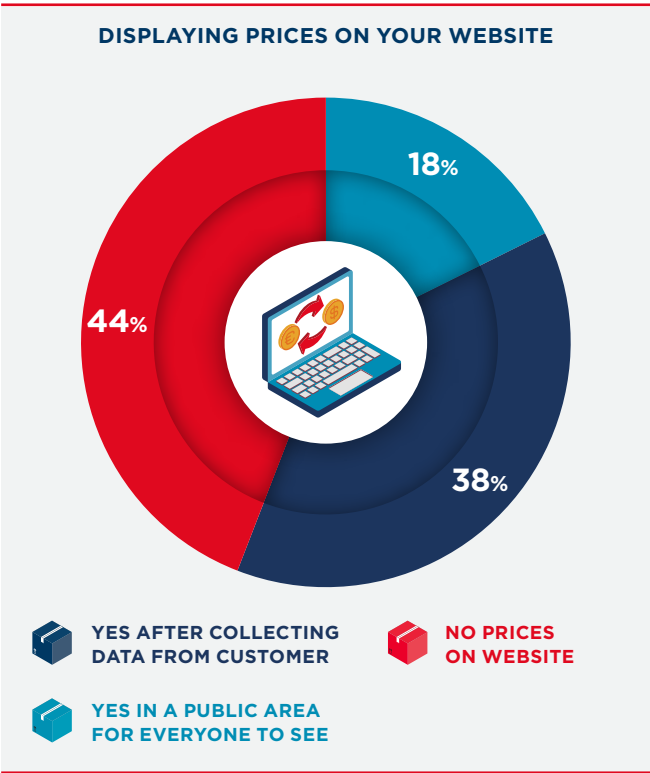


A new question asked this year was in regard to operators' use of Artificial Intelligence in their business. A quarter of operators are actively using AI, albeit the most common use being to assist with content creation. More advanced uses such as for pricing models or analysing data, are less common.



Having prices displayed online continues to become more common as the number of customers obtained grows to 82%, up from 79% last year. While some operators may wish to hide prices from customers online and prefer to communicate with them personally, customers want to see store prices online when evaluating their options. It is almost certain that businesses not putting their prices online are missing out on some customer enquiries.

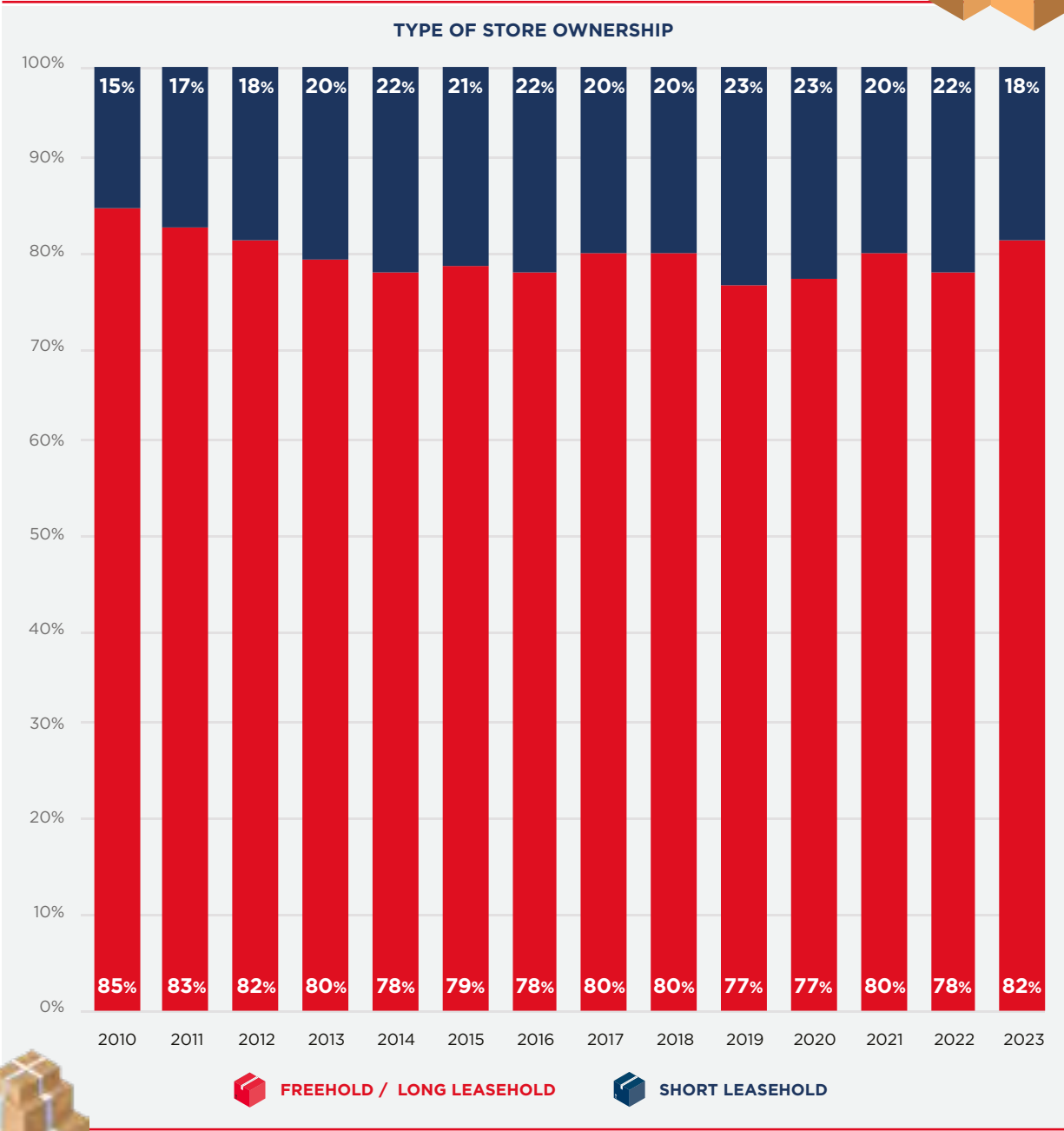
More operators are putting their prices in a public space, rather than providing them to customers after they have entered their contact details or requested a quote. While this may be more appealing to the customer it allows easier data scraping for price comparison sites. It also potentially commoditises the product for customers that do not understand the industry and the differing features between self storage businesses.



Most operators still do not provide the ability to book a unit online. This chart represents companies, not stores. Given that the major operators allow booking online, the percentage of stores providing this service would be much higher. This chart shows the reluctance of smaller independent operators to allow customers to book units online.

With the belief they have more ability to close a sale or upsell if the customer contacts them directly. Simpler management systems or websites cannot facilitate online bookings or real time inventory management. There is also an additional cost associated with online payment systems or online ID verification.

While there was a movement back towards freehold sites in 2023, the long term average is relatively stable. Owners prefer freehold sites and the bulk of leasehold sites are container or other external sites. Some operators will use leasehold sites as a means to enter the industry with less capital, with the aim to acquire freehold at a later date. In other cases, a leasehold site is taken due to its location and lack of freehold opportunities nearby.



OUTLOOK

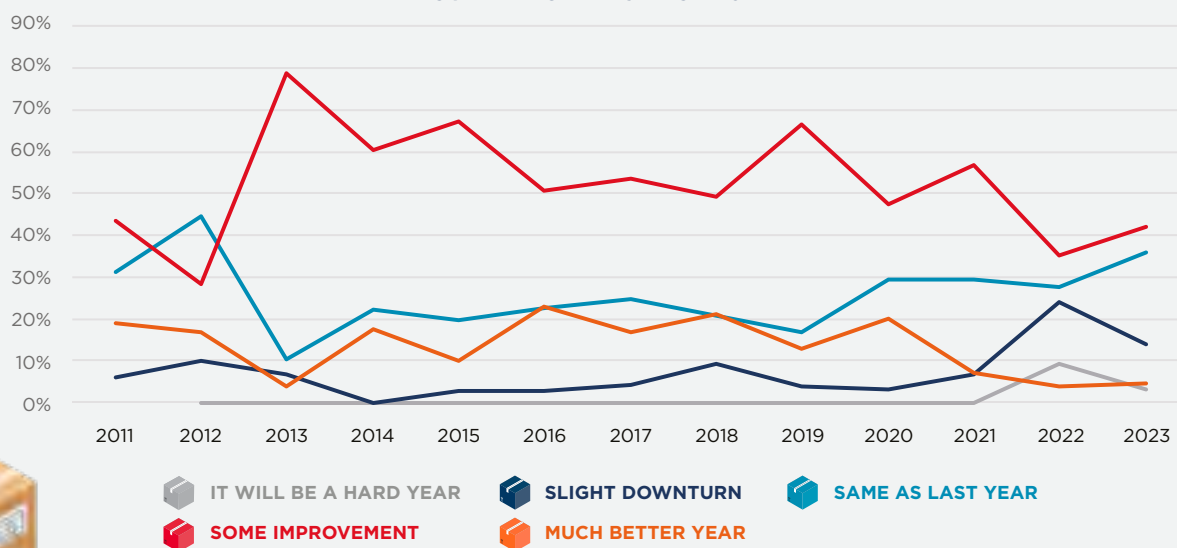
Industry operators are more optimistic for the coming year than they were at the start of 2023, with 47% expecting the market to improve and only 17% expecting a decline in profits.

Of the 17% only 3% believe it will be a hard year, down from 9% the previous year. At the time of taking the survey inflation had eased but interest rates were still high and there was a lot of global uncertainty.

It should also be noted that the survey is taken in the middle of winter which is traditionally the softest period for the industry in terms of enquiries and conversions. It seems that operators are confident that conditions pick up significantly in the summer.

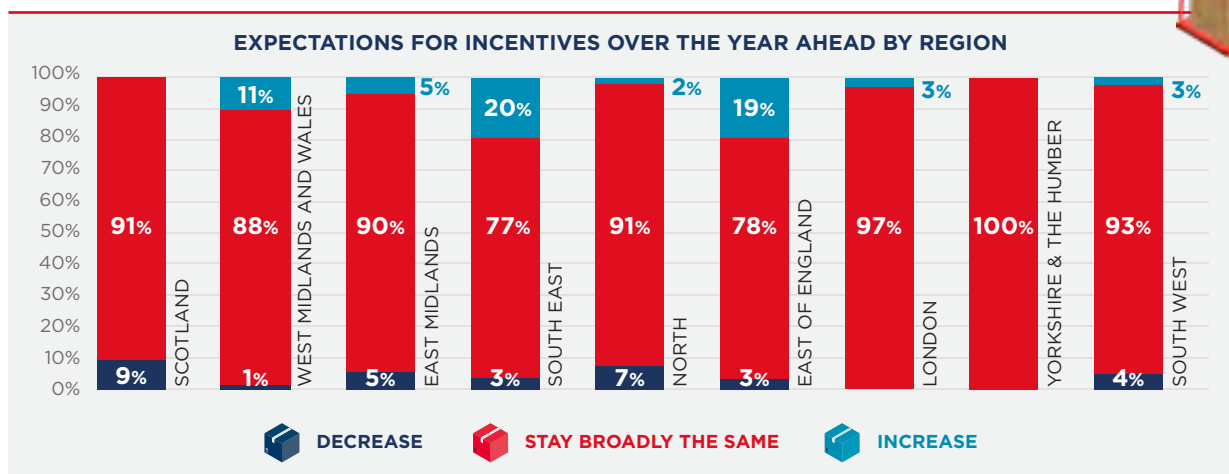
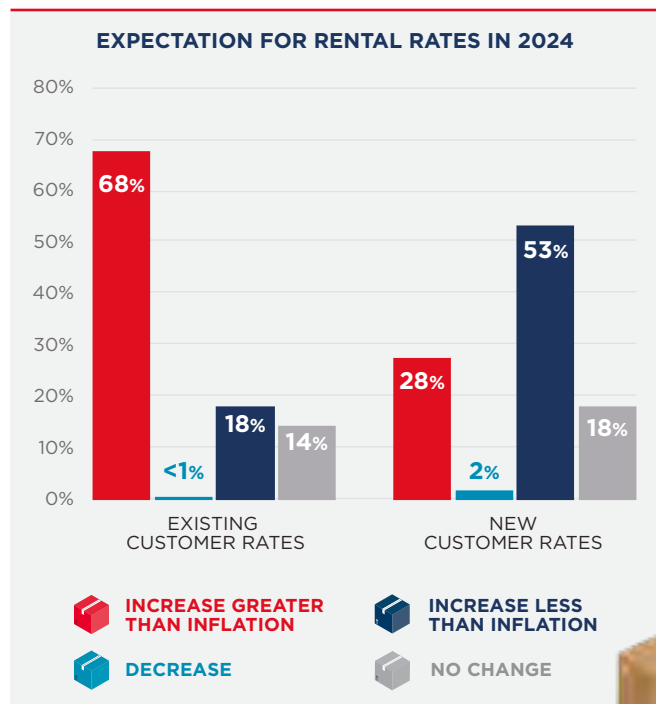


OVERALL OPTIMISM FOR 2024



There remains confidence in the market to raise prices of existing customers. However, expectations are that new customers will remain hard to find and require more competitive pricing. It is not unusual for operators to push new rates on existing customers harder. Once people have used the service, they experience the value and are more willing to pay higher rates than they may have initially.

This strategy clearly works better for businesses with lower churn rates. If you have more customers staying for a short period of time, they are using the cheaper rates and discounts and the impact of increasing rates on long-term customers is reduced. This further reinforces the benefit of businesses with lower churn rates during times when acquiring new customers is more challenging.

