



THE SELF STORAGE ASSOCIATION UK ANNUAL INDUSTRY REPORT

2018

SUMMARY OF KEY FINDINGS

Occupancy on current lettable space is **76.1%** **up 3% from last year**

The UK average net rental rate increased to **£23.08** per square foot per annum

Only 46% of the public have good awareness of self storage

Divorced or separated people are more than **twice as likely** to use self storage than other people

92% of customers say **they are satisfied with the service they receive**

with 57% saying they are very satisfied.

71% of self storage customers are 40 – 69 years old

Occupancy and profitability growth indicates **demand is growing faster than supply**

The total amount of space used by customers **increased by 8.8%** in 2017

Almost a third of customers have kept their unit for **over 3 years**

68% of customers travel **20 minutes or less to their unit**

Over 60% of people can't name a self storage store in their local area

22.5% of customers use self storage as temporary storage while moving house

The South East has had the most significant increase in rental rates in the last 12 months

The UK has 48% of the European self storage market

Only 32% of people knew only they could access their goods in self storage and not the store staff

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This is the 12th year the Self Storage Association UK (SSA UK) has been surveying its members and producing an annual industry report. Over these years both the industry and the report have grown significantly. We now present a report that gives a truly comprehensive view of the industry generated through data from operators, customers and the general public.

Over the last 3 years the sample group has remained fairly stable with some additional operators reflecting the growth of the industry and new stores as our sample group grows. This allows for better comparison of the data on a year to year basis. With over a third of stores in the UK completing the survey, representing almost half the storage space, the sample size is exceptionally robust.

For the fourth 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. There has been more analysis done on various aspects of the data this year which has provided further insight into the industry and in some cases new charts and tables of data. In these cases the historical comparisons are not always available.

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.

INTRODUCTION

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 self storage, or wooden containers stored in a remover's warehouse? 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 1,505 self storage sites in the UK offering approximately 44.6 million square feet of space. 345 of these sites offer predominately container based self storage, (typically converted steel shipping containers).

It is estimated that the industry added around 2.4 million square feet of space in 2017 and over 70 new stores were opened. Approximately 29 of these were substantial self storage sites having over 150 units in their opening stage. There were also at least 3 significant stores that were closed down, with most customers being moved into other storage stores owned by the same company. Around 20% of the new space 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 2.8 million square feet of self storage space used by customers in 2017. That is an 8.8% increase.

Approximately 15% of the new space was taken up by container based storage. While for the past few years there have been more new container based sites open, this year the number of new container based sites fell slightly and there were more new purpose built or converted storage buildings opened. There is a growing number of "second generation" container based storage operators who started their business with storage in shipping containers and are now adding purpose built or refurbished buildings with self storage offerings to their customers.

| | |
|---|---------------------|
| Supply | 44.6m sq ft |
| Stores | 1,505 |
| Number of businesses | 723 |
| Storage space per head of population | 0.67 sq ft |
| Annual Turnover | £750m |
| Average size of store | 29,600 sq ft |

Note: these figures are approximate, based on the most accurate information currently available from a range of sources as of December 2017. 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.

Around 30% of UK self storage facilities are owned or managed by large operators (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%.

There are significant regional variances in the level of supply per head of population with London, for example, demonstrating supply at about twice the UK average per capita.

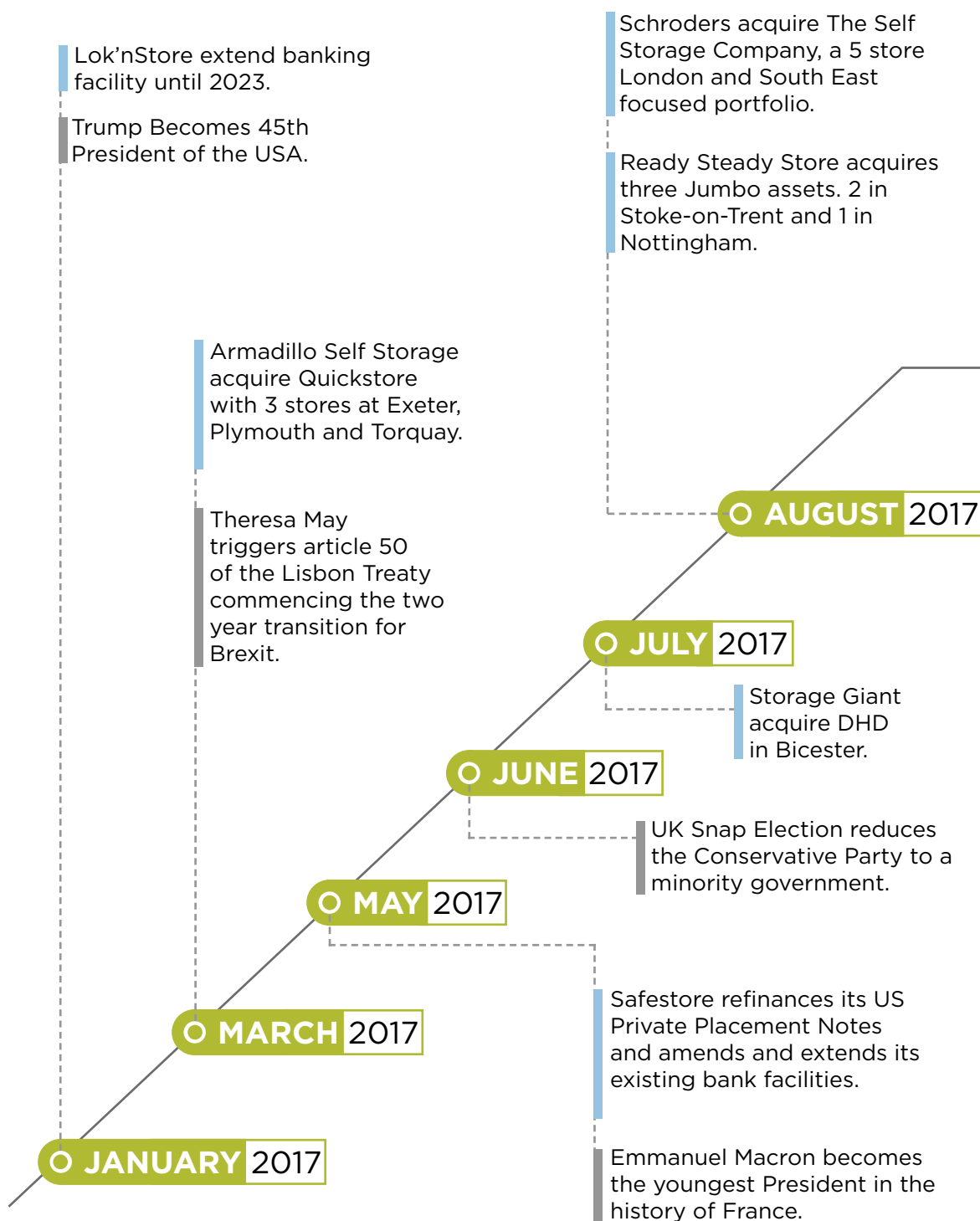
Operators with the largest number of stores under one brand

| Brand | Number of stores | Current Lettable Area |
|--------------------------|------------------|-----------------------|
| Safestore | 108 | 4.5M |
| Big Yellow Self Storage | 74 | 4.6M |
| Access Self Storage | 57 | 2.95M |
| Shurgard Self Storage UK | 28 | 1.6M |
| Lok'nStore | 29 | 1.4M |
| Armadillo Self Storage | 22 | 964,000 |
| Storage King | 26 | 920,000 |
| Lock Stock Self Storage | 17 | 510,000 |
| Sentry Self Storage | 18 | 275,500 |
| StorageMart | 16 | 675,000 |
| Ready Steady Store | 15 | 510,000 |
| Alligator Self Storage | 12 | 495,000 |
| Barn Store | 11 | 90,744 |
| Storage Giant | 9 | 253,400 |

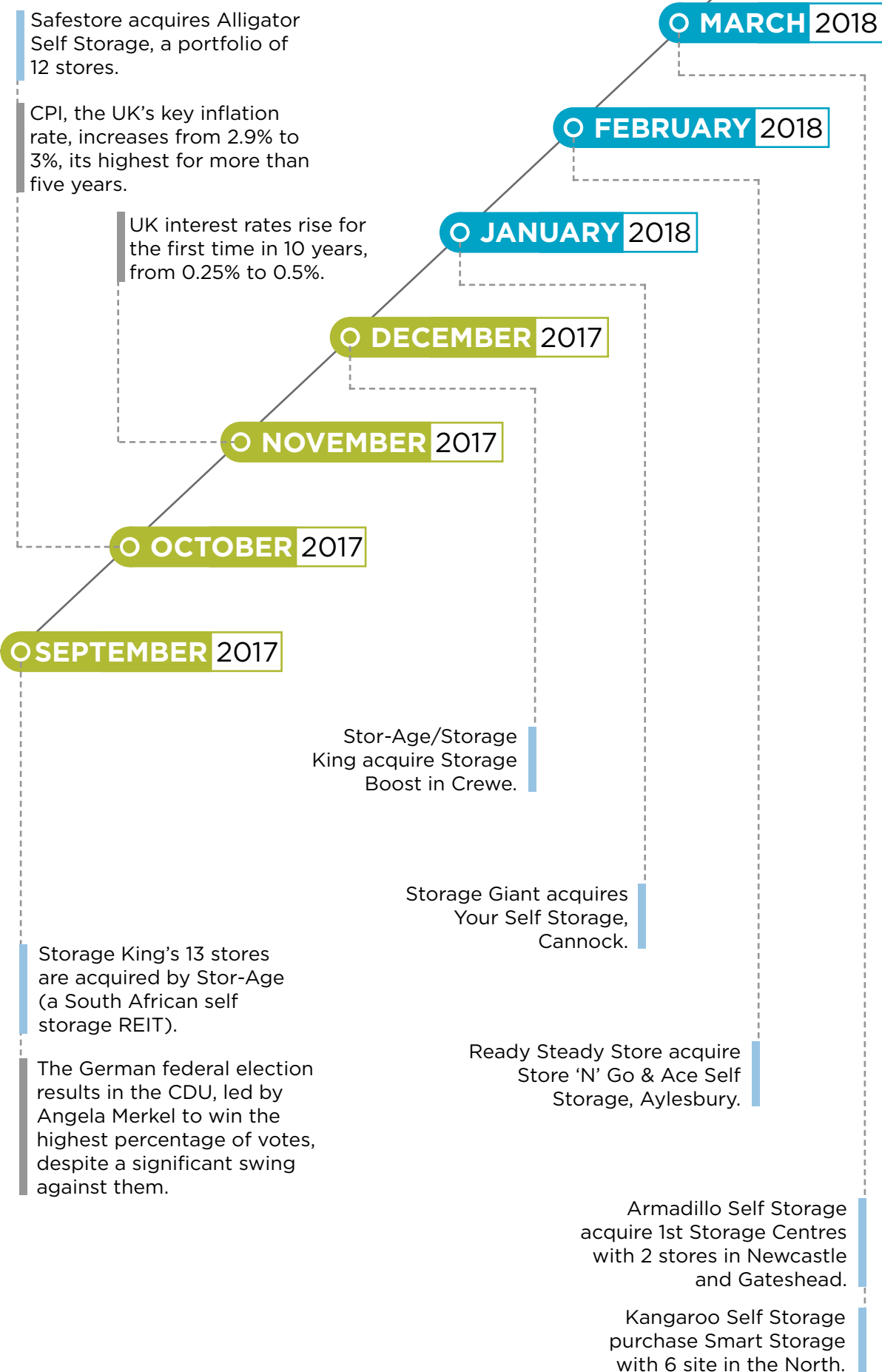
Operators with the largest amount of space under one management group

| Management Group | Number of stores | Current Lettable Area |
|--------------------------|------------------|-----------------------|
| Big Yellow Group | 96 | 5.5M |
| Safestore | 120 | 5.0 M |
| Access Self Storage | 57 | 2.95M |
| Shurgard Self Storage UK | 28 | 1.6M |
| Lok'nStore | 29 | 1.4M |
| Storage King | 26 | 920,000 |
| StorageMart | 16 | 675,000 |
| Lock Stock Self Storage | 17 | 510,000 |
| Ready Steady Store | 15 | 510,000 |
| Sentry Self Storage | 18 | 275,500 |
| Kangaroo Self Storage | 9 | 310,000 |
| Storage Giant | 9 | 253,400 |

INDUSTRY HIGHLIGHTS



INDUSTRY HIGHLIGHTS



MACRO-ECONOMIC OVERVIEW

The self storage industry is intricately linked to the wider economy, with trading linked to macro-economic factors such as disposable income, the state of the residential market and inflation. This section of the report aims to provide a review of the key economic benchmarks as a wider context to the self storage industry.

The UK economy is expected to grow by 1.8% in 2018 and a further 1.6% in 2019, according to Oxford Economics, showing a reasonably confident outlook for the economy. The UK currently scores an overall risk factor of 2.8 out of 10, slightly below the EU average.

UK interest rates rose for the first time in 10 years, from 0.25% to 0.5%, in November 2017. In November, the Bank of England claimed rates will rise twice more over the next three years. However, Oxford Economics predicts that the Monetary Policy Committee (MPC) will increase interest rates twice in 2018 at the May and November meetings, based on their February Inflation Report which projected inflation overshoots throughout the forecast horizon.

Oxford Economics expect growth to cool a little in the second half of 2018, as a stronger pound causes the boost from net trade to fade and the impact of higher interest rates is increasingly felt. The strengthening pound is likely to subdue inflation, which may in turn reduce the need for increases in the interest rate.

Figure 01

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2007-2016 | 2017-2026 |
|--|------|------|------|------|------|-----------|-----------|
| GDP | 1.9 | 1.7 | 1.8 | 1.6 | 1.9 | 1.2 | 1.8 |
| Consumption | 3.1 | 1.8 | 1.0 | 1.1 | 1.6 | 1.0 | 1.6 |
| Exports of Goods and Services | 2.3 | 5.0 | 3.9 | 3.5 | 3.0 | 1.3 | 3.0 |
| Imports of Goods and Services | 4.8 | 3.5 | 2.8 | 2.4 | 2.7 | 1.6 | 2.6 |
| Unemployment (%) | 4.9 | 4.4 | 4.4 | 4.4 | 4.3 | 6.7 | 4.2 |
| Consumer Prices, average | 0.6 | 2.7 | 2.2 | 1.6 | 1.7 | 2.3 | 1.9 |
| Exchange Rate (US\$ per £), average | 1.35 | 1.29 | 1.43 | 1.48 | 1.49 | 1.62 | 1.47 |
| Short-term Interest Rates (%) | 0.5 | 0.4 | 0.8 | 1.3 | 1.8 | 1.7 | 2.3 |
| Long-term Interest Rates (%) | 1.3 | 1.2 | 1.8 | 2.5 | 3.0 | 3.0 | 3.2 |

Annual percentage changes unless specified. Source: Oxford Economics, February 2018.

The forecasting works on the assumption that the UK will leave the EU in early 2019, with a transitional arrangement lasting to the end of 2020. It is expected that a Canada-style free trade agreement will take place thereafter and the government will take a 'populist' approach to policy, particularly in terms of reducing the level of immigration.

The services sector has become the key driver of the economy and now makes up almost 80% of GDP. Consumer spending accounts for over 60% of the UK GDP, some of which relates to services. Exports and imports currently account for over 30% of GDP, making the UK a relatively open economy. The share of output accounted for by manufacturing has declined from 25% in the 1970's to 10% today.

The UK is going through a period of turbulence and uncertainty in politics. The snap election in June provided some shock results, and in turn unsettled the UK economy. Sterling immediately plunged by nearly 2% against the US Dollar and the government required £1 billion to fund the confidence-and-supply deal with the Democratic Unionist Party.

Whilst the election was an attempt to secure power in Brexit negotiations, the government has inadvertently weakened its hand and potentially worsened future exit terms. The probability of a 'no deal' scenario has also increased, though a 'hard' Brexit is still likely.

The most likely outcome is a Canada-style free trade agreement following from an interim transition arrangement (35% likely). This is currently the Government's most preferred outcome and would see the UK leave the Single Market.

The second most likely scenario is a 'no deal' World Trade Organisation (WTO) scenario (21% likely after a two-year negotiation and 15% likely after a transition agreement). If the UK fails to agree its exit terms it will become subject to some significantly higher trading tariffs potentially detrimental to the wider economy.

There is still a chance that the UK will remain in the EU, though this is currently only 5% likely. If another election is held, this chance may well increase. Another election is now unlikely to happen until the review of the DUP and Conservative deal in 2019 which coincides with the UK's formal departure from the EU.

