

SELF STORAGE

ANNUAL INDUSTRY REPORT

2020

**UK
Overview**
P.12

**Industry
Survey**
P.22

**Customer
Survey**
P.40

**Public
Survey**
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SUMMARY OF KEY FINDINGS

OCCUPANCY ON
CURRENT LETTABLE
SPACE IS

76.2%

DOWN FROM 77.2%
LAST YEAR

THE UK AVERAGE
NET RENTAL
RATE IS

£22.82

PER SQUARE FOOT
PER ANNUM

RENTAL RATES
IN LONDON

INCREASED

MORE THAN ANY
OTHER REGION IN
THE YEAR

FOR THE FIRST TIME
IN 8 YEARS THE
INDUSTRY SAW A

DECREASE

IN OCCUPANCY AND
RENTAL RATES

13%

OF OPERATORS
INCREASED THEIR
LEVEL OF DISCOUNTS
IN 2019

RATES AND TAXES
MAKE UP

22%

OF STORE
EXPENDITURE

69%

OF SELF STORAGE
USERS ARE
40 - 79
YEARS OLD

41.1%

OF SELF STORAGE
CUSTOMERS HAVE
USED SELF STORAGE
PREVIOUSLY

DIVORCED
OR SEPARATED
PEOPLE ARE

**TWICE AS
LIKELY**

TO USE
SELF STORAGE

72%

OF BUSINESSES
THAT USE SELF
STORAGE HAVE LESS
THAN 10 STAFF

86%

OF PEOPLE
TRAVEL LESS THAN
30 MINUTES TO THEIR
SELF STORAGE UNIT

32%

OF SELF STORAGE
CUSTOMERS
ARE INVOLVED IN
MOVING HOUSE

91%

OF CUSTOMERS
ARE SATISFIED WITH
THE SERVICE FROM
THEIR SELF STORAGE
PROVIDER

48%

OF THE PUBLIC HAVE
A GOOD AWARENESS
OF SELF STORAGE

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INTRODUCTION AND METHODOLOGY

This is the 14th year the Self Storage Association UK (SSA UK) has surveyed its members and produced an annual industry report. As the report shows, some metrics have remained relatively stable over this time, while others have changed significantly. The report covers all viewpoints of the industry, collecting data from operators, customers and the general public. With around a third of stores in the UK completing the survey, representing just under half the storage space, the sample size is exceptionally robust.

For the sixth 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.

For the first time, this year's report is accompanied by a special online dashboard where you can further interrogate the data based on geography and other demographics. This is available free to SSA UK and FEDESSA members through the SSA UK and Cushman & Wakefield websites. This new initiative, created by the team at Cushman and Wakefield, provides further data that was not included in the printed report and includes the historical data from the last 5 years, where available for comparison..

In order to keep consistency between surveys and comparison of data year on year, the survey questions have remained largely the same as last year. The only modifications were minor changes in the wording of some questions to better explain the answers required and to provide consistency between all 3 surveys in this report.

The operators survey was completed by 63 companies with 492 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 2019 calendar year unless otherwise stated. Compared to the industry as a whole the data set is slightly

weighted to larger operators as less of the small independent operators complete the survey.

The customer survey was completed in January 2020 across 31 self storage companies across the UK who have over 130 stores in total. 1,764 customers responded to the survey of which 80% were domestic customers and 20% business customers. This survey was sent to the main contact on the self storage contract. 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. 1240 domestic customers and 341 business customers provided answers to these more focussed elements of the survey.

The public survey conducted online by YouGov on behalf of the SSA UK, was completed between January 20 and 21. 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 2,126 people completed the survey.

We would like to thank the members of the SSA UK who responded so promptly to the survey this year, also thanks to all the operators who allowed us to survey their customers. Thanks to Bryony Pearson from the SSA UK for gathering and collating all the data and the team at Cushman & Wakefield for providing commentary and interpretation of the data and producing the final report.

COVID-19 IMPACT ON THIS REPORT

During the preparation of this report the world was impacted by the COVID-19 virus. Almost all countries in Europe were placed into some sort of lock down with limits placed on travel and personal interaction between people. On March 23 the UK went into lock down conditions with all schools and many businesses closed. People are advised to work from home and only leave their houses for food and one daily exercise. People traveling unnecessarily or not following social distancing rules could be fined by the police.

At the time of writing, these conditions were to last at least until the end of May. Self storage businesses were allowed to remain open but the restrictions in travel meant far fewer customers were visiting the sites and there were limited move ins or move outs. Most operators were reporting that enquiries were down 30% - 50%.

The data for this survey was collected in January and early February before the COVID-19 crisis had hit Europe. At this time the industry had a generally positive outlook. In fact, many operators reported better than expected results for Q1 of 2020 despite March being impacted by the lock down. The challenge for the industry will be once the lock down is lifted. The economic conditions will be much tougher than before, and it is possible a significant number of people will move out of self storage or be unable or unwilling to pay for it.

However, past downturns have shown that they also present opportunities for self storage. Will more people remain working from home and need to clear space for a more permanent home office? The sudden close of shops has increased online retailing. Will more retailers abandon their high street real estate and move online, using self storage for stock or documents? Will the demand for real estate transactions during lock down result in a rush of people moving house? Will more people get into home improvements having been locked into their homes for a period of time? The big questions for the industry are, how many people will move out post lockdown? How quickly

will operators be able to refill that space? How badly will the economy be impacted generally? Will there be more lock downs in the future? No matter what the answers, self storage is likely to be in a much better position than many other industries, particularly travel, entertainment and retail that will be significantly changed by this event. It will certainly be interesting to look at the 2021 industry report and be able to compare it to this year's report given the timing of the data.

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 focussed 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 also would not meet the criteria 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 around 1,900 self storage stores in the UK of which 563 are predominately container based storage (typically converted shipping containers or similar). These stores are spread across 972 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 49 million square feet of self storage in the UK.

Considerable research has been completed on the size of industry during the past 12 months by a variety of firms and all this data has been used to obtain these figures. This research uncovered many smaller self storage stores, often container based and in small rural communities. The addition of these stores and the clearer definition of self storage means that the average store size has decreased compared to what was reported last year. It also means the increase in store numbers can not be considered to all be new supply in 2019 as most of these smaller stores have been operating for some time.

Supply	49m sq ft
Stores	1,900
Number of brands	972
Storage space per head of population	0.73 sq ft
Annual turnover	£766 m
Average size of store	25,700 sq ft

**Non Container based operators
with largest number of stores
under one brand**

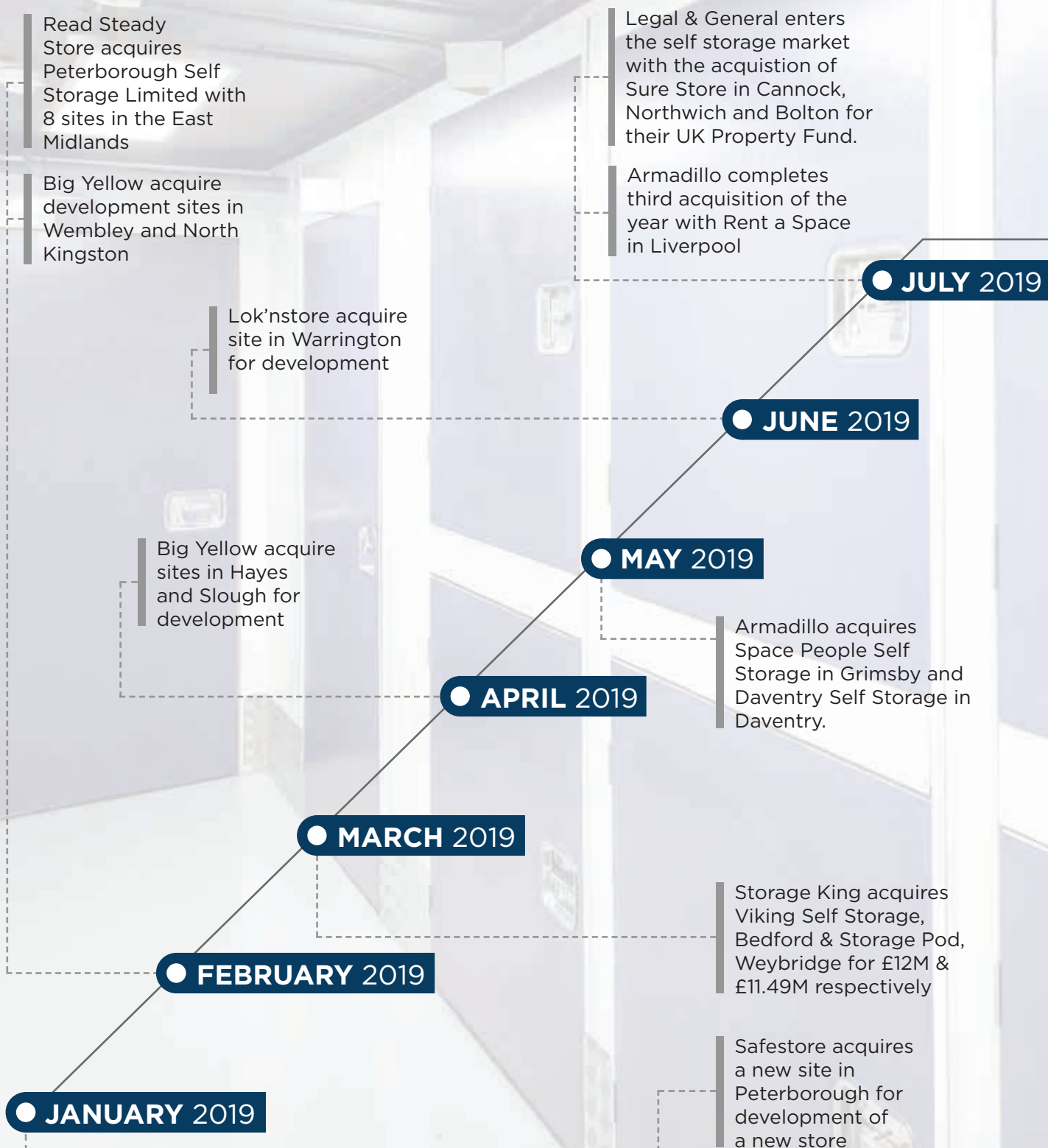
Brand	No. Stores	Total available space sq ft
Safestore Self Storage	124	5.29M
Big Yellow Self Storage	75	4.7M
Access Self Storage	58	3.14M
Shurgard Self – Storage UK	31	1.8M
Lok’nStore	34	1.5M
Armadillo Self Storage (part owned and managed by Big Yellow)	25	1.1M
Storage King	28	1M
Ready Steady Store	25	732,000
UK Self Storage Company	25	DATA NOT SUPPLIED
Storage Mart	16	686,000

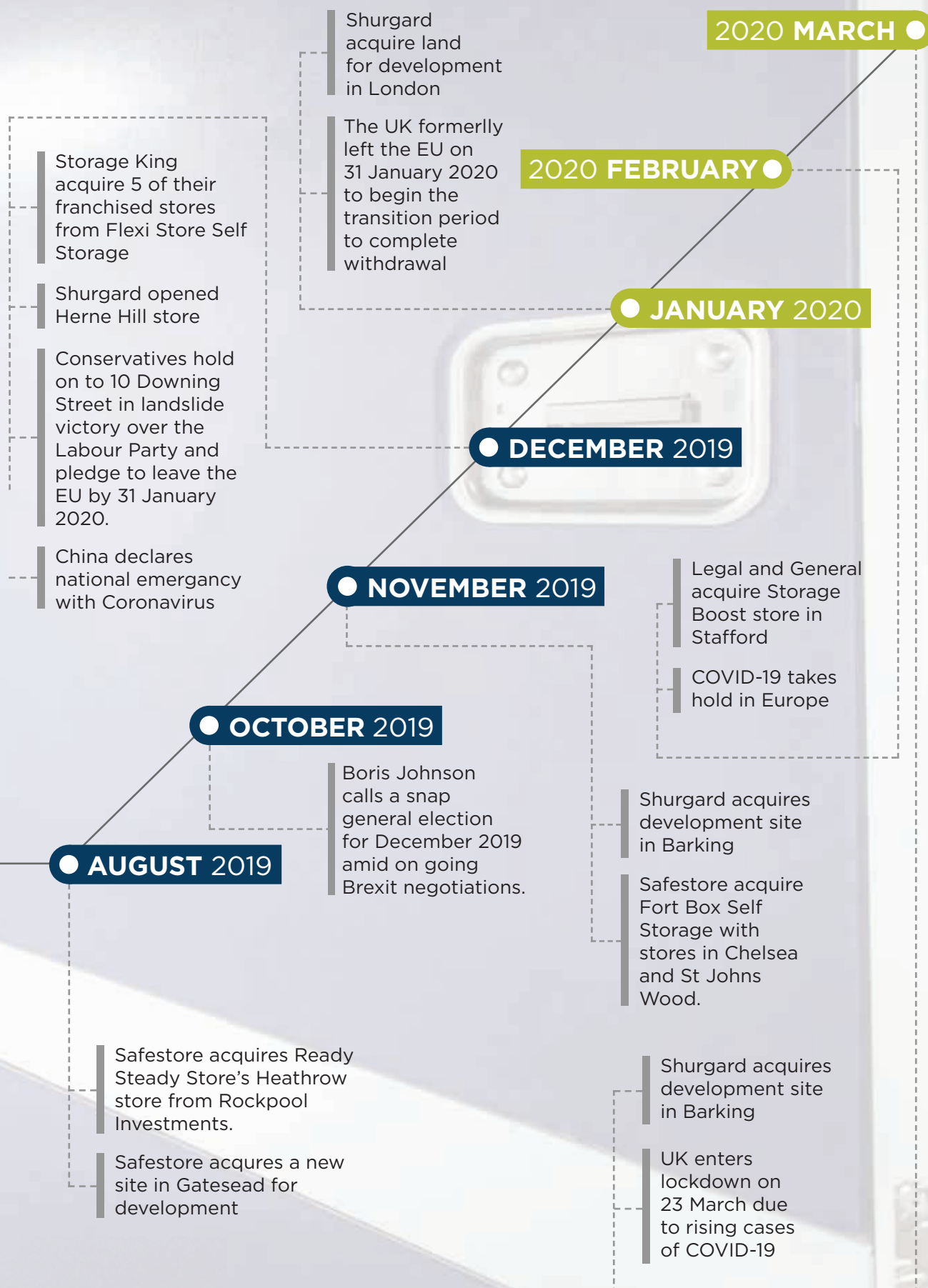
**Operators predominately offering
container based storage with largest
number of stores under one brand**

Brand	No. Stores
Lock Stock Self Storage	18
Sentry Self Storage	18
Barn Store	16
Titan	15
StoreBox	13
U Hold the Key	11
Now Storage	9
Boylins Self Store	8
Mobile Mini Storage	8

UK INDUSTRY HIGHLIGHTS

The following time line indicates the major self storage property purchases and acquisitions in the UK along with some notable political events.





SECTION 01

UK ECONOMIC AND POLITICAL OVERVIEW

During the preceding few years the economic and political landscape has been dominated by one topic – Brexit. This year looked to be no different; the expectation being that Brexit would continue to be at the forefront of everyone’s minds. The last three months however have seen the birth and rise of the Covid-19 pandemic and any concerns over the uncertainty caused by Brexit have been dwarfed by the current crisis. It is important to note that this is primarily a global health crisis. However the impact that this has had and will continue to have on the global economy is vast and a recovery is not expected for several years.

At the time of writing, wide-ranging restrictions have been placed on freedom of movement,

originally for a period of three weeks from the 23rd March, however these have now been extended. The country is under “lockdown” conditions with non-essential activities prohibited, many businesses closed and social-distancing measures enacted. Those who can work from home are doing so. A furlough scheme, the Coronavirus Job Retention Scheme, whereby 80% of an employee’s wages up to £2,500 a month can be claimed, has been put in place until the end of June 2020. Small businesses have been offered support in the form of a 100% government backed loan scheme, providing loans of up to £50,000 and interest free for the first 12 months.



“Should the industry continue to prove relatively resilient, the investor perception of self storage income streams may come out of this more favourably when compared with those of other real estate classes”.

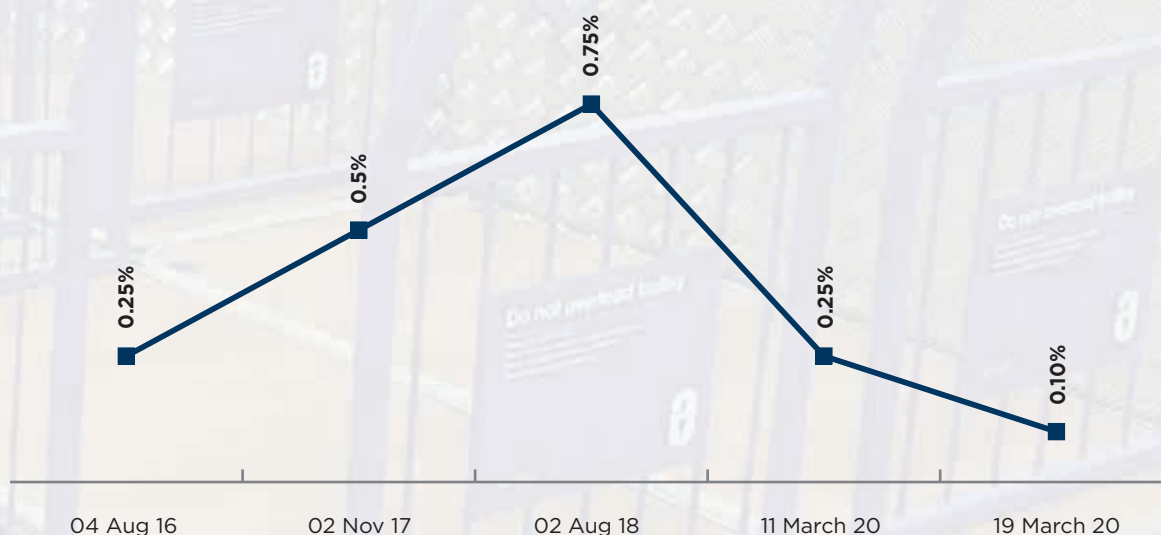
James Gibson – CEO Big Yellow

Interest Rates

Going into 2020, the interest rate had been 0.75%, the result of rate tightening measures enacted in late 2017, increasing the rate from a low of 0.25% up to 0.50% in November 2017 and 0.75% in Q3 2018. On March 11 2020, the Bank of England cut the rate to 0.25%, making it explicit that should further action be necessary to combat the threat to the UK economy then it would not hesitate in doing so. And hesitate

it did not, a further rate cut followed on the 19th March, down to 0.1%, the lowest in the central banks' 325 year history. The Chancellor, Rishi Sunak, committed to a £330bn package of direct fiscal and economic support to the UK economy and business community. It is important to note that developments are extremely fluid.

Figure 01 - UK Bank Base Rate

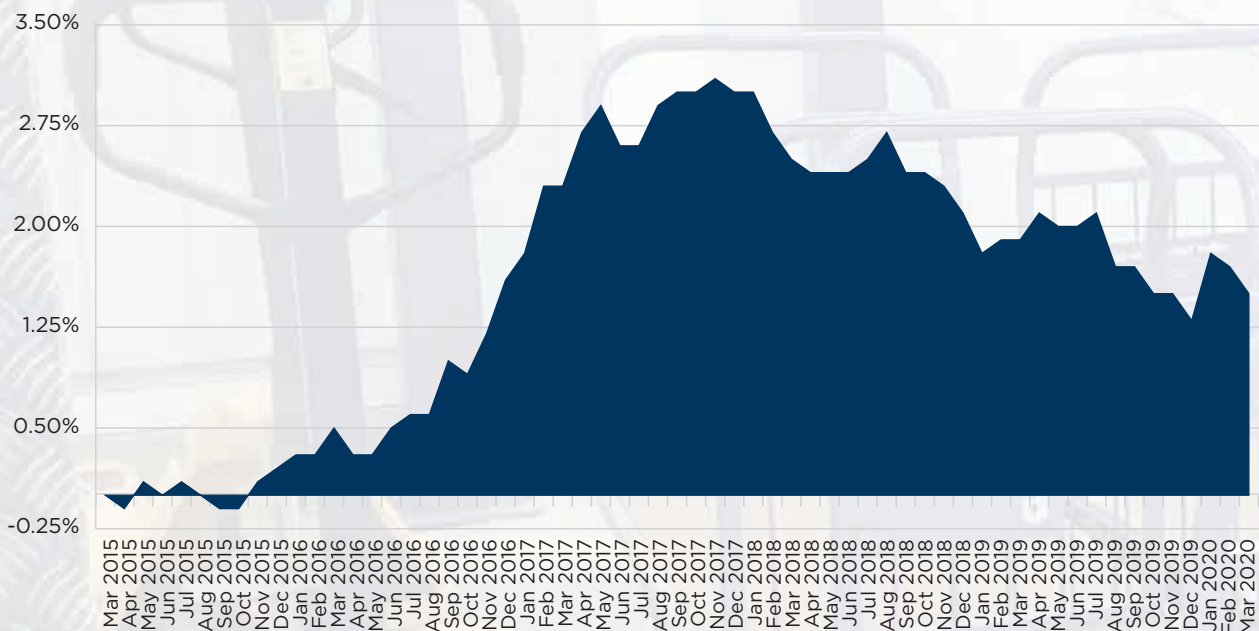


Inflation

The CPI 12-month rate decreased to 1.5% in March, down from 1.7% in February 2020. The corresponding 12 month period to March 2019 saw a CPI rate of 1.9%, and 2.5% to March 2018. We should acknowledge that prices were collected before the formal lockdown

enacted by the government on 23rd March. The coronavirus pandemic has impacted every facet of normal life, impacting clothing and footwear, transport, recreation and culture, and restaurants and hotels which will no doubt influence future inflation rates.

Figure 02 - UK 5 year CPI (12 month rate)



Labour Market

The latest ONS Labour Market statistics cover the three months from December 2019 to February 2020 and therefore are not greatly influenced by the current pandemic. The statistics show a record employment rate of 76.6%, 0.4% higher than the preceding year. Unemployment stood at 4.0%, not deviating greatly over the course of the year. The Bank of England's May Monetary Policy Report suggests that the early indicators show the unemployment rate rising to 9.0% in Q2. These statistics will be greatly impacted by government policy; namely the extent to which

businesses will be encouraged to employ their workforce over the course of the crisis, in the face of extremely challenging business conditions. The Coronavirus Job Retention Scheme was announced on the 20th March and is due to run until the end of June. Latest figures show that over 6 million employees have been registered on the scheme, and it is estimated to cost £42 billion over the three months that it is planned for. The willingness of the government to extend this date will have a great influence on future labour market figures.

GDP

UK GDP forecasts have been drastically revised downwards. It is interesting to compare current predictions with the previous years. In February 2019, Oxford Economics forecast a 2020 GDP growth of 1.9%. The current estimate is a decrease of 5.1%, with the country experiencing a profound recession. It is important to note that this forecast has been made on the assumption that the current social-distancing measures in place will be relaxed from mid-May onwards, and this in turn will be dependent on Covid-19 transmission and mortality rates.

Other predictions for GDP based on a more

prolonged release of lockdown and ongoing COVID-19 issues show as much as 20% drop. GDP was flat during the first two months of 2020, before the start of the current pandemic.

GDP is expected to rebound to 6.8% in 2021 on the back of a resumption of discretionary spending. The current low inflation rate, loose monetary policy and the Government income support schemes will be the main influences of such a rebound. The main obstacle to this recovery is if a demand shock occurs once activity resumes. A large increase in the unemployment rate or a large number of companies going out of business could cause such a shock.