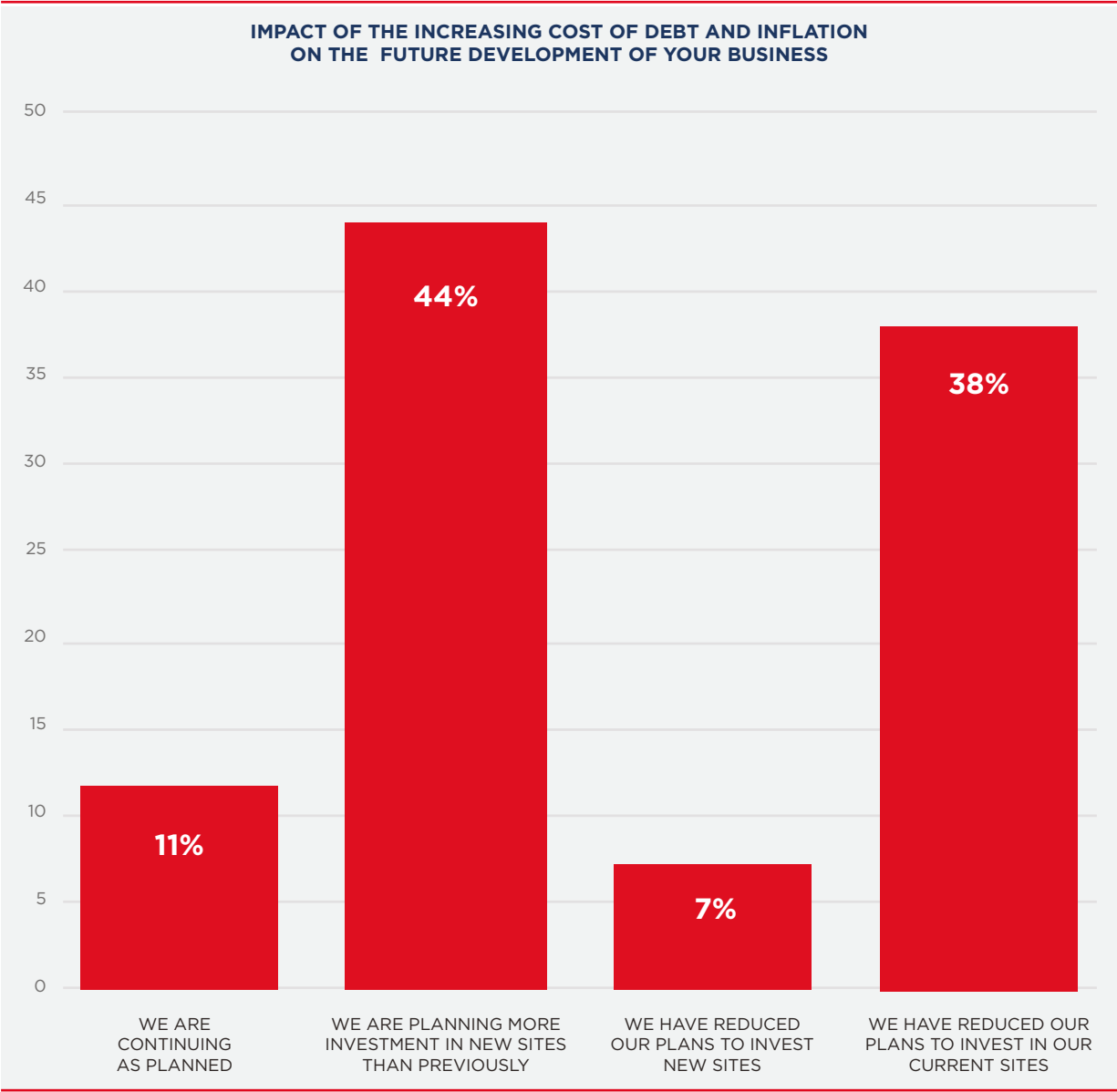


After significantly increasing discounts in 2023, most operators expect to retain the current discounting levels. Operators in the South East and East of England being the exception. That said, when considering last years survey, operators did not predict the level of increase in incentives that actually occurred. The issue with discounting in the industry is it can have a cascading effect.

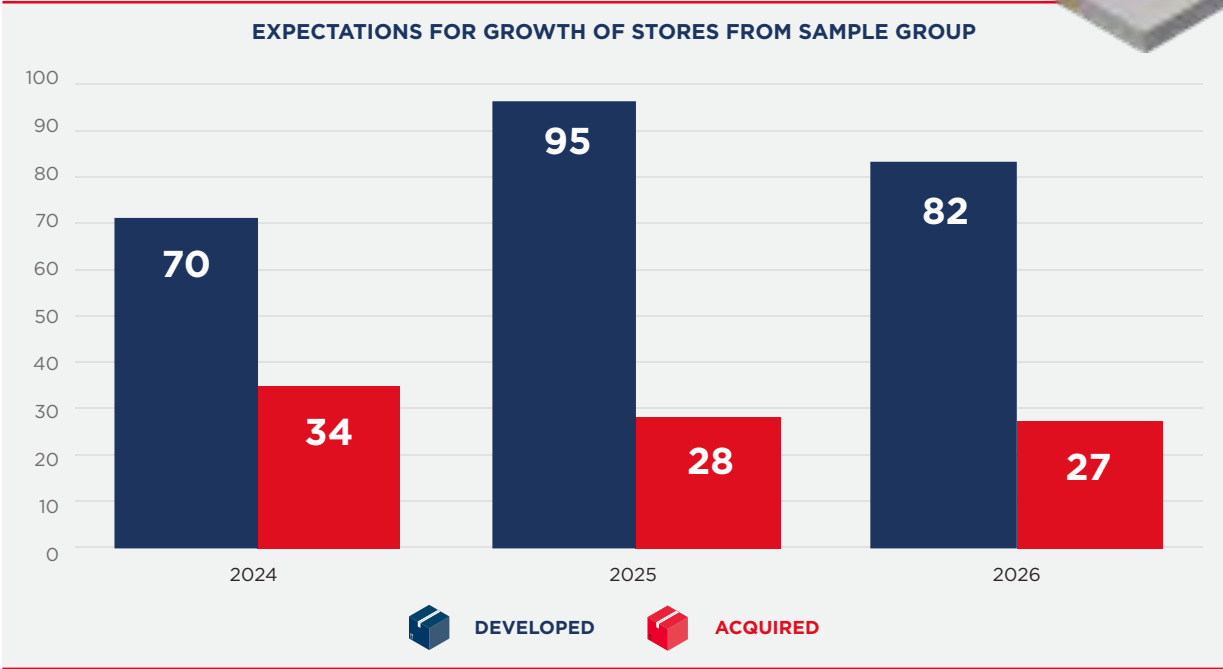
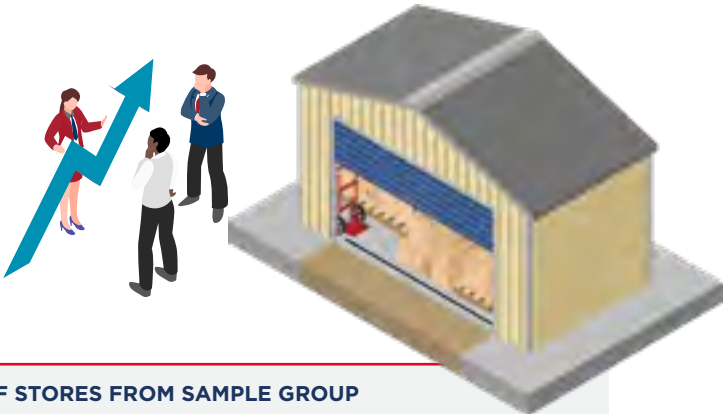
One operator starts a heavy discount campaign, possibly to fill up new space or maybe as a panic reaction for a downturn in enquiries. Other operators then match the discount, sometimes without considering their own data and if the competitors actions are actually impacting their business. Suddenly the initial discount is being replicated by many operators. As stated earlier the impact of these discounts is magnified by the churn of the business.

The increasing cost of debt is impacting operators plans to grow their businesses, but the industry is split as to whether the impact is positive or negative. Almost as many operators are planning on increasing their development plans as those planning on reducing them.

Given that development of a self storage store often takes two or more years, especially with the current delays in planning approvals, many operators appear to be taking advantage of cheaper and more available property in the current market, with the expectation that the current conditions are short term.



It should also be considered that self storage generally has relatively low debt levels for a property based industry, hence they have less exposure to increasing interest rates and cost of debt. There is no evidence that the current increasing cost of debt has forced any self storage business into liquidation in the UK.



There remains a very bullish expectation for future growth by operators. In 2022, the prediction for growth in 2024 was 51 developments and 30 acquisitions, this has been increased to 70 developments and 34 acquisitions.

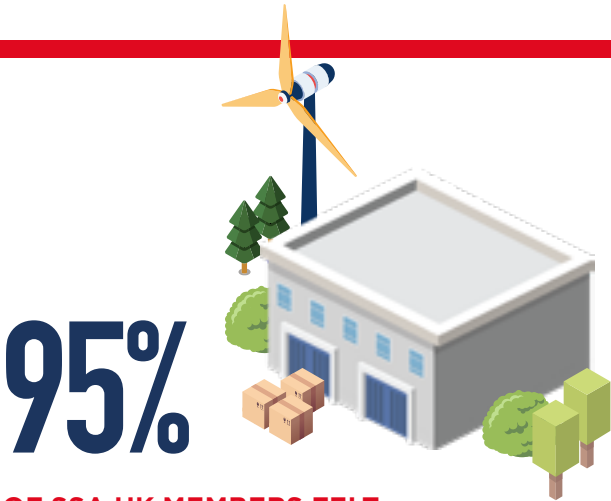
Furthermore, the sample group is getting closer to hitting their growth expectations. In 2023, they predicted 66 new developments and achieved 62. There is a strong pipeline for development of new stores from both the major listed companies and the smaller independents.

Despite significant consolidation in the industry, there also continues to be properties placed on the market for sale, although more so in secondary cities and regional locations than London and other prime markets.

Those properties of quality that are listed, experience strong bidding interest from prospective purchasers. Note that this chart only represents growth expectations of the sample group and not the industry as a whole.

The industry continues to invest in sustainability improvements in their businesses, although the number of operators investing in sustainability (66%) is down from last year (78%). This could be as more operators have already completed their sustainability upgrades, particularly as the drop was largely in the area of modifying stores to be more energy saving. It could also be that some operators are pulling back from such improvements until the market improves.





In a separate survey of its members, the SSA UK found that 95% of them felt that adding sustainability improvements to their business increased its value.

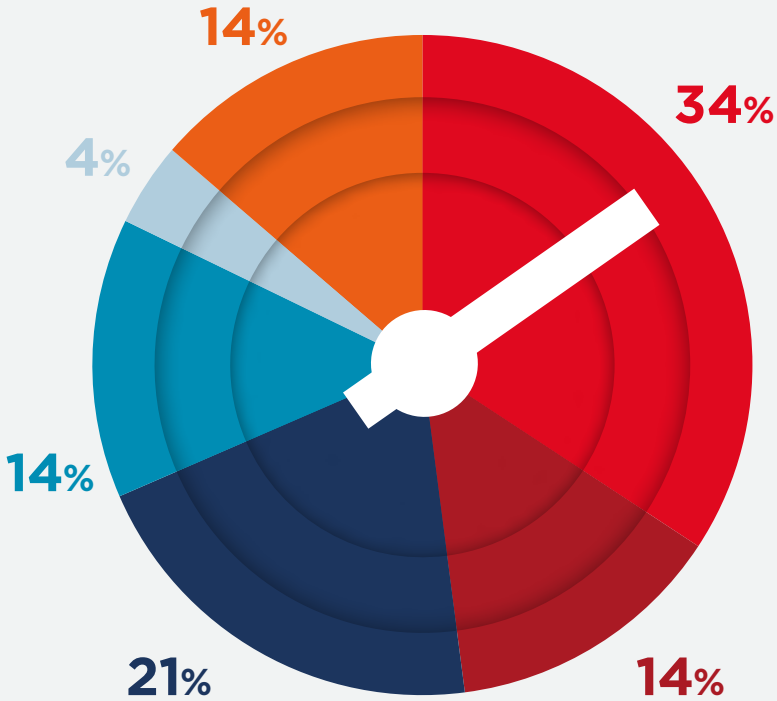


95%

OF SSA UK MEMBERS FELT THAT ADDING SUSTAINABILITY IMPROVEMENTS TO THEIR BUSINESS INCREASED ITS VALUE

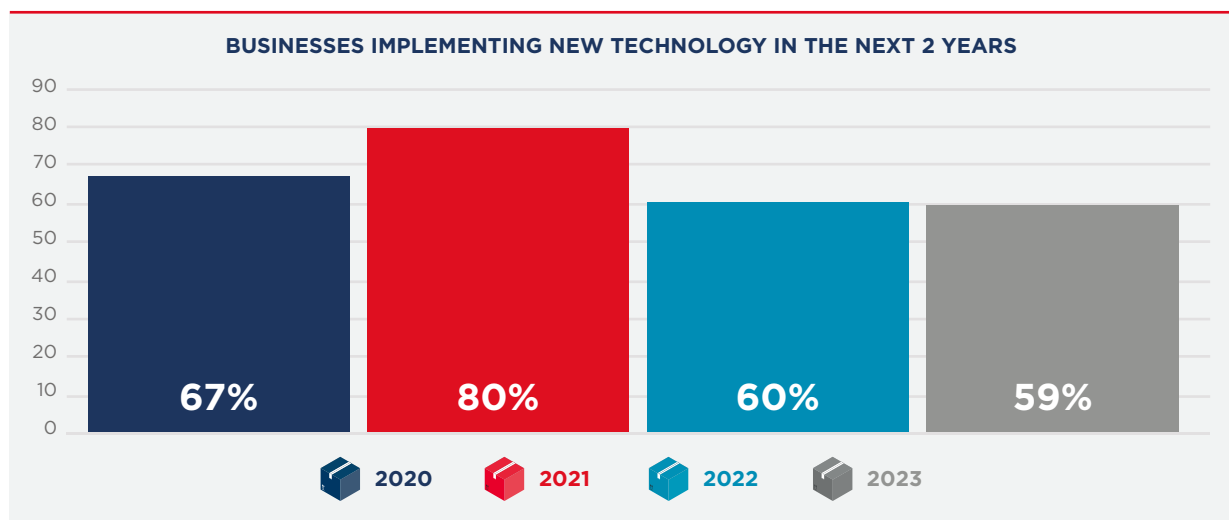
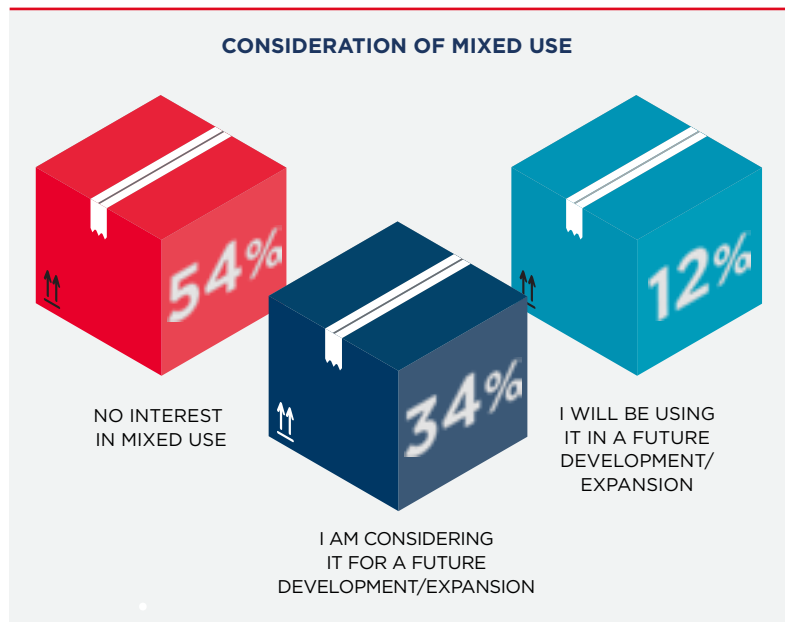
INTENTION TO INTRODUCE SUSTAINABILITY IMPROVEMENTS