Figure 02

| Matrix of Brexit scenario probabilities | | | | | |
|--|-----------|---------------|-------------|----------------|--------------|
| | EEA | Customs union | FTA | WTO | Remain in EU |
| New relationship in place within two years | 2% | 4% | 2% | 21% | 2% |
| Interim arrangement leading into new relationship | 7% | 11% | 35% | 14% | 4% |
| Total probability of ultimate UK-EU trade deals | 9% | 14% | 37% | 35% | 5% |
| Impact of ultimate deal on level of GDP in 2030 relative to baseline* | N/A | +1.3% to +3% | 0% to +2.3% | -0.8% to +1.6% | +3.1% |

Source: Viewpoint UK, 29th June 2017, Oxford Economics

Key: EEA - membership of European Economic Area; Customs union - UK remains in customs union & maintains the Common External Tariff; FTA - free-trade agreement for goods but there are non-tariff barriers; WTO - trade with EU according to WTO rules.

*GDP impacts are derived from The Oxford Economics Brexit Research Programme (see <http://www.oxfordeconomics.com/brexit/executive-summary>) and are expressed relative to their baseline forecast which assumes that the Government agrees a FTA and pursues 'populist' policies.

UK PROPERTY TRANSACTIONS

The UK residential property market currently finds itself in the midst of a sustained period of transactional inactivity, with factors including political uncertainty, reduced investor appetite, and shifting attitudes towards housing, all contributing to vastly reduced transactional fluidity. The North East and London are the areas most hard hit, with 2017 transactions down some 45% on pre-market downturn averages. The area/country least impacted is Wales, where current sales volumes are just 16% below peak-market average levels.

Regional sales transactions

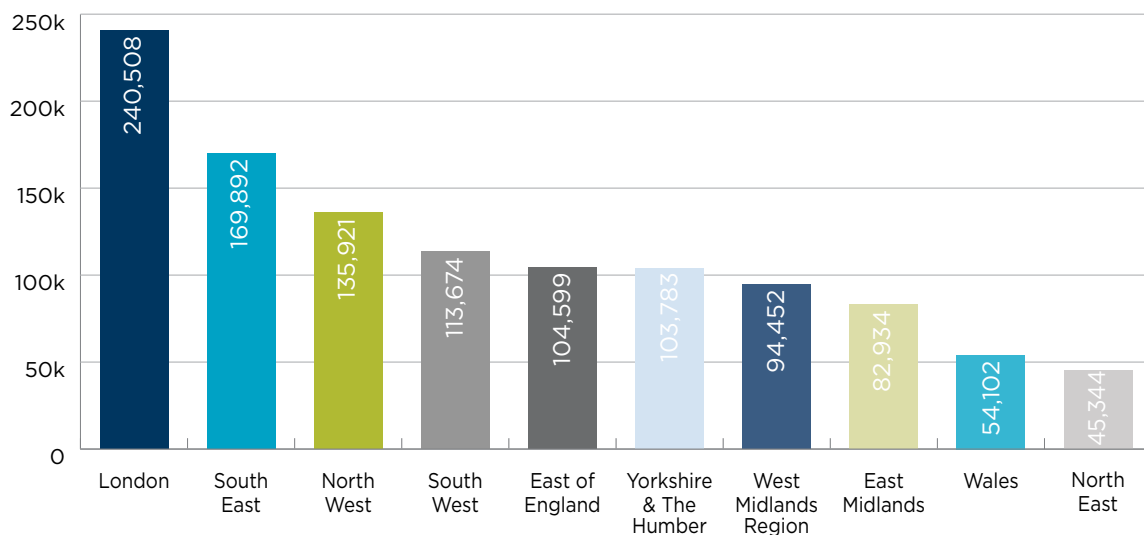
Figure 03



Transactions in the less volatile Private Rented Sector (PRS) are far less susceptible to change, with an estimated 1.15m private lets taking place in England & Wales in 2017. Average tenancy lengths of 3.9 years result in over 24% of the privately rented stock in England and Wales being re-let each year. Unlike the sales market, London is by far the most active PRS market in a transactional sense, with c.240,000 lets per annum.

Estimated number of private lets per annum

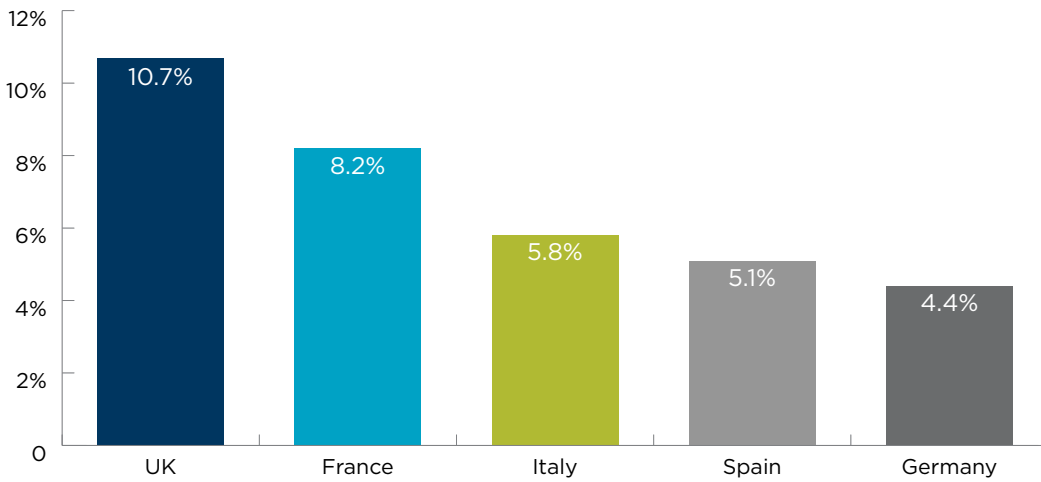
Figure 04



With an average household size greater than both Germany and France at 2.4 persons per household, and the smallest average property size of these countries (85 sq m), the population of the UK is one of the most squeezed in Europe. Adding to this lack of space are the ongoing effects of urbanisation, which are particularly prevalent in the UK, where the urban population is growing at the fastest rate of the five largest EU countries. In the previous 10 years the number of people living in the UK's towns and cities has risen by 11%, and is forecast to grow by a further 6% in the coming decade. This rise will place even more pressure on the urban housing stock, in what is already one of Europe's most city-centric countries.

Urban population growth (2007-2017) - 5 largest EU countries

Figure 05

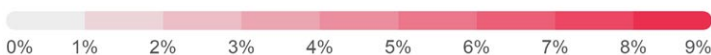


Forecast 10 year population growth by region

Figure 06



Amplifying this urbanisation squeeze is a rapidly growing trend of increasing numbers of families living in the Private Rented Sector, with little or no adjustment in the PRS stock to reflect this shifting demand. In the 13 years in which data has been collected by the English Housing Survey, the number of privately renting households with children has increased by over 1.2m (a 214% increase). As over 70% of the PRS stock is either flats or terraced houses, a growing number of families are having to live with less and less space at their disposal.



INDUSTRY DATA

The Self Storage Association UK conducts an annual survey of its members to gain an insight into industry practices and performance. This is the 12th 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 over the whole period to allow for historical comparison.

This year 72 companies completed the survey, the same as in 2016. The number of stores completing the survey has increased to 482, largely due to new stores and acquisitions from within the survey group. Some operators do not provide data for newly opened sites. Over the last 3 years the sample group has remained relatively stable.

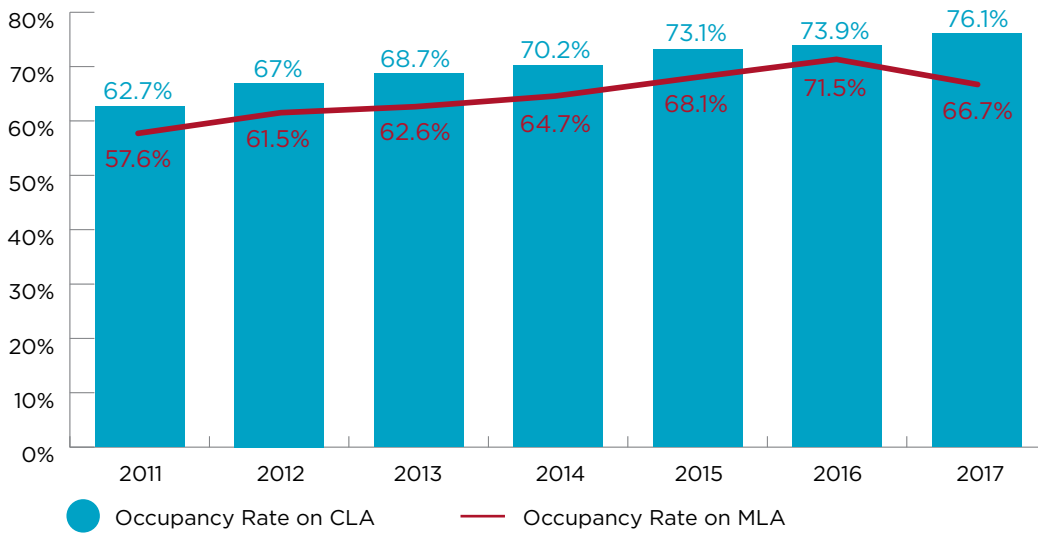
The data in this section of the report was collected in 2018 but relates to 2017 results.

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 2.2 percentage points or 3% on last year's results. The industry is going through a period of expansion as indicated by the drop in occupancy on Maximum Lettable Area (MLA), which includes space that is yet to be fitted out for self storage. New sites are traditionally fitted out in stages; as the first stages are filled additional units are constructed, or possibly mezzanine floors added. 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. A number of new stores added to the survey this year have increased the difference between the MLA and CLA, hence lowering the occupancy rate on the MLA, while increasing the CLA occupancy rate.

Occupancy Current Lettable Area and Maximum Lettable Area

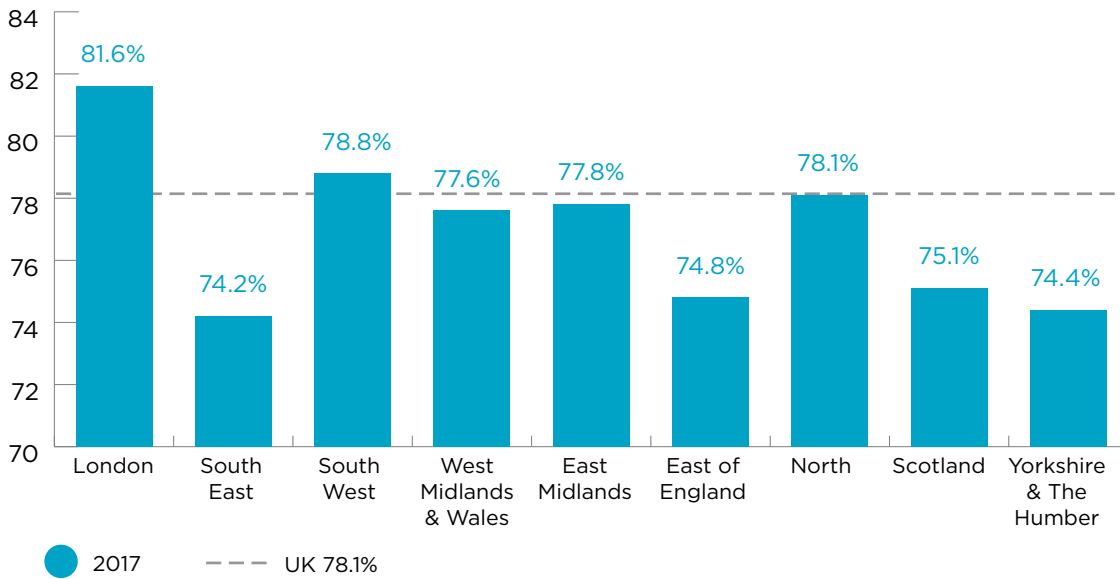
Figure 07



The other factor to consider when measuring occupancy of CLA 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. This year we have analysed the data to consider 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 and not in fill up stage.

Occupancy of stores that have not had expansion in 2 years

Figure 08



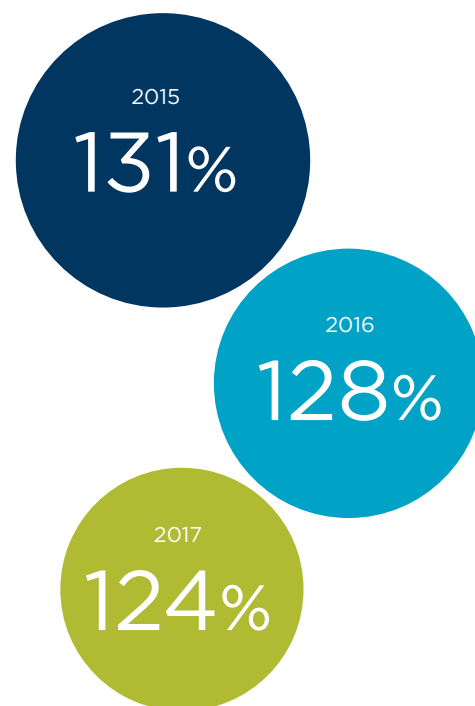
This data set shows a slightly higher occupancy on CLA (78.1% versus 76.1%) for more mature stores. Most industry commentators would say that a typical store with good revenue management should have a mature occupancy level of between 85-90%, depending on the unit mix. This is because the business should always have units to sell to customers who need them. Stores that have a consistent occupancy of over 90% may be able to improve their revenue by increasing their rental rates and potentially dropping their occupancy slightly, ensuring they have a full range of storage unit sizes on sale for those customers who need them and will pay a higher price. So, while clearly increasing occupancy rates and revenue is good for the industry, there will always be an element of empty space required for the efficient operation of the store. We can see from the graph above that there is still scope, even in mature stores, to improve occupancy levels in the industry to the 85-90% range indicated above.

Another factor to measure in terms of customer retention is customer churn. This is measured by the total numbers of move outs in a year, divided by the total number of units that were occupied at the year end. 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 new customers to replace the move outs. It is interesting to observe that the level of churn has been decreasing over the past 3 years. This could indicate that short term customers are staying longer.

Sites that have been open for more than 5 years have an average churn rate of 113%, lower than the industry average. This is likely due to the gradual increase of long term customers that a store gathers over time. The older a store gets, typically the more space is taken up by long term storers, leaving less space to churn through customers who stay less than 12 months. A churn of over 100% indicates each unit was turned over at least once per year, however in reality short term users will have turned a single unit over multiple times, while long term users will have remained in the same unit with no churn.