Figure 03 - UK 5 year CPI (12 month rate)

	2018	2019	2020	2021	2022	2023
Domestic Demand	1.3	1.6	-5.1	6.8	2.7	1.6
Private Consumption	1.6	1.1	-7.4	7.7	2.6	1.6
Fixed Investment	-0.2	0.6	-5.2	7.2	2.9	2.0
Stockbuilding (% of GDP)	-0.3	-0.1	-0.1	0.1	0.2	0.1
Government Consumption	0.4	3.5	3.8	2.8	2.1	1.9
Exports of Goods and Services	1.2	4.8	-9.9	5.3	2.6	-0.2
Imports of Goods and Services	2.0	4.6	-9.7	8.0	3.1	0.7
GDP	1.3	1.4	-5.1	6.0	2.5	1.4
Industrial Production	0.8	-1.4	-9.0	8.0	2.0	-1.0
CPI, average	2.5	1.8	0.8	1.5	2.1	2.0
Current Balance (% of GDP)	-3.9	-3.8	-3.0	-3.4	-3.3	-3.0
Government Budget (PSNB % of GDP)	2.2	2.0	11.0	3.1	3.6	3.5
Short-Term Interest Rates (%)	0.7	0.8	0.4	0.3	0.6	1.1
Long-Term Interest Rates (%)	1.5	0.9	0.5	0.8	1.3	1.8
Exchange Rate (US\$ per £), average	1.3	1.3	1.3	1.3	1.3	1.4

Annual percentage changes unless otherwise specified. Source: Oxford Economics, April 2020

Figure 04 - GDP Projections - 2020

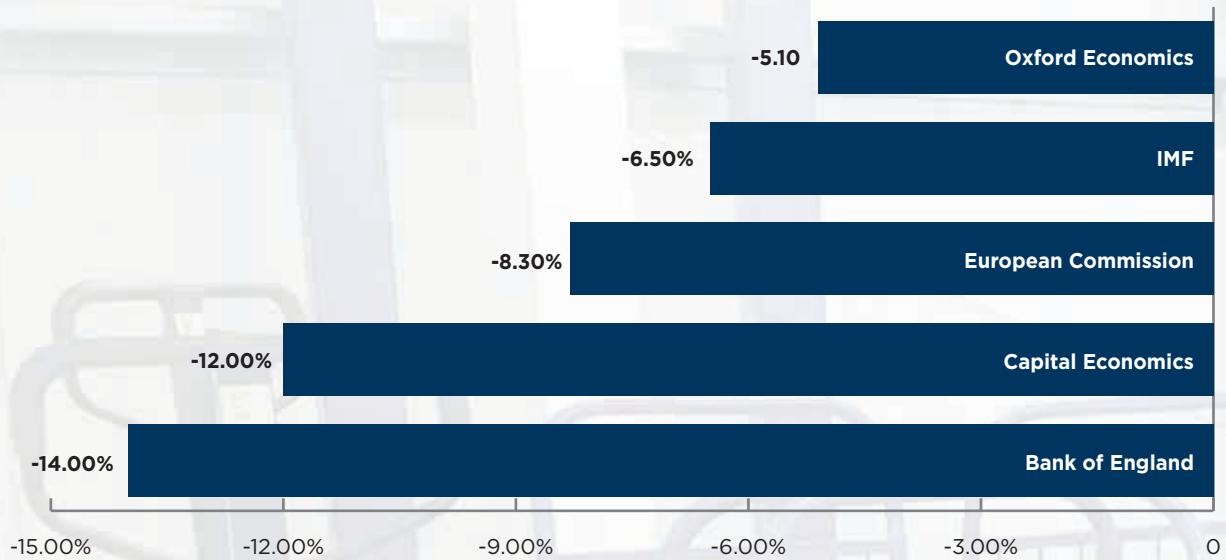
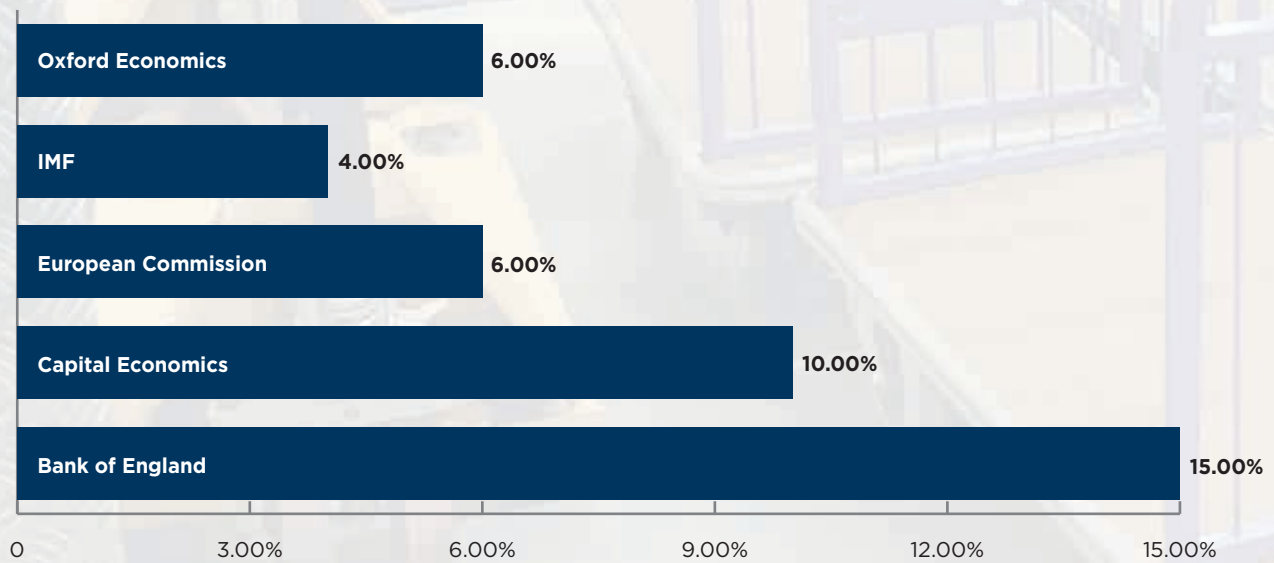


Figure 05 - GDP Projections - 2021





It should be noted that the Oxford Economics projections appear rather optimistic when compared to other sources, and are reliant on a relaxation of social-distancing measures from mid-May onwards. PWC predict 2020 GDP growth to be within the range of -5% to -10%, dependant on a smooth or bumpy exit from the pandemic. The IMF predict a UK GDP of -6.5% for 2020, recovering to 4.0% in 2021. EY Item club expect a contraction of 6.8% for 2020, while Capital Economics forecast UK GDP to decline to -12% for 2020, picking up to 10% for 2021. The European Commission Spring Economic Forecast projects a 2020 GDP of -8.3%, rebounding to 6.0% for 2021, while the Bank of England's May Monetary Policy Report gives a GDP of -14% for 2021, and

15% for 2021. As can be seen there are many scenarios for the UK economy and these will be affected by business and household activity once the lockdown measures are lifted, how long social distancing measures are in place, the economy's supply capacity and how prices are impacted by a change in economic activity. These predictions were all made before the government announced the staged release process for lock down and the best case scenario that some retail would open in June but pubs, restaurants and entertainment industry would not open before July.

Political Climate

The political climate has been dominated by the current pandemic. While it is all encompassing and daily government briefings are taking place informing the nation of the actualities, it is worth touching upon other political developments which have occurred over the past year and the situation with regards to Brexit. Theresa May officially resigned as Prime Minister of the United Kingdom on 24th July 2019 and was replaced by Boris Johnson, the current Prime Minister. The Prime Minister's new Brexit deal was lost on amendment in the Commons on the 19th October 2019, and on the 28th October 2019 a further Brexit extension to the 31st January 2020 was agreed between the EU and the UK. In December 2019 Boris Johnson won a majority in the UK General Election and vowed to complete Brexit by 31 January 2020. On 23 January 2020 the legislation that will implement the withdrawal agreement, the European Union (Withdrawal Agreement) Act, received Royal Assent. The UK officially left the EU on 31 January 2020, however there is a transition period until the end

of 2020. The future relationship with the EU is still to be determined and with the main focus being on the pandemic, there are those who believe that an extension of the transition period would be in the interests of both the EU and the UK. The UK has refused to entertain such an option. A decision to be made on any extension is due to take place on or before the 30th June 2020, while 31st December 2020 marks the date on which the UK is due to leave the Single Market and Customs Union.

UK Housing Market

The latest annual sales volume figures show a falling number to December 2019 compared with the equivalent period to December 2018. The year was marked by political and economic uncertainty, relating to election dates and Brexit deadlines and this has fed through into transaction numbers. ONS figures show an annual price increase to December 2019 of 2.2%. English new home completions are steadily rising and have been doing so over the previous few years; 2019 marked six consecutive years of increasing new home completions, and the highest annual total since the year 2007/08. The government has pledged to build 300,000 new homes a year and while the current figures fall short of this objective, there is a recognition of the pressures exerted on housing supply.

Current activity levels have seen a dramatic decline over recent weeks with the market very much on hold. According to the March 2020 RICS survey, 87% of surveyors have seen a fall in new enquiries and 86% of surveyors have seen a fall in new instructions. The lockdown has caused a cessation of activity, with house viewings becoming impossible. Consumer confidence has taken a hit according to the latest Gfk consumer confidence index, and the mortgage market is restricted with most lenders offering lower loan-to-value mortgages than previously. Government policy with regards to the nature and length of the lockdown will have a great impact on the housing market and speed at which it recovers.



“As customer habits change in the wake of coronavirus, operators who can quickly interpret, and then act on signals in the data will outperform”.

Frederic Vecchioli - CEO Safestore

Figure 06 - English Monthly sales volumes - last 10 years

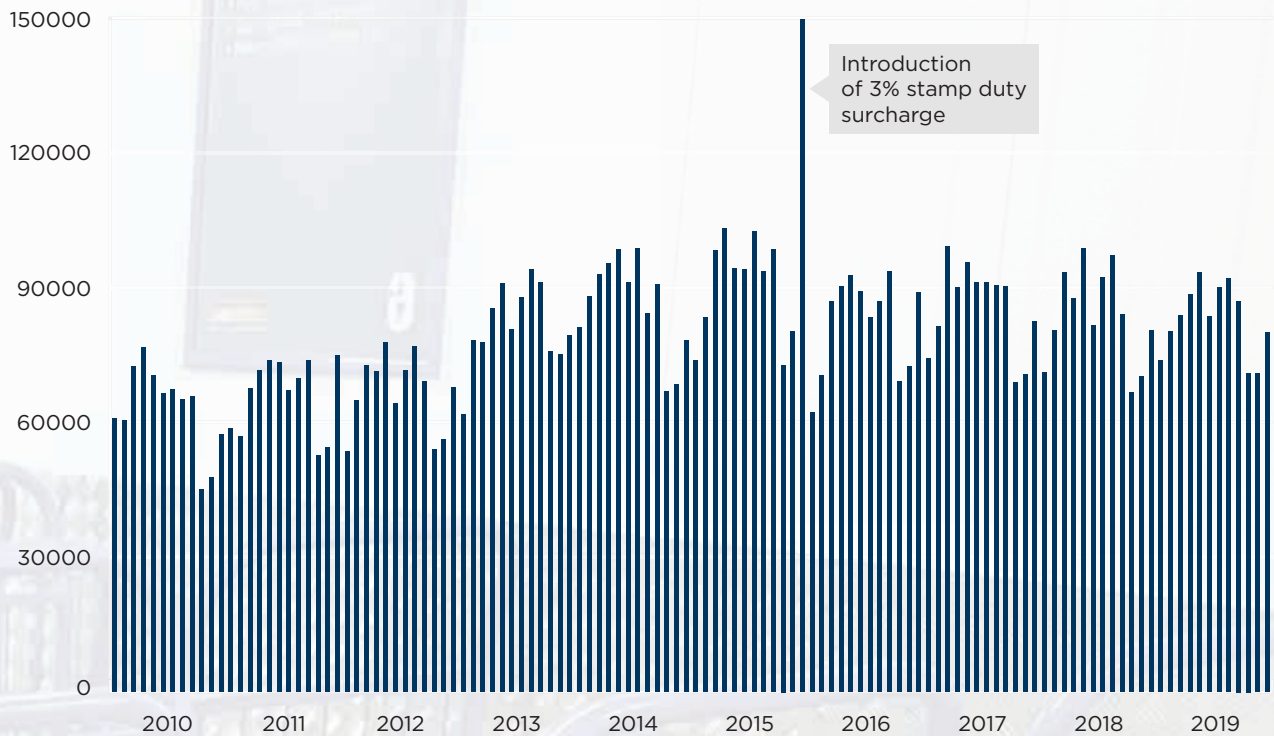
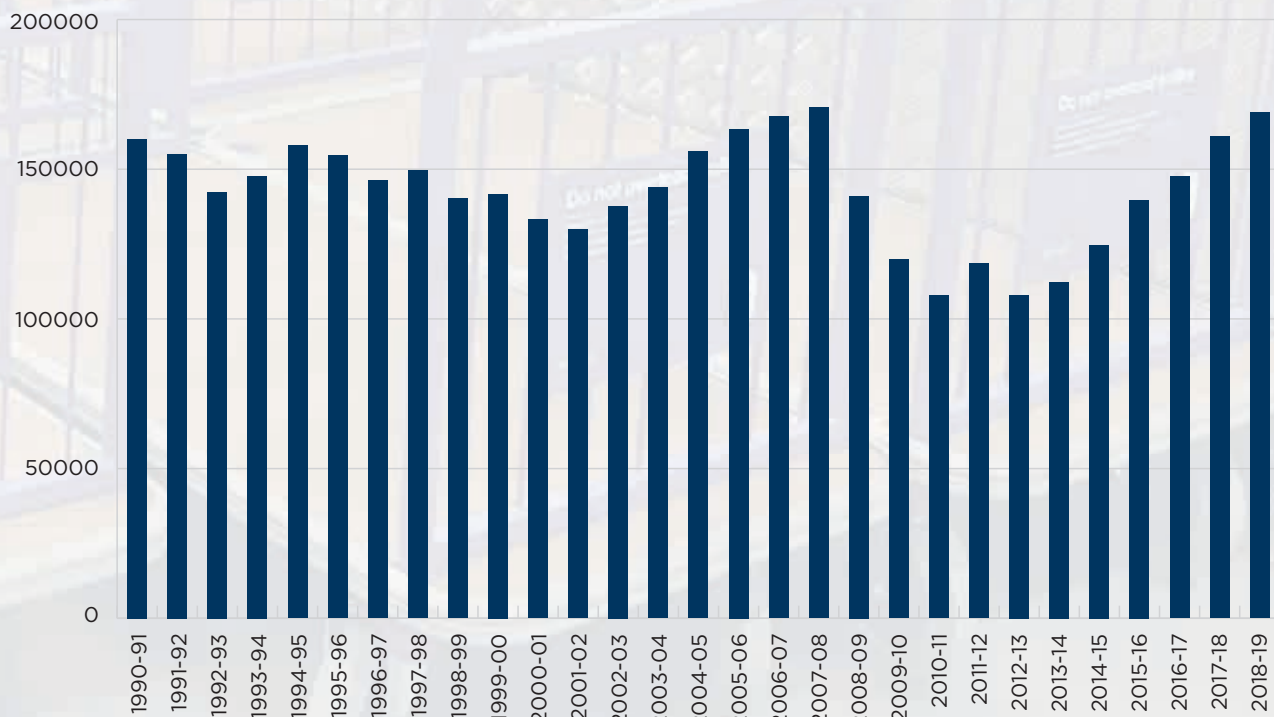


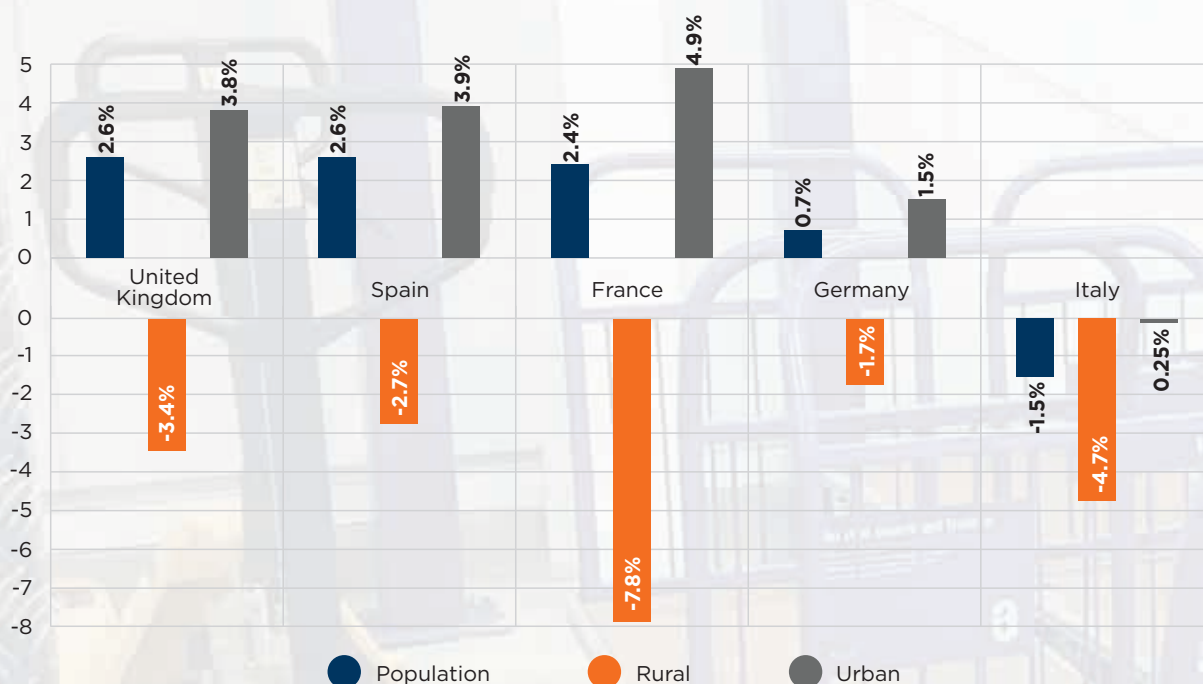
Figure 07 - English new home completions - all tenures



When looking at the five most populated countries in Europe (excluding Russia), the Oxford Economics 10-year population forecasts shows that the greatest increase will be experienced by the UK, at 2.6%, a number similar to Spain, and exceeding France at 2.4%, and Germany at 0.7%. The projected decline

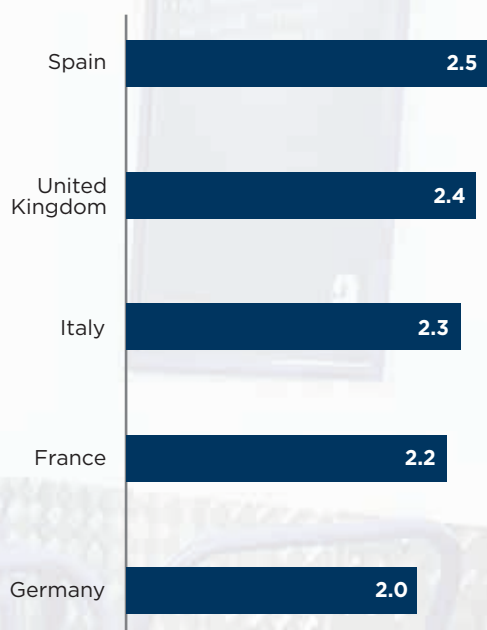
in the rural population and increase in urban population illustrates the continued pressure that the housing market will face. This 2.6% total population increase and 3.8% urban population increase represents a growth of 1.7 million and 2.1 million people respectively, over the next 10 years.

Figure 08 - 10 year population forecasts



It can be seen, that the UK average household size, at 2.4, is greater than Italy at 2.3, France at 2.2, and Germany at 2, which is the most direct comparable market. Added to this, is the fact that the UK average property size is smaller than those in these markets and is easy to note the effect on housing supply in the UK. This comes against a backdrop of population growth, increasing urban migration and, although increasing, new housing under-supply.

Figure 09 - Average household size (persons)



It is also worth touching upon the situation with regards to the other traditional main UK property sectors; Retail, Offices and Logistics. Across all markets there is an increased risk of tenant defaults as cashflows are impacted, however this is dependent upon both the sector in which they operate and government measures aimed at protecting businesses.

All non-essential shops and restaurants (96% of the built retail environment) have closed their doors. This caused a massive reduction in retail footfall and drove sales online. A survey carried out by the CBI, which represents UK businesses, discovered that 71% of retailers experienced a drop in sales in April when compared to the corresponding period the previous year. With 16% seeing a rise in sales this means that a net balance of -55% achieved, equivalent to the previous low in December 2008 following the financial crisis of that year. Significant government support has been offered to occupiers, placing a large financial strain on landlords. The retail sector has seen some

casualties, the way in which we live our lives has changed overnight and, bearing in mind the reduced levels of consumer confidence seen, it will be interesting to see if consumer behaviour returns to pre-crisis levels in a post Covid-19 environment.

With non-essential businesses affected, many offices have closed and employees are working from home. Available assets on the market have declined, both in value and number, with vendor's withdrawing properties as they are not under pressure to sell. Transactions are expected to reach a plateau over the next few weeks due to the inability to meet full due diligence. With regards to the occupational market, companies related to the retail and leisure industry are the worst affected, while Tech and Pharma companies continue to demonstrate interest in new office space. Many property companies are looking at the future of the office environment, and Cushman & Wakefield are developing a six feet office concept which will adhere to social distancing rules in anticipation of the return to the workplace.

Logistics space is related to the supply chain of products and so demand for space will not change in the short term. Basic needs such as food and beverages, consumer products and medical supplies are still necessary and this leads to sustained demand. In a post Covid-19 environment a major structural change could emerge due to a change in behaviour across society. This could be seen in increased demand by supermarkets as people eat more at home and social-distancing measures are enacted in restaurants. Industrial space occupied by leisure operators could be impacted as regulations impact on activities which are generally undertaken in small groups. UK manufacturers could be impacted as many parts are constructed outside of the UK and a global recession will have an effect on factory closures across the globe.

INDUSTRY SURVEY

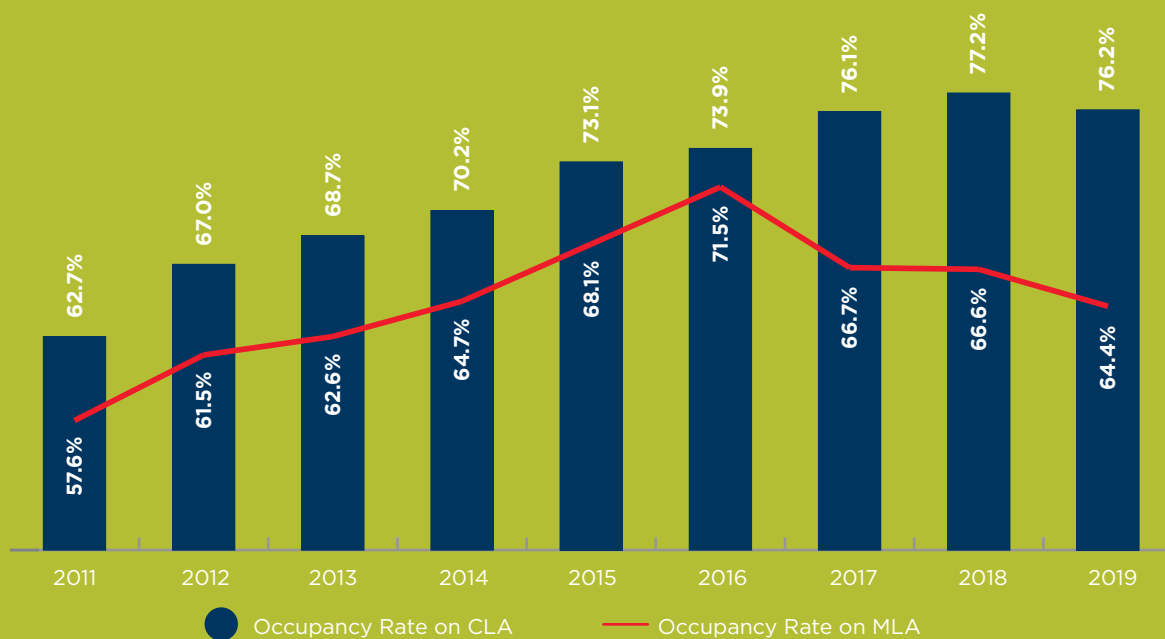
Occupancy

Occupancy levels for the industry have dropped for the first time this decade, although they still remain above 2017 levels. Growth in supply will inevitably have an impact on occupancy levels as these new stores are not at full occupancy yet. This combined with the impacts of Brexit negotiations, the election and general economic uncertainty would have impacted on occupancy levels. Interestingly data gathered in the first quarter of Q1 2020 showed occupancy increasing prior to the COVID-19 outbreak.

