

2022

SELF STORAGE

ANNUAL REPORT 2022

DATA COMPILED FROM
THE 2021 CALENDAR YEAR



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01

INTRODUCTION AND METHODOLOGY





INTRODUCTION AND METHODOLOGY

This is the 15th year the Self Storage Association UK (SSA UK) has been surveying its members and producing an Annual Industry Report. The report covers all viewpoints of the industry, collecting data from operators, customers and the general public. This year's report does have some variances over last year's data as the impact of the COVID-19 pandemic lessened during 2021, with lockdowns and other restrictions eased.

Over the last 5 years the sample group has remained fairly stable with some additional operators, mergers and acquisitions reflecting the growth of the industry as our sample group grows. This allows for better comparison of the data on a year to year basis. With around a quarter of stores in the UK completing the survey, representing around 40% of the storage space, the sample size is exceptionally robust.

For the seventh 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 operators survey was completed by 66 companies with 489 stores in total. They were all members of the SSA UK. The survey was completed in the months of January and February based on data from the 2021 calendar year unless otherwise stated. Compared to the industry as a whole, the data set is slightly weighted to larger operators as fewer of the small independent operators completed the survey.

The customer survey was completed in January 2022 by 32 self storage companies across the UK who have over 190 stores in total. A total of 1,435 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 Standard Self Storage Licence Agreement. The survey was entirely voluntary and without reward. The latter part of the survey asked specific questions addressed to either private/domestic customers or business customers.



The public survey conducted online by YouGov on behalf of the SSA UK, was completed between January 24 and 25. 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 2,057 people completed the survey.

I would like to thank the members of the SSA UK who responded so promptly to the survey this year and the team at Cushman & Wakefield for collating the data, providing commentary and interpretation of the data and producing the final report. Also thanks to all the operators who allowed us to survey their customers. I hope you find value in this report as it certainly shows the industry has continued its strong performance coming out of the pandemic.



RENNIE SCHAFER
CEO - SSA UK



KEY FINDINGS
SUMMARY OF

02



SUMMARY OF KEY FINDINGS



2022

SUMMARY OF KEY FINDINGS

41.2%
OF SELF STORAGE CUSTOMERS HAVE USED SELF STORAGE PREVIOUSLY.



56%
OF OPERATORS DECREASED THEIR LEVEL OF DISCOUNTS IN 2021.



PEOPLE RENOVATING THEIR HOME ARE **3 TIMES** MORE LIKELY TO CONSIDER USING SELF STORAGE



51%
OF THE PUBLIC HAVE A GOOD AWARENESS OF SELF STORAGE.



A DEATH IN THE FAMILY IS THE MOST COMMON LIFE EVENT THAT PEOPLE USE STORAGE FOR.



OCCUPANCY ON CURRENT LETTABLE SPACE IS **83.3%**, UP FROM **82.3%** LAST YEAR.



CHURN RATE HAS DROPPED TO **76%** DOWN FROM **118%** PRE PANDEMIC.



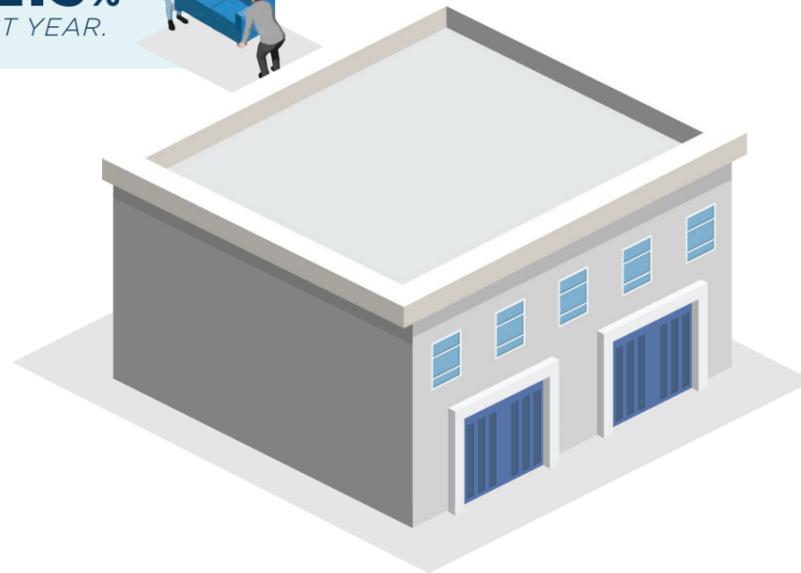
86%
OF BUSINESSES ALLOW CUSTOMERS TO RESERVE OR PAY FOR THEIR UNIT ONLINE.



89%
OF CUSTOMERS ARE SATISFIED WITH THE SERVICE FROM THEIR SELF STORAGE STORE.



OCCUPANCY IS **86.2%**, ON MATURE STORES.



THE UK AVERAGE NET RENTAL RATE IS **£26.13** PER SQUARE FOOT PER ANNUM UP **9%** ON LAST YEAR.



44%
OF PEOPLE WOULD BE COMFORTABLE USING AN AUTOMATED STORE.



29%
OF SELF STORAGE CUSTOMERS ARE INVOLVED IN MOVING HOUSE.



84%
OF BUSINESSES THAT USE SELF STORAGE HAVE LESS THAN 10 STAFF.



DIVORCED OR SEPARATED PEOPLE ARE TWICE AS LIKELY TO USE SELF STORAGE.



41.2%
OF SELF STORAGE CUSTOMERS HAVE USED SELF STORAGE PREVIOUSLY.



72%
OF SELF STORAGE USERS ARE 40 - 70 YEARS OLD.



MORE OF THE PUBLIC WOULD PREFER TO CONTACT A STORAGE STORE ONLINE THAN ANY OTHER METHOD.



OVERVIEW
INDUSTRIAL

03

INDUSTRY OVERVIEW





3 INDUSTRY OVERVIEW

As the self storage industry develops and evolves, the exact definition of self storage has been debated. It is a term increasingly being used by a variety of businesses offering different forms of storage solutions.

Self storage in the UK is not a regulated industry, there is little guidance from government as to exactly what makes a self storage store. There is a European Standard for self storage, however this was drafted over 12 years ago before newer industries like mobile storage, trade counters, peer to peer storage and valet storage had emerged. The standard was primarily focused on differentiating self storage from removers' storage and defining minimum levels of security and legal protection for customers. Without a clear definition of self storage, commentary on the size and performance of the industry in documents like this is difficult.

To provide clarity for this document and future SSA UK publications, the Association has defined a self storage unit as:

A self storage unit is 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.



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 would also not meet the criteria of ready access without intervention. It is understood that some businesses that do not meet this definition do have the term self storage in their name or description. However, for the purpose of clarity they are not defined as self storage in this report.

Based on this definition it is estimated that there are approximately 2,050 self storage stores in the UK of which 621 are predominantly container based storage (typically converted shipping containers or similar). These stores are spread across 1,015 different brands. While most of these brands are independently owned, there are a small number of operators with stores under multiple brands. There is around 52 million square feet of self storage in the UK.

The average size of a self storage store is 25,366 square feet and has been around this mark for the past 3 years. Development in rural locations and secondary cities is continuing, with more unstaffed sites opening that rely on customers signing up online or, managers attending the sites from other locations.

We have seen an increase in storage space in existing container sites as they expand, however the number of new sites opening has declined. This could be a result of land availability or also impacted by the increasing costs in opening a container based storage site, with escalating costs for shipping containers and business rates on container storage sites. The increasing cost of construction for purpose built self storage does not appear to have significantly impacted development as yet, however lead times for getting building materials and installation teams have delayed some projects. There remains a strong pipeline for development of new sites and expansion of existing buildings within the industry.

Consolidation in the industry has continued as existing operators expand their portfolios through acquisitions. Despite unprecedented interest in the industry by new institutional investors, most significant self storage stores sold in 2021 were purchased by existing operators or investors.

SUPPLY	52 MILLION SQ FT
STORES	2050
NUMBER OF BRANDS	1015
STORAGE SPACE PER HEAD OF POPULATION	0.76 SQ FT
ANNUAL TURNOVER	£930 M
AVERAGE SIZE OF STORE	25,366 SQ FT





ORGANISATION	NUMBER OF STORES	TOTAL SPACE
SAFESTORE	129	5.6M
BIG YELLOW (INCLUDING ARMADILLO BRAND)	105	6.1M
ACCESS SELF STORAGE	60	3.4M
SHURGARD SELF STORAGE	40	2.2M
LOK'NSTORE	39	2.0M
STORAGE KING (INCLUDING 7 MANAGED OR FRANCHISE STORES)	37	1.5M
READY STEADY STORE	27	815,000
LOCK STOCK SELF STORAGE LIMITED (CONTAINER STORAGE)	23	724,400
SENTRY SELF STORAGE (SOME CONTAINER STORAGE)	20	400,000
STORAGEMART	18	759,000



INDUSTRY HIGHLIGHTS

Q4

INDUSTRY HIGHLIGHTS





4 INDUSTRY HIGHLIGHTS

OCTOBER 2021



SHURGARD BUYS CITYSPACE SELF STORAGE IN LONDON WITH TWO LOCATIONS IN CENTRAL LONDON, BOTH FORMER BASEMENT CAR PARKS CONVERTED TO SELF STORAGE

QUICK SELF STORAGE BUYS DAINTON SELF STORAGE IN DARLINGTON. PRICING NOT DISCLOSED

HEITMAN/SPACE STATION BUYS SQUAB SELF STORAGE, DAVENTRY

SEPTEMBER 2021



STORAGE-MART BUYS AYLESBURY AND DUNSTABLE FROM CITY SELF STORAGE

NOVEMBER 2021



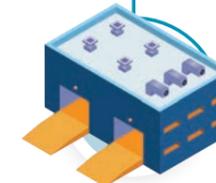
MAYFAIR CAPITAL ACQUIRES THE STORAGE TEAM PORTFOLIO OF 2 ASSETS

FEBRUARY 2021



LOK'NSTORE ACQUIRE THEIR MANAGED CHICHESTER STORE FOR £4.025M

MAY 2021



HEITMAN/SPACE STATION BUYS RENT-A-SPACE, SHREWSBURY

STORAGE KING ACQUIRES BLACKPOOL SELF STORE

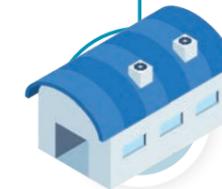
PADLOCK CAPITAL PARTNERS ACQUIRES HUNTINGDON SELF STORE FOR £5.125M

AUGUST 2021



SHURGARD ACQUIRES THE A&A PORTFOLIO OF 4 ASSETS

JUNE 2021



BIG YELLOW BUYS IN THE 80% STAKE IN ARMADILLO SELF STORAGE

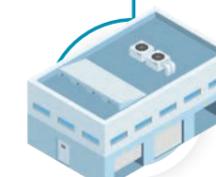
DECEMBER 2021



HIG ACQUIRES THE 5 STORE TITAN PORTFOLIO.

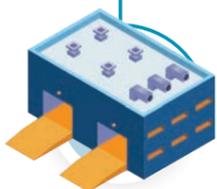
SAFESTORE ACQUIRE YOUR ROOM SELF STORAGE CHRISTCHURCH

JANUARY 2022



STORAGE KING ACQUIRES THE MCCARTHY PORTFOLIO OF 4 ASSETS

MAY 2022



UNDER OFFER - THE U STORE PORTFOLIO OF 7 ASSETS AND ONE DEVELOPMENT SITE IN IRELAND

UNDER OFFER - A 15,000 SQ FT NEW BUILD FACILITY AT ALTIRA PARK, KENT

APRIL 2022



PADLOCK SALE OF NEWMARKET STORE (TO A RELATED ENTITY)

MARCH 2022



LEGAL & GENERAL ACQUIRES 4 SURE STORE ASSETS

STORAGE KING ACQUIRES THE STORAGEBASE PORTFOLIO OF 4 ASSETS

FEBRUARY 2022



STORAGE TRADING LLP ACQUIRES 4 LOK N' STORE ASSETS

UK ECONOMIC & POLITICAL OVERVIEW

05

UK ECONOMIC & POLITICAL OVERVIEW





UK ECONOMIC & POLITICAL OVERVIEW



INTEREST RATES

Prior to December last year, the Base Rate stood at its lowest in the Bank of England's history at 0.1%. This changed on 16 December when the rate was increased to 0.25%. There have been 3 further rate rises in 2022 1% in May. On 3 February the rate was increased to 0.25% and then on 17 March to 0.75%. Further increases are widely expected, experts forecasting a rise to between 1.25% and 1.50% by the end of 2022. To put this into perspective, Moody's forecast at the time of writing the 2021 Report was that the rate of 0.1% would remain until early 2022 and then rise gradually to reach 1% in Q3 2024.

So why has the rate increased so quickly and in such a short period of time? In short, to combat the growth in inflation.

UK BASE RATE



INTRODUCTION AND UPDATE ON CURRENT SITUATION

The last 12 months has witnessed both a period of stability and growth, but, most recently, a level of uncertainty.

An easing in the number of COVID-19 infections and the UK starting to work towards a 'new normal' has created stability. The latest government data reveals that approximately 39.25 million people have received their booster or third jab. The subsequent 'return to cities' of staff members, along with the end of the 'furlough scheme', has stimulated the UK economy with GDP increasing by 7.4% compared with 2020.

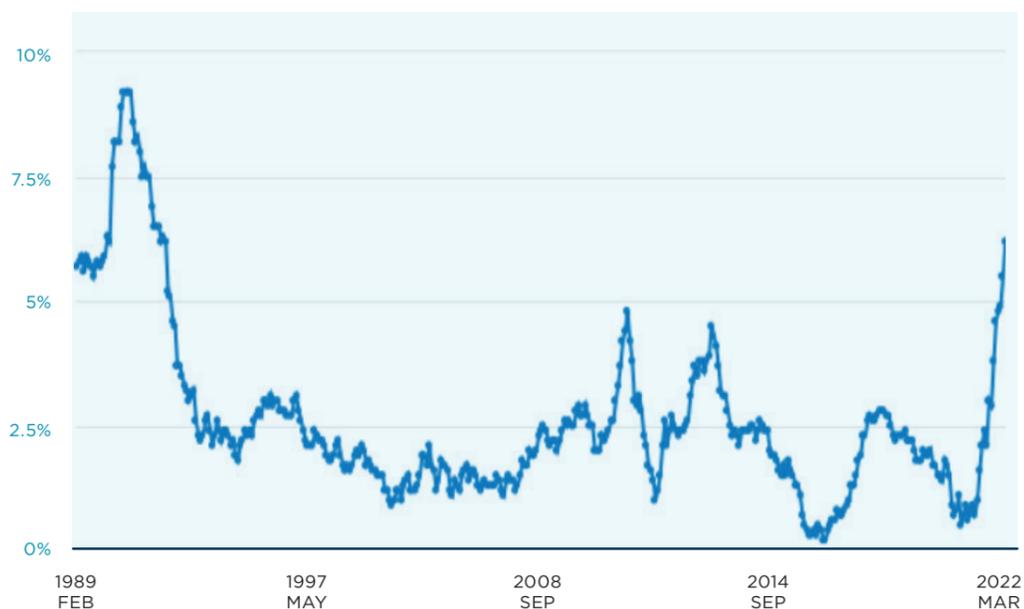
Uncertainty comes in a number of guises. At the end of March, the UK inflation rate stood at 7% being driven by large increases in fuel prices, utility costs and food prices. Russia's invasion of the Ukraine on 24 February is producing economic and political uncertainty in Europe, with the fear the war will be a long and drawn out event. Added to this is their threat to halt the supply of gas and oil to parts of Europe in response to European support for the Ukrainian government and army.



INFLATION

The Consumer Prices Index including housing (CPIH) has risen by 6.2% over the last 12 months to end March 2022. This up from 5.5% in February this year. Prior to March, February was the highest recorded year on year rate increase in decades. On a monthly basis, CPIH increased by 0.9% in March 2022 compared with 0.2% in March 2021.

Whilst it was widely expected that the economy would start to recover and the rate of inflation rise as COVID restrictions were eased, such a sharp rise and in such a short period of time was not forecast. So what is driving this increase? The dominant drivers are the significant increases we have seen in the cost of living. Most notably relating to electricity, gas and other fuels (1.49%) and motor fuels (1.47%). Russia's subsequent invasion of Ukraine has sent commodity prices soaring and the March increase of 0.9% is the result. The Bank of England are predicting further increases in inflation and therefore it is likely these will be accompanied by further interest rate rises, with some experts forecasting a rise to between 1.25% and 1.50% by the end of 2022.



Source: Office for National Statistics

UK ANNUAL GDP GROWTH - 15 YEAR HISTORY



The annual division of growth between the services, production and construction sectors looks as follows:

LABOUR MARKET

As the UK emerges from the worst of COVID, there has been a positive impact in the labour market. Extracting year on year data from the Office for National Statistics, the employment rate aged 16 to 64 has increased from 74.7% (32,155,000) to 75.5% (32,485,000). Of this, the female employment group has increased from 71.7% to 72.2% and the male group up from 77.8% to 78.8%.

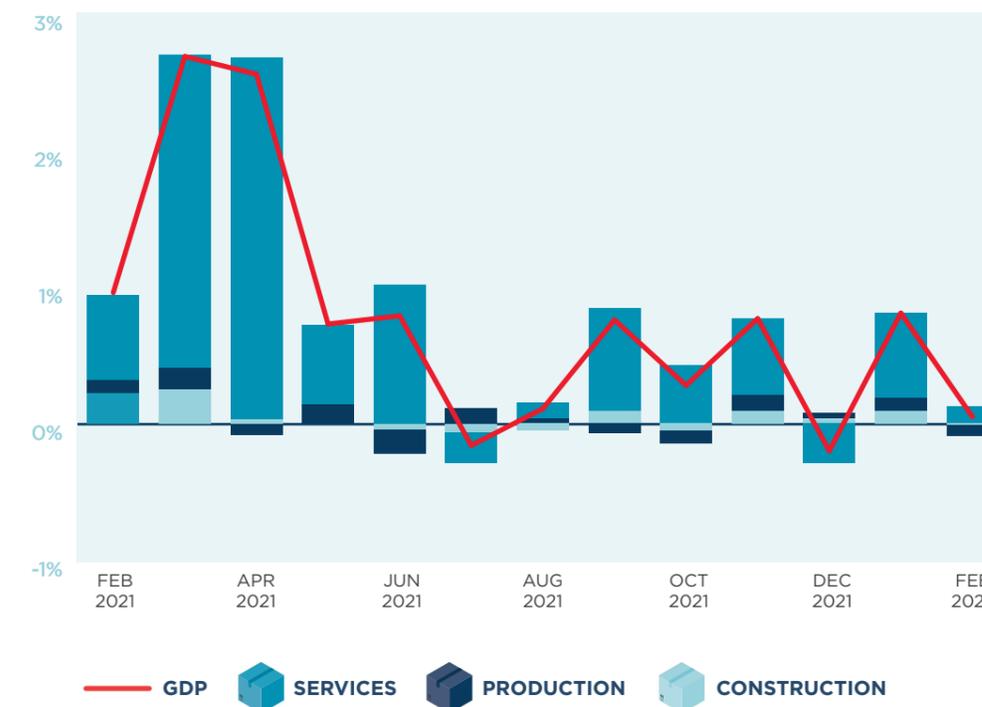
The unemployment rate aged 16 to 64 has decreased from 5% to 3.8%. Of this, the female employment group has decreased from 4.8% to 3.6% and the male group down from 5.3% to 4%.

Coupled with these figures is an increase in job vacancies from 532,000 to 1,135,000. It appears that the fallout from Brexit continues. This is not being helped by the war in Ukraine with a number of Ukrainians and Russians returning home to join the war effort and Europeans deciding to cancel or delay their plans to travel to the UK for employment.

GDP

Positivity in the labour, as you would anticipate, has fed through into GDP numbers. As we know, GDP declined by 9.8% in 2020 as the full impact of COVID took a significant toll on the economy. Sticking with the theme of a 'new normal', GDP growth in 2021 was 7.5%. And since then we have seen additional growth both in January (0.8%) and in February (0.1%).

CONTRIBUTIONS TO MONTHLY GDP GROWTH, FEB 2021 TO FEB 2022 AGREEMENT



Source: Office for National Statistics - GDP monthly estimate





POLITICAL CLIMATE

As with our 2021 Report, COVID has been a dominant feature in the news. We are still witnessing the fallout from Brexit with shortages of people to fill our growing job vacancies. Most recently, and still dominating the news, is the surging rate of inflation coupled with a significant increase in the cost of living as a result of higher utility costs, petrol and food prices. We are seeing the onset of families starting to struggle as a result and it is anticipated this will be a feature in the economy throughout a large part of 2022. This will not be helped by the rise in National Insurance tax from April 2022. Sadly, the war in Ukraine is a new event and the thinking in general is that this could well be a drawn out affair.



HOUSING MARKET

Annual sales volumes and pricing in 2021 picked up where 2020 left off with continued growth. This being aided by the continuing shortage of housing, along with the extension of the Stamp Duty holiday in England and Northern Ireland until 30 June 2021. Between 1 July and 30 September the threshold decreased to £250,000 and reverted back to pre-Stamp Duty holiday tranches from 1 October.

As at February 2022, the Office for National Statistics recorded year on year growth of 10.9%. Pricing in February alone increased by 0.7%. The average UK house price increased by £27,000 to £277,000.

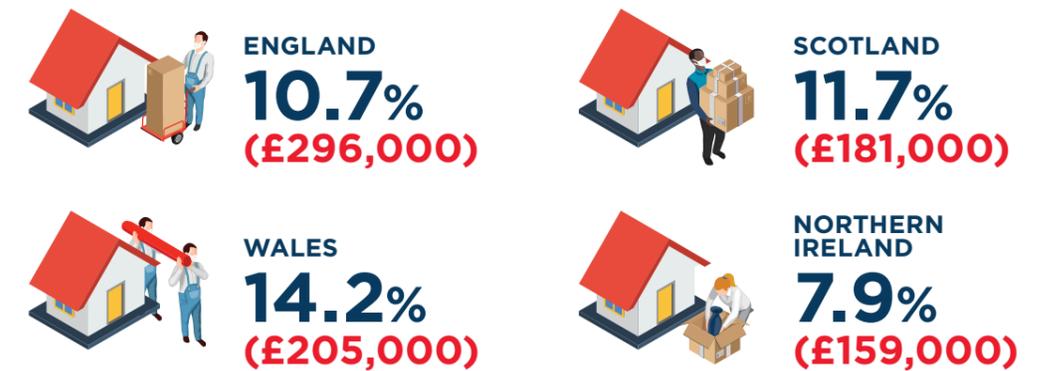
AVERAGE HOUSE PRICE, UK, JAN 2005 TO FEB 2022



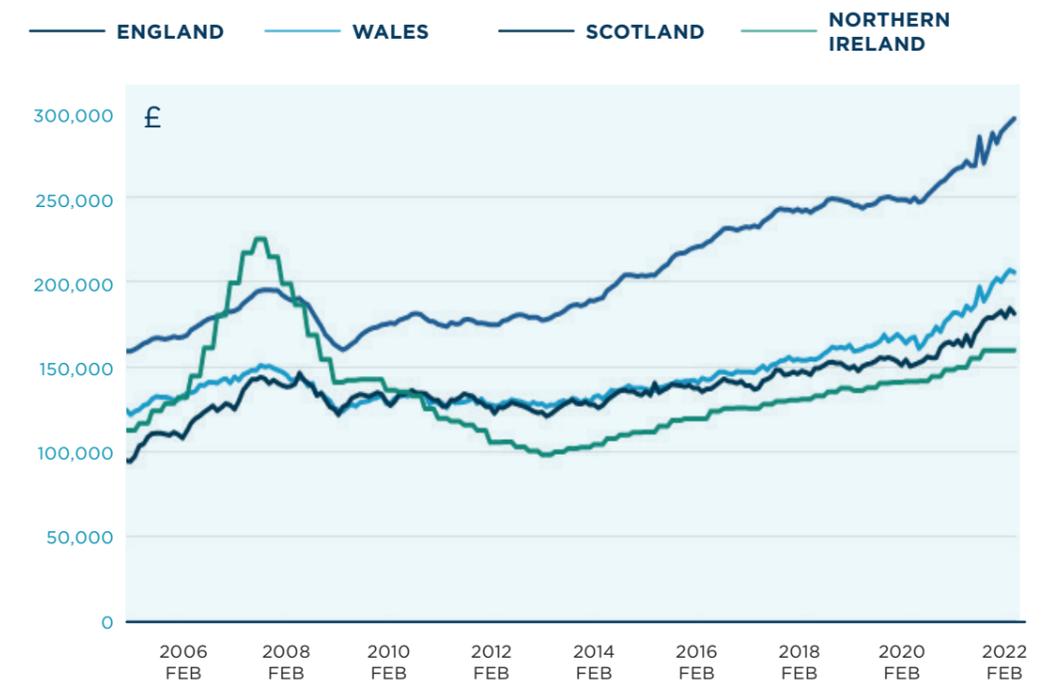
Source: Office for National Statistics



ON A COUNTRY BASIS, THIS REFLECTS THE FOLLOWING INCREASES AND AVERAGE HOUSE PRICES:



AVERAGE HOUSE PRICE BY COUNTRY, UK: JAN 2005 TO FEB 2022

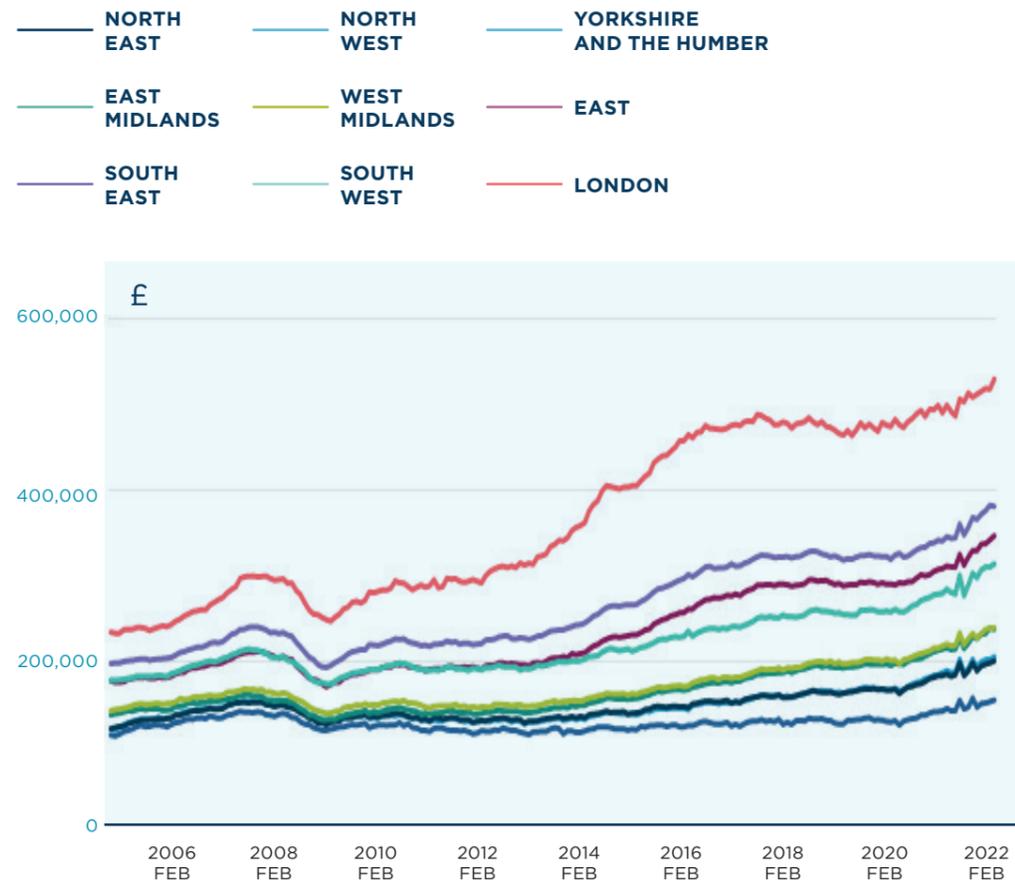


Source: Office for National Statistics



ON A REGIONAL BASIS IN ENGLAND, THIS LOOKS AS FOLLOWS:

AVERAGE HOUSE PRICE BY ENGLISH REGION, JAN 2005 TO FEB 2022



Source: Office for National Statistics

New housing development in 2021 slowed compared with 2020, with approximately 156,000 new homes completed. This compares with approximately 175,000 completed in 2020. This is the first reduction in new house builds in the last 8 years. Factors for this decrease could be related to the fallout from Brexit, with a shortage of skilled labour available in the UK market. The cost of construction increased significantly in 2021, restricting quantum. Towards the latter end of the year, we started to witness increasing inflation rates which could have dissuaded activity. All of these factors sitting alongside rising interest rates and therefore mortgage costs.