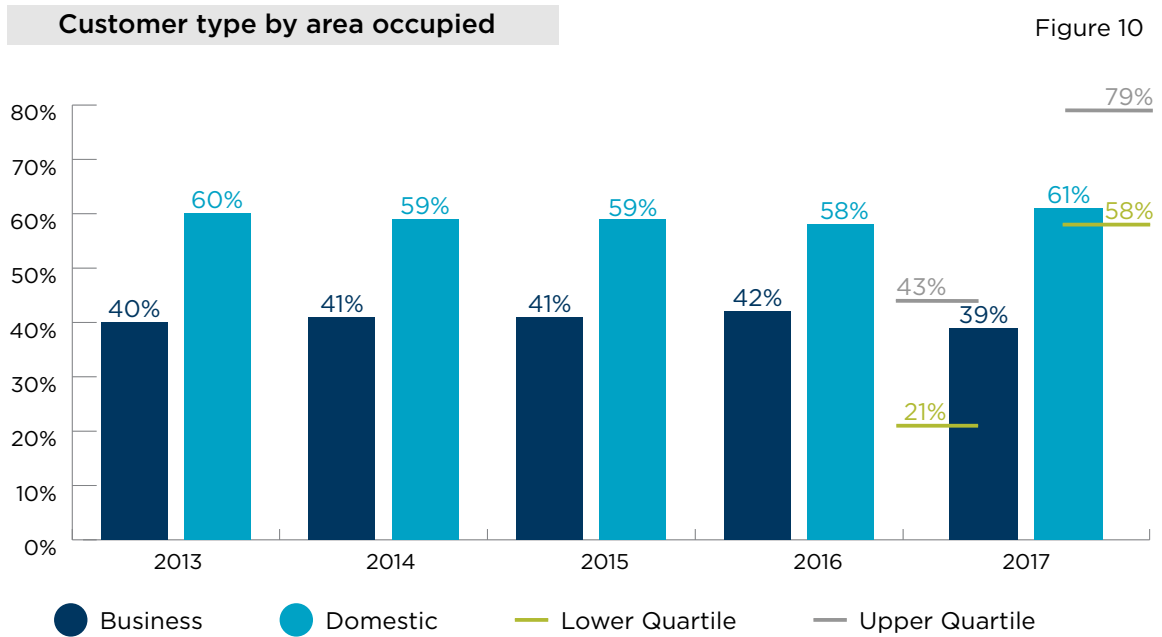
Churn rate

Figure 09



OCCUPANCY

OCCUPANCY

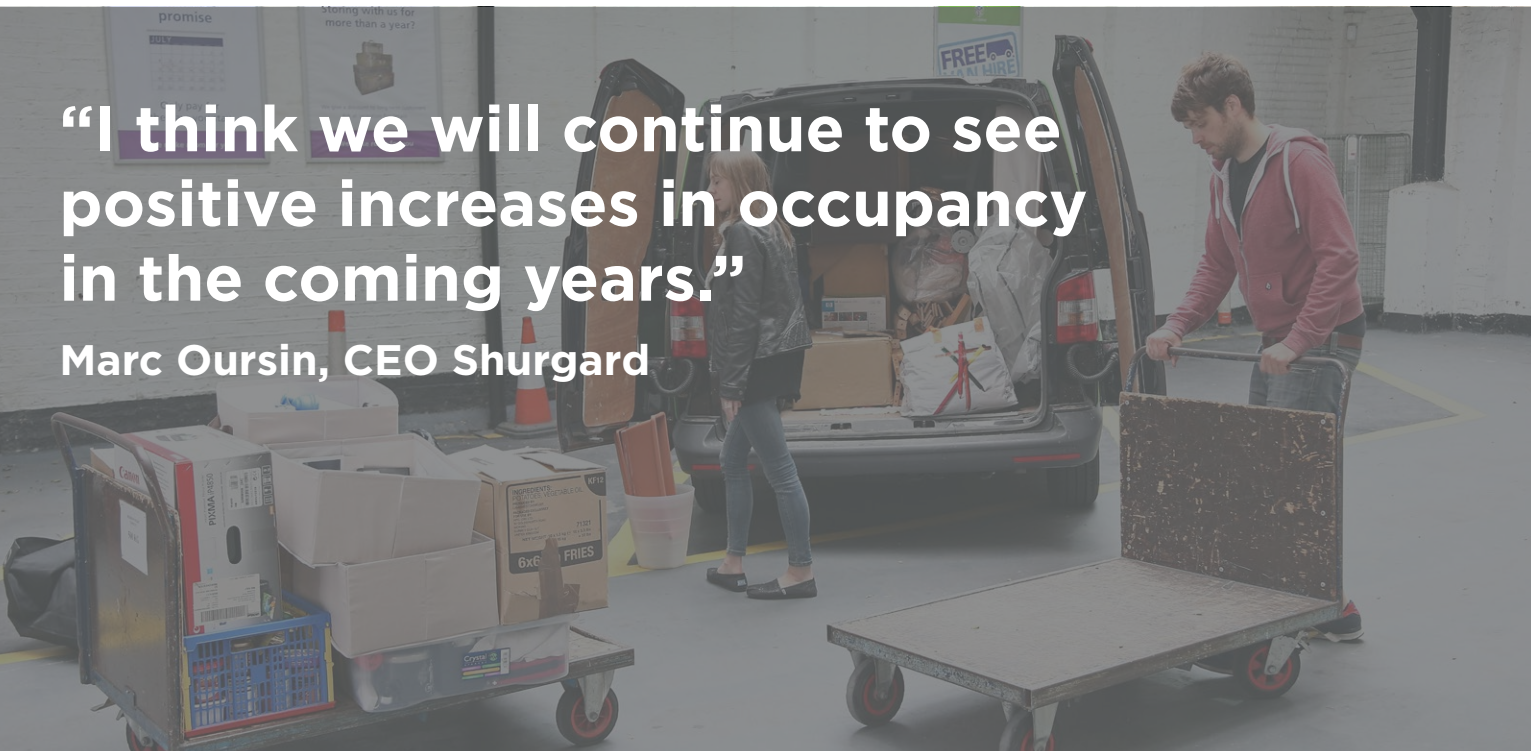


As this figure shows, there has also been limited change in the balance between domestic and business use in the last 5 years. What the chart does show is that there is significant variance on these figures between operators depending on their location and marketing focus. This is illustrated by the quartile marks on the graph showing the upper and lower quartiles for the sample. A quarter of the sites sampled have over 79% of space occupied by domestic customers. These are more likely to be smaller stores and in residential locations. Conversely a quarter of the sites sampled have over 43% of space taken by business customers. These stores are often located in more commercial districts and focus their marketing accordingly.

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 sq ft than residential customers. Some are also tied into longer term contracts, which provides less flexibility for price increases.

“I think we will continue to see positive increases in occupancy in the coming years.”

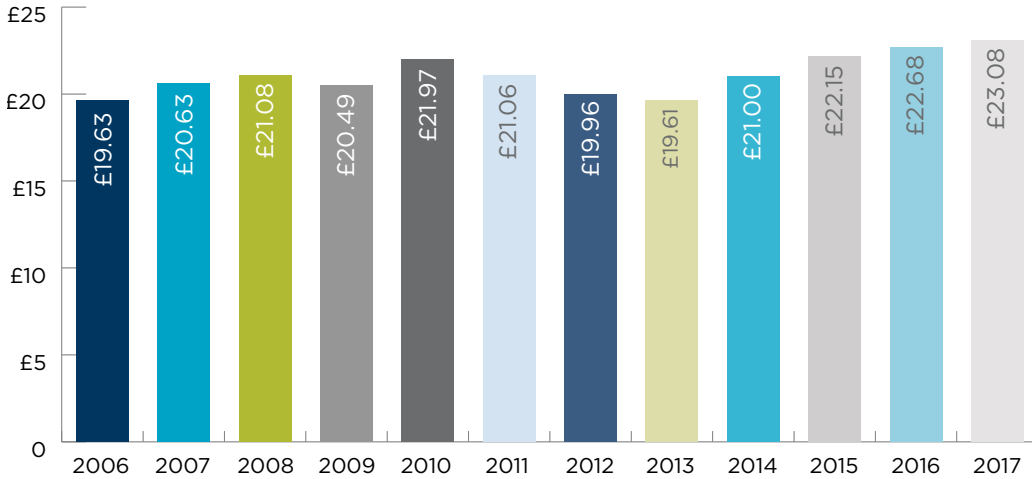
Marc Oursin, CEO Shurgard



Average net rental rates for the industry have been slowly but steadily increasing over the past 5 years, with a 2% increase in 2017. With inflation figures having reached around the 3% mark post Brexit, this indicates that rental rates have not kept up with inflationary increases, although inflation is expected to fall back to previous levels in the short term.

Average net room rate per year in pounds per square foot

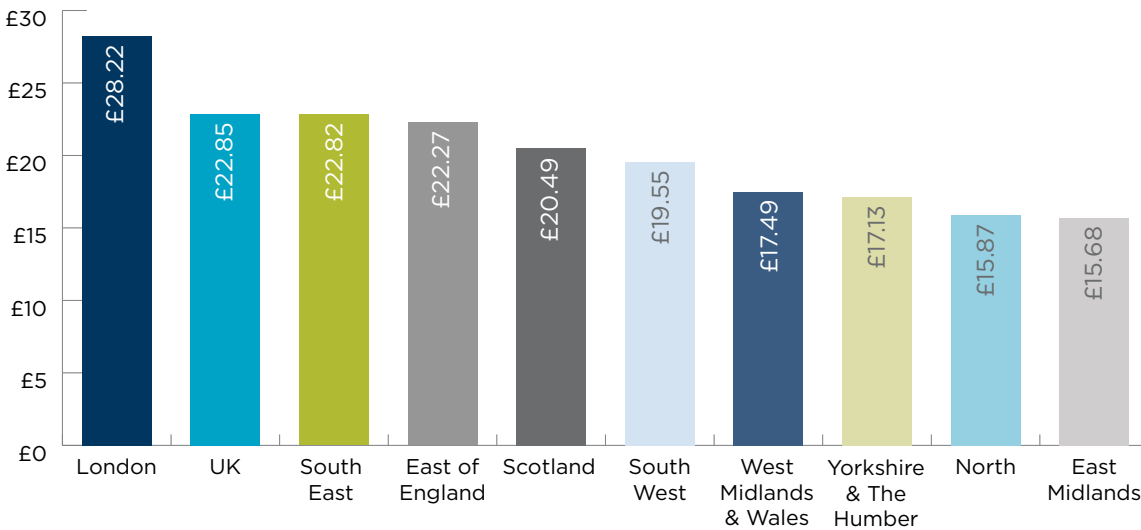
Figure 11



When considering this data on a regional basis, you can clearly see the disparity in rental rates between the regions. The London rate is considerably higher than the rest of the country, however operators in London must also contend with higher operational costs, property prices and also less availability of land for development.

Average net room rental rate by region

Figure 12

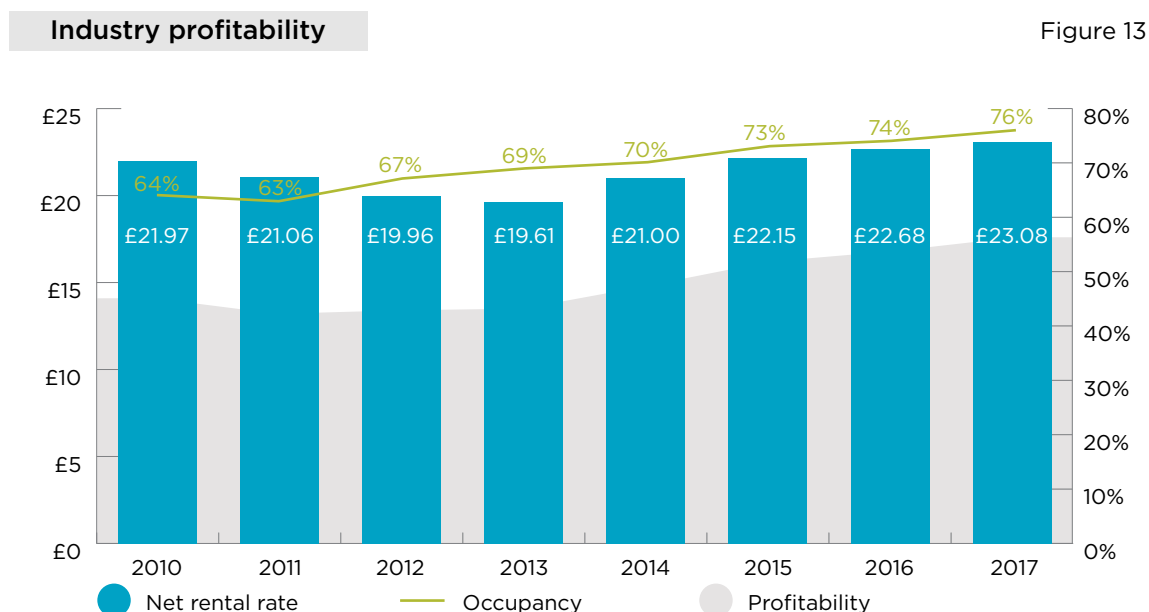


RENTAL RATES

RENTAL RATES

Measuring rental rate on its own only gives part of the equation, as the profitability of the business is tied to the combination of 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, the industry has increased both occupancy and rental rates over the past 4 years, improving the overall profitability of the industry. The profitability of the industry increased by 5% in 2017, significantly more than inflation. The industry has seen a 30% increase in profitability since 2013.



Rental rates for mature stores compared to household wealth Figure 14

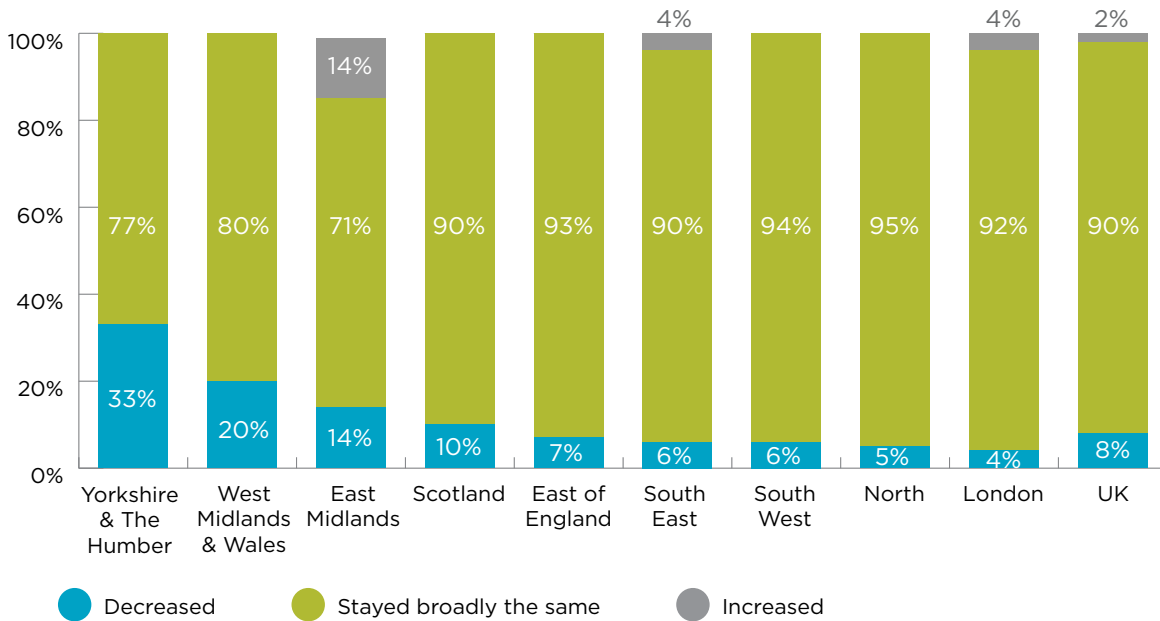
| Region | GDP per capita £ | Household disposable income per capita £ | Average rental rate £/sq ft p.a. | % Rent rate of household income for 60 ft unit |
|------------------------|------------------|--|----------------------------------|--|
| London | £45,631 | £27,375 | £30.58 | 6.6% |
| South East | £28,158 | £23,079 | £22.49 | 6% |
| East of England | £23,552 | £20,927 | £22.87 | 6.6% |
| South West | £22,656 | £20,073 | £19.99 | 6% |
| Scotland | £24,401 | £19,203 | £23.37 | 7.2% |
| East Midlands | £20,741 | £17,960 | £15.66 | 5.4% |
| North | £21,598 | £17,684 | £15.94 | 5.4% |
| West Midlands & Wales | £20,499 | £17,570 | £17.39 | 6% |
| Yorkshire & The Humber | £20,284 | £17,381 | £17.34 | 6% |

Source - Oxford Economics

While markets in London and the East have the highest rental rates, they remain more expensive measured against the disposable income levels in the area. The cheapest markets in the East Midlands and North are also cheaper compared to disposable income. Scotland's operators appear to be pushing their yields more aggressively than other markets, receiving the highest rental rate compared to disposable income. Most self storage stores in Scotland are located around Glasgow and Edinburgh, while the economic data is spread across the whole country. This could contribute to the relatively high results compared to say the North, where there is a greater spread of stores in rural areas and smaller cities. It will be interesting to see if this data changes as the Scottish market expands in the coming years.

Change in incentives provided over the past year by region

Figure 15

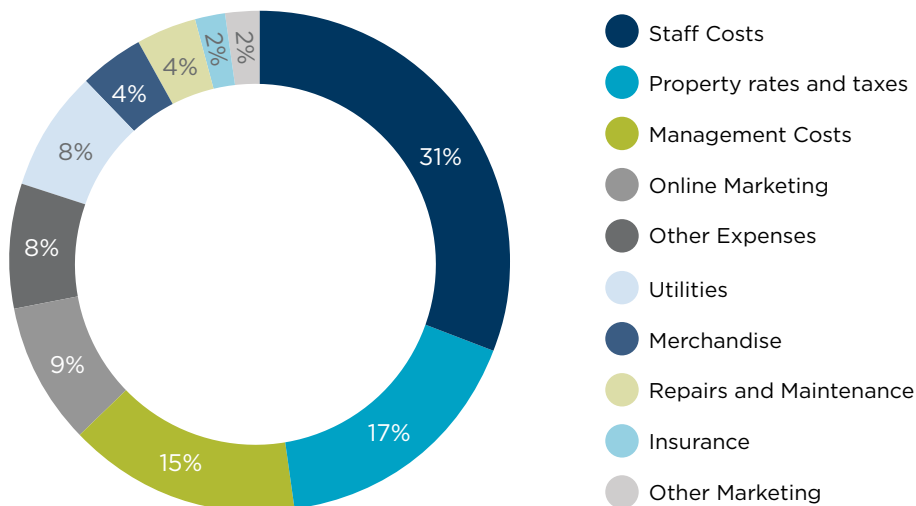


As understanding of the self storage product remains low within the general public, it is relatively common for operators to offer initial incentives that encourage new customers to move into self storage. As referenced later in this report, discounts on the first period of storage, or for committing to a certain initial length of stay, are common. This is often done on the understanding that many customers end up staying longer than they initially plan, and once using the product they get a better understanding of its value.

This chart shows that some regions have a much greater change in the level of incentives than others. Yorkshire and the The Humber shows the most notable change, with a third of operators indicating they had decreased their incentives. Last year 25% of respondents from this region indicated they had decreased incentives, however 8% said they had increased them. East Midlands consistently has a higher portion of respondents indicating that incentives have been increased.