A growth in new stores also explains the decline

in occupancy by Maximum Lettable Area (MLA) as this includes space yet to be fitted out in new constructions and expansions. Most new stores are fitted out in phases, often with levels or sections left to be fitted out once the earlier stages have filled up. You would expect that development will slow post COVID-19 with less favourable economic conditions, but there is still a lot of supply in the pipeline that will open in 2020/21. There may also be development opportunities that open up as a result of a changing real estate landscape.

Figure 10 - Occupancy CLA vs. MLA



The following graph aims to remove the influence of new stores and expansions by only considering occupancy rates for businesses that have not had significant (less than 5%) expansion in the past 2 years. This is done on the theory that these stores are more likely to be near their mature occupancy levels for that stage of their development. Here we can see that occupancy has remained relatively stable at 78.5%.

Figure 11 - Occupancy by CLA (mature facilities)

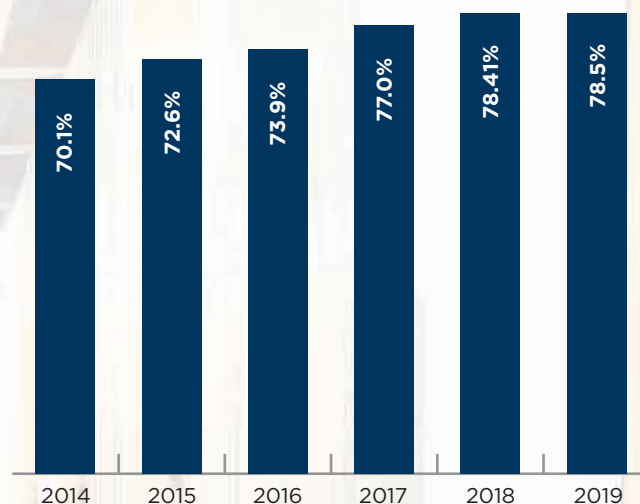
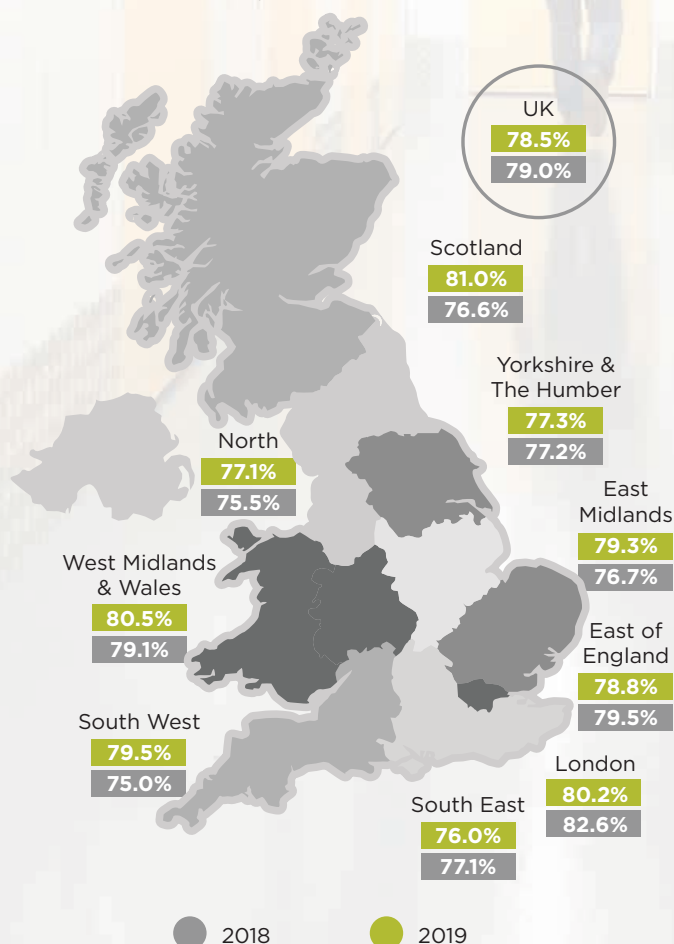
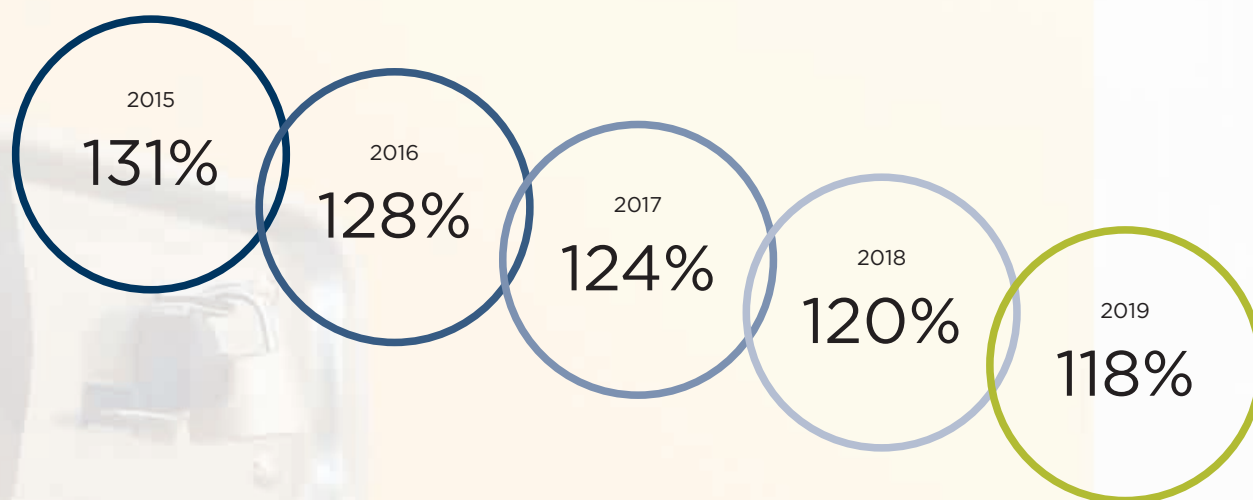


Figure 12 - Occupancy on stores with no expansion in past 2 years



When considering this data on a regional basis we can see that occupancy in mature stores dropped in London, the South East and the East but increased in all other markets. This could be attributed to Brexit uncertainty during the year. Looking at other economic data such as house sales there was a more significant decline in volume traded in London and the South East than the rest of England. Generally, the feeling was that people in the South were holding off on making decisions until the Brexit situation had been resolved, while in the North, Brexit uncertainty has less of an impact. It should also be noted that revenues in London increased quite significantly over the 12 months, so operators may have been sacrificing a small decrease in occupancy for better rents and returns overall.

Figure 13 - 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 would result in less churn. The higher the level of churn, the more work and potential cost to the business in acquiring these new customers. It is interesting to observe that the level of churn has been decreasing over the past 4 years. This could indicate that short term customers are staying longer, although it could also be influenced by the growing number of older stores making up the sample group.

Sites that have been open for more than 5 years have a churn rate of 107% which is significantly lower than the industry average.

This is likely due to the gradual increase of long term customers that a store gathers over time. Further analysis of individual store data over time suggests that as a store ages its churn lowers.

It will be interesting to see what impact the COVID-19 outbreak has on churn in 2020 as stores in lock down will have limited move ins or move outs for a significant period. There is likely to be a large number of move outs once mobility restrictions are lifted, particularly given economic conditions generally are likely to be negative. However, with the staged release of lock down these are likely to be spread out over time and there will also be a pent up demand for move ins along with people who have a need for self storage created by the crisis.

“We think that in a post-Covid environment businesses may look to shorten their supply chain and potentially carry larger stock levels which will be supportive of self storage”.

James Gibson – CEO Big Yellow

Rental rates

Figure 14 - Average net room rate

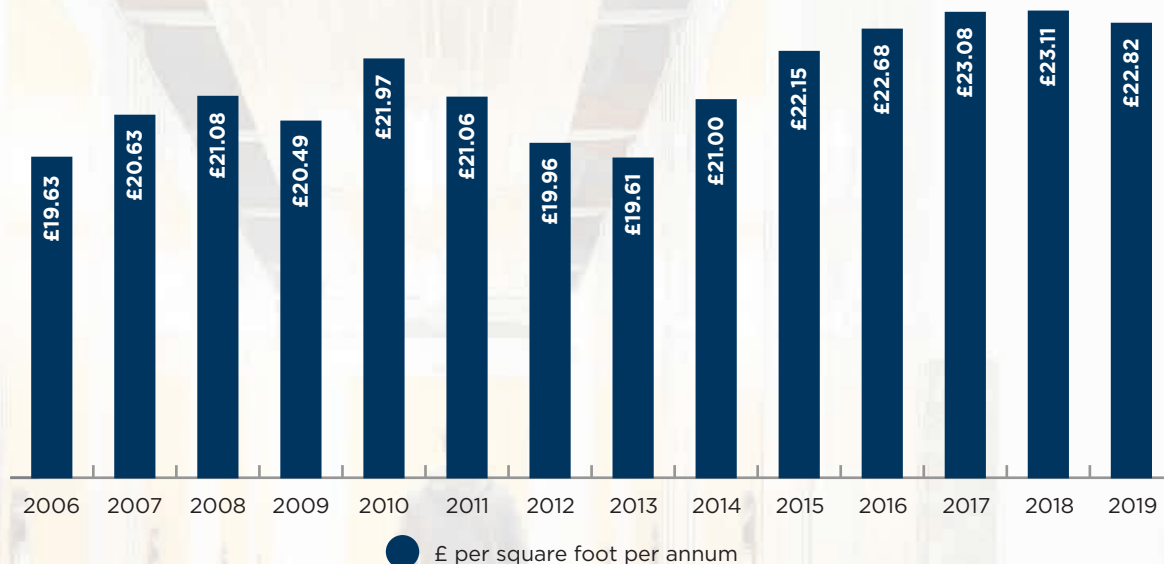
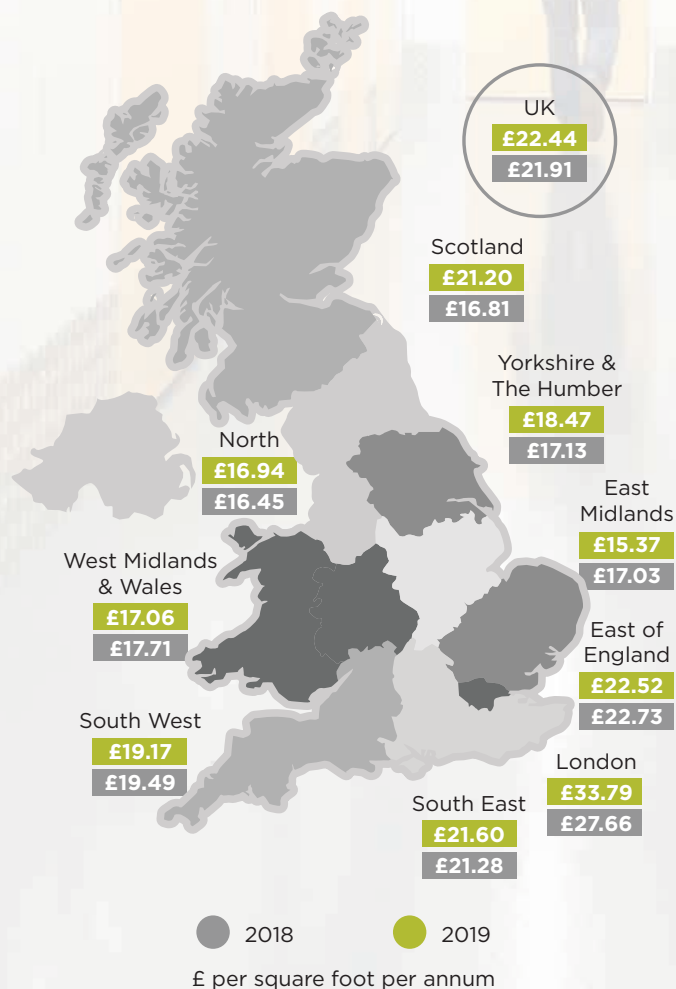


Figure 15 - Average net room rate by region



When comparing rental rates by region you can see that London has seen a major increase in returns after a small decrease in 2018. This increase (22%) more than covers the decrease in occupancy rates. This increase is not likely to be purely from changes to the base rental rates but also changes to discount policies and possibly a reduction in churn of customers. Most industry discounts are front end loaded to encourage new people to take on self storage. So, less churn while maintaining occupancy usually means less impact on revenues from discounts.

Scotland has also shown a sharp increase in rental rates, although they had a similar drop in 2018 so are now returning to only slightly above 2017 rates.

While rental rates in London are higher, as the graph below shows, so is the average disposable income. Cost of living is also higher as are land prices or property rental rates for the London stores. The increase in returns for London make

them the most profitable relative to disposable income. Yorkshire, Scotland and the East also perform well compared to disposable income levels in their region.

Figure 16

Source – Oxford Economics



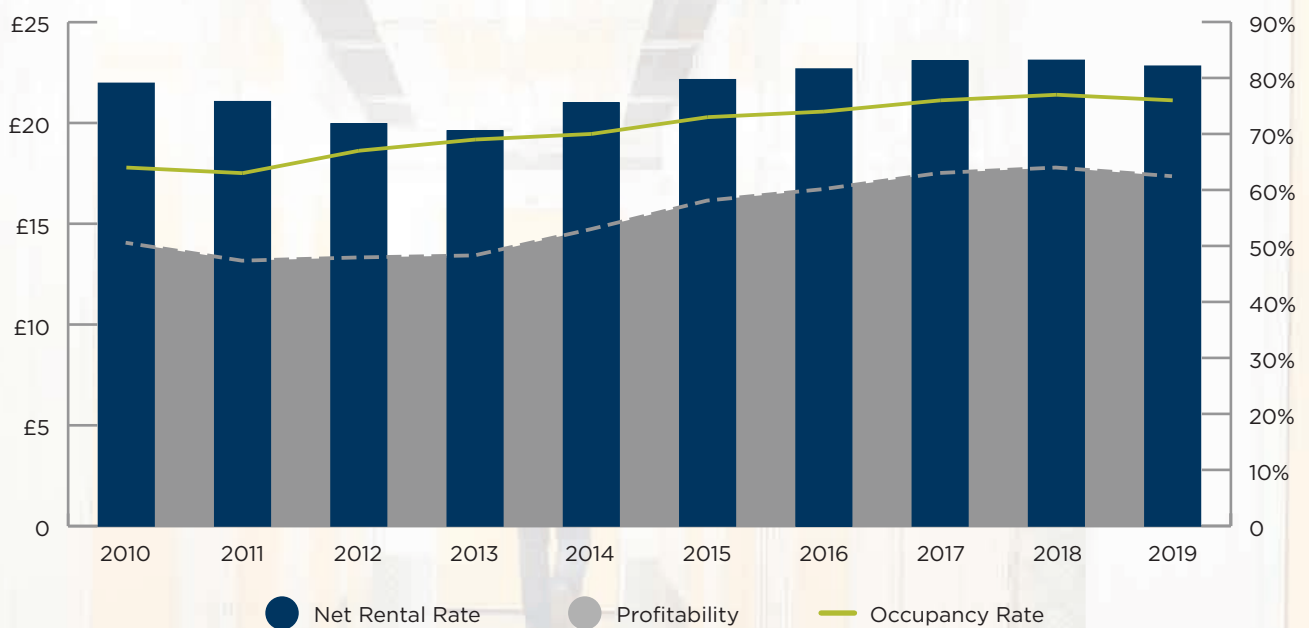
“We are not seeing many customers asking for payment holidays, but we anticipate this increasing if the lockdown continues. We are taking it on a case by case basis and being sympathetic to each individual”.

Robin Greenwood – CEO Storage King

Measuring rental rate on its own only gives part of the equation, as the profitability of the business is tied to both rental rate and occupancy. If one is increased at the expense of the other, then increase in profit is limited.

As the following chart shows this is the first year since 2011 that the combined drop in occupancy and revenue has led to a decline in profitability for the industry.

Figure 17 - Industry profitability

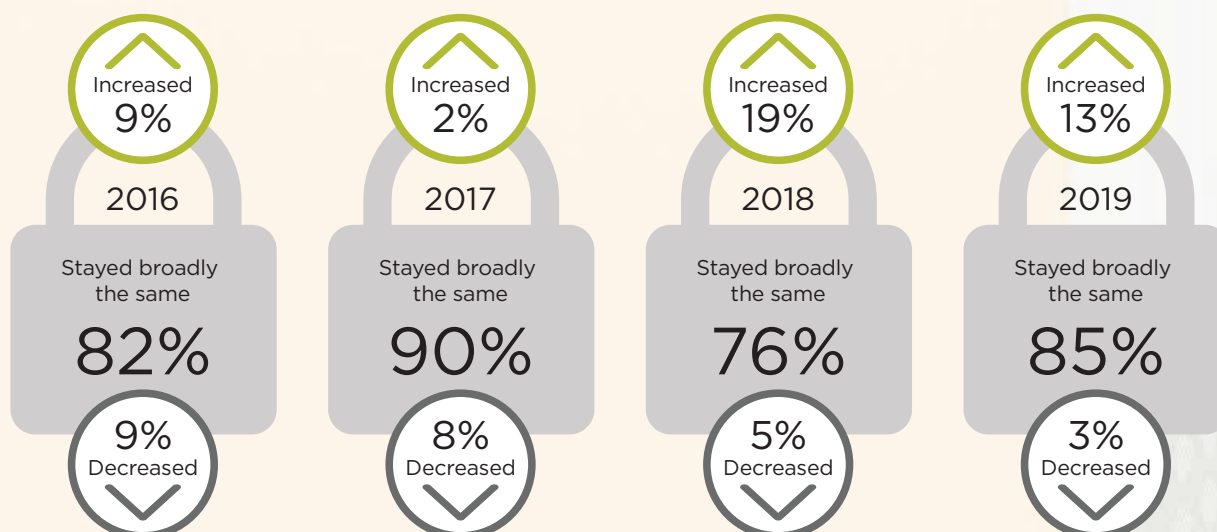




Survey respondents were asked if they have changed the level of incentives or discounts offered to customers over the last 12 months. Discounts are offered to encourage people to use the service, particularly as product awareness is low. Other data in this report shows that often people that think they will only use storage for a short period of time end up using it longer. This gives the business the opportunity to recover this initial discounted

rate over time. The number of operators that increased their discounts was down on last year, but at 13% is still high compared to historical trends. Higher discounts would have contributed to the decrease in overall rental rates. Increasing competition as more stores open is likely to be one factor in increasing discounting. Brexit uncertainty could be another.

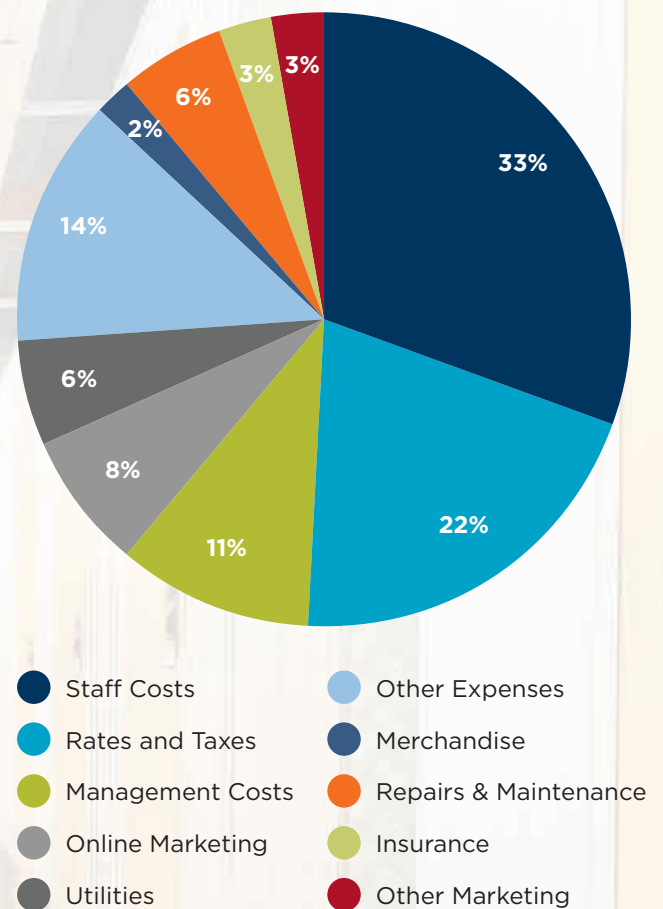
Figure 18 - Change in incentives provided over the past year



Other operating metrics

Operating cost data can vary materially with operators taking differing approaches to the allocation of certain cost lines, so a certain amount of judgement is required on operating costs. However, staff costs, rates and taxes are the highest costs, totalling 55% of all costs. Rents and taxes and staff costs both increased this year up from 20% and 28% respectively. Management costs decreased, down from 18% to 11%.

Figure 19 - Operating costs



“I do not see any permanent changes to our operations once the COVID-19 situation is resolved”.

Andrew Jacobs, CEO Lok'nstore

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 seen as business incubators, assisting local business transition from family home based operations to larger scale, employing more staff.

Figure 20 - Average number of staff for different facility sizes 2019

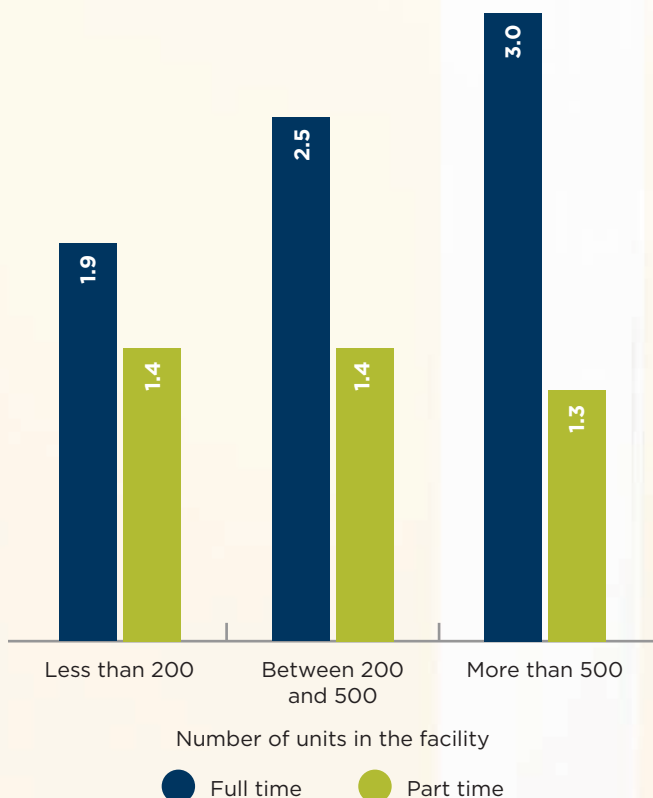
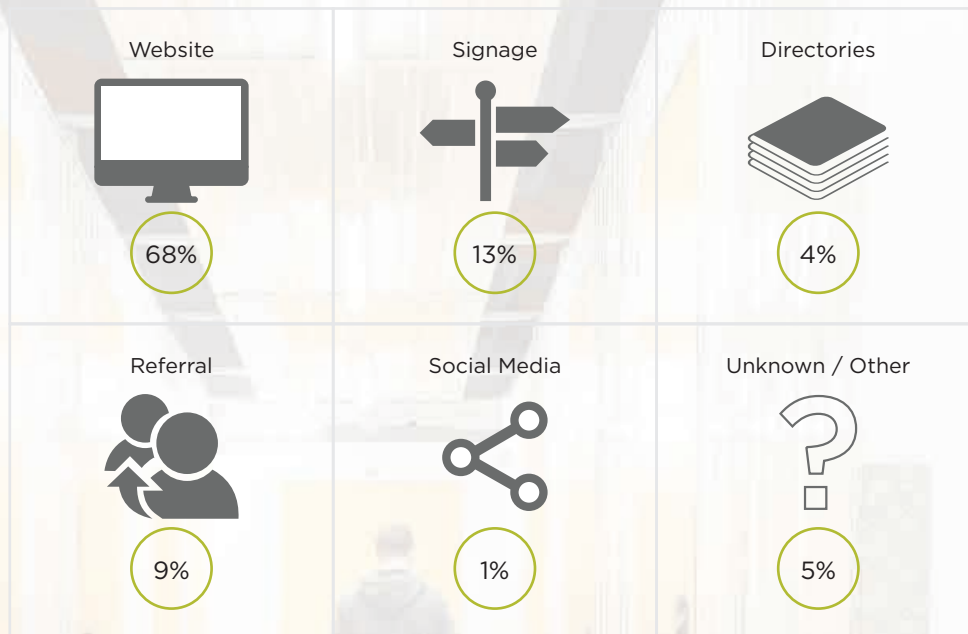


Figure 21 - Source of enquiries



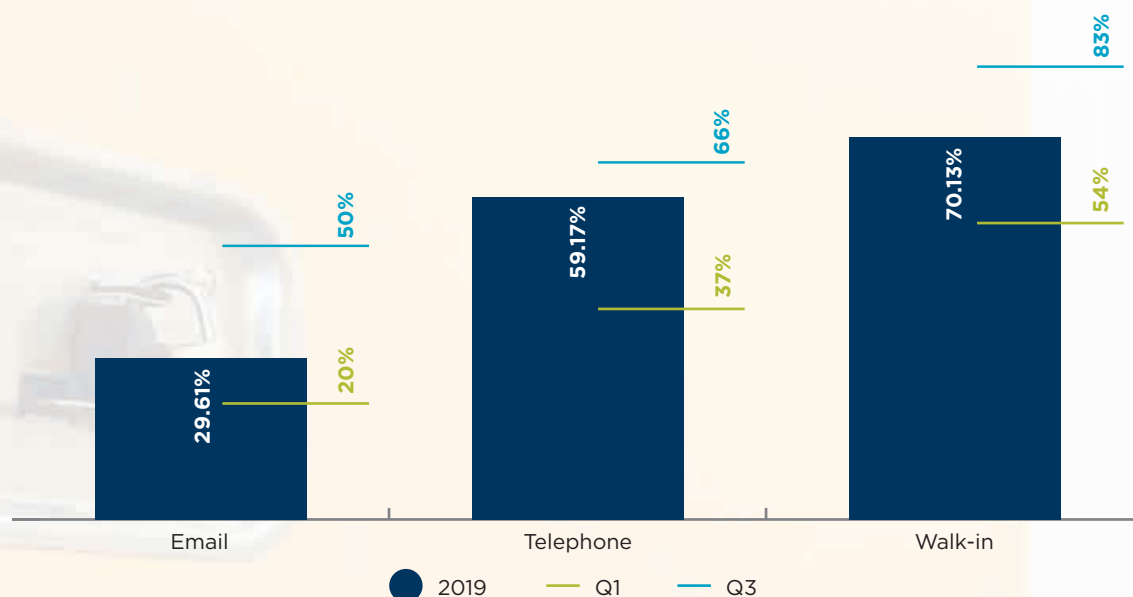
Web based enquiries continue to represent the bulk of the source of enquiries and have maintained a similar share to 2018. Care should be taken when interpreting this data as often the enquiry is not clearly from a single source.