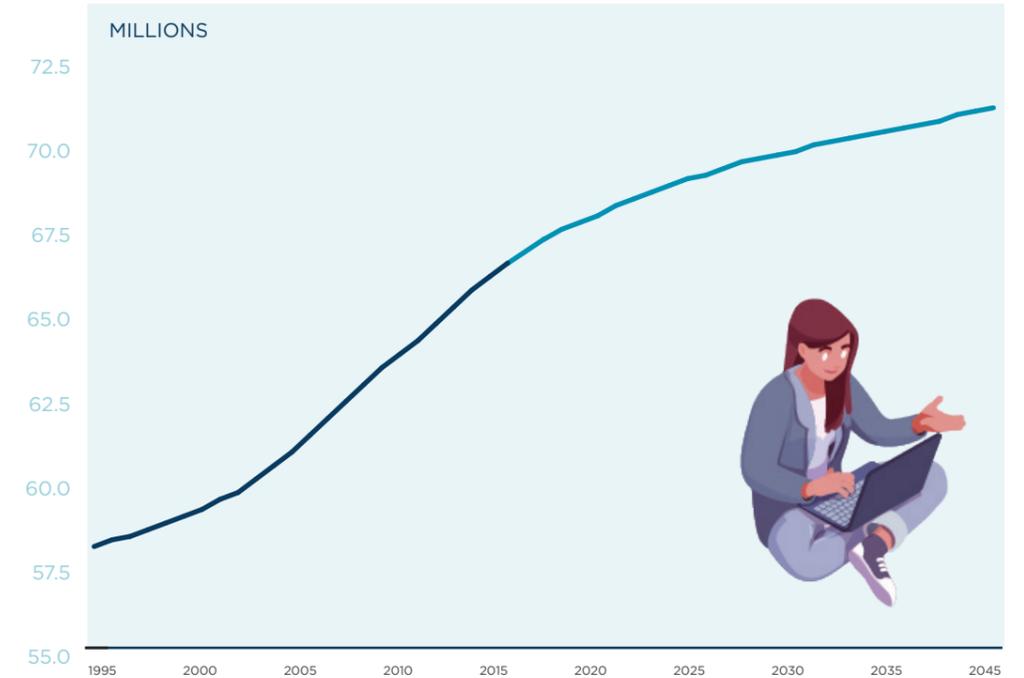
UK POPULATION ESTIMATES, MID-2020, AND PROJECTIONS TO MID-2045



10 YEAR POPULATION FORESCASTS

The Office for National Statistics is forecasting UK population growth of 3.2% between 2020 and 2030. In population numbers, this translates to an increase from 67.1 million to 69.2 million. England's population is projected to grow at a greater rate than the other nations at 3.5%. The projection for Wales is 2.6%, Northern Ireland of 2% and Scotland at 0.3%. This is lower than the projections made in 2018; with 0.6 million fewer in 2030 and 1.8 million fewer in 2045. The reduction in the predictions is a result of both higher projected death rates and fewer births.

POPULATION (millions) PROJECTED POPULATION (millions)



Source: Office for National Statistics



THE 10 YEAR ESTIMATES CAN BE APPORTIONED AS FOLLOWS:



6.6M
PEOPLE WILL BE BORN



6.6M
PEOPLE WILL MIGRATE LONG TERM TO THE UK

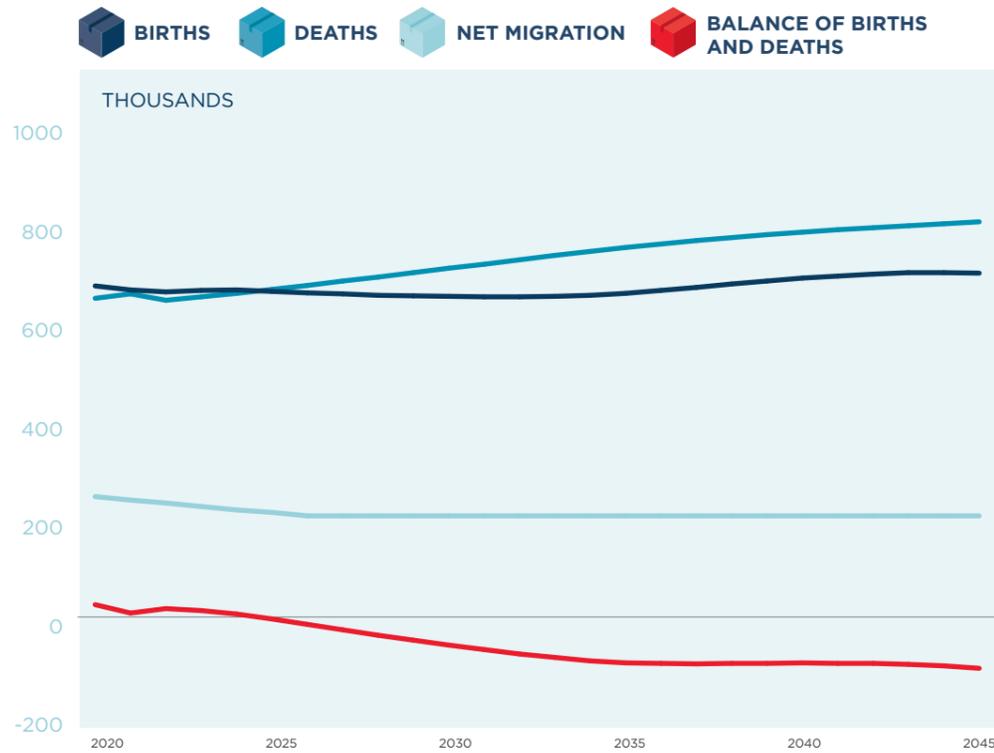


6.7M
PEOPLE WILL BE DIE



6.6M
PEOPLE WILL EMIGRATE LONG TERM FROM THE UK

PROJECTED BIRTHS, DEATHS AND NET MIGRATION, UK, YEARS ENDING MID-2020 TO MID-2045



OPERATORS' SURVEY

06

OPERATORS' SURVEY





OPERATORS' SURVEY



KEY THEMES

As the industry emerged from the pandemic, and record performance figures for 2020 were witnessed, some expected to see a levelling off of profits and occupancy. Possibly, even a decline back to pre-pandemic levels. This has not been the case and overall profitability for the industry improved to an even higher level in 2021 compared with 2020. Both occupancy and rental rates have increased across almost all UK regions. New development also continued, resulting in an increase in occupied self storage space of 2.17 million square feet. These figures indicate that demand for the product is growing at a faster rate than supply.

Notably, the average length of stay has increased and churn has continued to decrease as more new customers stay long term. This means operators need fewer new customers each month to increase occupancy levels. Conversion rates on enquiries have also improved and lower discounts are being offered.

Despite two record years, increasing inflationary pressures, escalating costs of construction and a war in Europe, operators remain optimistic about the future with 62% of those surveyed expecting to increase profits further in 2022.

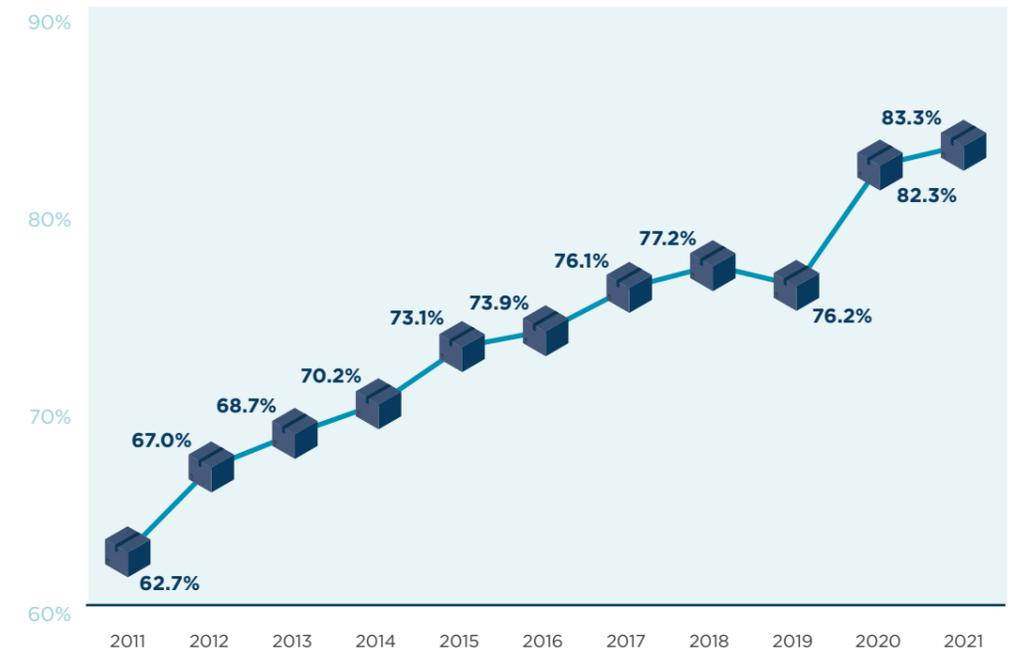


OCCUPANCY

Despite the significant rise in 2020, occupancy rates have continued to rise in 2021, up a full percentage point to 83.3%. This also includes stores that have recently opened or expanded, which will lower the average. Self storage facilities generally are rarely and do not want to be at 100% occupancy as this means they have no product to sell and suggests they could maximise their yield by increasing prices. There is also always a certain number of units that are vacant as they transfer to a new occupier. Operators ideally aim for an occupancy of around 90%.



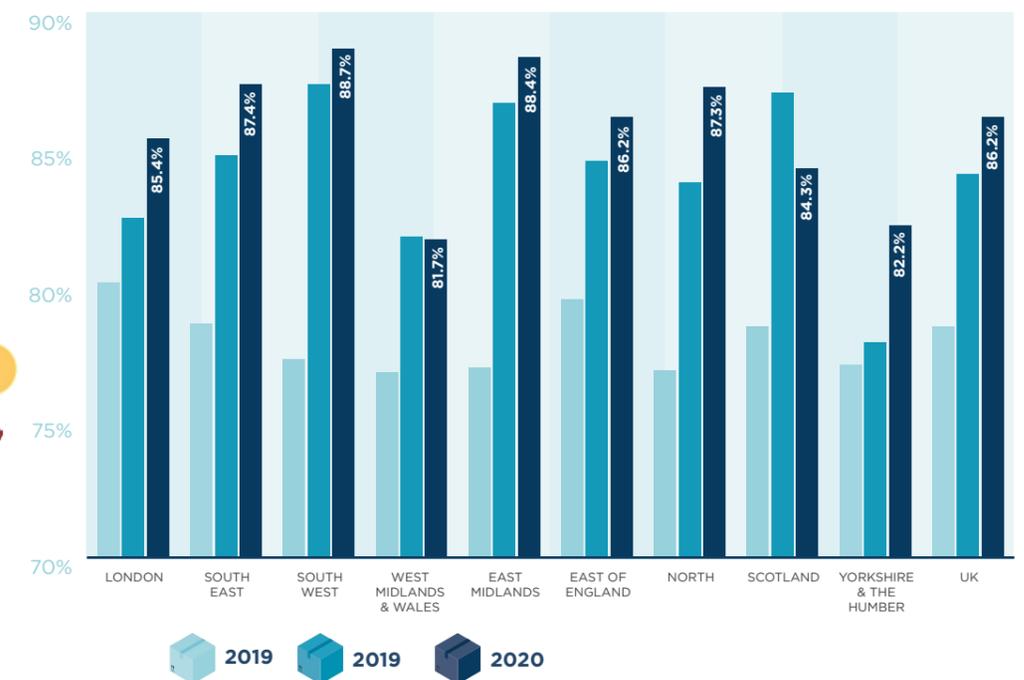
OCCUPANCY RATE ON LETTABLE AREA



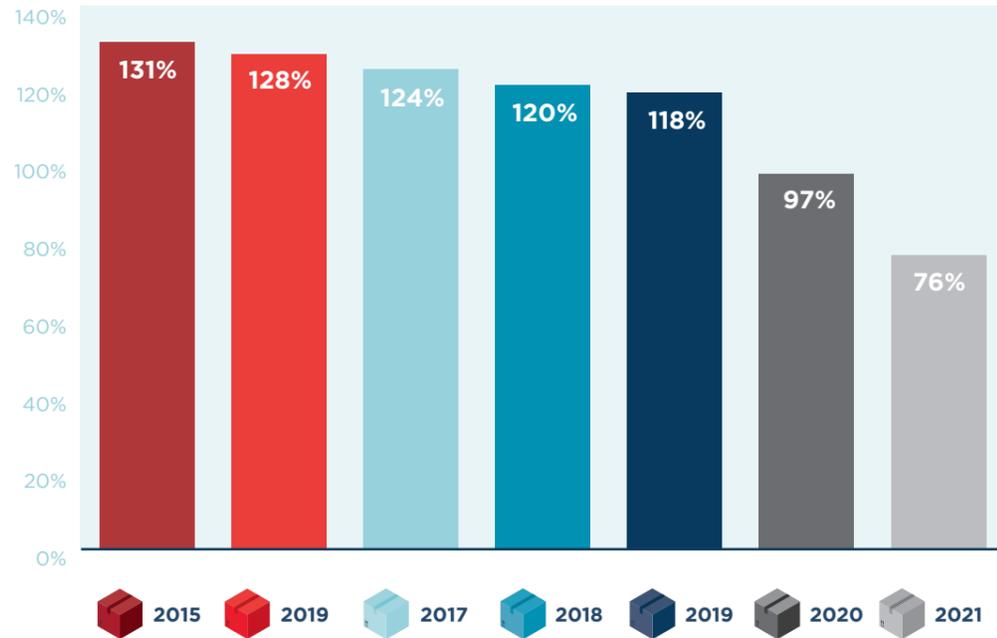
The following graph aims to remove the influence of new stores and expansions by only considering occupancy rates for businesses that are over 6 years old. Here the UK average occupancy has risen to 86.2%. You can see the clear growth in occupancy levels over the last 3 years across all regions. Scotland is the only region not to increase its occupancy levels in 2021. However, it did have one of the largest increases in 2020.

This data shows that even as lockdown and pandemic restrictions ended, occupancy in the industry continued to increase. Some industry commentators expected a dip in occupancy in 2021 after the significant increase in 2020, but this clearly has not materialised. Many mature stores have now moved closer to their optimal occupancy rate of around 90%.

OCCUPANCY BY REGION ON MATURE FACILITIES



CHURN RATE



Another factor to measure in terms of customer retention is churn. This is measured by the total number of move-outs in a year, divided by the total amount of units that were occupied during that period. Generally speaking, the more long-term customers a store has, the lower its churn rate. The higher the level of churn, the more work and potential cost to the business exists in acquiring new customers.

There was another significant drop in the churn rate this year indicating that customers are staying in their units for longer periods. As the industry matures it attracts more long-term customers, so you would expect a gradual drop in this figure, but the last 2 years have broken this long-term trend. It will be interesting to see what the result in 2022 will be. There has certainly been the opportunity for customers to move out in 2021 with all lockdown restrictions removed, along with most other pandemic related restrictions. Self storage customers often fall into 2 groups; short term - less than 9 months of storage and long term - often stay for multiple years. It is possible that during lockdown a lot of customers that would have been short term, have now ingratiated themselves into self storage, seeing the value beyond their short-term need and are now long-term customers.



AVERAGE NET ROOM RATE AND OCCUPANCY



RENTAL RATES

Average rental rates have continued to rise, up 1% from 2020. This is the highest average rental rate since the survey began. When combining this with the increase in occupancy, the industry has been considerably more profitable in 2021. While some operators may have been cautious about rate increases during 2020, the end of the pandemic and increasing inflationary pressures on the industry have led operators to be more aggressive with their pricing.

All rental rate data is excluding VAT.

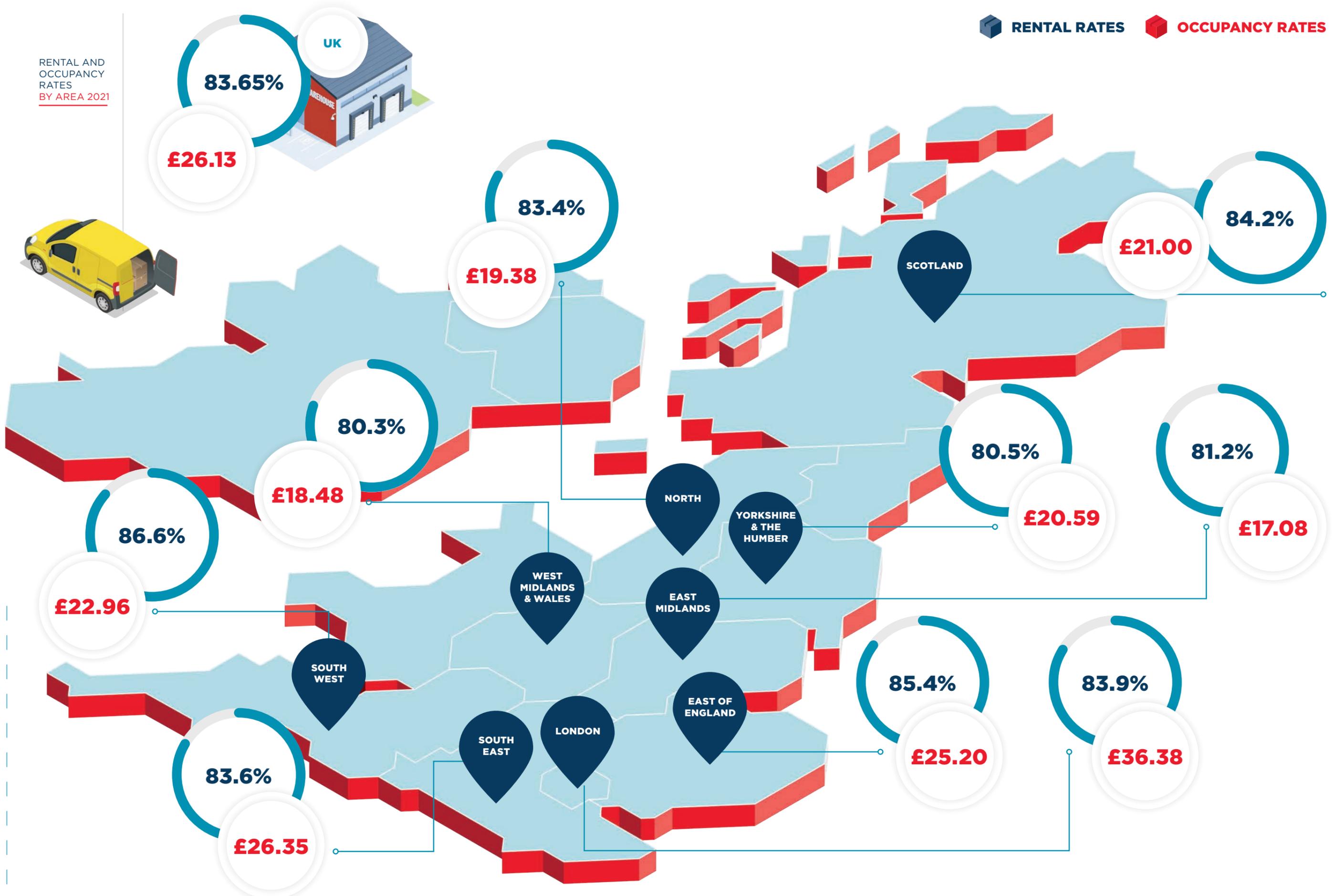


When comparing rental rates by region you can see that London continues to achieve much higher rental rates than the rest of the country and has had a significant increase in 2021. All regions other than Scotland had a solid rise in rental rates. It appears that the drop in rental rates for the West Midlands & Wales was an anomaly, with the 2021 data showing an increase over 2019.

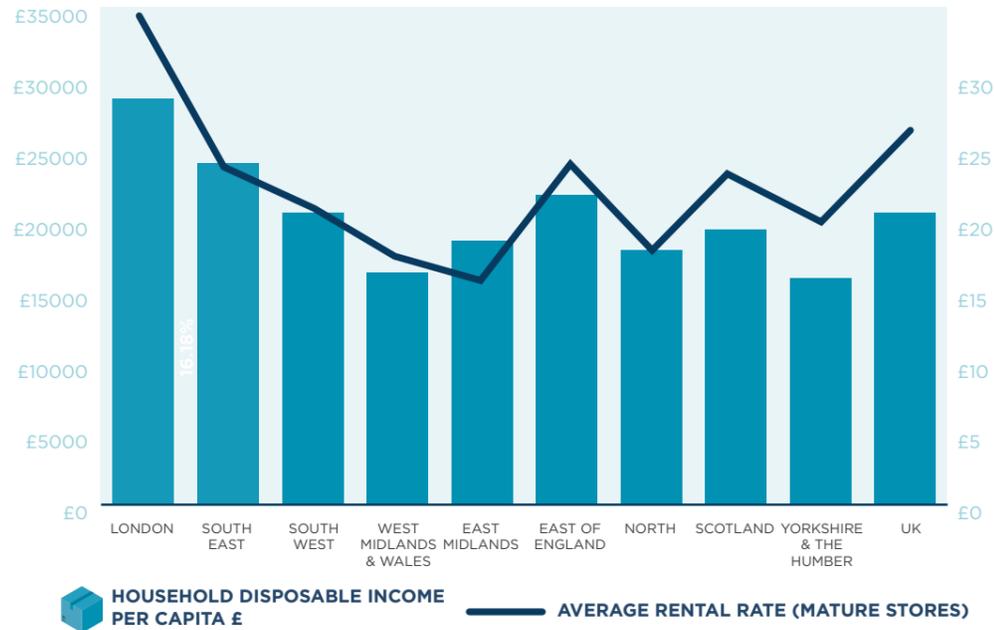


RENTAL AND OCCUPANCY RATES
BY AREA 2021

RENTAL RATES OCCUPANCY RATES



While rental rates in London are higher, so is the average disposable income. The cost of living is also higher, as are land prices and property rents for leasehold stores. The following chart shows that whilst the Midlands & Wales are showing lower returns, their population has a lower average household income. A break in this trend is shown in Yorkshire & The Humber, which also has lower household income, but are achieving higher storage rents.

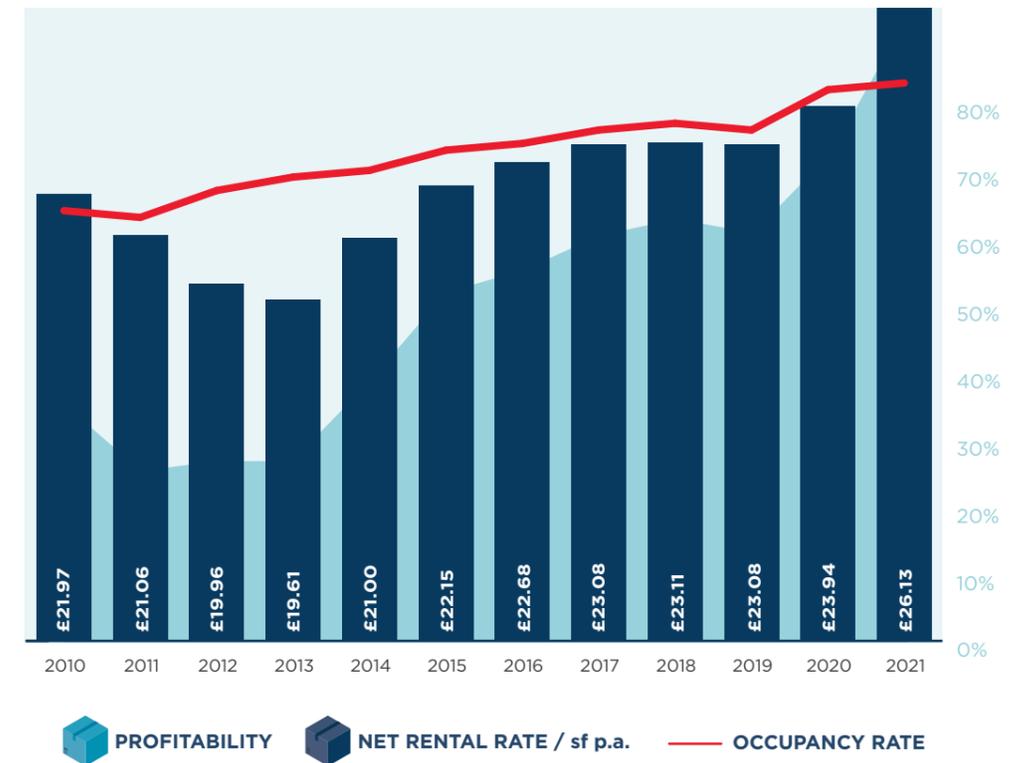


Source: Oxford Economics

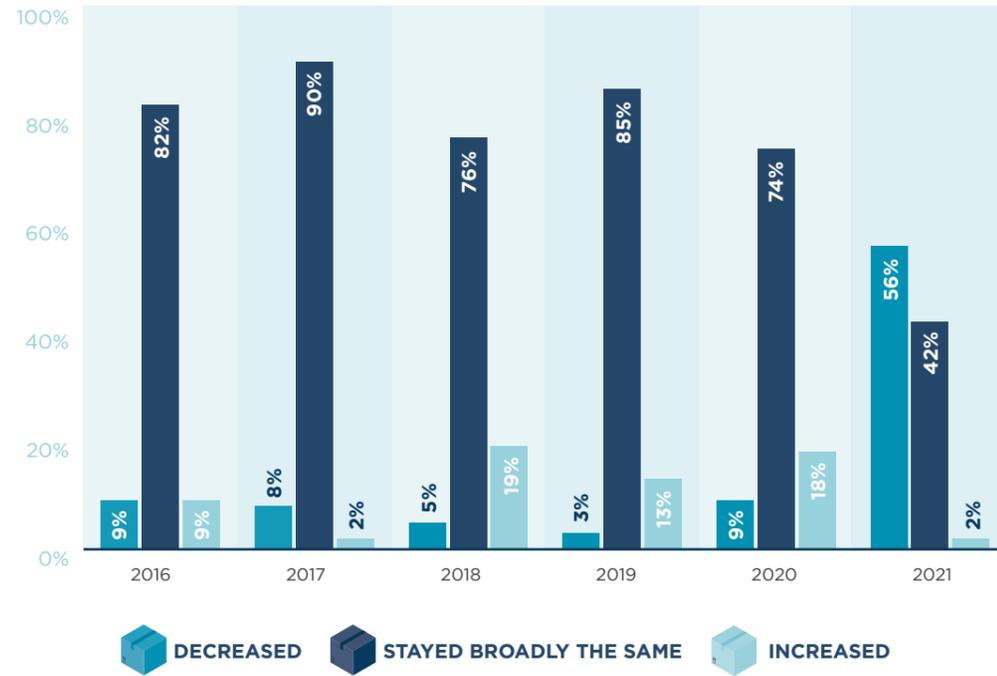
Measuring rental rates on their own only shows part of the equation, as profitability of the business is tied to both rental rates and occupancy. If one is increased at the expense of the other, then the increase in profit is limited. As the following chart shows, the increase in both occupancy and rental rates has seen a sharp increase in profitability for the industry for the second year in succession, continuing a similar trend from 2020. However, while the increase in 2020 was primarily driven by occupancy increases, this year it was influenced more by the increase in rental rate on a per square foot basis.