Operating costs

Figure 16

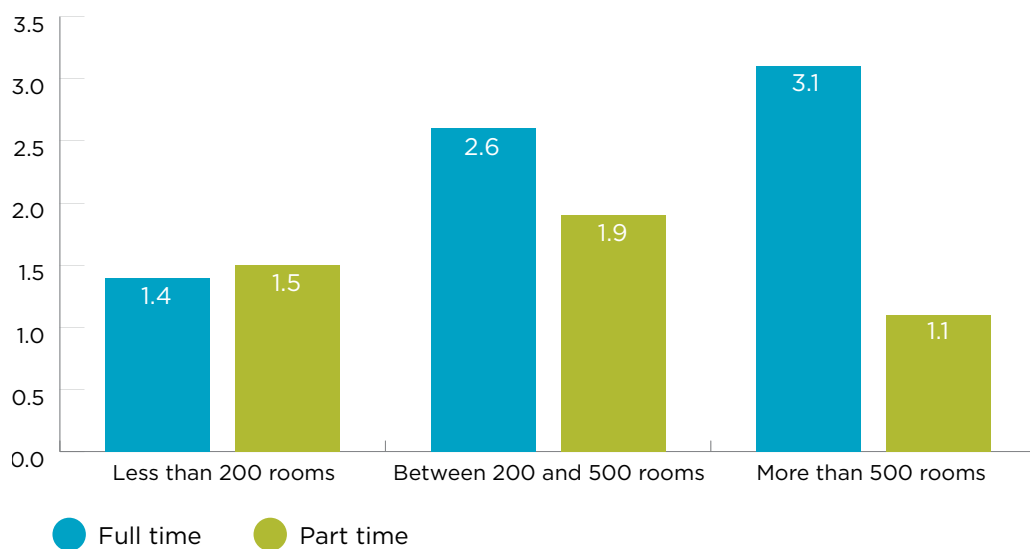


Operating cost data can vary materially, with operators taking differing approaches to the allocation of certain cost lines. Therefore, the average proportions and order in the chart above are not prescriptive to all operators in the UK.

Based on a weighted average of the stores in the survey, the highest costs are staff costs, rates and taxes. Together, these account for 48% of all costs. Including management costs, these three lines account for 63% of total costs. This breakdown has remained fairly constant over the past 3 years.

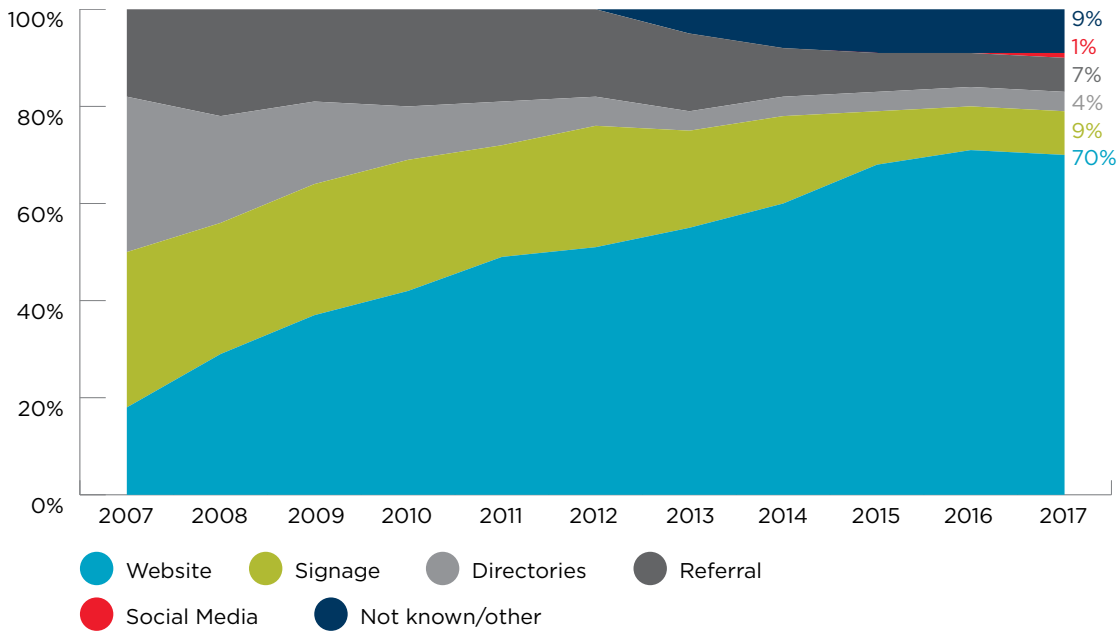
Average number of staff for different facility sizes

Figure 17



Source of enquiries

Figure 18



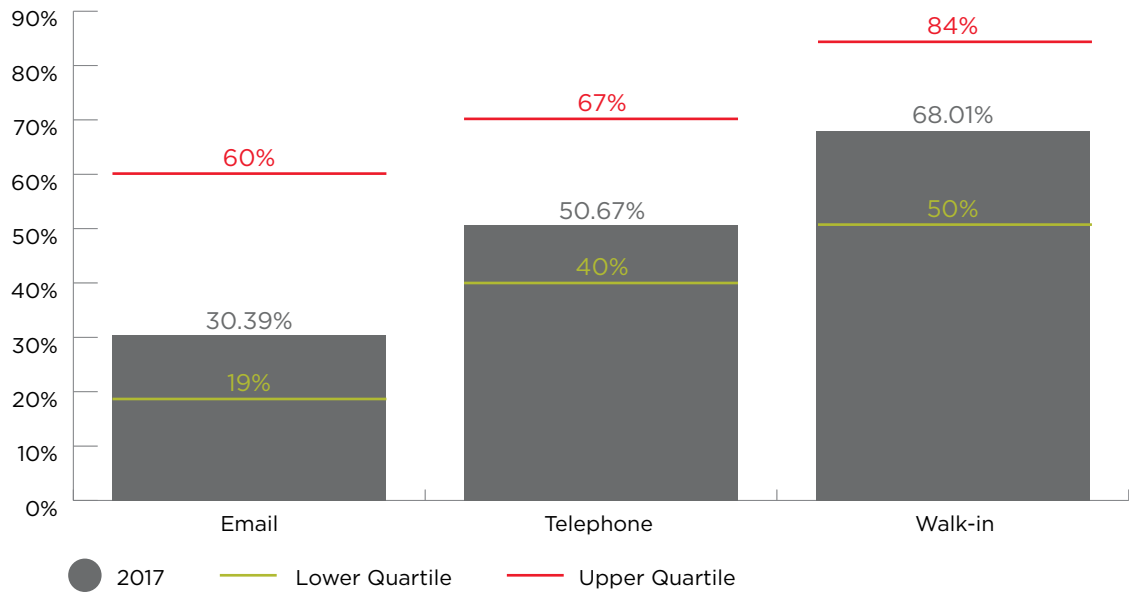
This year growth in the internet as a source of enquiries seems to have stabilised at around the 70% level. Social media was the only category this year to experience any growth in enquiries as a proportion of the total. The vast bulk of the industry’s marketing spend is being directed online. Google continues to capture the majority of this spend in the UK with much of it on pay per click advertising.

OTHER OPERATING METRICS



Estimated conversion rate

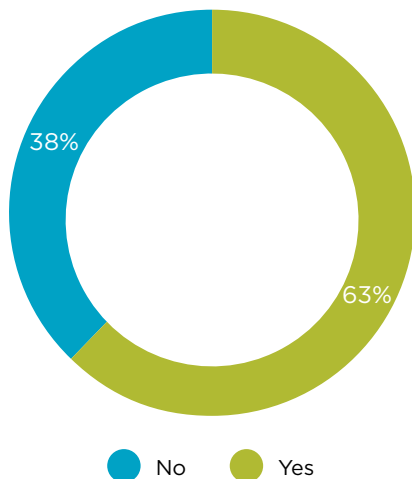
Figure 19



If customers contact more stores online there is a higher number of stores that get their enquiry but not their business, hence conversion rates are lower than if all customers come via phone or walk in. This trend is not uncommon in many other retail industries with a wide use of online enquiries. The large movement in the upper quartile data for online enquiries indicates that, while most operators are performing close to the industry average, a quarter of respondents claim to convert over 60% of email enquiries. Care must be taken when interpreting conversion data as it relies on correct measurement of all incoming enquiries, as well as allocation of how they were converted.

Companies that display their prices on their website

Figure 20



Particular care must be taken with online enquiries as some stores measure these better than others. 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. These differing methods could influence the conversion data, as if the customer initially arrives online but is converted over the phone, is this recorded as an online enquiry or a phone enquiry?

Average facility size

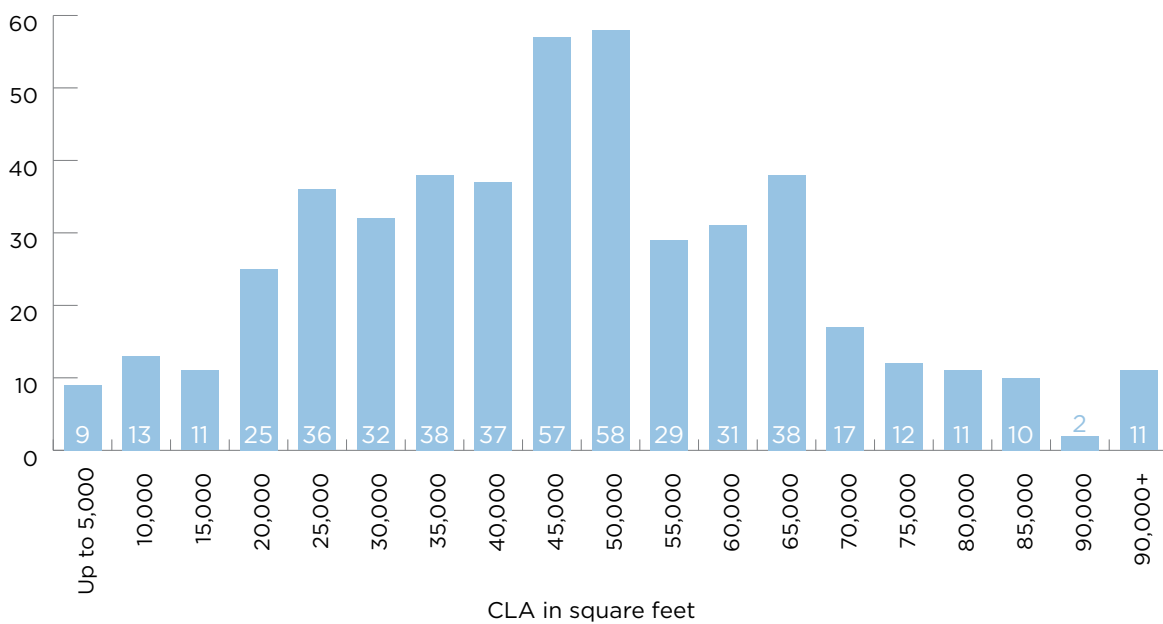
Figure 21

| | Current space occupied (sq ft) | Current net lettable (sq ft) | Maximum net lettable (sq ft) |
|--------------|--------------------------------|------------------------------|------------------------------|
| 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 1.1M sq ft (5.3%) 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.

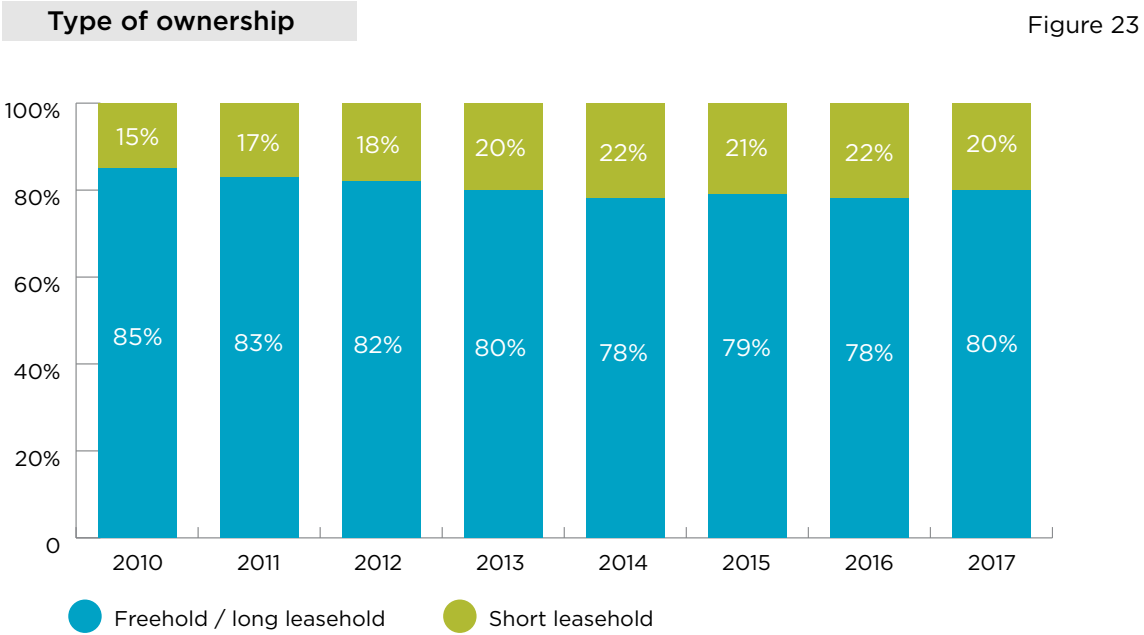
Number of stores by size from the survey sample

Figure 22



FACILITY DATA



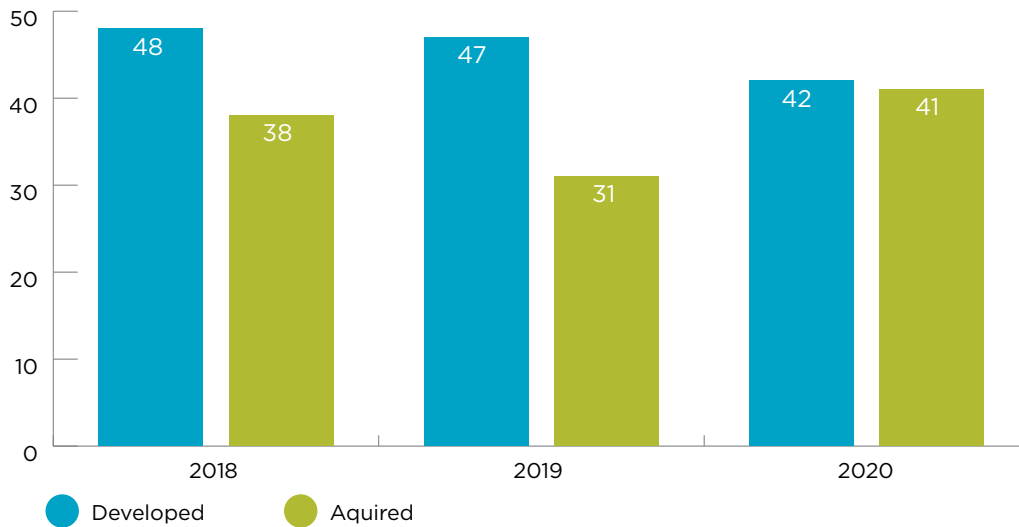


The balance between freehold/long leasehold and short leasehold (generally under 25 years) has remained relatively constant in the last 5 years. Freehold or long leasehold is by far the most popular choice, with operators usually only considering short leaseholds where a freehold cannot be secured, or where there is a constraint in funding. The larger operators, two of whom are Real Estate Investment Trusts (REIT's), have a strong preference for freehold sites. New entrants to the industry may take leasehold sites initially with a view to acquire freehold sites once sufficient capital funding is secured.



Number of sites expected to be developed or acquired in next 3 years

Figure 24



Compared to last year’s predictions, operators appear to have become more conservative, or some would say realistic, in terms of new openings and acquisitions. Last year it was predicted that there would be 52 new stores and 46 acquisitions in 2019 from within the survey group; this has been revised down to 47 and 31 respectively. Although considering last year the survey group also predicted to open 47 stores in 2017 and only 26 were opened, so it seems they are still overly optimistic. While there have been several significant transactions within the self storage market recently, there is a limited amount of stock openly available for sale. The market is consolidating with the larger operators acquiring a number of the medium sizes businesses, resulting in a lack of portfolios with 5+ significantly sized sites in the market.