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 find more information

“Maintaining and growing cost effective customer acquisition in an ever changing online landscape relies on a constantly improving digital platform supported by data analytics”

Frederic Vecchioli - CEO Safestore

Figure 22 - Estimated conversion rate



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 is also influenced by the manner in which they record their data. Recording all incoming enquiries to their correct source requires robust management systems. All conversions rates dropped compared to 2018.

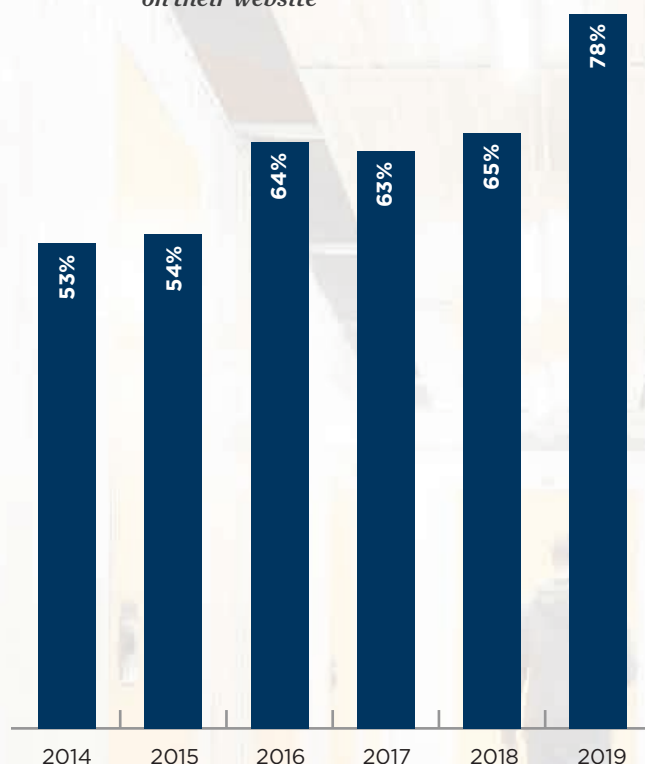
Conversion rates are influenced by the number of stores a customer contacts. They are more likely to contact multiple stores online, while only visit one or two. Hence conversions for online will always be lower. Other research

the Association 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 medium. Further detailed analysis would be required to determine the impact the various methods have on online conversion rates. This data does suggest that some operators are performing well above the average.

“We are not changing our plans in terms of acquiring land for development but we may delay construction on some projects depending on the circumstances”.

Andrew Jacobs, CEO Lok’nStore

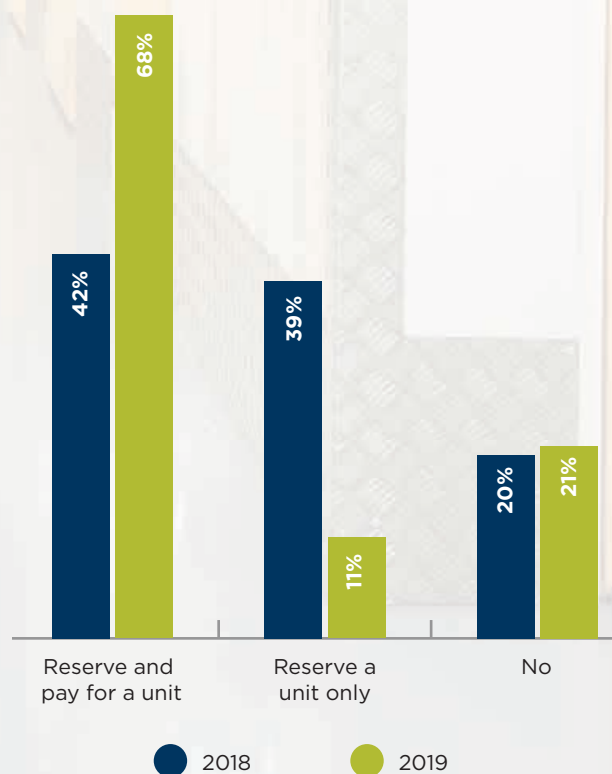
Figure 23 - Companies that display prices on their website



For a period, many operators were resisting placing their prices online. This was mostly due to the concern that as self storage is a new industry which people do not understand fully, customers may buy on price alone rather than understand the various differences and benefits between stores. This year has seen a significant increase in the number of operators with prices online, possibly as customers are demanding this and operators that do not have their prices online are losing enquiries to their competitors that do.

Another big shift has been in businesses that allow customers to book and pay for a unit online. Many of the businesses that in 2018 only allowed online reservation and not payment now appear to have moved to a full payment model. Those businesses that allowed customers to complete the entire booking process online had an advantage during the COVID-19 outbreak as customers could book and pay for their units online without having to come into contact with a staff member. This allowed them to more easily take on new customers during lock down restrictions.

Figure 24 - Can customers reserve a unit through your website?



Store Size

Figure 25

Average facility size	2018 Average	2019 Average
Current space occupied (sq ft)	33,708	29,886
Current net lettable (sq ft)	44,290	40,401
Maximum net lettable (sq ft)	46,731	42,537

Data from the operators that completed the survey shows that the average store size has fallen again. There are certainly less mega stores being constructed with 1200+ storage units. Also, as the industry expands into more regional areas and secondary cities, the local population and demand does not support larger stores.

The companies that completed the survey indicated that they have over 1 million square

feet of potential self storage space yet to be fitted out within the existing supply of facilities. This shows that, even without the addition of new stores, there is considerable growth potential in terms of available space within the industry. How quickly this space is developed in the post COVID-19 environment remains to be seen.





Figure 26 - Number of stores by size from survey sample



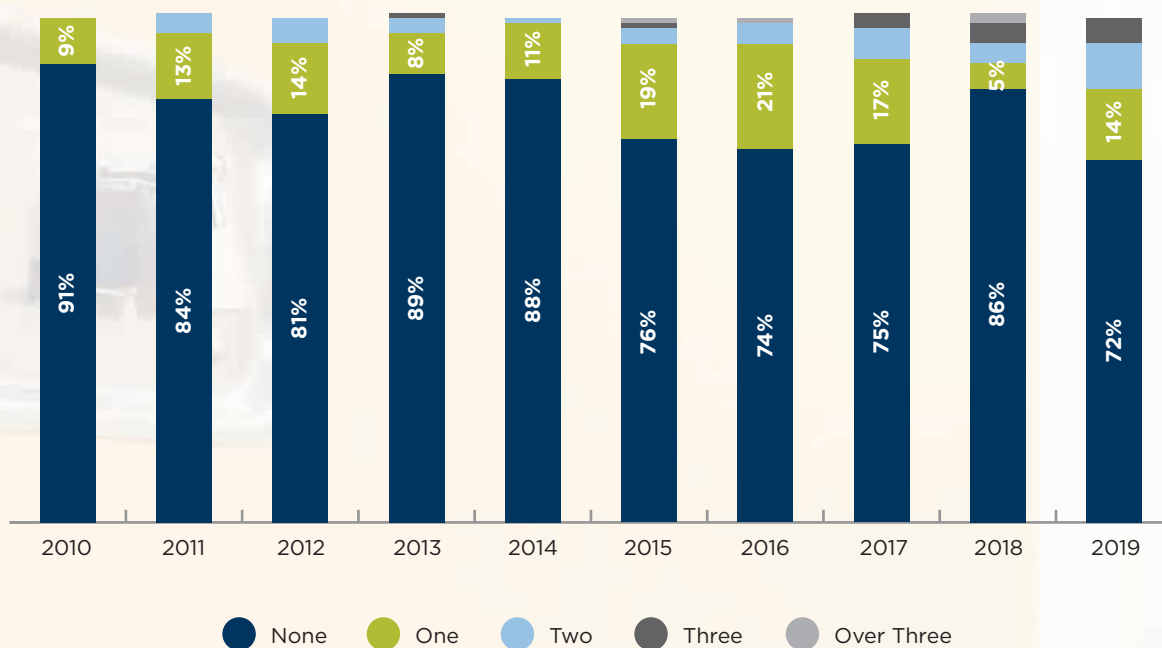
This chart shows the spread of store sizes within the sample group. The large number of 65,000 square feet stores would most likely be in the major cities that support larger stores while the 40-50,000 sized stores would be considered large in the more regional markets. There was an increase of 3 more stores over 90,000 square feet from 2018.

Type of Ownership

The balance between freehold/long leasehold and short leasehold (generally under 25 years) has remained relatively constant at around 20% since 2013, although this year it did increase to 23%. 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.

Expansion Activity

Figure 27 - Number of stores opened per operator



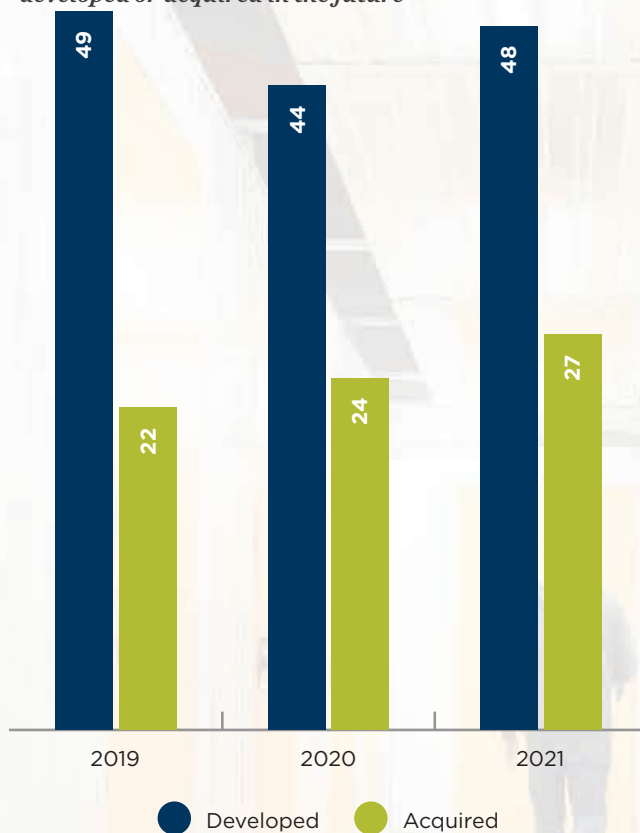
This chart shows the ongoing growth of the industry but also the constraining factors on operators developing new sites. No operators in the sample this year developed more than 3 stores, despite many predicting to do so last

year. Although we did see a significant increase in operators opening 2 or 3 stores in the year. It should be noted that this data is from the survey group only and does not represent the entire industry.

“We are relatively bullish in the current situation and see many opportunities for third party Management, Acquisitions and New Developments in the future”.

Robin Greenwood - CEO Storage King

Figure 28 - Number of stores operators expect to be developed or acquired in the future

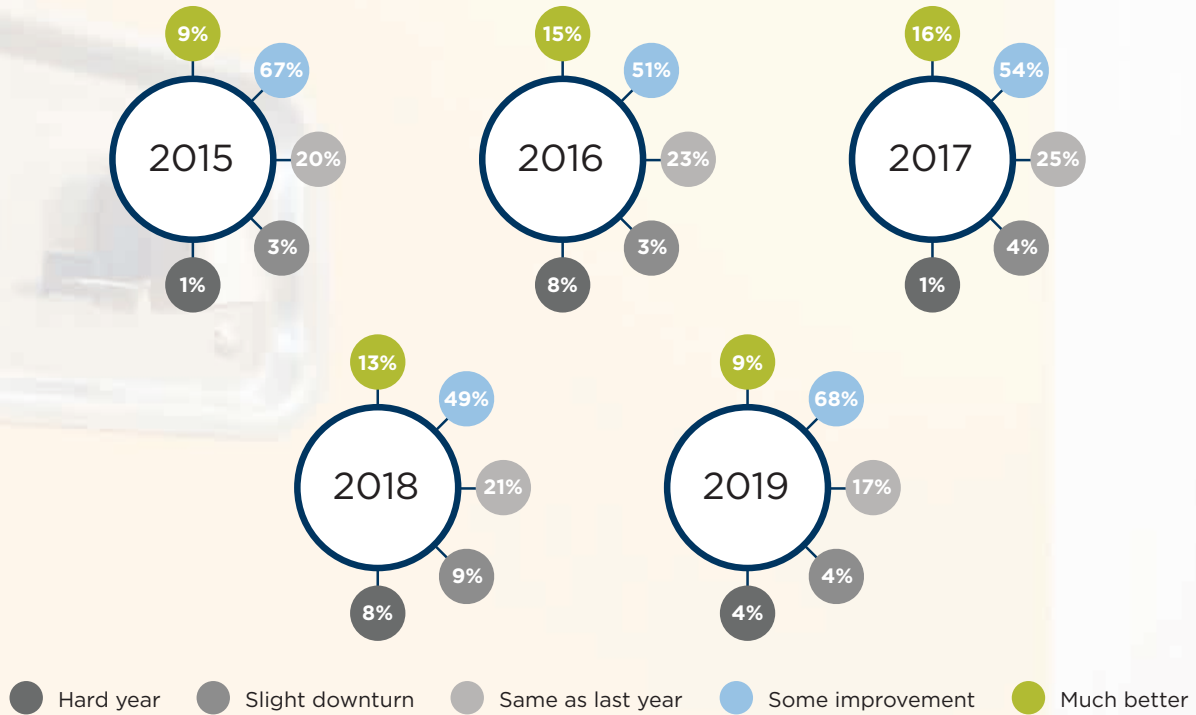


Operators continue to be bullish in terms of their expectations of growth in the coming years. It should be noted that, historically, operators have only delivered on around 50% of the stores they expect to open in a year. Acquisition levels are also quite volatile, where a single large acquisition can push the results closer to predictions, but the industry is becoming more consolidated with a limited number of “mid-tier” operators with 5 – 20 substantial sites in the market. You would expect, had the survey been carried out after the COVID-19 outbreak, operators would have been less optimistic, particularly in terms of developing new stores.



Outlook and business confidence

Figure 29



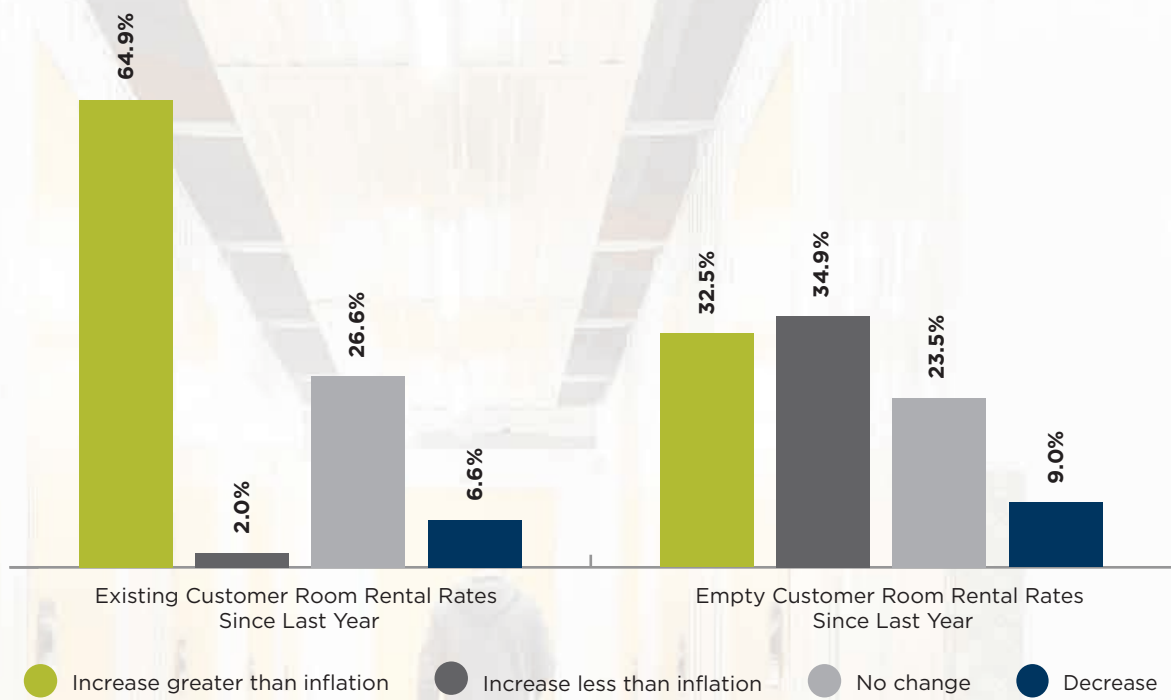
The outlook for the industry pre COVID-19 was very optimistic with 75% of operators expecting an improvement in the industry and 65% an increase in existing rooms rate above the level

of inflation. There was considerably more optimism than in 2018. Again, this outlook is likely to be very different post COVID-19.

“I see the second half of 2020 becoming more challenging with the first effects of the economical crisis””.

Marc Oursin – CEO Shurgard

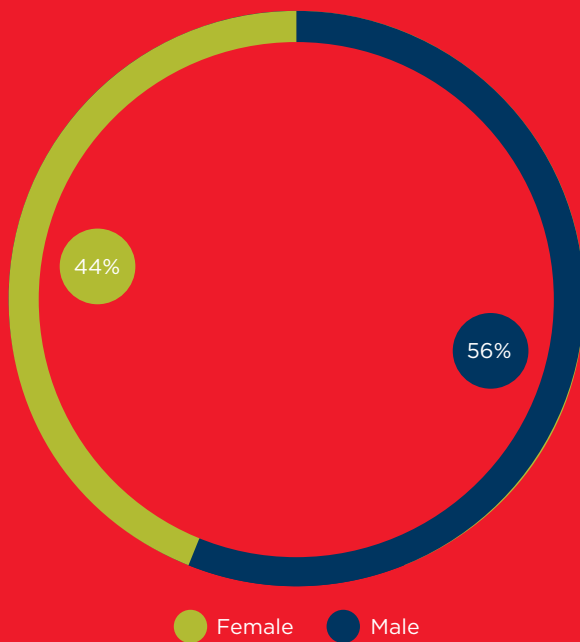
Figure 30



CUSTOMER SURVEY

Customer Profile for domestic users

Figure 31 – Gender of all people that signed up for storage



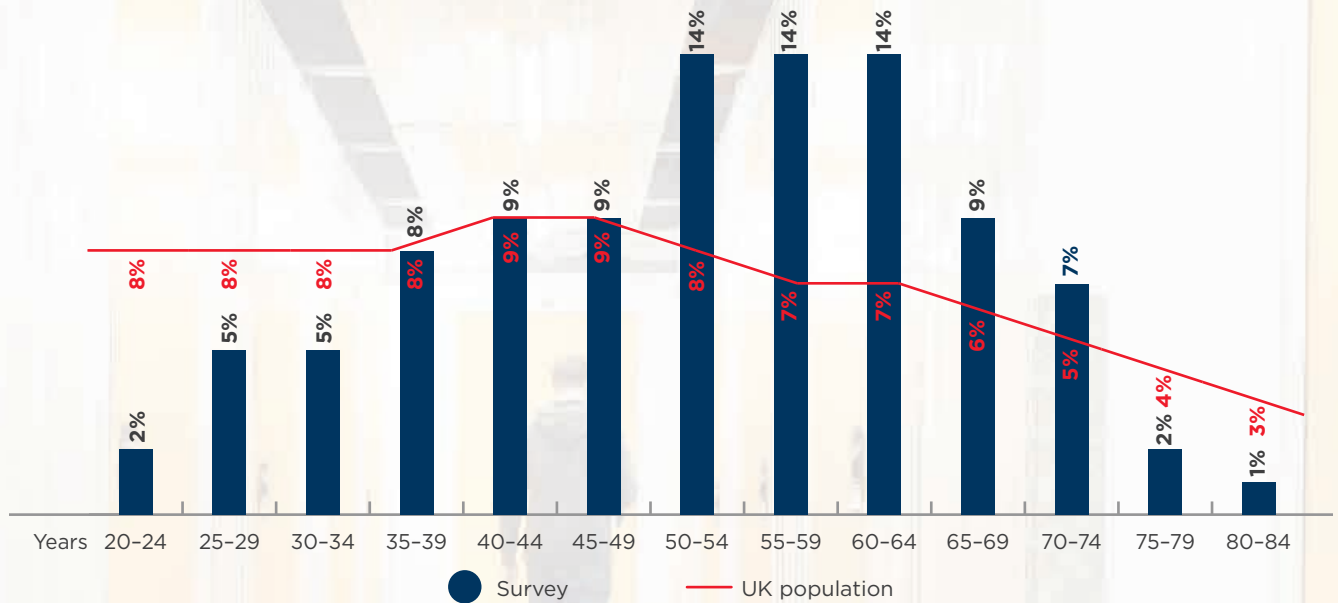
This graph shows the percentage of male and females that took out the initial self storage contract. It has remained broadly the same over the past 4 years. Measuring the mix of people that actually use self storage is more complicated as often multiple people use the same unit, for example a husband and wife where only one have put their name on the contract.

“While there will be customers moving out due to changing circumstances, there will also be a significant number of people dealing with the event driven self storage demand around housing, renovation, inheritance, changing jobs and the like”.

James Gibson – CEO Big Yellow



Figure 32 - Age Profile



Only 10% of users were aged between 25 and 35, a similar result to previous years. This is likely due to a combination of factors. Younger people have fewer possessions generally and less money for discretionary spend of this type. They are also less likely to have gone through less of the life changing moments that tend to lead people to self storage, such as moving house, getting divorced and dealing with a deceased family members estate. Had the survey been completed during summer months then there would have been a higher incidence of under 24's using storage with students on holidays or transitioning into other courses or the workforce placing their goods into short term storage.