INDUSTRY PROFITABILITY



CHANGE IN INCENTIVES PROVIDED OVER THE PAST YEAR



Survey respondents were asked if they had changed the level of incentives or discounts offered to customers over the last 12 months. For the first time, there was a significant decrease in incentives. This would be as a result of the strong occupancy figures, as there is less need to offer incentives if your occupancy rates are close to optimal and returns are strong.

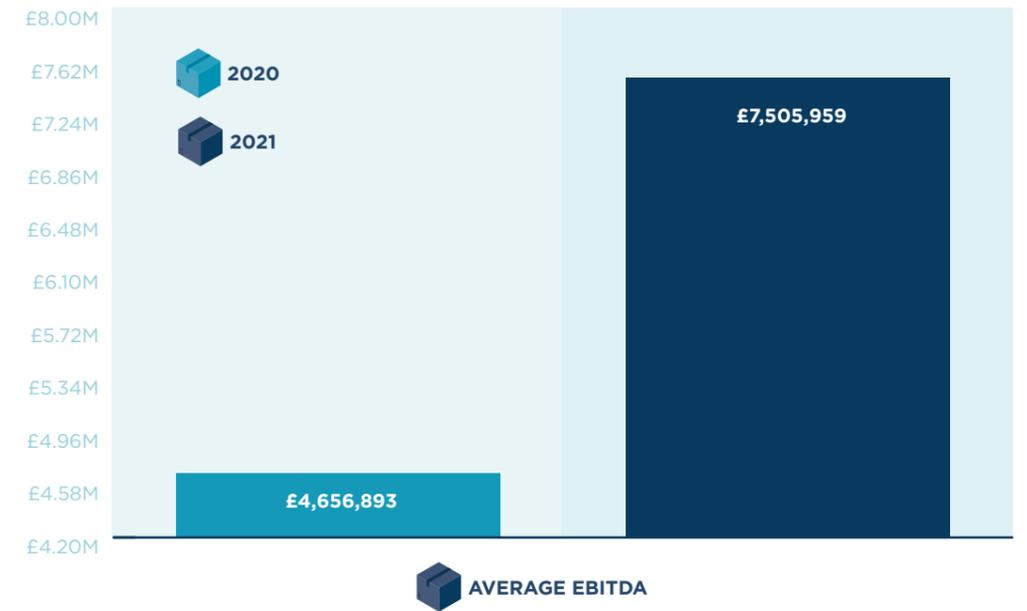
Discounts are traditionally offered to encourage customers to use the service, particularly as product awareness is low. Other data in this report shows that customers often think they will only use storage for a short period of time, but tend to use it for longer. This gives the business the opportunity to recover this initial discounted rate over time. It will be interesting to see if this reduction in incentives is maintained long term, or if discounts return if market conditions change.

OTHER OPERATING METRICS

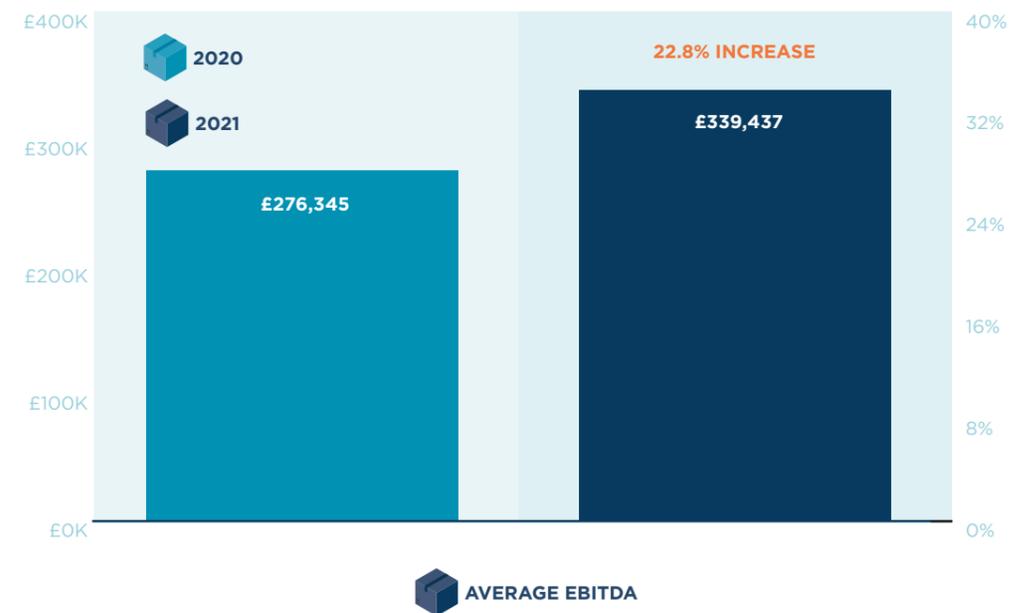
Many self storage businesses use EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) to measure the profitability and growth of their business. This metric measures the profit made by the business and is somewhat a proxy for cash flow. It removes many items business owners have discretion over, such as debt financing, capital structure and depreciation to give a simpler analysis of profit from the business. EBITDA will clearly vary depending on the size of the business. This data further supports the success of the industry in the past 12 months.

It should be noted that not all operators have provided this data to the survey. Also, self storage businesses during the initial fill up stage will usually have a lower, and maybe even negative, EBITDA result.

EBITDA AVERAGE (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION)



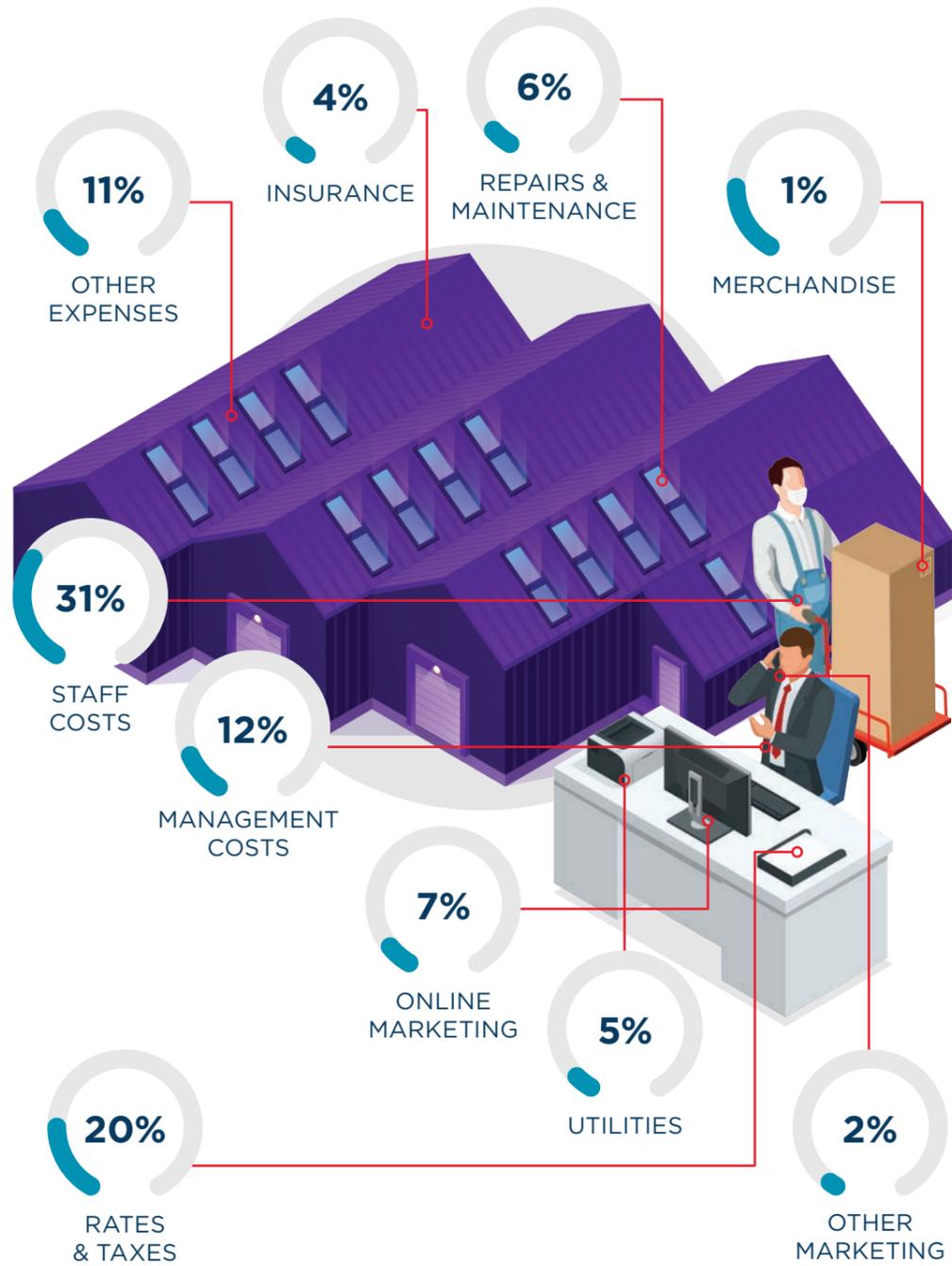
AVERAGE EBITDA (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION) AMONG COMPANIES WITH AN EBITDA OF BELOW £1M



This metric shows that the success of the industry is not just being driven by the larger operators. The smaller companies have also increased their EBITDA, with this exceeding the 19.5% increase in 2020.



OPERATING COSTS



Operating cost data can vary materially, with operators taking differing approaches to the allocation of certain cost lines. Consequently, a certain amount of judgement is required when analysing operating costs. Staff costs, rates and taxes remain the largest expenses, totalling 51% of all costs. The long-term trends for this data are relatively stable.

There are changes coming in terms of business rates calculation in 2022/23 which could influence this result in years to come. Five yearly valuation reviews are to become 3-yearly and, perhaps most worrying, a "Duty to Notify" the VOA when you, amongst other things, physically alter a property.



AVERAGE NUMBER OF STAFF FOR DIFFERENT FACILITY SIZES

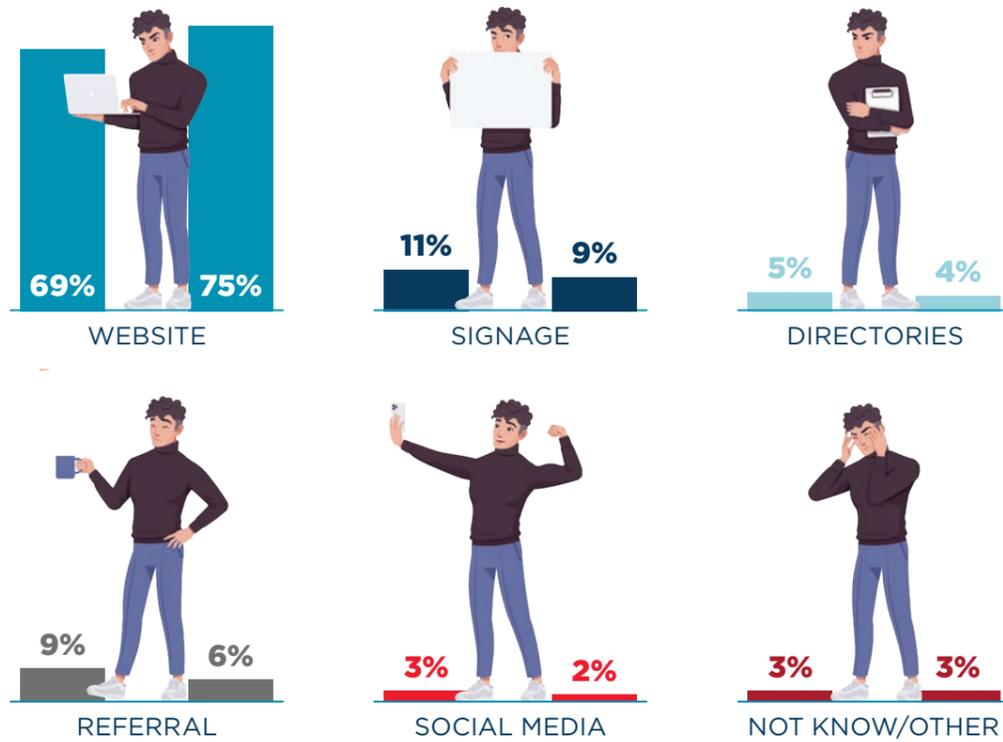


Self storage stores themselves do not employ many people, with even the largest stores having on average only 3 full-time staff. However, while not direct employers, self storage stores are strong supporters of local small businesses. Many are viewed as business incubators, assisting local business transition from family, home-based operations, to larger-scale operators themselves employing more staff.

Comparing this to last year's data, stores with less than 200 units are employing fewer staff. This could be due to the emergence of more small un-manned sites, some of which are using new mobile device-based technology for access control.

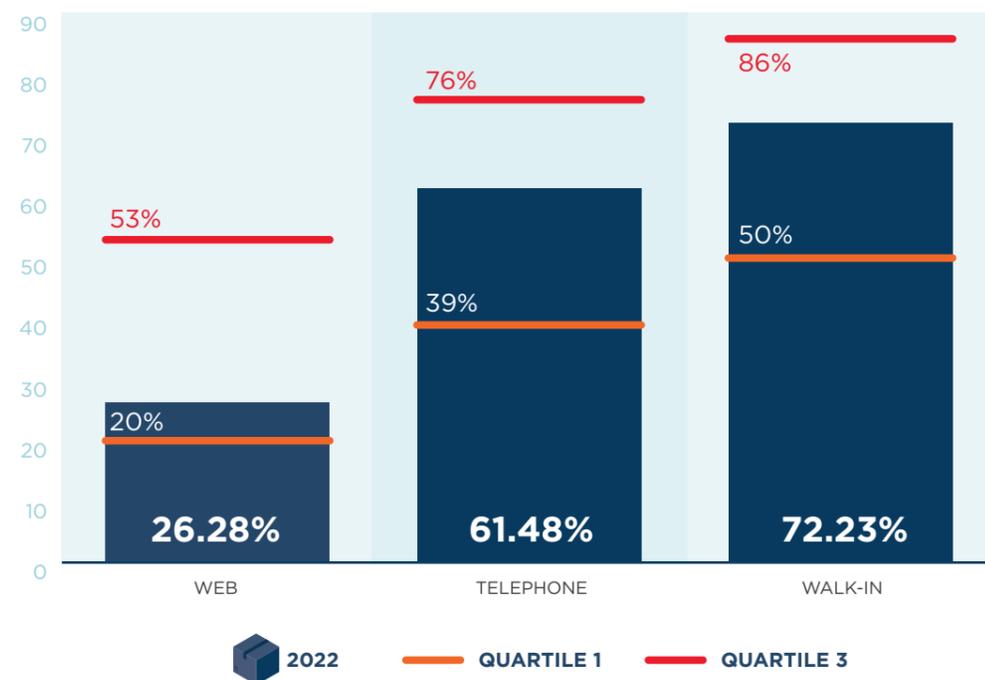


SOURCE OF ENQUIRIES

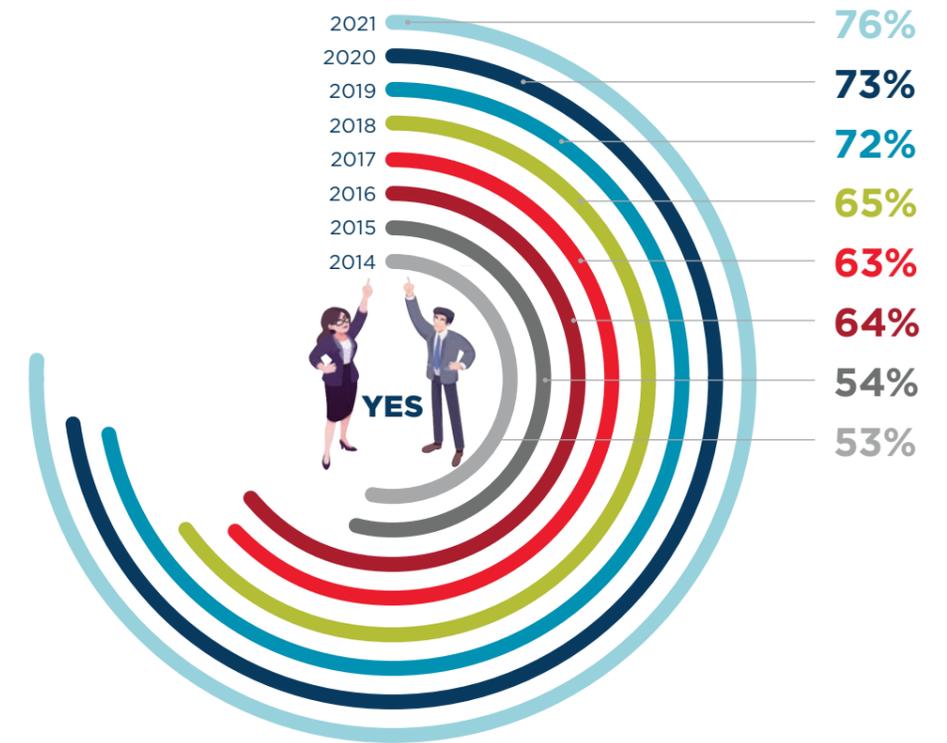


Web-based enquiries continue to represent the bulk source of enquiries and have increased their share from 69% in 2020 to 75%. Directories continue to decline as did signage for the first time this year. Care should be taken when interpreting this data as often the enquiry is not from a single source. For example, a customer that was aware of the store from signage may use the website to get contact details of the store and to acquire more information.

ESTIMATED CONVERSION RATE



COMPANIES THAT DISPLAY PRICES ON THEIR WEBSITE



The number of companies that display prices on their website continues to increase. When you consider that all the major operators now display prices on their websites in some form, the number of stores displaying prices is much higher. There are differences in how companies display their prices. Some have them open for anyone to view while others require you to enter some personal contact information before displaying the price or to request a quote online before a specific price is displayed.

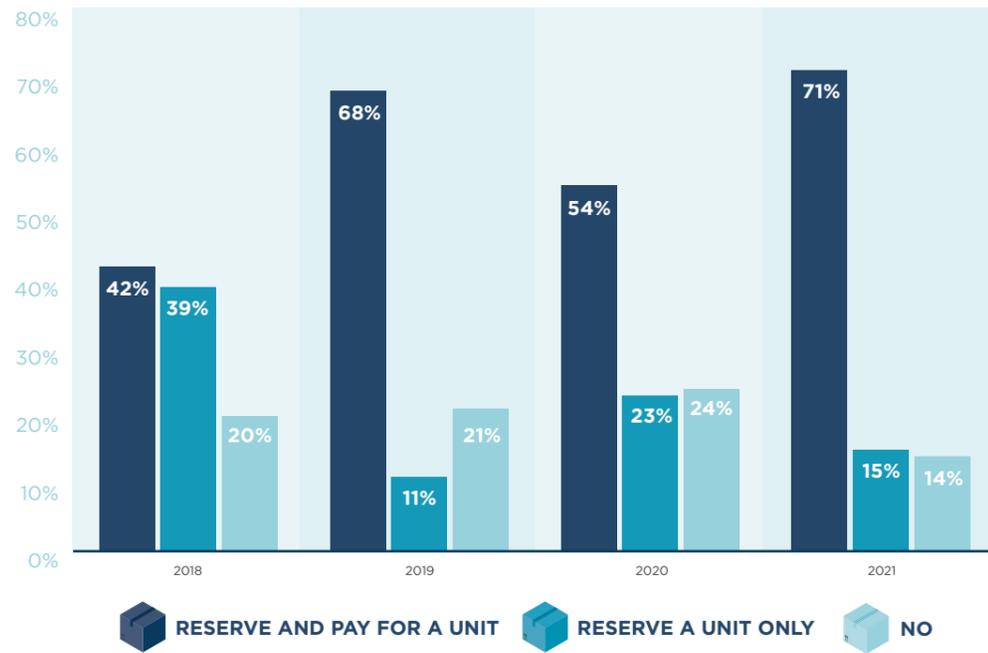


Conversion data varies considerably from store to store as shown by the quartile bars in this graph. This is partly due to the way in which stores handle customer enquiries, but it is also influenced by the way in which they record their data. Recording all incoming enquiries to their correct source requires robust management systems.

Both web and phone conversions increased this year. Phone conversions the most significant, up 13% on last year. Walk-ins remained basically the same following their increase in 2020. Overall the industry is converting more enquiries than last year.

Conversion rates are influenced by the number of stores a customer contacts. They are more likely to contact multiple stores online, while only visiting one or two. Hence, online conversions will always be lower. Other research the SSA conducts, such as the Mystery Shopping Programme, indicates a large difference in the way operators deal with online enquiries. Some operators will engage with a customer online and attempt to secure a sale in that medium, while others will endeavour to contact the customer by phone and convert the sale in a more personal manner.

CAN CUSTOMERS RESERVE OR PAY FOR A UNIT ON YOUR WEBSITE



There has been clear growth in the number of businesses that provide the facility for customers to reserve and pay for their units online. The pandemic has led more operators to look at “contactless” move-in procedures and online check-ins are now common on self storage websites. While taking payments online is relatively easy, the process of checking ID and validating self storage contracts is more complex. The industry needs to take care that it does not compromise its robust ID checks of customers when moving to online sign-up processes.

FACILITY DATA

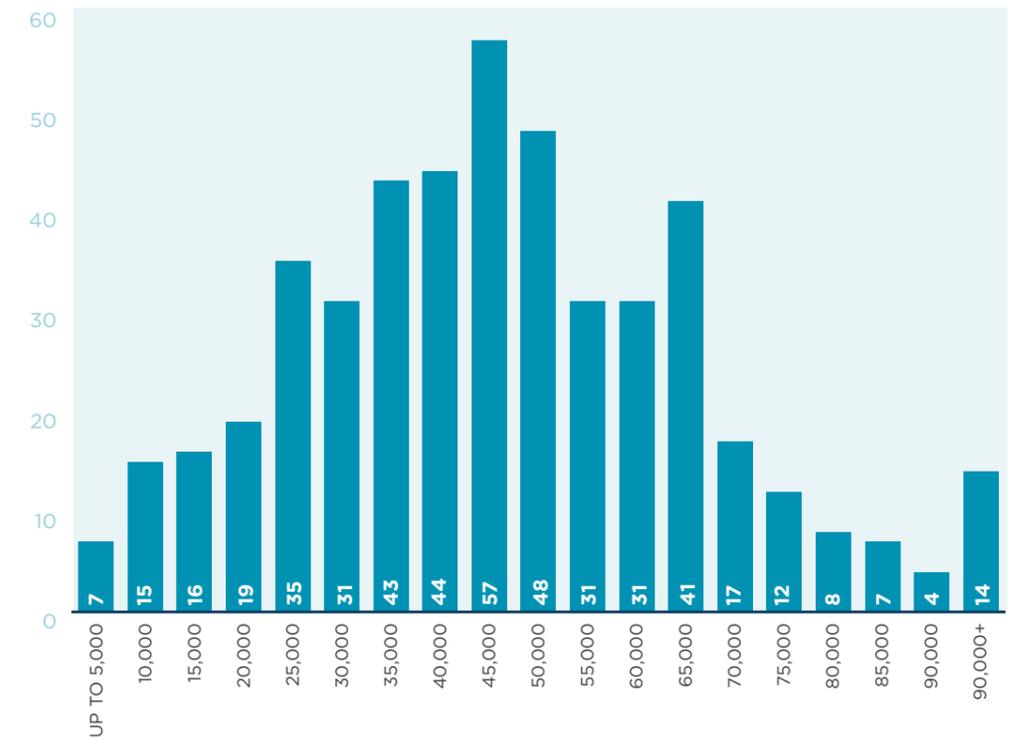
	2018	2019	2020	2021
	AVERAGE	AVERAGE	AVERAGE	AVERAGE
CURRENT SPACE OCCUPIED (SQ FT) (CLA)	33,708	29,886	33,646	35,581
CURRENT NET LETTABLE (SQ FT)	44,290	40,401	41,612	43,444
MAXIMUM NET LETTABLE (SQ FT) (MLA)	46,731	42,537	44,055	45,462



AVERAGE FACILITY SIZE



NUMBER OF STORES BY SIZE FROM SURVEY SAMPLE



Data from operators that completed the survey shows the average store size has increased for the second year in a row. The industry is expanding in all markets including London, regional cities and small regional towns. The size of the store will vary greatly depending on its location, with several “mega stores” in London, larger stores in the main cities such as Manchester and Birmingham, working down to small sites of less than 100 units in regional locations. The smallest site in the survey group had less than 1,200 square feet of CLA and the largest over 150,000.

Companies that completed the survey indicated they have 733,000 square feet of potential self storage space yet to be fitted out within the current number of facilities. This is down from 1 million square feet in last year’s survey. Not surprisingly, as occupancy rates increase operators are fitting out part or all of the additional space they currently hold.

This chart shows the spread of store sizes within the sample group. The large number of 65,000 square feet stores and above are most likely to be situated in major cities, with the remainder being located in regional cities and towns.





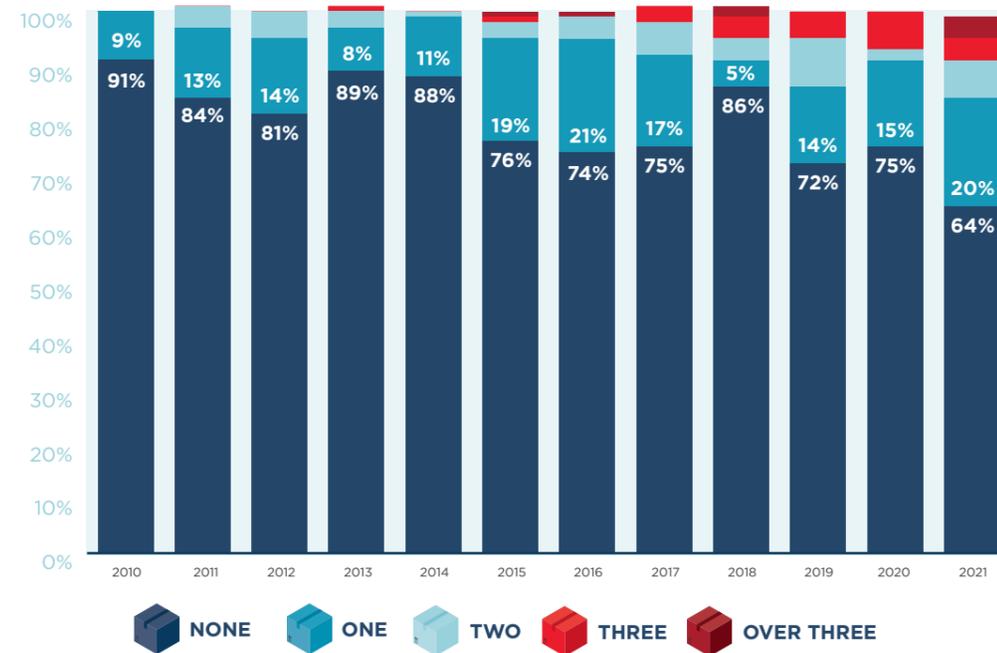
TENURE

There has always been a preference for self storage owners to acquire freehold/long leasehold property interests rather than short leasehold (generally under 25 years). In this year's survey, 80% of properties were either held freehold or long leasehold. Short leaseholds are usually only considered where a freehold cannot be secured, or where there is a constraint in funding. New entrants to the industry may take leasehold sites initially and then acquire freehold sites later when they have access to more capital funding. Container sites are also more likely to use leasehold property.