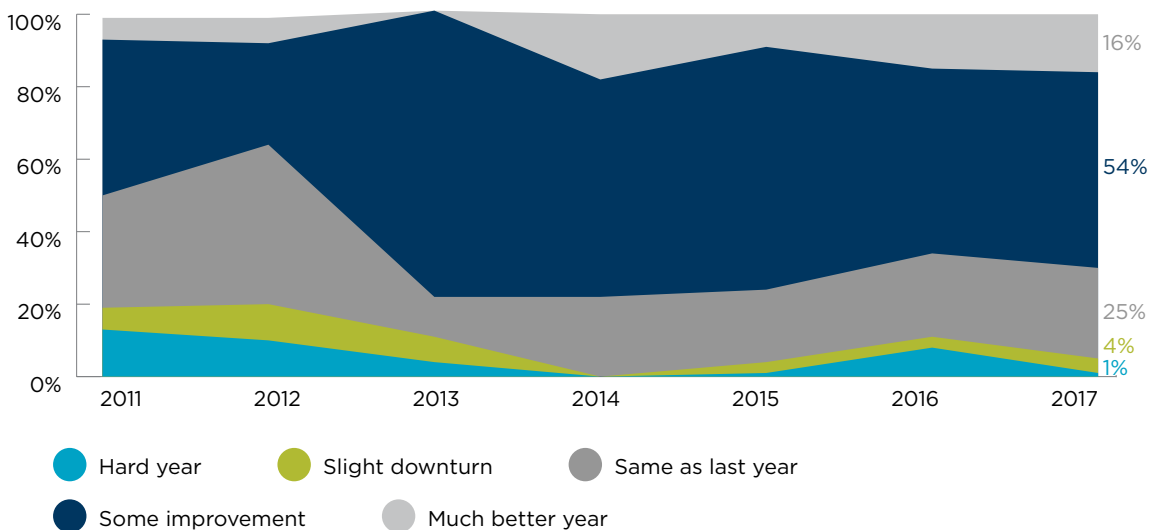
EXPANSION ACTIVITY

“Self storage has in recent years faced many challenges: the recession, collapse of housing transactions, mortgage availability in 2008-10 and the imposition of VAT, yet has proved to be resilient, although not immune to these external shocks.”

James Gibson, CEO Big Yellow Self Storage

Optimism regarding profits

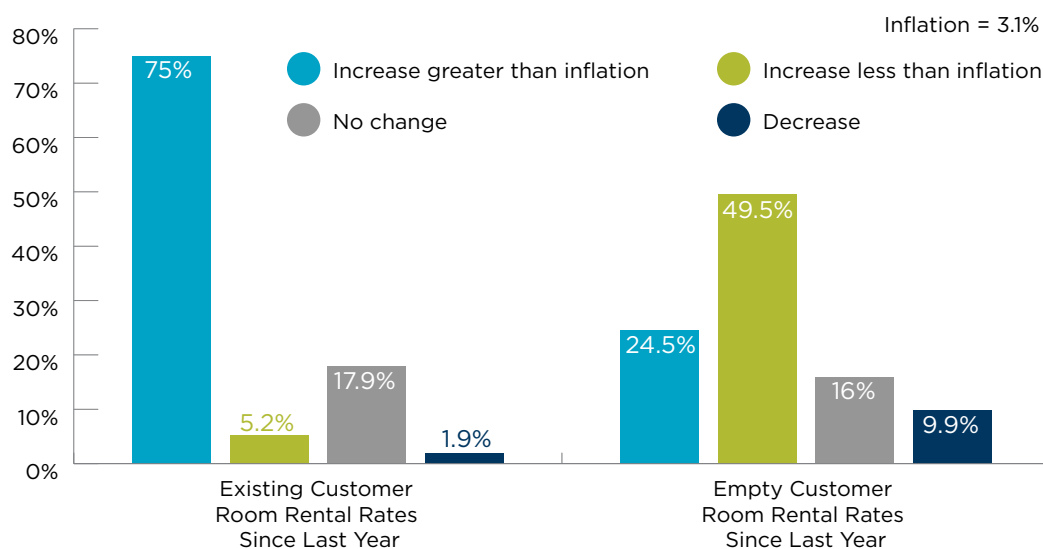
Figure 25



While last year some uncertainty crept into the survey, this year optimism is high with 70% of operators expecting improvement in profits and only 5% expecting a downturn. This is despite ongoing uncertainty regarding Brexit and a less stable political environment following the election last year. It would suggest that operators are not relying on stability or certainty for success, but are embracing the new philosophy of uncertainty being the new normal.

Outlook for rental rates

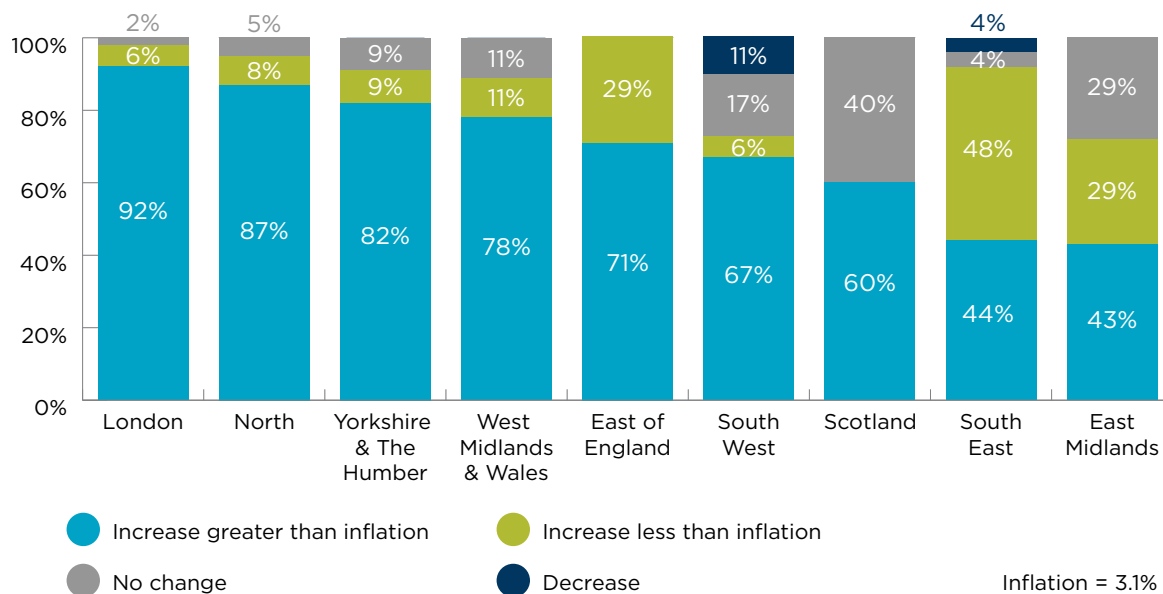
Figure 26



This result indicates that operators are feeling more bullish about increasing existing customers' rental rates than empty room rates. This could be because they have increased empty room rates over the last 12 months and are ready to pass these on to existing customers. It could also be that the recent increase in inflation and uncertainty on future inflationary pressures is influencing the results.

Outlook for empty room rates by region

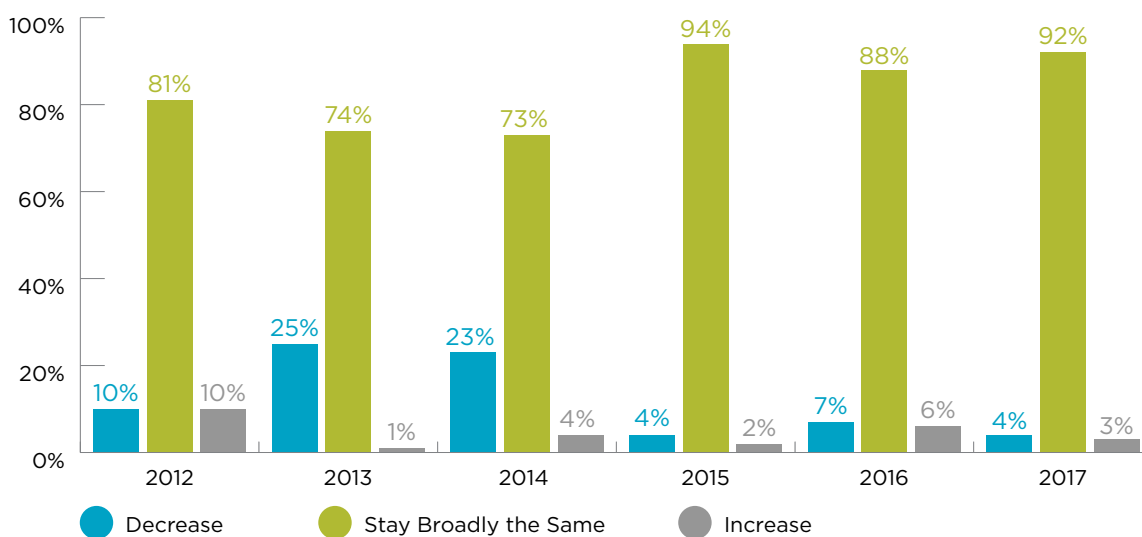
Figure 27



Maybe unsurprisingly the Scottish market, which showed strong rental returns for its region, is less optimistic about increasing rates in the next 12 months than other markets.

Expectations to change incentives in the coming year

Figure 28



While there was some more uncertainty regarding incentives last year, overall there has remained a strong sentiment to retain discounts at broadly the same level for the past 3 years.

CUSTOMER SURVEY

In January 2018 the SSA UK undertook a survey of its members' customers. The survey was undertaken online and was sent to the customers of 39 self storage companies across the UK, who have over 200 stores in total. 1,760 customers responded to the survey.

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. 1,547 respondents completed this more focussed section of the survey, of which 82% indicated they were private customers and 18% business. Of the respondents, 57% were male and 43% were female. When we talk of statistics from the survey, the figures represent the number or percentage of those who responded to each question.

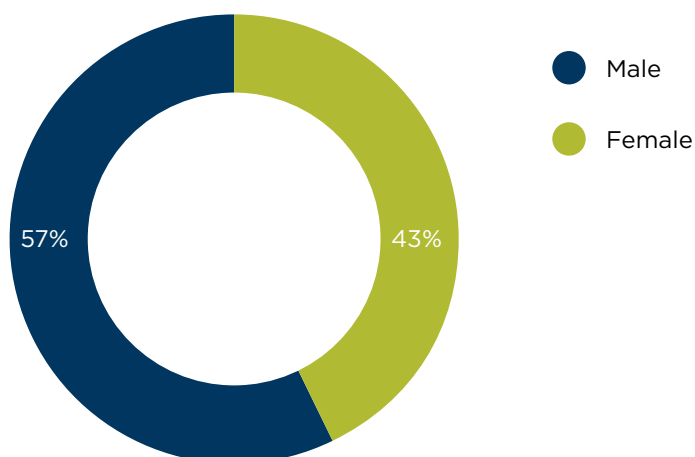
The survey provides insight into the characteristics of users of the product and their opinions about the industry. It is the second year that this portion of the survey has been completed, and in almost all cases the 2018 results were consistent with the 2017 data. Statistically this validates the sample size and survey methodology, as you would not expect a significant change in this data over a 12 month period.

CUSTOMER PROFILE

The majority of customers that completed the survey were male. Interestingly this is exactly the same gender mix as last year. In reality, measuring the people who use self storage is more complicated, as often multiple people use the same unit, for example a husband and wife. However, this survey was sent to the main contact on the self storage contract, so could suggest that more men make the final decision in terms of the purchase of self storage.

Profile of the survey base

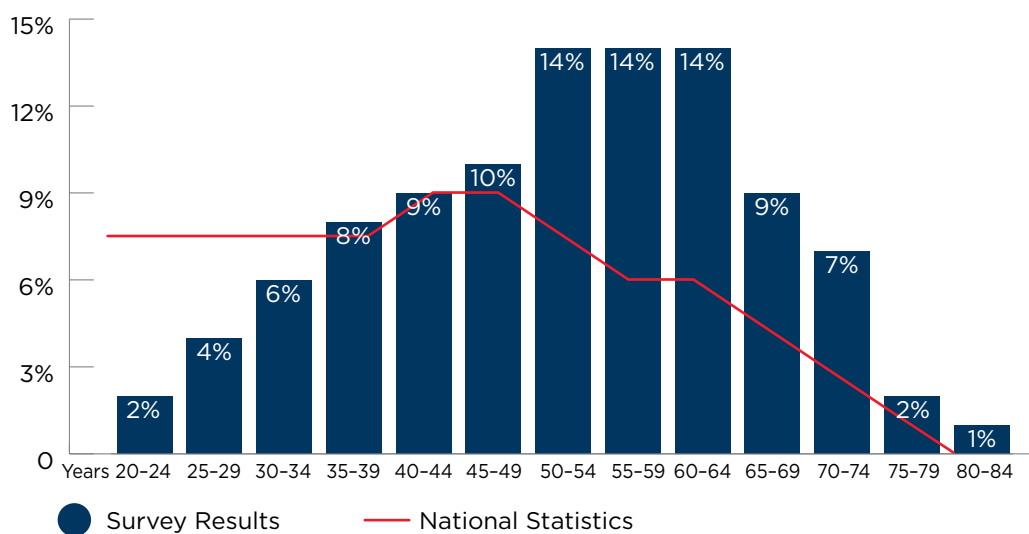
Figure 29



In contrast to the age profile of the UK, self storage users are skewed towards 45 to 74 year olds. This is possibly due to the fact that older people are likely to have accumulated more possessions and typically have a higher income than younger generations.

Age Profile of Self Storage Users

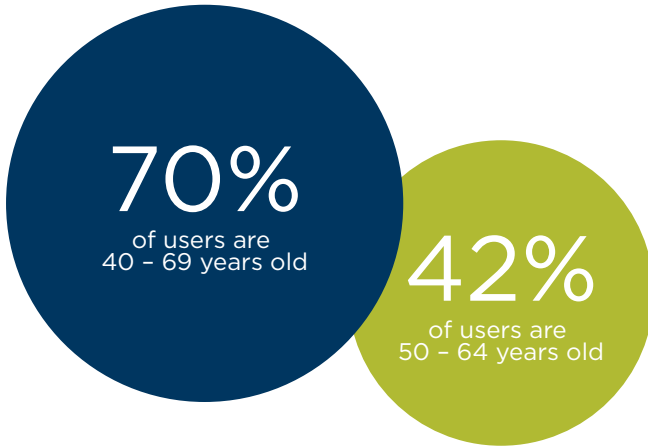
Figure 30



Only 2% of users fell in the under 25 category, a marginal increase from last year. It should be noted that the survey was not undertaken at a time of year when students are typically using self storage. Had it been completed in the summer months, when students are on holidays or transitioning into other courses or the workforce, this figure would have been higher.

Age Profile of Self Storage Users

Figure 31



Previous use

Figure 32

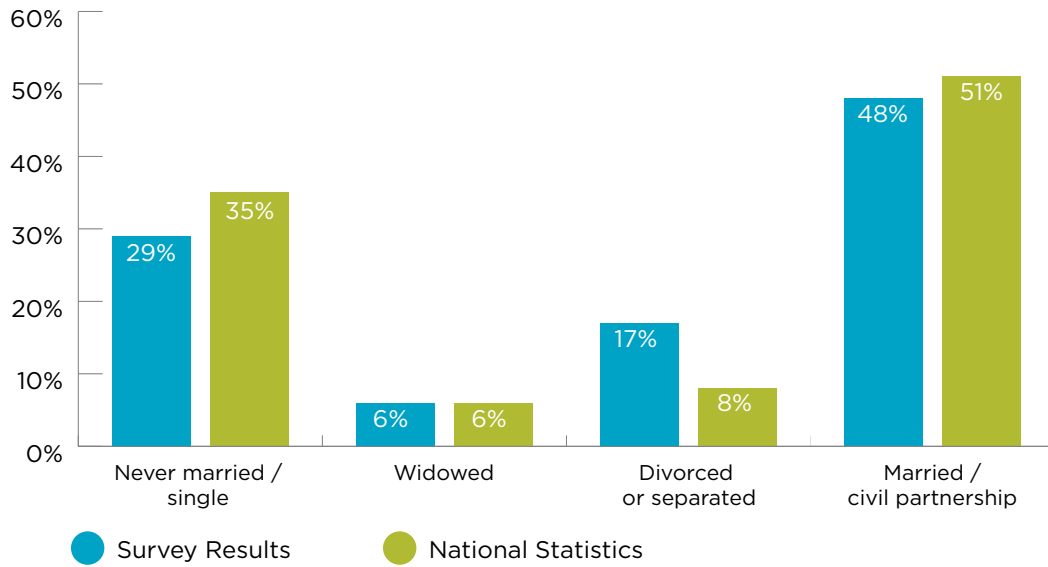
Of all the customers in the sample

| | |
|-------|---|
| 7.6% | Have used both their current store and another store previously |
| 10.8% | Have used just their current store previously |
| 22.2% | Have used just another store previously |
| 40.6% | Have used either this store, another store or both |

Considering that less than 2% of the population are using self storage, it is worth noting that over 40% of current users have used self storage previously. This is up marginally from 39% last year. Self storage is considered a needs based purchase rather than an impulse buy. This data is consistent with the perception that new customers are often the hardest to sign up, and supports the use of discounts for new customers in order to expand the mostly untapped population that haven't used the service before. So even with a high level of awareness in the population, usage is limited by a need for the service. Therefore, when looking to grow the market, retention of existing customers plays a significant part of any future growth.

