



THE SELF STORAGE ASSOCIATION UK ANNUAL INDUSTRY REPORT

2019



SUMMARY OF KEY FINDINGS

OCCUPANCY ON
CURRENT LETTABLE
SPACE IS

77.2%

UP 1.4% ON
LAST YEAR

THE UK AVERAGE
NET RENTAL
RATE IS

£23.11

PER SQUARE FOOT
PER ANNUM

OCCUPANCY AND
PROFITABILITY
GROWTH CONFIRMS
DEMAND IS GROWING
FASTER THAN
SUPPLY, BUT AT A
LOWER RATE THAN
LAST YEAR

THE TOTAL AMOUNT
OF SPACE USED
BY CUSTOMERS
INCREASED BY

3.8%

IN 2018

APPROX

13%

OF HOUSEHOLDS
HAVE USED
SELF STORAGE
AT SOME POINT

EAST MIDLANDS AND
THE NORTH HAVE
EXPERIENCED THE

**LARGEST
GAINS**

IN RENTAL
RATES

THE UK HAS

46%

OF ALL EUROPEAN
SELF STORAGE SPACE

THE GROWTH IN
CONTAINER BASED
SELF STORAGE
HAS SLOWED WITH
MORE PURPOSE
BUILT SELF STORAGE
BUSINESSES OPENING
IN 2018 THAN
CONTAINER BASED
SITES.

56.9%

OF PEOPLE CAN
NOT NAME A
SELF STORAGE
STORE IN THEIR
LOCAL AREA

ONLY

48%

OF THE PUBLIC HAVE
A GOOD KNOWLEDGE
OF SELF STORAGE

94%

OF CUSTOMERS SAY
THEY ARE SATISFIED
WITH THE SERVICE
FROM THEIR
SELF STORAGE
STORE

71%

OF SELF STORAGE
CUSTOMERS ARE
40-69 YEARS OLD

75%

OF CUSTOMERS
TRAVEL LESS THAN
20 MINUTES TO
THEIR UNIT AND 60%
TRAVEL LESS THAN
15 MINUTES

35%

OF CUSTOMERS HAVE
KEPT THEIR UNIT FOR
3 YEARS OR MORE

40.3%

OF CUSTOMERS HAVE
USED SELF STORAGE
PREVIOUSLY

CONTENTS

INTRODUCTION	6
INDUSTRY OVERVIEW	8
INDUSTRY HIGHLIGHTS	12
MACRO-ECONOMIC OVERVIEW	16
ECONOMIC & POLITICAL OVERVIEW	20
INDUSTRY DATA	24
CUSTOMER SURVEY	40
PUBLIC SURVEY	60
EUROPE	72
SURVEY METHODOLOGY	74
CONTRIBUTORS	76
CONTACTS	77



INTRODUCTION

This is the 13th 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.

Over the last 4 years the sample group has remained fairly stable. There have been some additional operators added and other mergers and acquisitions have altered the store mix. This generally reflects the growth of the industry. This allows for better comparison of the data on a year to year basis. 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 fifth 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.

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. We have changed how some of the data is presented this year and in some cases have presented current figures with historical figures of 5 years ago to show longer term changes. We have also segmented some of the results further to better reflect the changing industry and in these cases historical data is not available for comparison.

Finally, we 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.

INDUSTRY OVERVIEW

Defining the exact size of the self storage industry in the UK is challenging. Self storage businesses are not required to be registered so there is no central authority measuring their development.

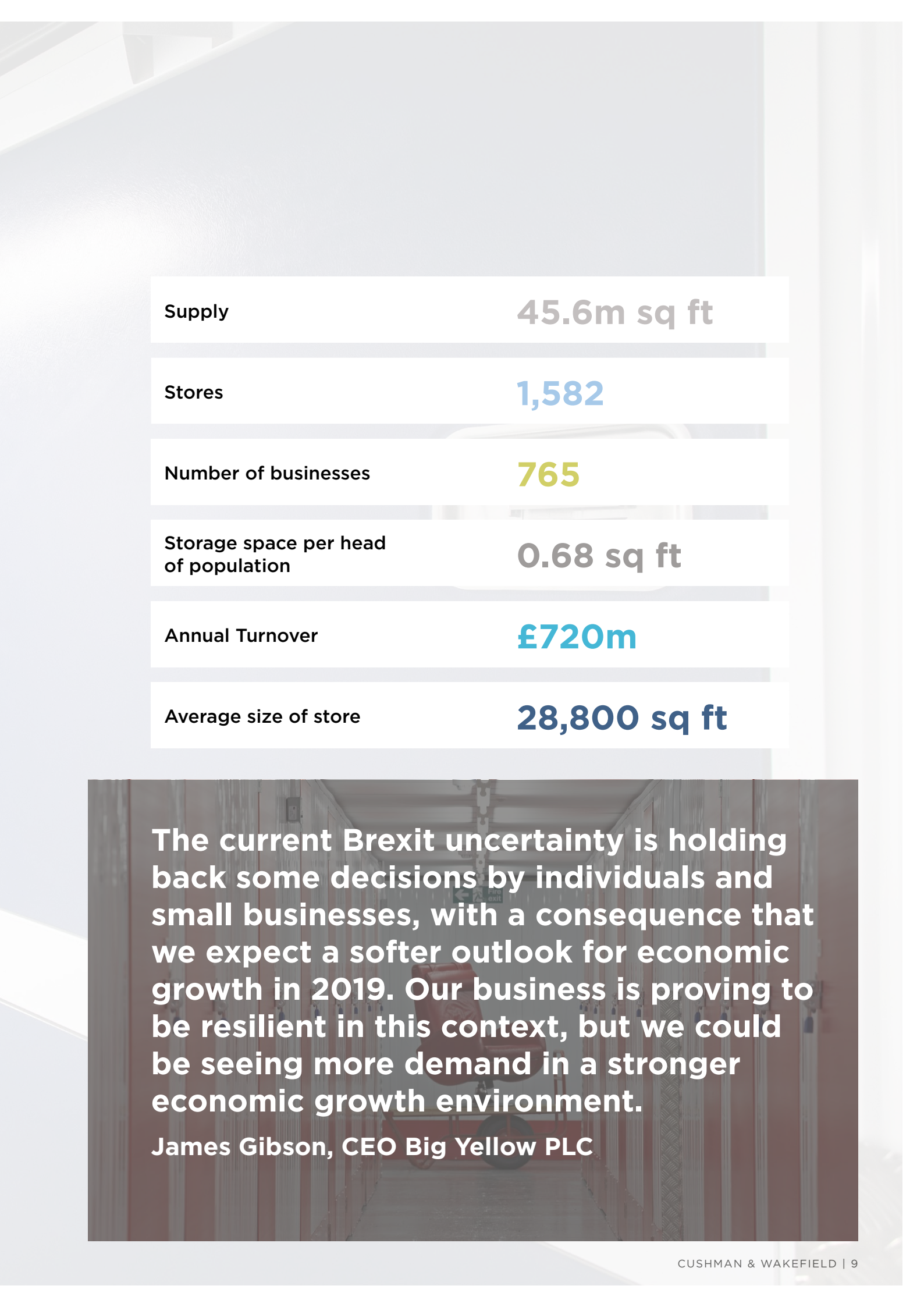
There is also some debate about the definition of a self storage business. For example, are container sites or wooden containers stored in a remover's warehouse self storage? There is also the emergence of peer to peer based storage which some call self storage. For the purposes of this document self storage has been defined as per the Self Storage Association's Standard, which extends to significant container based self storage operators where the customer has access to their goods at will, but does not typically extend to removers' warehouses, wooden removers' crates, or peer to peer storage.

It is estimated that there are now approximately 1,582 self storage sites in the UK offering approximately 45.6 million square feet of space. 381 of these sites offer predominately container based self storage (typically converted steel shipping containers).

It is estimated that 78 new stores opened in 2018 of which 38 were container based stores. 15% of the new space created in the sector was added through expansion of existing stores, or fitting out previously unused space. Many of the new openings were smaller sites in regional locations. When combining the increase in occupancy rates and the increase in space available there was an additional 1.3 million square feet of self storage space used by customers in 2018. That is a 3.9% increase.

The growth in container sites has reduced over the last couple of years and many of the older container sites are now full with no room to expand. The non container self storage market continues to grow both through additional space in existing stores and also new openings. There is a strong pipeline for new development over the next couple of years.





Supply	45.6m sq ft
Stores	1,582
Number of businesses	765
Storage space per head of population	0.68 sq ft
Annual Turnover	£720m
Average size of store	28,800 sq ft

The current Brexit uncertainty is holding back some decisions by individuals and small businesses, with a consequence that we expect a softer outlook for economic growth in 2019. Our business is proving to be resilient in this context, but we could be seeing more demand in a stronger economic growth environment.

James Gibson, CEO Big Yellow PLC

ADDITION OF NEW SPACE AND STORES BY REGION

	New non container stores	New container based stores	New supply added (sq ft)
East Midlands	4	3	100,100
East of England	4	5	112,900
London	4	2	127,600
North	7	4	154,700
Northern Ireland	1	1	12,900
Scotland	5	1	77,800
South East	7	4	186,500
South West	5	3	83,000
West Midlands & Wales	5	6	112,400
Yorkshire & The Humber	1	3	34,100
Total	43	32	1,002,000

Note: these figures are approximate, based on the most accurate information currently available from a range of sources as of December 2018. The average size of facility from this data is lower than the average size provided by the survey respondents. The survey sample is slightly biased towards mid-size to large operators, who are more likely to complete the survey than smaller businesses in tertiary locations.

The table detailing new addition of space and stores does not account for stores that have closed, hence taking space out of the market. Occasionally an operator may close a store, often due to expiration of a lease or after purchasing or building a larger store nearby. The most significant examples of this in 2018 were the Safestore sites in Merton and Paddington which removed 34,600 square feet of supply, with the bulk of these customers being moved into new Safestore stores opened nearby. There was also the fire in Shurgard Croydon on New Years Eve, which completely destroyed the building removing 82,700 square feet of space from the market. When considering this with the increase in supply, the London market would have only increased by little more than 10,000 square feet in 2018.

Around 30% of UK self storage facilities are owned or managed by large operators (those operators managing 10 or more sites). However, since these operators tend to have larger sites and many are located in higher rent locations, in terms of total space available and total revenue, their share of the market is well over 40%.

OPERATORS WITH THE LARGEST NUMBER OF STORES UNDER ONE BRAND

Brand	Stores	Total available space (sq ft)
Safestore Self Storage	119	5.12M
Big Yellow Self Storage	75	4.64M
Access Self Storage	57	2.99M
Shurgard Self - Storage UK	31	1.76M
Lok'nStore	31	1.30M
Storage King	26	922,400
Ready Steady Store	23	733,000
Armadillo Self Storage (Part owned and managed by Big Yellow)	22	963,000
Lock Stock Self Storage (Predominately Container Storage)	18	553,600
Sentry Self Storage (Predominately Container Storage)	18	285,000
StorageMart	16	675,000
Storage Vault	15	452,000



INDUSTRY HIGHLIGHTS

Kangaroo Self Storage purchase Smart Storage with 6 sites in the North

Big Yellow announces acquisition of a site in Uxbridge for a new 55,000 sq ft store, subject to planning

Lok'nStore announce two new sites acquired in Bedford and Bournemouth

Lok'nStore announces the acquisition of two new freehold sites in Cardiff and Hertfordshire

○ JULY 2018

Armadillo Self Storage acquire 1st Storage Centres with 2 stores in Newcastle and Gateshead

○ MAY 2018

Big Yellow announces the acquisition of a site in Hove for a new 56,000 sq ft store, subject to planning

○ APRIL 2018

General Data Protection Regulation laws are introduced throughout UK and EU

Storage Giant acquires Your Self Storage, Cannock

○ MARCH 2018

○ FEBRUARY 2018

Ready Steady Store acquire Store 'N' Go & Ace Self Storage, Aylesbury

○ JANUARY 2018

Shurgard successfully lists on Euronext, Brussels

Shurgard acquires their Kensington store from Public Storage for €36.5M

Harbinger completes the acquisition of The Store Room with 6 stores

2019 MARCH

2019 FEBRUARY

2019 JANUARY

Safestore complete the acquisition of a freehold site in Peterborough

Read Steady Store acquires Peterborough Self Storage Limited with 8 sites in the East Midlands

DECEMBER 2018

Big Yellow announces the acquisition of freehold sites in Wembley and Kingston North

NOVEMBER 2018

OCTOBER 2018

Big Yellow announces the acquisition of Wyvern Industrial Estate in New Malden for £28,000,000

Brexit delayed potentially until October 2019

Big Yellow announces planning permission granted on the Battersea site for a new 72,000 sq ft Big Yellow store plus 168 flats, & 18,500 sq ft of offices, retail & artists studios

Storage King acquires Viking Self Storage, Bedford & Storage Pod, Weybridge

Shurgard confirm the acquisition of ABC self storage with three properties for £50M

Shurgard Croydon suffers a major fire destroying the building and all contents

Safestore confirm the acquisition and grant of planning permission on site in Carshalton



SECTION 01
MACRO-ECONOMIC
OVERVIEW

MACRO-ECONOMIC OVERVIEW



The UK housing market remains in the doldrums, with overall sales transactions relatively low by pre-2008 standards and rates of house price inflation cooling in most markets. The one exception to this trend is in the new homes market, where the popular Help-To-Buy Equity Loan scheme has largely underpinned high levels of new home construction (by recent standards). When full 2018 data is released, we predict English 2018 new home completions to slightly exceed 2017 levels, with both 2017 & 2018 significantly up on post-2007/2008 market downturn levels. As highlighted in Figure 2, the 2018 total will represent the 2nd highest annual number of new homes delivered since 1990 (with only 2007 higher).

Figure 1

English monthly sales volumes - last 10 years

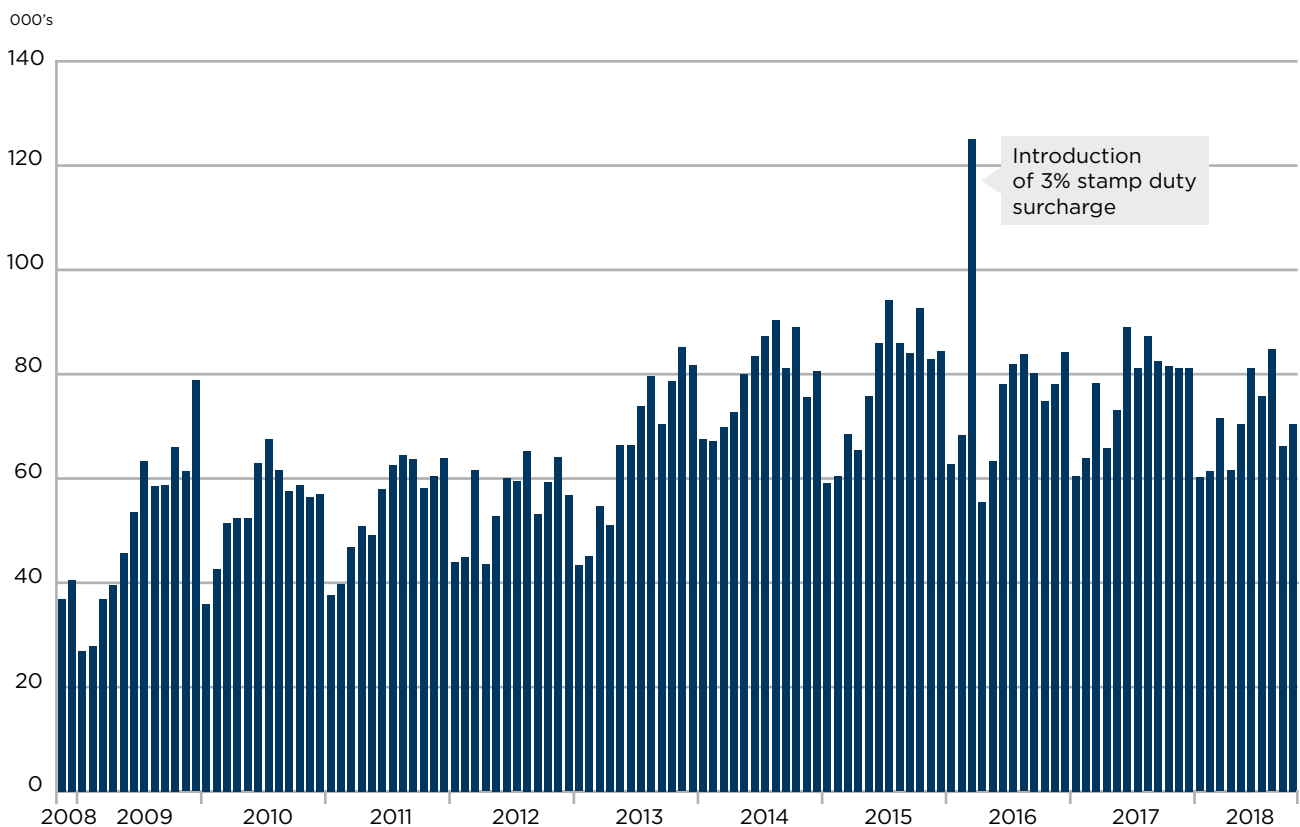
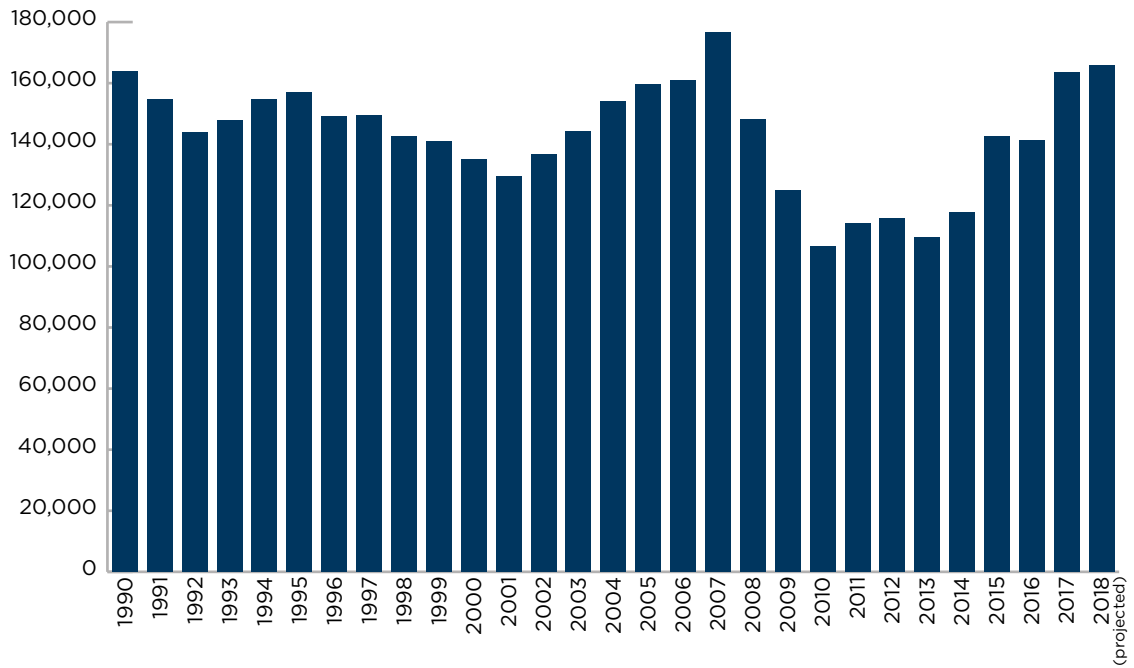


Figure 2

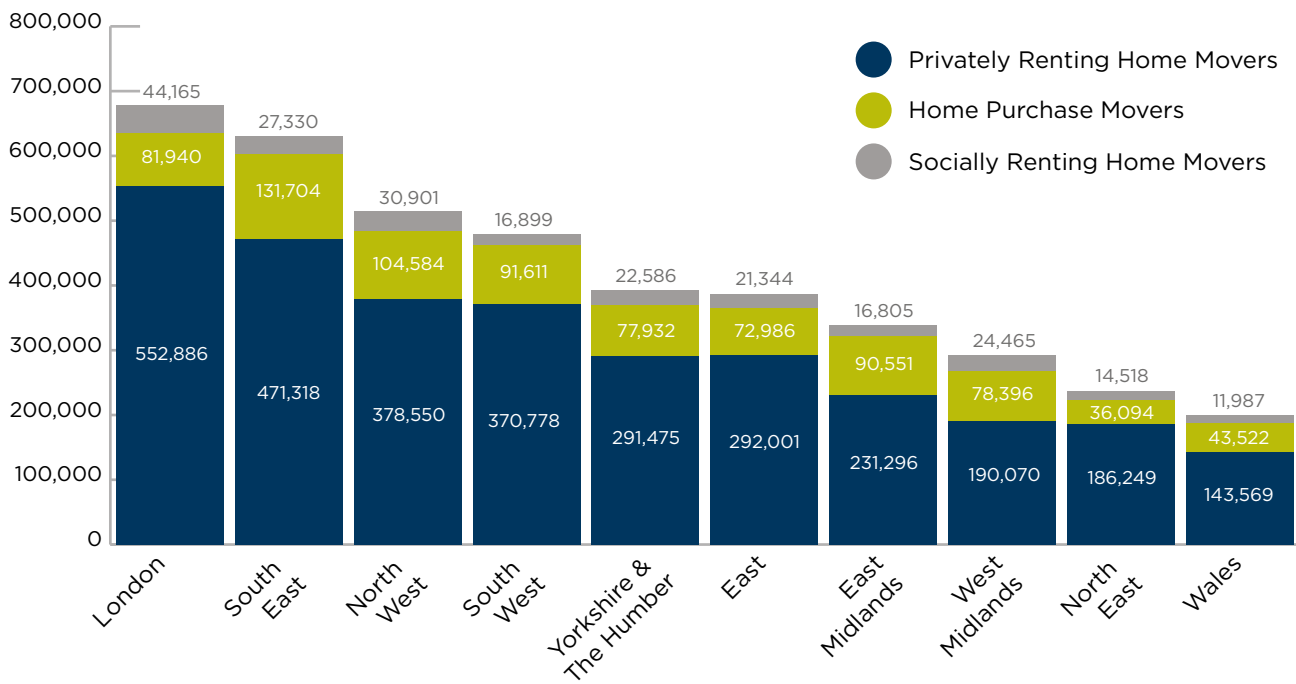
English new home completions - all tenures



Despite the aforementioned low sales transaction levels, overall home move volumes in 2018 (see Figure 3) remained largely in-line with recent years due to the large and transient private rental market, where the national average tenancy length shifted up slightly to 19 months. When including moves within the social housing sector, we estimate that there were over 4m home moves in England & Wales during 2018.