-  NO SUSTAINABILITY CHANGES
-  CHANGING OUR OPERATING PRACTICES TO REDUCE ENERGY OR WASTE
-  BUILDING A NEW STORE OR EXPANDING A STORE WITH MORE SUSTAINABLE ENERGY OR BUILDING METHODS
-  PHYSICALLY MODIFYING MY EXISTING STORE WITH MORE ENERGY SAVING OR ENVIRONMENTALLY SUSTAINABLE CHANGES
-  OTHER SUSTAINABILITY CHANGES
-  BUILDING NEW STORES INCORPORATING AN ESG CRITERIA AND MORE SUSTAINABLE ENERGY OF BUILDING METHODS UNDER THE MINIMUM ENERGY EFFICIENCY STANDARDS



Interest in mixed use development is increasing, with 34% considering mixed use development, up from 29% last year. However, the number of actual mixed use developments has only improved marginally, 12% up from 10% last year.

Such developments can open up opportunities on high profile sites that may not sustain self storage alone. However, they are also much more complex, often come with planning challenges and require an equally interested partner.



Like many other industries, self storage is being impacted by an unprecedented period of technological change. Innovations in terms of automation, access control, artificial intelligence, security and data management are all changing the way stores are operated and customers interact with self storage businesses. Pricing strategies are becoming more complex and data driven. It is somewhat surprising that more companies are not investing in new technologies.

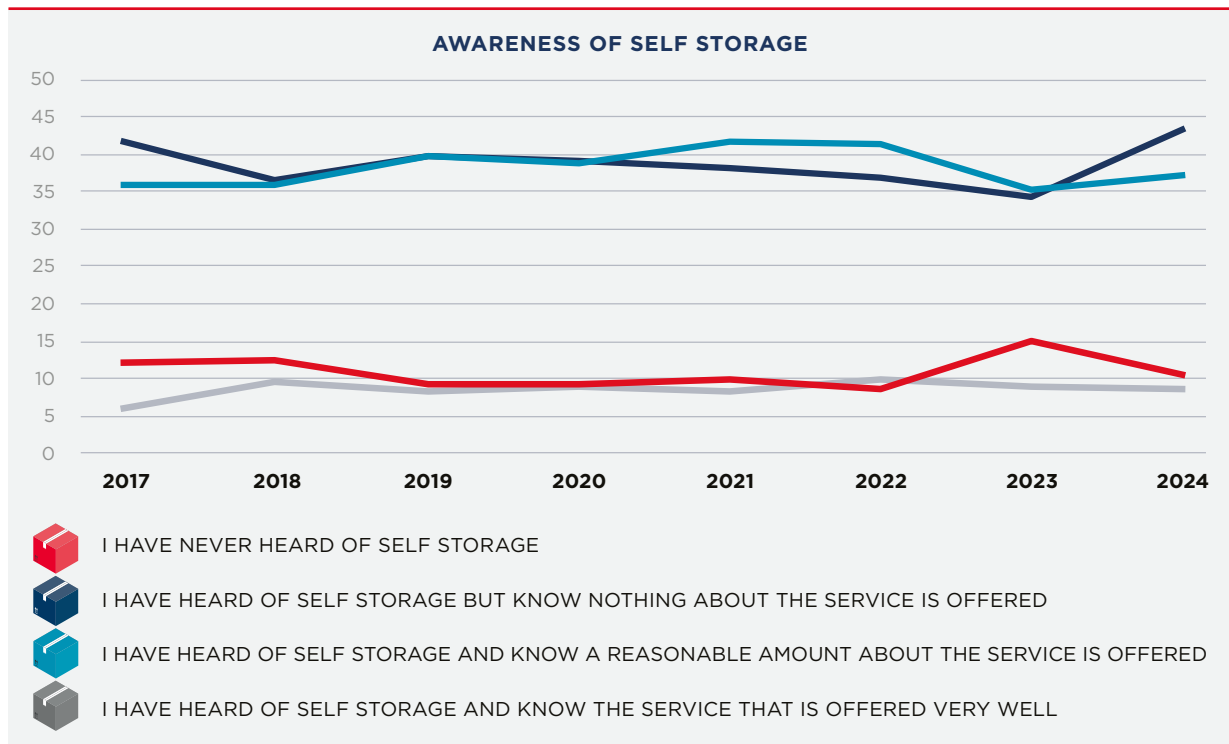
10 AWARENESS & INTENTION TO USE

Only 43% of the UK population surveyed believe they understand what self storage is, and only 9% claim to know the service well.

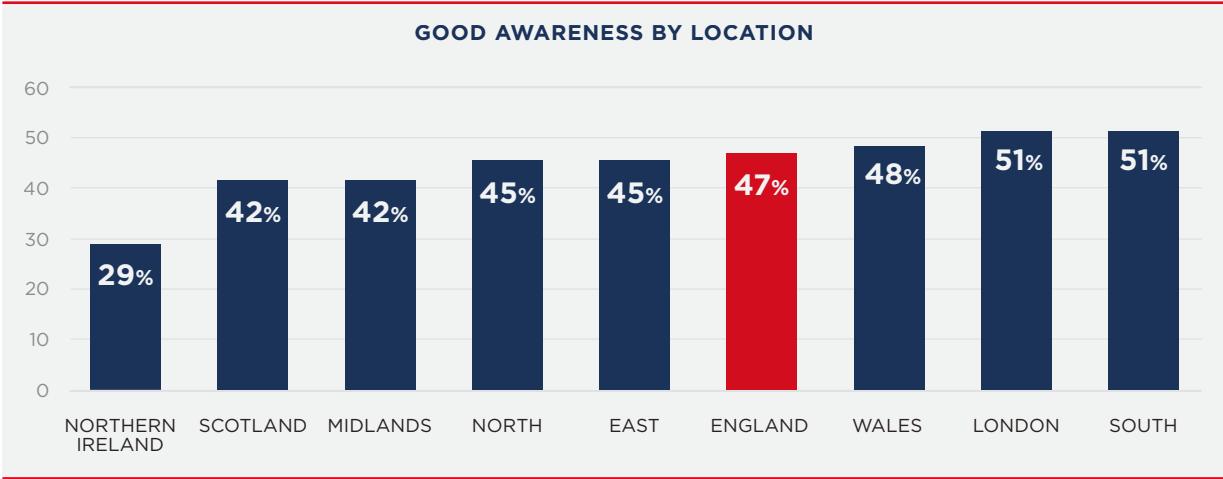
It is likely that the bulk of this group are people who have actually used the service in the past.

Self storage is a needs based purchase, so people who do not perceive they have a need for the service are unlikely to understand or be aware of it.

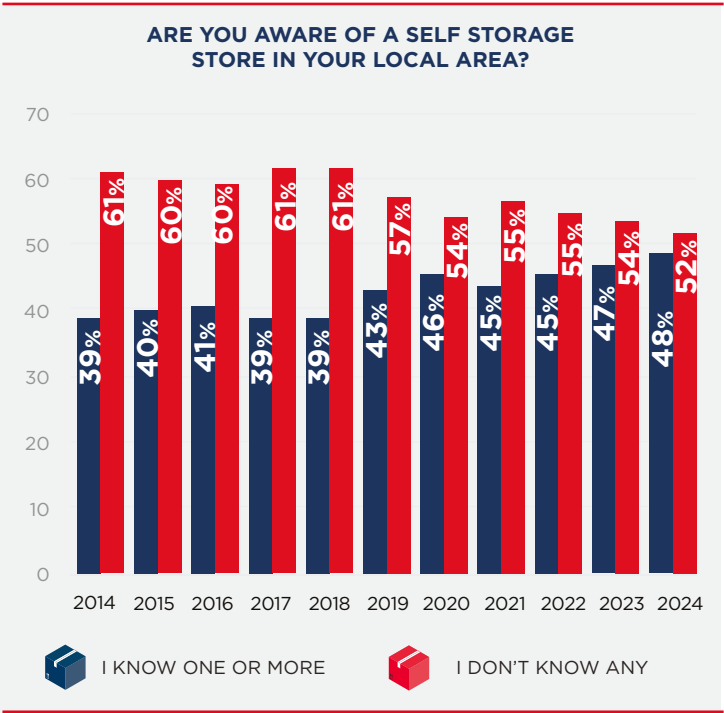
However, there has been limited movement in awareness over the past eight years, as the chart below shows, which is somewhat concerning for the industry as it is likely that there are customers that have a potential need for self storage, that are not considering it as they do not understand the service provided.



When considering awareness on a regional level, London and the South unsurprisingly lead. This is where the bulk of self storage stores are in the UK. With many large stores in prominent locations. However, there has been limited improvement in awareness in London over the past 5 years, while awareness in the North has risen from 40% to 45%.



Most self storage operators in the UK spend the bulk of their marketing budget on Google AdWords or similar online campaigns, usually targeting people already looking for storage. Common keywords are “self storage near me” or “self storage in a location”. This kind of advertising directs customers already looking for self storage to a business but it does not grow the market.



In other markets, like Australasia, industry awareness was improved through mass media advertising, usually by the larger operators. TV and radio advertising was common, as were prominent billboards. This exposed the industry to a broader range of people.

In the UK, there has been very little mass media advertising across the sector, particularly over the last five years. This can be partly attributed to the evolution of media and associated advertising. As a point of comparison, when the industry was growing across Australasia, this was driven by TV and print advertising, which has since seen its market share diminish.

The Polish self storage market is one of the younger, less developed markets in Europe but it has a higher level of public awareness than most other continental countries, including more mature markets such as the Netherlands. In Poland, the major operator, Less Mess, conducts regular advertising campaigns to promote the industry, using a mix of traditional and online media.

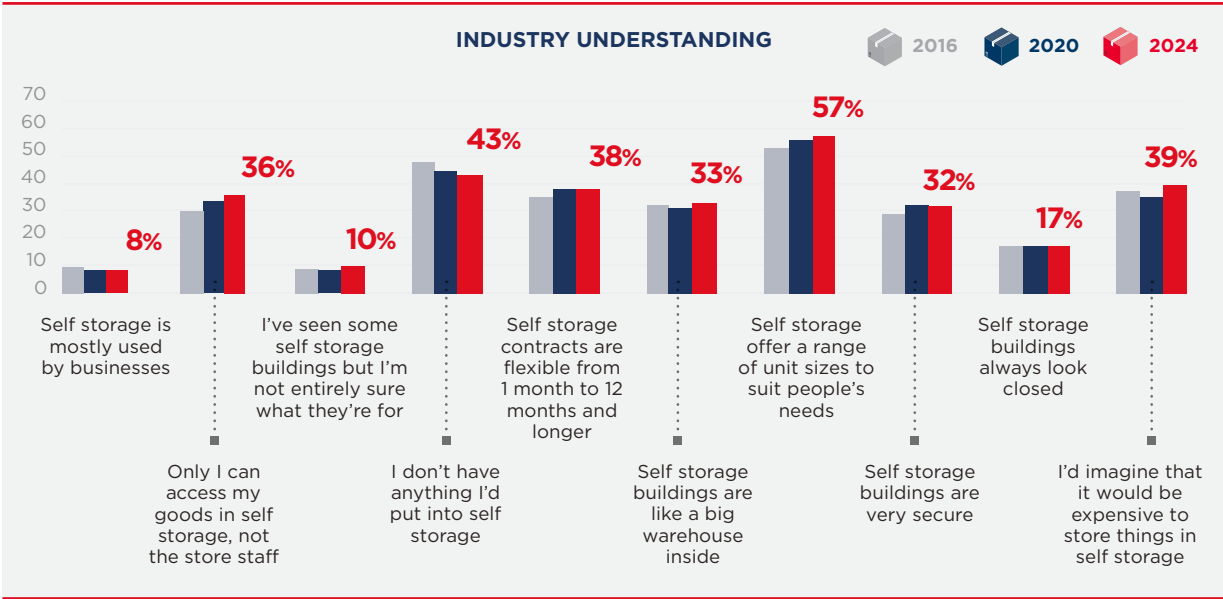
Store visibility remains clearly the best means for the public identifying a local self storage store. This further supports the lack of offline marketing. Social media presence is on the increase as more businesses are using this medium for promotion and people use it a source of referral or review.

HOW WERE YOU MADE AWARE OF YOUR LOCAL SELF STORAGE STORE?