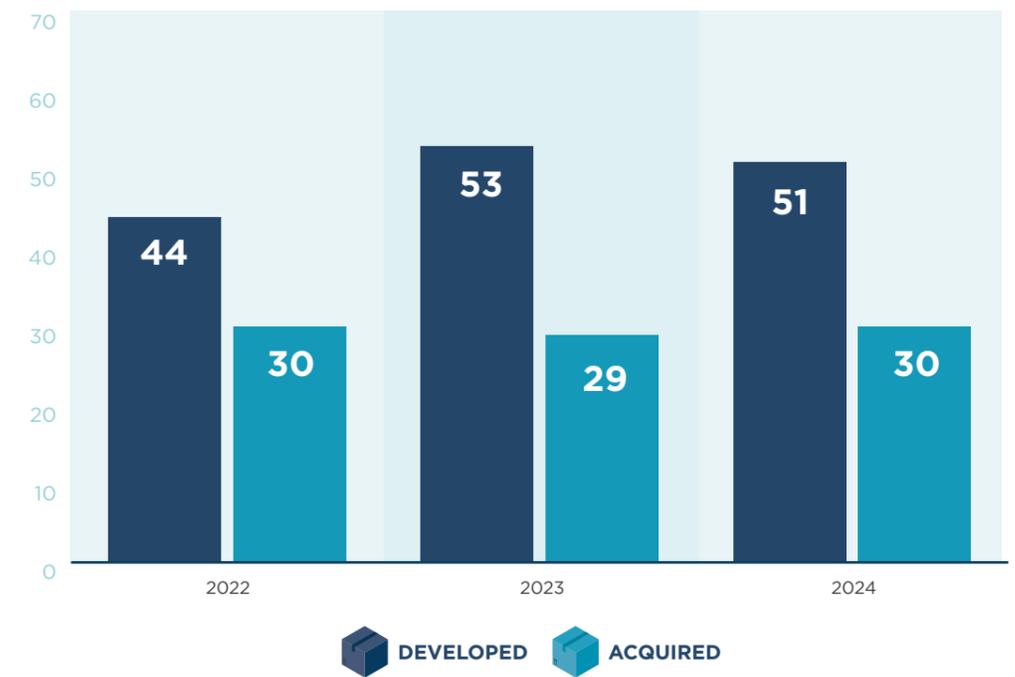
NUMBER OF STORES OPENED PER OPERATOR

EXPANSION ACTIVITY



This chart shows the ongoing growth of the industry, but also the constraining factors on operators developing new sites. It is unusual for an operator to develop more than 3 stores in a year, even for the large publicly listed companies. The trend for the last 7 years has been that around 25% of operators in the group will add new sites. Many operators have ambitious growth plans, but more often than not they are limited by access to property, planning constraints and timing, funding constraints or delays in construction. It should be noted that this data is taken from the survey group only and does not represent the entire industry.

NUMBER OF SITES EXPECTED TO BE DEVELOPED OR ACQUIRED IN THE FUTURE



Operators continue to be bullish in terms of their expectations of growth in the coming years. The predictions for 2022 and 2023 are largely consistent with the predictions made last year.

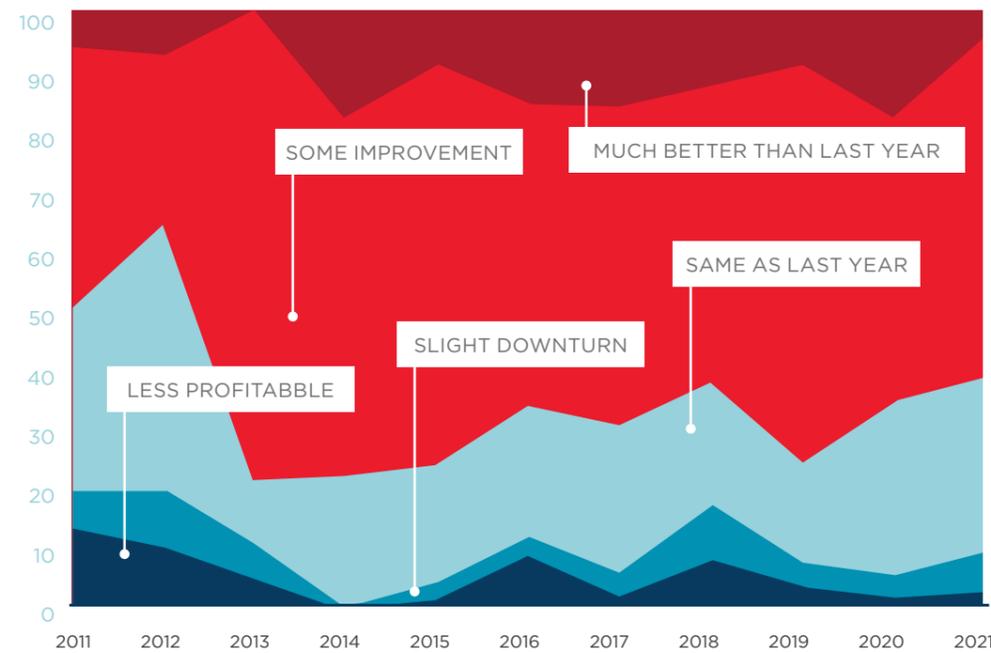
Normally, operators are overly optimistic about their expansion plans. However, last year they predicted to develop 44 sites and in fact added 41. Considering the delays in acquiring building products and staff in 2021, along with the escalating price of construction, this can be regarded as a positive return for the industry. The lead time for building a new store has increased significantly since 2019. Not just the construction time, but delays in planning due to pandemic backlogs and staff shortages mean projects are typically taking months longer to get to construct. This, coupled with the increasing cost of construction, it will be interesting to see if all the predicted new stores in 2022 and 2023 come to fruition.

Acquiring new sites is also becoming more difficult. The industry is becoming more consolidated with a limited number of "mid-tier" operators with 5 - 20 substantial sites in the market. Interestingly, this year all the significant multi-site operations sold were acquired by operators or investors with existing stores. This despite increasing interest from new institutional investors.



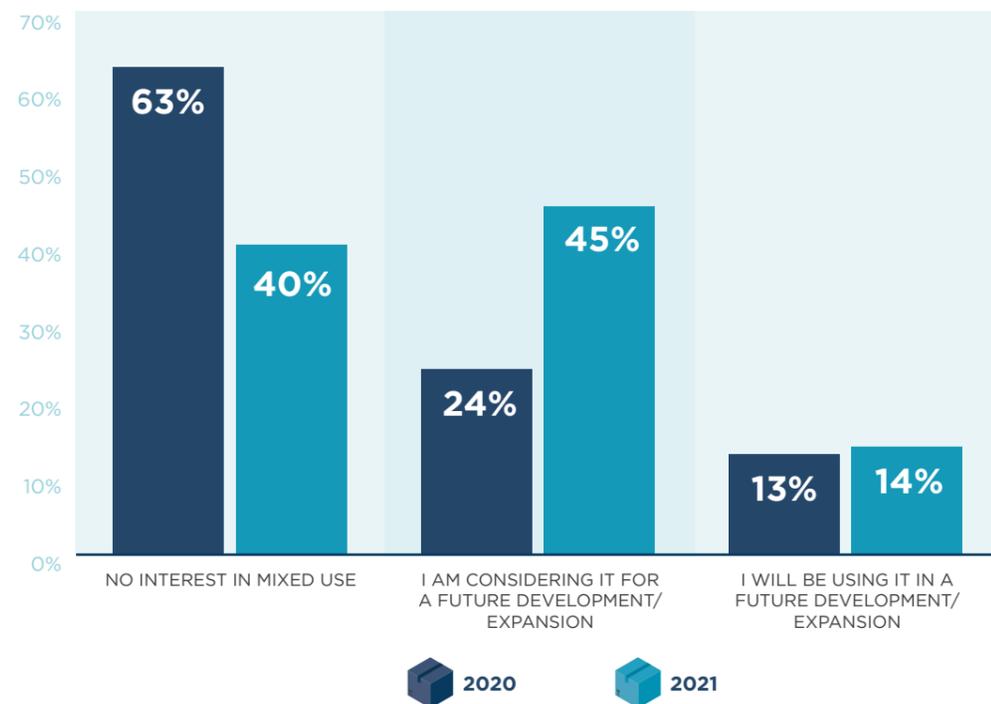


OUTLOOK AND BUSINESS CONFIDENCE



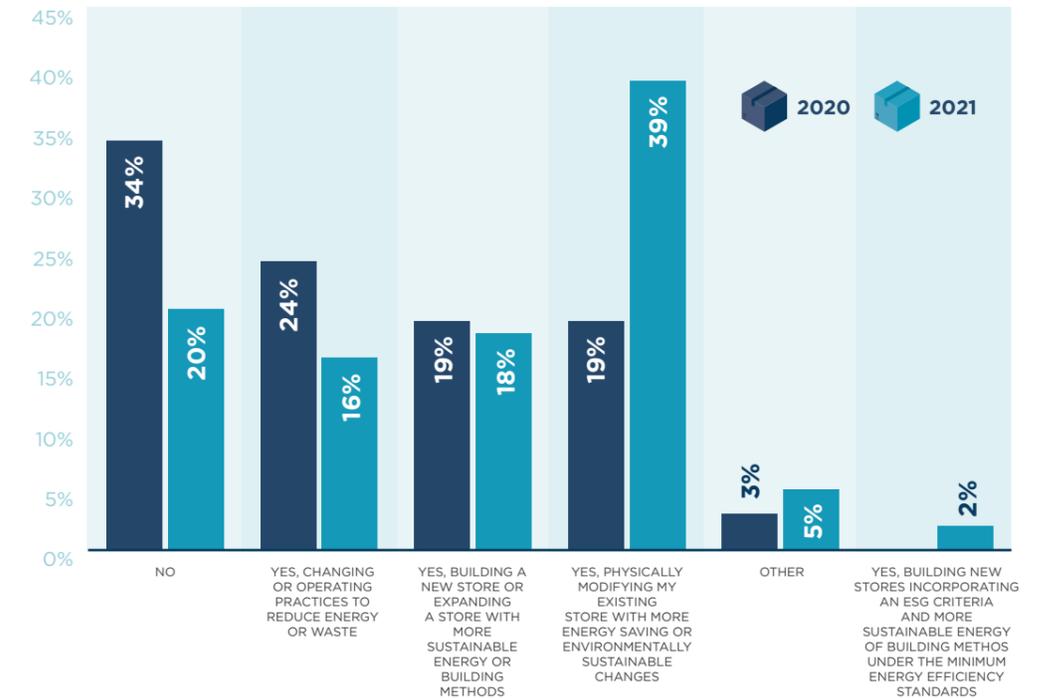
There is less optimism for profits increasing this year than last year. Only 5% of survey respondents predict a better 2022, down from 18% last year. However, the industry remains positive with only 9% of respondents predicting a downturn in profits, up from 5% last year and 62% overall expecting some increase in profits. Given the significant increase in profitability over the last 2 years and growing inflationary pressures, some may be expecting a downturn or at least levelling of profits, but the operators believe there is still improvement to be made.

ARE YOU CONSIDERING FUTURE MIXED-USE DEVELOPMENT FOR EITHER EXISTING OR FUTURE STORES?



ARE YOU MAKING ANY SUSTAINABILITY IMPROVEMENTS TO YOUR BUSINESS IN 2022/23?

There has been a considerable swing towards operators considering mixed-use for future development, but the number definitely committed to do so in future developments remains low. This type of development includes adding shop fronts, workshops, retail, residential or other uses to their site in addition to self storage. This can increase the prominence and appeal of the site and attract more customers as well as potentially open up different properties for viable development. It will be interesting to see if the added interest this year converts to more such developments in the coming years.



This is the second year we have asked this question and already there is a large movement towards implementing more environmentally sustainable practices in the industry. Now only 20% of respondents have indicated they are not currently making any sustainability changes to their business. A new option added this year is the ESG building of new stores, which has indicated some operators are already using sustainable building methods for new development. Self storage businesses by their nature are not large consumers of energy, especially when measured against the size of their physical footprint. However, the construction of stores relies heavily on steel and concrete which have traditionally been less environmentally friendly. This is why having stores both operated and constructed using sustainable materials and practices is a significant step forward for the industry. At the moment it is mainly the larger operators that have committed to reducing their carbon footprint.

Another factor to consider is that it is almost always more sustainable to retrofit an existing building than to build a new one from the ground up. Will this change the way operators grow their portfolios in the future?



PUBLIC SURVEY

07

PUBLIC  **7**
SURVEY





PUBLIC SURVEY



KEY THEMES

Self storage is still a relatively new industry in the UK and most people still have a lack of understanding of the service and benefits it provides. The data from the public survey shows that usage, awareness and understanding of the product are increasing, albeit still at a slow rate. Awareness of the industry does increase among people that have a need, such as renovating or moving house, indicating that people do not consider or research self storage until they have a need. However, even amongst those with a potential need, the bulk of these have a limited understanding of the service and so are often not considering using self storage in favour of other short term solutions such as using garage space or relative's houses. The data also shows that there are some clear differences in preference for online communication and transactions between male and female survey respondents, with females having a higher preference for online interaction than males.



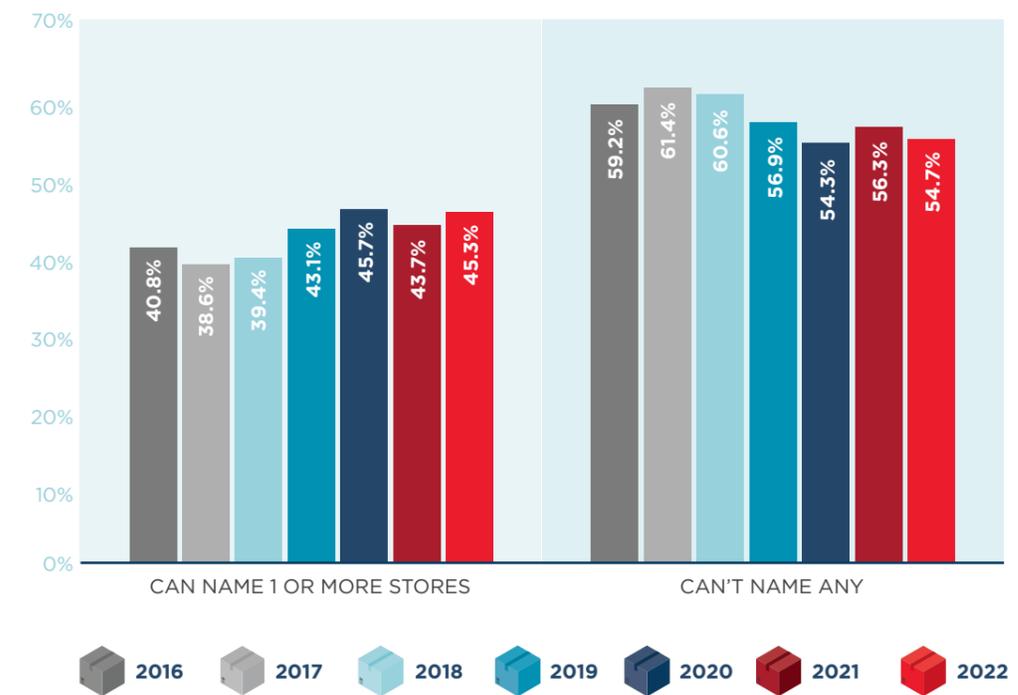
INDUSTRY AWARENESS

While storage related to removers has been around for a long time, and there were some individual self storage operators opening in the 90s, the industry only started acquiring prominent stores and actively marketing itself around 20 years ago. As a result, most people in the UK have still never used self storage and, as this study shows, do not have a clear understanding of what exactly the industry offers. In more mature self storage markets such as the USA and Australia, there is a much greater knowledge and understanding of the product. The growth of the industry, more high profile stores and more people using and subsequently talking about self storage, will raise awareness and understanding over time. More general marketing from operators about ways to use the service would be beneficial. Due to highly fragmented marketing policies and a reliance on operators to focus on Google, AdWords and other online search platforms that tend to target people already searching for self storage, there is less marketing promotion of the industry as a whole to people that may not be considering self storage as a solution to their storage needs.



SELF STORAGE AWARENESS IN THE LOCAL AREA

One way the survey attempts to measure the awareness of the industry is by asking respondents how many self storage stores they are aware of in their local area. The vast majority of people who live in the UK would now have at least one local self storage store, albeit possibly a small one. Those living in major metropolitan areas are likely to have 3 or more nearby. Yet 55% of people are unaware of a self storage facility in their area. There has been limited movement in this number in the last 4 years. One factor that should be considered is that self storage is a needs-based business. So people without a need are less likely to be looking for, and hence aware of self storage businesses in their local area. It's not uncommon for people who are new to the industry to comment on how they "did not realise how many self storage stores there were". People are more likely to recognise the buildings and businesses when they have a need for the product.





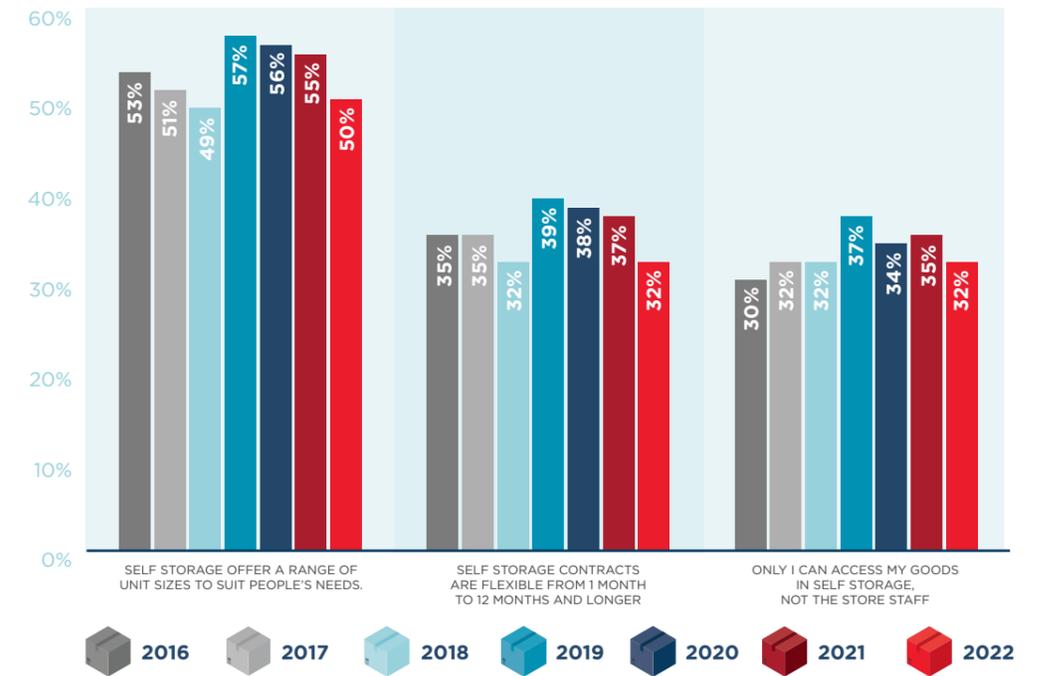
INDUSTRY KNOWLEDGE

The survey also gauges people's understanding of self storage by asking them first what they think their own understanding of self storage is. Subsequently, there are questions on what they know about self storage to qualify this. The data shows that with the initial question there has been some improvement in the general understanding of self storage, however, it has been gradual.

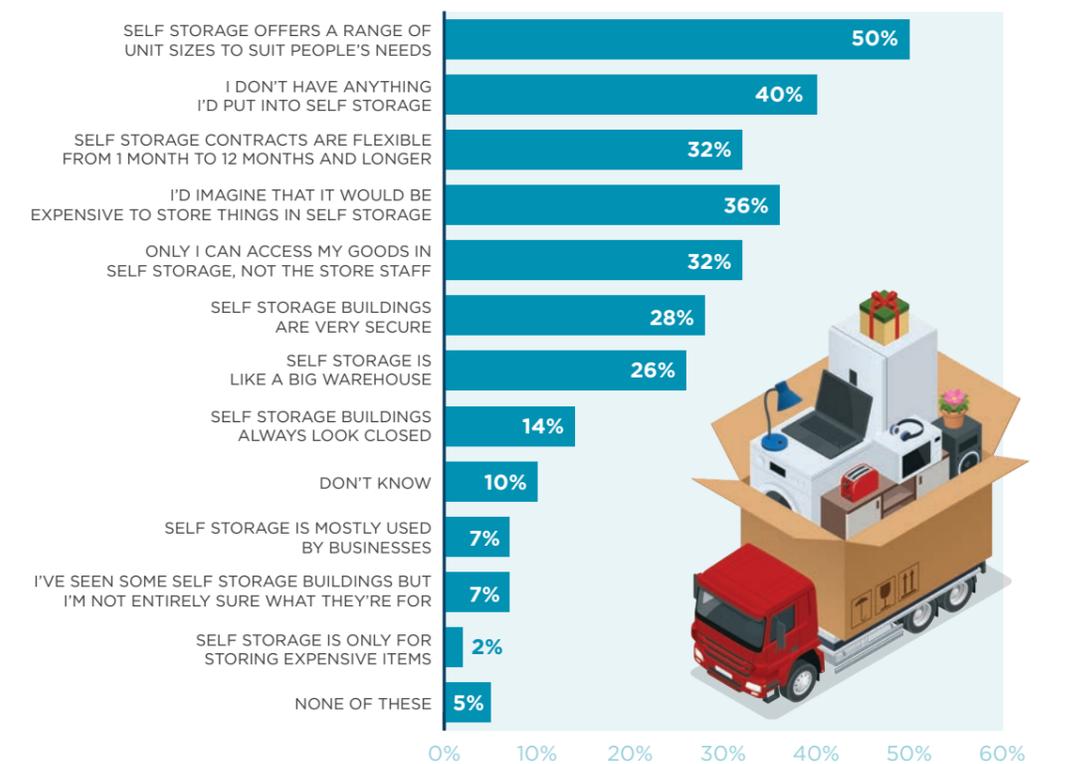
AWARENESS



UNDERSTANDING

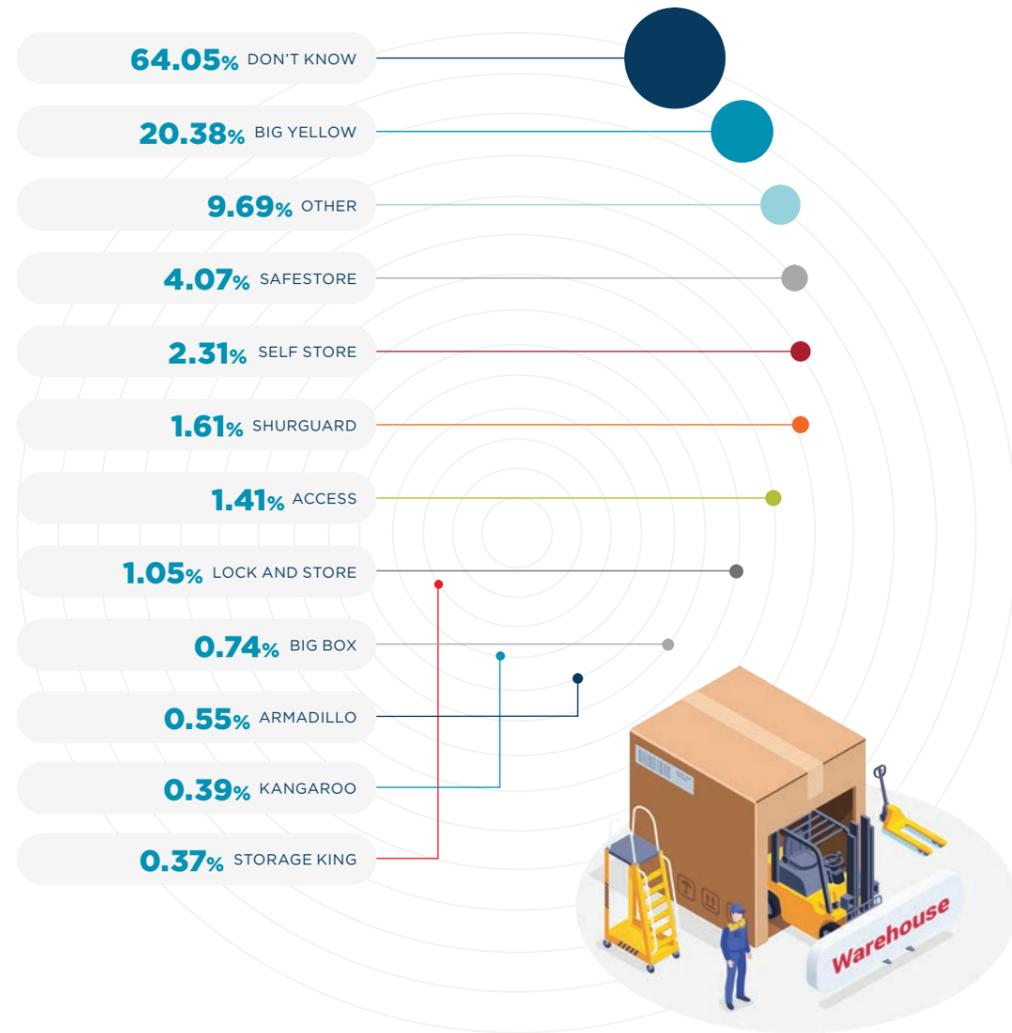


% IN AGREEMENT





BRAND AWARENESS



Unprompted brand awareness shows that Big Yellow remains the most recalled brand. However, 64% of people could not name a single brand. There has been very little movement in this data over the past few years. The “other” data refers to the total percentage of other independent brands that exist. This is the area that has increased most significantly over the last 6 years, rising from 6.3% in 2014 to the current rate of 9.69%. There are certainly more independent operators in the market now which have contributed to growth. Self storage is a very localised industry, so if you have a strong brand in your local area, this can be of significant benefit.



SELF STORAGE USE

	2018	2019	2020	2021	2022
I AM CURRENTLY USING SELF STORAGE	1.29%	1.43%	1.75%	2.28%	2.28%
I AM CONSIDERING USING SELF STORAGE IN THE NEXT 12 MONTHS	5.36%	7.66%	6.53%	5.80%	6.19%
I AM NOT USING/ CONSIDERING USING SELF STORAGE IN THE NEXT 12 MONTHS	86.12%	84.54%	86.02%	86.12%	85.56%
DON'T KNOW	7.24%	6.37%	5.71%	5.80%	5.97%

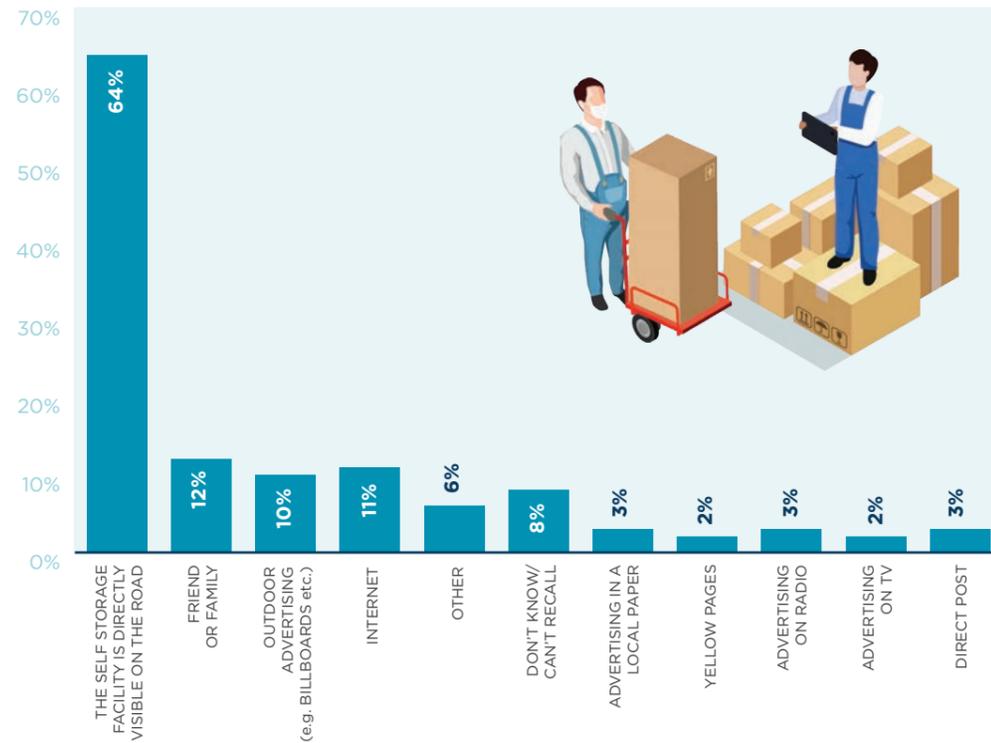
It is interesting to note that this year’s survey showed a stable number of people using self storage. This is based on the customer survey, not actual usage. In fact, we know there are more people using self storage in 2022 compared with 2021, as evidenced by the growth of the industry and occupancy data. That being said, it is still a small percentage of the population, which has the potential for growth moving forward.