Figure 3

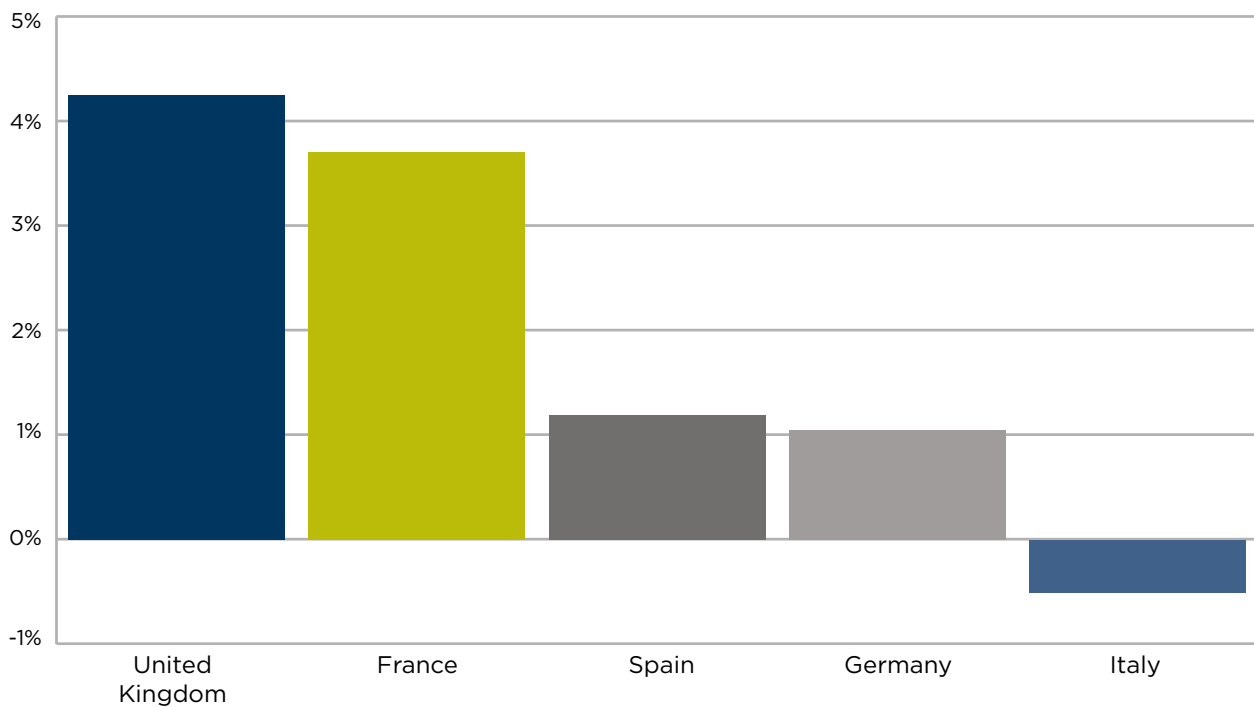
Home movers 2018



Despite being recently revised down in light of the UK's exit from the EU, the latest population forecasts from Oxford Economics continue to predict strong growth in the UK's population over the coming years. As highlighted in Figure 4, this growth is some way in excess of other large European countries, with the UK population expected to expand by 4.2% in the next 10 years, representing a numerical increase of some 2.8m people. This overall increase of 2.8m, does not however tell the complete story of increased pressure on certain housing markets though, as overall swelling population growth is met by on-going urban migration trends. This results in forecasts predicting that the UK's urban population will grow by 3.2m during the same period.

Figure 4

10 year population forecasts



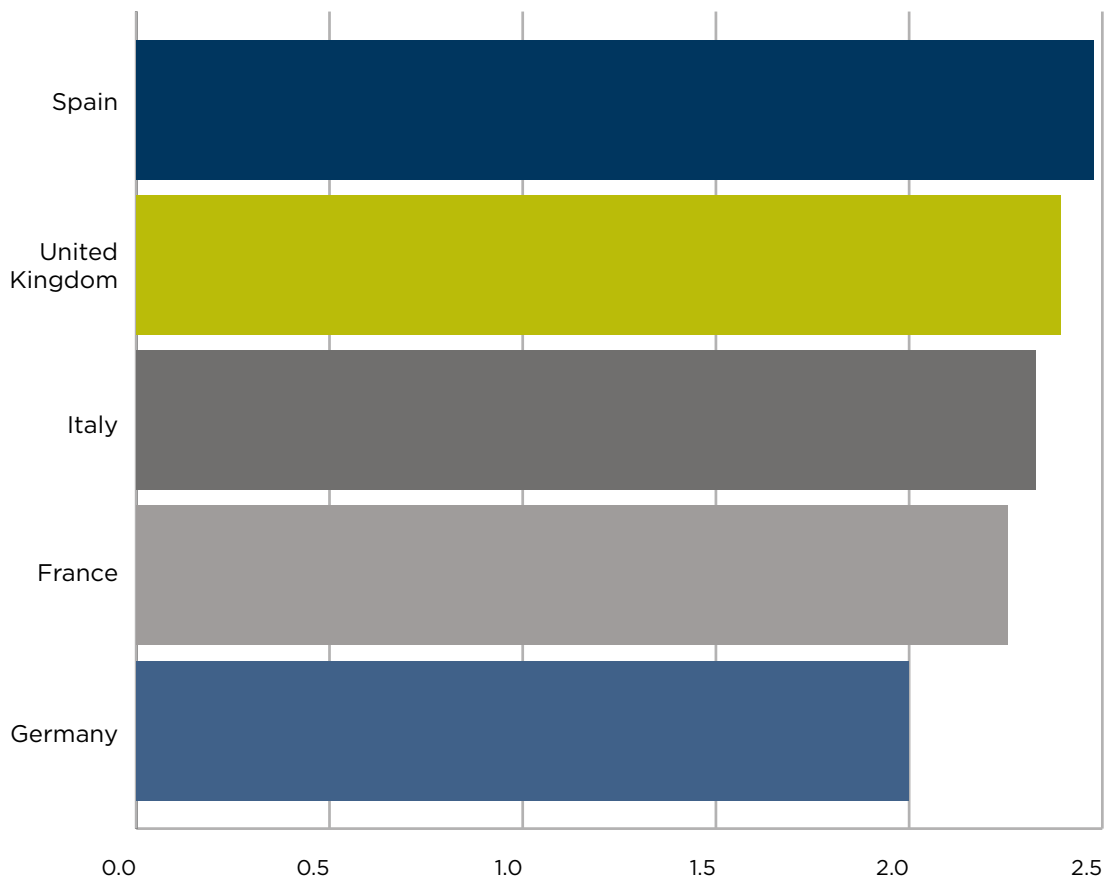
“This is a robust industry that it is in high demand with investors. There have been a number of significant acquisitions over that last few years with some very aggressive growth expectations. It remains to be seen if demand can meet those expectations or whether there will be some casualties along the way.”

Kevin Prince, Space Station

The combining factors of new housing under-supply, population growth, and urban migration will place increasing pressure on the existing housing stock. This pressure is clearly demonstrated when comparing average household size, with the current average household size in the UK at 2.4 persons, versus Italy and France (both 2.3), and the most comparable market, Germany, only scoring 2.0 persons per household (see Figure 5). When we take into consideration that the average English house is generally small by international standards, the real pressure on space in UK homes becomes clear.

Figure 5

Average household size (persons)



Sources: Cushman & Wakefield, Land Registry, UK HPI, MHCLG, ARLA, 2011 Census (projected), CORE, ONS, English Housing Survey, Oxford Economics, World Bank, INSEE, DESTATIS, ISTAT, National Statistics Institute (INE)



ECONOMIC & POLITICAL OVERVIEW



Figure 6

INTEREST RATES AND INFLATION

- The Bank of England began rate tightening in late 2017, moving interest rates from the low of 0.25% up to 0.5% in November 2017 and issuing a further rise in Q3 2018 to 0.75%. Oxford Economics expects just one rate rise in 2019 and two in 2020 taking rates to 1.5% by mid-2020. The monetary tightening path is still set to be very gradual, albeit slightly ahead of the Eurozone, and very dependent on the Brexit scenario.
- Overall, CPI inflation grew by 2.5% in 2018, down from 2.7% in 2017 (the highest figure in five years). Inflation started to decrease in the first part of 2018 but then remained stable due to higher oil prices, a weak pound and rises in energy bills. Price pressures should gradually decrease in 2019 to 1.7% by year end, albeit this is highly sensitive to Brexit developments and the impact on Sterling. Going forward inflation is expected to moderately increase albeit below the 2% target.

	2017	2018	2019	2020	2021	2022	2023	2008 - 2017	2018 - 2027
GDP	1.8	1.4	1.4	1.9	2.1	2.0	1.9	1.1	1.7
Consumption	2.2	1.9	1.6	1.8	2.1	2.0	1.8	1.0	1.8
Exports of Goods and Services	5.6	0.0	3.3	3.1	3.0	2.9	2.7	2.0	2.4
Imports of Goods and Services	3.5	0.8	4.6	2.5	3.2	3.0	2.8	2.0	2.6
Unemployment (%)	4.4	4.1	4.0	3.9	3.7	3.6	3.5	6.6	3.7
Consumer Price Index, average	2.7	2.5	1.8	1.7	1.6	1.8	1.9	2.4	1.9
Exchange Rate (US per pound), average	1.29	1.34	1.33	1.41	1.48	1.50	1.50	1.55	1.46
Short-term Interest Rates (%)	0.4	0.7	0.9	1.2	1.7	2.0	2.2	1.2	2.0
Long-term Interest Rates (%)	1.2	1.5	1.4	1.8	2.2	2.5	2.8	2.6	2.6

Annual percentage changes unless otherwise specified. Source: Oxford Economics, February 2019



- UK GDP growth slowed from 1.8% in 2017 to 1.4% in 2018. The economy lost momentum during the last part of the year and one of the main reasons for this was Brexit uncertainty which limited activity. Private consumption slowed from 2.2% in 2017 to 1.9% in 2018 while fixed investment decreased from 3.5% to 0.3% over the same period. Prospects for this year (2019) are still positive assuming that there is a successful completion of the withdrawal agreement. On this basis, economic activity is expected to pick-up reaching 1.7%, supported by accommodative fiscal policy and a gradual recovery of household spending power. In the case of a no deal Oxford Economics expect GDP to fall to 1.0% this year and 0.8% in 2020 before gradually recovering.
- The forecast assumes that after a brief extension to the Article 50 negotiations, the withdrawal agreement is implemented. This means that there is then a transition period until the end of 2020 during which trading arrangements remain unchanged. But there is a sizeable risk that the process is derailed by the UK parliament failing to approve the deal.
- Oxford Economics also modelled the impact of a 'no-deal' scenario and found that additional trade frictions and a sizeable depreciation of sterling would cause a significant slowdown in the UK economy, even if there is some loosening of fiscal and monetary policy. The modelling indicated that the level of GDP would be 2.1% below the baseline forecast by end-2020 and 2.7% lower by end-2023.

POLITICAL CLIMATE

- The UK economy is enduring a soft patch, reflecting the recent slowdown in world trade and ongoing Brexit-related uncertainty. Brexit uncertainty has been a huge burden on business investment; although firms remain in solid and stable financial shape, they have been reluctant to invest. This was reflected in 2018 with business investment falling in each of the four quarters.
- The uncertainty that surrounds Brexit was a key factor in this, and is likely to continue until the UK's future with regards to trade and relationships with the EU becomes more transparent. After falling 0.9% last year, Oxford Economics expects business investment to decline by a further 1.5% in 2019 before recovering to grow by 2.4% in 2020.
- Voting between 12-14 March saw Parliament once again reject the Withdrawal Agreement, as well as rejecting the option of a no deal outcome and additionally voting in favour of an extension to Article 50 negotiations.
- An Oxford Economics view is that a short delay would not change the fundamental choice open to MPs and their view on the likelihood of the three possible outcomes - deal (60%), 'no deal' (35%) or 'no Brexit' (5%) - remains unchanged.
- European Union leaders granted the UK a six-month extension to Brexit on 10 April following a lengthy debate and the UK's political parties are now gearing up for EU elections on 23 May. The UK prime minister Theresa May will be hoping to have left the EU by then leaving these elections null and void.





SECTION 02
INDUSTRY DATA

INDUSTRY DATA

The Self Storage Association UK conducts a survey of its members to gain an insight into industry practices and performance. This is the 13th year such a survey has been completed and while new questions have been added to the survey over the years, many of the core questions have remained the same to allow for historical comparison.

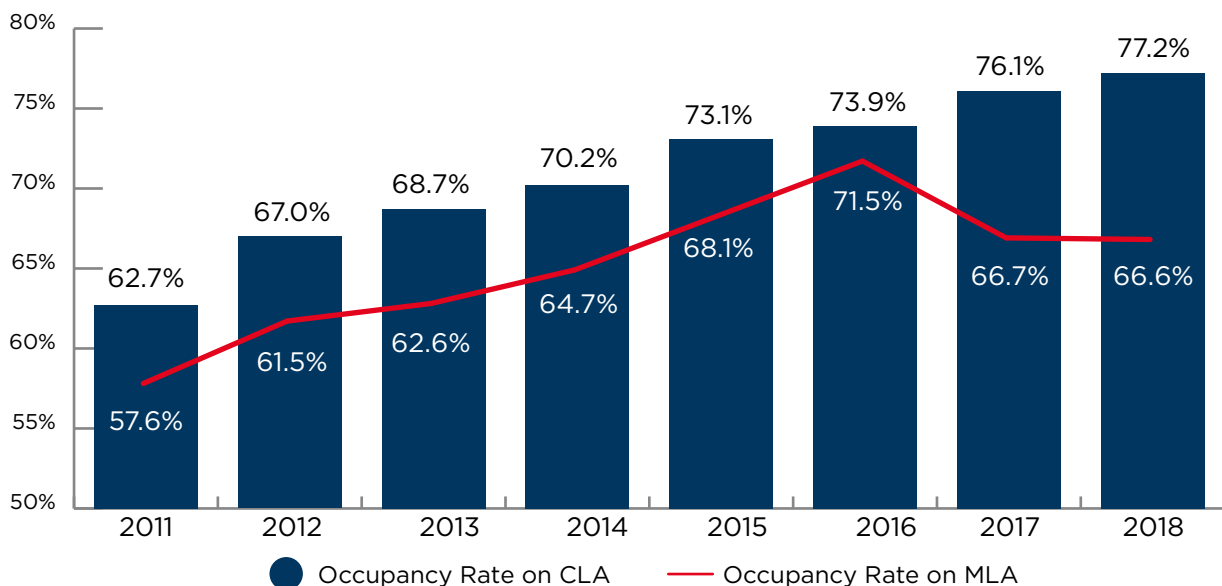
This year 62 companies completed the survey, which is down on last year. However, the number of stores included in the survey has increased to 484. This is indicative of a consolidation process in the market with the larger operators acquiring smaller stores that have previously completed the survey independently. Compared to the industry make up overall, the survey sample is slightly biased to the large and medium sized operators as fewer of the smaller operators complete the survey. The sample represents around 30% of the industry by number of stores but closer to 50% by storage space due to the representation of the major operators.

OCCUPANCY

Occupancy levels across the industry have continued to increase based on the amount of space currently available to customers (CLA), with an increase of 1.1 percentage points or 1.4% on last year's results. The industry is going through a period of expansion with around 1.7M square feet of space being added during the year. New sites are traditionally fitted out in stages; as the first stages are filled additional units are constructed, or possibly mezzanine floors added. The Maximum Lettable Area (MLA) includes all this space that is yet to be fitted out. While in most cases this maximum lettable space will be fitted out eventually, it may take several years from when the store opens, depending on its size.

Figure 7

Occupancy CLA vs. MLA

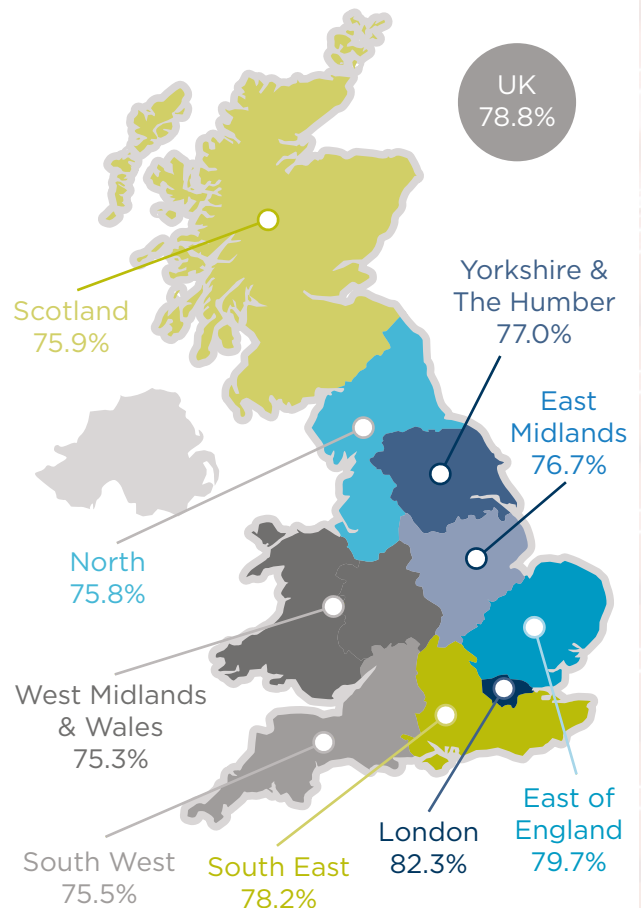


The other factor to consider when measuring occupancy of CLA and MLA is that the sample includes some new stores that have recently opened and are in “fill up” stage with low occupancy. These new stores will drag down the overall occupancy rate for the industry. The following graphic analyses the data to consider occupancy rates for businesses that have not had significant (less than 5%) expansion in the past two 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.

This data shows that more mature sites across the UK have almost 79% occupancy which is a percentage point up on last year. Stores in London have the best occupancy at over 82% which is almost the same as last year. Self storage business should always have a full range of unit sizes available to sell to customers who need them, so 100% occupancy is not the target. The challenge for operators is to find optimal occupancy that maximises revenue as well as having product available for customers with an immediate need. Consideration will also be given to any future expansion of the store. A mature store with no more space to fit out could be more aggressive with their yield management compared to a store in fill up or with more space yet to be fitted out.

Figure 8

Occupancy (on CLA) of stores that have not had expansion in two years

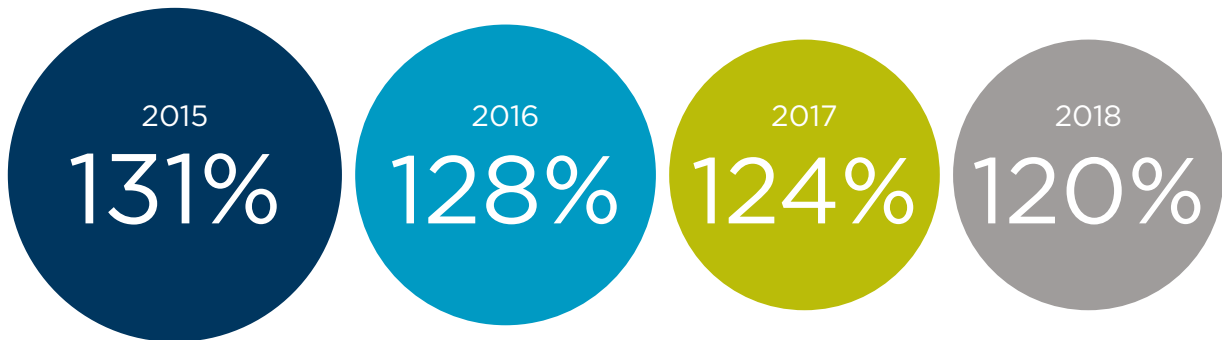


“Scotland has been in the shadows of London, Birmingham and Manchester for decades however I think the property sector generally is waking up to just how good a market it is.”

John McGlyn, Storage Vault

Figure 9

Churn rate

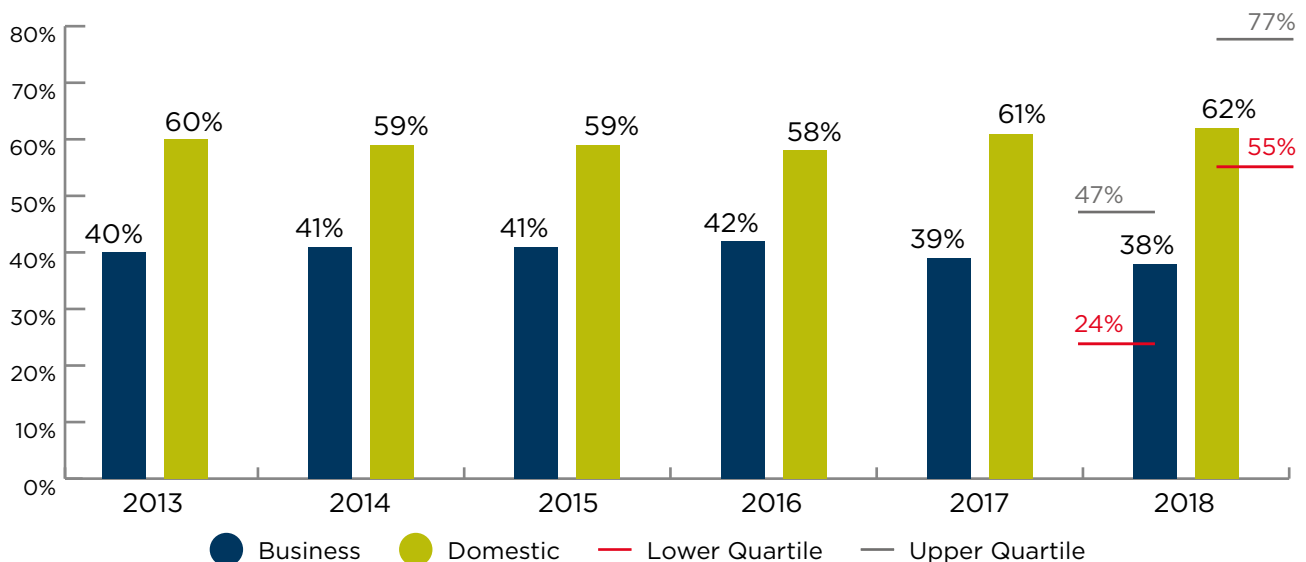


Another factor to measure in terms of customer retention is churn. This is measured by the total numbers of move outs in a year, divided by the total amount of units that were occupied during that period. Generally speaking, the more long term customers a store has would result in less churn. The higher the level of churn, the more work and potential cost to the business in acquiring replacement customers. It is interesting to observe that the level of churn has been decreasing over the past four 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 five years have a churn rate of 110% 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 confirms that as a store ages its churn reduces.

Figure 10

Split of customer type by area occupied

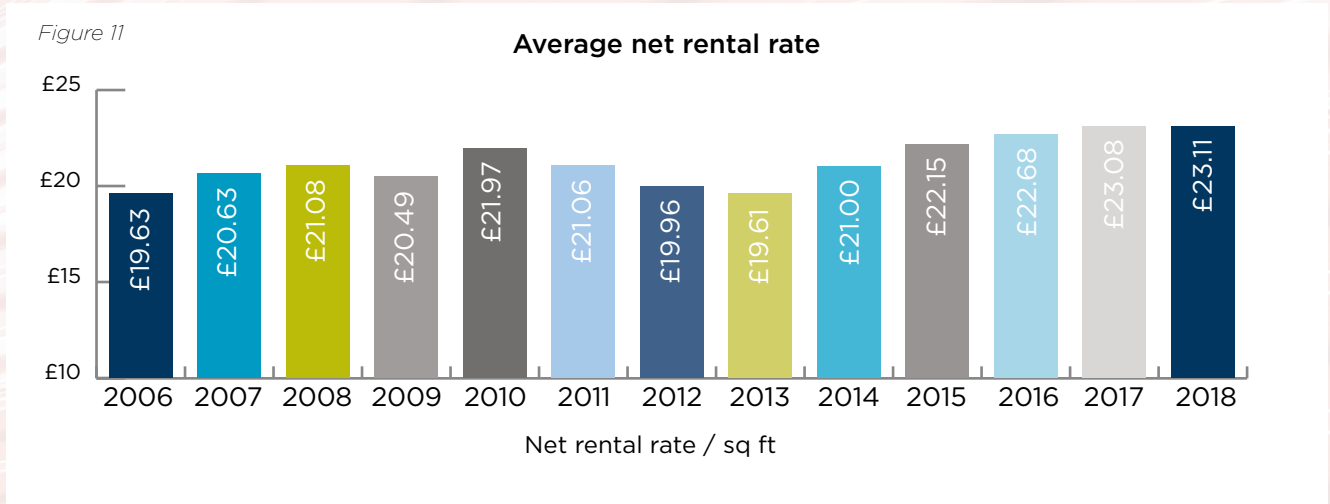


There has been a small decline in the proportion of space taken up by commercial customers over the past two years, although for the past 10 years this figure has floated around the 40% mark. The data can also be distorted by new stores that may have very large units assigned to commercial customers with the plan being to have this space fitted out with more traditionally sized units once the occupancy level rises.

