

WHAT'S IN STORE Rodney Walker

Self-storage has learned hard lessons from recession

There is very little in the property industry that has not felt a severe impact in the present economic downturn. The self-storage sector, although undeniably affected, has shown some pleasing resilience, but must act on the lessons learned if it is to drive forward again in 2010 and beyond.

In the last five years, self-storage has grown by between 8% and 15% a year. This has led to the development of 27m sq ft of self-storage space in more than 750 schemes across the country.

The UK continues to lead the rest of Europe, but the scope for further growth remains evident. Our own self-storage sector trails behind more mature markets such as the US, which has 2bn sq ft – more than enough to house the country's entire population.

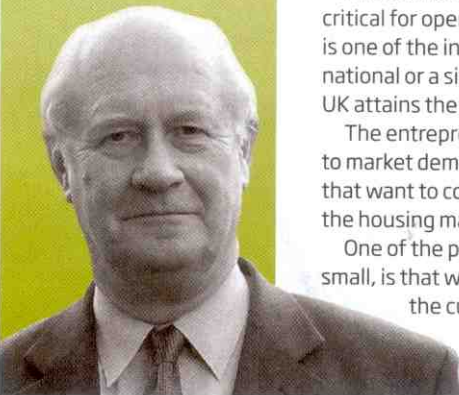
While there has been a slowdown over the past year, this is not all bad news. The industry has matured and moved from a position of rapid expansion to one of more considered and sustainable growth. Business models have been fine tuned and best practices have been more widely adopted – whether in customer service, construction or marketing.

But how the industry will look this time next year will depend to a large extent on self-storage operators' ability to maintain occupancy levels, generate returns per square footage and retain customers.

And as the industry grows, so too does the competition, and it remains critical for operators to market themselves effectively. Product awareness is one of the industry's biggest determinants of success – whether at a national or a site-specific level – and there is some way to go before the UK attains the levels seen in the US.

The entrepreneurial nature of the sector means it is well placed to react to market demands. There has been a shift towards business customers that want to control their overheads during the recession. Meanwhile, the housing market is starting to emerge from its own downturn.

One of the principal lessons learned by operators, whether large or small, is that we must learn to work smarter and with a closer eye on the customer if we are to achieve positive growth once again.



Rodney Walker is the chief executive of the Self Storage Association UK