There is a consistent theme of more people considering using self storage than materialises into actual users. The industry would do well to understand why so many people are considering using the product, but subsequently decide not to.





FINDING A SELF STORAGE BUSINESS



When the public were asked how they became aware of their local self storage business, road visibility remains the clear driver of recognition. This is not surprising given the effort most operators make to secure prime frontage locations. This, in part, can be attributed to the industry's fragmented approach to marketing aimed at growing the market. It is worth noting the importance of referrals to the industry, with hearing about the store from friends or family being the second-largest driver of business recognition. The overall results have largely remained consistent over the last 5 years.



HOW WOULD YOU FIND A STORE TO CONTACT?

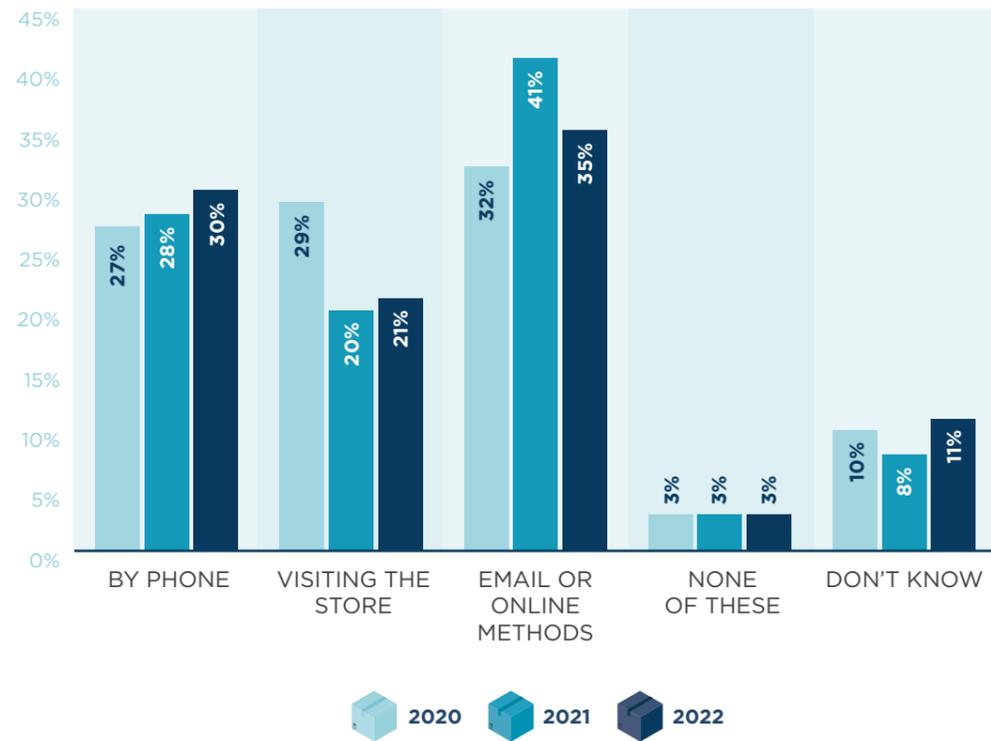


Respondents were then asked how they would find information on how to contact a store, this being the research stage of their purchase. They were encouraged to select all the methods they would use to research, hence the totals of this graph add up to over 100%. Each figure represents the percentage of respondents that chose this option.

After increases in internet and social media searches between 2014 and 2020, the last 2 years has remained consistent and has mostly stabilised. Use of the phone directory continues to fall, down from its peak of 20% in 2014. The local paper is also in decline. In previous years it has been as high as 12%, but is now only 5%. This underlines the importance of referrals to the industry, with asking friends or family being consistently around the 20% mark.



HOW WOULD YOU MOST PREFER TO CONTACT A SELF STORAGE FACILITY?

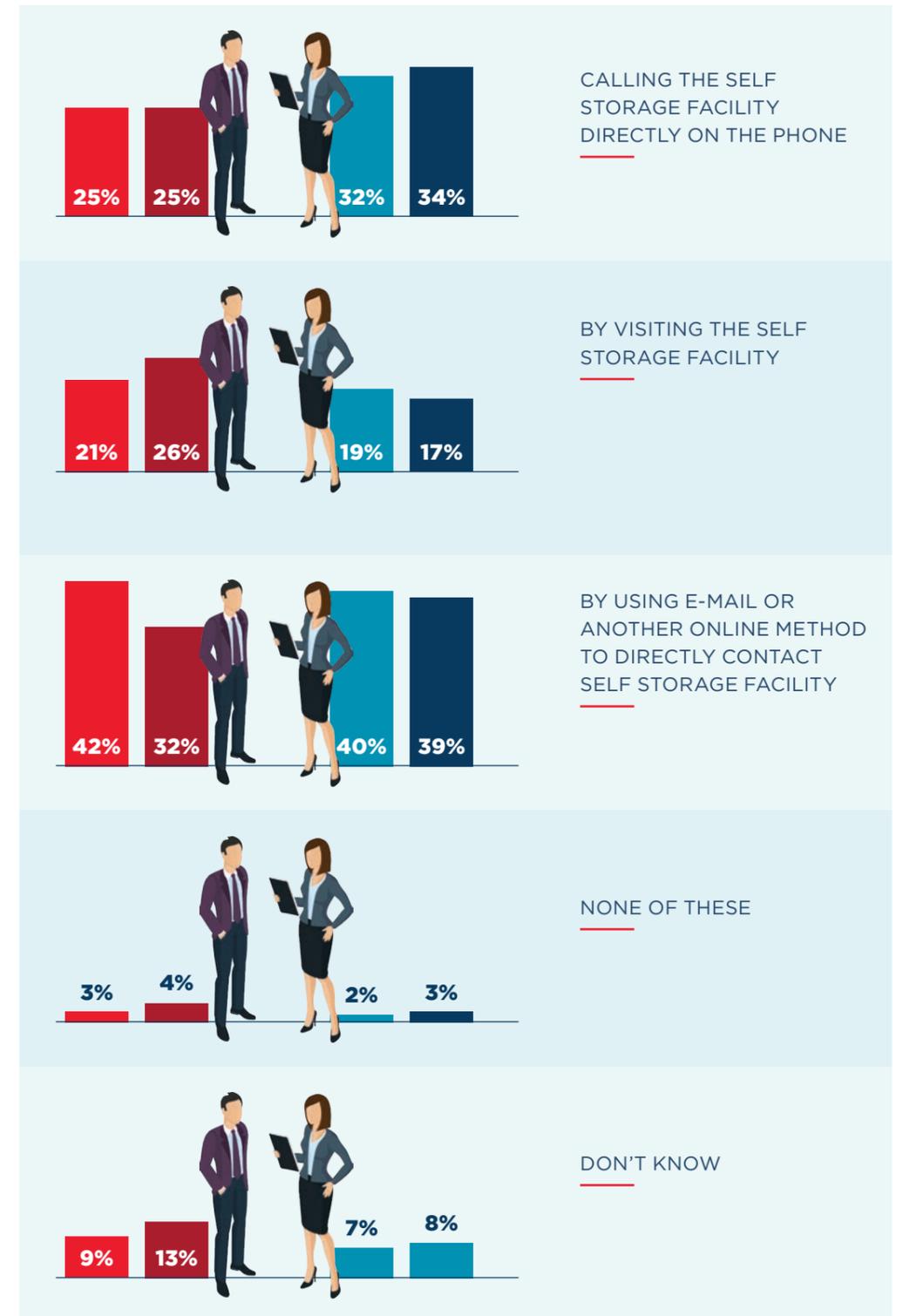


Respondents were asked how they would prefer to contact a self storage business to make an enquiry. The COVID pandemic resulted in a big drop in people preferring to go into a store in the 2021 survey. While this has remained almost the same in 2022, the number of people preferring to shop online dropped and much of this moved to telephone contact. It will be interesting to see how this changes during the course of 2022 and to see the results in the 2023 report, where hopefully, COVID-19 restrictions will have a more limited impact on the results.

GENDER

KEYS

- MALE 2021
- MALE 2022
- FEMALE 2021
- FEMALE 2022



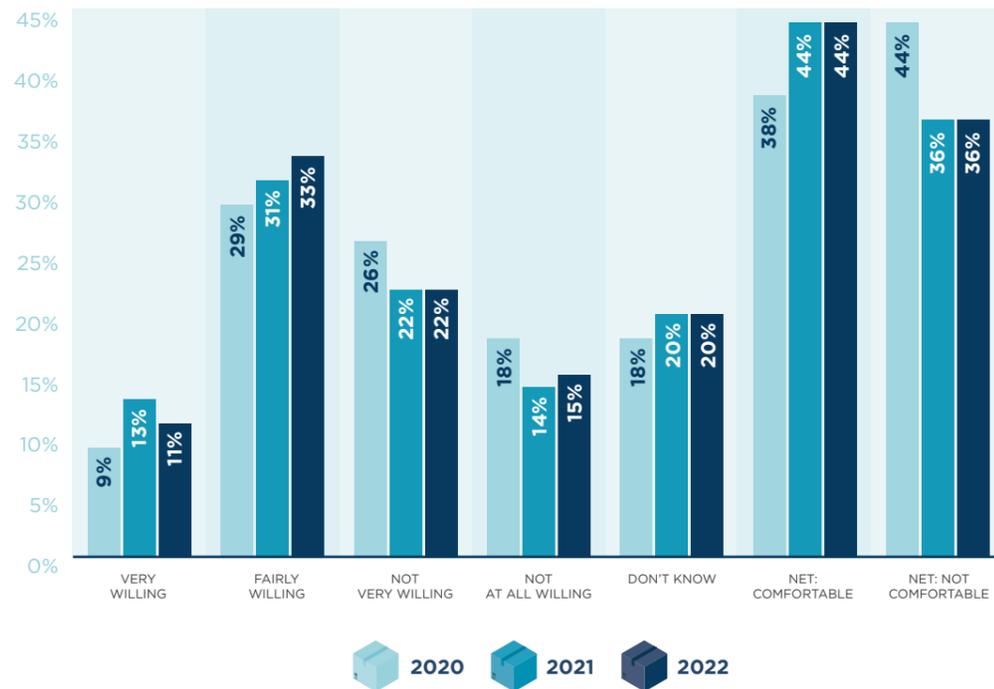
When analysing the same question on a gender basis you can see there are clear differences to how males and females prefer to contact a store. Males have moved back to a preference of in-store visits from online, while females have continued to reduce their preference for in-person visits and increased preference for telephone contact.





ATTITUDE TO TECHNOLOGY

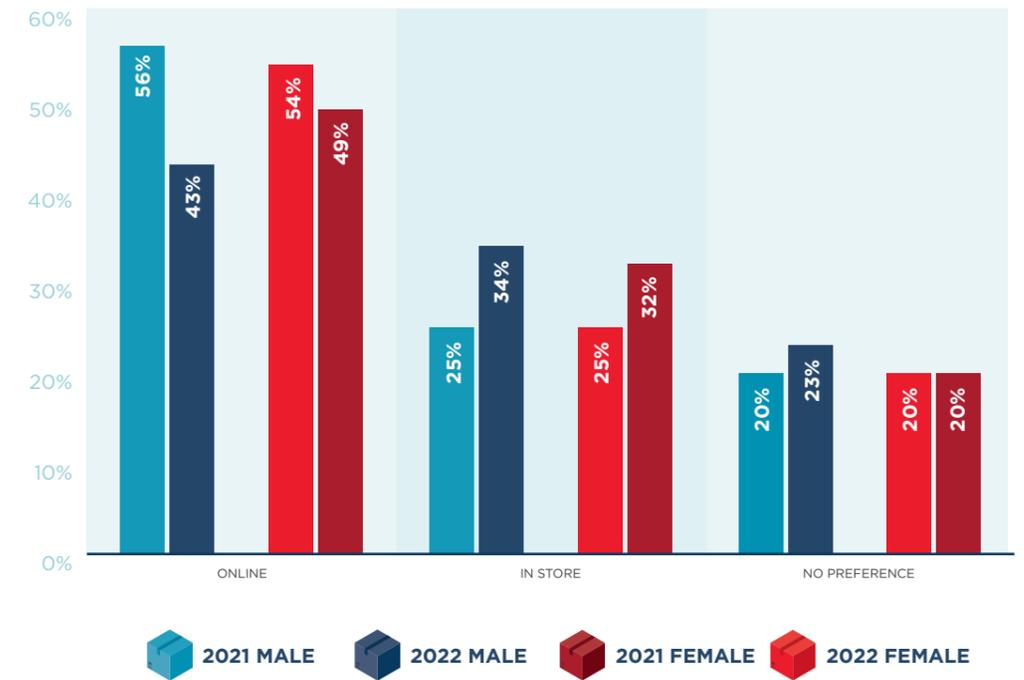
HOW WILLING WOULD YOU BE TO USE AN AUTOMATED STORE?



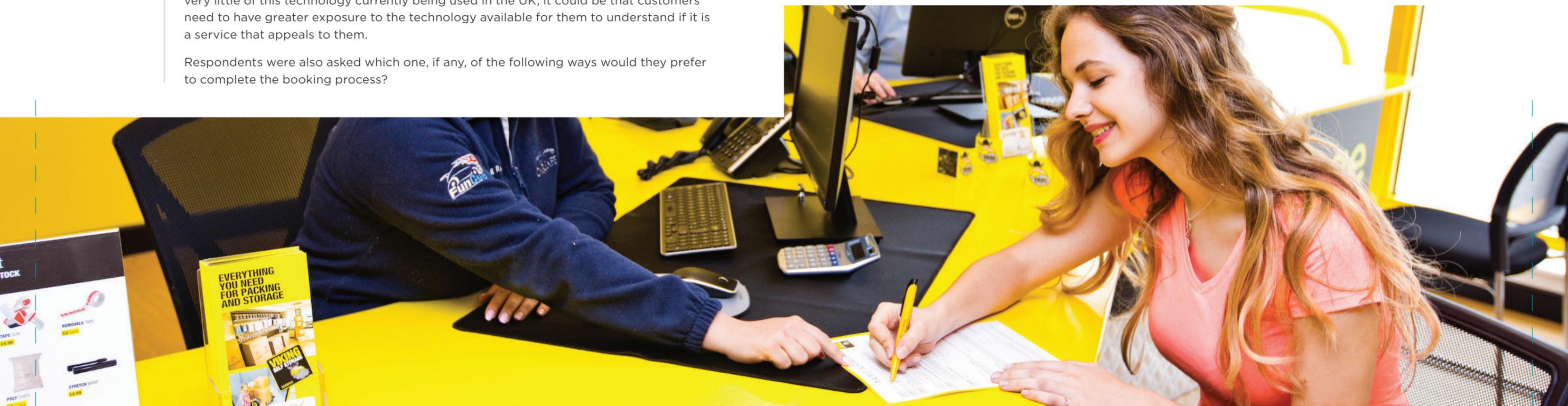
While there was a shift towards acceptance of technology in 2021 during the pandemic, the results for this year have not changed as significantly. A total of 20% of respondents were unsure, which is a lot compared to other questions in the survey. Given there is very little of this technology currently being used in the UK, it could be that customers need to have greater exposure to the technology available for them to understand if it is a service that appeals to them.

Respondents were also asked which one, if any, of the following ways would they prefer to complete the booking process?

HOW WOULD YOU PREFER TO BOOK A SELF STORAGE UNIT?



Whilst, since the pandemic, there has been a move back towards in-store completion of the booking process, this is more prominent in males compared with females. This reflects data produced from the previous question on methods of contacting a store. It seems that men are more encouraged to go back into a store since the pandemic, while more women would rather remain online.





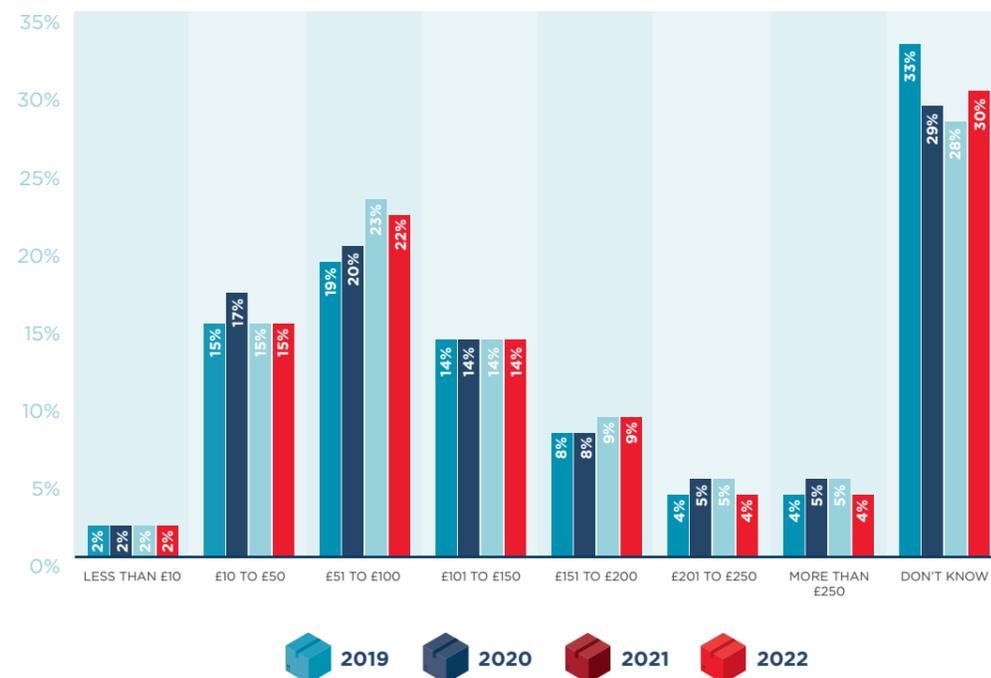
PRICE AWARENESS

The survey asks how much the person expects to pay for a 100 square foot self storage unit per month and gives an example of the amount of goods that would fit into such a unit (to help them visualise the size). The results show a significant lack of understanding of the pricing, with 30% having no understanding and only 9% were within the correct price range for their region.

This is one of the reasons the industry relies so heavily on upfront incentive schemes to encourage people to use self storage for the first time. Customers will initially be surprised by how much self storage costs, and incentives such as 50% off the first month can help overcome this barrier. Customer data shows that once people move their goods into self storage, they get a better appreciation of the service provided and commonly rate it as good value. It also shows that the majority of customers stay longer in self storage than they expected to. However, it could be viewed as concerning that price awareness of the industry is not improving and almost a third of people are unaware what a self storage unit would cost them.



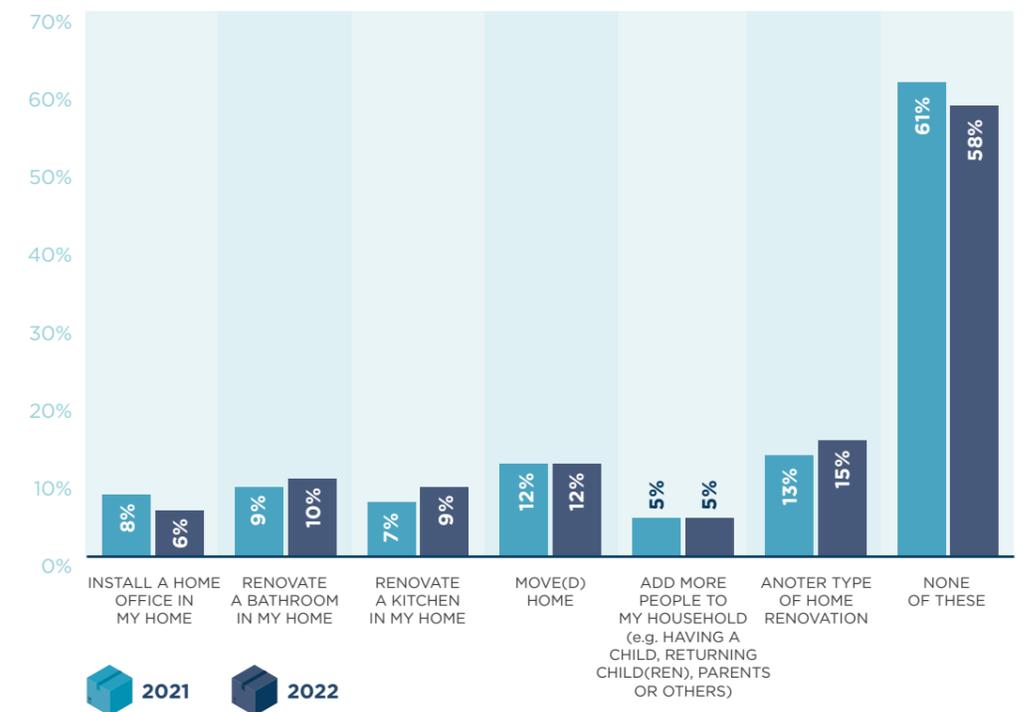
PRICE EXPECTATION



CHANGES TO YOUR HOME IN LAST 12 MONTHS

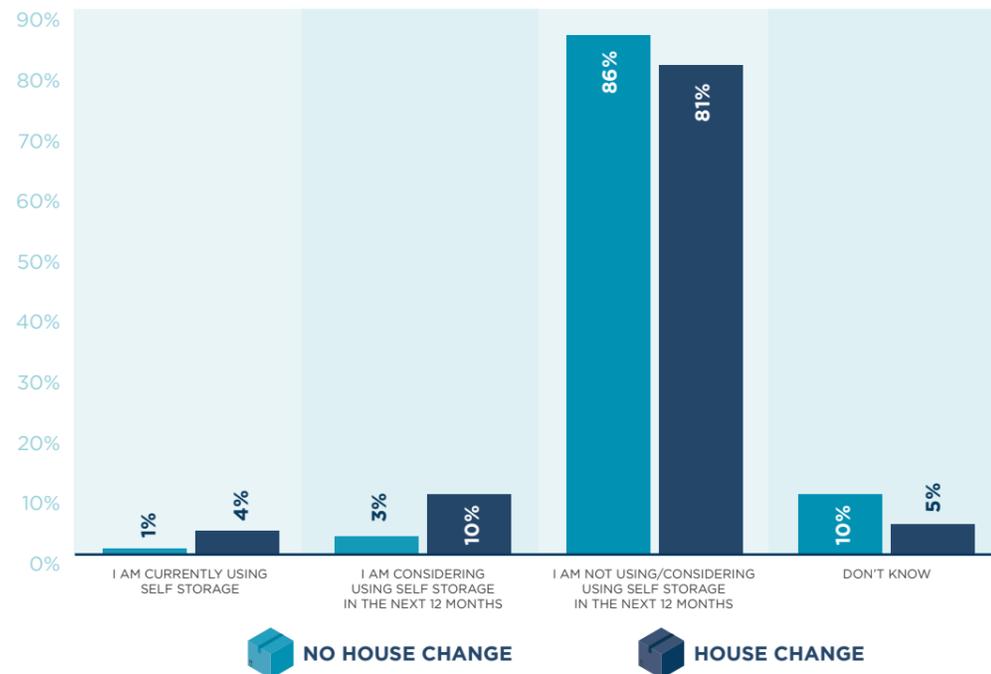
CHANGES IN LIFESTYLE

The survey shows that even more people were involved in some sort of home renovation or relocation over the last 12 months compared with 2020 at 42%. While the installation of home offices has fallen, all general home renovations has increased.



INTENTION TO USE STORAGE BASED ON HOUSE CHANGES

When linking this data with the previous question on use, we see that people going through life-changing moments are more likely to be using or considering using self storage.



While this shows that changes in the housing market impacts self storage, the results are not as dramatic as some would expect. A total of 42% of the survey have undergone some sort of change to their home, but only 14% of them were using or considering using self storage. Does this tie back to awareness of the industry, and could these potential customers be considering self storage if they knew more about the service and its benefits? Consideration should also be given to supply factors. The industry is at record occupancy levels, so if a large portion of these people suddenly wanted to use self storage, there would likely not be the supply of product available to assist them.



CUSTOMER SURVEY

88

CUSTOMER SURVEY





8

CUSTOMER SURVEY

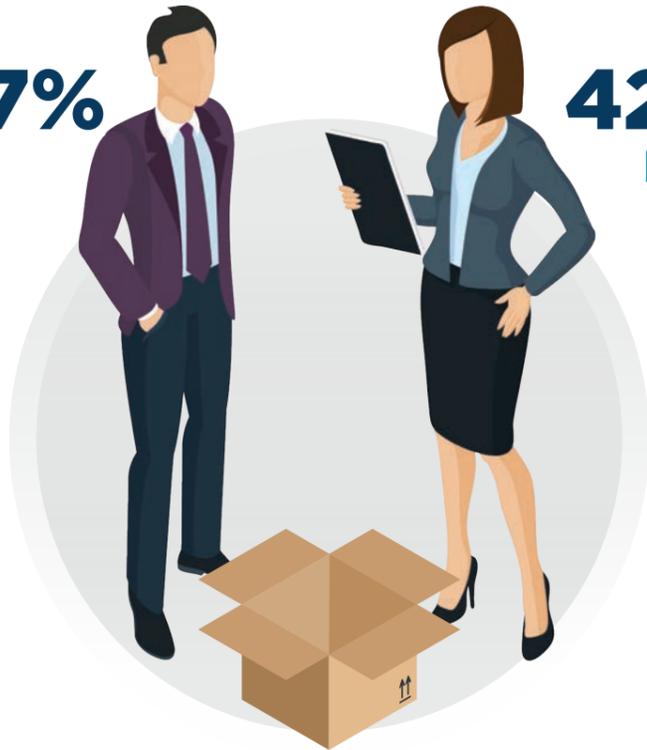


CUSTOMER PROFILE FOR DOMESTIC USERS

GENDER OF ALL CUSTOMERS THAT SIGNED UP FOR STORAGE

GENDER

56.7%
MALE



42.9%
FEMALE

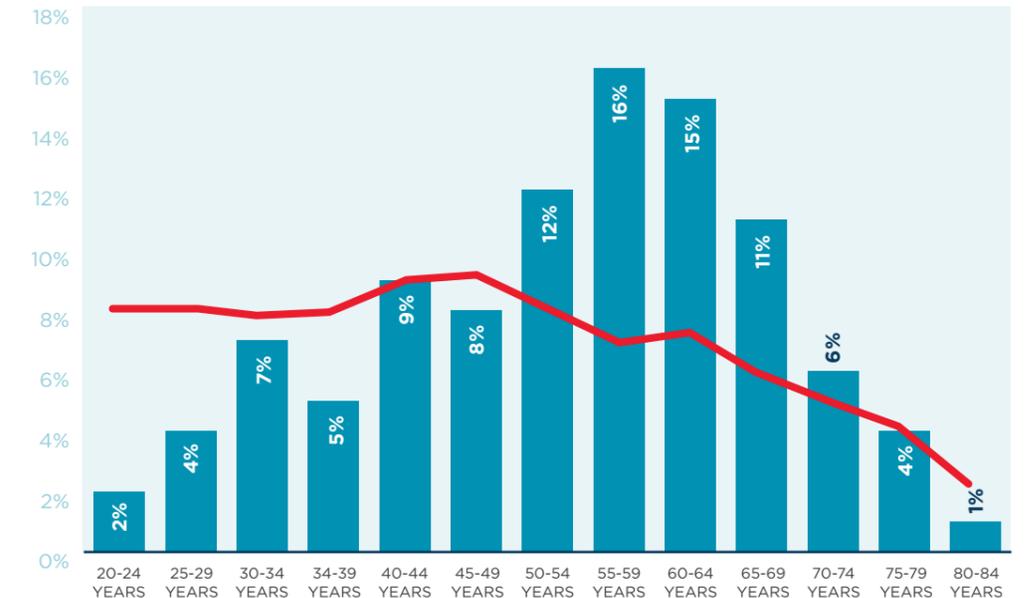
0.4% OTHERS

This graph shows the percentage of male and females that took out the initial self storage contract. It has remained broadly the same over the past 5 years. Measuring the mix of customers that actually use self storage is more complicated as often multiple people use the same unit. For example, a husband and wife where only one put their name on the contract.