69%
of users are
40 - 70 years old

42%
of users are
50 - 65 years old

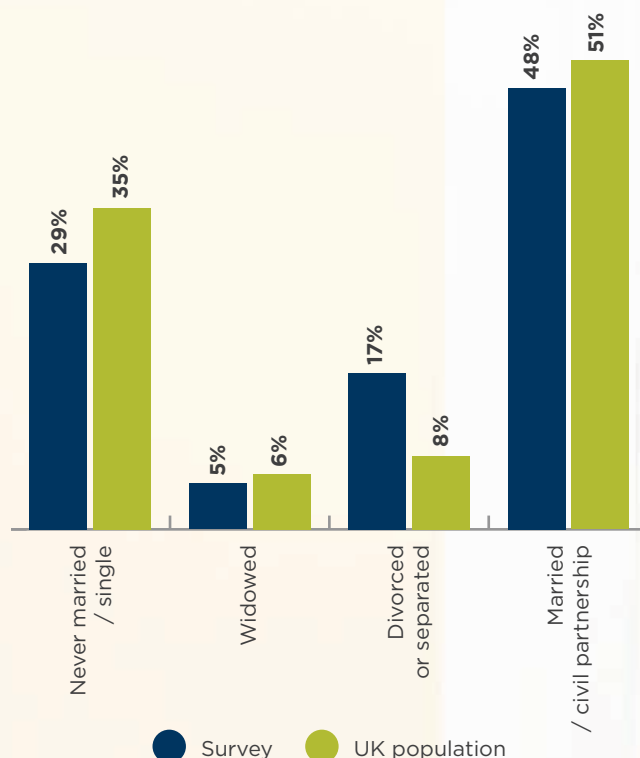
Considering that less than 2% of the population are using self storage, it is interesting to note that over 41% of current users have used self storage previously. This further reinforces the importance of growing the market, as repeat usage is common. The industry often provides incentives for people to initially use self storage based on the theory that getting a new customer to try self storage is the biggest barrier. Once they experience the service, they are likely to stay longer than originally expected and potentially become a repeat customer.

Figure 33 - Previous Use

Have used both their current store and another store previously	7.5%
Have used just their current store previously	10.2%
Have used just another store previously	23.4%
Have used self storage previously	41.1%



Figure 34 - Marital Status

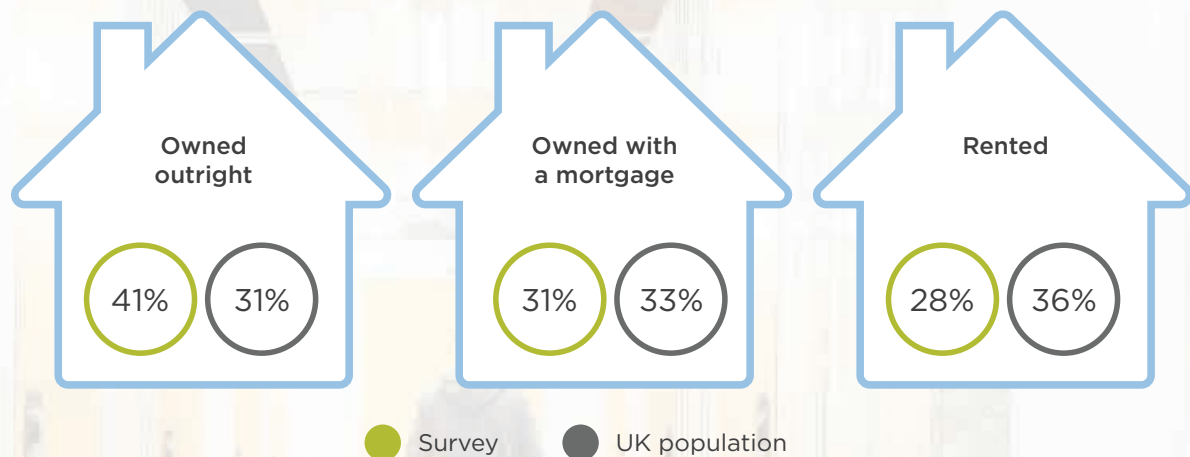


The reason people first come to self storage is typically a life changing moment, such as moving house, having a baby, entering a relationship or getting a divorce. When people break up they often suddenly need space for their goods, having moved out of their home and possibly downsized or moved in with friends and family. Once into self storage these people often find it a useful resource as they begin the next chapter of their lives.

There is clear indication that people owning their own home are more likely to use self storage than renters. This also ties into the

other demographic data that customers tend to be older and more wealthy, who are also more likely to own their own home.

Figure 35 - Tenure of residency



It may be surprising for some to see that self storage is most used by couples and not larger households or singles. This does fit in with the age and earnings demographic for self storage users. It may contradict with the idea that divorcees are more likely to use self storage, however divorcees are not always living on their own and may be living with children, other family or with a new partner. Given the other demographic data we know about customers, it is likely that many of these couples do have children but they are no longer living at home. It also must be considered that often self storage units are not used by a single person. The “family” self storage unit may be contracted to the parents but storing the kids belongings.

Figure 36 - Number of people in the household

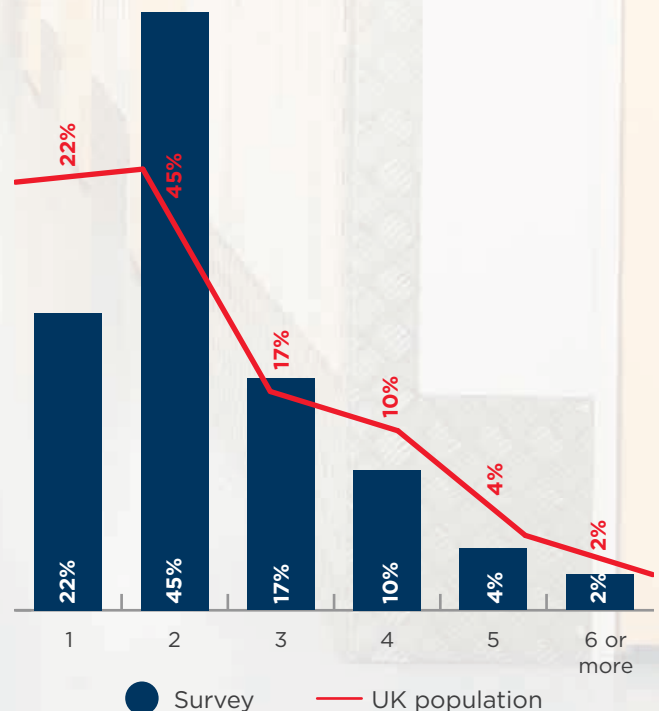
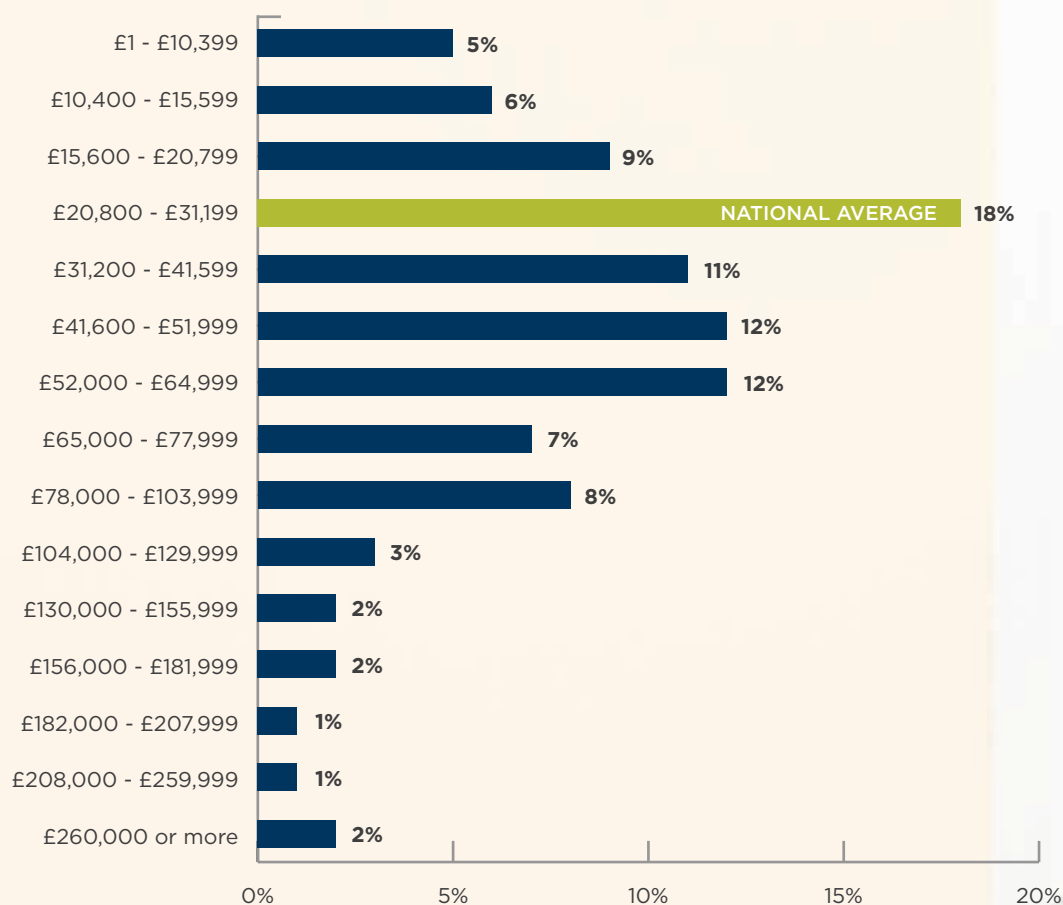




Figure 37 - Household earnings

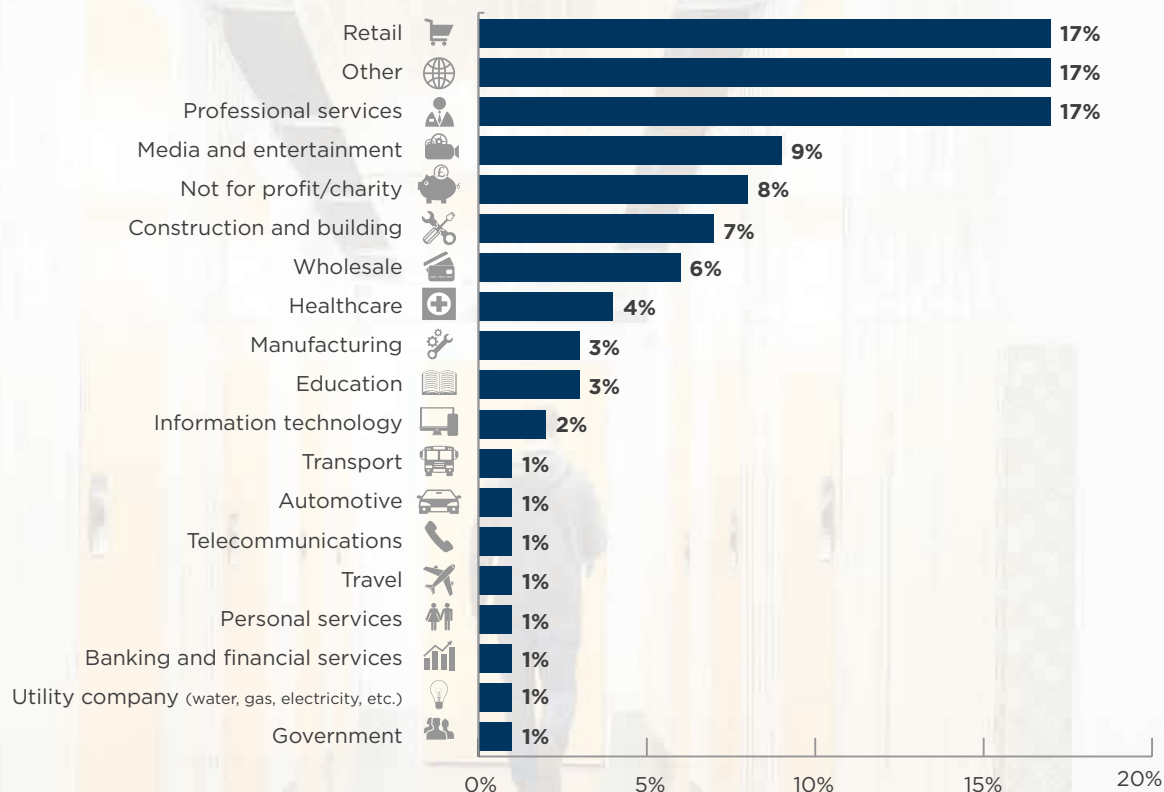


This chart shows household earnings and indicates that self storage customers tend to earn more than the national average with 61%

of customers earning above the average UK household earnings of £20,800 - £31,199 per year.

Customer Profile for business users

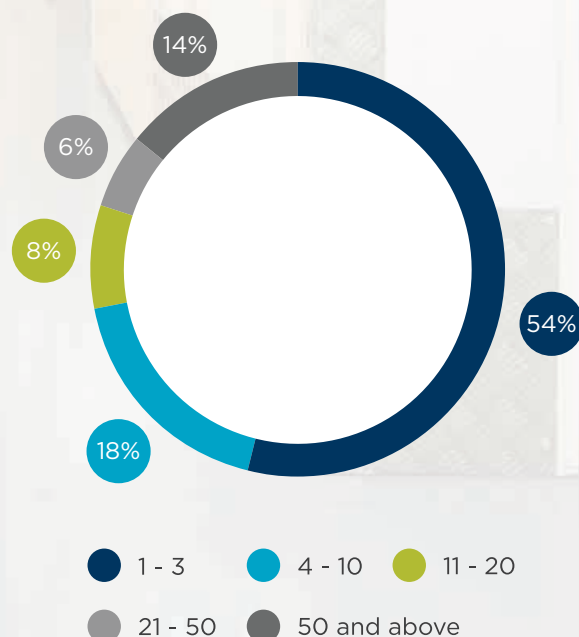
Figure 38 - Types of businesses



As one would expect, self storage is used more by small enterprises, with 72% having no more than 10 staff and most three or less staff.

The results show that self storage is offering an important space solution for a significant number of small to medium sized businesses. However, it should be noted that 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.

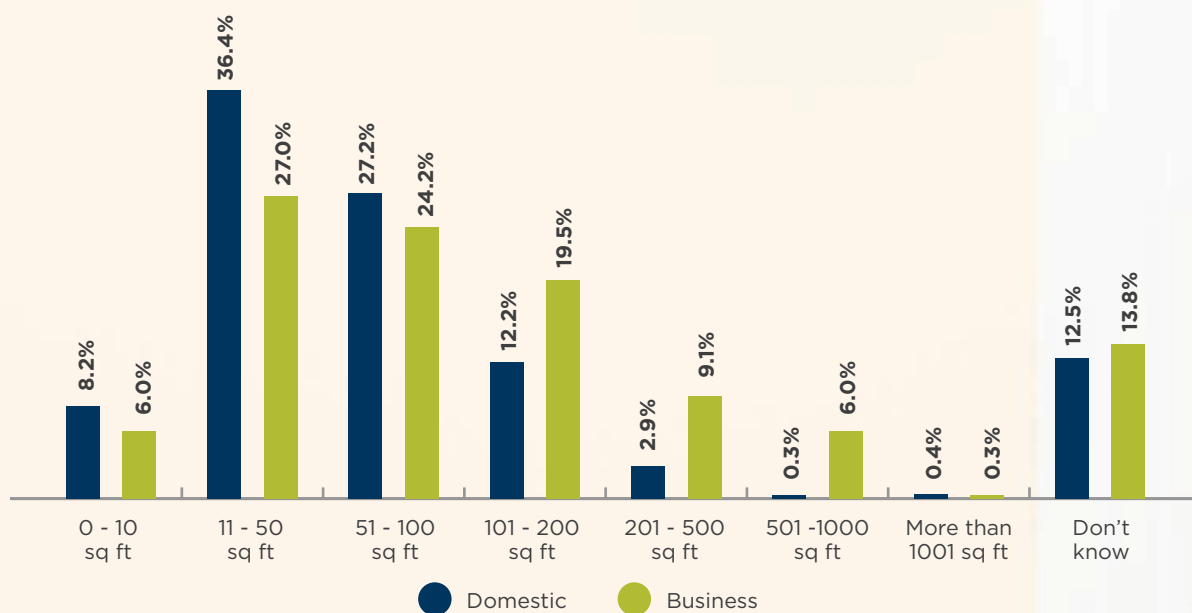
Figure 39 - Number of employees in businesses using self storage





Patterns of Use

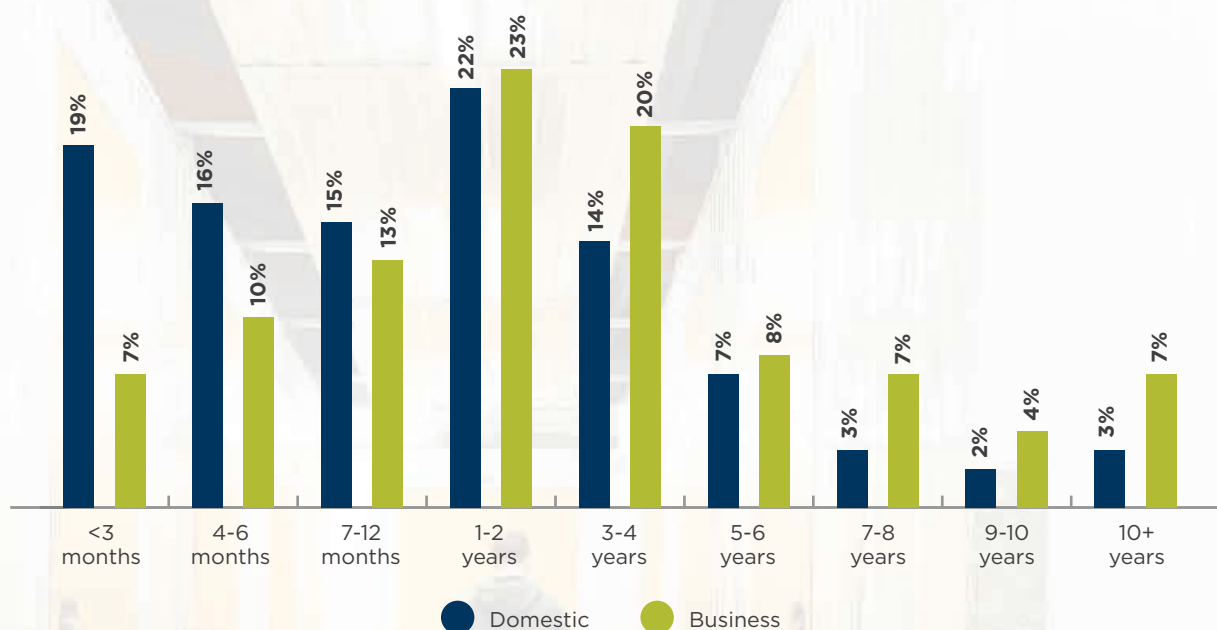
Figure 40 - Unit size by customer type



It is clear from the data that business customers tend to take larger units than domestic customers. They are also more likely to take multiple units with 24% of commercial customers indicating they used more than one self storage unit. Business customers make up

around 25% of self storage customers, but take up over 35% of the storage space. The high level of people who answered 'Don't know' further demonstrates that customers struggle with unit sizes, even when they are using the unit.

Figure 41 - How long have you had your current unit?



30% of customers have had their unit for three years or more. For the first year this figure has fallen, down from 35% last year. Most business users do take units for longer and make up the

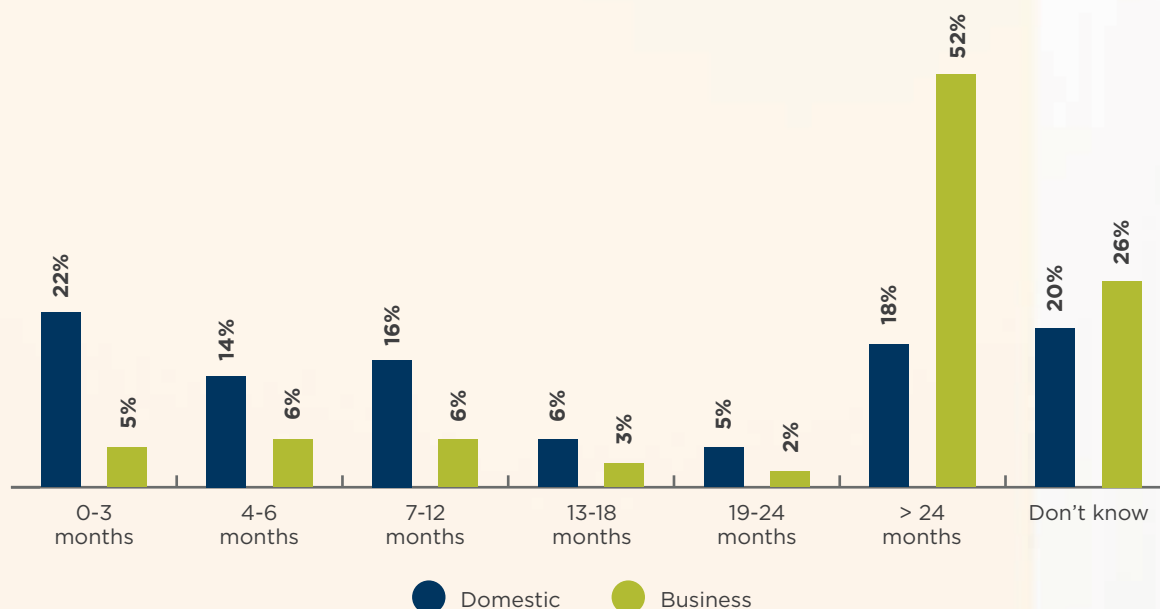
majority of the over 5 year customers. However, half of domestic use customers have stayed in their unit for more than 12 months.

“These are unprecedented times and although enquiries are holding up there will be a lag in move ins as the Country gets back to the new “normal”, I see a drop in occupancy in the short term and recovering later in the year”.

Robin Greenwood - CEO Storage King



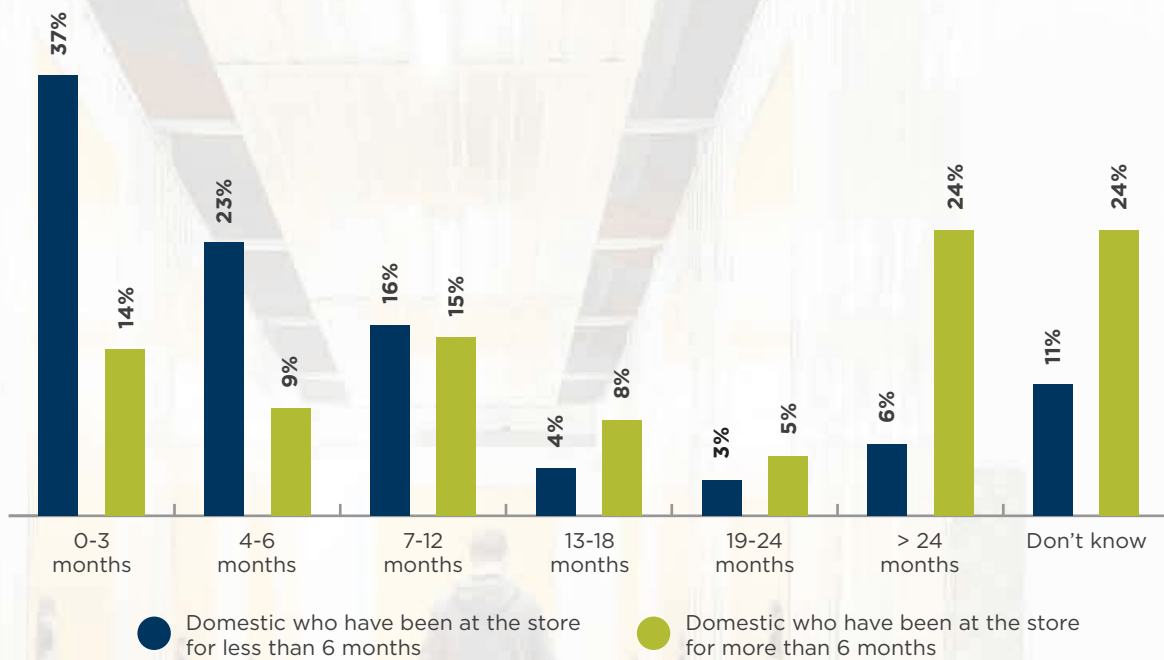
Figure 42 - Intended length of use



Unsurprisingly business customers are intending to continue to use their unit for the long term. There is a significant portion of customers who don't know how long they will need their unit for. Interestingly when we consider the next chart we see that in the domestic market at

least most of these “don't know” customers have been using their unit for more than 2 years. This would indicate they are long term customers and less likely to be moving out in the short term.