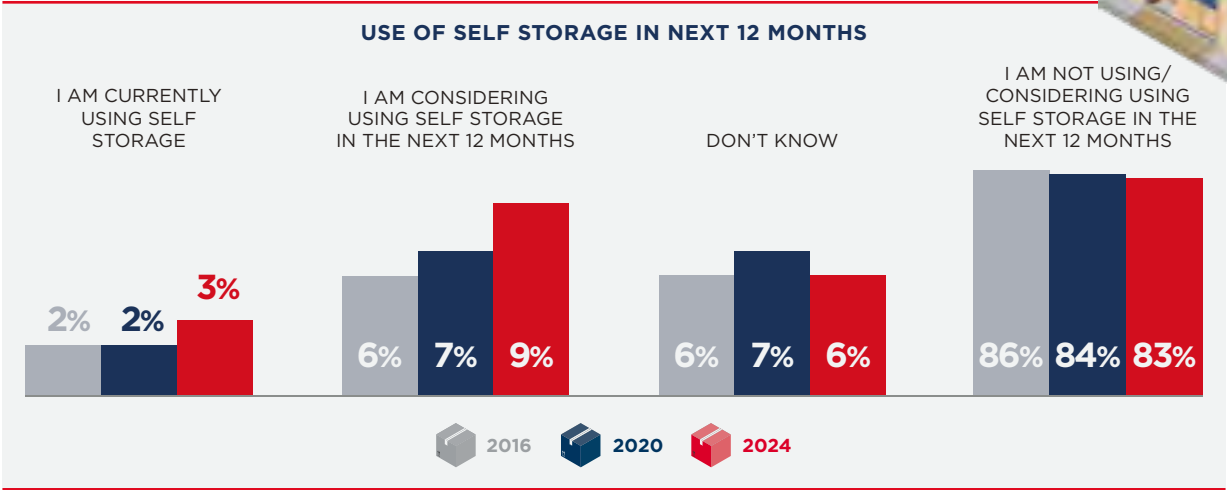


When the public is questioned further about their understanding of self storage, it becomes clearer that much of the population do not understand the fundamentals of the service. Only 57% knew self storage offered a range of unit sizes and 36% understood only they had access to their unit and not the store staff.

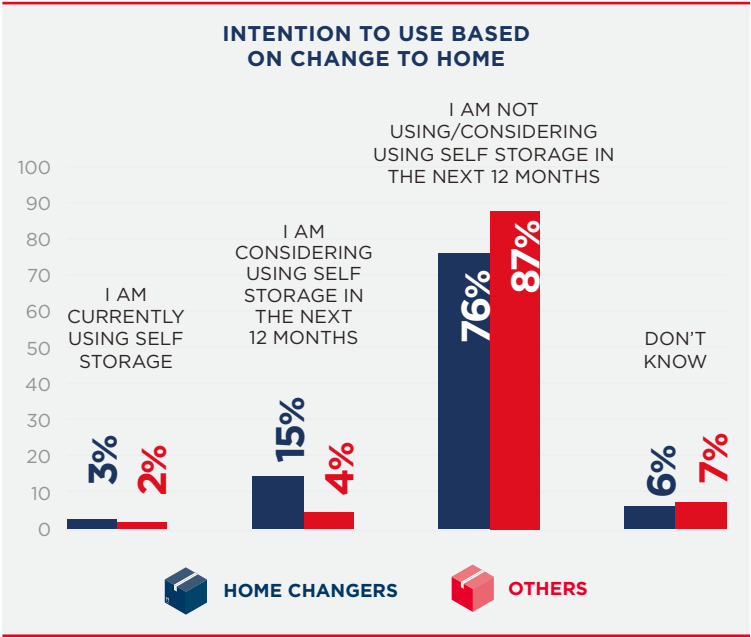
That said, understanding is trending upwards and the number of people who state they have nothing to put into self storage is trending downwards. 39% of people think self storage is expensive, which is of some concern considering if that sample 60% of them thought it would be cheaper than it is and only 21% had an accurate perception of price.



The number of people using self storage is increasing as the industry increases its available storage space. There is clearly potential for growth, with 8.7% of the people surveyed saying they are considering using self storage in the next 12 months, up from 7% the previous year. It should be noted that each year, there are more than three times as many people considering using self storage as actually using it. It is important for the industry to understand why these people chose not to use the product and where they stored their goods instead.



When breaking this data down into people that are having a change in their home, such as renovating, installing a home office, adding more family members or moving home, the intention to use self storage increases significantly. People going through a change in their home are more than three times more likely to consider using self storage than those who are not.

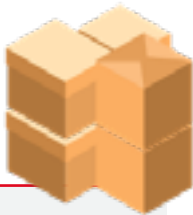


Obviously, increasing demand for the product will benefit the industry, but there also needs to be enough supply to meet this demand. At the moment, the UK is largely in a supply driven market where the limitation on growth is the availability of property to develop rather than a lack of demand.

If the number of customers needing self storage suddenly rose by 20% then there simply would not be enough storage space to accommodate them. In the current supply driven market operators have more control over their pricing and can maximise yield and occupancy levels.

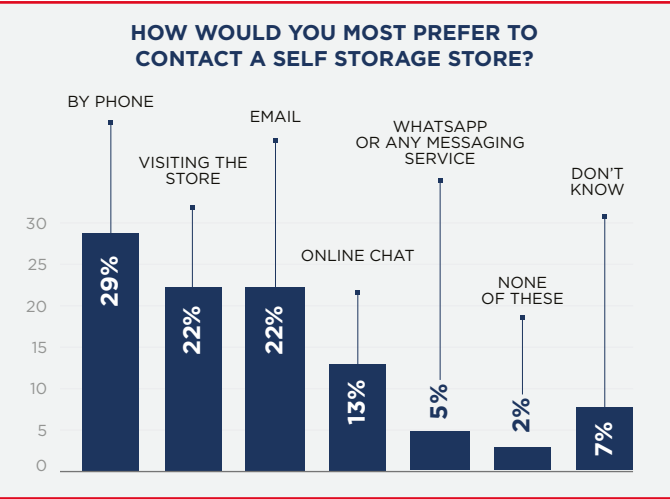
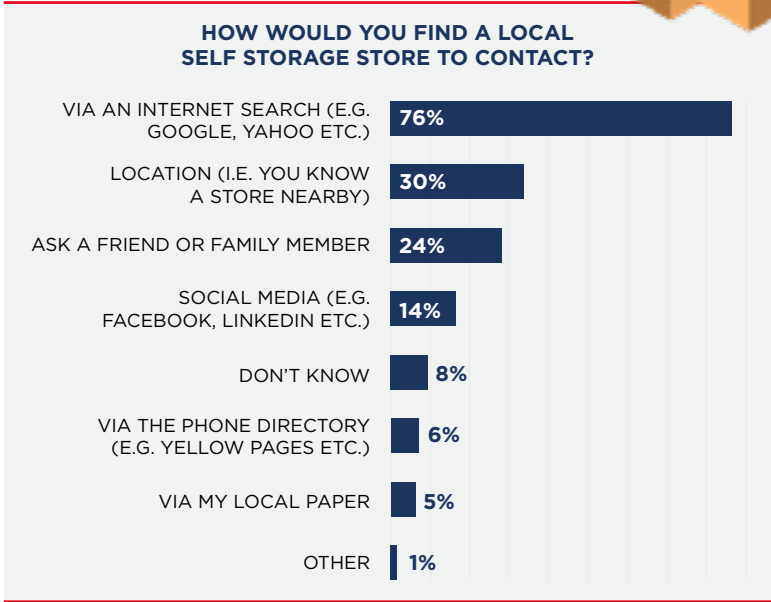
RESEARCH & CONTACT METHODS

Not surprisingly, a Google search was the most common way people expected to search for a local store, but 30% of people were still using the location of a local store.



This suggests they may be using the search engine to find a specific store, rather than a general search. It is also interesting to note that 24% would ask friends or family.

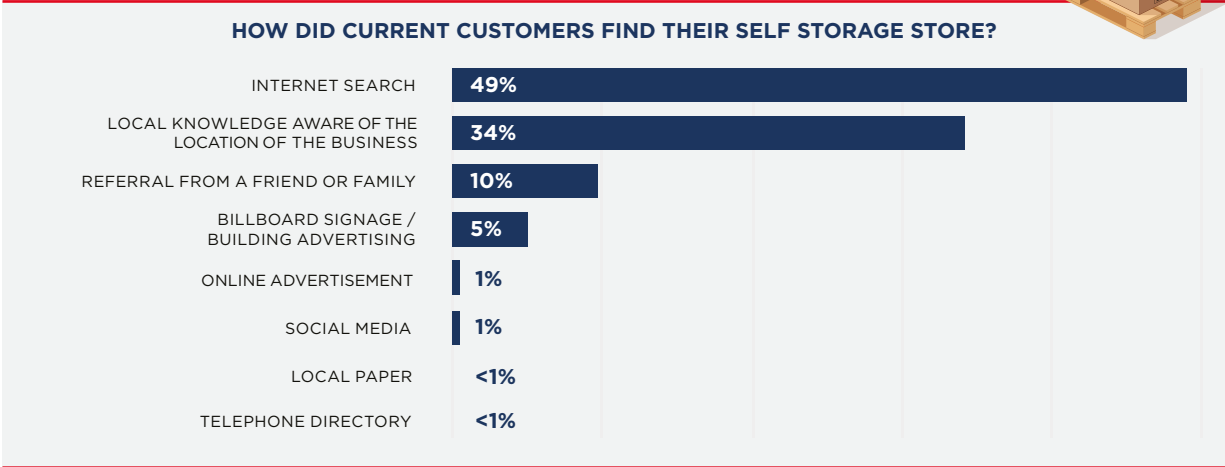
Is this because they know people who have used self storage, or are they possibly looking for people who may just know the product better than they do? Note that respondents could choose all that apply from this question, hence the total of all responses is above 100%.



This year, the survey was changed to further examine the online methods people prefer to use when contacting a self storage store. It showed that 13% of people prefer to contact a store using online chat.

The industry generally is not providing a high level of online chat, many operators have chat functions that are unmanned and require the operator to email back. Others are experimenting with chat bots for common questions. There are few operators offering live chat with rapid response, particularly out of hours.

When similar questions were asked of customers that were using self storage, we see that local knowledge remained a major means of finding their self storage store, as did referrals from friends and family.

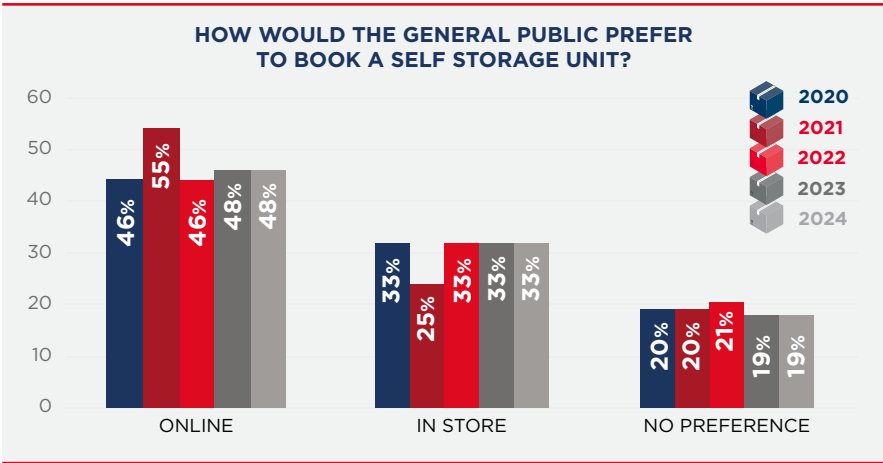


26%

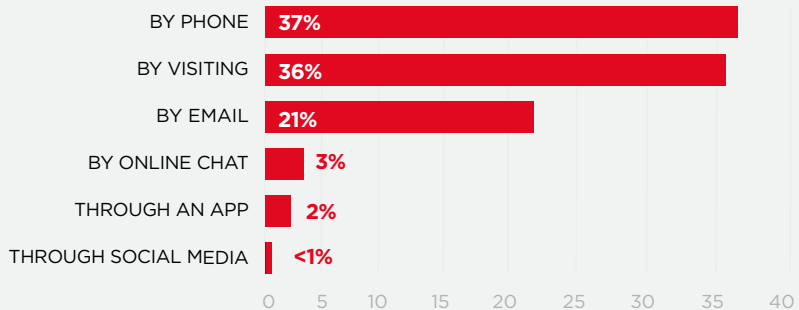
of customers did not search online for the store they chose at all. Using purely offline methods to find and contact the store.

Less than half of customers said they found the storage business they are using by searching online. These customers were then asked if they also performed an online search for more information, to which 52% responded positively. This means 26% of customers were never exposed to the bulk of the industry's marketing, which is online.

This was also reflected when the general public were asked if they would prefer to rent a storage unit using online or offline methods. Other than an increase towards online during the pandemic, the responses have been largely stable, currently 48% online and 19% with no preference.



HOW DO CUSTOMERS PREFER TO CONTACT THEIR STORE ONCE MOVED IN?

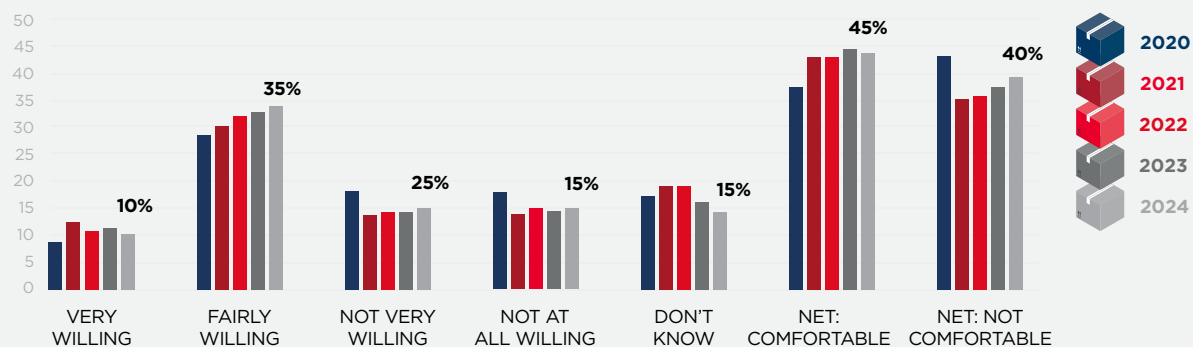


Once customers have access to their self storage unit, they have a clear preference to contact the store in person by visiting or calling rather than using online methods. This seems to contradict the trend for some operators to move towards unmanned stores or reduced staffing hours.



This year, in the general public survey, there was also an increase in the number of people who said they were not comfortable with unmanned stores. While the fairly willing group grew, there was a drop in the number of people who were very willing and more of the don't know group moved into unwilling. Will this trend continue as more unmanned sites are rolled out across the country this year?