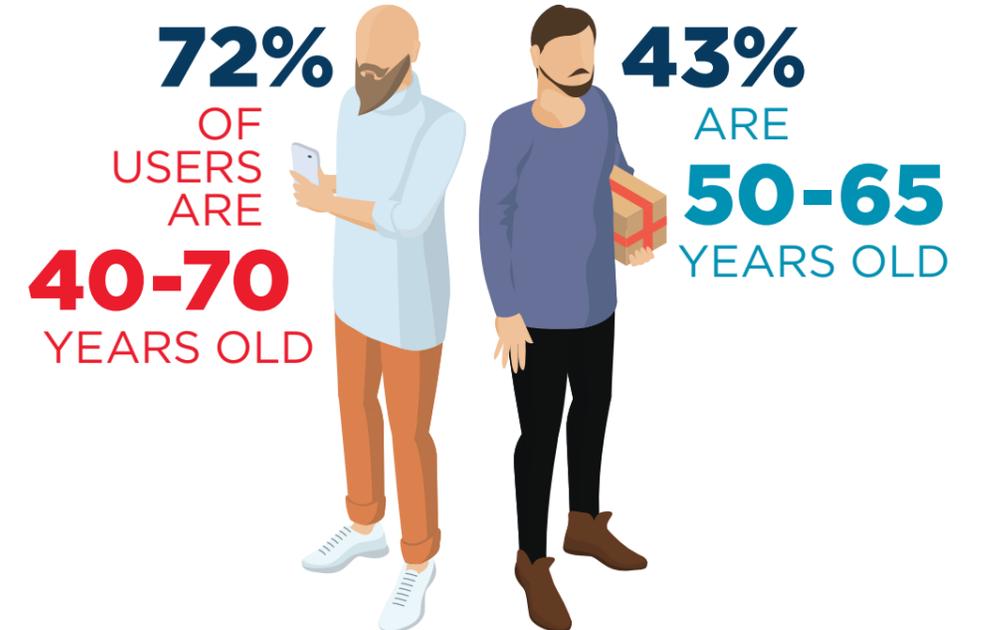


AGE

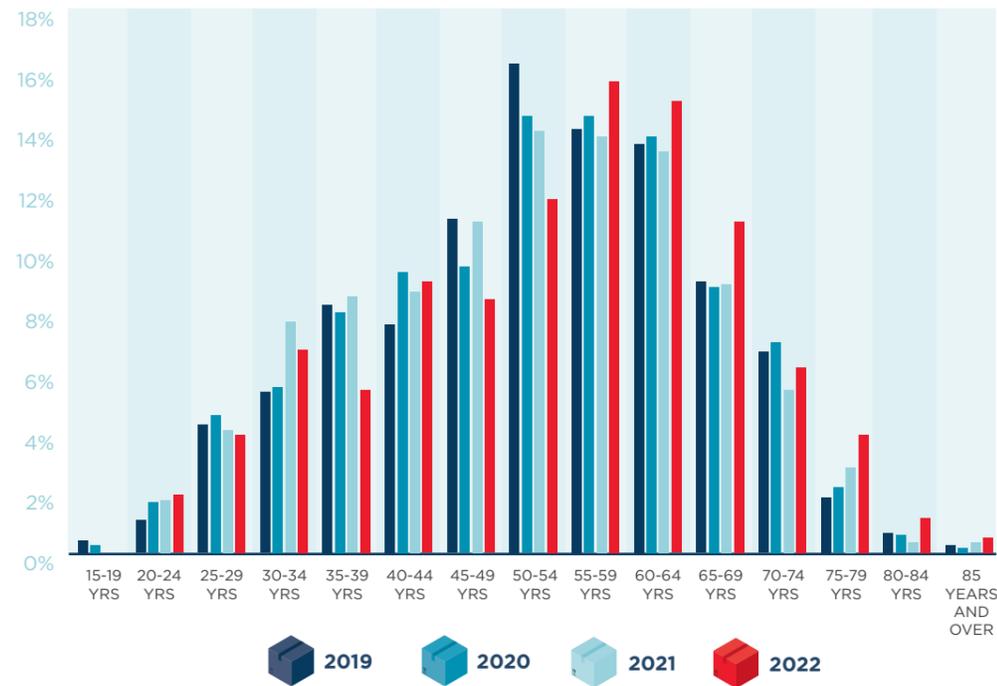
AGE PROFILE



SURVEY **NATIONAL**



Only 16% of users are currently aged under 35. Younger people have fewer possessions generally and less money for discretionary spend of this type. They are also less likely to have gone through the life changing moments that can lead people to self storage. The timing of the survey also reduces the likelihood of student storage as this is more common in the summer months.



When considering these results over time it is evident that the average age of a self storage customer is increasing. The number of people using self storage aged under 40 is in decline, while those aged over 55 is increasing. This trend has only become prominent since 2019 so there is the possibility it could be pandemic related. It is of some concern to the industry that operators are not attracting as many younger people to use self storage as they would like, and this could impact the long term demand for the product. One potential reason could be linked to the housing market. With ever increasing house prices, it is difficult for younger people to step on to the housing ladder for the first time.

PREVIOUS USE

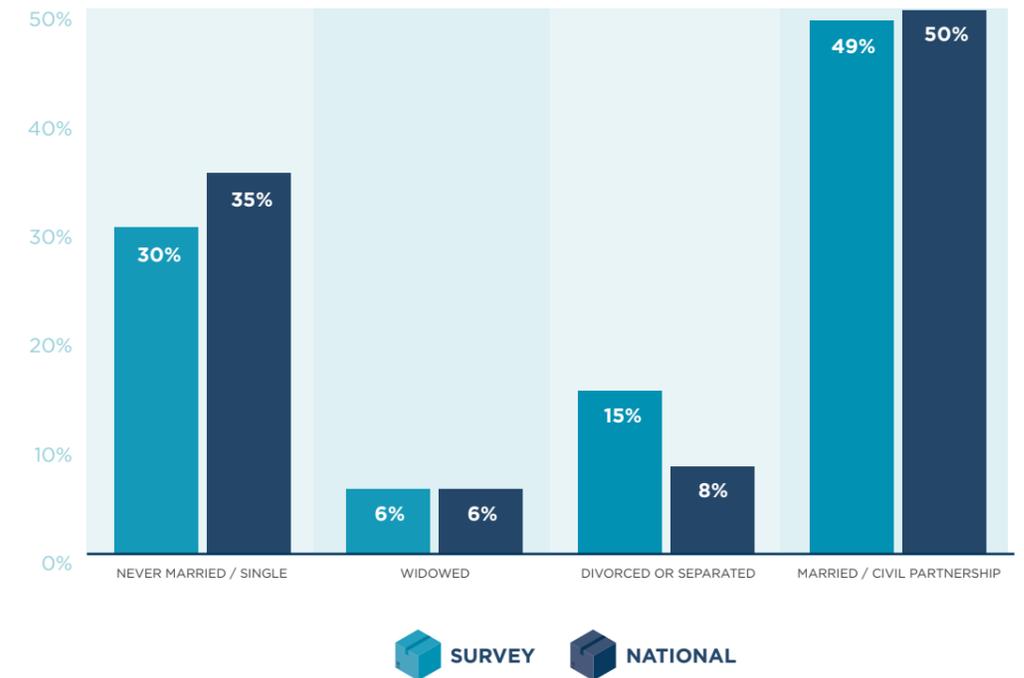
HAVE USED BOTH THIS AND ANOTHER STORE PREVIOUSLY	9.4%
HAVE USED THIS STORE PREVIOUSLY	9.8%
HAVE USED ANOTHER STORE PREVIOUSLY	21.9%
TOTAL THAT HAVE USED STORAGE PREVIOUSLY	41.2 %

Considering only around 2% of the population are using self storage, it is interesting to note that over 41% of current users have used self storage previously. This further reinforces the importance of growing the market, as repeat custom is common. This figure has been mostly stable around the 41% level over the last 5 years. This further reinforces the notion that once people experience self storage they see value in it, and in this instance, become repeat use customers.



MARITAL STATUS

MARITAL STATUS

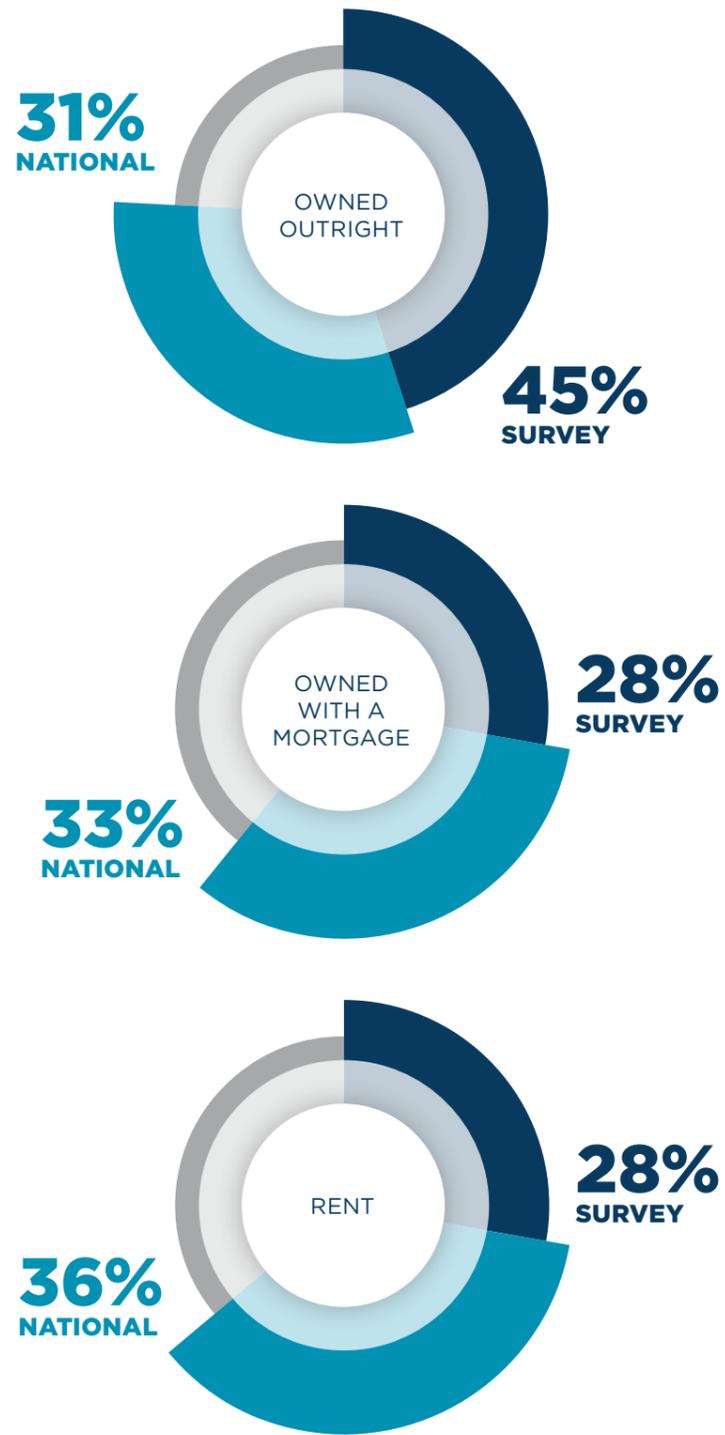


Breaking a relationship or losing a partner are one of the life changing moments that bring people to self storage. Once into self storage these customers often find it a useful resource as they begin the next chapter in their lives. Hence, the reason divorced or separated people have a higher likelihood of using self storage. This year the number of widowed customers increased, bringing it up to the national average, largely at the expense of married people who fell back below the average. The challenge for self storage operators is to respectfully market to people that are going through a relationship breakdown as they are almost twice as likely to use self storage as those in a relationship.





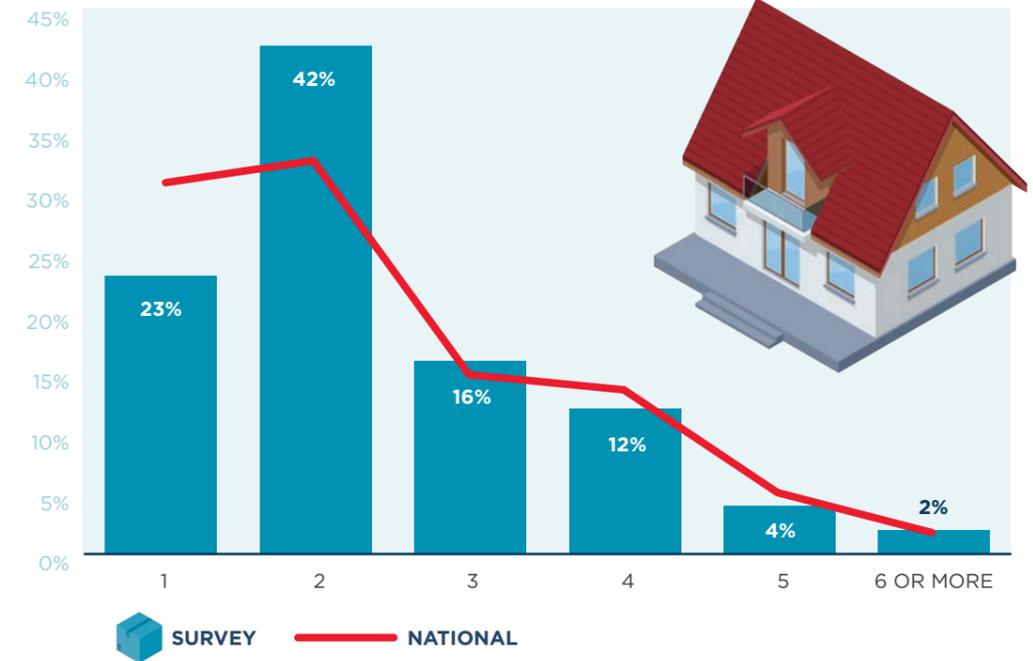
TENURE OF RESIDENCY



There is clear indication that people owning their own home are more likely to use self storage compared with renters. This trend has been gradually increasing over the last 4 years, with owned outright up from 40% to the current figure of 45%. This ties into the other demographic data that suggests customers tend to be older and wealthier, and would also more likely own their own home.

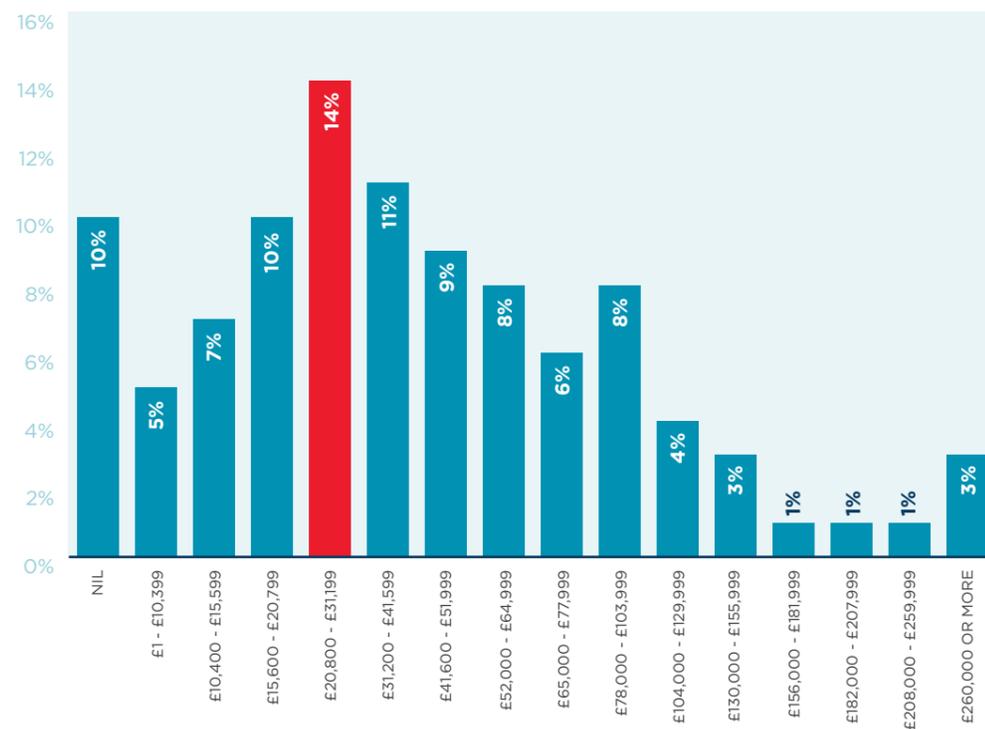


NUMBER OF PEOPLE IN THE HOUSEHOLD

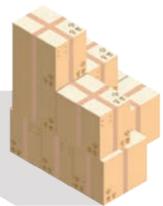


This chart shows that self storage is more likely to be used by couples rather than singles or families. Previous data on the age of customers showed most were over 40, which would remove many of the young singles from the national average. The age demographic of users also supports the concept that many users may have families no longer living at home. However, the higher use by divorcees and separated couples would lead to an increased use by singles. This data has remained relatively stable over the past 5 years.

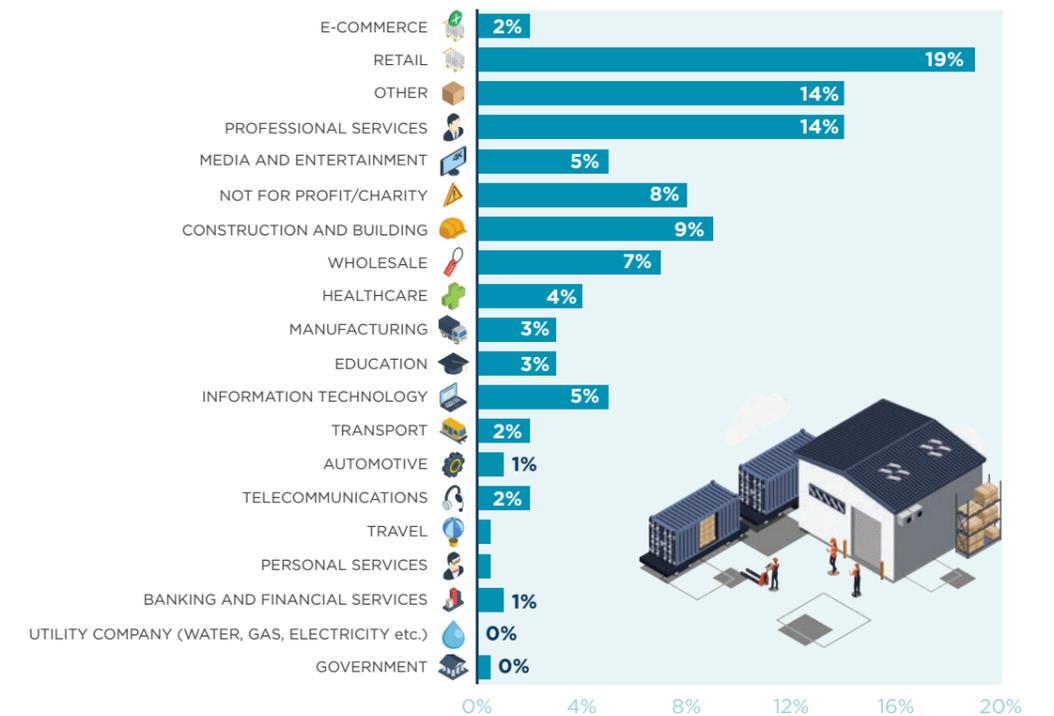




As you might expect, self storage customers tend to earn more than the national average, with 55% of customers earning above the average UK household earnings of £400-£599 per week. However, the industry is attracting more lower income customers as this figure has been decreasing and dropped significantly this year, down from 61%. More customers in the £300 - £399 a week bracket are using self storage and the number reporting nil income has remained high since the pandemic in 2020. Self storage remains a discretionary spend for most customers and it will be interesting to see if the growing levels of inflation influence this figure in the coming 12 months.



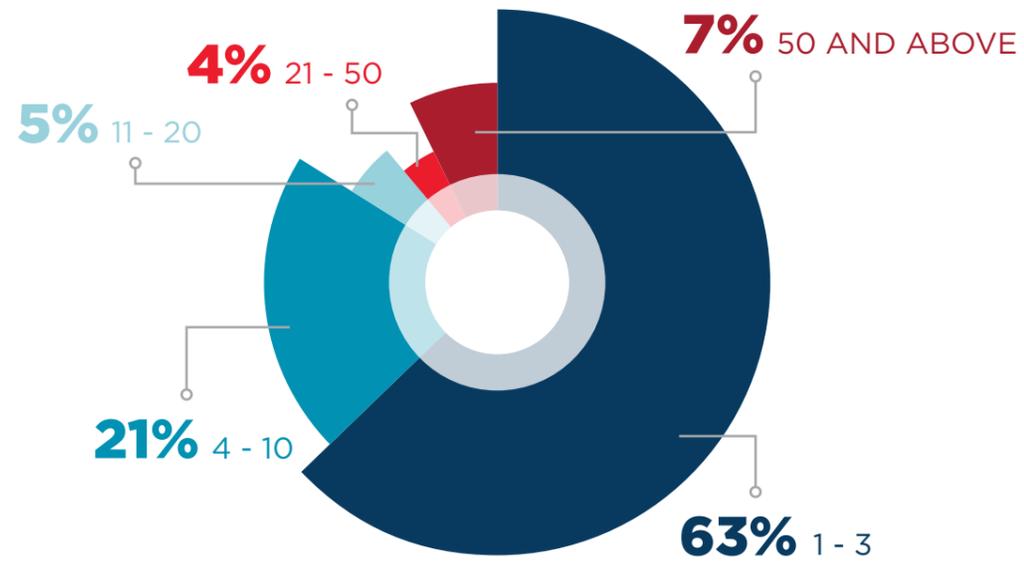
CUSTOMER PROFILE FOR BUSINESS USERS



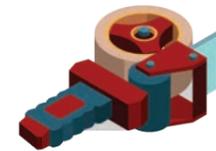
One of the benefits of self storage is that it has a diverse range of customers, as this chart shows. The industry is not reliant on any one sector or customer group. This year the number of retail customers and e-commerce customers reduced. This is likely as a result of the impact of the pandemic on retail as the government subsidies were wound up. Travel as a reason to use self storage has returned, but only to around half the level of pre-pandemic levels. IT use increased to 5% from historic levels of 1% - 2%. Professional services remain a major driver of business customers at 14%, although their use has been in decline over the last 5 years, down from 19% in 2017 to 14% in 2022.



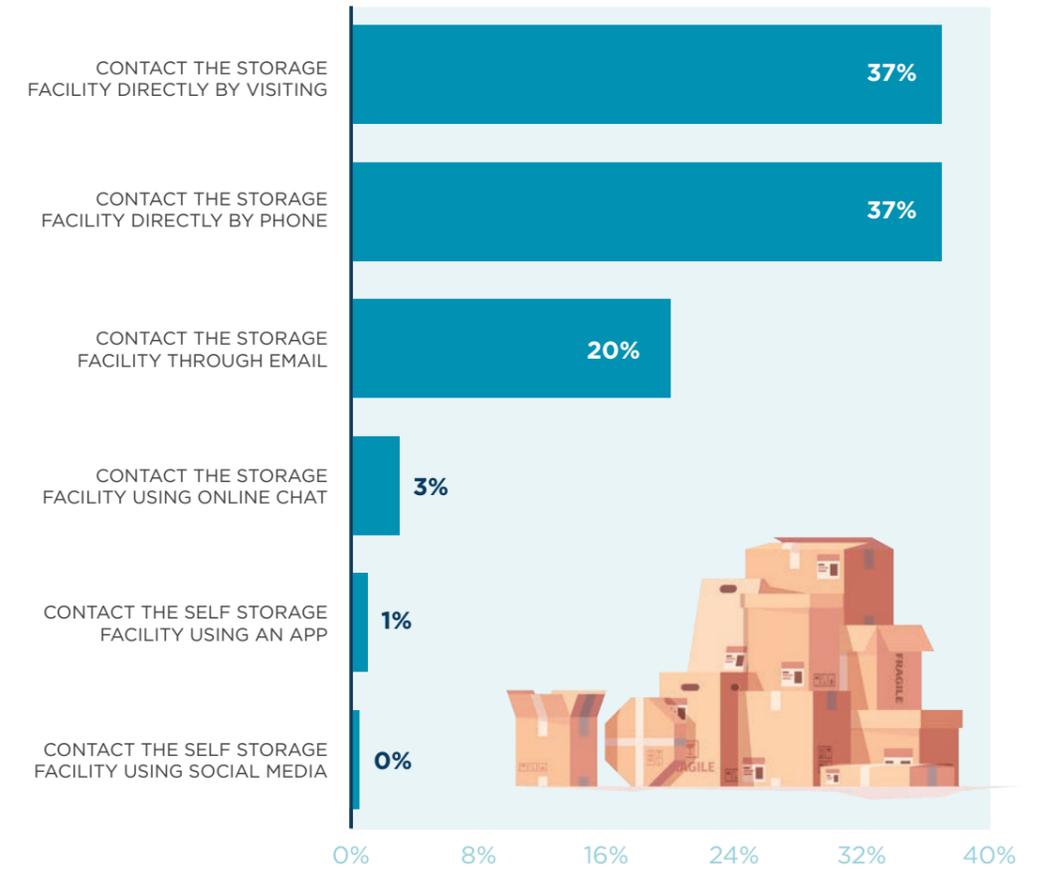
HOW MANY EMPLOYEES IN YOUR BUSINESS?



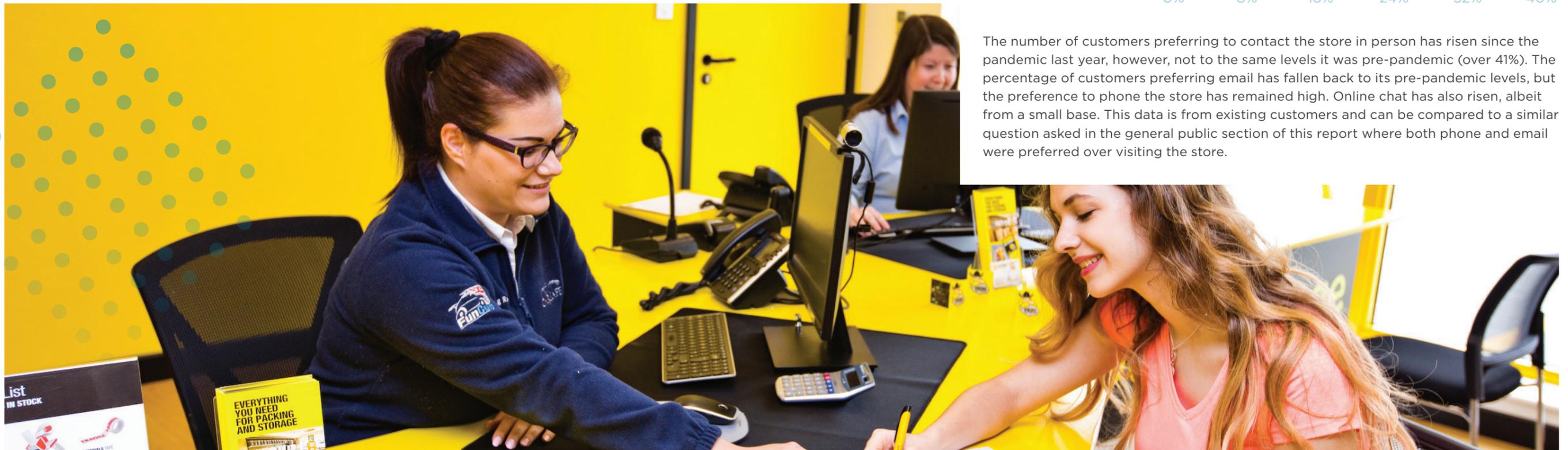
As one would expect, self storage is used more by small enterprises, with 84% having no more than 10 staff and most 3 or less staff. There has been a marked increase in the number of businesses with 1-3 staff using self storage, up from 59% last year and 50% in 2017. The pandemic appears to have reduced the number of larger businesses using self storage and as yet they have not returned. However, it should be noted this survey may not have been responded to by many of the very large businesses that use self storage because they have a national account. Also, the survey may have not been sent to the correct person for completion, ending up with the accounts or sales department instead.