Figure 43 - Intended use personal customers based on current length of stay



This graph demonstrates the clear split between short term users and long term. Using domestic customers only, those that have only been in storage for less than 6 months expect to be moving out soon, 60% in the next 6 months. While of those that have stayed longer than 6 months only 23% expect to move out within 6 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, 75% stay over 6 months and 50% over a year. The likelihood is that of the 70% of new customers that have said they will move out in the next 6 months, many will in fact convert into long term customers, finding alternative uses for their storage unit, above the initial reason that took them to self storage in the first place.

The challenge for self storage operators is to convince more domestic customers to stay beyond the 6 months period and convert into long term customers.



“We do not expect to be discounting to retain occupancy in the short term, except for possibly business customers”.

Marc Oursin – CEO Shurgard

It is well established that self storage is very much a location based business. This data supports this with 56% of respondents travelling 15 minutes or less and 71% traveling 20 minutes or less to their self storage store. It is interesting to note that the number of people traveling more than 20 minutes has increased slightly from last year, 29% up from 25%. This could be due to changes in the sample group as there is slightly more customers in outer city locations than last year. People 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 people. There is very little difference in the data between domestic and business customers, with business customers having a very slight preference to shorter travel.

Figure 44 - Distance to travel to your self storage store

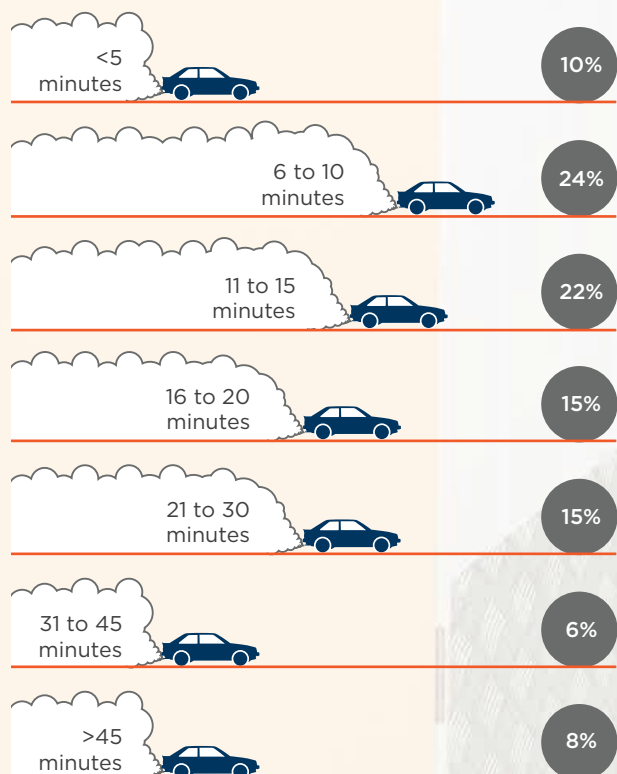
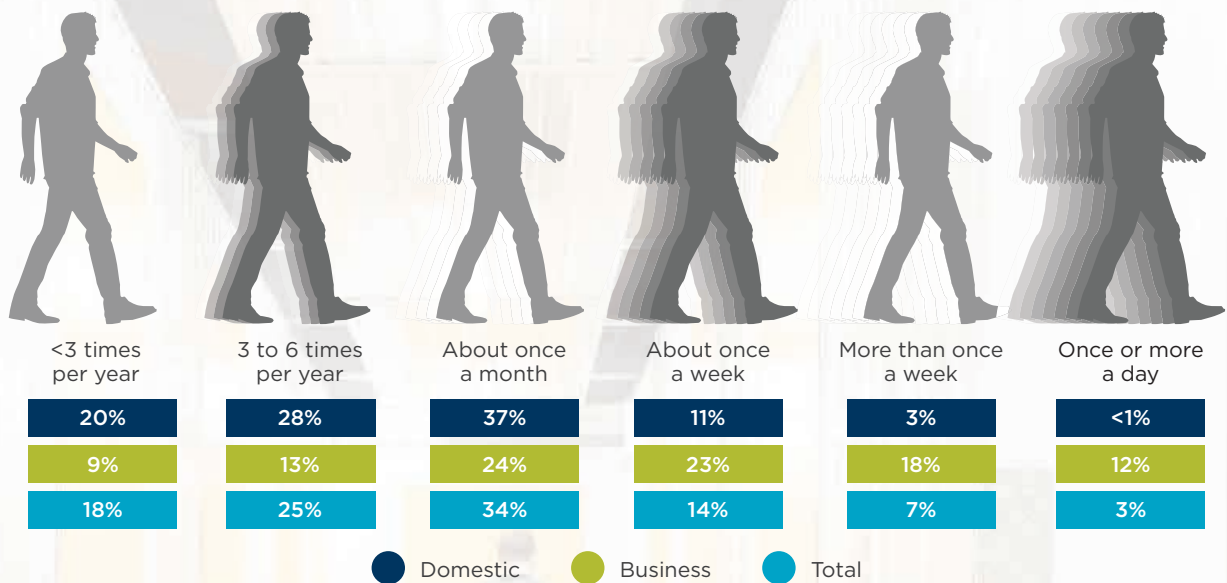


Figure 45 - How often do you access your storage unit

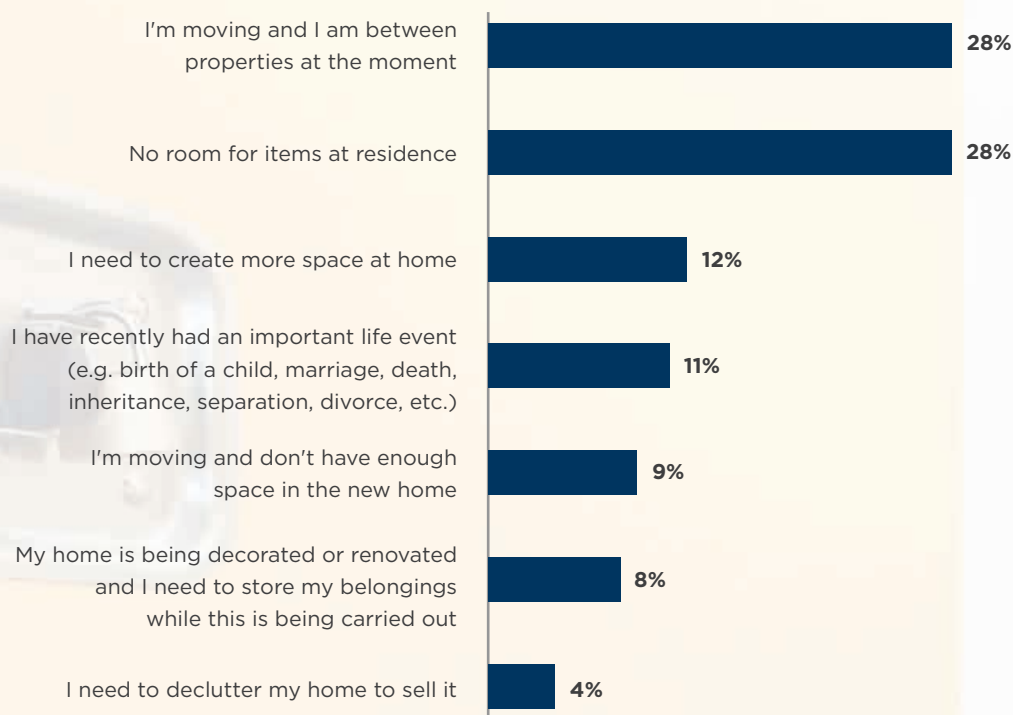


The majority of people visit their unit once a month or less, 77%. This figure has gradually increased over the past few years and is up from 74% last year. So customers are accessing their goods less than before. This is often in contrast to people’s expectations when they select a self storage unit. Accessibility, opening hours and proximity are all major factors when people choose a self storage unit, as they appear to perceive they will be accessing their goods more than they do in practice. Obviously each

customers needs are different, as this chart also shows business customers are more likely to be accessing their unit daily or weekly. Some domestic customers will have gone on holiday or are between properties and may not access their goods at all during their storage period. This data does support the notion that self storage is a low traffic business, with only 10% of customers accessing their unit more than once a week and only 3% daily.



Figure 46 - Reasons domestic customers use storage



This question was only addressed to domestic users and it was possible to provide more than one answer. The results are shown as a percentage of all answers provided.

Moving between properties has moved back into the top of the table, up from 23% last year with not room for items falling from 31% last

year. Despite this, if you combine all 3 reasons people use storage related to moving house this only makes up 41% of domestic customers, not the vast bulk that many people may think. If you include commercial customers into this then they make up only 32% of all customers.

“There will be a lot of uncertainty in the real estate market generally and this will provide opportunities for Self-Storage Operators looking for new sites”.

Robin Greenwood – CEO Storage

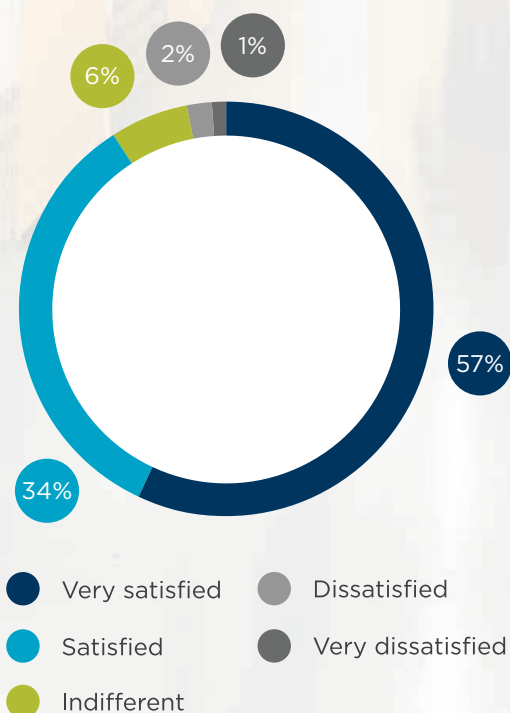
Observations on the industry

Figure 47 - Perception of value for money



While the overall level of perception of value in self storage remains high, it is interesting to note that level of satisfaction has increased amongst females (up from 68%) but decreased in males (down from 68%). The level of males viewing it as poor value also rose from 13% to 18%. There were less people in the don't know bracket this year. The result was an overall drop in perception of value, albeit minor.

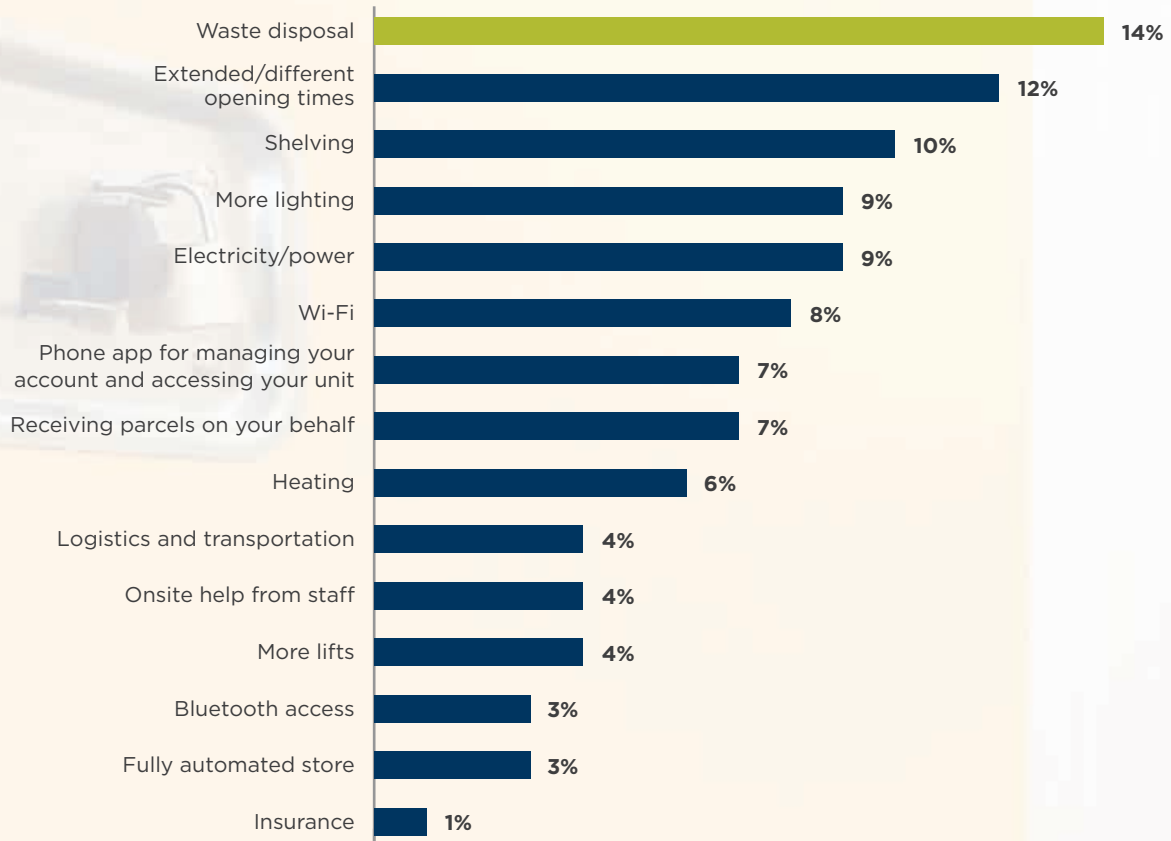
Figure 48 - Satisfaction with service



91% of customers stated they are satisfied with the service and the majority were very satisfied. However, this has fallen slightly from 93% last year and dissatisfied customers also increased from 1% to 2%. While these small changes are nothing for the industry to be too concerned about yet, if the trend continues this could indicate an underlying problem.

When asked if they thought their store should offer additional services, 18% of customers said yes while 43% said they did not know.

Figure 49 - Additional services

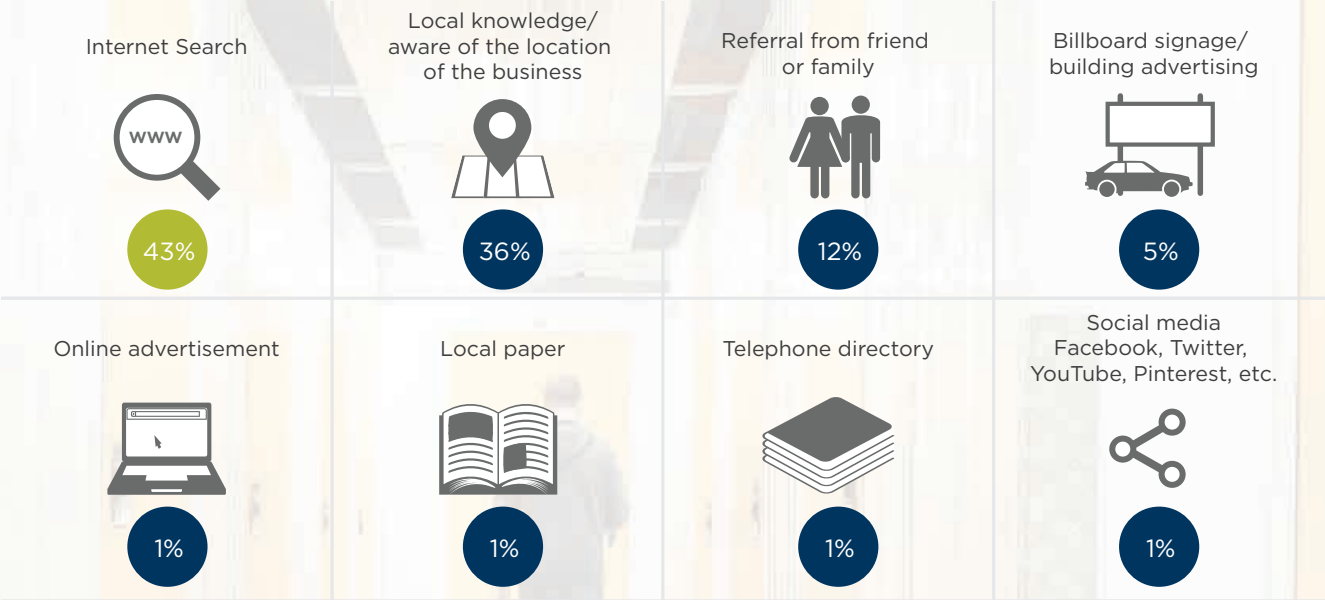


When given a list of potential services that could be offered waste disposal remains the most popular. This year the options of Bluetooth access and fully automated store were added in. Not surprisingly the response rate for them was low, given they are new technology and most people would have not experienced it yet. It should also be noted that the value for insurance would be low as almost all self storage stores now offer insurance to their customers so most would be already receiving this service.



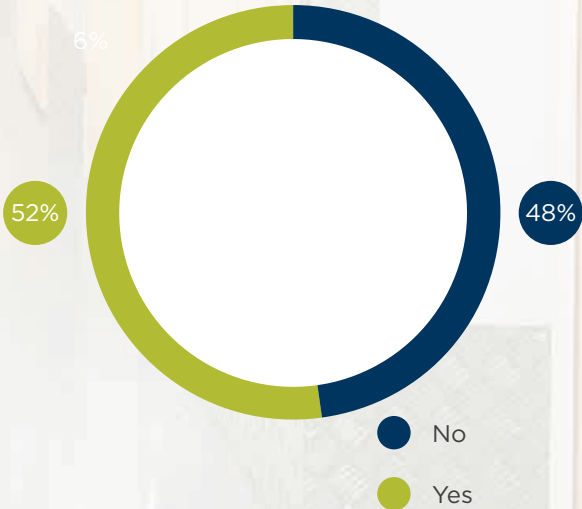
Researching self storage

Figure 50 - How did you first learn about your self storage store?



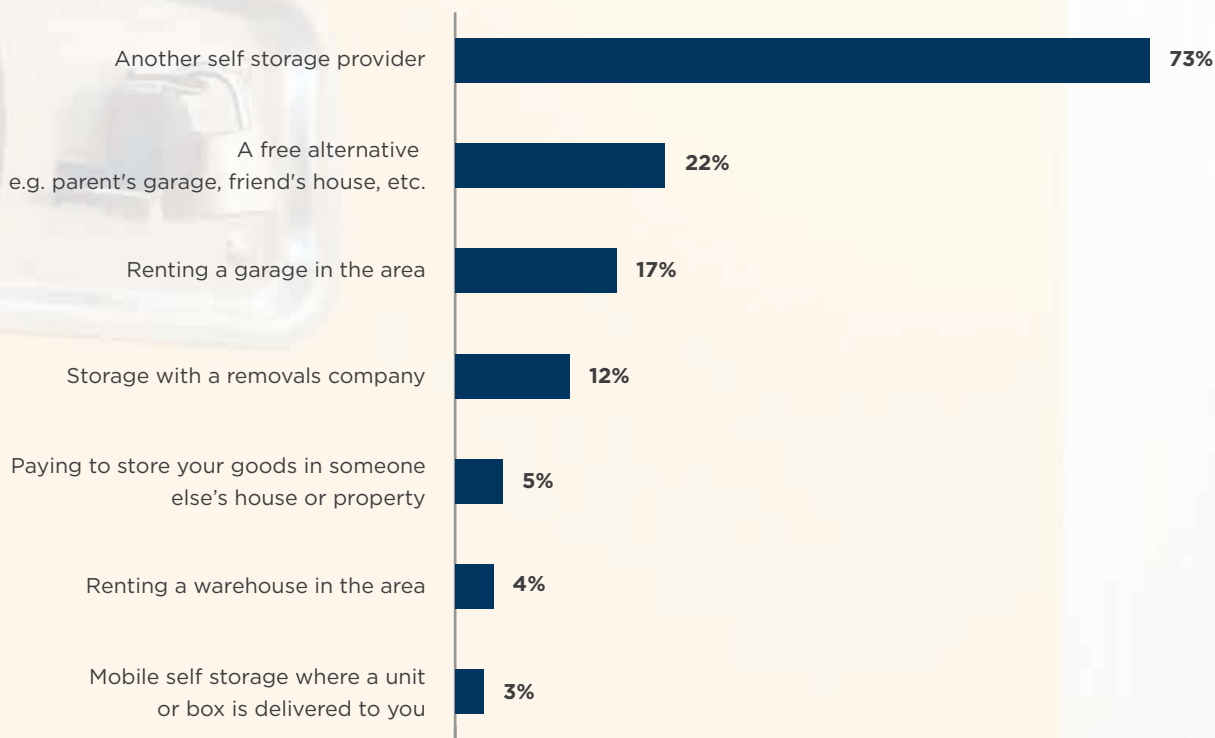
Not surprisingly more people are using the internet to find their local self storage provider. Store presence still accounts for over 1/3 of responses, supporting the philosophy that operators should be looking for a good high exposure self storage site.

Figure 51 - If you initially learned about your storage store offline did you then search online for more information?



Considering the respondents who indicated they would use online for further research, 73% of customers are researching online in total. Some may consider this low given general internet usage patterns; however it should be remembered that self storage users tend to fall into the older demographic which remain less inclined to research and shop online.

Figure 52 - Other options considered?



This question was addressed to all users and it was possible to provide more than one answer. The results are shown as a % of each option answered by the group. Hence they do not add up to 100%.

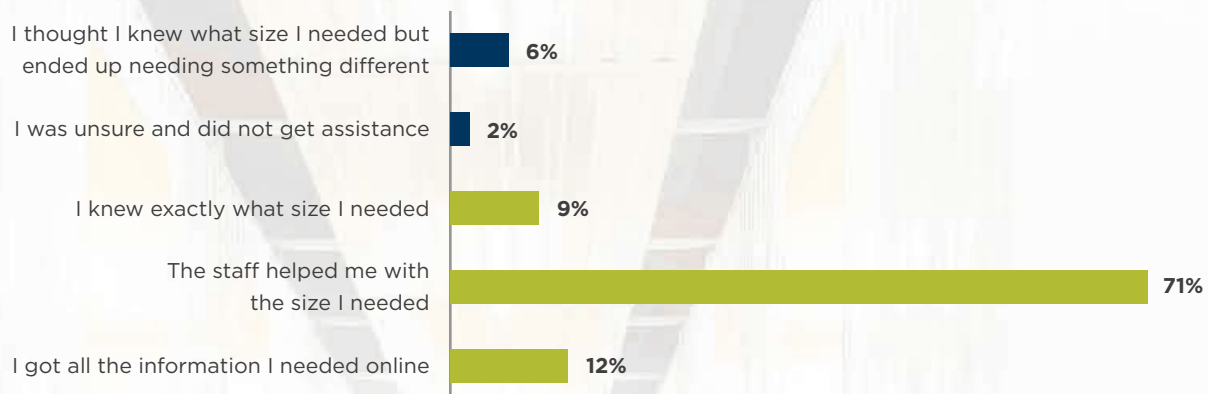
73% of respondents had considered another self storage provider, which some may think is quite low. The so called disruptors of the self storage industry are mobile storage and the Airbnb of self storage where you pay to store your goods in someone else's house. Yet this would indicate they are not being considered by the people that use self storage, with only 3% of people considering mobile storage and 5% paying to store in someone else's house.

This is relatively low and may be a result of the older demographic of people using self storage. It will be interesting to see how this changes over time.

Figure 53 - Use of customer reviews



Figure 54 - Was choosing the size easy?



This year the number of people who thought they needed one size but ended up needing something different rose from 4% to 6%. This could be made up of online customers who complete the transaction with limited interaction from staff and have less opportunity to have the sizes explained to them. Choosing the correct sized unit remains challenging for many

customers. 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.