WILLINGNESS TO USE AN UNMANNED STORE

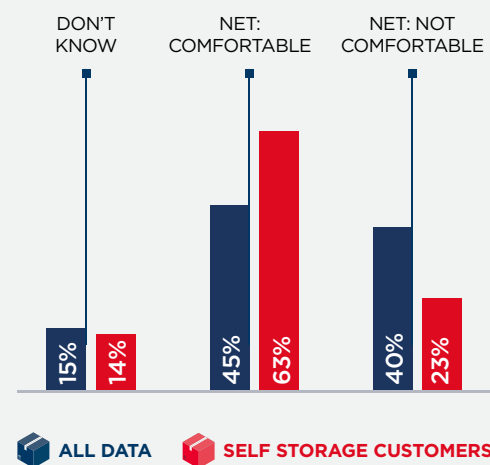


If this data is broken down into people using self storage, then the results are strikingly different. Customers of self storage are much more likely to accept unmanned stores. This could be linked to a lack of awareness and understanding of the industry.

People who have never used self storage do not understand the security, access control and other elements common in the industry and have more concerns about unmanned stores than those customers who have already experienced the service. Like many aspects of self storage, once the customer has experienced it, they understand and value it.

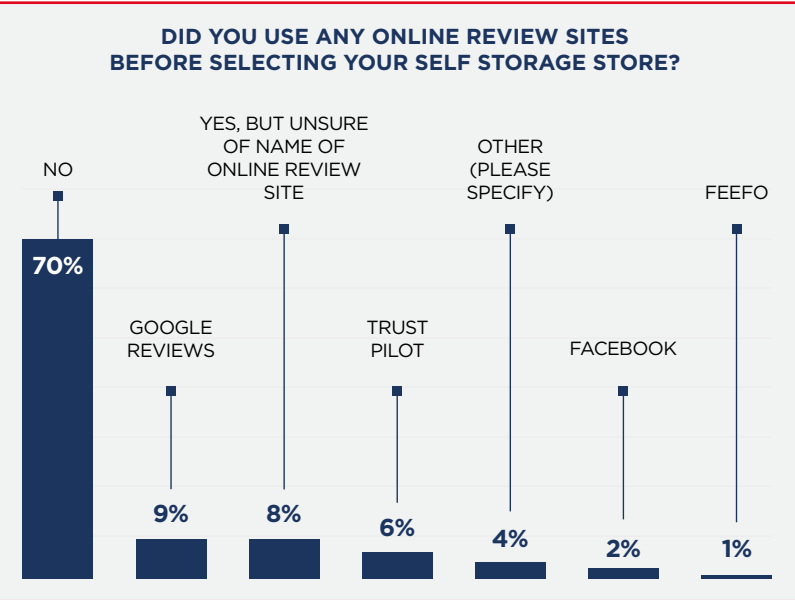
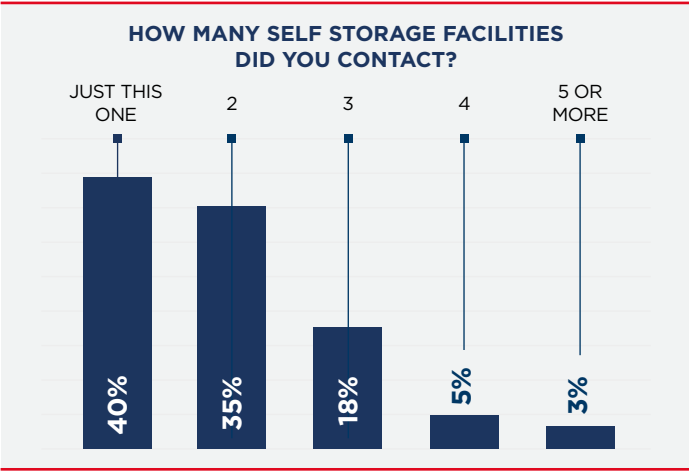
The challenge remains for the industry to convince potential customers who have never used self storage to consider unmanned sites.

ATTITUDE TO UNMANNED STORES FROM CUSTOMERS



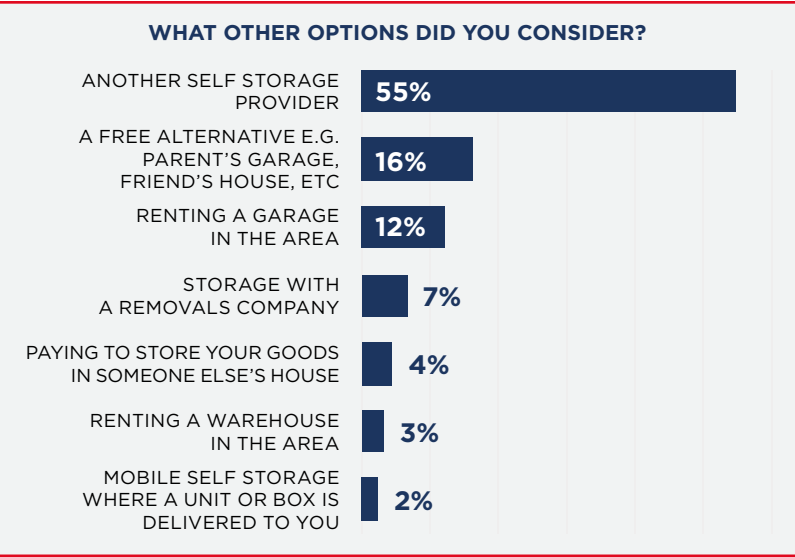


40% of customers only contacted the store they chose. They were likely already aware of its presence or had been referred by someone. They could have also researched multiple stores online but then stored with the first one they contacted. Customers are contacting more stores over time, likely a result of the ease customers can contact multiple stores online. This question includes contact by email, phone, in-person, or other electronic means.



More customers are looking to online review sites to verify their decision before selecting a self storage store. 30% of customers surveyed had used an online review site, with Google being the most commonly used.

Actively monitoring and promoting reviews is important for businesses for a range of reasons, especially in self storage where potential customers have likely not used the service before and are looking for reassurance they are making the right choice.



A free alternative remains the biggest competitor to the industry as a whole. So-called 'disruptors' to the industry, such as paying someone else to store your goods or having units delivered to you, continue to have minimal impact on the industry, with few customers considering them as a viable option for self storage.

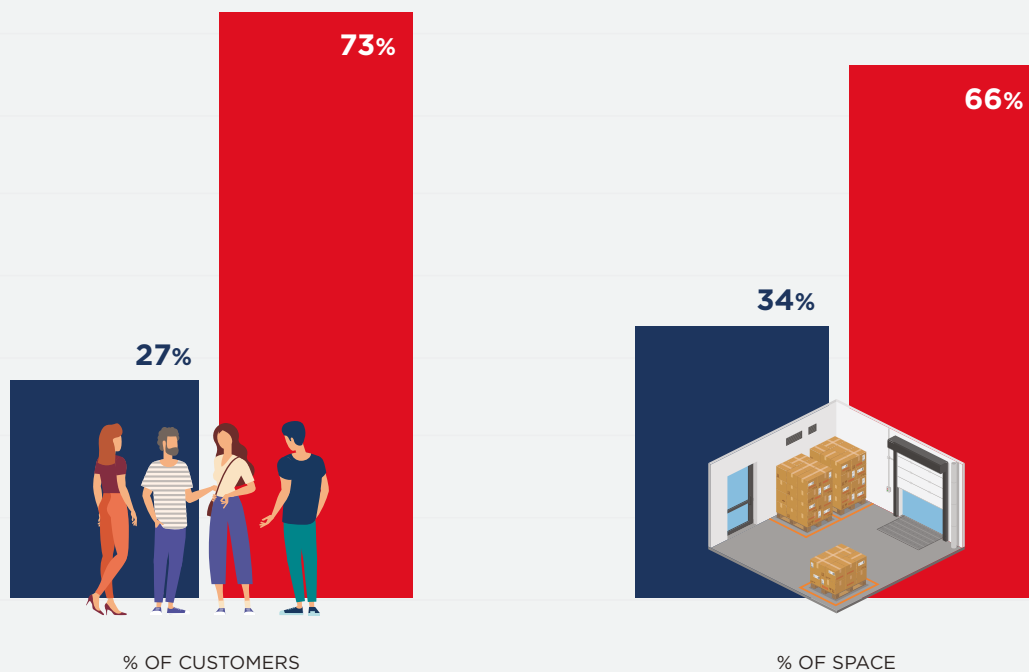
12 REASONS FOR USE

The level of commercial customers in self storage has remained relatively stable over the last few years.

There was a small increase in commercial customers and space during the pandemic and this has largely been maintained since, although this year, the number of commercial customers is down one percentage point and space is up one percentage point.



% OF COMMERCIAL AND RESIDENTIAL CUSTOMERS



COMMERCIAL CUSTOMERS

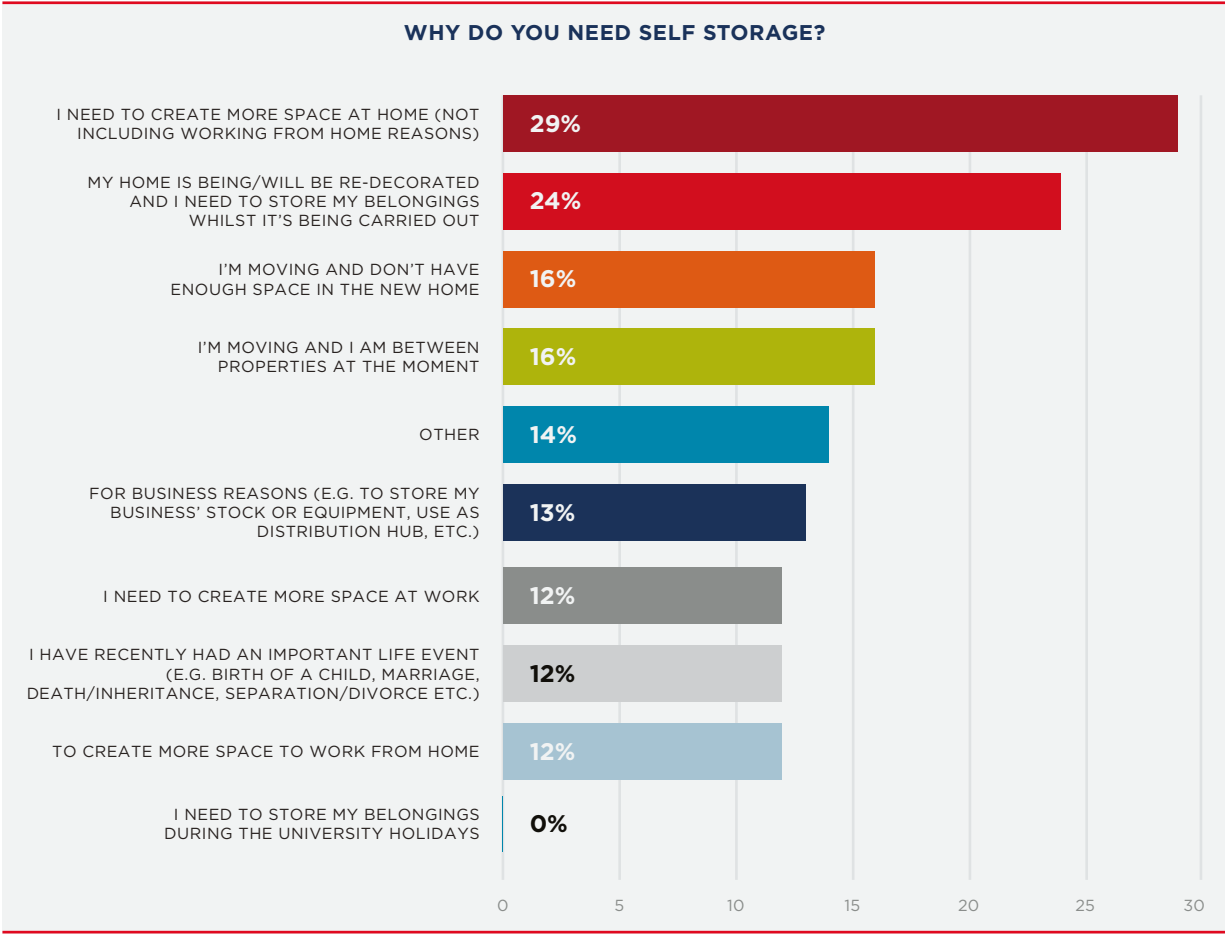


RESIDENTIAL CUSTOMERS

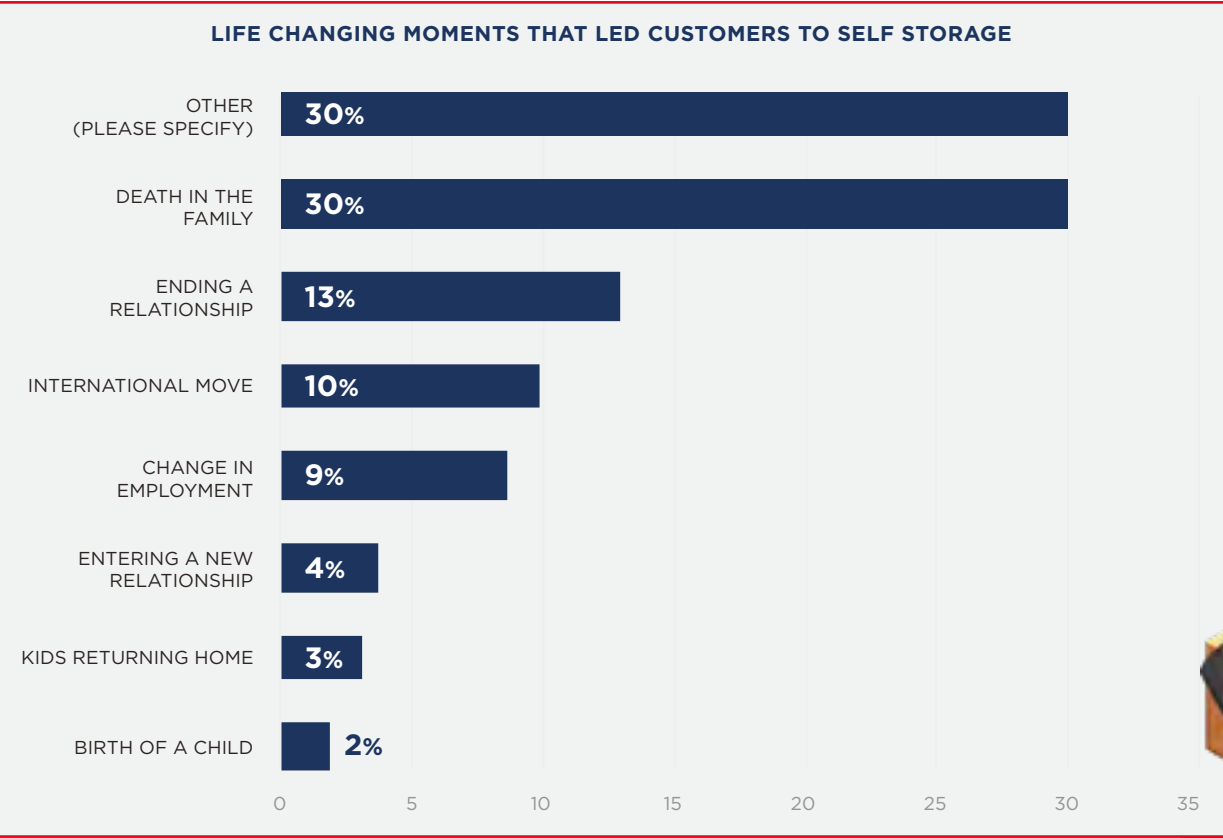
When surveying the general public, of those who said they were considering using self storage, the most common reason was to generally create more space in their home.