PREFERRED METHOD TO CONTACT A STORE



The number of customers preferring to contact the store in person has risen since the pandemic last year, however, not to the same levels it was pre-pandemic (over 41%). The percentage of customers preferring email has fallen back to its pre-pandemic levels, but the preference to phone the store has remained high. Online chat has also risen, albeit from a small base. This data is from existing customers and can be compared to a similar question asked in the general public section of this report where both phone and email were preferred over visiting the store.

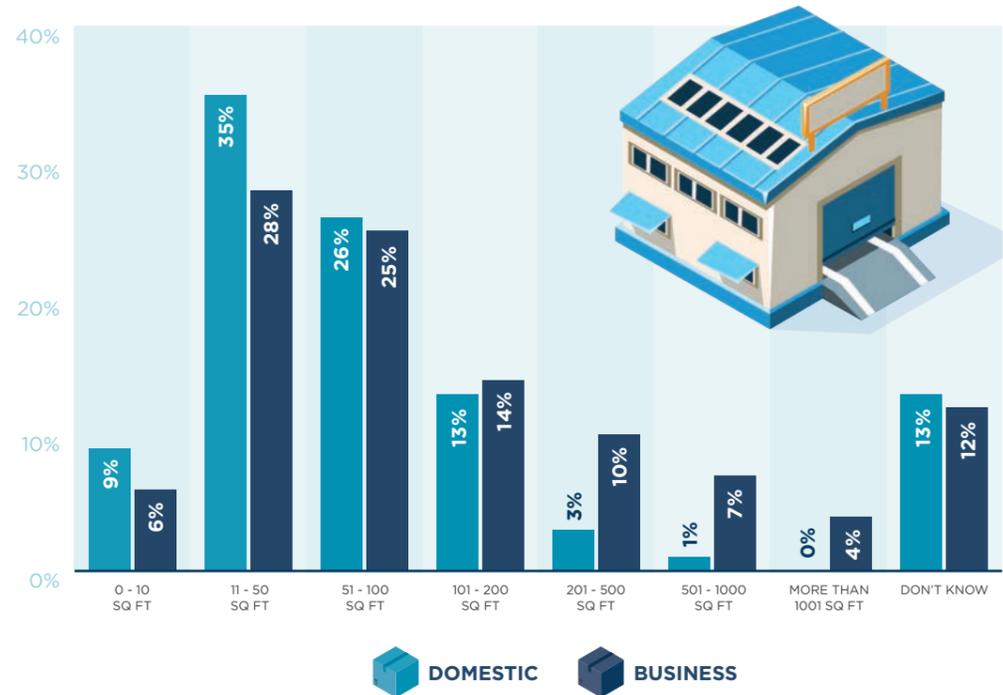




PATTERNS OF USE

SIZE OF UNIT OCCUPIED

DOMESTIC/
BUSINESS
SIZE OF UNIT
OCCUPIED



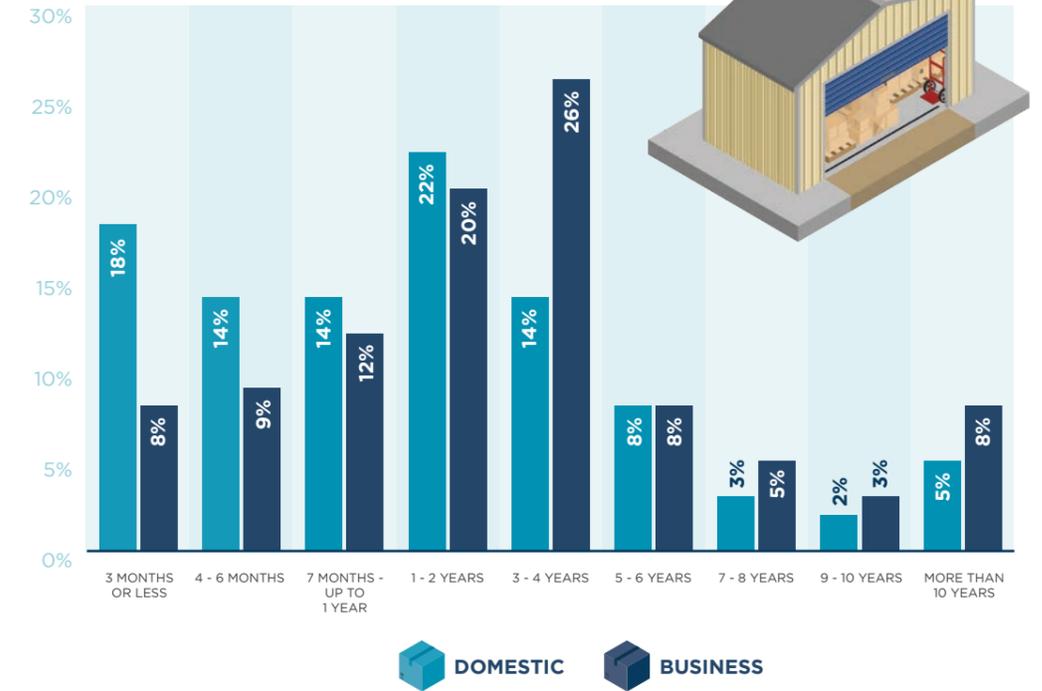
In last year's survey there was a movement by commercial customers to take smaller sized units, possibly as a result of downsizing their storage needs during the pandemic. This has mostly been reversed this year with the data reverting to historical norms for business customers. The high level of **don't know** answers further demonstrates that customers struggle with unit sizes, even when they are using the unit.

It should be noted that self storage units are rarely priced on a linear scale. Smaller units are almost always priced at a higher price per square foot compared with larger units. So, a store with fewer smaller units will likely be getting a lower yield on the store as a whole. It is not uncommon for a store to open with more large units which are often broken down into smaller units when the store reaches a more stabilised level of occupancy. While operators would often prefer more smaller units at maturity, customer demand and historical build and unit configuration will ultimately dictate the unit mix.



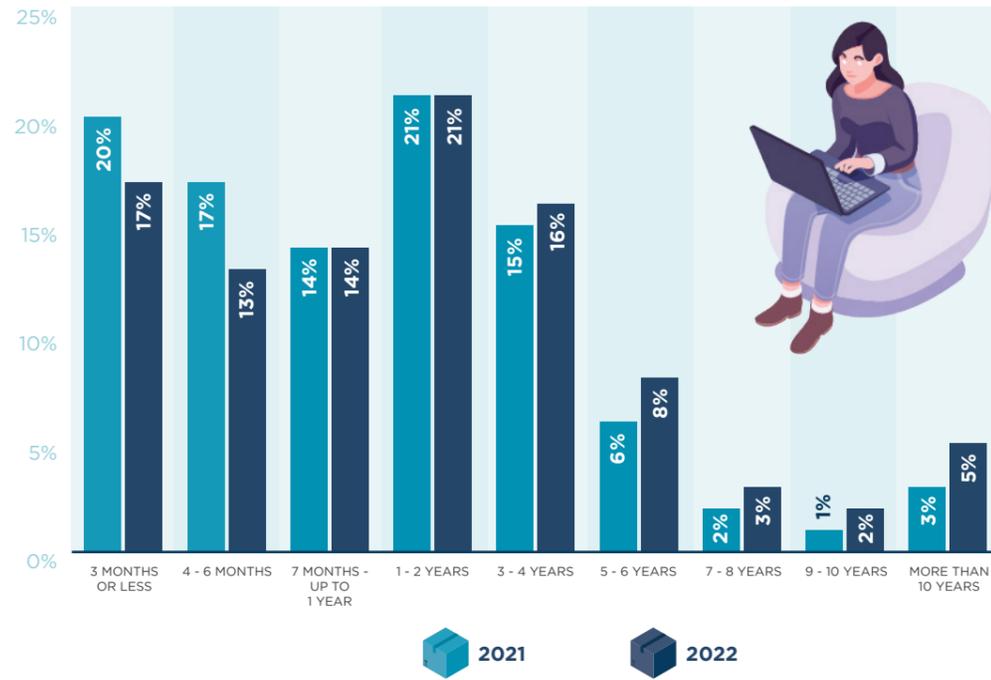
HOW LONG HAVE YOU HAD YOUR CURRENT UNIT?

DOMESTIC
BUSINESS
DIFFERENCE



Since the pandemic there has been an increase in the time customers have been keeping their unit, particularly from domestic customers. The 2021 report showed 43% of domestic customers had their unit for less than 6 months, this year it has dropped to 32%. It seems that customers that moved in during the pandemic are less likely to leave. In 2020 this could have been attributed to lockdowns and people not being able to easily move their goods. Over the last 12 months the impact of lockdowns has lessened and customers could more readily move out if they chose to, yet the length of stay is continuing to increase. This would be contributing to the increased levels of occupancy within the industry and it will be interesting to see if the pattern is sustained in the coming 12 months.

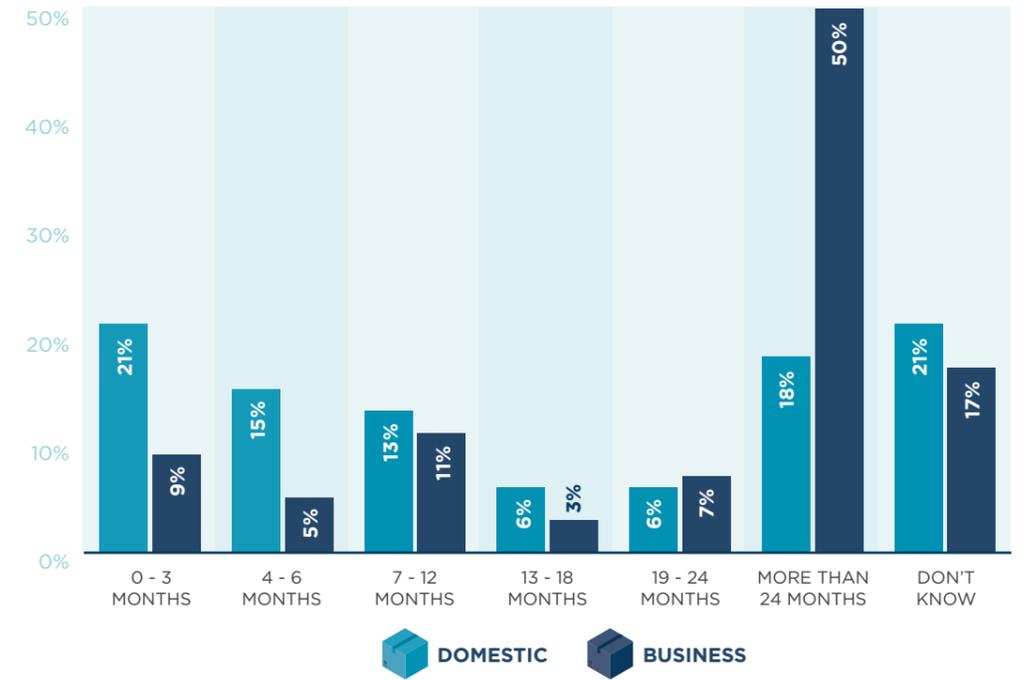




This data is taken at a fixed point in time and does not factor intended length of stay. Self storage customers usually fall into 2 groups, short term, up to around 9 months, and long term which stay for 2+ years. Most domestic customers first rent their unit based on a short term need and only intend to stay less than 9 months. However, once they start using the service many customers appreciate its benefit and end up staying for a much longer period.



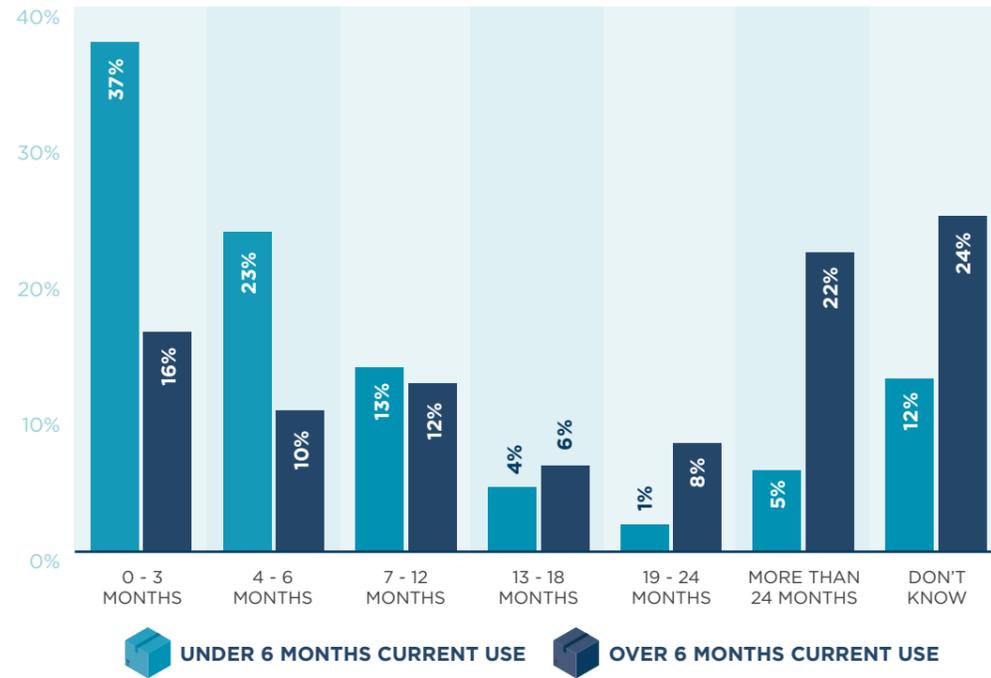
INTENDED LENGTH OF USE



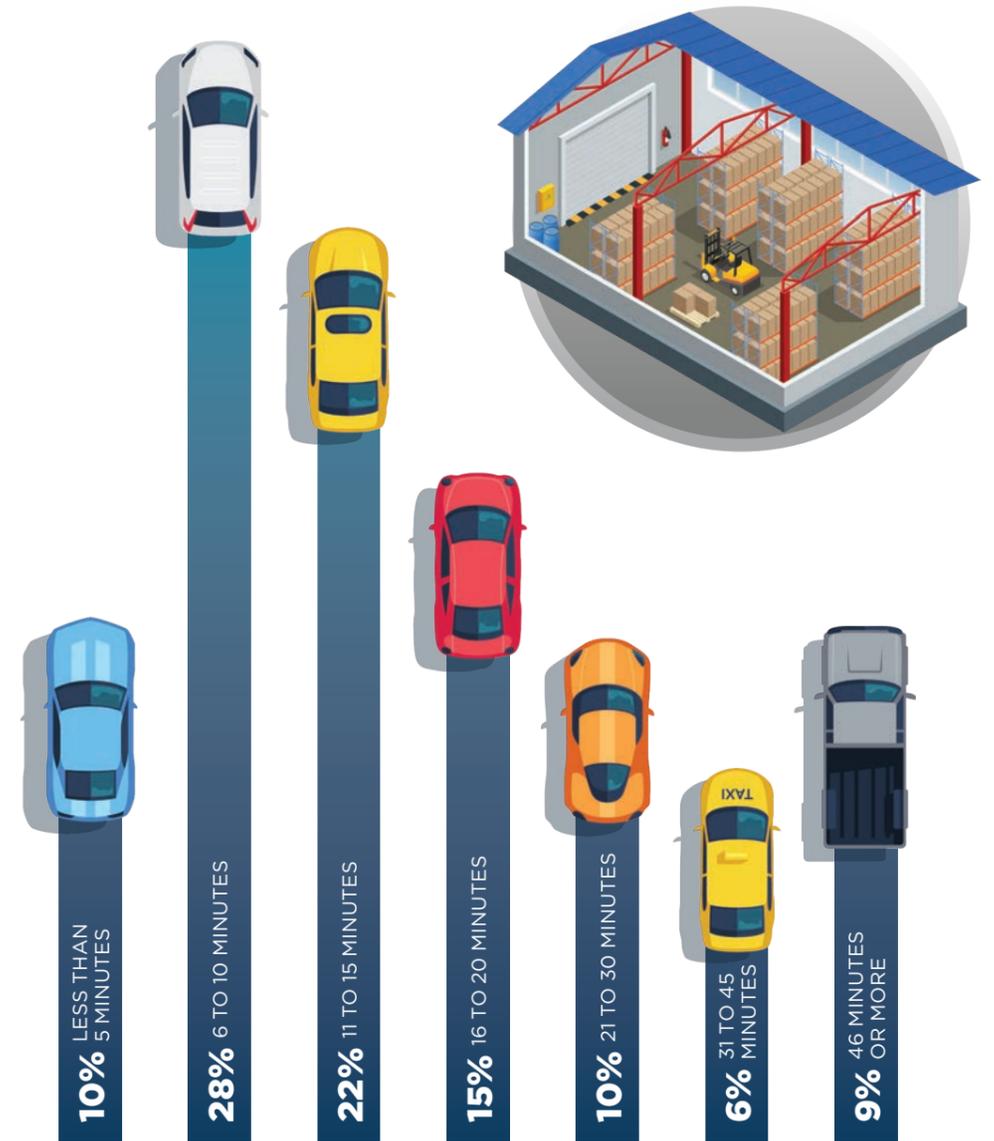
This chart shows clearly that business customers tend to stay longer than domestic. However, it also shows 18% of domestic customers intend to stay for more than 24 months. Most domestic use customers intend to use self storage for less than 6 months when they first take out their unit. We see this when they complete their initial contracts and select an intended move out date. Yet as previous data shows, 57% stay over 6 months and 44% over a year.



INTENDED USE BY LENGTH OF STAY FOR DOMESTIC CUSTOMERS



TIME TO TRAVEL TO YOUR SELF STORAGE STORE



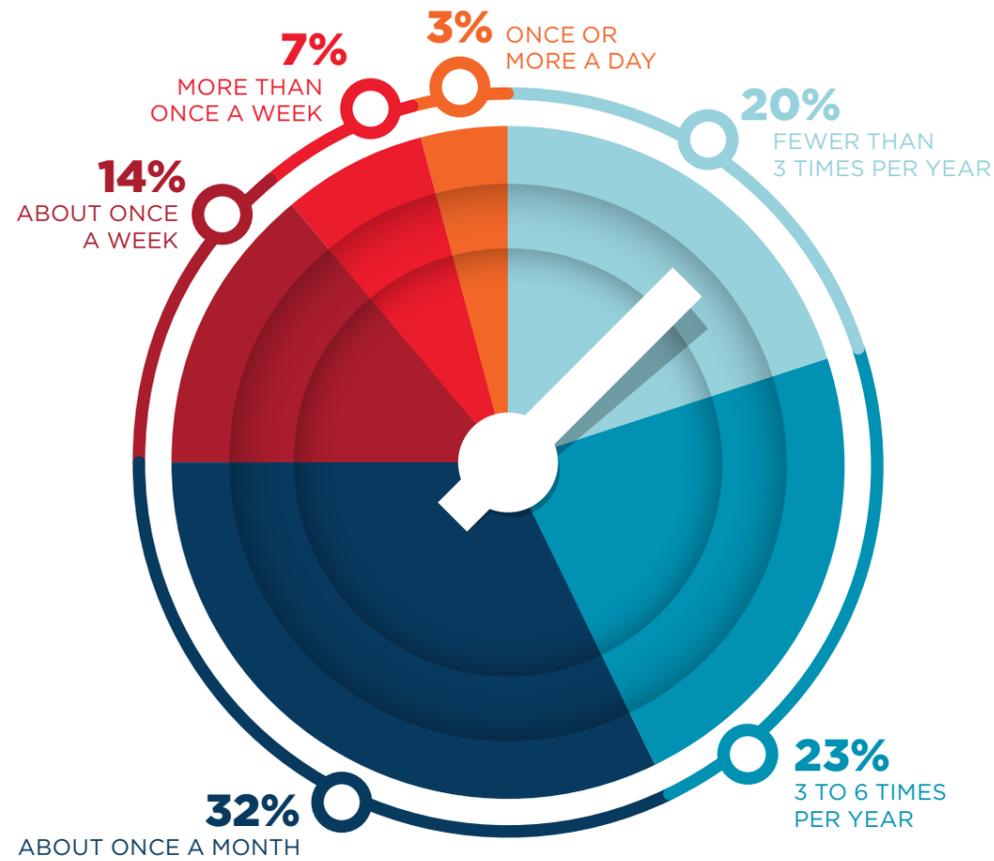
The split between long term and short term domestic customers is shown clearly here where the expected length of stay is broken down between customers that have already stayed in their units for less than 6 months, and those that have stayed over 6 months. Here you can see that customers that have only stayed for 6 months or less believe that they will only stay in storage a short time, but once they stay over 6 months there is a big shift to expect to stay for longer, 22% staying 2 years or more. You could probably assume the **don't knows** would also likely stay for a longer term, as if they intended to move out sooner, they would indicate as such. The challenge for self storage operators is to convince more domestic customers to stay beyond the 6 month period and convert into long term customers.



It is well established that self storage is very much a location-based business. The data supports this with 60% of respondents travelling 15 minutes or less and 75% travelling 20 minutes or less to their self storage store. Customers in more regional areas may have to travel over 20 minutes to find their nearest store, while most cities now have a much higher density of self storage supply with a range of stores within a 20 minute commute of most customers. This year the number of respondents travelling less than 5 minutes dropped from 14% to 10% while the number travelling 46 minutes or more increased from 5% to 9%. As the cost of fuel increases in the coming 12 months, coupled with a high rate of inflation, this could further influence customers to find a store closer to their home or business.



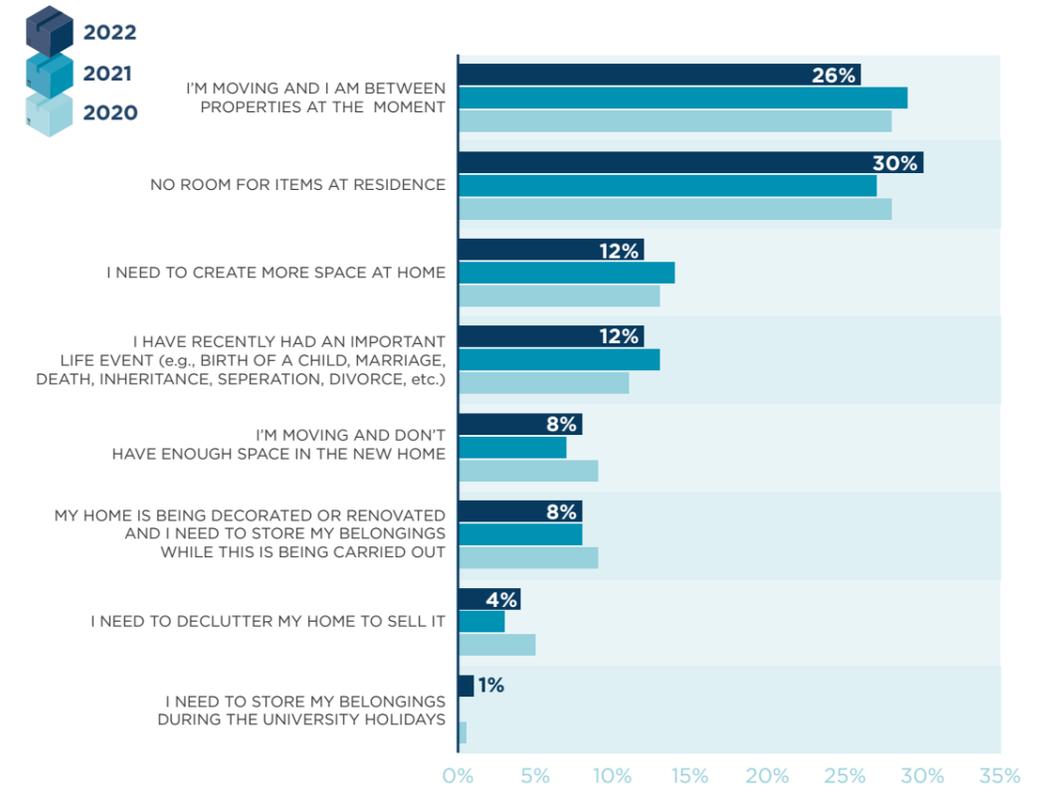
VISITS



A total of 75% of customers visit their unit once a month or less. This result has not changed significantly since the pandemic, however, there was a small drop in daily visitors this year and an increase in fewer than 3 times a year. Self storage is often perceived as a high traffic business. However, this data suggests the contrary with very few customers accessing their unit daily or even weekly. Of those that do, the vast majority are commercial customers.



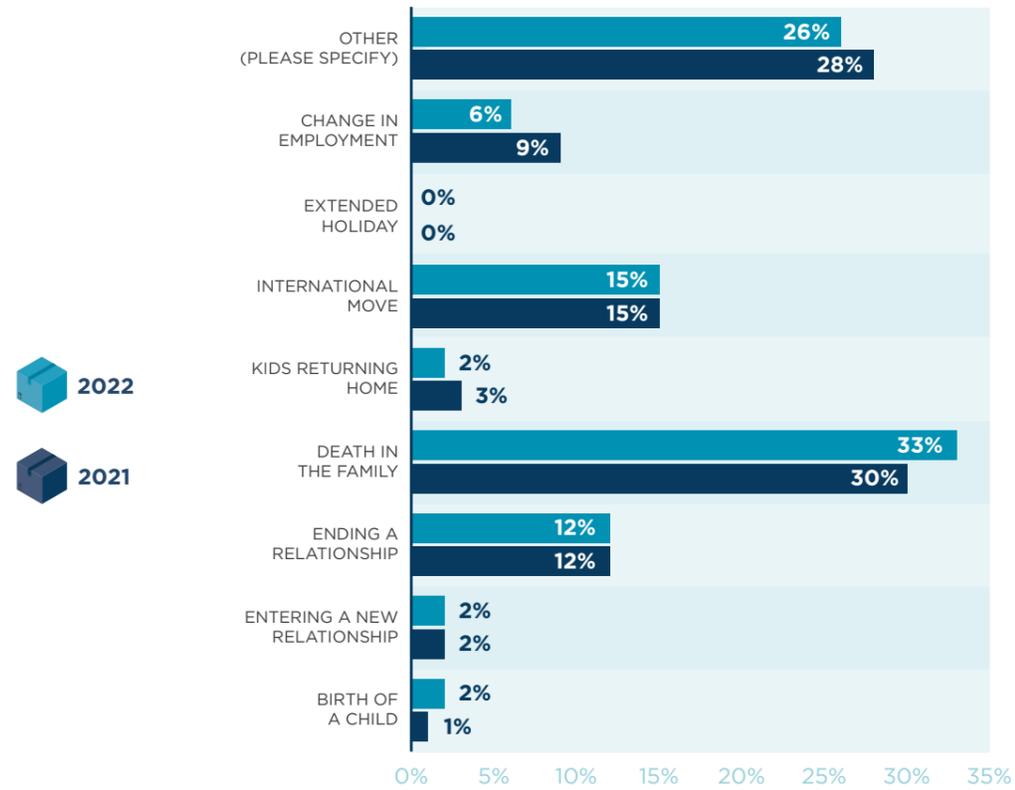
REASONS FOR USING STORAGE PERSONAL CUSTOMERS



The number of customers using self storage as they were moving house declined this year. This could be a result of the stamp duty holiday expiring during 2021. General storage due to lack of space at home increased. Moving house and reasons associated with this such as decluttering to sell do make up the largest amount of domestic customers, but this is still below 40% of domestic customers and less than 30% of all customers. One of the benefits of self storage is that it is not reliant on a single group of people or industry to source customers. A diverse group of people use self storage for a range of reasons, so if the property market does stall, customers will come from other places. The industry is designed to have a constant churn of customers and they do not usually have anchor tenants or customers taking a significant portion of storage space. This means that self storage businesses rarely get significant fluctuations in occupancy in a short period of time. Once a store reaches maturity, occupancy rates usually only move 1 or 2% in any given month if at all



WHAT LIFE CHANGING MOMENT BROUGHT YOU TO SELF STORAGE?