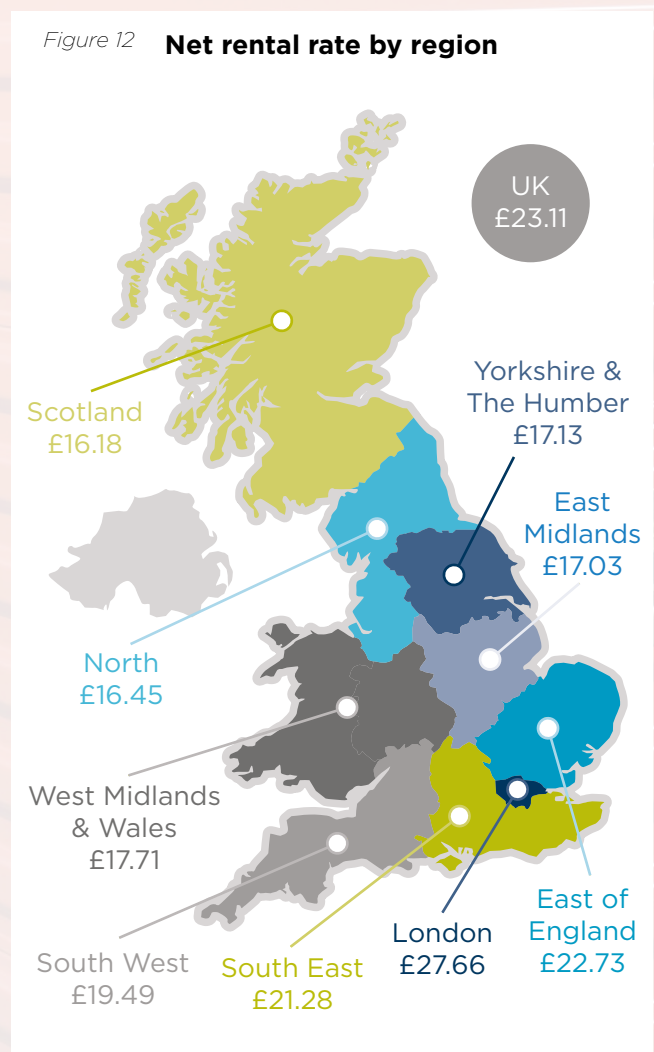
Commercial customers tend to take larger spaces for longer periods, and there are generally less issues with bad debt. However, they often receive discounts and, combined with their larger unit sizes, they tend to contribute less per square feet than domestic customers.

RENTAL RATES

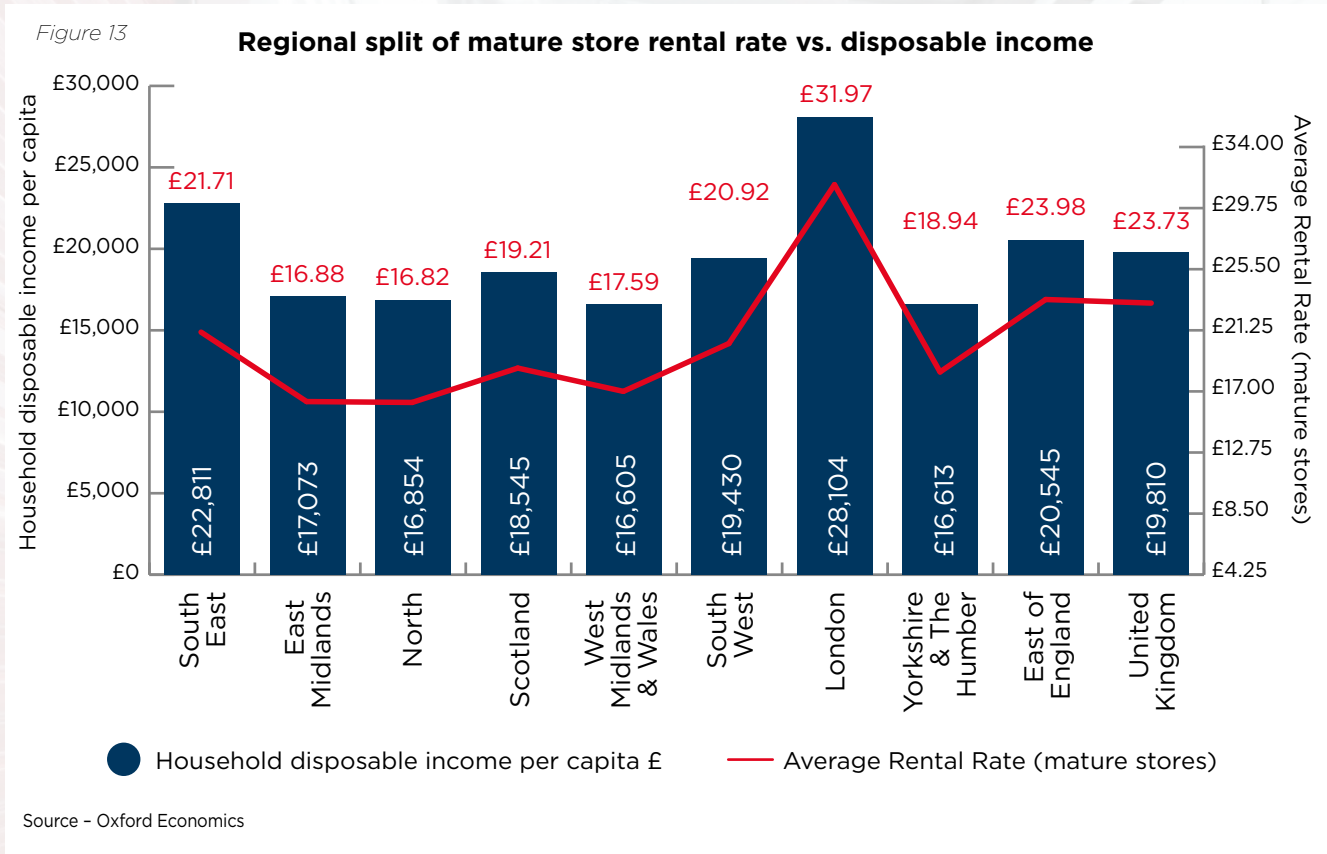
Average rental rates remained stable for the year and have risen by less than a pound over the past three years. However, this needs to be considered in balance with the expansion of the industry and increase in occupancy over this period. It is also likely that the average rental rate is suppressed by the addition of new stores that are in fill-up mode, as with the occupancy data.



When considering this data on a regional basis, you can clearly see the disparity in rental rates by region. The London result is considerably higher than the rest of the country, although London actually showed a small drop in rental rate from last year. The regions with the biggest increase in rental rate from the previous year were East Midlands (8%) and the North (4%). Scotland had the largest decrease in rental rate, however in 2017 it had one of the largest increases.



In relation to mature stores only, the markets in London and the East have the highest rental rates, but are more expensive compared to the disposable income levels in the area, while the cheapest markets in Scotland and the North are also cheaper compared to disposable income. The market with the largest difference is the South East where rental rates are significantly lower compared to disposable income.

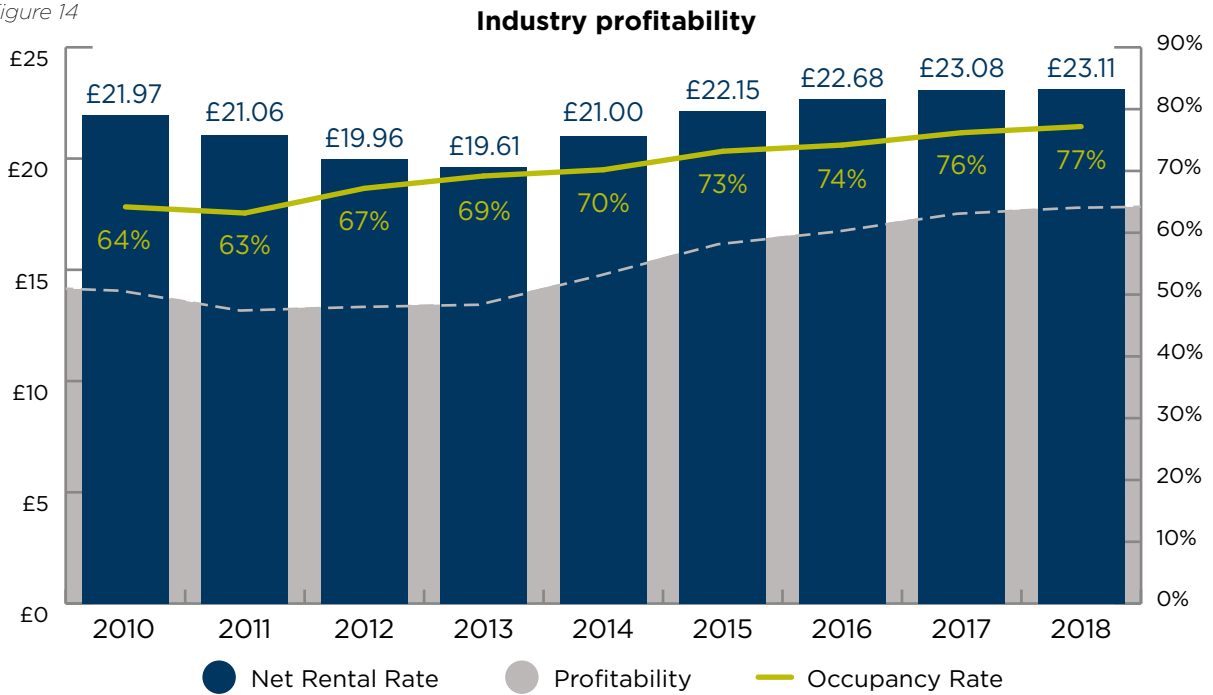


Measuring rental rate on its own only gives part of the equation, as the profitability of the business is driven by the combination of both rental rate and occupancy. If one is increased at the expense of the other, then any increase in profit is limited. As the following chart shows, the industry has increased both occupancy and rental rate over the past five years, improving the overall profitability of the industry. However in 2018 profitability rose by less than 2% which is below the level of inflation for that period. As above, profit levels may have been impacted by the addition of new stores during the year.

“Generating enquiries is an internet game. Storage is a brand-blind product and the mobile is increasingly where visibility matters. Our scale is essential to be able to efficiently master the complexity of online operations and to keep the costs under control.”

Frederic Vecchioli, Safestore Self Storage

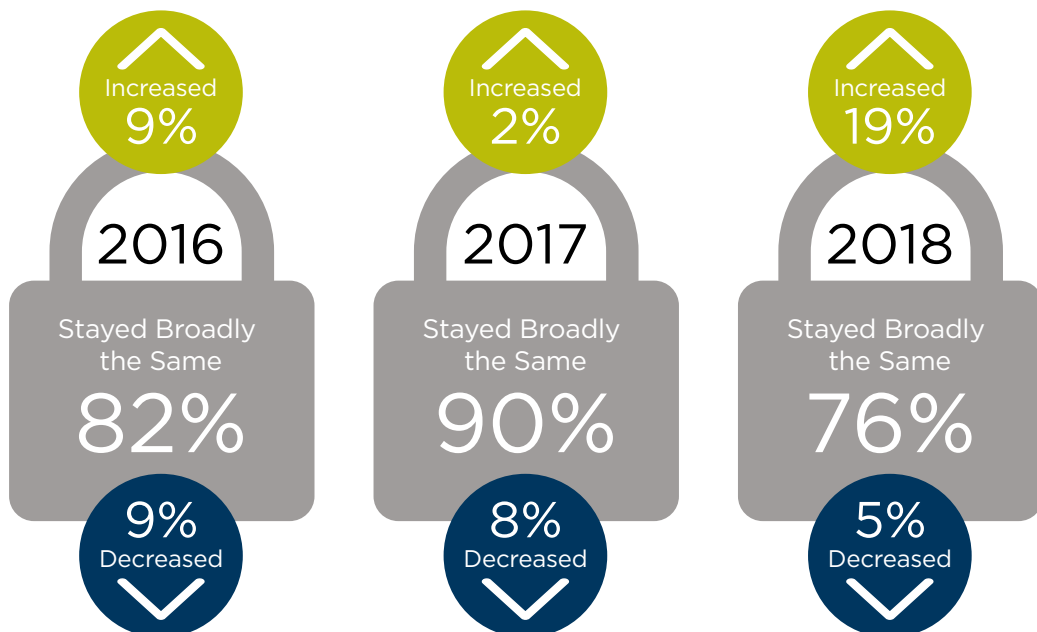
Figure 14



Survey respondents are 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 for longer than expected. This gives the business the opportunity to recover this initial discounted rate when they move up to the pre-discounted rate and potentially have price increases over time. There was a noticeable increase this year in the number of respondents that said they had increased their level of discounting in 2018. This would have contributed to the limited increase in overall net rental rates. The reason for the increase is uncertain. It could be due to increasing competition as more stores open up, or it could be a result of the heightened economic and political uncertainty leading operators to feel the need to offer a better deal to customers. It will be interesting to see if this trend continues in 2019 and what impact it has on revenue rates overall.

Figure 15

Change in incentives provided over the past year



OTHER OPERATING METRICS

Operating cost data can vary materially in this business, with operators taking differing approaches to the allocation of certain cost lines, so a certain amount of judgement is required when analysing operating costs. However, staff costs, rates and taxes are the highest costs, totalling 48% of all costs. Including management costs, these three lines account for 66% of total costs. The main change over the past few years has been a gradual increase in management costs.

Figure 16

Operating costs

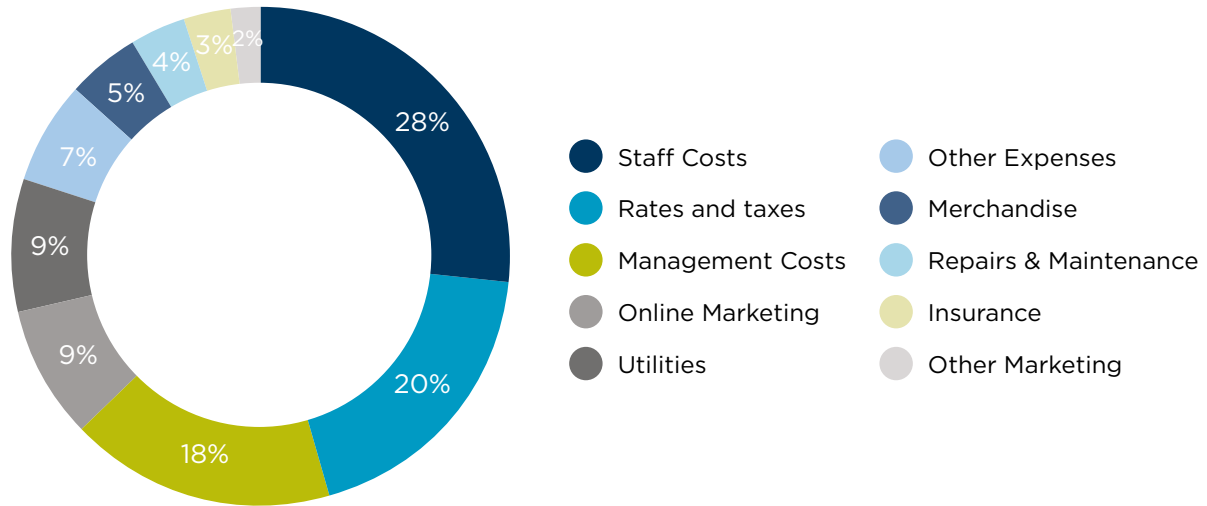
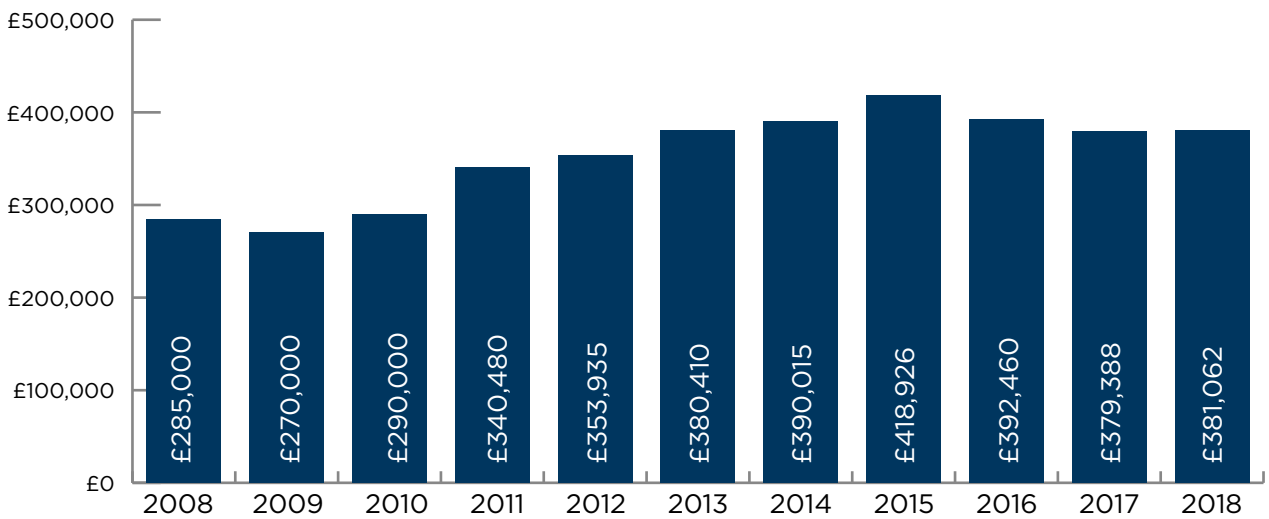


Figure 17

Average revenue for stores with turnover of less than £1 million



The above chart shows the difference between the smaller operators and large businesses in terms of turnover. The average figure is influenced by the entrance of new small operations with turnovers of less than £200,000. Businesses with a turnover of more than £1M are removed from this data and only eight businesses who completed the survey had a turnover between £500,00 and £1M. Over the past few years there has been consolidation in the industry with numerous small to medium sized businesses being acquired. At the same time more smaller businesses are entering the industry and these are in turn growing their businesses.



Figure 18

Average number of staff for different facility sizes

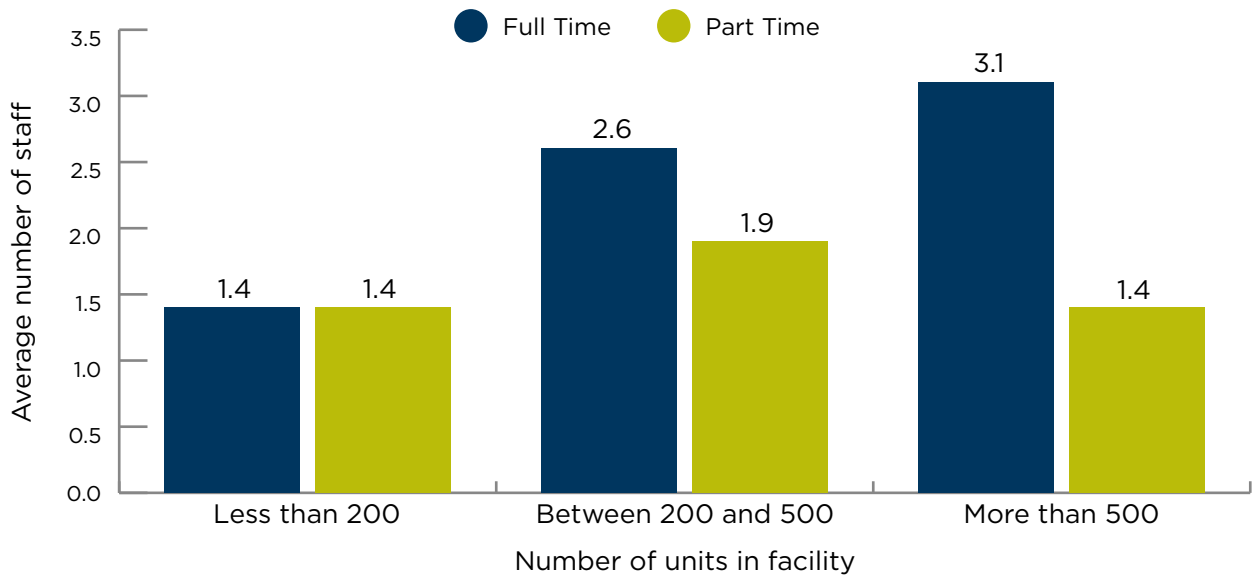
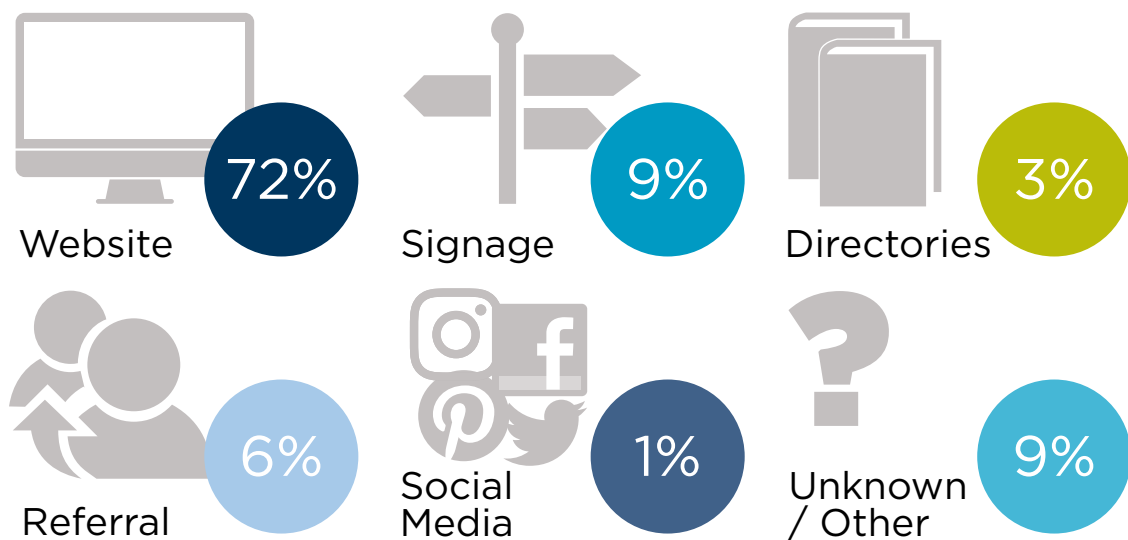


Figure 19

Source of enquiries

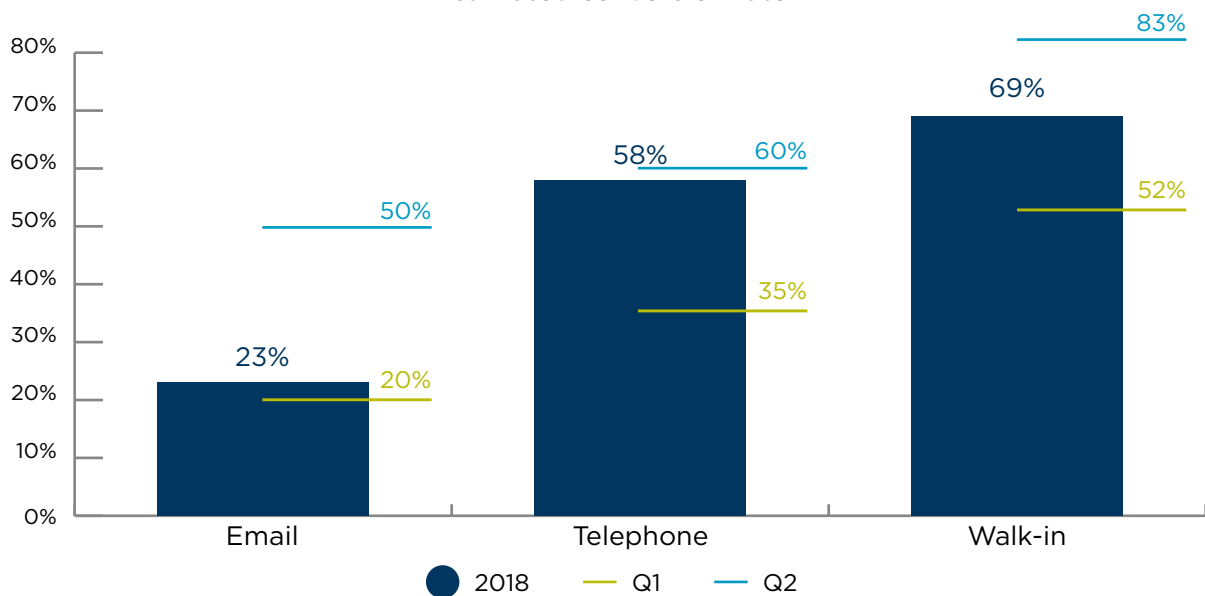


As to be expected, over the last six years online enquiries have grown significantly, although over the last two years this growth has slowed to around the 70% mark. What is harder to determine is what has driven the web based enquiries - were they searching for storage in a particular area, or did the customer know of a local business through other means and then used the web to contact them or look up their details.