Marital Status

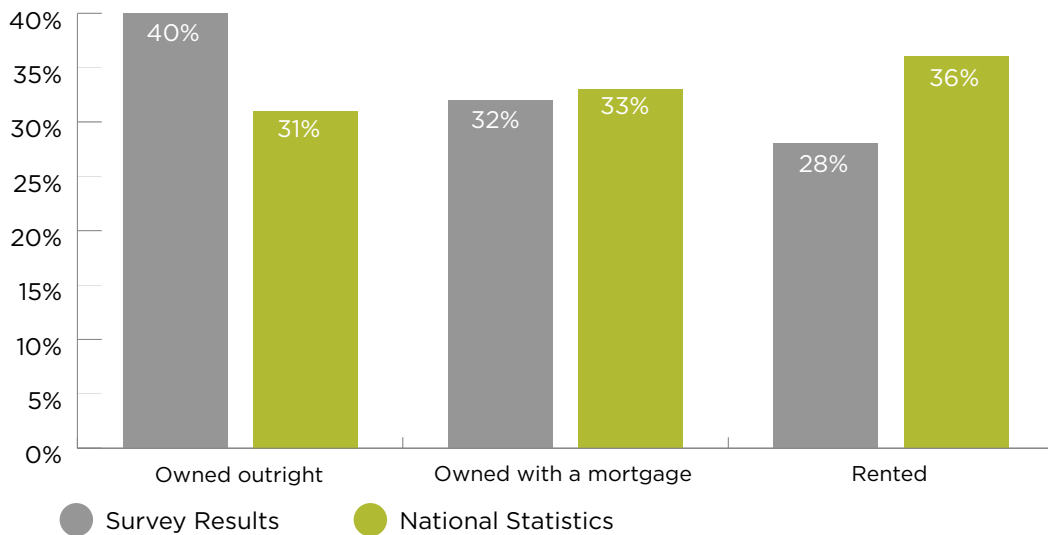
Figure 33



When considering the marital status of self storage users against the national population figures, the demographic with the most significant difference is divorced or separated people, who are more than twice as likely to use self storage than most other people. Self storage is often used at life changing moments and separating from your partner can often lead to a requirement for temporary storage space. The challenge for the industry is how best to market to this segment and educate them on the benefits of self storage.

Tenure of Residency

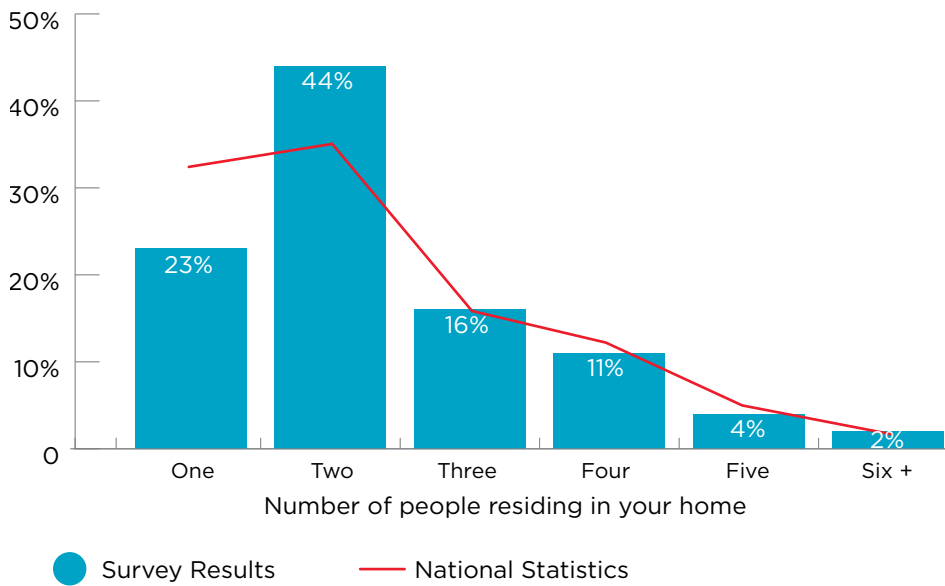
Figure 34



This data further supports the theory that self storage is more commonly used by the wealthier segments of the community, since property owners would typically be wealthier than renters.

Size of household

Figure 35



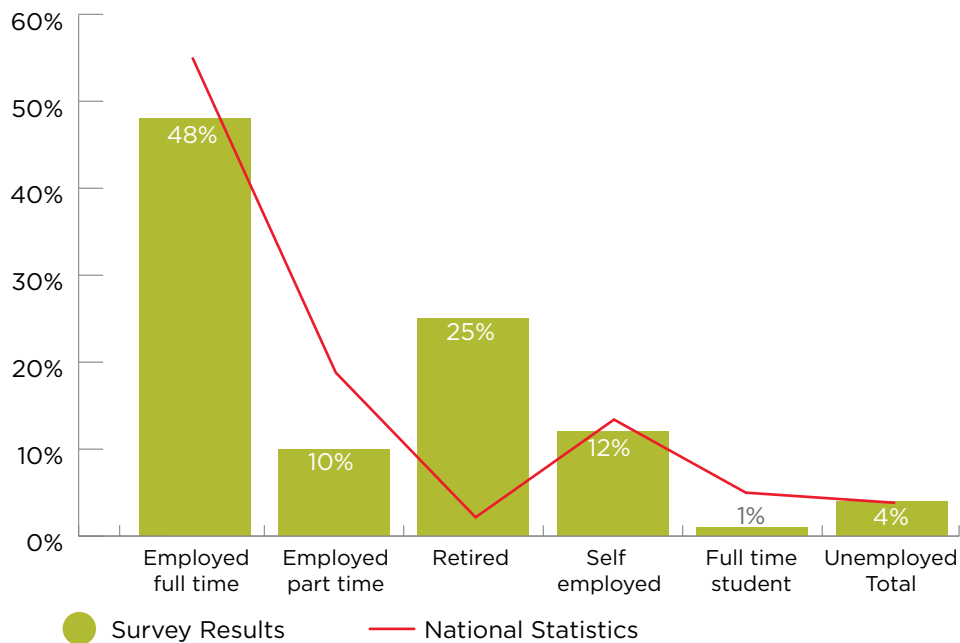
This data indicates that couples are significantly more likely to use self storage than people living alone. Interestingly, it also appears to indicate that having more children or extra people in the household does not increase the likelihood of them using self storage. Some would expect families with children to be higher users, as having children in a house takes up more space. However, the cost of storage could also be a factor, with families potentially having less disposable income than couples. Housing situation could also be a factor, as people often upgrade to larger houses when they have children. When considered with the age demographic of self storage users, it is also possible that some couples using self storage no longer have children or other family members in their home, but are maybe still looking after their belongings!



CUSTOMER PROFILE

Employment Status

Figure 36



As expected, only a small proportion of private customers were unemployed, which again indicates that users are drawn from the wealthier segments of the population. Retirees made up 25% of the survey group and are only 3% of the general population. This further supports the view that the couples without children results are likely to be retirees. It is possible that a disproportionate number of retirees completed the survey, possibly due to fewer time commitments and the fact that no incentive was offered.

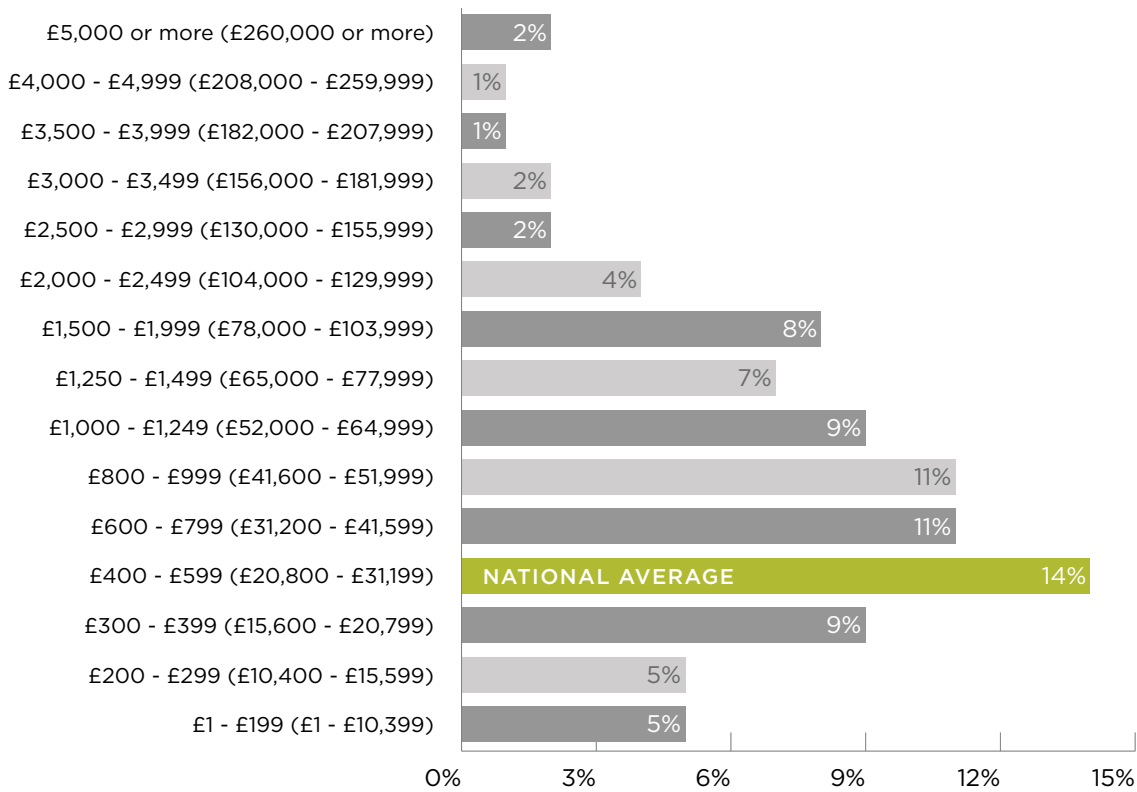


“Millennials are living increasingly flexible lifestyles, which can give rise to even higher demand for self storage.”

David Milton, Managing Director ABC SelfStore

Average weekly (annual) household income

Figure 37



According to Oxford Economics, the national average household income per capita is circa £25,000 for 2017 in the UK. 73% of survey respondents indicated a figure at or above the national average band, further suggesting that people with more wealth are more likely to use self storage. It should be noted that more than half of respondents chose not to answer this question. However the suggestion that higher income households are more likely to use self storage is further supported through home ownership data and other questions.

The typical self storage customer

Figure 38

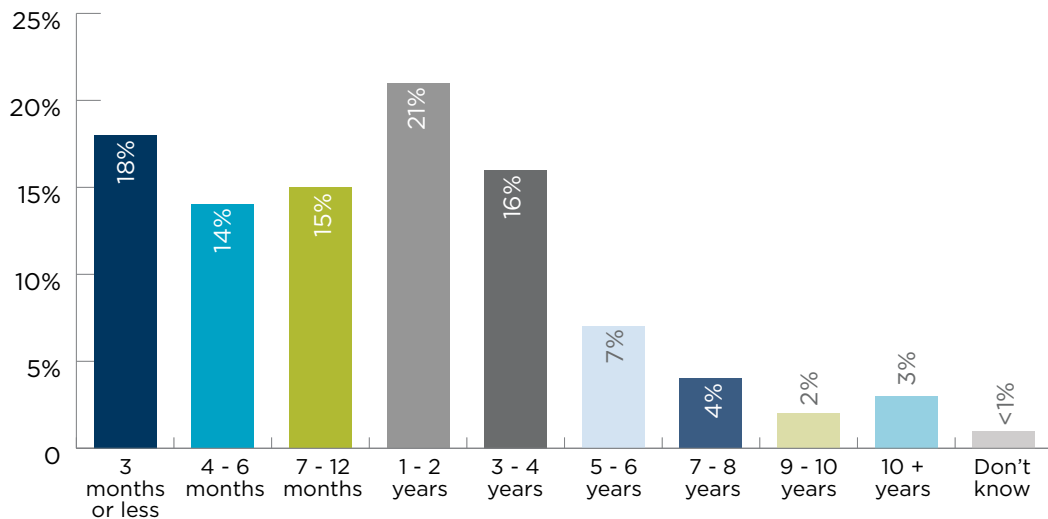


Interestingly if we combine these results together we create a fictional typical customer who uses self storage for personal use, is a 50-54 year old male, separated, but living with a new partner in a home that they own outright and earning above the average wage.

PATTERNS OF USE

Length of stay in current unit

Figure 39



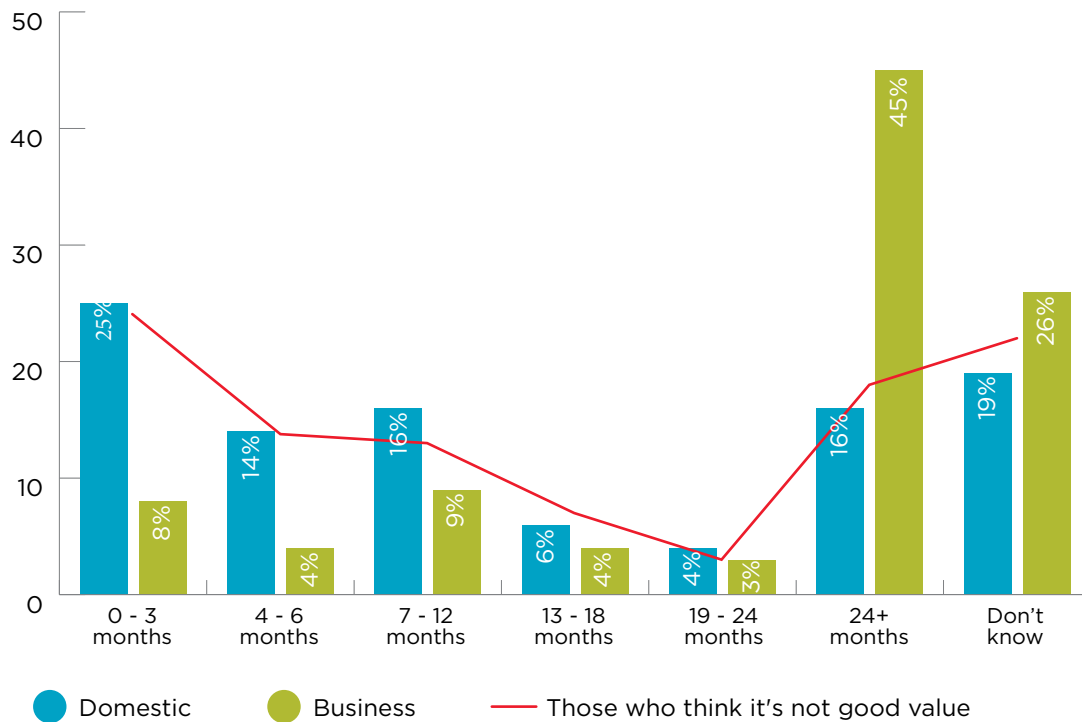
32% of customers have had their unit for three years or more, with 47% having taken their unit in the last 12 months. Customers in self storage tend to fall into two distinctive usage groups; short term or long term. Most new users come for a short term need and expect to only use the unit for a fixed period of time, maybe 2 - 6 months. Many do exactly that, use it for the short term and then move out. However, a significant portion see value in the product and stay beyond an initial short term need and become long term customers, often staying for multiple years.

Whenever you take a snapshot of customers' 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 intending to depart in the short to medium term. The older stores generally have a larger number of long term customers, having had more time to accumulate such customers. The data shows that commercial customers are more likely to be long term, with 46% having stayed for 3 years or more.



Intended length of use

Figure 40



This information corresponds to the previous commentary showing that 49% of users expect to leave within 12 months, most likely having taken their storage unit out for a short term need. Time will tell if they decide to stay longer than their initial expectation. Users who have only recently rented their self storage unit indicated they were more likely to move out within 6 months than long term users.