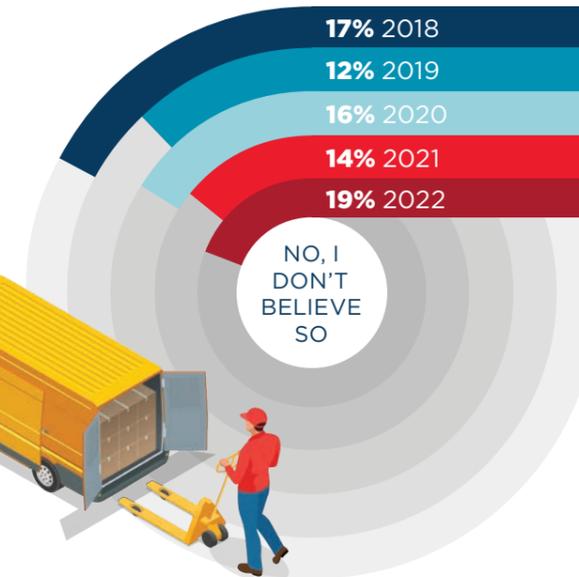
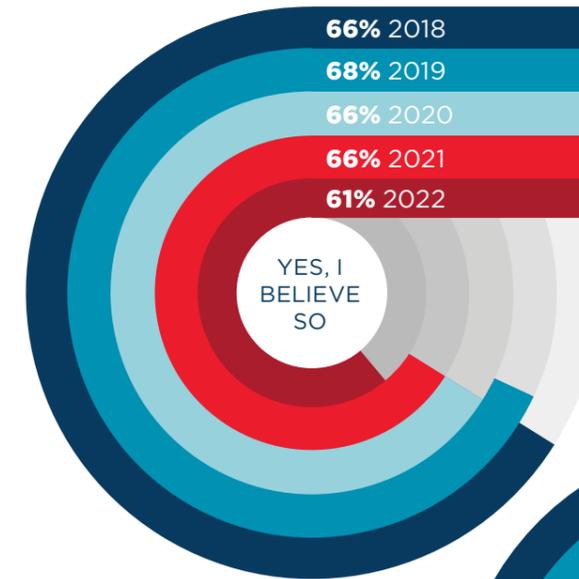
This question was introduced in 2021 and is answered by those respondents that indicated they were using storage due to a life changing moment. Not surprisingly given the ongoing restrictions on international travel at the time of completing the survey, no respondents were on an extended holiday. Death in the family remains the most common of the listed items to bring people into self storage. This again poses a challenge to self storage businesses in terms of marketing with respect to families that may be grieving a lost family member, but need somewhere to store their sentimental items. Some operators are using social media for this, providing advice for people as well as promoting their service.

Of the respondents that indicated other, common reasons were COVID or other medical reasons, parents moving in with other family members or death of a friend.



OBSERVATIONS ON THE INDUSTRY

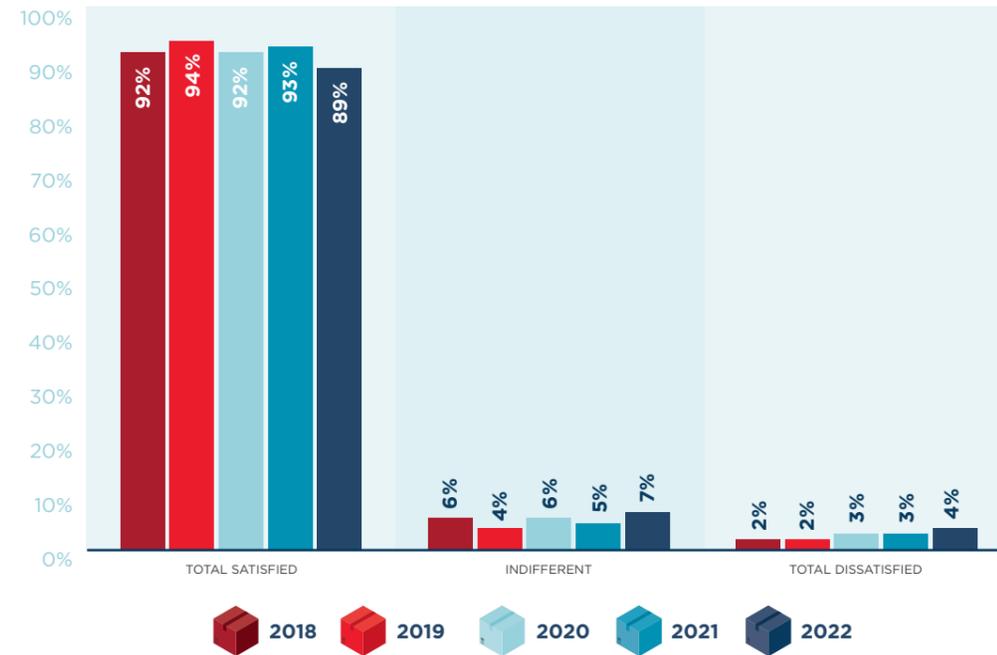
PERCEPTION OF VALUE FOR MONEY



The perception of value of self storage dropped for the first time this year, although with only 19% of customers saying it is poor value, the overall perception of value remains high compared to many other industries. As occupancy rates and inflationary pressures increased towards the end of 2021, many operators increased their prices, some at higher levels than previous years. This could have impacted perception of value.



SATISFACTION WITH SERVICE

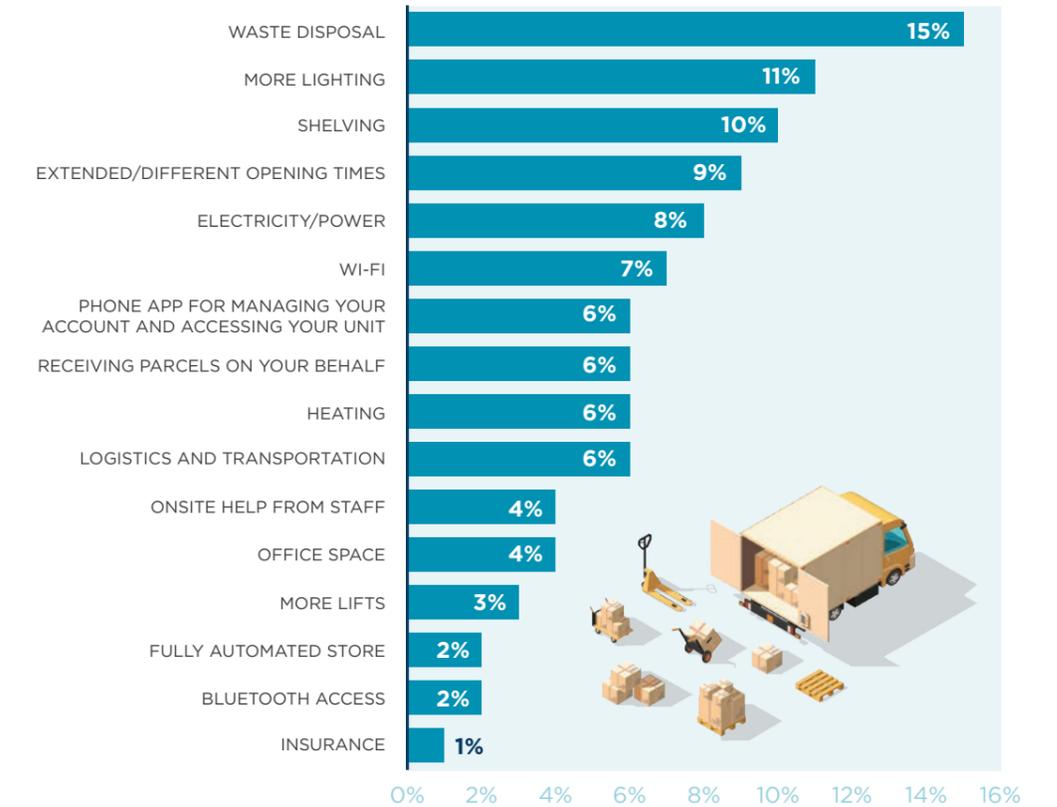


Satisfaction levels dropped below 90% for the first time this year with a similar percentage point drop to that in the question of value. The industry historically has shown exceptional customer service once the customer is in store. This is evidenced through mystery shopping results as well as this survey. Next year's results will help show if this is an anomaly or the start of a new trend. Dissatisfaction also rose slightly, but at 4% this is much lower than most other customer facing industries.



ADDITIONAL SERVICES

When asked if they thought their store should offer additional services, 17% of customers said yes while 39% said they did not know. When given a list of potential services that could be offered, waste disposal was the most popular.



These results have not changed significantly from last year. The biggest change was lighting moving from 9% to 11%. This chart gives operators an idea of additional services that they could potentially charge customers for use of as a value added service. Some operators do not like offering waste disposal as this can lead to overflowing bins and customers using the self storage store as a free dump for everything they don't want. The cost of rubbish disposal is also rising.





HOW DID YOU FIRST LEARN OF YOUR SELF STORAGE STORE?

RESEARCHING SELF STORAGE



LOCAL KNOWLEDGE - AWARE OF THE LOCATION OF THE BUSINESS
39.14% 2019
35.95% 2020
33.08% 2021
34.41% 2022



SOCIAL MEDIA - FACEBOOK, TWITTER, YOUTUBE, PINTEREST, etc.
0.73% 2019
0.61% 2020
0.47% 2021
0.69% 2022



TELEPHONE DIRECTORY
0.81% 2019
0.56% 2020
0.38% 2021
0.15% 2022



LOCAL PAPER
0.73% 2019
1.00% 2020
0.56% 2021
0.38% 2022



ONLINE ADVERTISEMENT
1.38% 2019
1.39% 2020
1.13% 2021
1.53% 2022



REFERRAL FROM FRIEND OR FAMILY
11.64% 2019
11.85% 2020
11.75% 2021
9.81% 2022



INTERNET SEARCH
39.79% 2019
43.24% 2020
46.33% 2021
48.28% 2022

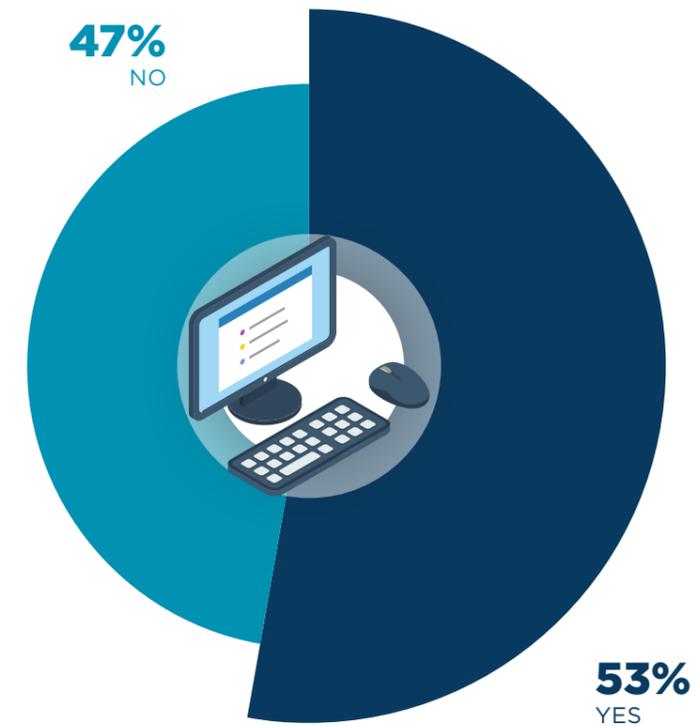


BILLBOARD SIGNAGE/BUILDING ADVERTISING
5.78% 2019
5.40% 2020
6.30% 2021
4.75% 2022



Not surprisingly, more customers are using the internet to find their local self storage store and this has increased year on year. Store presence still accounts for 1/3 of responses and this rose again this year, supporting the philosophy that operators should be looking for a good high exposure self storage site. Referrals remain the 3rd most common means of finding a store, considering that only 2% of people are using self storage this is quite high, as you presumably must have used the service or know someone that has, to recommend it. Telephone directories and local papers are dwindling to insignificance, now both below social media.

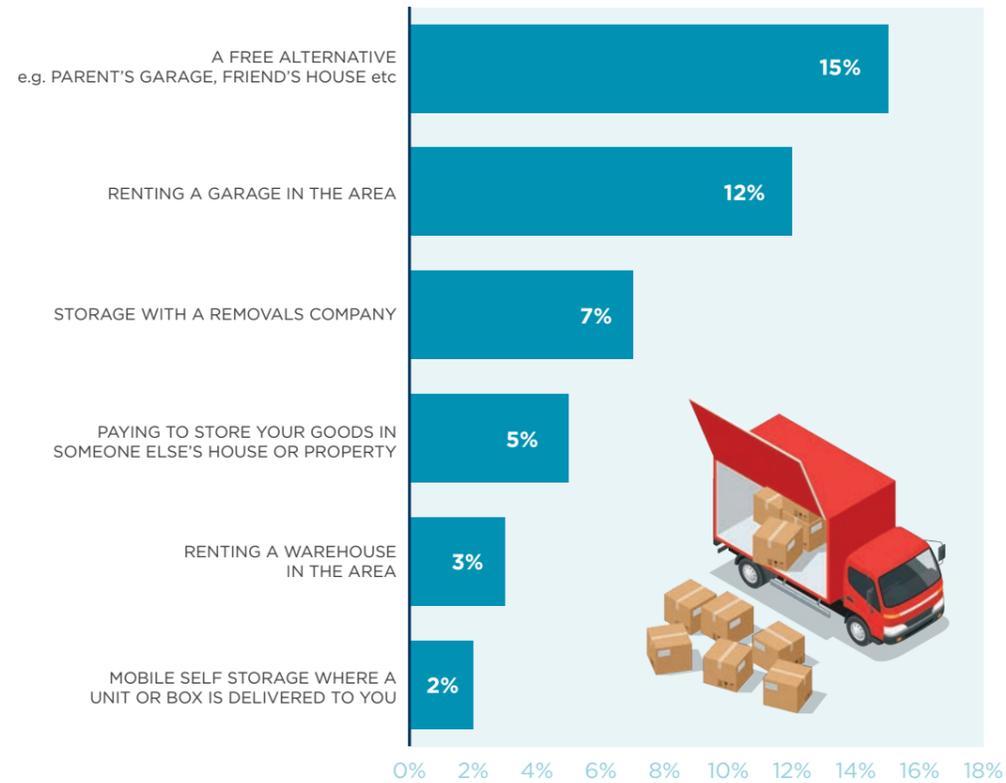
IF YOU INITIALLY LEARNED ABOUT YOUR STORAGE STORE OFFLINE, DID YOU THEN SEARCH ONLINE FOR MORE INFORMATION?



This decreased for the first time this year. Combined with customers that said they initially learned about their store online, this means that 73% of customers used the internet to assist them in their research.



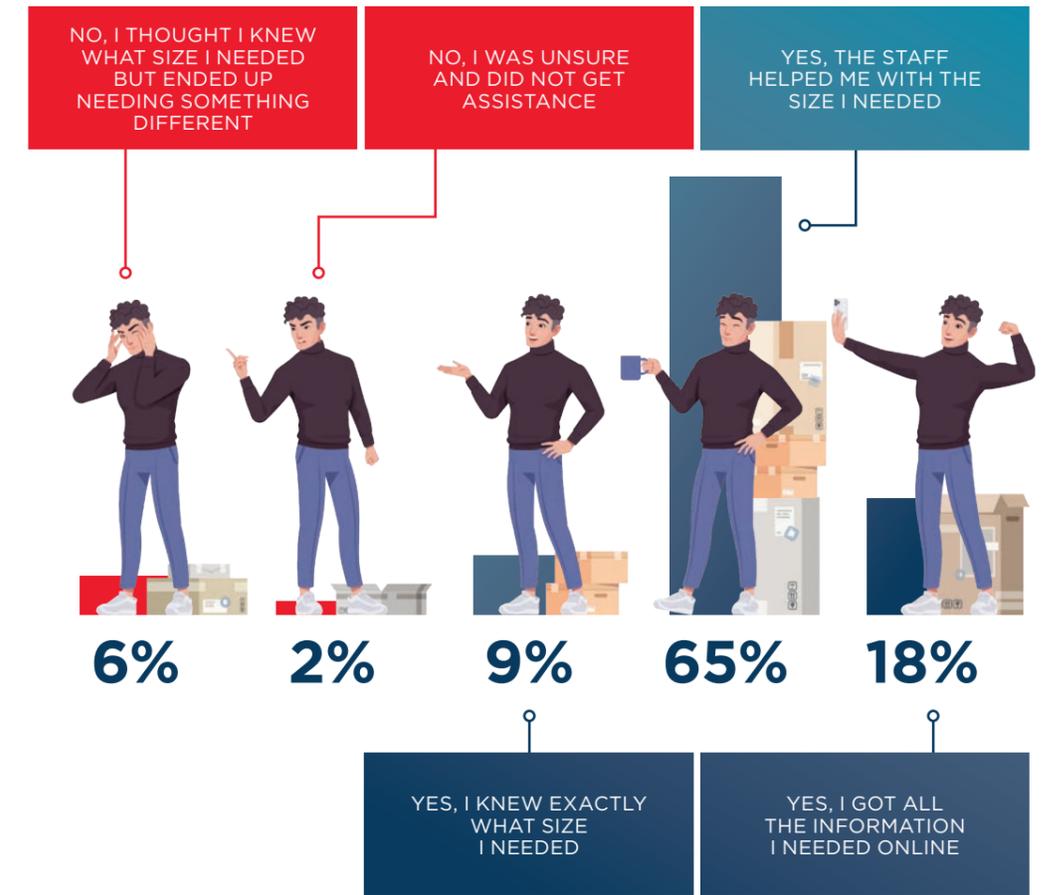
**OTHER
OPTIONS
CONSIDERED?**



The so called disruptors of the self storage industry are mobile storage and peer to peer storage where you pay to store your goods in someone else's house. Yet this would indicate they are not being considered by the customers that use self storage, with only 2% of customers considering mobile storage and 5% paying to store in someone else's house. These numbers have not increased in the last 3 years. A self storage businesses' biggest competitor, other than other self storage stores, is a free alternative in someone else's house or garage. Maybe the risks of storing in someone else's house could be targeted in marketing programmes. There are some operators in the USA that have successfully done this.



**WAS
CHOOSING
THE SIZE
EASY?**



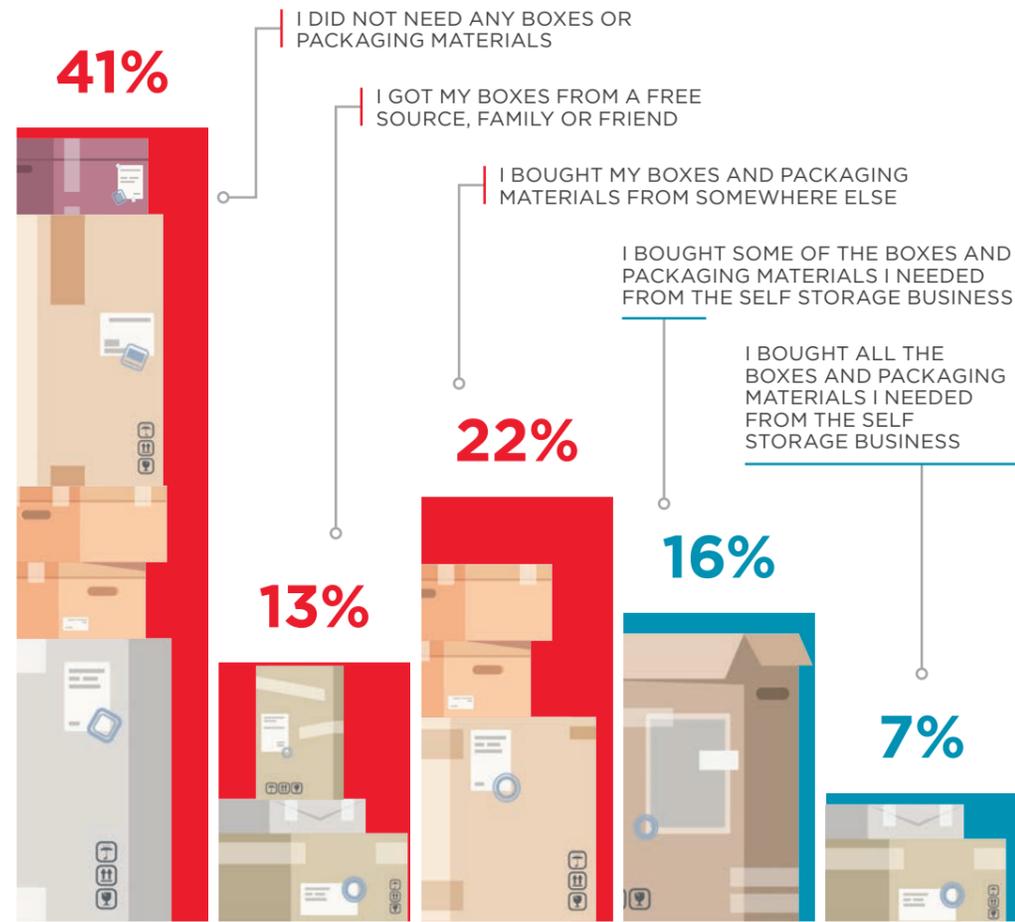
38% OF CUSTOMERS LOOKED AT AN ONLINE REVIEW SITE BEFORE SELECTING THEIR SELF STORAGE UNIT

This has dropped slightly on last year, but is still a big increase on 2020 where only 20% used a review site. Google reviews was the most popular site, followed by Trustpilot. Facebook was the only platform to have less people use it than previous years. Interestingly, 1/3 of people that said they used a review site could not recall the name of the site they used.

This shows that self storage businesses need to be managing their online reviews, particularly on Google. This is an area that many independent operators do not dedicate specific time or resources to. Businesses should be responding to reviews promptly with personal responses. Not only does this show people reading reviews that they are a pro-active business engaging their customers, but it will also increase their google SEO and Business ranking.

There was a slight increase in the number of customers that answered no to this question. Also, since the pandemic, there has been a shift from getting assistance from staff in store to getting the information they need online. It can be difficult to visualise how much space you really need to hold all your goods when packed correctly. This is an area that most stores focus heavily on during the sales process. It is more challenging to do this online and there are various types of space estimators on self storage websites to assist with this.

DID YOU BUY BOXES OR PACKAGING MATERIALS



After a dip during the pandemic last year to 19%, the number of customers that bought packaging materials in the self storage store rose to 23% which is still below previous years of 25% - 29%. When you consider 35% of customers acquire their packaging materials from another source, there seems to be a real opportunity for operators to increase their profitability by selling more packaging materials and ancillary services. Almost as many people bought their boxes from another source as used their self storage store. When you consider the markets in the USA and Australia, the self storage industry there sell a much higher percentage of packaging materials than here in the UK.





SUSTAINABLE SELF STORAGE

Over the last few years there has been an increased focus on how the self storage industry can become more environmentally sustainable.

In terms of operations, self storage has always been a low energy user, particularly compared with other industries with similar-sized buildings. Very few self storage stores in the UK heat their storage space. Most stores have switched to LED lighting which is often sensor controlled. We are also seeing more stores add solar PV panels to their buildings, particularly in new builds. It is not unusual for a self storage store with solar cells to generate more electricity than it uses in a year. Some operators are adding green roofs, water retention systems, electric car chargers and other environmental initiatives. Self storage is also not a large generator of traffic. As this study shows 75% of customers visit their unit once a month or less and 20% fewer than 3 times a year. Customers also do not travel long distances to their storage unit with only 25% travelling more than 20 minutes and 38% travelling less than 10 minutes to their self storage store. The industry also does not use or produce many consumable items. Almost all packaging materials provided are now recyclable and more operators are also sourcing from sustainable manufacturers. More contracts and other paperwork are being completed online, reducing paper usage. From an operational point of view, most self storage businesses are already well on the way to being carbon neutral and environmentally sustainable.

The challenge is in the construction of the stores, especially as we move towards Net Zero and start taking embodied carbon into account. Traditionally steel is used for the construction of the self storage units, along with supporting beams for mezzanine floors and other supporting structures. The buildings themselves are often heavily reliant on concrete in construction. Both materials are currently carbon heavy in terms of production and distribution.



As the industry looks to become more sustainable at all levels operators are looking at how they can reduce their carbon footprint in construction, hence converting an existing building into self storage, against building a new one could become a preferred option. Conversions almost always have a much smaller carbon footprint than new builds. When the industry started in the UK around the turn of the century many operators were converting old warehouses and other buildings into self storage. However, most recently, and particularly with the larger operators, there has been a preference to build new purpose built stores that meet the high standards of the owner. Will there be a movement back towards conversions as they are more environmentally friendly? If so, what are the supply levels of properties suitable for self storage conversion and will operators become more creative on how they could adapt existing buildings to self storage?

Most of the major operators have already set carbon reduction targets in their public statements. The main drivers for sustainable construction of self storage businesses appear to be the publicly listed companies or those funded by institutional investors. It appears that there is more pressure on these corporations to build sustainably and as a result many stores recently, have been constructed to BREAM standards in order to qualify their environmental impact.



Complying with these standards can have an impact on the construction costs, therefore independent operators are certainly embracing solar and other initiatives but are less likely to adopt BREEM standards or similar schemes. Some analysts predict that these new “green” buildings will be more valuable over time than older less environmentally friendly constructions. There is speculation that the larger operators and institutional investors will be seeking out these kinds of buildings in the future and will pay a premium for them. However, we have seen no evidence of this in the UK self storage market to date. With the high level of purchaser competition for sites that do come on the market, many independent operators are sceptical that green buildings will attract the premiums that some suggest they will.

Currently, we are not seeing evidence that customer purchase decisions are significantly influenced by the environmental credentials of the business or building. However, this could change, and the green premium will turn up to be a brown discount, as the overall environmental movement continues to gather momentum with the public. We are now seeing some self storage companies marketing their environmental credentials as a point of difference from the competition.

There is no doubt that the self storage industry is moving to become more environmentally sustainable. However, it is still at the beginning of this journey, the pace of change and long term impact this will have on the industry remains to be seen.



Safestore has a commitment to work towards operational carbon neutrality (net zero) by 2035. They are committed to ensuring their buildings are constructed responsibly and their ongoing operation has a minimal impact on local communities and the environment. They monitor the amount of waste and energy usage on every site and introduce efficiencies identified to future building projects. Regardless of whether a site is BREEAM certified, they are committed to build to a minimum standard of BREEAM ‘Very Good’ on all of their new store developments.

Big Yellow has a long-term strategy to become Net Renewable Energy Positive, as part of a wider plan to deliver on their Net Zero Scope 1 and 2 Emissions targets. They plan to deliver significant aspects of their reduction in emissions by 2030 and are actively investing in the resources necessary to make this happen, including significant capital expenditure over the next few years. By 2025, they expect to have completed a multi-million pound investment in renewable energy generation alone.

Shurgard has set ESG targets to enhance the sustainability of its portfolio and achieve absolute Net Zero Carbon across their entire material emissions by 2040 or sooner. They have set an interim target to be operationally net zero carbon by 2030. They are progressing ESG initiatives over the next 5 years as part of a EUR 10m per year investment program, including LED energy efficient lighting rollout, heating optimisation, manage water usage and solar panel installation.



CONTRIBUTORS

10



CONTRIBUTORS





CONTRIBUTORS

Thanks to all the SSA UK members that contributed to the report by completing the industry survey. Some operators who participated declined to be included in this list.

- A Space Stataion
- Adam Selfstore
- Apex Self Storage
- Armadillo Self Storage
- Ashton Self Store
- Attic Self Storage
- Ball Brothers
- Barn Store
- Big Yellow Storage
- Billericay Self Storage
- blue self storage
- BWI Storage
- Cookes Storage Service
- Easy Access Self Storage
- Extra Room Self Storage
- Flexiss
- Go Store Self Storage
- Harrison and Rowley
- Hills Self Storage
- Hogleaze Storage
- Incredible Bulk Self Storage
- Kangaroo Self Storage
- Keepsafe Storage Centres
- Lok'n Store

- Magenta Storage
- Megastorage
- Metro Storage
- MS Self Storage
- MyStore Self Storage
- Newton Self Storage
- P D Self Storage
- Self Storage Centre Oxford
- Self Storage Tameside
- Shurgard UK
- South Hams Self Storage
- Squab Storage
- Stock N Lock Self Storage
- Storage King
- Storage World
- StorageMart
- Suffolk Self Storage
- Urban Locker Storage
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