Figure 20

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 differing ways 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 and well trained staff. Not all stores are as thorough in this area as others. Most customers also contact a store using multiple methods, possibly web to start with and then followed up with a phone call. This also requires solid systems to measure correctly and make sure the contact is not entered again as a phone enquiry. Further complications can occur when staff are rewarded based on conversion results, which can encourage them to not log initial enquiries that do not seem like they will result in a sale.

What the data does show is that conversions are lower for web based inquiries than phone calls and then walk-ins respectively. This is not surprising as shopper habits support this trend. A shopper is likely to contact multiple stores online, maybe call two or three and probably only visit one or two at most. The customer survey data supports this theory. If each customer is contacting multiple stores online then they will only store at one location. So for every enquiry online the odds of converting them are clearly lower.

Other research the Association conducts, such as the Mystery Shopping Programme, indicates a wide disparity 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 environment. Further detailed analysis would be required to determine the impact the various approaches have on online conversion rates. The quartile data does suggest that some operators are performing well above the average.

Figure 21

Companies that display prices on their website

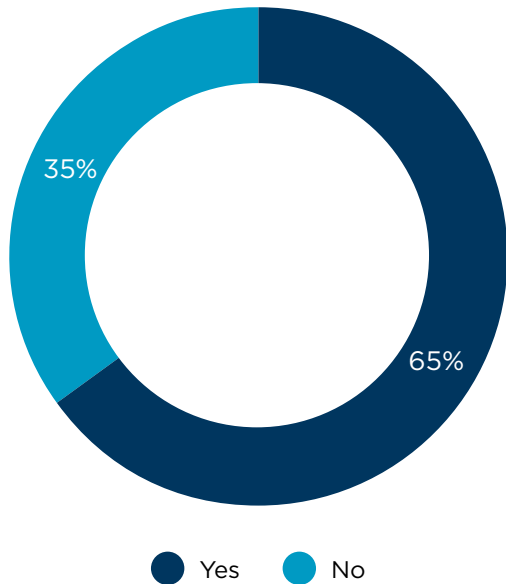
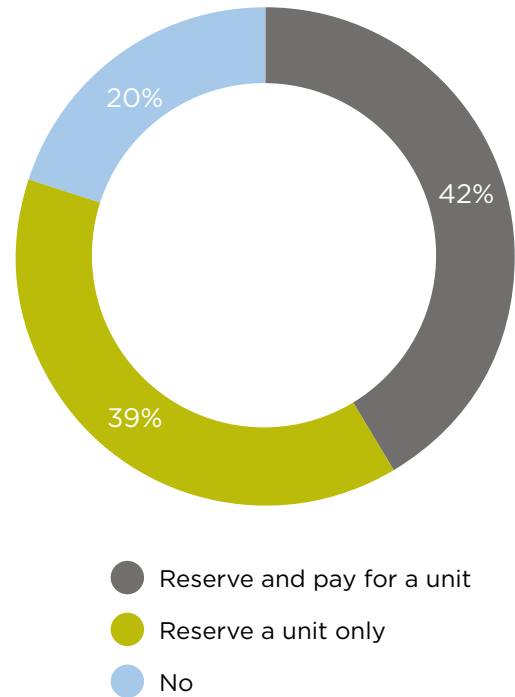


Figure 22

Stores that have online booking systems



More than a third of survey respondents (ie. companies rather than sites) display their prices online. Bearing in mind that, as shown on the second graph which is based on store numbers, most of the larger operators have their prices online. This means that in terms of stores over 60% have their prices online. There remains a reluctance by some operators to place their prices online. This is usually based on the belief that this will encourage customers to shop on price alone. In an immature market like self storage the argument is that the customer does not understand the product and can not easily differentiate between operators, and will therefore shop largely on price alone. There is no doubt that operators have more success in converting sales enquiries where the customer contacts the store personally rather than online.

Similarly, while the technology is readily available for stores to be able to facilitate online bookings through their website, many choose not to. Well under half the stores surveyed had the ability to book and pay for units online. There are issues with people booking the wrong sized units online, again due to a lack of understanding by new customers. However a well managed storage business would always have a range of unit sizes available so moving them to a different sized unit on arrival should not be too much of a problem. There is also the issue of checking a persons ID online, which is more complicated. However this does not stop stores allowing online bookings but requiring the customer to visit the store or move in during office hours to show their ID. External observers of the industry would likely be surprised by the low level of online booking services offered, compared to other industries.



Figure 23

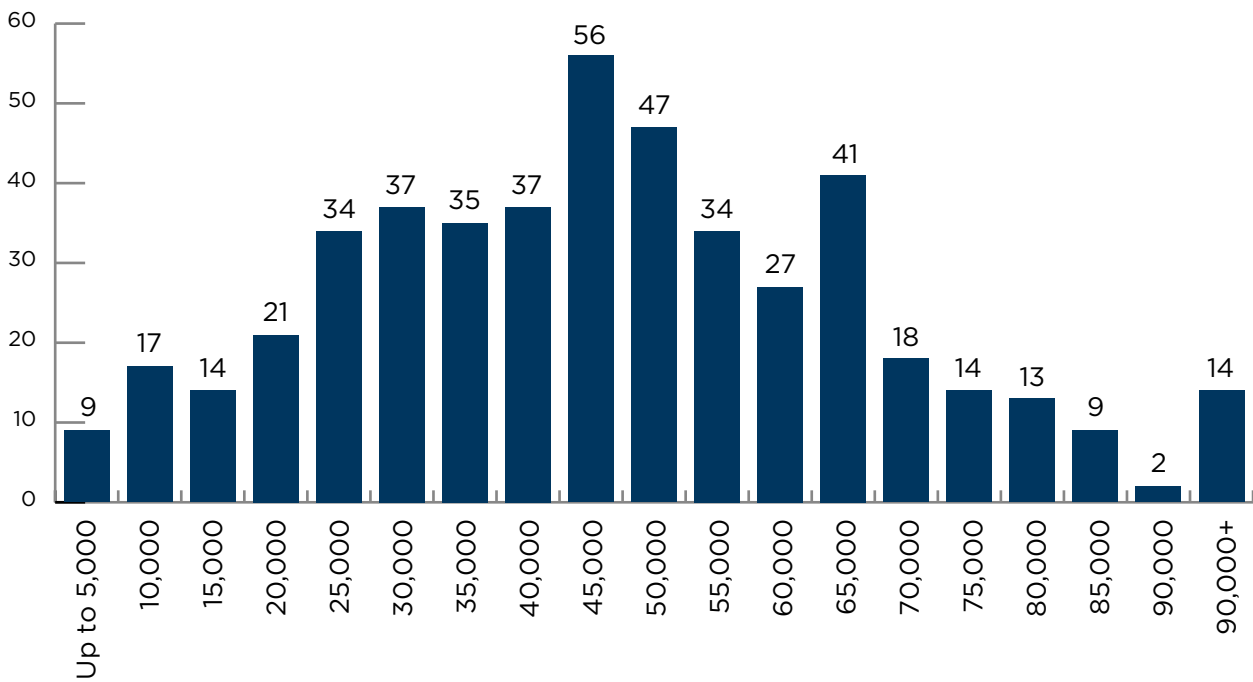
Average facility size

	Current space occupied (sq ft)	Current net lettable (CLA) (sq ft)	Maximum net lettable (MLA) (sq ft)
2018 Average	33,708	44,290	46,731
2017 Average	32,736	43,967	46,276
2016 Average	32,857	43,373	45,983

The companies that completed the survey indicate that they have a further 2.4M square feet (5.5%) 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.

Figure 24

Number of stores by size from survey sample



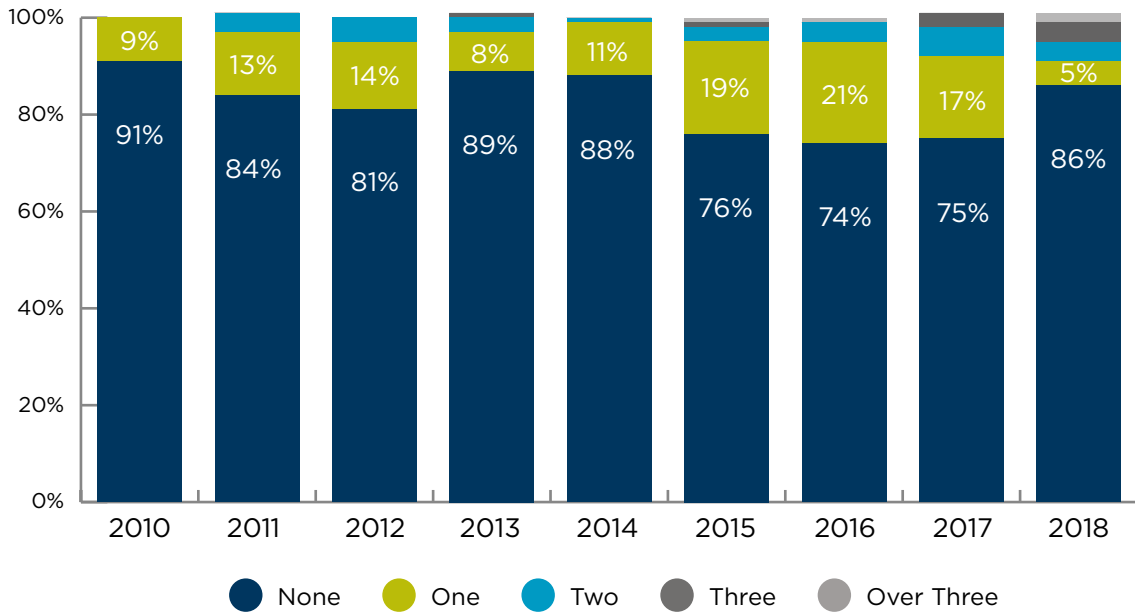
TYPE OF OWNERSHIP

The balance between freehold/long leasehold and short leasehold (generally under 25 years) has remained relatively constant with short leaseholds at around 20% since 2013. 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 an established cash flow and access to more capital funding.

EXPANSION ACTIVITY

Figure 25

Number of stores opened per operator



While there continues to be growth in the industry, this graph demonstrates some of the difficulty operators have in opening new stores. Of those who open a new store, the vast majority only open one or two in any given year. This year we saw several operators open three or more stores, which is higher than recent trends. It should be noted that this data is from the survey group only and does not represent the entire industry.

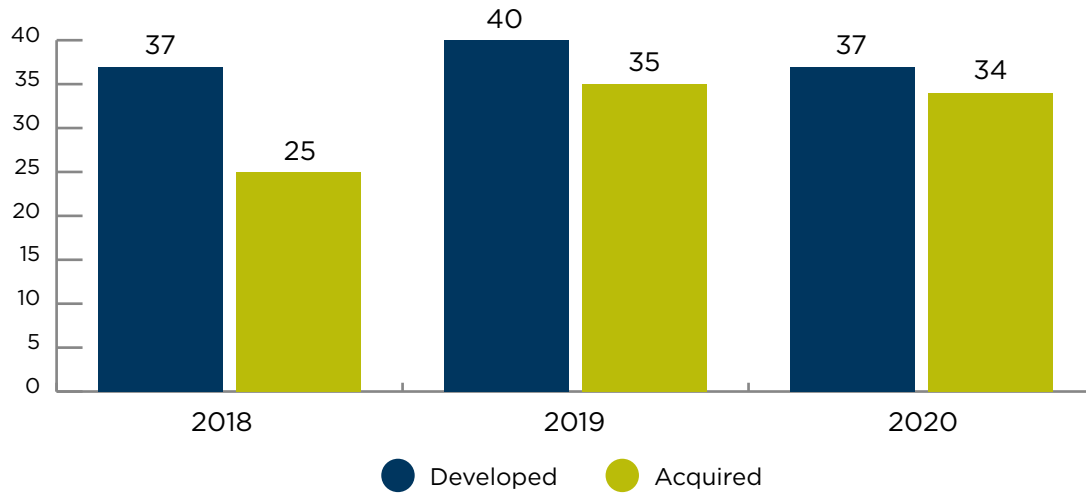
“As ever, the availability of great self storage locations and gaining planning for those sites remains the biggest challenge for existing and new operators”

Andrew Jacobs, Lok’nStore



Figure 26

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. It should be noted that historically operators have only delivered on around 50% of the stores they expected to open in a year. Acquisition levels are also quite volatile, where a single large acquisition can push the results closer to predictions and in some years over operator’s expectations. The industry is definitely becoming more consolidated with a limited number of “mid tier” operators with 5 – 20 substantial sites in the market. Recent transactions have mostly been 1 – 3 site operations with a big proportion of the deals being done by the larger publicly listed companies as they seek to expand their portfolios.

OUTLOOK AND BUSINESS CONFIDENCE

While the industry remains positive overall in terms of business improvement, the level of uncertainty has again increased with 17% predicting a downturn in their business. While 49% continue to expect some improvement, this has fallen below 50% of respondents for the first time since 2012 when VAT was applied to the self storage industry in the UK.

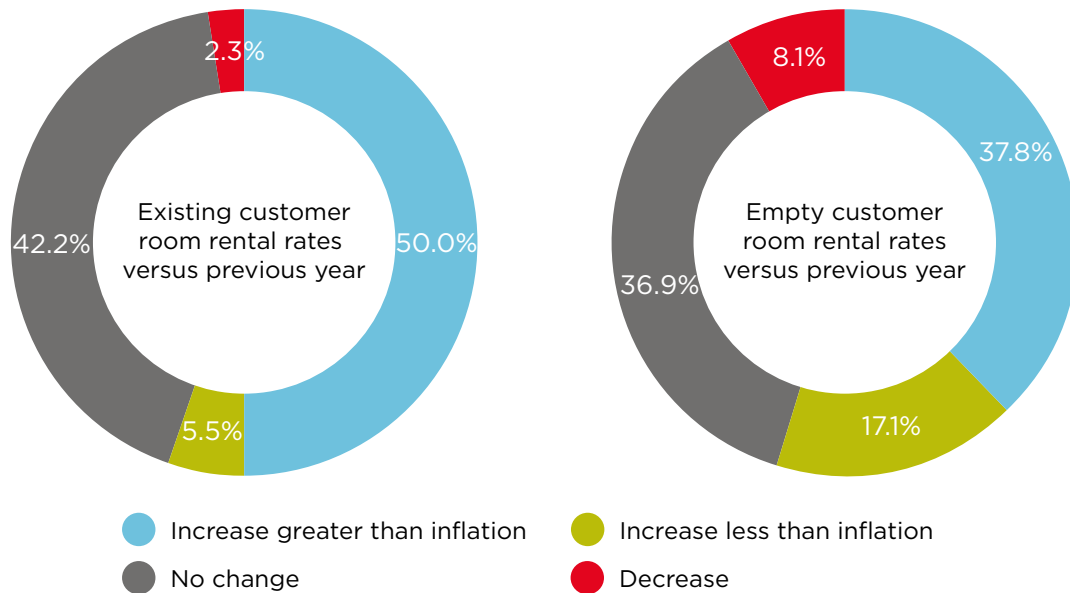
Figure 27

Optimism regarding profits

	2011	2012	2013	2014	2015	2016	2017	2018
Hard year	13%	10%	4%	0%	1%	8%	1%	8%
Slight downturn	6%	10%	7%	0%	3%	3%	3%	9%
Same as last year	31%	44%	11%	22%	20%	23%	25%	21%
Some improvement	43%	28%	79%	60%	67%	51%	54%	49%
Much better year	6%	7%	0%	18%	9%	15%	16%	13%

Figure 28

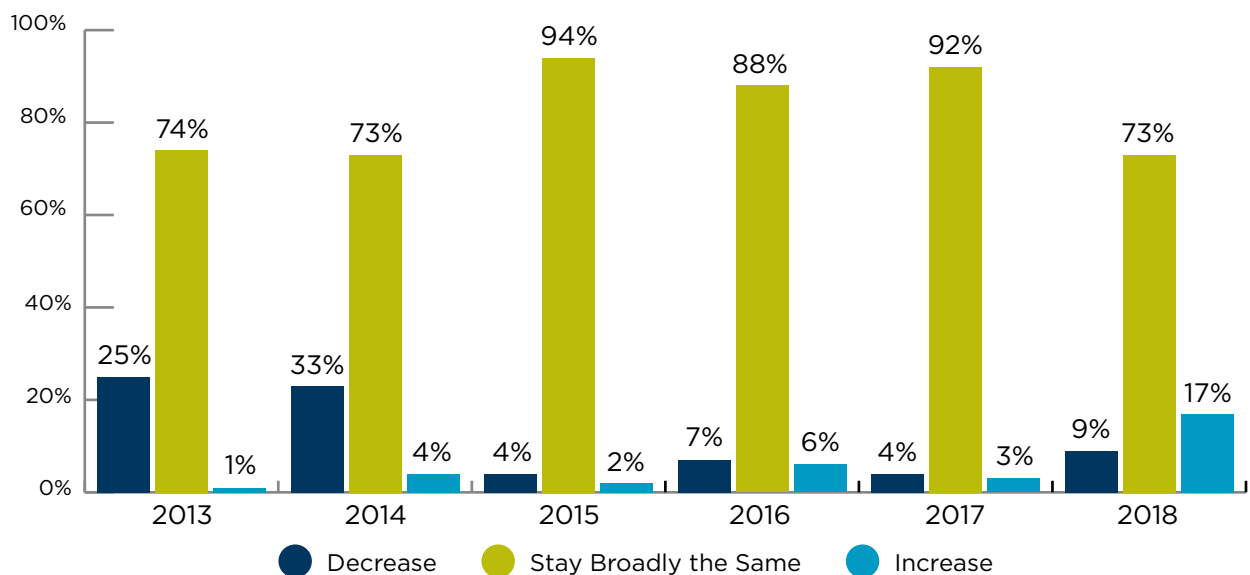
Outlook for rental rates



The reduced level of optimism is also reflected in predictions for rental rates, with over 8% of respondents indicating that empty room rates will decrease and 37.8% saying they will stay the same.

Figure 29

Expectations for incentives to be provided over the year ahead



There is also a significant increase in the number of operators expecting to increase discounts in the coming year. Of the companies that said they were expecting to increase discounts next year, 41% also said they had increased discounts in 2018 as well. An increase in discounting is not likely to be good for the industry, particularly as many stores have price match policies or consider competitor's pricing within their own pricing model.



SECTION 03
CUSTOMER
SURVEY

CUSTOMER SURVEY

In January 2019 the SSA UK undertook a survey of its member's customers. The survey was undertaken online and was sent to the customers of 33 self storage companies across the UK who have over 130 stores in total 1,372 customers responded to the survey.

Introduction

The customer 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. 911 private customers (76%) and 293 business customers (24%) provided answers to these more focussed elements of the survey. Of all respondents, 55% were male and 45% were female. When we talk of statistics from the survey, the figures represent the number or percentage of those who responded to each question.

The survey provides insight into the characteristics of the users of the product and their opinions about the industry. It is the third year in a row that this survey has been undertaken and in almost all regards the 2019 results were consistent with the 2017 and 2018 data. Neither the impending Brexit event or the self storage fire on December 31 appear to have influenced customer perceptions on self storage.

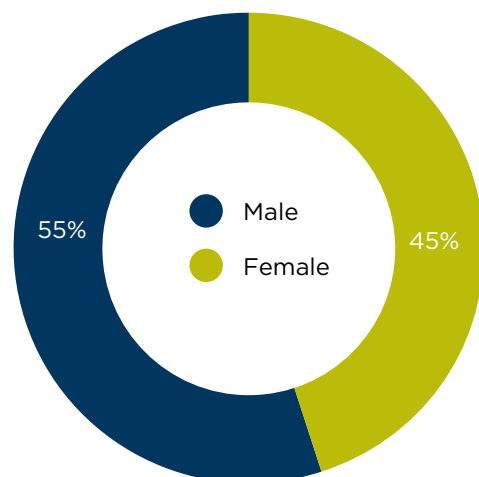
Customer profile

A significant majority of customers that completed the survey were male, although slightly down on last year (57%). In reality measuring the people that use self storage is more complicated as multiple people often use the same unit, for example a husband and wife. This survey was sent to the main contact on the self storage contract.



Figure 30

Gender



Only 9% of users were aged between 25 and 35, a similar result to previous years. This is possibly due to the fact that younger people are likely to have accumulated fewer possessions than the older age groups and are typically less able to afford self storage. It is also believed that younger people are “settling down” later in life in terms of establishing more permanent relationships, having children and settling into a permanent residency – all factors which are more likely to contribute to a need for self storage. Had the survey been completed during summer months, when students are on holidays or transitioning into other courses or the workforce then the number of under 24’s storing would likely increase.

It is often suggested that millennials are less likely to use self storage due to their use of the “sharing economy” and mobile nature. Millennials are now aged between 23 and 38 and there has been no apparent change in usage data as they have taken over the 35-39 age bracket over the past few years.