Boxes and Packing Material

Figure 55 - Did you buy boxes or packaging material?



There has been basically no movement in this data over the last 3 years, despite the fact it shows there is a real opportunity for self storage operators to increase their level of packaging sales. It seems that operators in the UK seem to be more focussed on selling storage space than potentially supplementing their income through sales of boxes or packaging. This runs contrary to the industry in the USA and Australia where operators have a much higher retail focus, actively selling packaging materials, not just to storage customers but the general public too.

PUBLIC SURVEY

Industry Awareness

Self storage is a relatively new industry to the UK. 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 like the USA and Australia, the industry evolved during a time where mass media like TV and radio had a wide reach and was ideal to communicate the benefits of this emerging industry. It was often used by major self storage operators to increase awareness of the product as they expanded their portfolio.

The current media environment is much more fragmented and targeted, with the penetration of traditional mass media being diluted by an abundance of channels and the emergence of online alternatives such as streaming services. Operators rely on prominent store locations to increase awareness of the industry.

However, this does not help customers understand what self storage is, making it challenging to increase understanding of a product that is essentially a needs based purchase. This is the 7th year this survey has been completed and in this time there has only been a modest increase in the awareness and understanding of the industry. This increase

is likely to be tied to the increasing number of people that have used the service as the industry matures. If operators were doing more to educate people not considering self storage to the benefits of the industry then this would result in a greater uptake in awareness and understanding.

Figure 56 - Self Storage Awareness in the Local Area

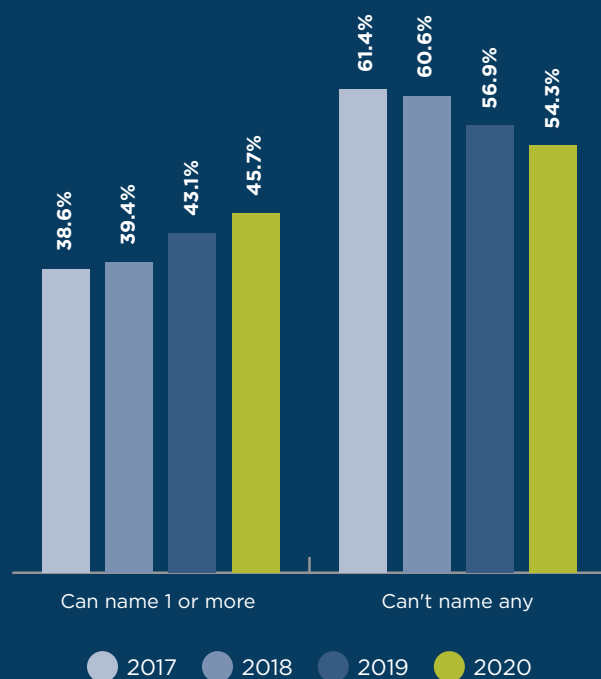
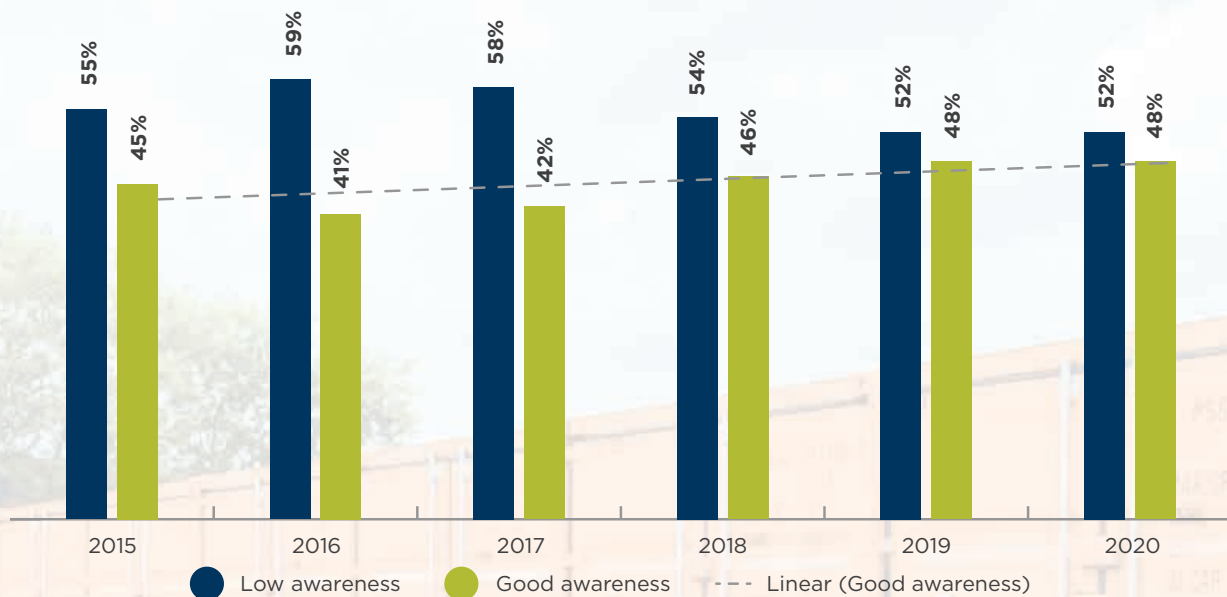


Figure 57 - Awareness



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 self storage store, albeit possibly a small one, in their local area. Those living in major metropolitan areas are likely to have 3 or

more nearby. Yet 54% of people do not know of a self storage store in their area. This is down from 57% in 2019. Interestingly we have seen 2 years of 3 percentage points drop, while the previous 3 years were mostly stable. This could indicate a turning point in awareness within the general public.

“The flexibility and convenience of self storage plays very much into a digital economy with the small business owner working from their home office, their car, a coffee shop and so on”.

James Gibson - CEO Big Yellow

Industry Knowledge

The survey also gauges people's understanding of self storage by asking them firstly what they think their understanding of self storage is, and then 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 over the 6 years of the survey. However, it has been marginal and there was no improvement this year. The majority of the general public still have a poor understanding of the product.

This difference between awareness and understanding is demonstrated when survey respondents are asked about several potential elements of a self storage business, some of which apply and some of which don't. Last year we saw a significant increase in the understanding of self storage compared to 2018. However, this year there has been a small decrease albeit not below the 2018 levels.

Figure 58 - Perceived industry knowledge

I have never heard of self storage	13%
I have heard of self storage but know nothing about the service that is offered	39%
I have heard of self storage and know a reasonable amount about the service that is offered	39%
I have heard of self storage and know the service that is offered very well	9%
Low awareness	52%
Good awareness	48%

“There will probably be some pent up demand for move outs when lock down finishes but people will also have other pressing demands on their time so these move-outs are likely to be phased over several months”.

Andrew Jacobs, CEO Lok'nstore

Figure 59 - Understanding key features

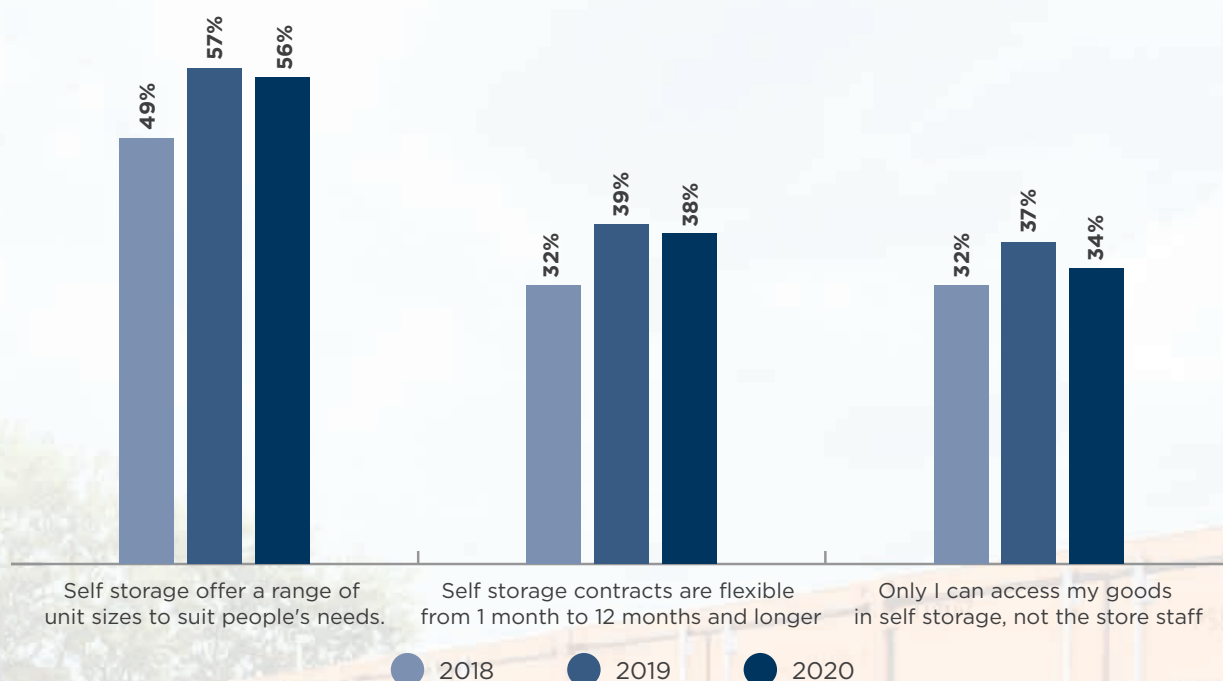
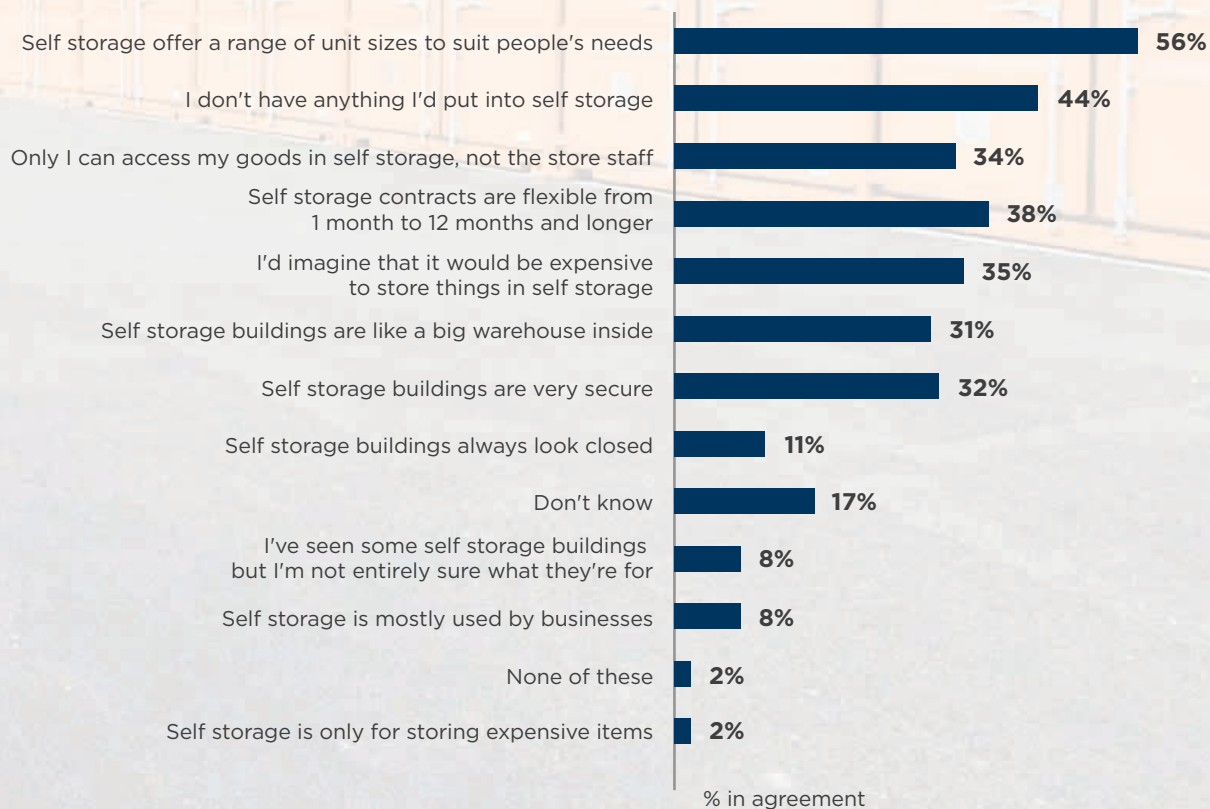


Figure 60 - Understanding features



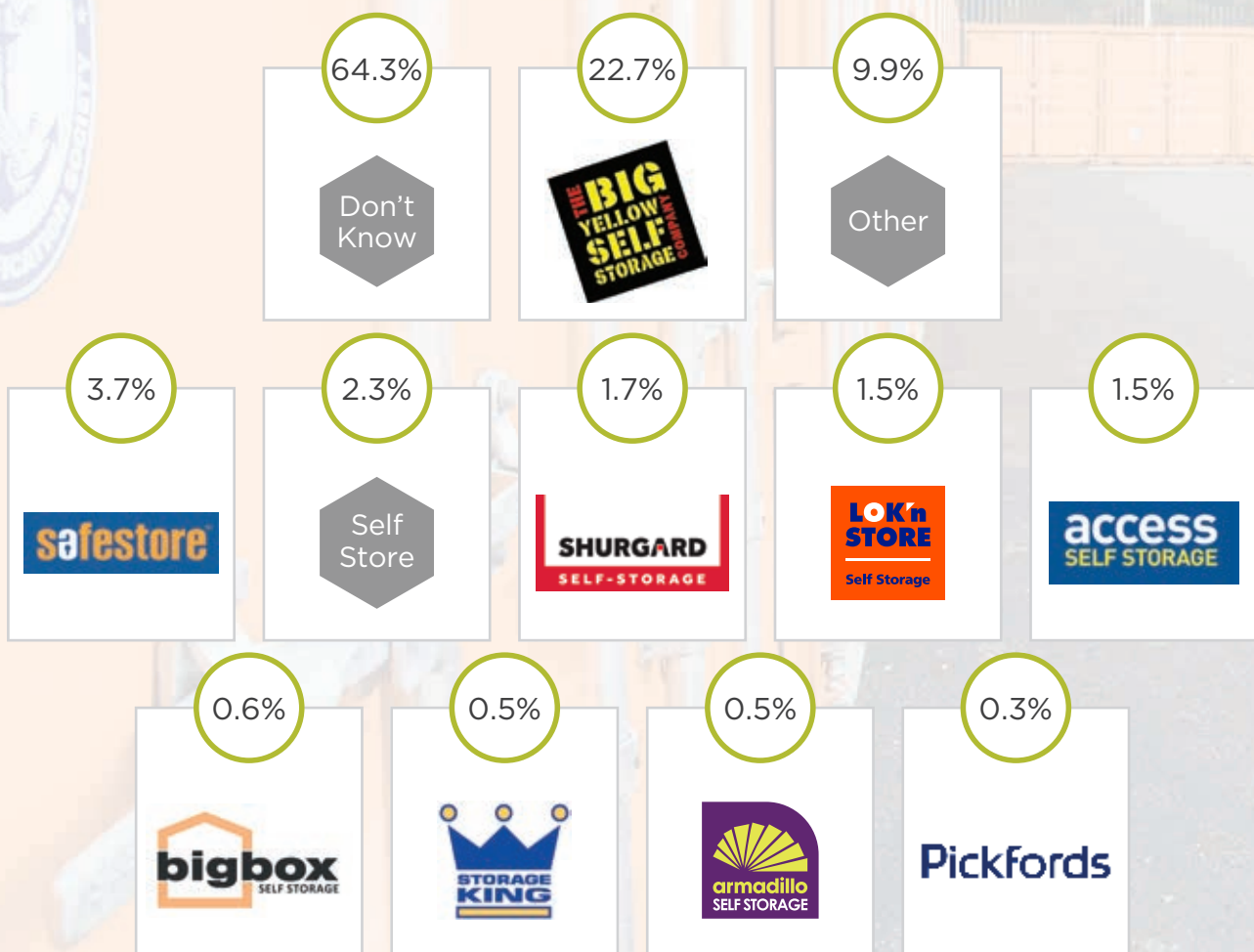
Brand Awareness

Unprompted brand awareness shows that Big Yellow remains the most recalled brand. However, over 64% of people could not name a single brand. There has been limited movement in this data over the past 12 months. The “other” data refers to the total of independent brands that do exist. This is the area that has increased most significantly over the last 6 years, rising over 50% from 6.3% in 2014. There are certainly more independent operators in the market now which would contribute to this growth. Self storage is a very localised industry, so if you have a strong brand in your local area this can be of benefit.

“There will be opportunity for more ongoing digitalization of commercial processes post COVID-19”.

Marc Oursin - CEO Shurgard

Figure 61 - Unprompted brand awarenesses



Self Storage Use

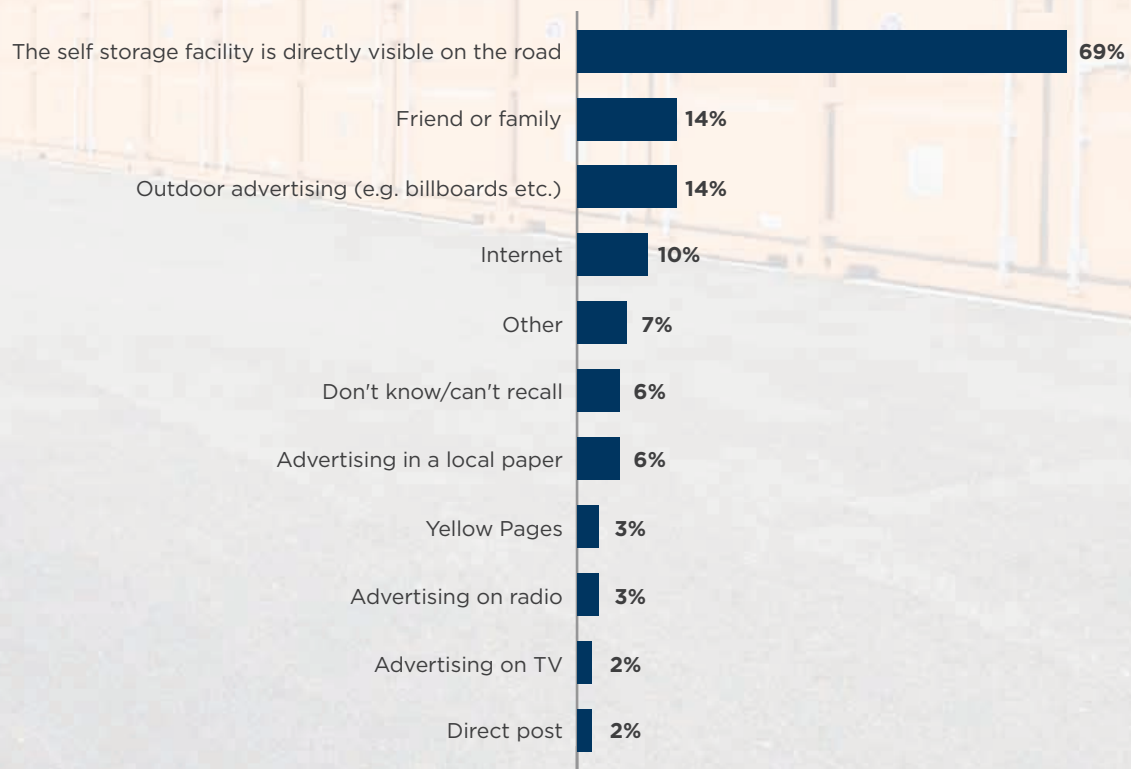
This data has remained largely the same for the past 6 years. As such a small percentage of the population are using self storage, gradual increases in usage will not show up within the sample. The fact that the industry has grown by around 30% in the past 5 years, while increasing occupancy, shows that more people are using the product. There are consistently more people considering using self storage than materialises into actual users the following year. The industry would do well to understand why so many people are considering using the product but don't. Is it a pricing issue, as this study also shows people perceive the price to be lower than it is? Do people's circumstances change so they don't need the product after all? Are they finding alternatives to self storage?

Figure 62

I am currently using self storage	2%
I am considering using self storage in the next 12 months	7%
I am not using/considering using self storage in the next 12 months	86%
Don't know	6%

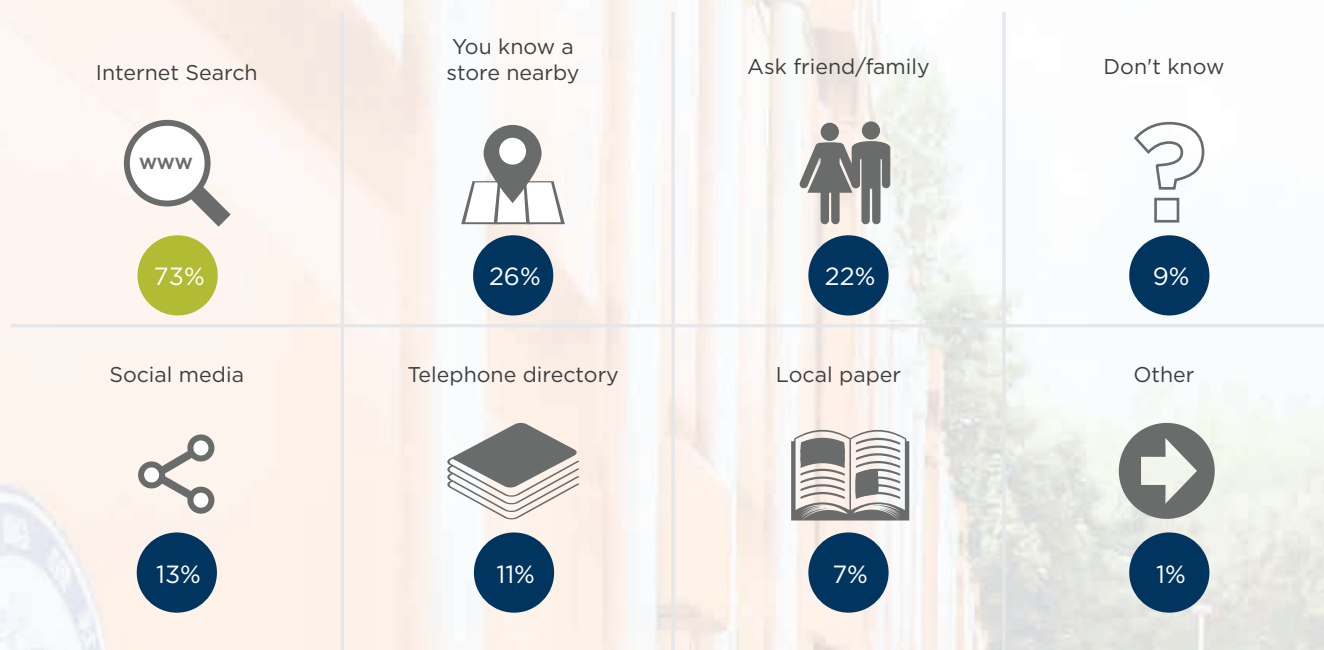
Finding a self storage business

Figure 63 - Drivers of Recognition



When asked how they knew about their local self storage business, road visibility remains the clear driver of recognition. Not surprising given the effort most operators make to get prime frontage locations, and as mentioned earlier, the lack of mass media advertising by the industry.

Figure 64 - How Would You Find a Store to Contact?