Although when combining the two reasons related to moving house, this accounted for 32% of responses, down from 36% last year. The number of people looking to create more space to work from home rose from 8.9% to 12%, suggesting that people may be settling into hybrid or remote working and establishing more dedicated working spaces at home.

These results are similar to the survey of customers, where 30% don't have enough space at home and 33% are using it for house move related reasons.



For those customers who stated they first used self storage due to a life changing moment, death in the family is the single biggest reason. Of the other reasons not listed, common responses were the return of an elderly family member home, living on a boat, a death, the inability to move to a larger house or travelling.

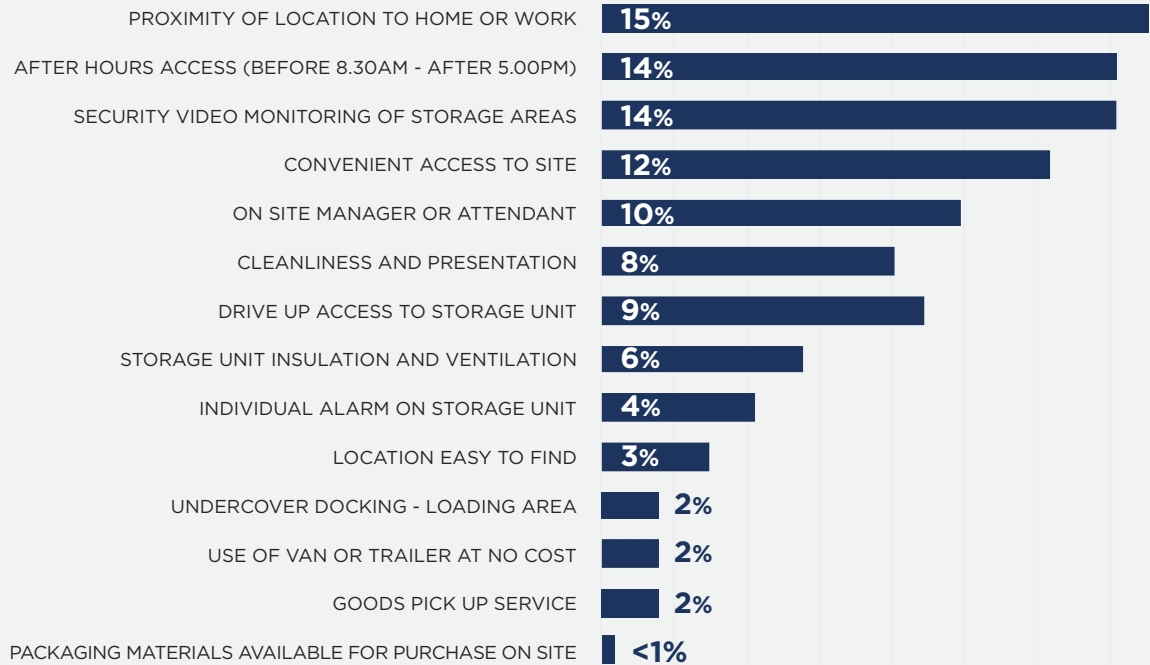


Business customers tend to be longer term users of self storage. While used by businesses of all sizes, the largest group of customers are small businesses and online retailers.

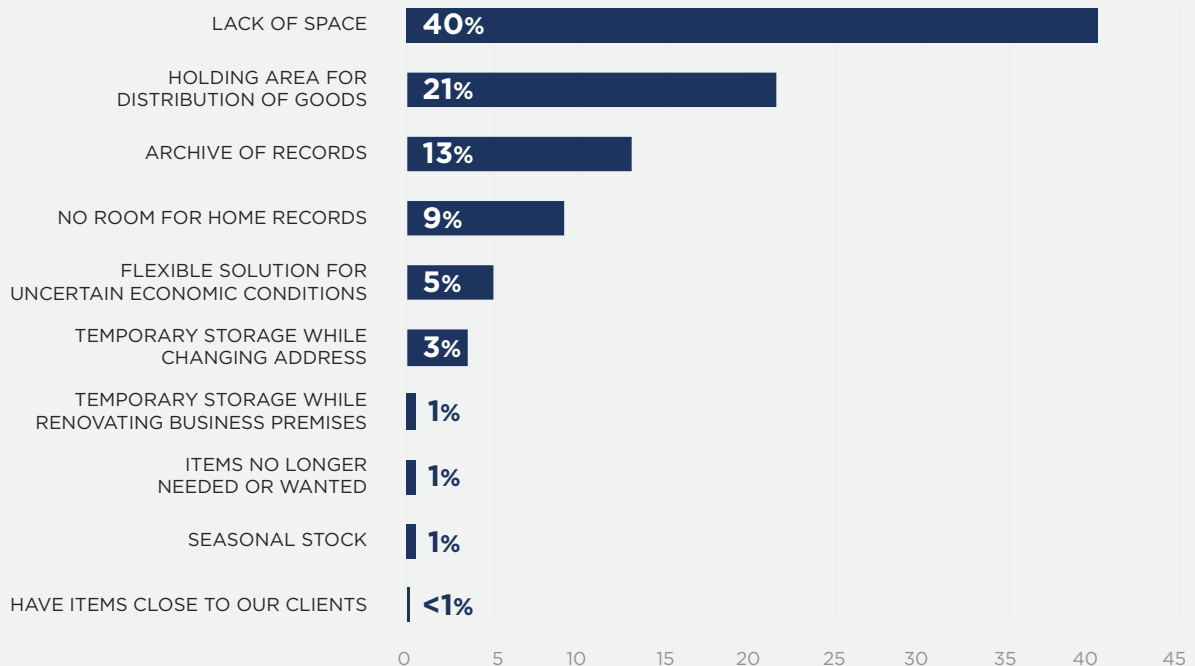
These customers have often grown their businesses to a point where they need extra storage outside their homes for stock, records or other materials.

Some are also looking for more room to pack or organise goods. It is not unusual for a business to start with a relatively small unit and then increase the size or number of units taken as the business grows.

REASONS RESIDENTIAL CUSTOMERS CHOSE THEIR SELF STORAGE STORE



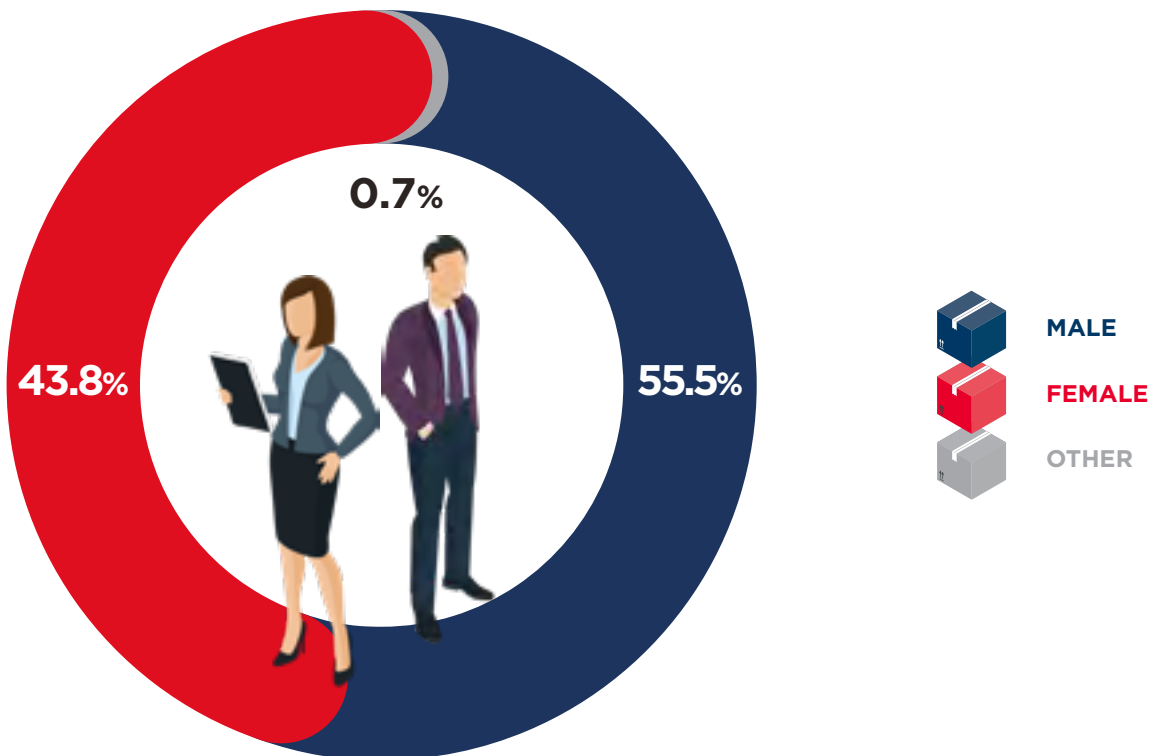
BUSINESS REASONS FOR USING SELF STORAGE



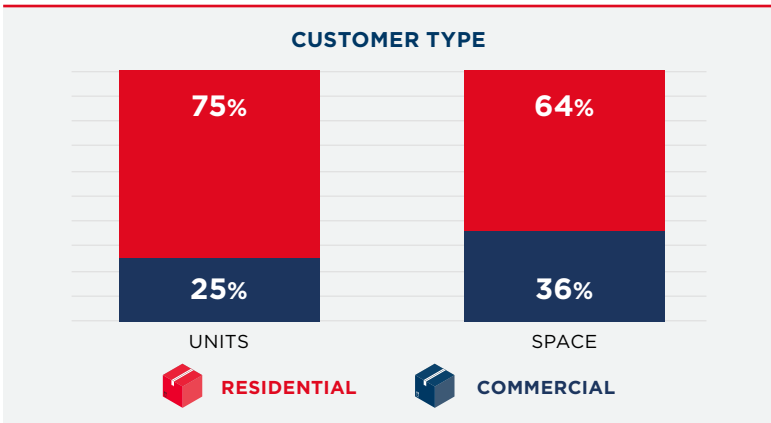
CUSTOMER DEMOGRAPHICS & USAGE

More males use self storage than females, although it should be considered that these surveys are based on the person that signed the self storage contract.

While more males may complete the contract and be the main contact for the self storage business, they could be sharing the use of the unit with other females. When we survey the general public, the gap reduces to 47% of females who say they have used self storage.



The portion of space taken by commercial customers has been increasing at a very gradual rate, up from 59% in 2015, while the number of units has remained relatively stable. Commercial customers also stay longer than residential customers, helping to reduce churn.

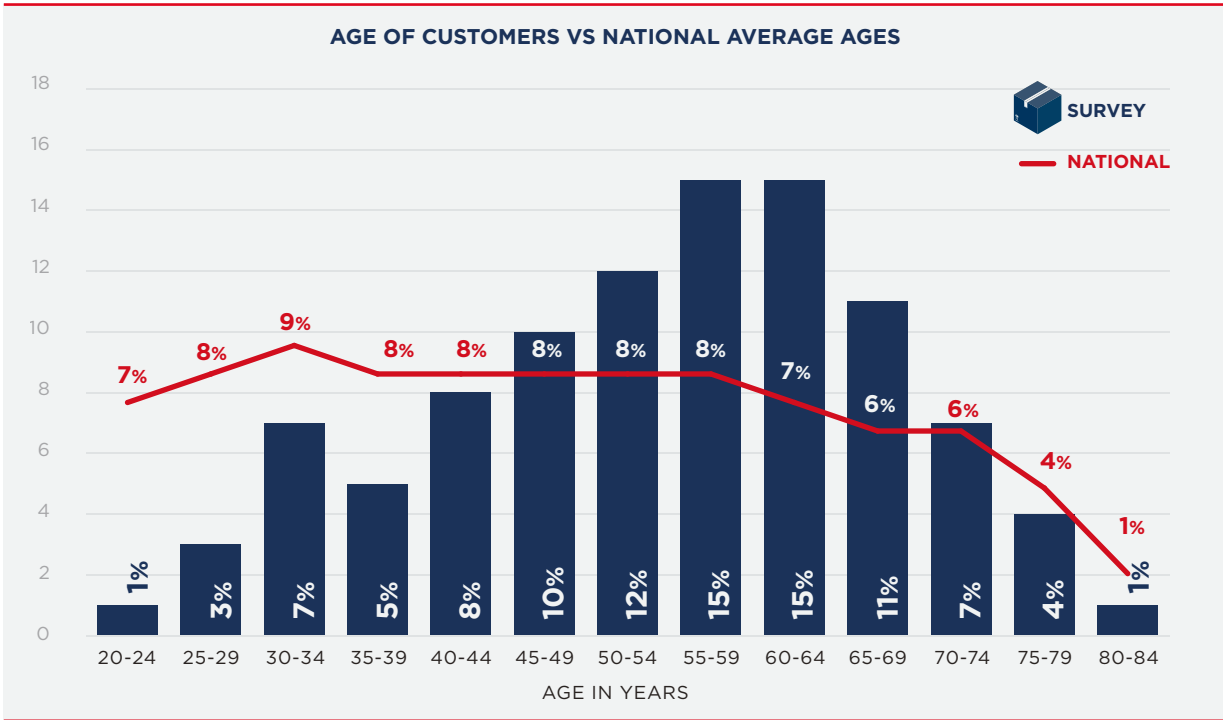


Self storage customers are generally older than the national average. It takes time to gather possessions to put into storage or experience the life changing moments that lead people to use self storage.