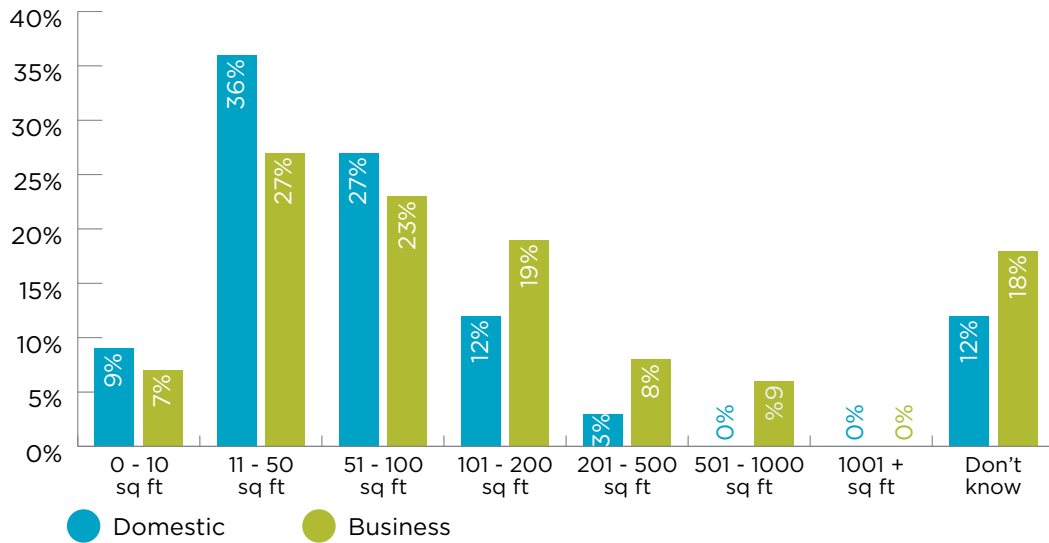
This is one area of the survey where the data does show a difference from the 2017 survey, with more customers in 2017 (26%) indicating they would stay over 24 months; the figure is 21% in 2018. However, in 2018 the question was asked in a different manner. Previously customers were asked to input the actual year and month they initially moved into their storage unit. This year customers were given a set of options representing a date range as indicated in the graph. This change in methodology is likely to account for the difference in results between the years.

For interest the customers' satisfaction has also been plotted on this graph, there is a relationship between value perception and intended length of use, more strongly with domestic customers than business. Other data in this report shows that the public generally consider self storage will be cheaper than it actually is. This would help explain the value perception for short term users. It is comforting to see that the longer people stay, their perception of the value increases. What is somewhat troubling for the industry is the sharp increase in dissatisfaction in people staying 2 years and longer. Are these customers stuck using self storage as they have no other solution? Do they feel that new customers get all the discounts and they are left paying high prices? Either way, they are not likely to be good ambassadors for an industry that often relies on referrals for generating new customers.

PATTERNS OF USE

Average unit size rented based on customer type

Figure 41



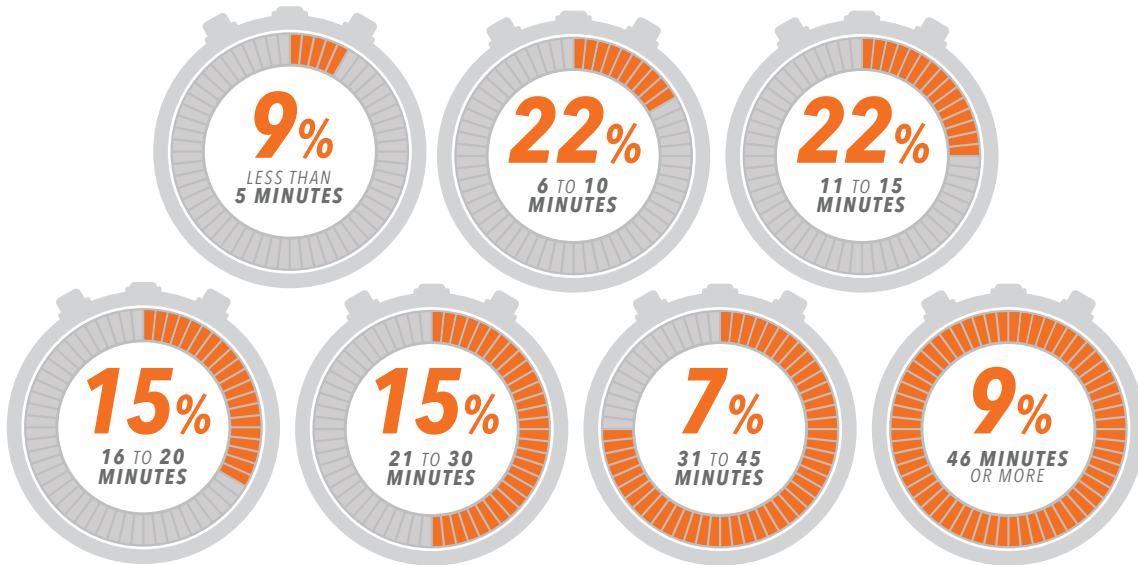
The majority of rented units are less than 100 sq ft (69%). A 100 sq ft unit would typically easily store the contents of a two bedroom house or flat. It is clear from the data that business customers tend to take larger units than private customers. They are also more likely to take multiple units with 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 39% of the storage space

The cost of a unit usually increases with the unit size, but 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. Also smaller units tend to turn over quicker than larger units. Unit sizes can be changed over time, so we sometimes see more mature facilities demonstrating a lower average unit size by breaking their larger units into smaller sizes in order to increase overall yield.



Distance to travel to your self storage store

Figure 42



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 53% of respondents travelling 15 minutes or less and 68% travelling 20 minutes or less to their self storage store.

Store visit frequency

Figure 43

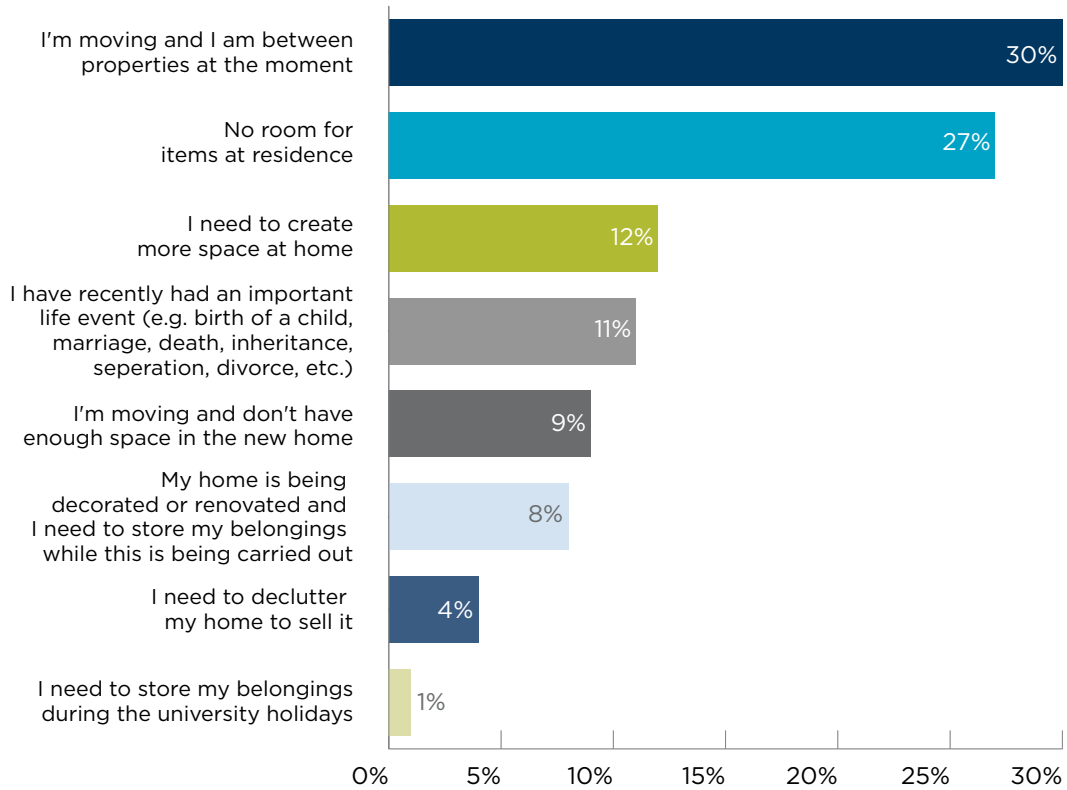


The majority of people visit their unit once a month or less (78%). This is often less frequent than people's expectations when they select a self storage unit. Accessibility, opening hours and proximity are all major factors when people choose a self storage unit. These actual usage results combined with similar gate access data from self storage businesses, support the notion that self storage is a low traffic business, with only 10% of customers accessing their unit more than once a week and only 3% daily.

PATTERNS OF USE

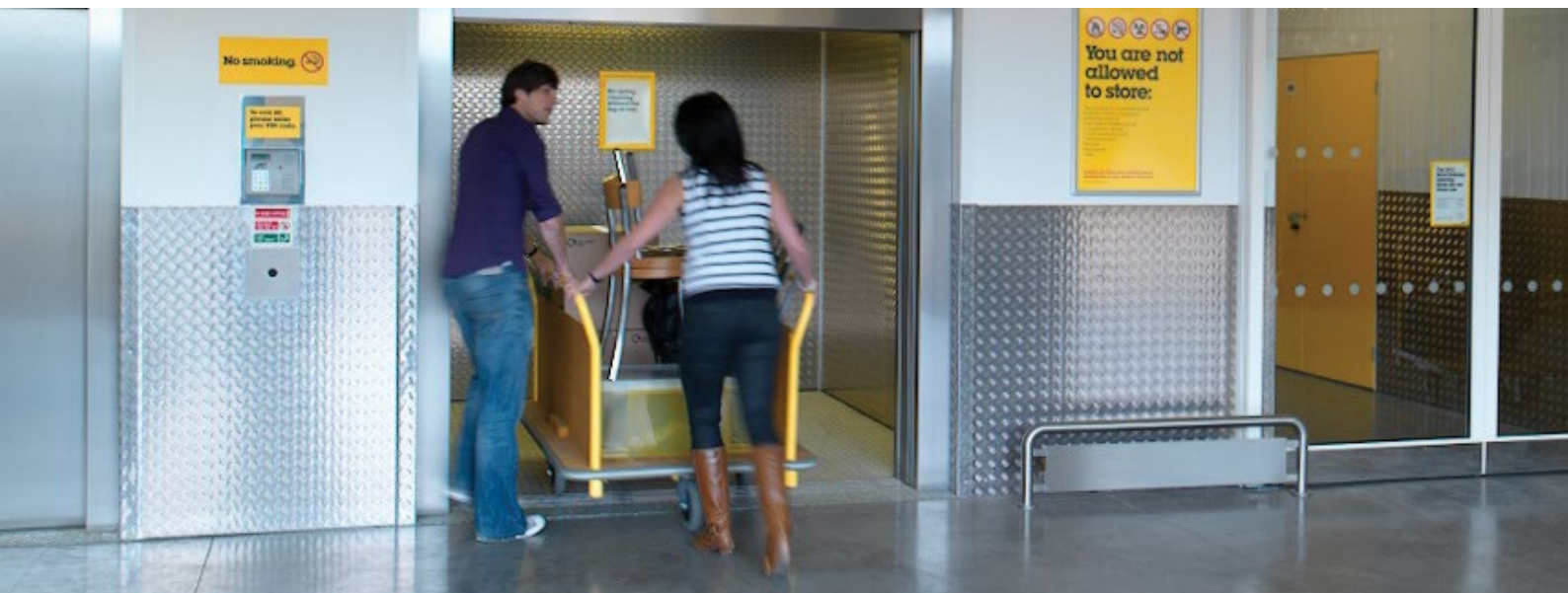
Reasons for using self storage by personal customers

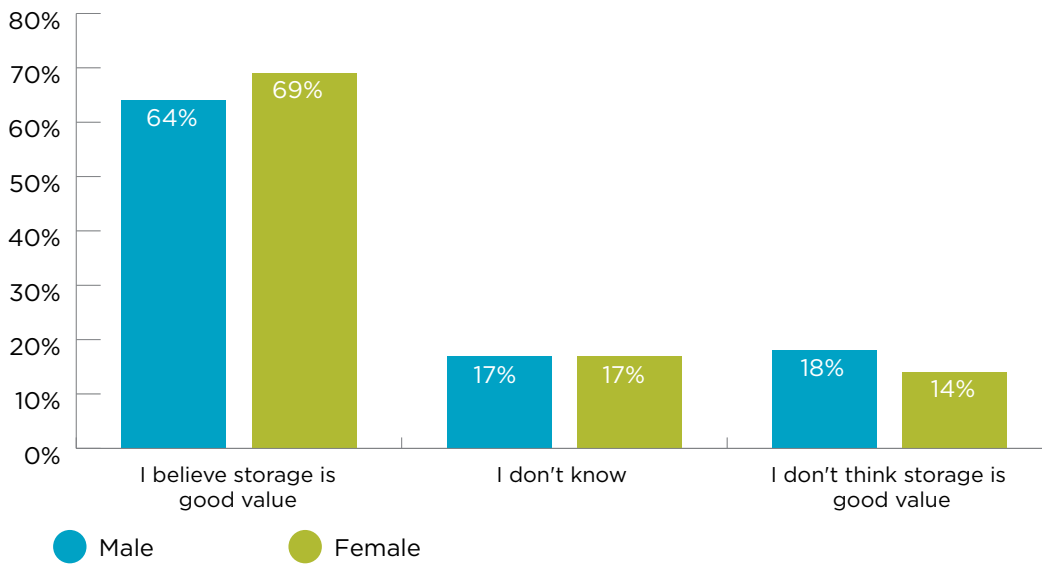
Figure 44



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. If taken during the summer holiday period, it is likely that student usage would rank higher than other reasons on this list.

In comparison to last year a higher number of respondents indicated they were moving house (up from 21%) and a lower proportion had indicated no room at their residence (down from 40%). 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 30% of customers; 43% if you include those moving into a new house that has less space and those decluttering to sell their house. This is only a percentage of the personal customers, so out of the total sample only 22.5% of customers use self storage as temporary storage while moving and 32% for all reasons relating to moving or selling your property.



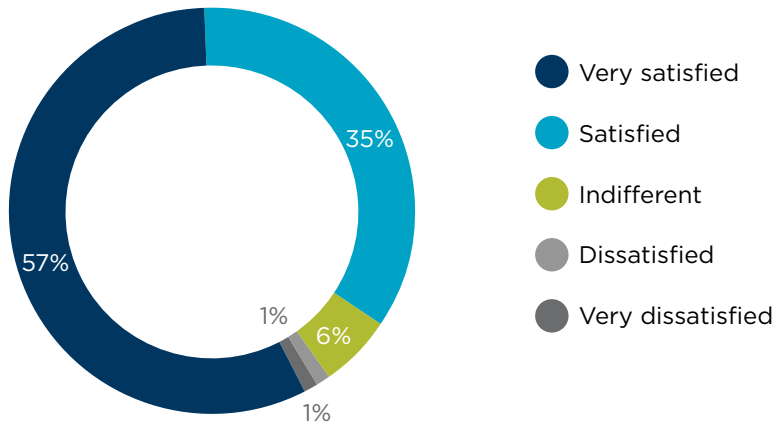


The general public portion of this study confirms that people generally underestimate the cost of self storage, or do not know what the cost would be (88% expected storage to be cheaper than its actual cost). So, it is heartening to see that on average only 17% had the view that their storage unit did not represent good value for money; although it would be preferable to see this response even lower. The fact that almost 66% of customers stated the service was good value, considering it would likely have been more expensive than they expected, is a positive sign for the industry, particularly considering this has increased from 47% last year. It is possible that these results are distorted by those operators that send the survey invitation out with their invoices, which may include a price rise, as often operators implement price rises at the end of the calendar year.

Of those who thought that their facility was poor value for money, 51% expect to move out within one year, which is only marginally more than across the whole group of respondents (49%).

Satisfaction with storage facility

Figure 46

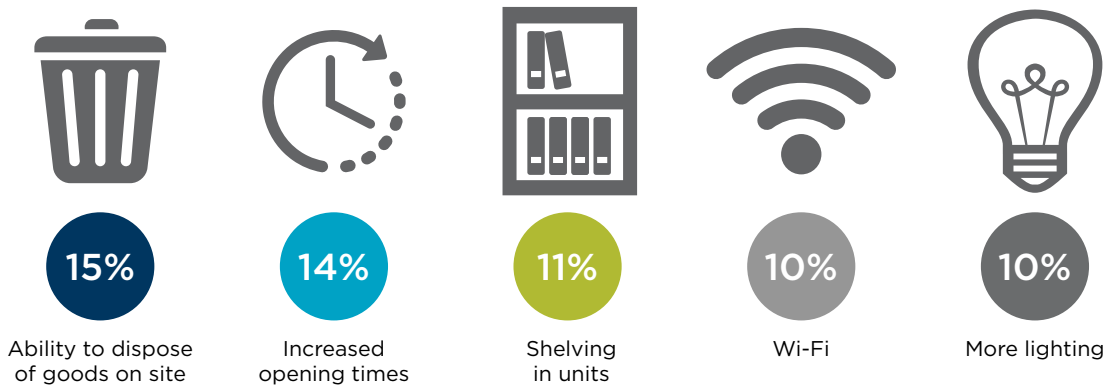


Satisfaction by customers is very high, with 92% saying they are satisfied with the service and the majority of those being very satisfied. While 17% of people may have suggested the service did not pose good value for money, only 2% were dissatisfied with the store overall.