Figure 31

Age profile of self storage users

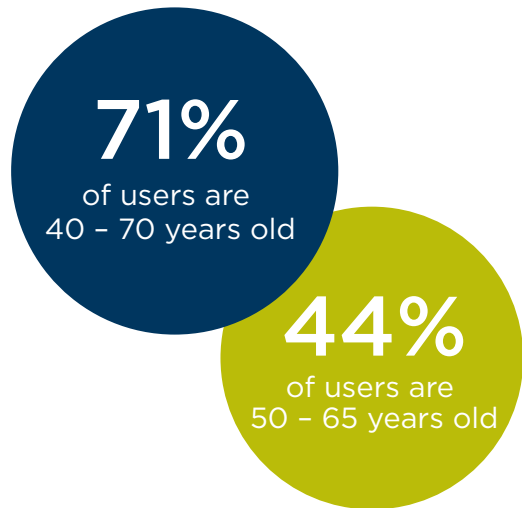
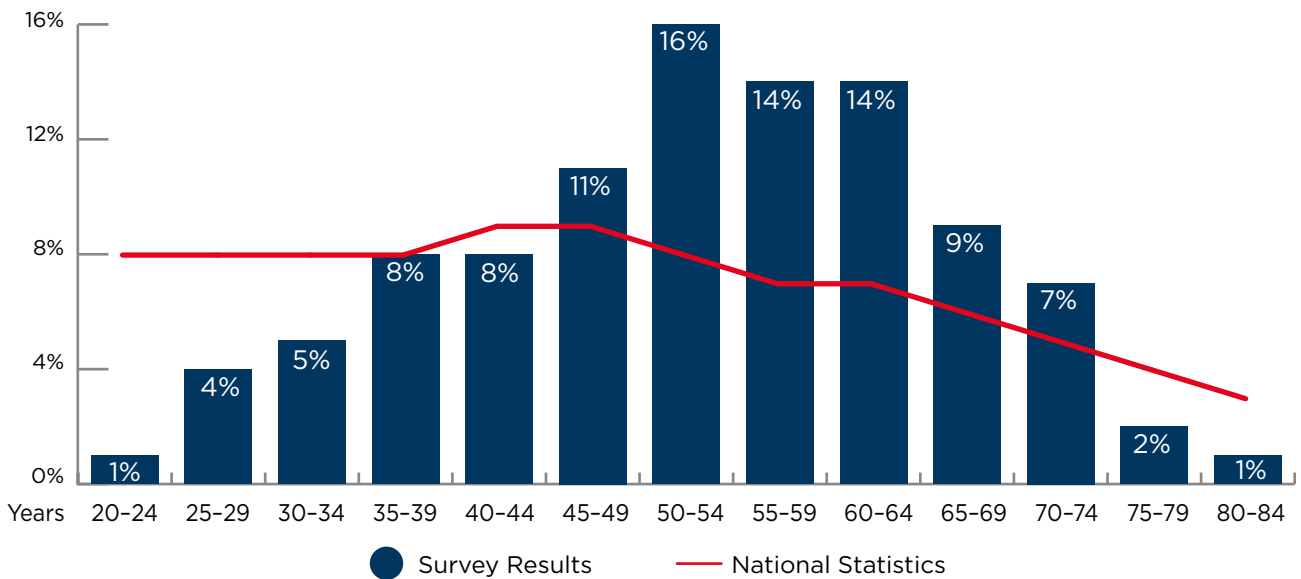


Figure 32

Age profile



Previous Use

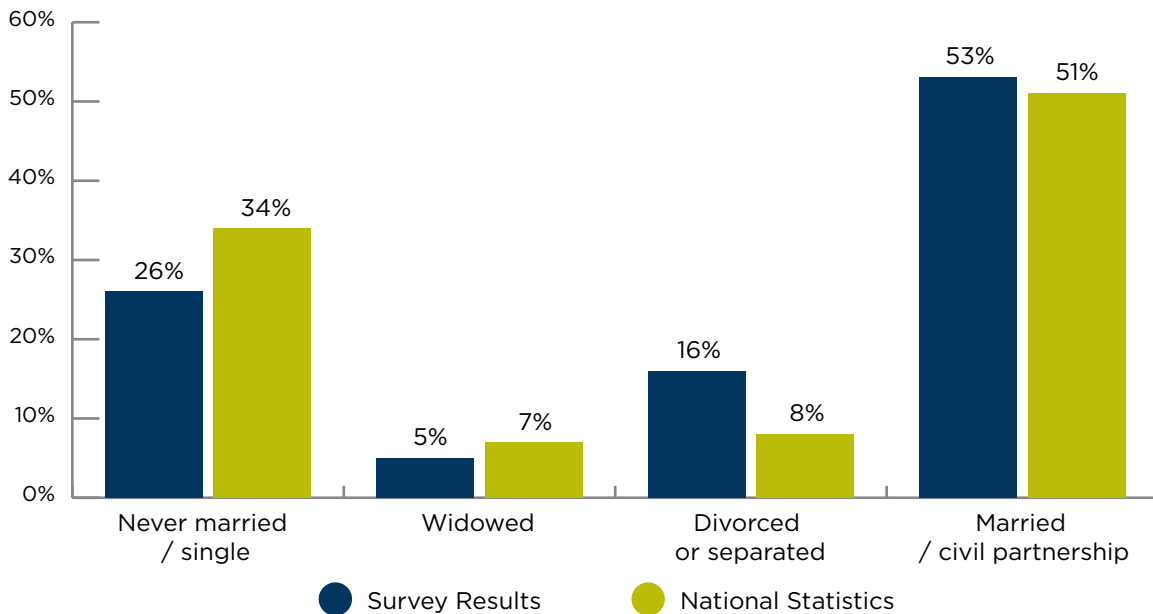
Considering that less than 2% of the population are using self storage, it is interesting to note that over 40% of current users have used self storage previously. This further reinforces the importance of growing the market, as 40% of new customers are likely to become repeat users. The industry often provides incentives for people to move into self storage, such as the first month at a discounted rate, or four months for the price of three. This is often based on the theory that getting a new customer to try self storage is the biggest hurdle. Once they experience the service, they are likely to stay longer than originally expected. What is unclear from this data is whether the customers who indicated they had used another store previously have switched stores to gain a better deal under the new customer discounting on offer.

Figure 33

Have used both their current store and another store previously	7.0%
Have use just their current store previously	9.2%
Have used just another store previously	24.1%
Have used self storage previously	40.3%

Figure 34

Marital status

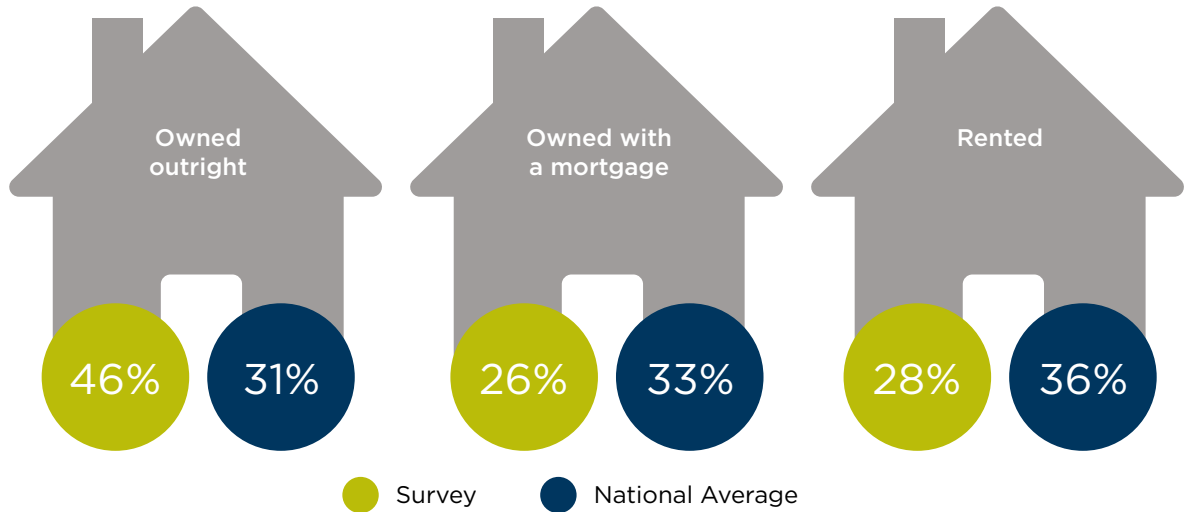


Marital Status

When considering the marital status of self storage users against the national population figures single people are less likely to use self storage and couples are slightly more likely. However, the demographic with a significant difference is divorced or separated people who are twice as likely to use self storage. Self storage is often used at life changing moments and separating from your partner is one of these moments. The challenge for the industry is how best to market to this segment and educate them on the benefits of self storage.

Figure 35

Tenure of residency



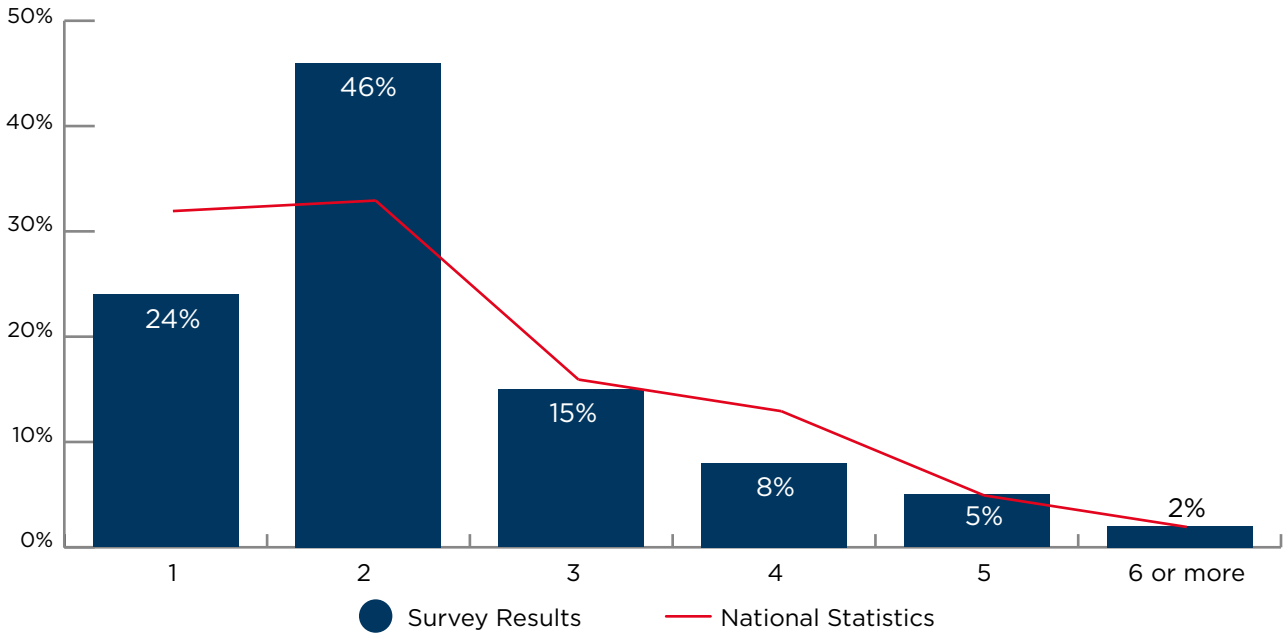
This data further supports the theory that self storage is more commonly used by the wealthier segments of the community. People who own their property outright, generally the more wealthy segment of the population, are significantly more likely to use self storage. This data also aligns with the age demographic of self storage customers, with younger people less likely to own their own home outright.

“The way millennials book and interact with operators may change. The key here is to respond to the data you are seeing in your business, not try to get ahead of the tech curve.”

Andrew Jacobs, Lok’nStore

Figure 36

Number of people in the household

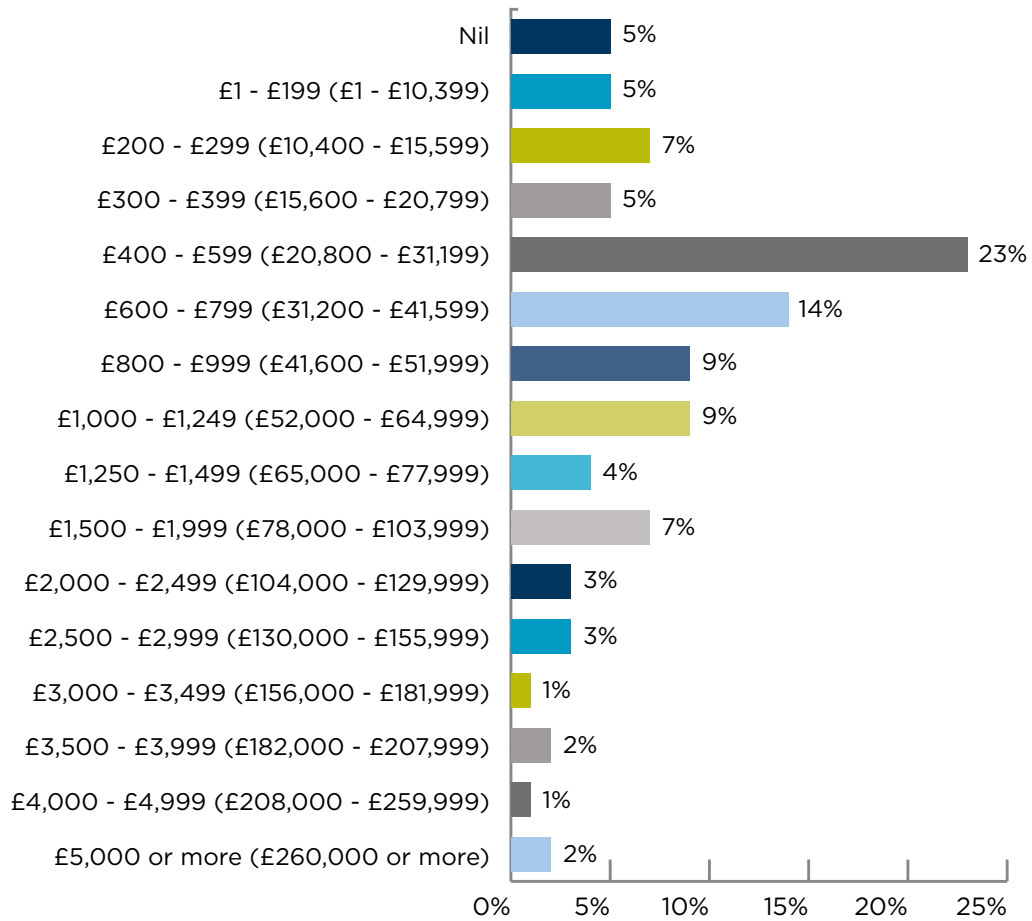


This data indicates that couples are significantly more likely to use self storage than people living alone. Interestingly it also indicates that having more children or extra people in the household does not increase the likelihood of them using self storage. Couples that live together without children or other family members appear to have a much higher propensity to use storage. When considered with the age demographic of self storage users it is possible that the couples using self storage no longer have children or other family members in their home, but maybe are still looking after their stuff!



Figure 37

Average weekly (annual) household income



Patterns of Use

The majority of rented units are less than 100 square feet (69%). A 100 square foot unit would typically easily store the contents of a two bedroom house or flat. It is clear from the data that business customers tend to take larger units than private customers. They are also more likely to take multiple units, with 22% of commercial customers indicating they used more than one self storage unit. Business customers make up around 25% of self storage customers, but occupy over 35% of the storage space.

The cost of a unit increases with the unit size but not on a linear basis, so the cost per square foot decreases as the unit size increases. Operators will therefore usually prefer customers seeking small unit sizes, but clearly the mix of unit sizes at any facility is driven by customer demand.

Figure 38

Domestic / business split

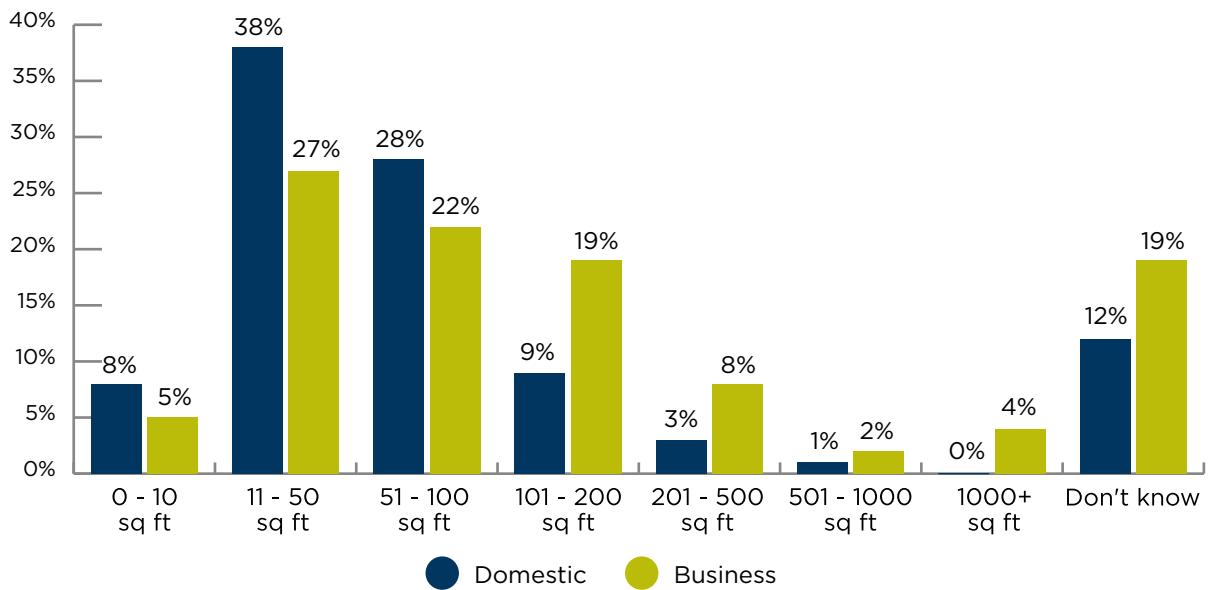
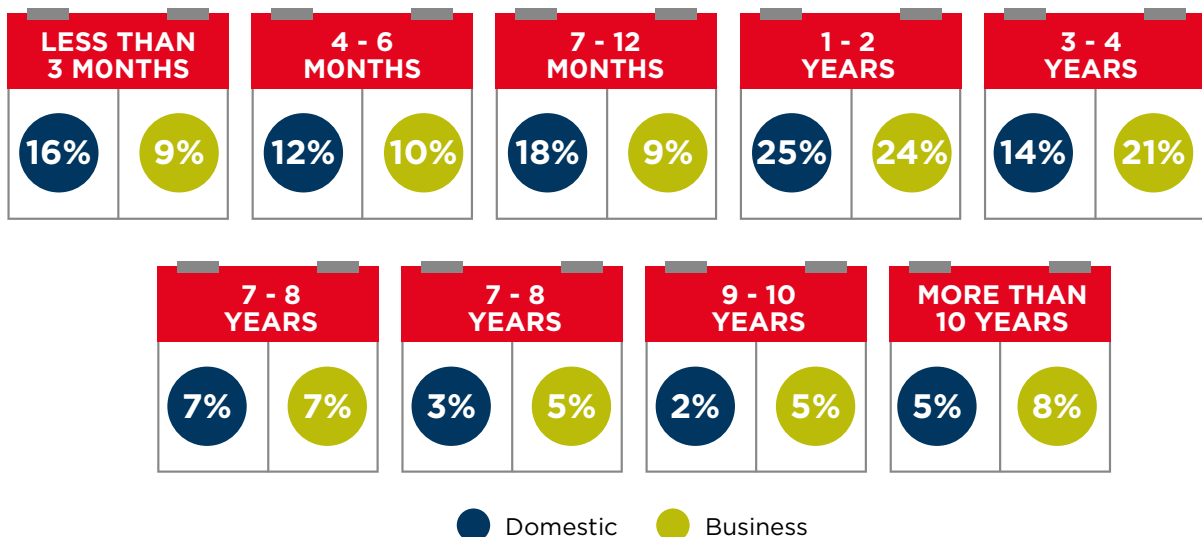


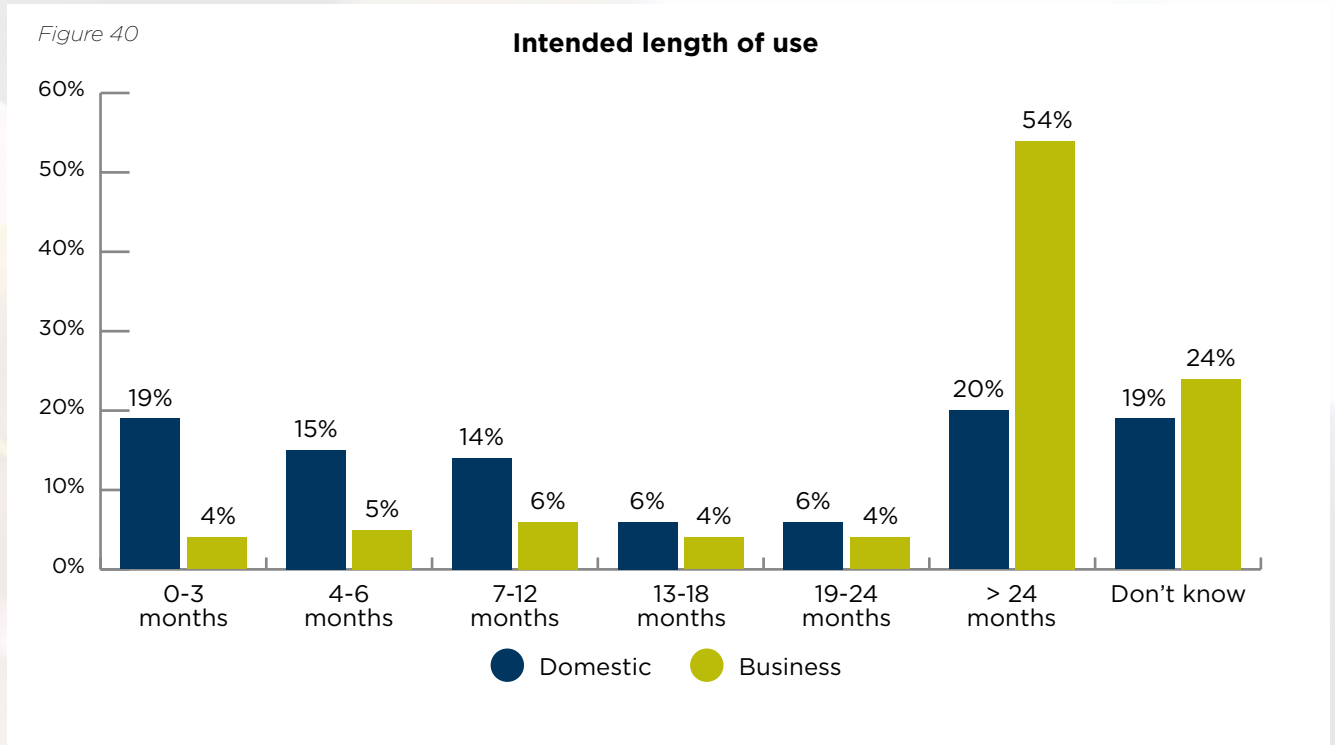
Figure 39

How long have you had your current unit?



Based on the combined domestic and business data, 35% of customers have had their unit for three years or more. This figure has been slowly but consistently increasing year on year. This pattern of usage is also reflected within individual stores where the older the store the more long term customers it tends to hold. This chart also shows that while business users do take units for longer, 54% of personal use customers have stayed in their unit for over 12 months and 17% have stayed over five years.

Whenever you take a snapshot of customer's length of stay you get a mix of customers who have just moved in, and may end up staying for a considerable time longer, long term customers with no intention of moving out, and other customers who may be preparing to depart.