Self storage is also a discretionary spend and is more commonly used by people with higher earnings.

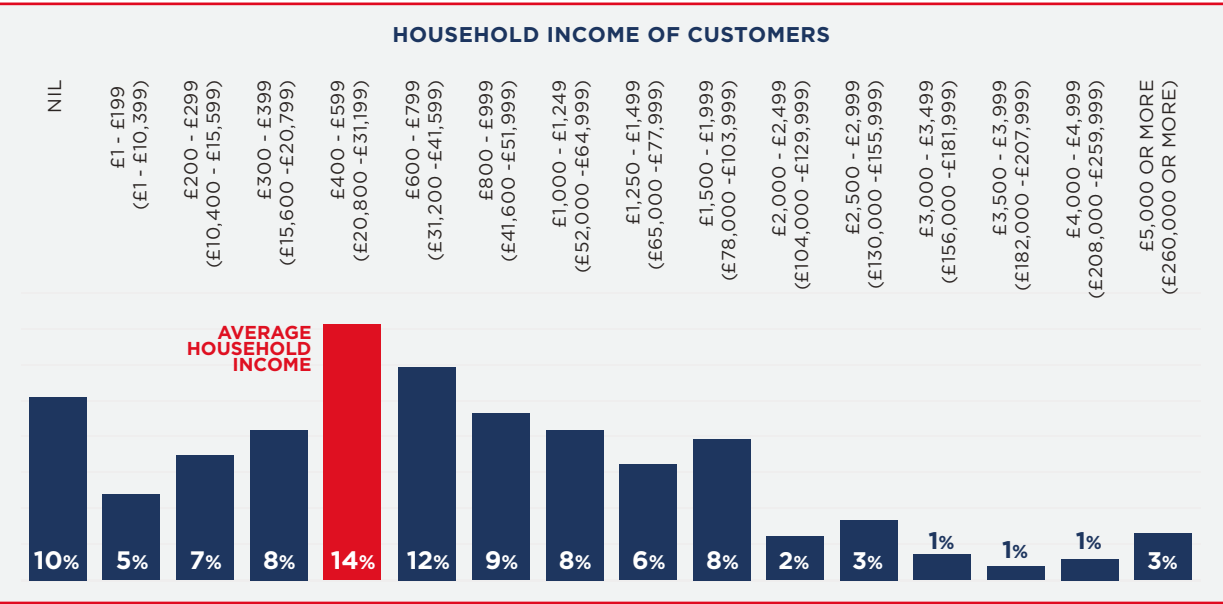
The age of self storage customers has not reduced significantly in the last 10 years, if anything it is increasing.

That is not to say that self storage does not attract younger customers, but they tend to use the service for shorter periods. Long-term customers, or lifestyle users in the UK, often start their self storage journey in their 40's and they stay customers as they age.



Self storage customers have more wealth than the national average. The high percentage of people with nil income is likely due to be retirees and students.

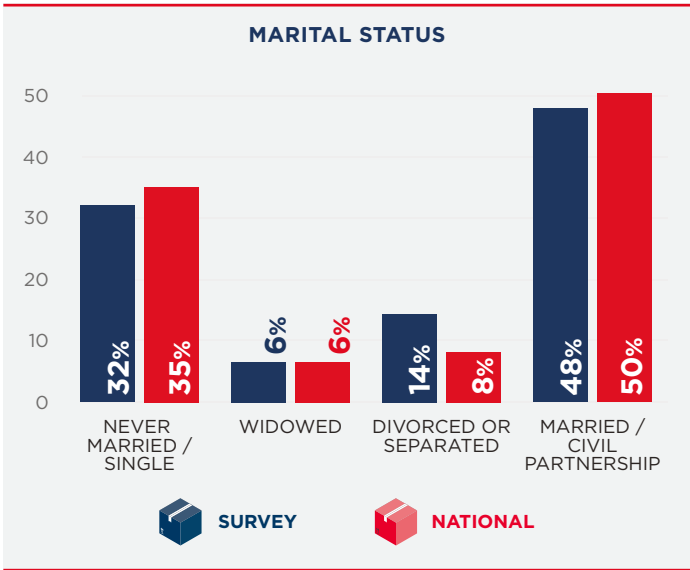
Particularly during the last 12 months and the cost of living crisis, self storage has been less affordable as a discretionary spend for people on lower wages and has attracted less customers in this demographic. Generally speaking, stores in lower socioeconomic regions did not perform as well in 2022, however there are notable exceptions.

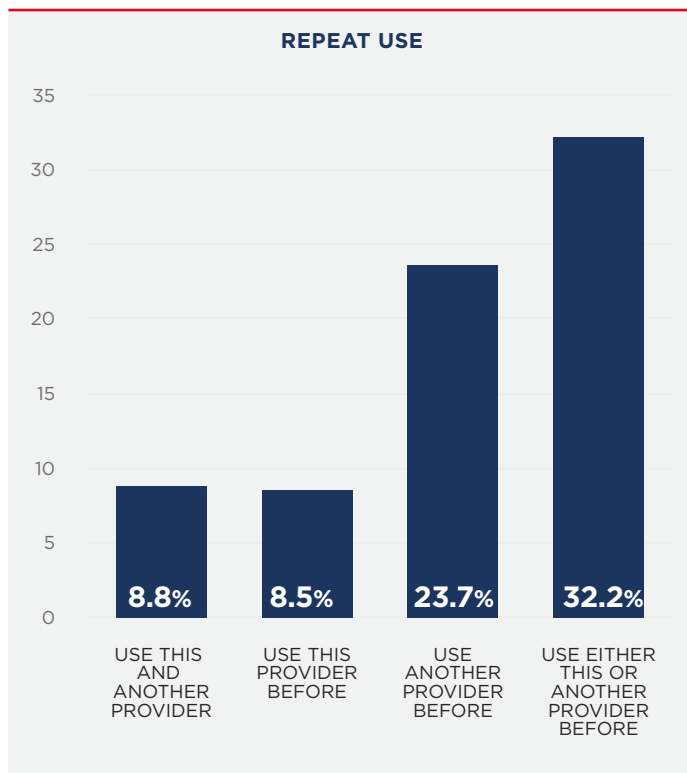


Separation or divorce is the second largest life changing moment that leads people to consider self storage, so it is no surprise that divorced or separated people are almost twice as likely to use self storage.

What is interesting is that they also make up a larger portion of long term customers, that is customers that stay for over 12 months.

People who use self storage at the end of a relationship are more likely to become lifestyle customers, making them a more attractive customer for self storage operators to target.





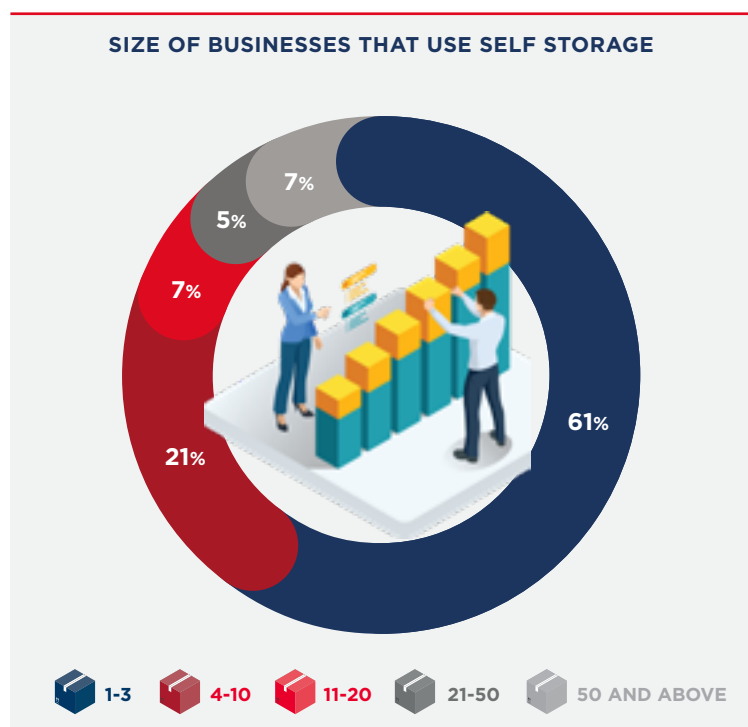
A large number of self storage customers are repeat users. The fact that 23.7% of customers have used multiple providers, shows that customers see the value in self storage once they have experienced it.

Often using a different provider when they move home or have a subsequent need for the product. The industry does not tend to do a lot of re-marketing to past customers, but this data suggests that this could be an opportunity for growth.

BUSINESS USE

As noted elsewhere in this report, the bulk of self storage business customers are small businesses. However, it is actually large businesses that are over represented in self storage.

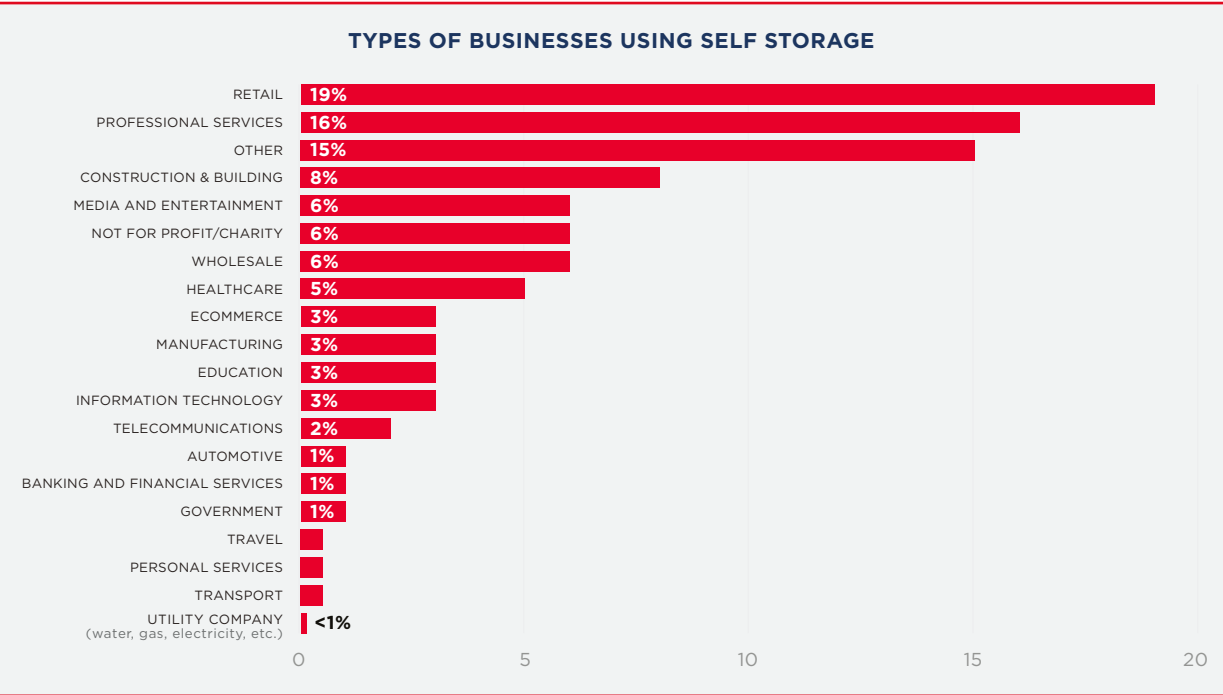
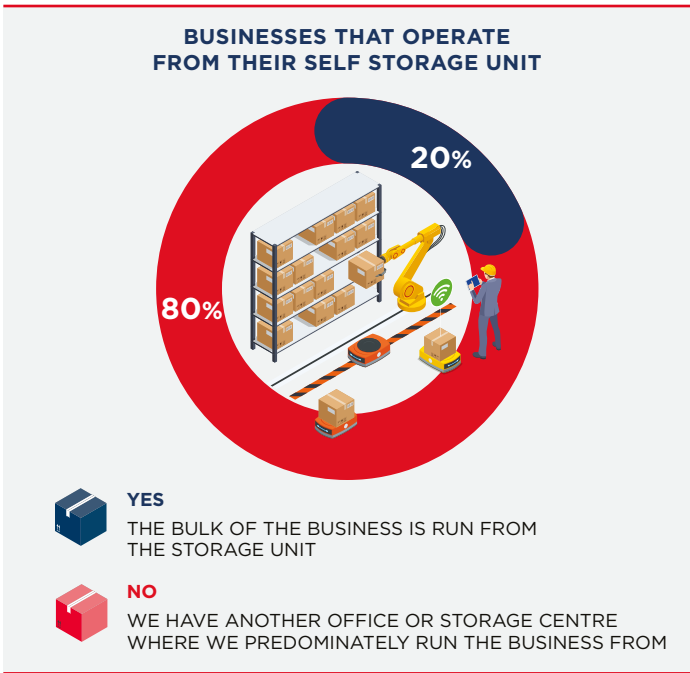
Just over 1% of all businesses in the UK have more than 50 people, yet these make up 7% of self storage customers in the survey. This shows that self storage is used and valued by a range of businesses, from micro to large.



Demonstrating how important self storage is to the development of local businesses, 20% of commercial customers operate their business entirely from their self storage unit.

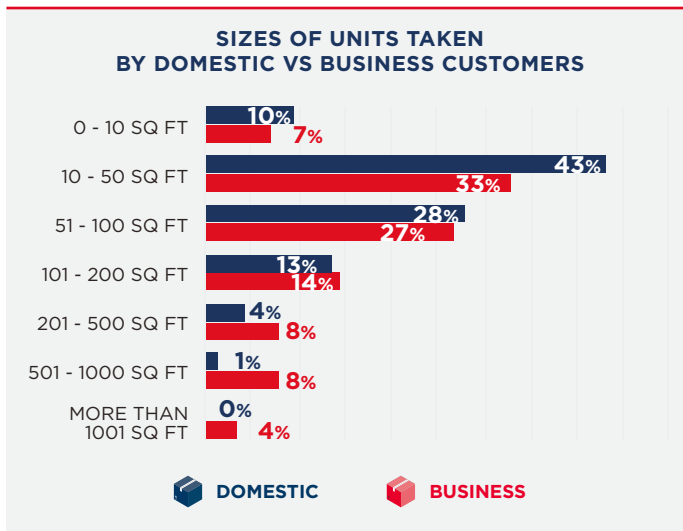
While self storage may not directly employ as many people as other industries, it is a local business hub, enabling small businesses to grow.