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

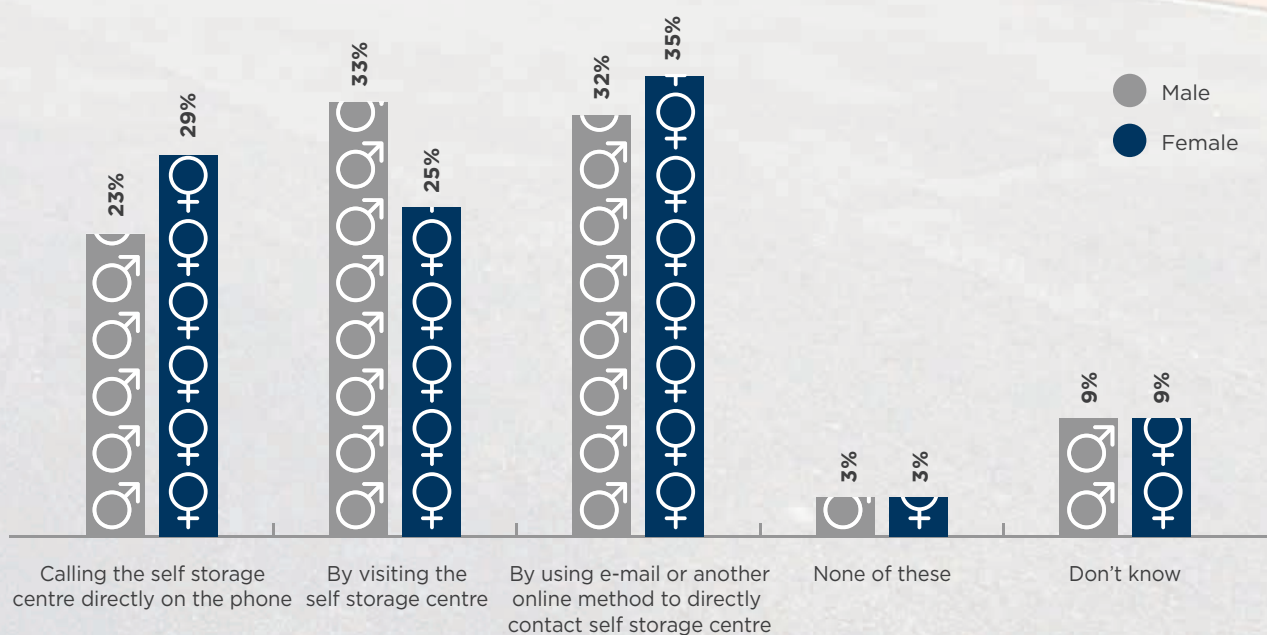
Comparing this data to the previous years the clear growth areas are social media, the internet and asking friends or family. Not surprisingly the telephone directory has become less relevant, now falling behind social media.





When asked how they would contact a store to enquire or book a self storage unit, online methods continue to grow at the expense of calling or visiting the store. However, there are some notable differences based on gender as shown in this chart. Males are much more likely to contact the store in person while females prefer to go online or call.

Figure 65 - Gender Preference for Contacting a Store

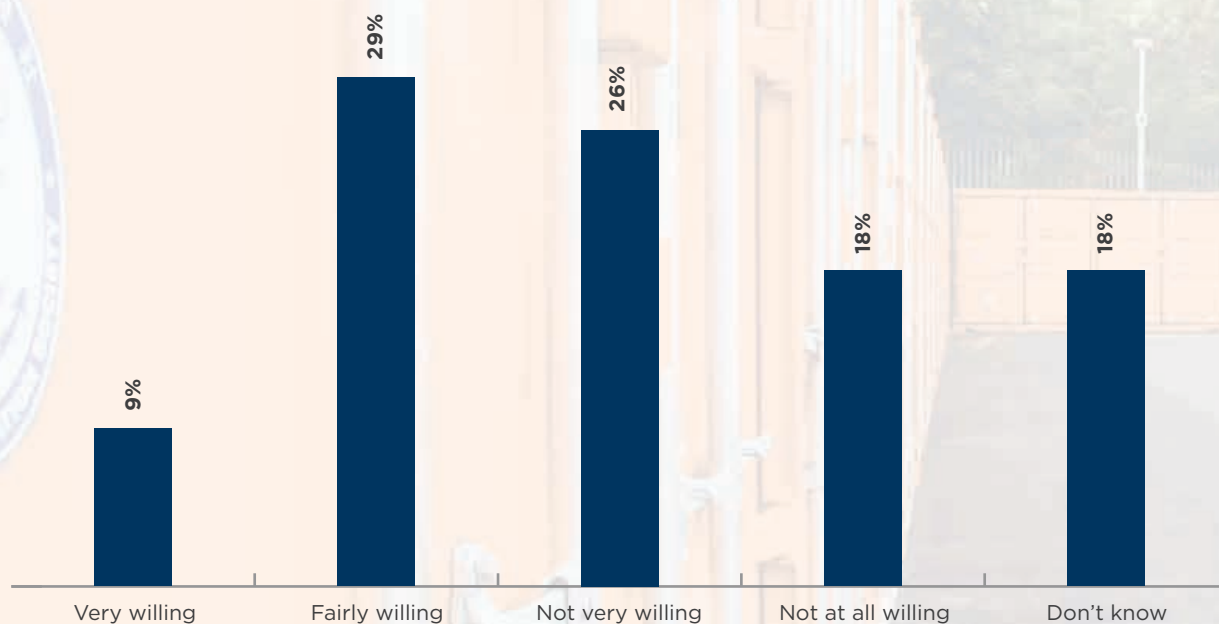


Attitude to technology

In this year's survey two new questions were asked to gauge the public attitude to technology in self storage. The industry is going through some significant changes with the emergence of fully automated stores, Bluetooth and RFID access, video call centres and more online selling of self storage. The questions were aimed at determining how the public considered these changes to the industry. It will be interesting to track these results over time as some of this technology becomes more prevalent in the industry.

Respondents were told that an 'unmanned/fully automated self storage facility', was a storage facility that does not have any staff on site and all interaction with staff is done online or via a video link in store. They were then asked how willing, if at all, they would be to using an unmanned/fully automated self storage facility?

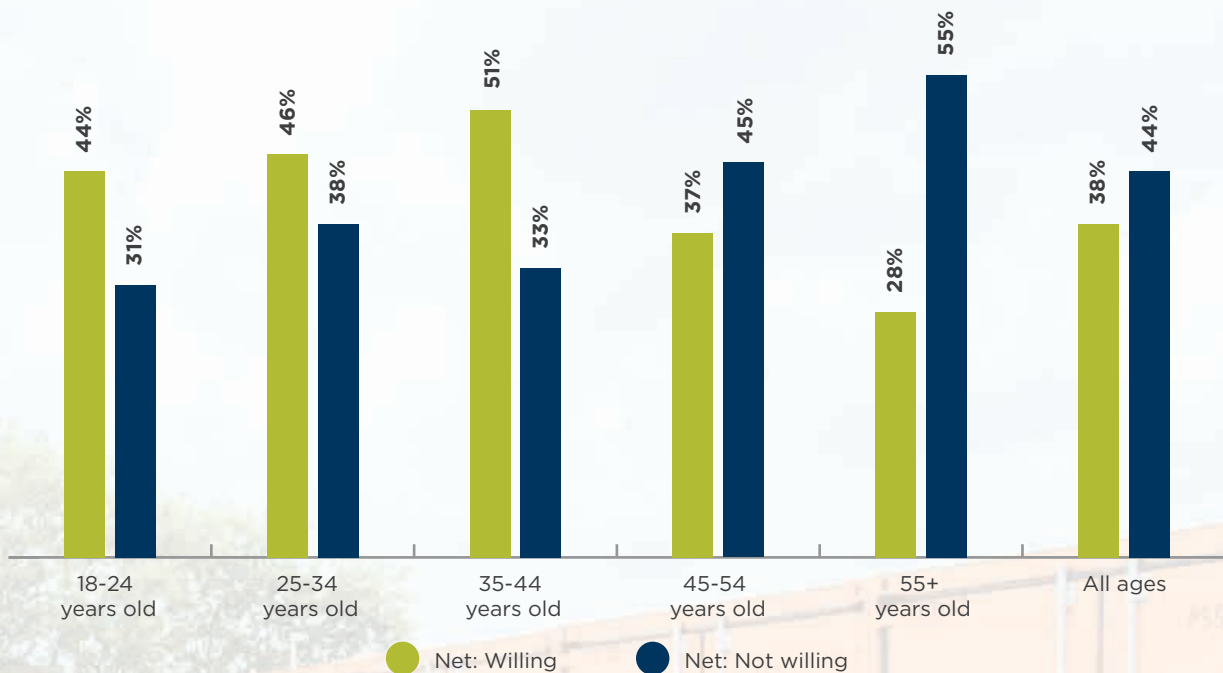
Figure 66 - How willing would you be to use an automated store?



Removing the don't knows from the equation we can see that there is still a preference against automated stores. Remembering that at the time of the survey there were very few, if any, fully automated self storage stores in the UK, some may argue that to have 38% of respondents willing to use an automated store, having never seen one is supportive of the technology.

When the data is broken into age groups we can see that interestingly, some of the typical self storage age groups have a higher preference towards the automated stores.

Figure 67 - How willing would you be to use an automated store



As you might expect, younger people have more willingness to adopt this technology. However, this extends to 35-44 year olds who are typical self storage users and 51% are supportive of unmanned stores. The only age group to show over 50% support.

Respondents were also asked which one, if any, of the following ways would you prefer to complete the booking process (e.g. to book the unit, select the move-in date etc.)?

“To keep pace with evolving user behaviour and developments in the online advertising landscape, operators must continually invest in the digital customer experience and the insight capabilities which underpins it”.

Frederic Vecchioli - CEO Safestore

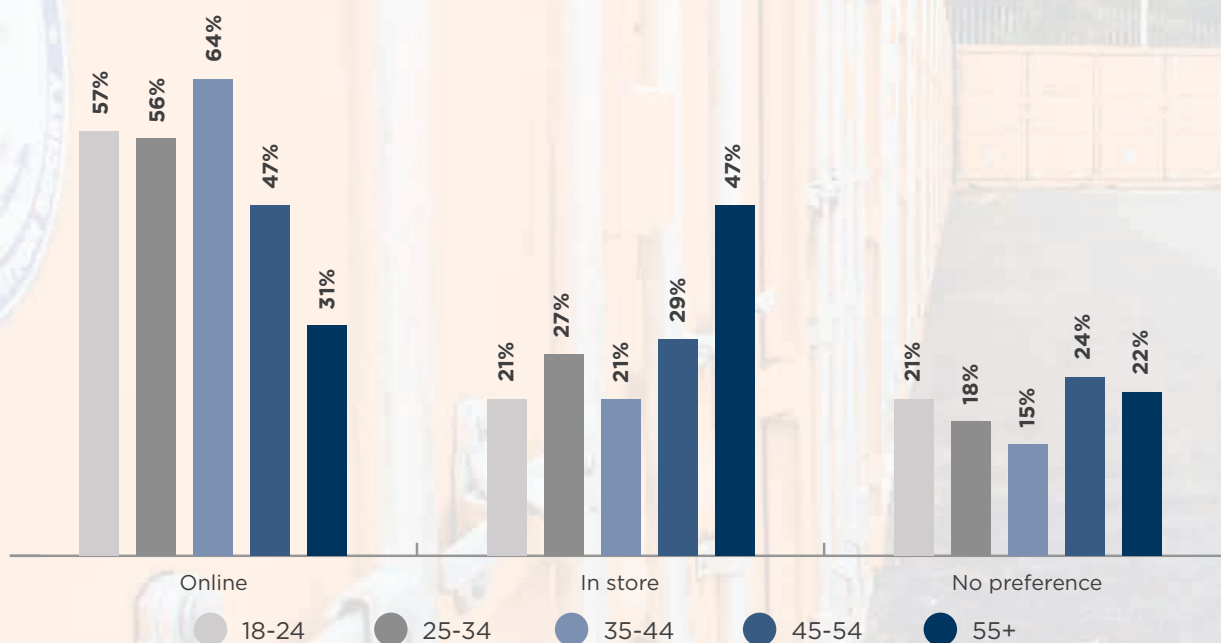
Figure 68 - How would you prefer to complete the booking process?



Online was the clear leader in this regard. This runs contrary to the industry where many operators still do not allow the customer to completely book and pay for their unit online.

Instead customers are encouraged to contact the store by phone or in person to complete the booking process.

Figure 69 - Preferred booking method by age



When broken down by age, once again we see the 35-44 year olds are the most willing to complete the transaction 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 price of self storage, with 29% people indicating they don't know and only 8% were within the correct price range for their region.

Figure 70 - Price Expectations

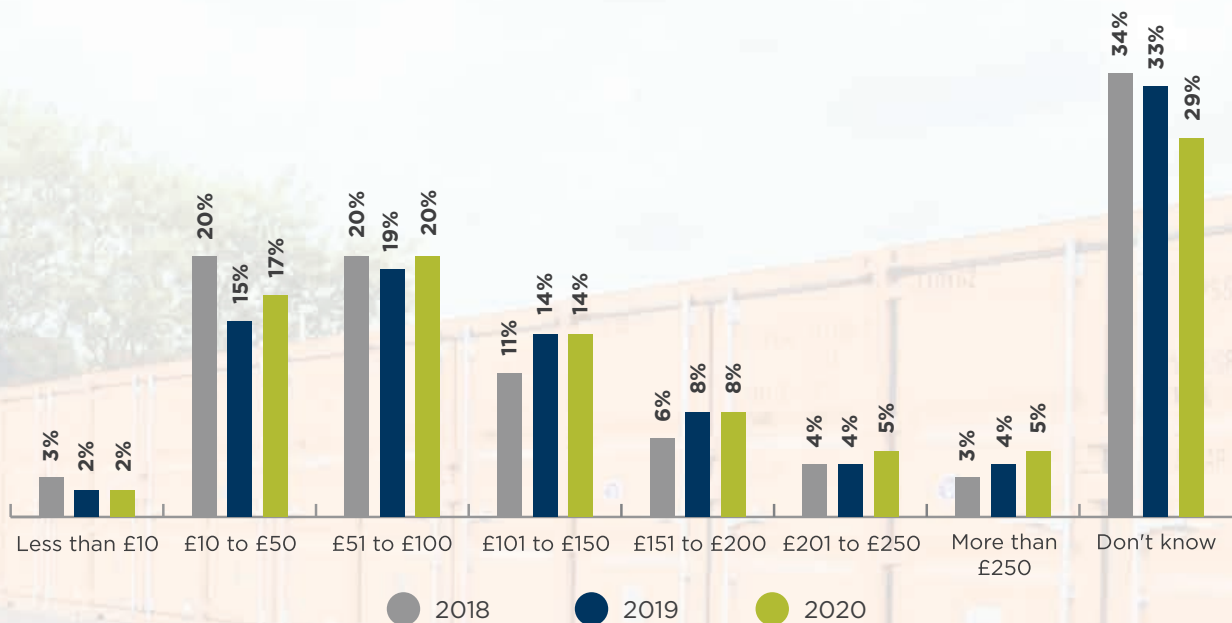


Figure 71 - Price expectation by region

	UK	London	South	North	Scotland
Actual Price Range	£150 - £200	£200 - £250	£150 - £200	£101 - £150	£150- £200
Within Range	8%	7%	9%	13%	3%
Under Range	54%	64%	55%	40%	53%
Over Range	10%	9%	11%	14%	12%
Don't Know	29%	21%	25%	32%	32%

SECTION 05

EUROPE

The self storage industry in Europe has grown rapidly over the last decade. We estimate that there are now over 4,610 facilities providing almost 10 million square metres of self storage space. The UK makes up around 41% of the European self storage market and also has the most storage per person of any country in Europe.

The self storage industry in Europe is fragmented with most facilities owned and operated by smaller independent operators. Major operators, who we have defined as having 10 or more facilities, occupy less than 50% of the total number of facilities in the established countries in Europe. However, as major operators tend to have larger facilities they account for more than 50% of the storage space in many markets. What is noticeable in these countries is an absence of mid-tier operators who occupy four to nine facilities. Recent consolidation has widened the gap between small and major operators. Six countries have 80% of the total number of facilities in Europe, and 85% of the total floor space. This market share of the top six has been gradually decreasing as self storage grows in the less established markets.

The largest operator in Europe is Shurgard who currently (as at May 2020) occupy 236 facilities. Most other operators only have stores

in one country or region. Safestore however have recently acquired stores in Spain and the Netherlands to accompany their portfolio in France and the UK.

The largest operators generally have larger facilities. This is highlighted by the fact that the 10 largest self storage brands represent 19.0% of the total number of facilities but 35% of the total available space. The market share of the top 10 brands has dropped. Even though all of the larger operators have been expanding their portfolios, the overall market has grown rapidly with independent operators adding more facilities and collectively more space.

The European market is still considerably underdeveloped compared to the USA or Australia where the market is more mature. Care should be taken however in comparing these markets as other conditions such as the real estate demands, the price of self storage and cultural differences will impact the potential development of self storage. It is unlikely any European market will get to the same level of supply as the USA. However the growth in Europe has been closer to that in Australia and it is conceivable that some European countries will get similar levels of supply per capita to Australia.

Figure 72

Country	No. of Stores	Total Storage Space (sq ft)	Floor Space per Capita
Austria	81	1,238,000	0.14
Belgium	90	2,185,000	0
Denmark	93	2,120,000	0.37
Finland	70	1,679,000	0.30
France	505	12,917,000	0.20
Germany	273	6,781,000	0.08
Ireland	41	1,124,000	0.23
Italy	64	1,991,000	0.03
Lithuania	2	22,000	0.01
Netherlands	315	9,688,000	0.57
Norway	240	1,615,000	0.30
Poland	21	775,000	0.02
Spain	504	10,656,000	0.23
Sweden	206	5,167,000	0.51
Switzerland	120	1,292,000	0.15
UK (incl containers)	1900	49,000,000	0.73
USA	55,000	3,116,000,000	9.44
Australia	1,450	48,500,000	1.89

US COMMENTARY

For this year's annual self-storage survey, Cushman & Wakefield's self-storage advisory team in London interviewed their US counterparts, Luke Elliot and Kate Spencer to gain an understanding of how the US is adapting to some of the key changes that the UK self-storage market is also facing. Here we discuss the effects of automation, growth limitations and predictions on the future of the US market as well as how customers are finding new and exciting ways to use self-storage.

How is Automation impacting the US Market?

Automation is a growing trend in the US market. We have seen an increasing number of facilities being developed where there are no onsite managers in place.

These operators are now implementing a kiosk style model where customers can input their information into a computer in order to rent and gain access to their unit. This generates a unique code and allows customers to gain access to their units via Bluetooth or using their code with the entire self storage experience via an app. While these solutions are expensive at the moment, operators are offsetting this against reduced staff costs. At this stage, we don't see any significant differences in fill up rates between automated and manned facilities.

What we have noticed are issues from the valuation side of things. There is sometimes a perception from operators that an automated facility will be worth more than a manned facility due to the lower operating costs. However, banks and investors still want valuations to price in costs for an onsite manager in the event that an operator decides to switch to a conventional manned facility or, if the bank has to take possession of an asset, so any potential uplift in value is rarely realised.

Other issues can arise from the technology used to run an automated facility. If the underlying system goes down, it can prevent people from renting a unit or gaining access to an existing unit. This then falls on the responsibility of the secondary manager behind the scenes who may not be available to assist customers, particularly if they are overseeing multiple stores.

Do we think fully automated stores will gain traction and become more popular in the future?

Yes, but right now we're not quite at that point and the best-case scenario would be some sort of a hybrid semi-automated system across 2-3 stores to reduce costs.

What are your main predictions on growth and new supply in US markets?

There has been a large surge in new supply over the last 5 years. When compared with the previous generation of stores, located out of town and on larger plots of land, the new generation of stores are now on smaller plots, closer to inner city and retail dominated areas.

Developers are struggling to go into cities and buy land to develop a brand-new self storage facility as residents no longer want to see these large bulk stores in their cities. The focus has now shifted on how existing buildings can be used for self storage and other purposes.

2018 saw more new stores opened than ever before and while moratoriums have made it more complicated to develop, stores early indications on the 2019 data is that there may have been even more openings than 2018. We do think this growth will begin to tail off during 2020. Our data indicates that around 10% of new openings in the last year were unmanned, with many more having online platforms or apps to manage the store.

What are the key factors you're seeing that you believe will limit the growth of new stores during 2020?

As with most real estate markets, the biggest factor limiting growth is the over building of new stores. This has resulted in flat rental rate growth in most markets across the US and the cost of construction is also rising as much as 20-30%.

Oversupply in certain markets has also

prevented us from projecting where rents will end up or how quick the lease up will be at new facilities. Rental rates predicted in 2016 have not been realised due to the oversupply which in turn has deterred investors and operators from building more facilities.

We're also finding that in some markets the operators are now competing against retail or multi-family uses which is pushing up the cost of available land.

Over the last 3 years there have been 3 - 4 thousand new stores opened in the USA. That's almost the size of the entire European self storage market.

Interestingly, while in Europe there has been less development of the mega sites with 1,000 plus rooms in recent years, they are still common in the US. There is no sign of reduction in the average size of stores in the USA. Drive thru stores are being built where 4-5 acres can be acquired at a reasonable cost. We've seen around 1,000 of these types of store developed between 2017-2019 with roughly 25% of those being ground floor only and the remaining 75% with two or more levels. Lease up is generally the same regardless of whether the store is single or multi-level, but you'd expect to see a discount in the rental rate on the upper levels.

The market in the USA is close to saturation but we're predicting that this will be temporary, and supply will continue to grow once the market absorbs the existing supply over the next 4-5 years. Self storage is a culture in the US and we're still a nation of buyers, we will continue to buy more possessions, keep hold of them and ultimately have to put them in storage!

Is the customer base similar in terms of age brackets or is the US starting to attract more younger customers?

Most customers that use storage are generally the older generation in their 30s and 40s, but the younger generations feed through and become the older generation so there's a constant cycle. We don't expect this to change for the next 10-12 years.

We are seeing the younger generations use self storage but for shorter periods when they have to move cities or away from university over the summers. The older generations hold onto their units for much longer.

We aren't expecting to see any major shift in demand over the long term, even with new generations coming through. We're a large nation and there is still a significant proportion of the population that will grow up in and live out in suburbia, get married, have kids, buy things they don't have space for and have to put it into storage!

Obviously the supply levels of self storage in the USA are so much higher than anywhere else in the world. Is part of this because self storage is cheaper in the USA?

This is an interesting question as it is hard to compare the cost of storage across multiple markets let alone different countries. Storage prices vary from location to location within the USA and UK as does the cost of living. Then there are currency conversion issues when comparing countries, which are not necessarily linked to real costs to the consumer. However, if we compare the cost of storage relative to average household income, we get some interesting results. In New York a 100 sq ft non climate controlled unit is around 1.9% of household income, a climate controlled unit is closer to 2.2%. In Chicago its 1.1% and 1.5% and in Washington DC its 1.2% and 1.8%. However, when we look at the UK, the same sized unit is 5.5% of household income in London and 4.3% in Manchester. That is a lot more expensive in relative terms. This is based on average household income pre expenses, not disposable income. So while this is still a rough measure, the scale of the difference would indicate that in real terms self storage is more expensive in the UK than the USA.

Finally, can you give us an insight into any US investors hoping to break into the UK/European market?

We've discussed this with several of our clients, and they are interested as the returns in Europe are generally higher than in the US but given the scale of the operations in the US, investors are hoping to replicate this and buy into the UK or European market with a platform of 20 stores straight away, which we all know is incredibly difficult!

CONTRIBUTORS

Thank you to all the SSA UK members who completed this year's survey and allowed us to survey their customers. The following businesses agreed to have their names listed as contributors to the survey. Some businesses who completed the survey chose not to have their names included in this list.

A & S Self Storage	Lock Stock Self Storage
A Space Station plc	Lok'n Store Ltd
Adams Selfstore	Magenta Storage
Apex Self Storage	McCarthy's Storage World
Armadillo Self Storage	MegaStorage
Attic Self Storage	Mylockup
Barn Store	MyStore Self Storage
Big Yellow Self Storage	Parkgate Self Storage
Billericay Self Storage	PD Self Storage
Black Hole Storage	Qstore
blue self storage	Ready Steady Store
Bonnys Self Storage	Rugeley Self Storage
Border Store It	S&D Harper
Britannia Lanes of Cornwall	Securestore 365 Limited
Bude Self Storage	Self Storage Centre Oxford
BWI Storage Ltd	Self Storage Tameside
Cookes Storage Service	Sheeplands Self Storage
Derbyshire Self Storage	Shurgard
Easistore	South Hams Self Storage
Easy Access Self Storage	Squarefoot Self Storage
Flavell and Co	Stock N Lock Self Storage
Guernsey Self Store	Storage King
Harrison and Rowley	Storage World
Hogleaze Storage Ltd	StorageMart
House-it	Surestore
Incredible Bulk Self Storage	The Storage Place
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