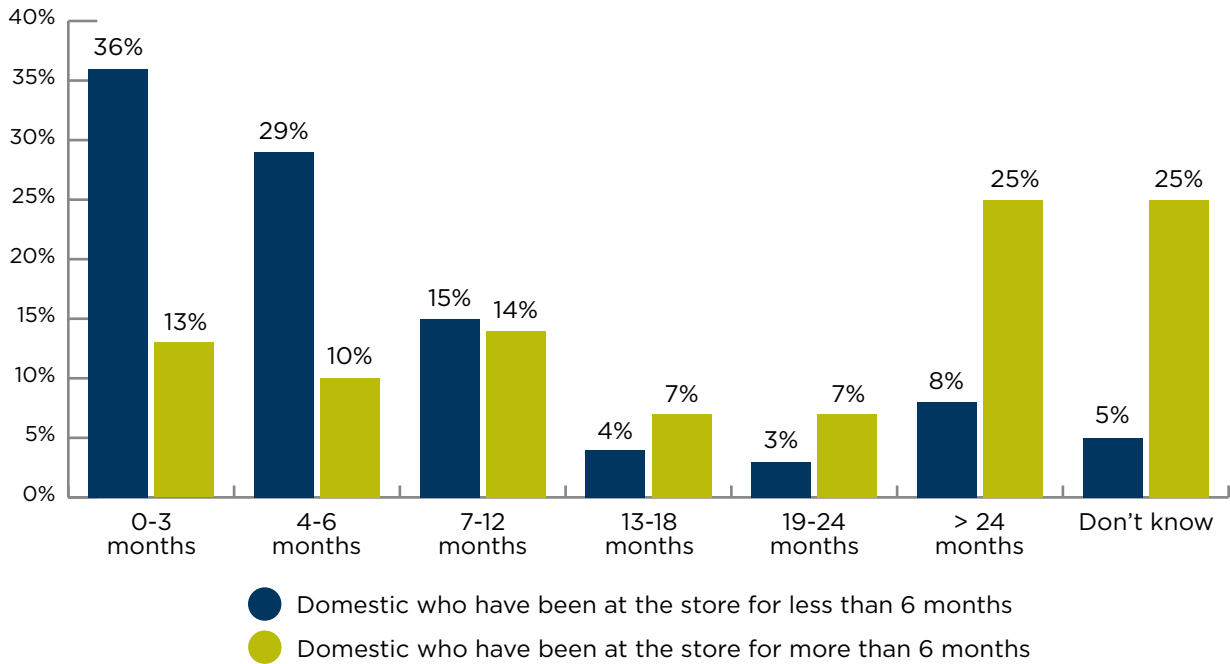


This clearly shows that business customers are long term customers. It would be reasonable to assume that those that answered 'don't know' are not planning a move-out in the short term. It could be that these are the customers that are transitioning from a short term need to potentially staying much longer in their unit. Even if you remove the 'don't know' answers, 32% of domestic use customers plan on keeping their unit for at least another year.



Figure 41

Intended use for personal customers based on current length of stay



The above graph demonstrates the clear split between short and long term users. Using domestic customers only, the majority of those that have only been in storage for less than six months expect to be moving out soon - 65% within the next six months. While of those who have stayed longer than six months, only 23% expect to move out within six months. This graph also supports the theory that the 'don't knows' are not likely to be moving out in the short term as these are mostly long term customers.

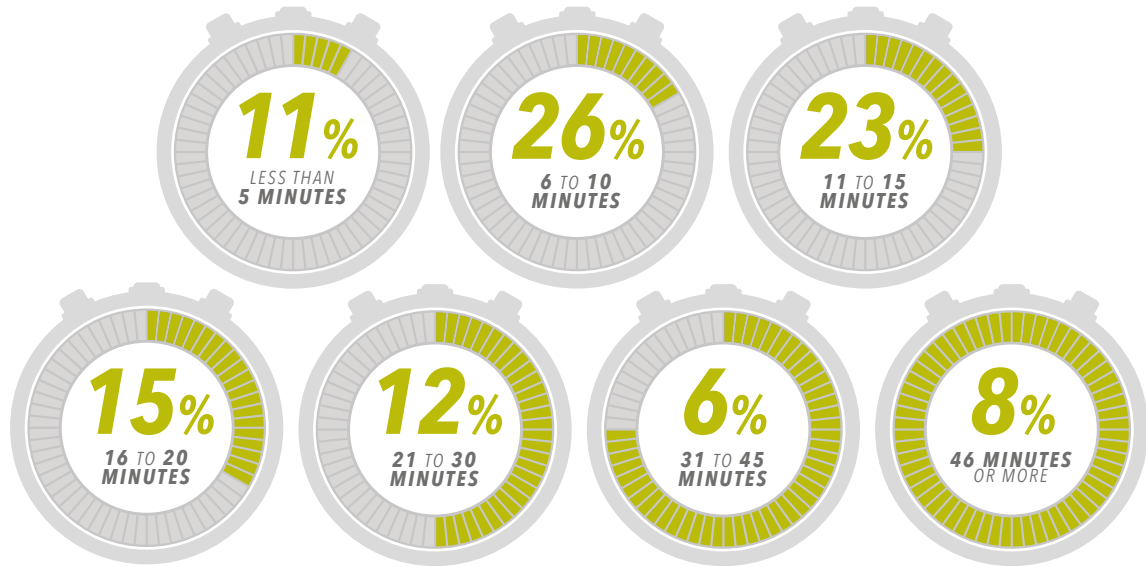
Most new customers come for a short term need and expect to only use the unit for a fixed period of time, usually less than six months. Many do exactly that, however, a significant portion see value in the product and stay beyond their initial short term need and become long term customers, often staying for multiple years.

Clearly the challenge for self storage operators is to extend the stay of the short term users to convert them into long term customers. However, while there are numerous incentives offered by self storage businesses to bring in new customers, there seems to be less importance put on extending short term customers beyond their initial need. In some cases, the initial incentives and price structures mean that customers will be receiving price rises at the very point they could be potentially transitioning from a short term to a long term customer.



Figure 42

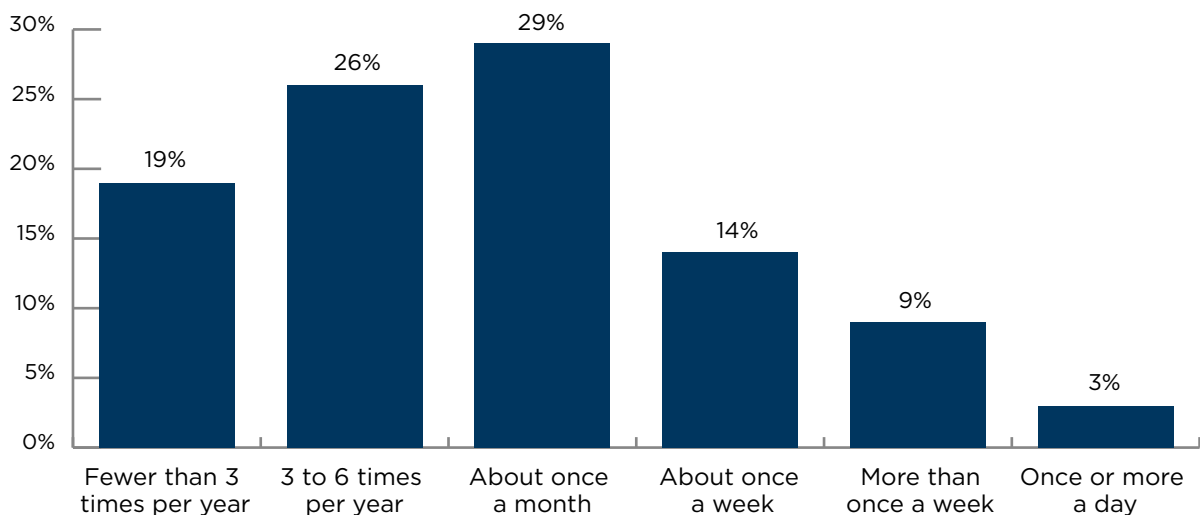
Distance to travel to your self storage store



Self storage is very much a location based business. Most customers will not want to travel long distances to their self storage unit, particularly those customers who expect to access their goods regularly. Customers storing while travelling for an extended period, or that have no need to access their goods, may be more willing to use a store that is further away - particularly if there is a significant cost saving in doing so. This data supports this notion, with 60% of respondents travelling 15 minutes or less and 75% travelling 20 minutes or less to their self storage store.

Figure 43

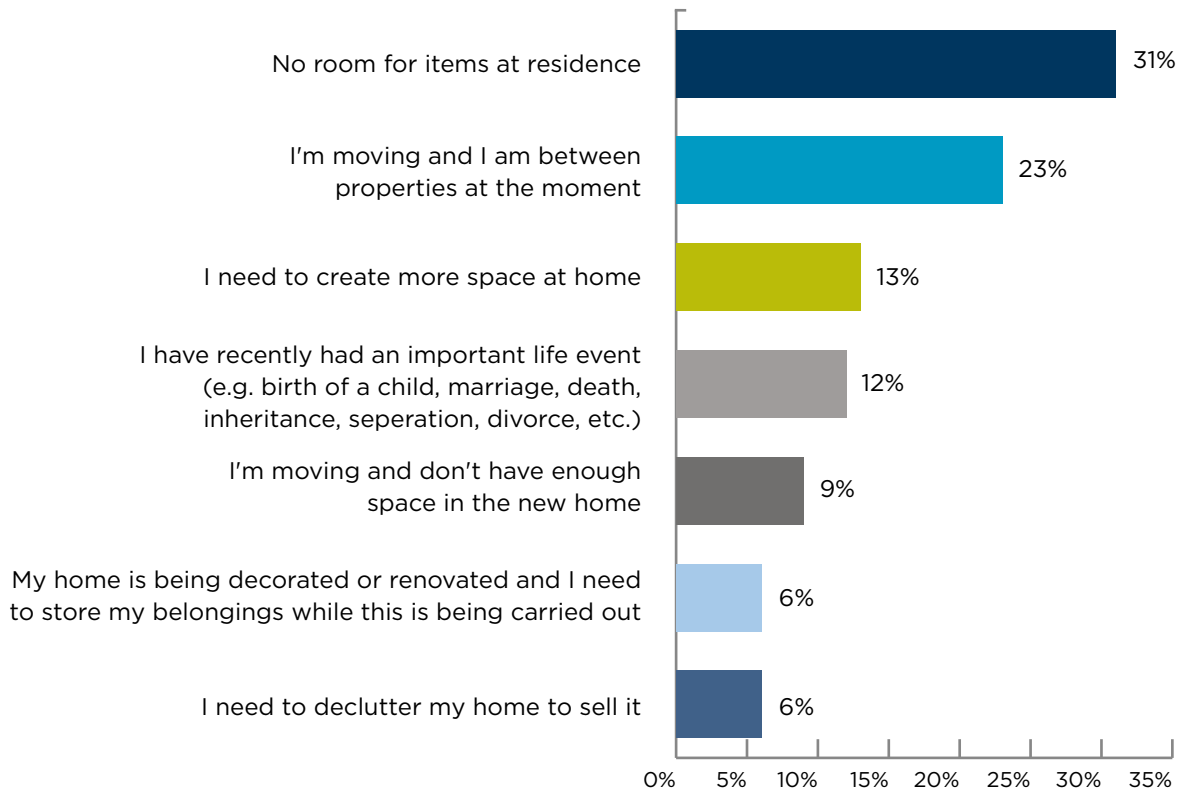
Store visit frequency



The majority of people visit their unit once a month or less (74%). 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. These actual usage results combined with similar gate access data from self storage businesses, support the notion that self storage is a low traffic business, with only 12% of customers accessing their unit more than once a week and only 3% daily.

Figure 44

Reasons for using self storage by personal customers



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

For this question there was a shift in the data from 2018, with less respondents indicating they were moving house (down from 30%) and more indicating no room at their residence (up from 27%). It is often perceived that house moves make up the bulk of self storage customers, and while this data indicates that it is an important customer segment, it only accounts for 23% of customers; 38% if you include those moving into a new house that has less space and those decluttering to sell their house. This data only covers personal customers, so over the whole customer base around 28% of customers use self storage for all reasons relating to moving or selling a property.

No respondents answered 'I need to store my belongings during the university holidays' as the survey was undertaken in winter, not over summer when this occurs.



Observations on the industry

Figure 45

Perception of value for money

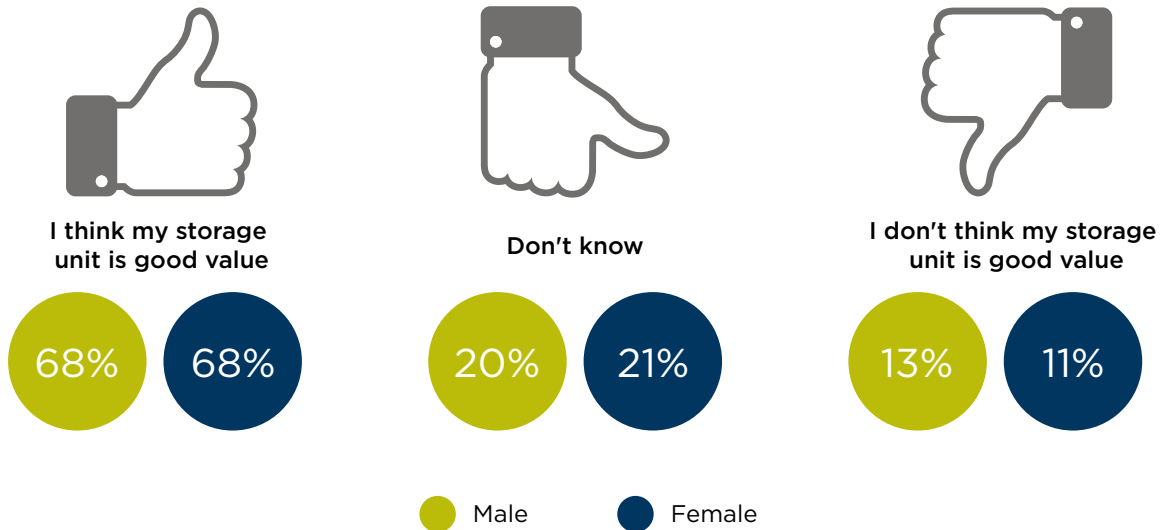
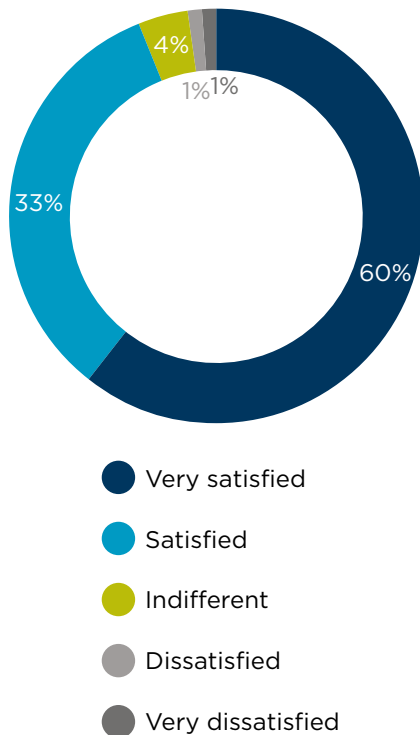


Figure 46

Satisfaction with service



While the number of people that consider storage to be good value has remained largely the same as in previous years, more people have moved into the “don't know category” from those that considered it poor value. Considering that the general public section of this report tells us that the vast majority of people expect storage to be more expensive than it is, this is a very good result. Clearly customers see value in the product once they start using it. Some operators have surveyed their customers immediately after a price rise in December which may influence these results, as would those that send the survey out with an invoice for payment.

Satisfaction by customers is very high, with 93% of customers saying they are satisfied with the service and the majority of these saying they are very satisfied. While 12% of people (male and female) may have suggested the service did not pose good value for money, only 2% of all customers were dissatisfied with the service overall.

Additional services

Only 18% of the respondents felt their chosen self storage business should offer additional services. While last year respondents were asked an unprompted question in regard to additional services they may find useful, this year they were given options to choose from, all of which are offered by some self storage businesses.

Figure 47

The most popular additional services were:

Ability to dispose of goods on site



19%

Increased opening times



14%

(of responses)

Wi-Fi



11%

More lighting



10%

Heating



10%

Shelving in units



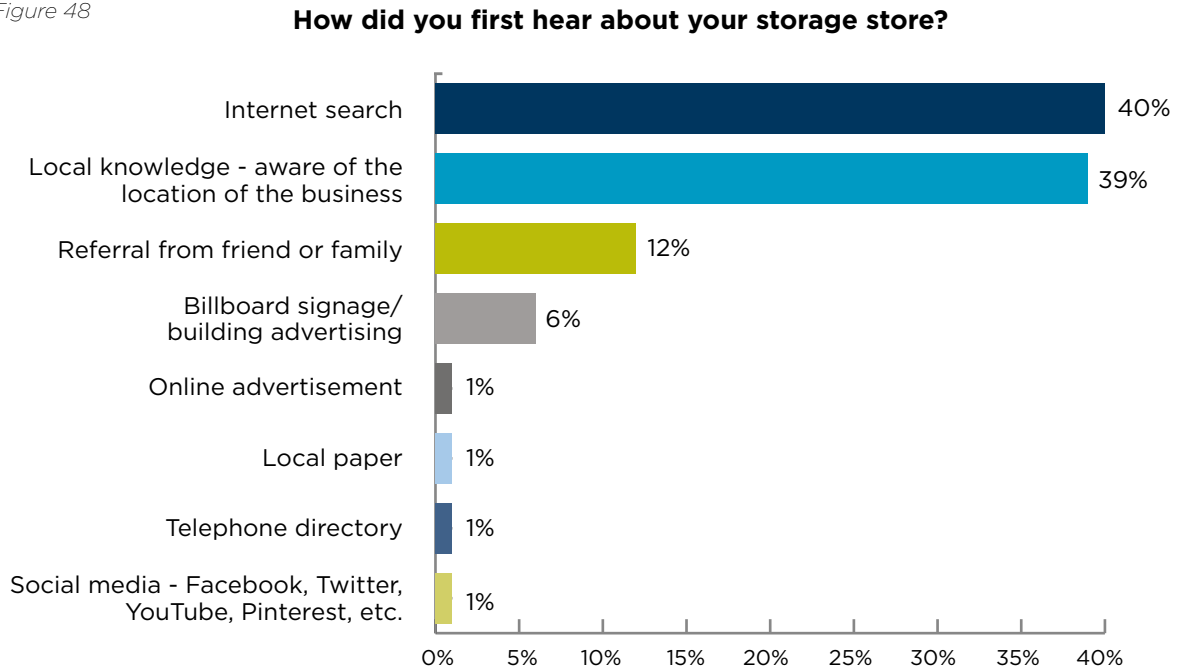
9%

“The biggest challenge will always be good super-prime sites but good operators who are well funded will continue to rise to the challenge and build really great companies.”

John McGlyn, Storage Vault

Researching self storage

Figure 48



The results to this question are interesting, but it is possible that customers may not accurately recall how they first heard about their self storage facility, bearing in mind more than 30% have been renting their unit for at least two years.

Although they may recall searching for the store on the internet, they may have been prompted to perform the search having seen a local self storage building. It should be noted that this question relates to how they learned about the storage facility they are using. It is different to the Demand Survey which asks how you became aware of the industry or product generally. Store visibility increases the awareness of the product, but customers are still heading to the internet to research the business or learn more about it.

Considering the respondents who indicated that they would use online for further research, 68% 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 remains less inclined to research and shop online than the under 50s.

Figure 49

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

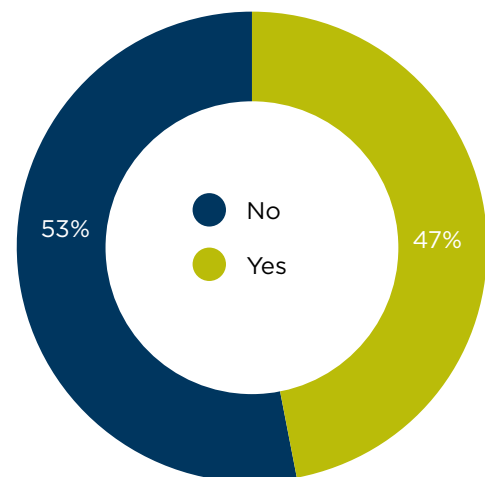
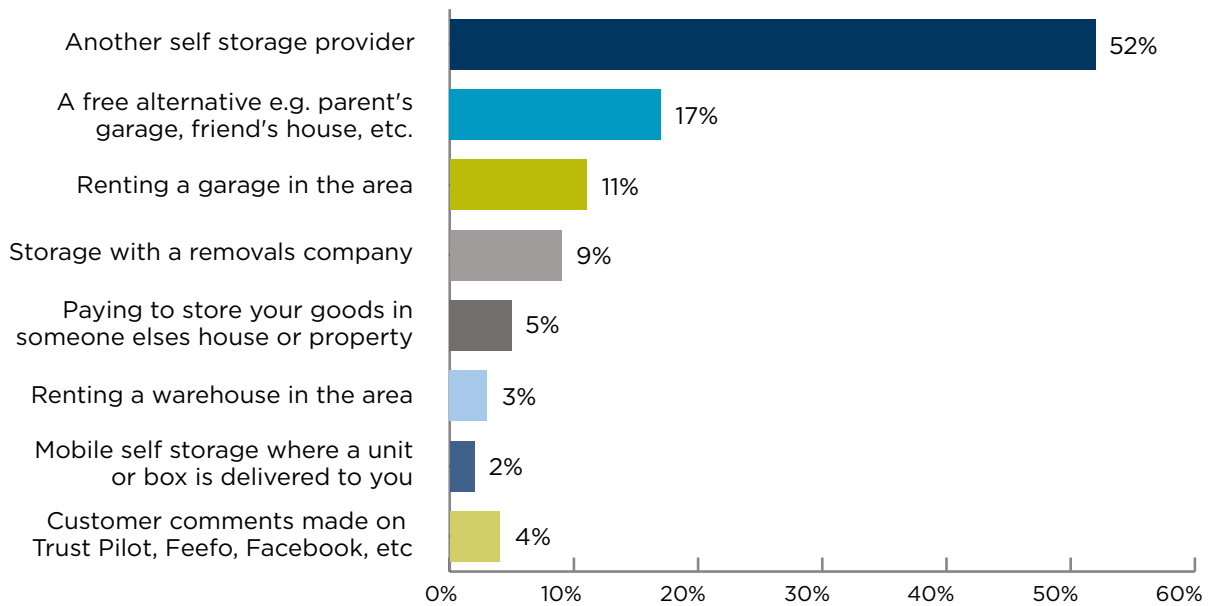


Figure 50

Other options considered?

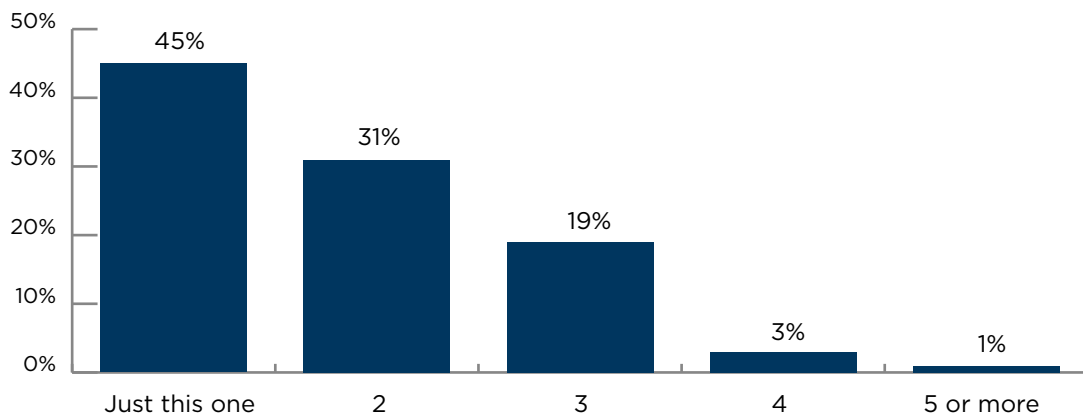


This question was addressed to all users and it was possible to provide more than one answer. The results are shown as a % of all answers provided.

It is not surprising that most customers also considered another self storage company. It is also interesting to note how few customers considered mobile based storage options or peer to peer based storage before choosing self storage. These alternative options have received substantial media coverage recently as potential disruptors to the industry. However, this data shows that few self storage customers are considering them as an alternative and this has not changed significantly since last year's survey.