Without self storage stores in local communities, many small businesses would not be able to function, too large to operate from home and too small to afford permanent shop fronts or warehouse space. Self storage provides a flexible, affordable solution that can grow with their business.



Retail continues to be the most common business type to use self storage, usually used to store or sort stock. However, retail use has been steadily decreasing since its peak of 23% during the pandemic. Professional services have been steadily increasing over the past 3 years. This could be as the office market changes, or businesses are down sizing office space to accommodate remote working and using self storage for storing records, marketing merchandise and other materials.





As expected, business users take larger unit sizes. One of the benefits of business customers is that they stay longer and tend to pay on time. The downside is that they take larger units which almost always have a lower return per square foot than smaller units.

Often when stores open or expand they build large units to encourage long term business customers and fill up space quickly. However, when they get to maturity and have no more space to add, they then look to break these large units into smaller sizes that produce a higher yield.

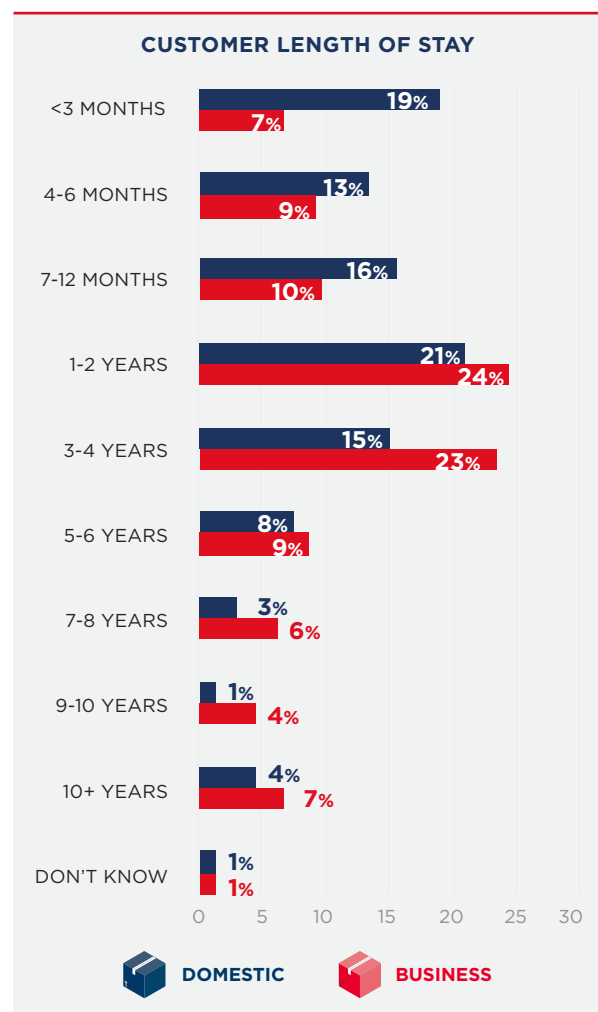
LENGTH OF STAY

Length of stay is an often quoted term when discussing self storage, but it is often misused. Length of stay can be measured in many ways. Some measure it at a fixed point in time, as this data set is, which means a customer that moved in this month has a length of stay that is only a month, when they may end up staying several years.

Some measure it on move out date for customers in a given time period, however, this does not count the very long term customers that never move out. Most measurements probably understate the actual average length of stay.

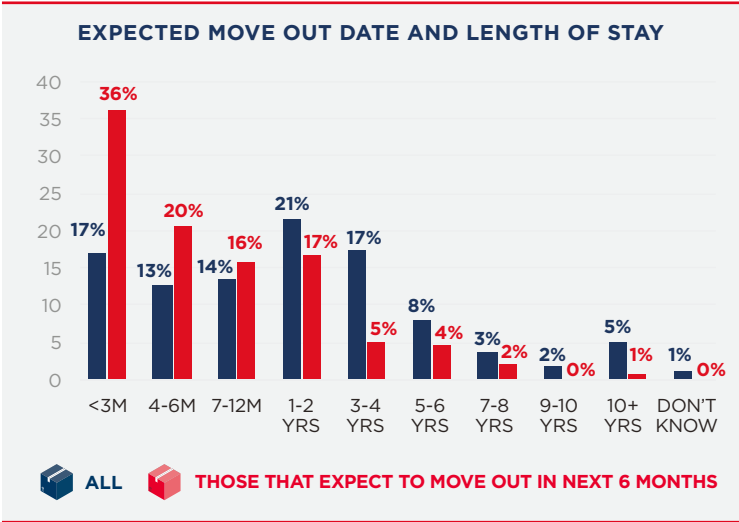
What is more relevant is that customers fall into two groups. Short term, 3 - 9 months, and long term 18 months and more. The short term customers come for a specific need, fulfil that need and then move out. Long term customers often also come for a short term need but then see the ongoing value of the product and stay for an extended period of time.

As stores mature, they naturally gather more long term customers and their average length of stay increases. The challenge for self storage businesses is to convert more short term customers into long term.

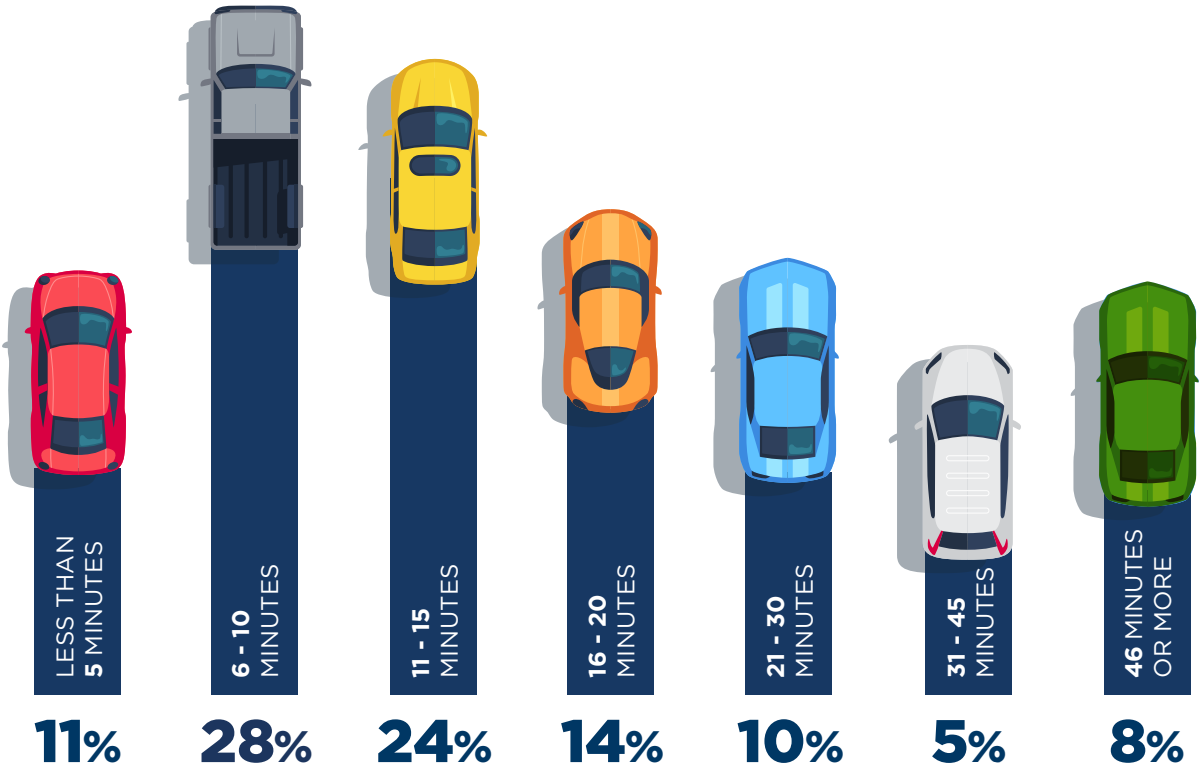


The split of long and short term customers is more clearly shown in the chart on the right. 56% of customers that have stayed 6 months or less, expect to move out within three months. The longer a customer stays generally, the less likely they are to move out.

We know that of the 56% of customers that expect to move out within 9 months of moving in. Many will stay longer, as less than 30% of customers stay for less than 6 months and only 43% one year or less.



DISTANCE TO TRAVEL TO YOUR SELF STORAGE UNIT

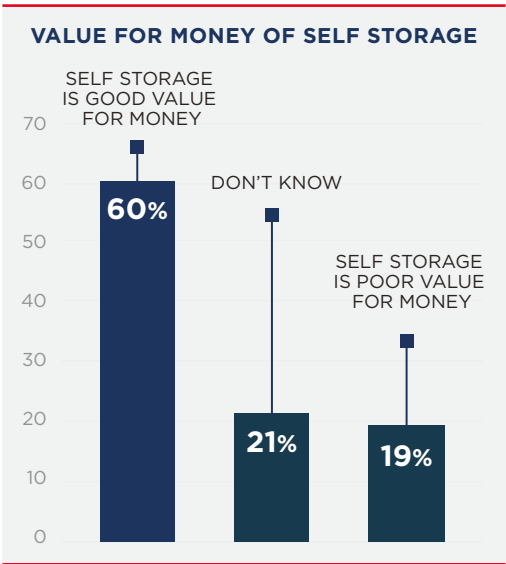
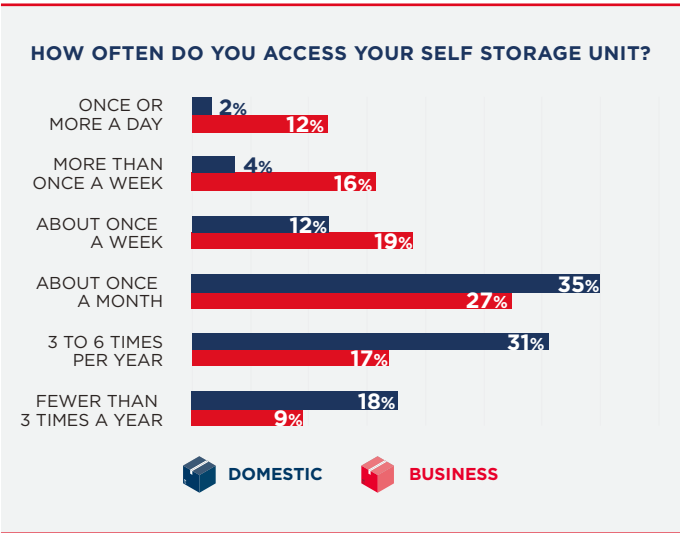


Self storage is sold on the convenience and ability to access your goods. Your “room away from home”. It is not surprising that customers prefer a store that is close to where they live or work. It is likely that people who travel further to their unit, do not access it much. For example, they may be storing goods while living or travelling outside the country. When considering the future of self storage, will this change as we move to drone deliveries and driverless cars, where customers may not need to actually visit their storage unit to get their goods out?



Interestingly, while being close to their unit is important to customers, the reality is, most do not access their unit regularly. It is often a misconception that self storage businesses attract a lot of traffic and are full of customers accessing their goods.

Most stores only see a few customers each day, these are mostly commercial customers. Only 25% of customers access their unit more than once a month. When considering domestic customers, this drops to 18%.



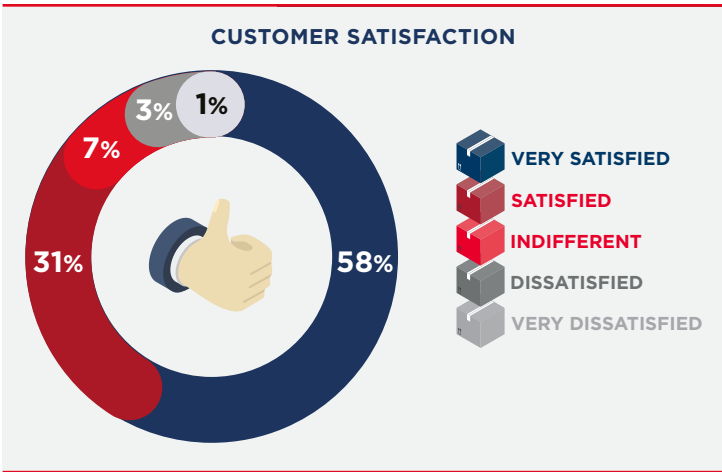
Considering that most people believe self storage will be cheaper than it is before they research the industry, it is a testament to the quality of service the industry provides that only 19% of people state that it is poor value for money.

This supports the up front discounting that is offered by many operators to entice customers to use self storage. The theory is that once they have experienced the service, they will appreciate the value when they are moved to a higher ongoing fee.

Combined with the fact that customers almost always stay longer than initially planned. However, this strategy only works if the discounts are matched with solid standard pricing and ongoing price increases.

Customer satisfaction is higher than value for money. The bulk of customers are very satisfied with the service provided. Only 3% of people are dissatisfied and of this, only 1% are very dissatisfied.

This is much higher than most other customer facing industries, especially when customers have limited options given the restriction of locations.



14

CONTRIBUTORS

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THANK YOU TO ALL THE SSA UK MEMBERS THAT COMPLETED THE MEMBERS SURVEY THIS YEAR. IT WAS A HUGE BENEFIT TO BE ABLE TO INCREASE THE SAMPLE GROUPS REFLECTIVE OF HOW THE INDUSTRY IS MATURING. WE COULD NOT PRODUCE THIS REPORT WITHOUT THEIR ASSISTANCE. NOTE THAT SOME MEMBERS WHO COMPLETED THE SURVEY CHOSE NOT TO BE INCLUDED IN THIS LIST.



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BIG YELLOW SELF STORAGE	SHEEPLANDS SELF STORAGE
BILTING STORAGE	SHURGARD SELF-STORAGE
BLUE SELF STORAGE	SPACE STATION SELF STORAGE
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