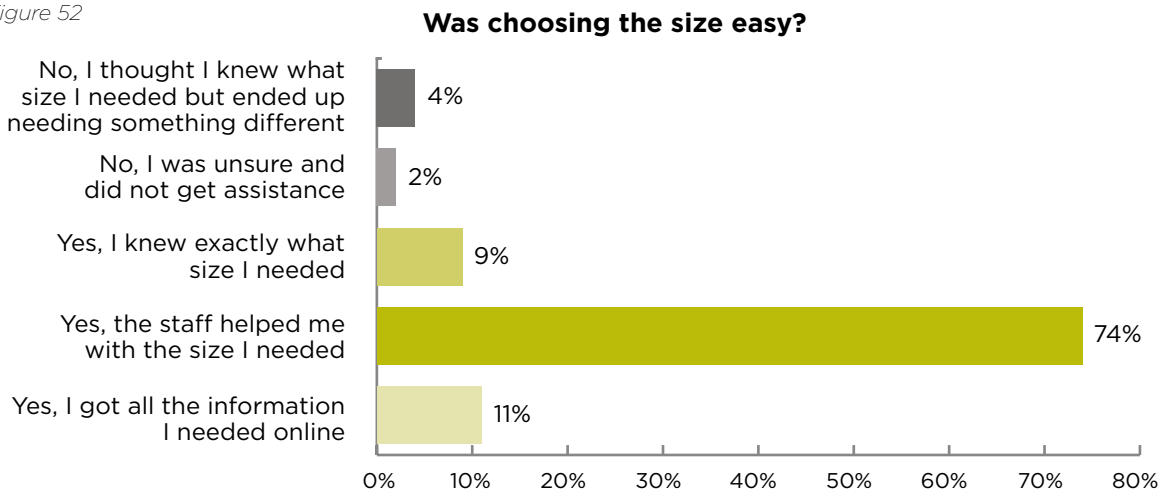
Figure 51

How many stores were contacted before purchasing?



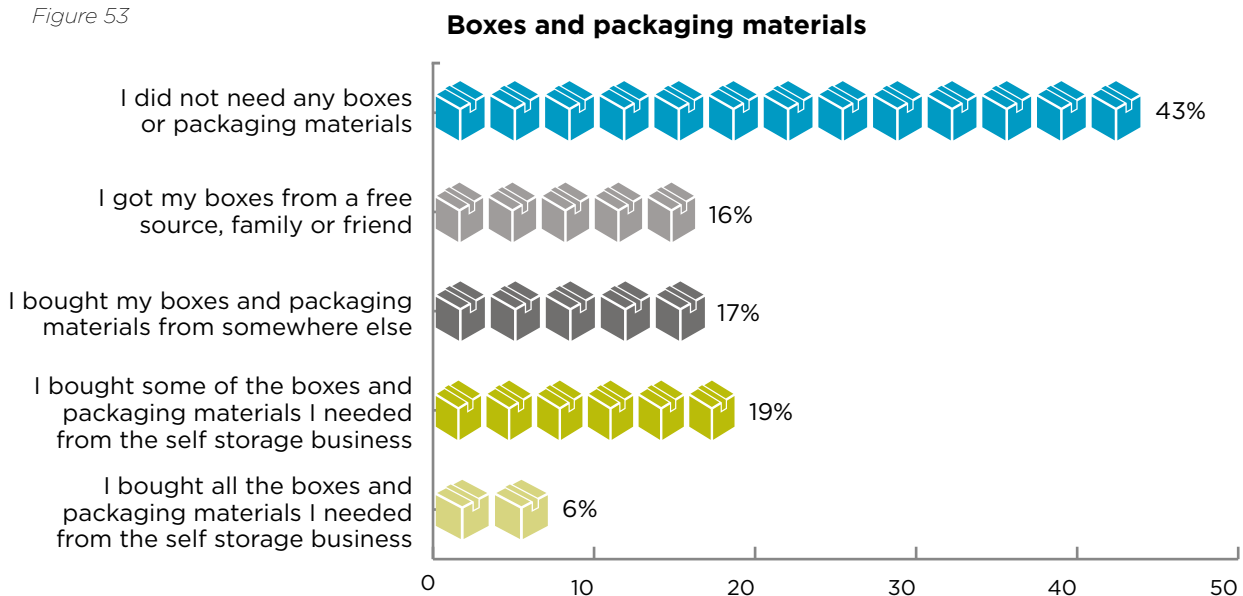
The majority of customers (55%) contacted other self storage stores before deciding to rent their unit. It is not clear whether this was just to check the reasonableness of the quoted price, or whether they seriously considered renting at an alternative location. Given that location and access factors remain the primary reason people select a self storage centre, it is possible that once getting a price for their chosen store they then compared this price to other competitors and then possibly used this as leverage to get a better deal back at the store they really wanted to use. As more operators put their prices online, customers can also do more research online and do not necessarily need to "contact" as many self storage stores before making a choice. It is also possible that there may be different interpretations as to the definition of contact. Some may consider emailing for a quote or using a webform as contacting the store, while others may only consider a phone call or direct email communication as a contact.

Figure 52



The number of customers indicating that they thought they knew what size they wanted but ended up taking something different has been decreasing year on year. 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. It is good to see that the vast majority of customers felt the storage staff helped them with this. Although as more sales move online, where it is more difficult to inform customers on sizing, this may change.

Figure 53



This data is exactly the same as last year, despite the fact it presents a real opportunity for self storage operators to increase their level of packaging sales. Of the customers who needed boxes or packing materials, only 10.5% bought all of them from their self storage store and 58% did not get any from their self storage store. When you consider the industry in other markets such as Australia, the operators there are much more pro-active in selling packaging materials, even to customers that are not using self storage. Most self storage stores in these markets have signage on their stores indicating that they sell boxes and some have dedicated websites for selling packaging materials.

Customers were asked to select their top three most important features of a self storage site from a list of options. The list is sorted in order of preference. The top five rate significantly higher than the remainder of the list. The most notable difference from previous years is that on-site manager has moved up to second position where it was 4th last year.

Figure 54

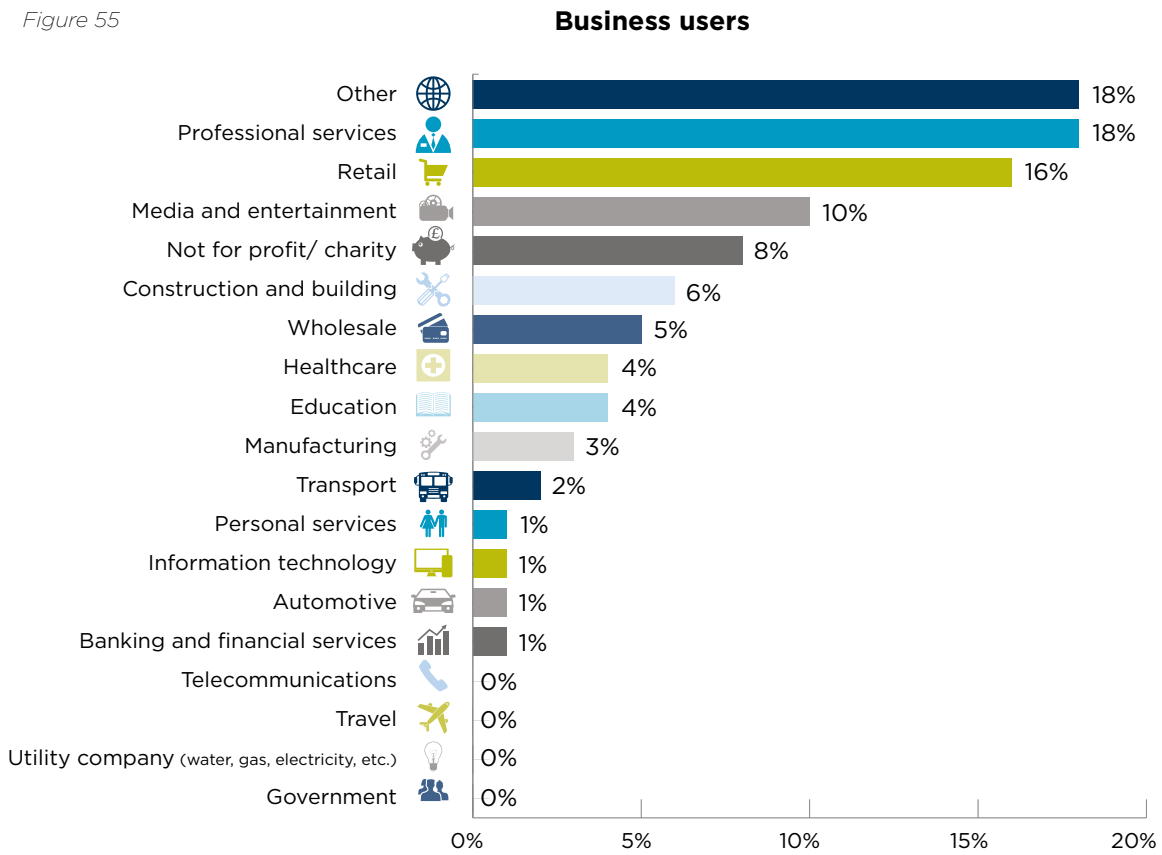
Important features

01	Proximity of location to home or work
02	On site manager or attendant
03	Security video monitoring of storage areas
04	After hours access (before 8.30am - after 5.00pm)
05	Convenient access to site
06	Cleanliness and presentation
07	Drive up access to storage unit
08	Storage unit insulation and ventilation
09	Individual alarm on storage unit
10	Location easy to find
11	Undercover docking - loading area
12	Use of van or trailer at no cost
13	Goods pick up service
14	Packaging materials available for purchase on site

“Approximately 85-90% of our marketing spend is on our digital platforms, of which a significant proportion is paid search. We see this as an increasing barrier for smaller operators, in addition to the cost of urban property and access to development capital.”

James Gibson, CEO Big Yellow PLC

Figure 55

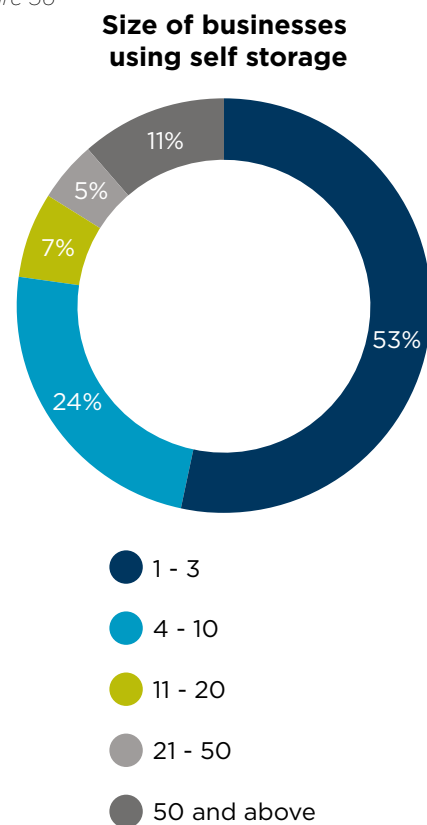


As one would expect, self storage is used more by small enterprises, with 77% having no more than 10 staff and more than half with three or less staff. This result has increased since last year

With 277 businesses responding to the survey, we can see 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 larger businesses that use self storage because they have a national account, or the survey may not have been sent to the correct person within the organisation.

While self storage businesses do not directly employ large numbers of staff, they do have a significant impact on local employment by fostering small business development. Self storage provides them with a means to store stock, records, equipment and other business related materials. This allows these businesses to manage their growth and employ more people. There are almost 1 million businesses using self storage across the UK in 2019. Many run their entire business from within their storage space.

Figure 56



An aerial photograph of a city grid, showing streets and building footprints, is overlaid with a semi-transparent blue filter. A vertical yellow bar is positioned to the left of the text.

SECTION 04

PUBLIC SURVEY

PUBLIC SURVEY

The following information has been sourced from an online survey of the general public across the UK conducted by YouGov on behalf of the SSA UK. The data is taken from a statistically selected and weighted sample that accurately represents a sample of the demographics of the adult UK population. This year 2,170 people completed the survey.

It is worth noting that this survey was completed at the end of January this year. On New Years Eve a large self storage store in London was burnt to the ground with over 1000 customers losing their goods. This event was still receiving media coverage at the time of the survey.

INDUSTRY AWARENESS

Self storage is a relatively new industry to the UK. While storage related to removal companies has been around for a long time, and there were some individual self storage operators opening in the 80s and 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 good 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 an ideal format 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 portfolios. 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. Most operators rely on prominent store locations to increase awareness of the industry and their business. However, this does not help customers to understand what self storage is, making it challenging to increase understanding of a product that is essentially a needs based purchase.

Figure 57

Awareness

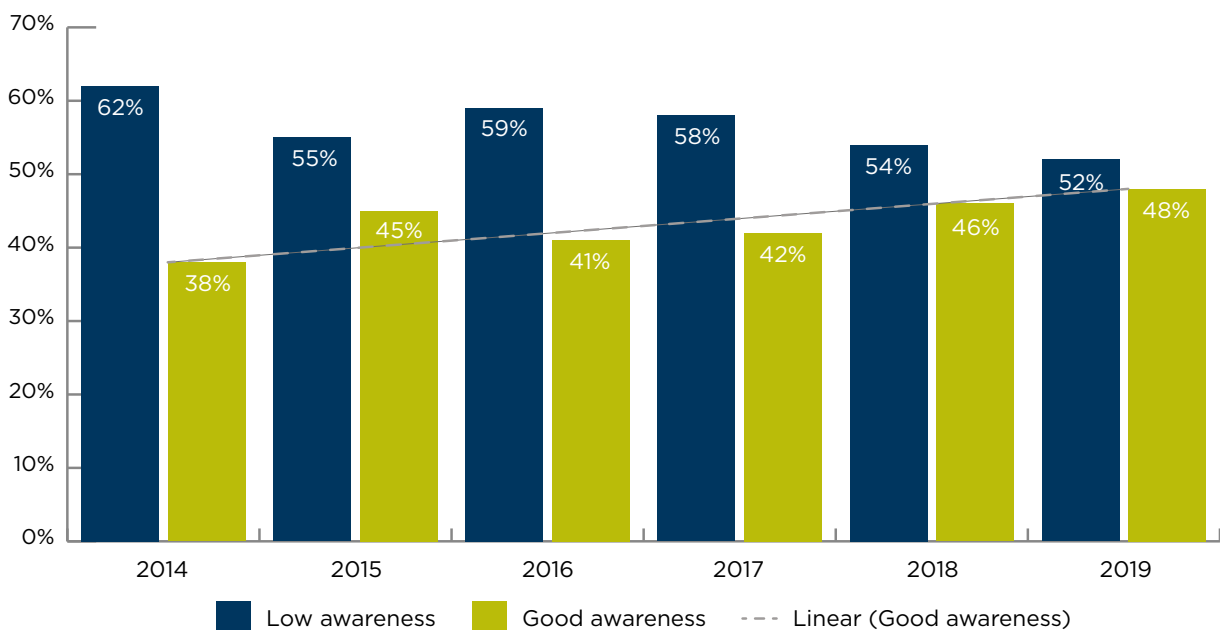
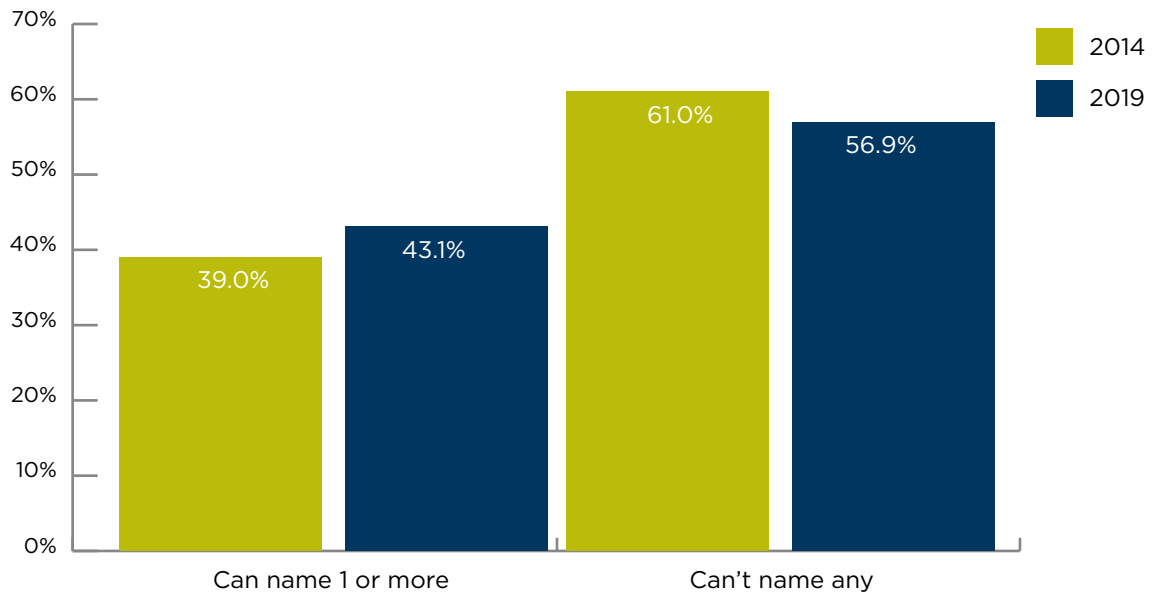


Figure 58

Self storage awareness in the local area



One way the public 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 (excluding rural locations) 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 three or more in their area. Yet 56.9% of people can't name a self storage store in their area. Comparing this result to 2014 when this part of the study was first undertaken, you can see there has been only a marginal increase in awareness over the last five years.

During that time the number of self storage stores has grown by more than 50% and the total space by around a third. Many operators have opened stores in high profile locations with heavy traffic flow and large, brightly coloured buildings with extensive signage. Some would expect this to have driven greater awareness. However self storage is more of a needs based purchase than an impulse buy. So people with no need for self storage are unlikely to take any notice of where the stores are, the same way that people who don't have pets would be unfamiliar with the location of local vets. It is quite common for people who are new to the industry either as customers, staff or operators 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 firstly what they think their understanding of self storage is, followed by some 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 five years of the survey. However, it has been marginal, and the majority of the general public still have a poor understanding of the product. It could be argued that the increase in understanding is merely a result of more people actually using the product over time and not an improvement in the general understanding of the population.

Figure 59

I have never heard of self storage	12%
I have heard of self storage but know nothing about the service that is offered	40%
I have heard of self storage and know a reasonable amount about the service that is offered	40%
I have heard of self storage and know the service that is offered very well	8%
Low awareness	52%
Good awareness	48%

Breaking this data down into regions shows that London originally had higher awareness than other regions. However, over time awareness has increased in other areas at a greater rate. The result is that now the South, East, London and Wales all have comparable levels of awareness with Northern Ireland and the North having the lowest levels of awareness. Scotland has had the greatest increase in awareness over the last three years.

The growth of the industry combined with more media presence and the popularity of US based TV shows like Storage Wars has made more people aware of self storage as a term, but this does not necessarily translate into an increased understanding of the product and how it could potentially help them.



This difference between awareness and understanding is demonstrated further when survey respondents are asked about several potential elements of a self storage business, some of which apply and some of which don't. Interestingly, for the first time in five years we have seen a significant increase in the understanding of self storage compared to last year. However less than 40% of the public understand key principles of self storage like "you lock it and keep the key" and flexible storage times. It is also interesting to note that despite the recent London fire more people considered self storage buildings to be very secure.

Figure 60

Understanding

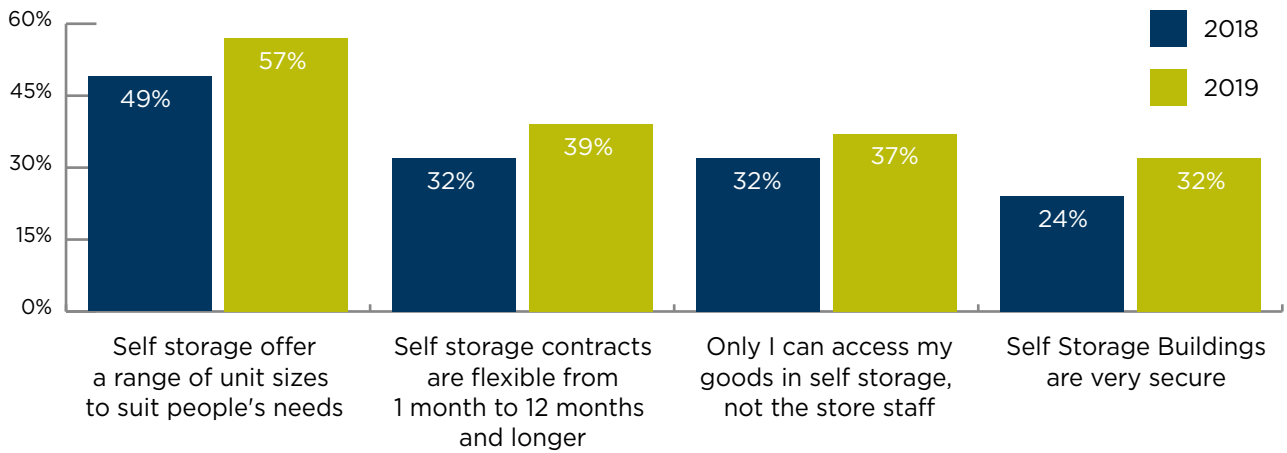
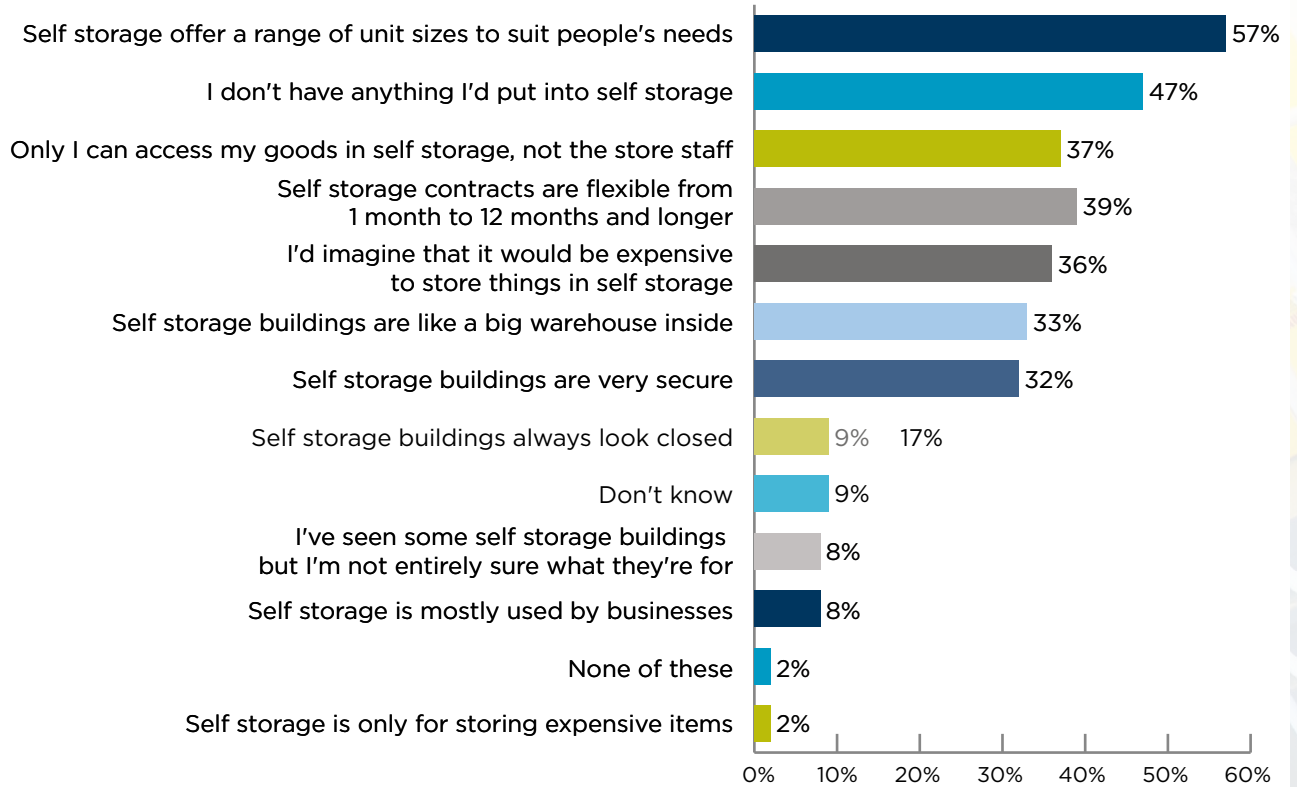


Figure 61

% in agreement



BRAND AWARENESS

Comparing unprompted brand awareness since 2014 we can see that there has been limited change. More people can name a brand, but much of this increase has been taken up by smaller independent brands rather than the major chains. This is possibly due to the fact the industry remains fragmented with only a small number of chains having 10 or more stores, and a growing number of independent stores opening up, particularly in the North and regional areas. London supply remains dominated by the major brands and their awareness is higher in this region.

Figure 62

Brand awareness (all UK)



SELF STORAGE USE

This data has remained largely the same for the past five years. As such a small percentage of the population is 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 five years, while increasing occupancy at the same time, shows that more people are using the product. It is interesting to note that a consistent 8% of respondents say they are considering using self storage in the next 12 months, yet this does not convert to actual usage the following year. Clearly, if 5% of the population wanted to use self storage there would not be enough supply to facilitate this, so this explains part of the result. However, there is consistently available space in the industry and if there were such a huge level of pent-up demand, the industry would be expanding more rapidly. The industry would do well to understand why so many people are considering using the product but then don't. It could be a pricing issue, as this study also shows people perceive the price to be lower than it is. Or perhaps people's circumstances change so they don't need the product after all, or they find alternative storage?

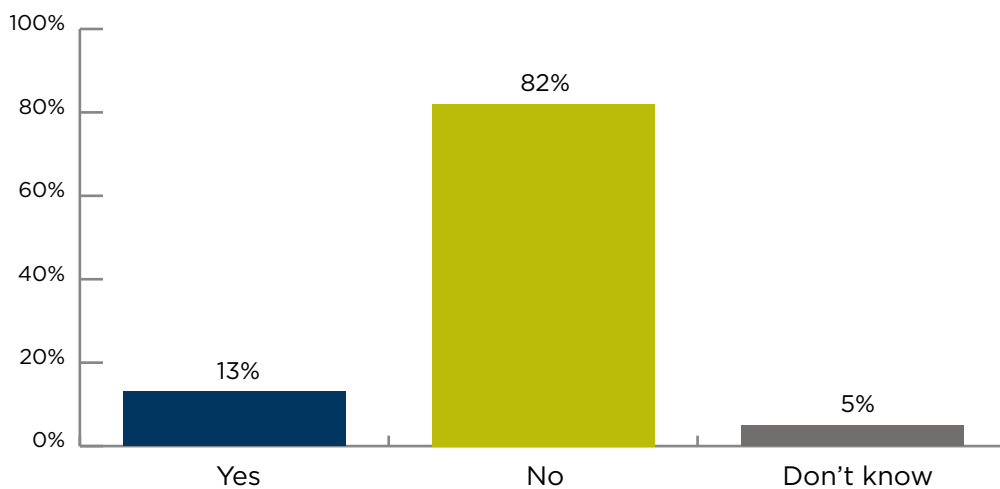
Figure 63

I am currently using self storage	1%
I am considering using self storage in the next 12 months	8%
I am not using/ considering using self storage in the next 12 months	85%
Don't know	6%

For the first time this year we asked if you or a family member had ever used self storage. The results showed that 13% of people had used self storage in the past. This is interesting since only 8% said they understood self storage well. Possibly this is because the family member used the self storage unit and not the person completing the survey. If this is extrapolated across the UK population then around 4.9 million households have used self storage in the past.

Figure 64

Have you or a family member ever used self storage?



FINDING A SELF STORAGE BUSINESS

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

Figure 65

Drivers of recognition

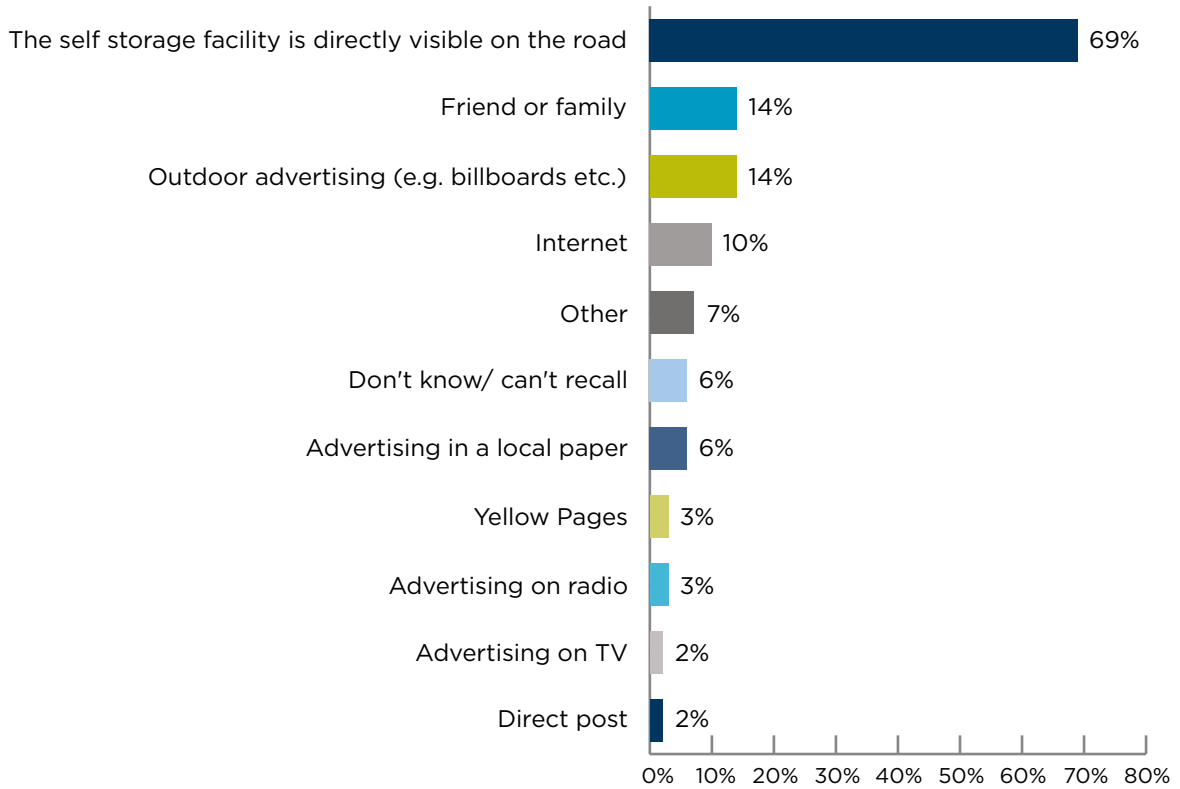
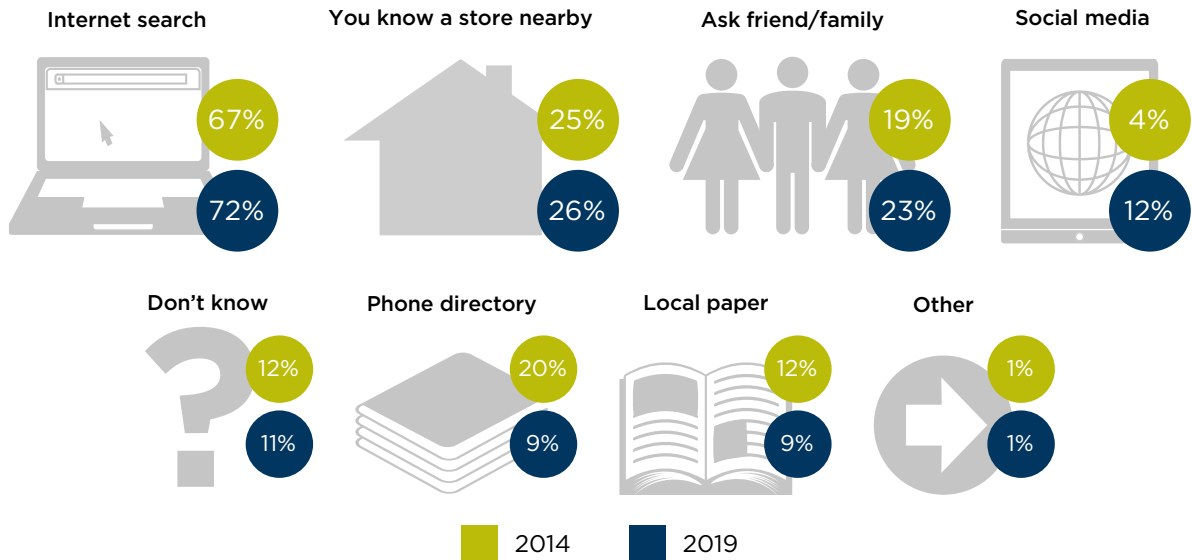


Figure 66

How would you find information on a local self storage store?

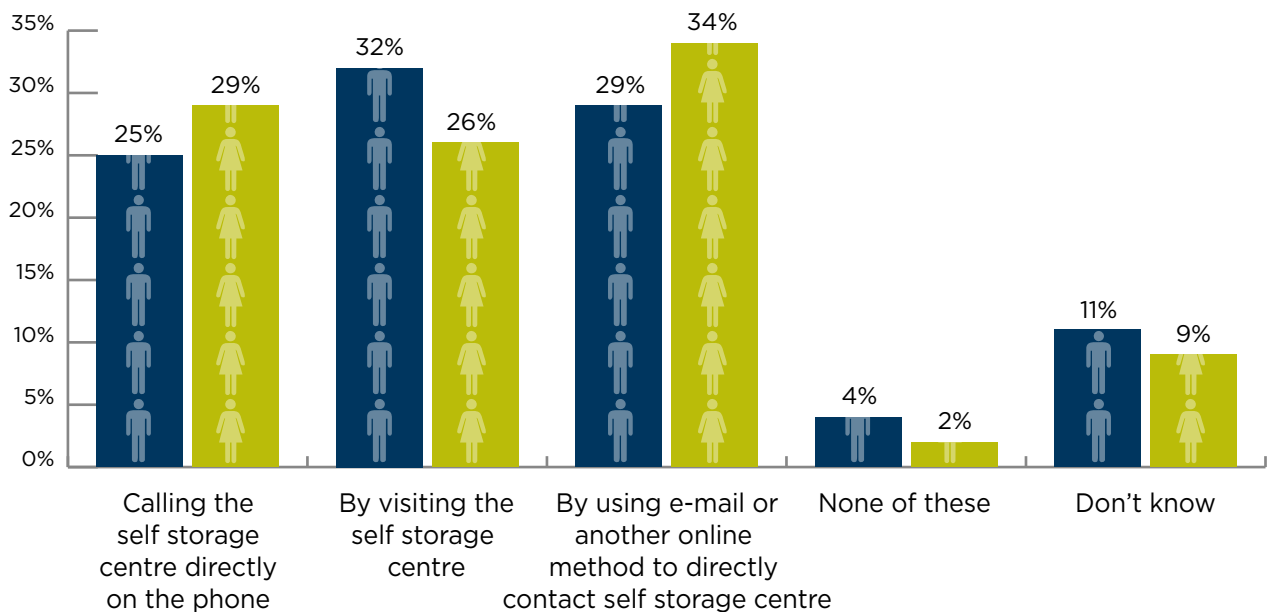


Respondents were then asked how they would find information on a self storage store to contact, this being the research stage of their purchase. They were allowed to select all the methods that they would use to research, hence the totals of this graph add up to over 100%. Each % result represents the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

Comparing this data to the 2014 results social media, the internet and asking friends or family have clearly gained preference. Not surprisingly the phone directory has become less relevant, now falling behind social media and on par with the local paper.

Figure 67

Gender preference for contacting a store



When asked how they would contact a store to enquire or book a self storage unit, online methods (32%) again polled higher than people visiting the store (29%). 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. This could influence how operators structure their online communication channels, knowing they are preferred by women.

PRICE AWARENESS

The survey asks how much the person would expect 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 the majority of people (33%) indicating they don't know.

Furthermore, of those who did suggest a price, only 8% were within the correct price range for their region and 83% were under range. This result excludes those that answered "don't know". Respondents from London had the lowest percentage of people who answered within the price range perhaps reflecting the fact that rents are higher in the capital.

Figure 68

Drivers of recognition

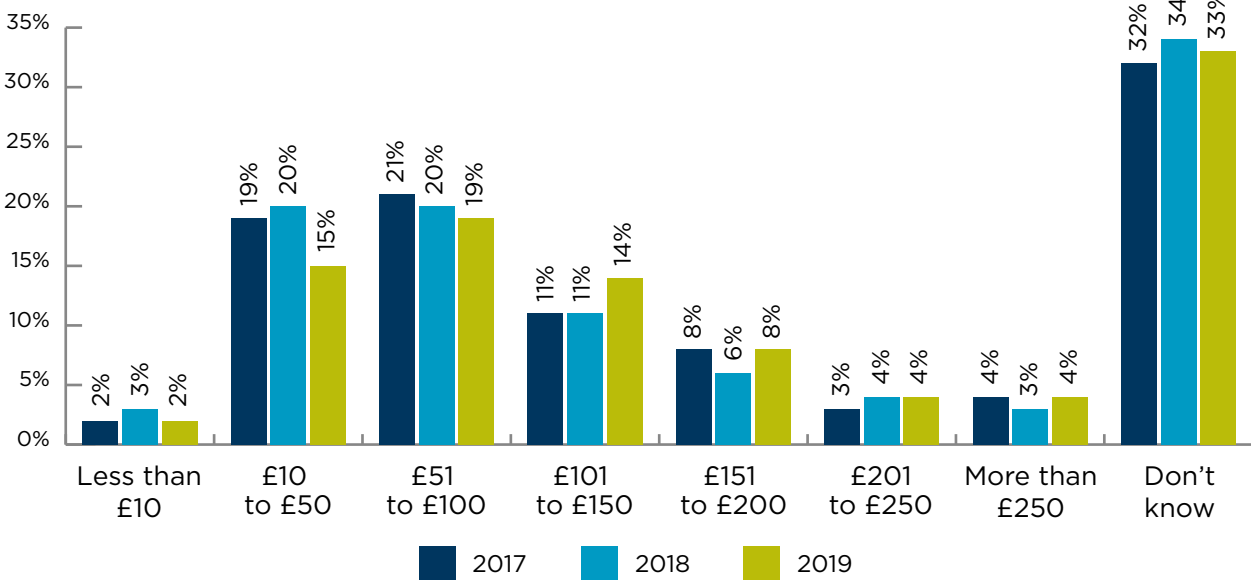


Figure 69

	UK	London	South	North	Scotland
Actual Price Range	£150 - £200	£200 - £250	£150 - £200	£101 - £150	£150 - £200
Within Range	8%	5%	10%	12%	9%
Under Range	50%	60%	55%	38%	51%
Over Range	8%	5%	10%	12%	9%
Don't Know	34%	30%	25%	38%	31%





SECTION 05

EUROPE

EUROPE

In 2018 there were approximately 3,882 self storage facilities in Europe (including the UK) totalling over 102 million square feet of space. Developed markets like Spain and Sweden are continuing to show consistent growth and Germany has also show significant growth in recent years. There is now storage in almost all the Eastern European countries with markets like Poland, Romania and the Czech Republic having large purpose built self storage stores with some major brands developing.

The industry across Europe grew by around 9% in terms of space provided but even the more mature markets like the UK and Netherlands still fall well below the level of storage per person in more developed markets like the USA at 9.4 square feet per person and Australia at 1.75 square feet per person. However, it should be noted that there are fundamental differences between the European self storage markets and these more developed markets. The most significant being the cost and availability of land that allows operators in the USA and Australia to open larger sites at lower cost, and in turn offer a more affordable product. It is widely acknowledged that in terms of storage space per capita, the European industry will not reach the level of the USA, however, in time the current level in Australia may be achievable.

Despite growth in the developing markets 78% of stores are located in the largest 5 markets with the UK accounting for 41% of all stores and 45% of the storage space. Countries like Germany and France have a large number of stores, not surprisingly given their geographical size. However it is markets like The Netherlands and Sweden that have the largest amount of storage per capita on the continent.

Self storage operators in continental Europe have adopted some of the technological advances in the industry quicker than their UK counterparts. There are more unmanned stores on the continent, where operators use a range of innovations such as video conferencing, robots, kiosks and online processes to interact with their customers. There are also more businesses that allow you to complete the entire sales proceed online, including payment, completion of the contract and provision of access codes.



Figure 69

Country	Population 2018 (United Nations)	Estimated number of facilities 2018	Current lettable area (sq ft) 2018	Floor space per capita (sq ft) 2018	Facilities per million population 2018
Austria	8,751,820	47	947,000	0.108	5.4
Belgium	11,498,519	88	2,153,000	0.183	7.7
Czech Republic	10,625,250	5	151,000	0.011	0.5
Denmark	5,754,356	92	2,110,000	0.366	16.0
Estonia	1,306,788	3	32,000	0.022	2.3
Finland	5,542,517	68	1,668,000	0.301	12.3
France	65,233,271	480	12,378,000	0.194	7.4
Germany	82,293,457	234	6,049,000	0.075	2.8
Hungary	9,688,847	16	441,000	0.043	1.7
Iceland	337,780	7	205,000	0.603	20.7
Ireland	4,803,748	41	1,124,500	0.234	8.5
Italy	59,290,969	56	1,884,000	0.032	0.9
Latvia	1,929,938	3	81,000	0.043	1.6
Lithuania	2,876,475	1	16,000	0.011	0.3
Netherlands	17,084,459	303	9,580,000	0.560	17.7
Norway	5,353,363	139	1,432,000	0.269	26.0
Poland	38,104,832	17	280,000	0.011	0.4
Portugal	10,291,196	19	608,000	0.054	1.8
Romania	19,580,634	5	161,000	0.011	0.3
Spain	46,397,452	426	9,795,000	0.215	9.2
Sweden	9,982,709	159	4,628,000	0.463	15.9
Switzerland	8,544,034	91	915,000	0.108	10.7
UK (incl containers)	66,858,000	1582	45,600,000	0.680	23.7
European Countries Total	492,130,414	3,882	102,238,500	0.208	7.89

SURVEY METHODOLOGY

SSA UK MEMBERS' SURVEY

The survey of operators was carried out as at 31 December 2018 with the survey responses being collected during January and February 2019. 67 operators contributed to the survey this year, providing data on 492 self storage facilities. The regional groups used for this year's survey have been based on the Nomenclature of Territorial Units for Statistics (NUTS) codes of the United Kingdom. The geographical regions are as follows:

- North East
- North West
- Yorkshire and the Humber
- East Midlands
- West Midlands
- Wales
- East of England
- London
- South East
- South West
- Scotland

For the purposes of our analyses, we have combined the regions of the North East and North West into one 'North' category and the regions of the West Midlands and Wales into one 'West Midlands & Wales' category.

- These regions are the same as the regions adopted in the last survey report.
- Further, the regions may differ slightly from those adopted for the Demand Survey prepared by YouGov Plc.
- Where we refer to MLA in this report, we mean 'Maximum Lettable Area'.
- Where we refer to CLA in this report, we mean 'Current Lettable Area'.
- The survey refers to the current year as 2018 and the previous year as 2017.
- The YouGov general public survey is also referred to as the Demand Survey in this report.

SSA UK CUSTOMER SURVEY

The survey of customers was carried out during January and February 2019 using customers from over 150 SSA UK member's stores spread across England, Scotland and Wales. Surveys were sent out via email and completed online. No incentive was given to people to complete the survey. 1,349 people completed the survey.

YOUNGOV PLC METHODOLOGY STATEMENT

This survey was conducted using an online interview administered to members of the YouGov Plc UK panel of 800,000+ individuals who have agreed to take part in surveys. Emails are sent to panellists selected at random from the base sample. The e-mail invites them to take part in a survey and provides a generic survey link. Once a panel member clicks on the link they are sent to the survey that they are most required for, according to the sample definition and quotas. (The sample definition could be "GB adult population" or a subset such as "GB adult females"). Invitations to surveys don't expire and respondents can be sent to any available survey. The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. The profile is normally derived from census data or, if not available from the census, from industry accepted data.

YouGov Plc make every effort to provide representative information. All results are based on a sample and are therefore subject to statistical errors normally associated with sample-based information.

All figures in the YouGov / Demand Survey section, unless otherwise stated, are from YouGov Plc. Total sample size was 2,170 adults. Fieldwork was undertaken between 29th – 30th January 2019. The figures have been weighted and are representative of all GB adults (aged 18+).

WEIGHTED AVERAGES

Where weighted averages are used in the public survey this is to reflect the national demographics.

Weighted averages in the members survey are used to reflect the number of stores a business has when considering company data.

ABOUT THE SSA UK

The Self Storage Association (SSA UK) is the principal trade association representing both self storage operators and industry supplier members' interests in the UK. The mission of the SSA UK is to:

- Set the standard for the industry.
- Promote the self storage industry in the UK.
- Provide industry specific research.
- Provide a lobbying forum to promote industry interests with statutory bodies.
- Provide a forum for discussion and debate between members through a network of events including the annual conference, and regional meetings.
- Raise awareness of the benefits of self storage and promote best practice within the industry.

SSA UK currently has a membership of over 410 storage operators and suppliers to the industry representing over 1000 self storage stores and around 75% of the self storage space across the UK. The SSA UK is directed by experienced nonexecutive directors from member organisations and has close affiliations with the Federation of European Self Storage Associations (FEDESSA). For more information see www.ssauk.com or contact admin@ssauk.com.

ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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.

1st Self Access Storage

A & S Self Storage

A Space Station plc

Adams Selfstore

Apex Self Storage

Armadillo Self Storage

Attic Self Storage

Barn Store

Big & Red Storage

Big Yellow Self Storage

Billericay Self Storage

Black Hole Storage

Bonnys Self Storage

Box Clever Storage

Brant Self Storage

BWI Storage

Cardiff Self Storage

Chesterfield Secure Storage

Easistore

Easy Access Self Storage

Extra Room Self Storage

Flexispace

Eversley Storage

Hall & Burge

Hogleaze Storage

House-it

Incredible Bulk Self Storage

Inner Space Stations

Kangaroo Self Storage

Keepsafe Storage Centres

Kent Space

Lok'nStore

MegaStorage

MyStore Self Storage

Newton Self Storage

Parkgate Self Storage

PD Self Storage

Secuirty Self Storage

Self Storage Centre Oxford

Self Storage Tameside

Sheepland Self Storage

Shurgard UK

Smart Storage

Squarefoot Self Storage

Storage King

Surestore

The Storage Pod

The Wood Yard Limited

Your Space Self Storage Ltd



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We hope that you find this year's report interesting. We invite feedback both from SSA UK members and other readers on how the report can be improved for future years via any one of the contacts below:

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