ADDITIONAL SERVICES

Percentage of customers that belived this additional service should be offered

Figure 47

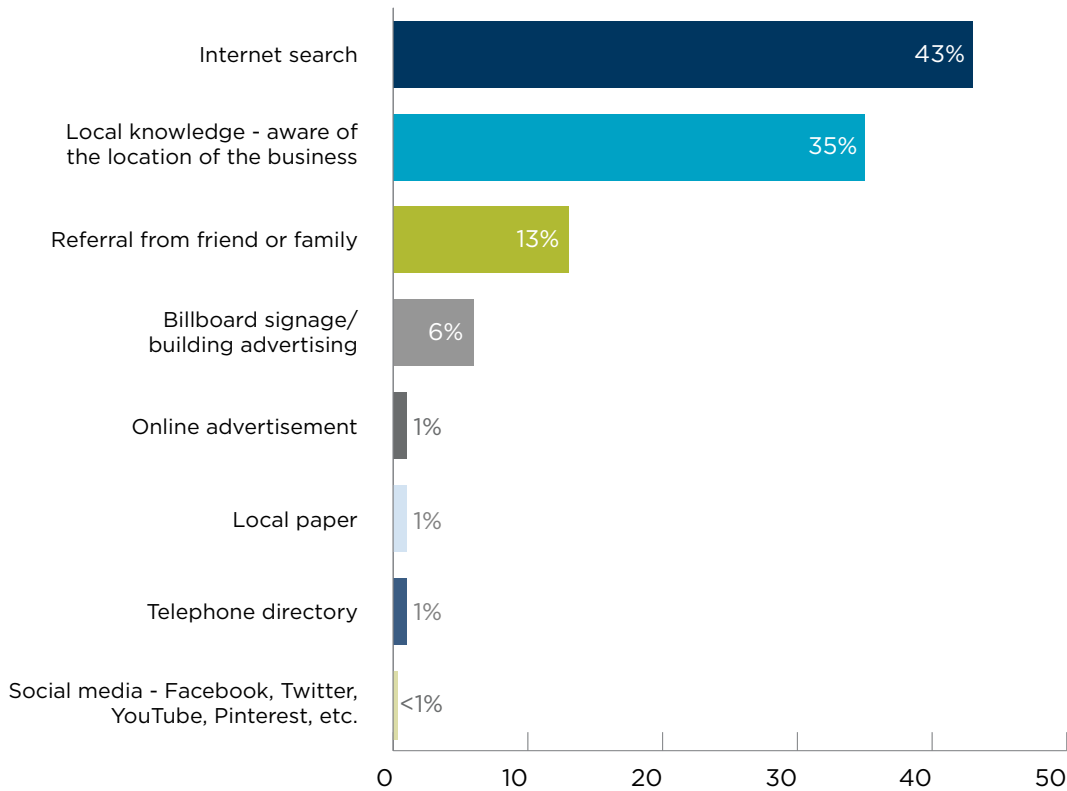


Only 18% of the respondents felt their chosen self storage business should offer additional services. While last year respondents were asked an unprompted question in regard to additional services they may find useful, this year they were given options to choose from, all of which are offered by some self storage businesses. These results not only indicate what customers now expect from their store, but also what services are often lacking at stores.

92% of customers say they are satisfied with the service and the majority of those are very satisfied.

How did you first learn about your storage facility

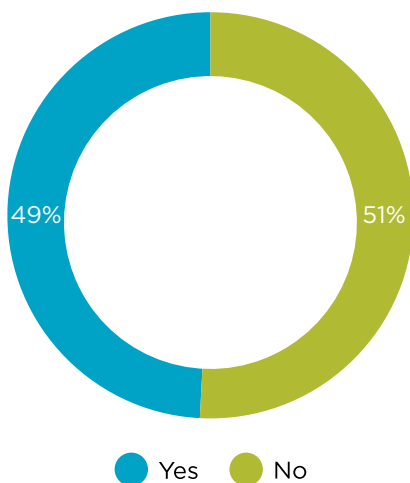
Figure 48



It is possible that customers may not accurately recall how they first heard about their self storage facility, bearing in mind that 31% have been renting their unit for at least three years. Additionally, the range of online options for researching self storage 3 years ago would be different to that of today, as would the presence of phone directories.

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

Figure 49

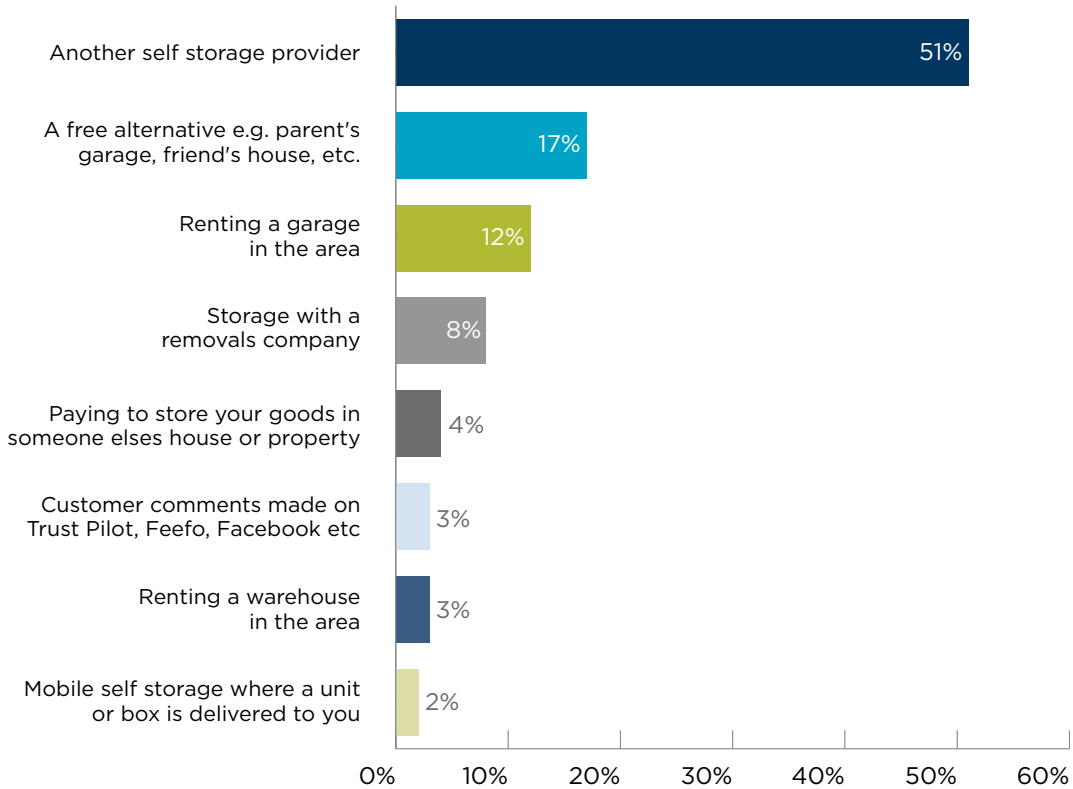


Although they may recall searching for the store on the internet, they may have been prompted to perform the search having seen a local self storage building. It should be noted that this question relates to how they learned about the storage facility they are using. It is different to the Demand Survey 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 they would use online methods for further research, 71% 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 than the under 50s.

Options other than this self storage provider considered

Figure 50

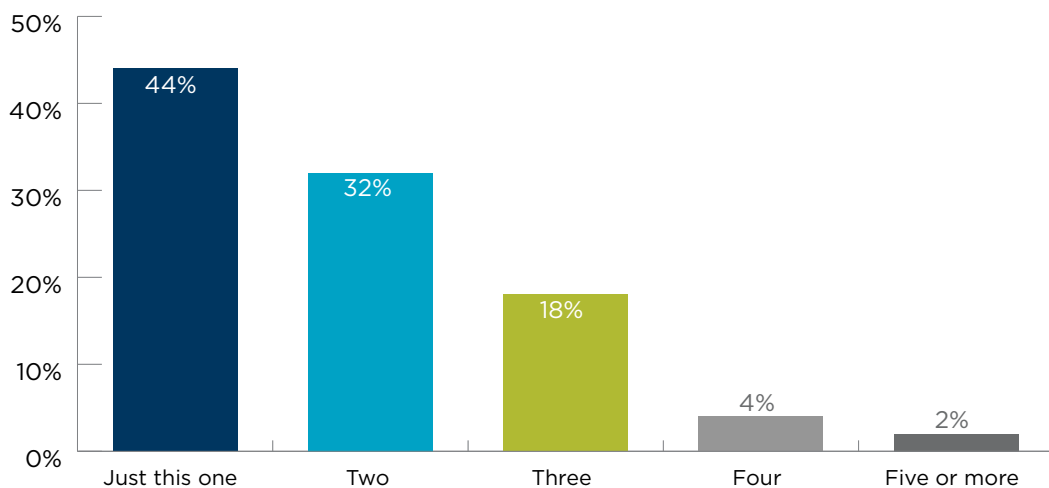


This question was addressed to all users and it was possible to provide more than one answer. The results are shown as a % of all answers provided. Overall, 78% of the respondents gave an answer, suggesting that 22% of storage users did not consider any of the above.

It is not surprising that over half of all customers also considered another self storage company. It is also interesting to note how few customers consider removal companies as a genuine alternative to self storage, and even fewer considered mobile based storage options before choosing self storage. Peer to peer based self storage, where customers store their goods in someone else's house or property, has been receiving quite a lot of publicity of late, but this data shows that few self storage customers are considering it as an alternative and this has not changed significantly since last year's survey.

How many stores were contacted when considering which store to use?

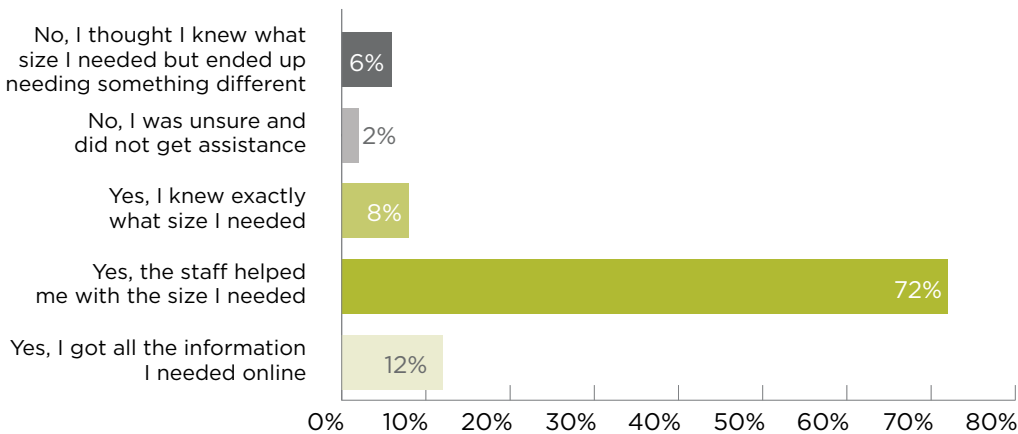
Figure 51



When asked specifically how many stores were contacted the majority of customers (56%) contacted other self storage facilities 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 conditions remain the primary reason people select a self storage centre, it is possible that customers are getting quotes from other stores to negotiate a better deal at a preferred store. As more operators put their prices on their website, online research is becoming more effective to the customer, resulting in less contact with the store to determine a preferred option.

Did you find it easy choosing a unit size?

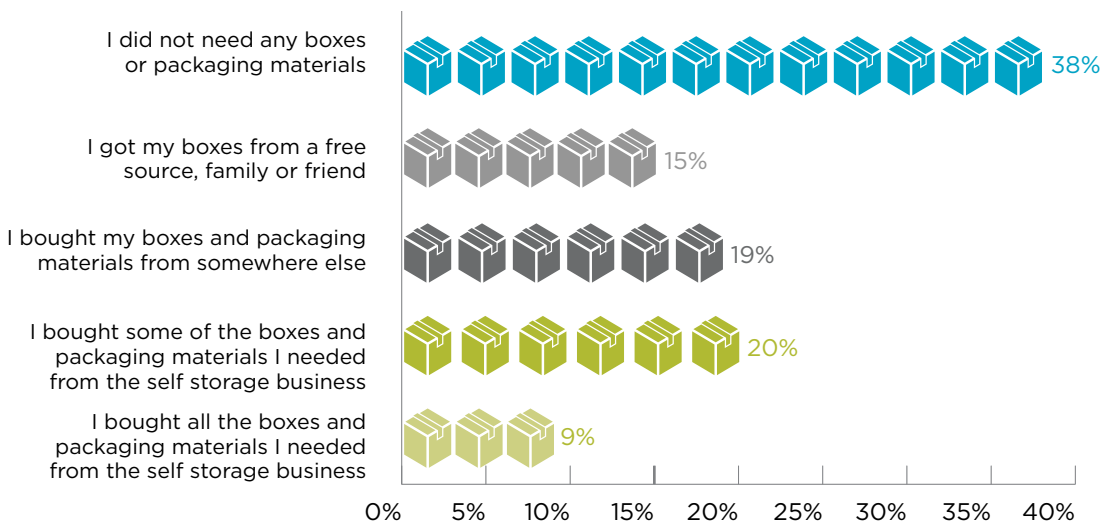
Figure 52



This illustrates that most customers struggle with selecting the appropriate unit size for their goods. As more customers move towards completing the purchase process online, the challenge for operators is to educate them on accurately assessing unit size online, lest they book the wrong sized unit and do not realise until they move in. Fortunately, due to the nature of the industry and mature occupancy rates, most stores would have alternative unit sizes available if this were to occur.

Boxes and packaging materials

Figure 53



There is a real opportunity for self storage operators to increase their revenue through the sale of ancillary products. Excluding the 38% of people that did not need boxes or packing material, only 15% bought all of them from their self storage store and 53% did not get any from their self storage store. While a free source may be hard to compete against, 30% of self storage customers who needed boxes bought all of them from another source.

Important features for customers in order of preference

Figure 54

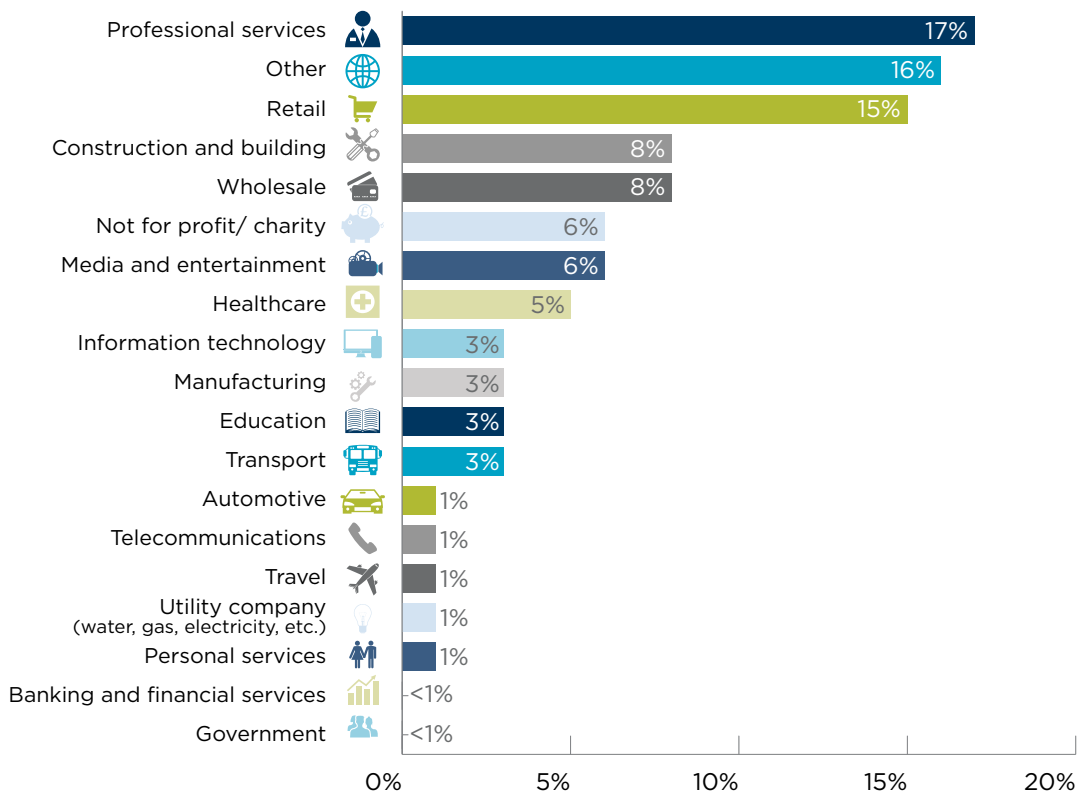


Customers were asked to select their top 3 most important features of a self storage site from a list of options. The list above is sorted in order of preference. The top 5 rate significantly higher than the remainder of the list. The methodology of this question changed from last year’s survey, so data can not be compared to the previous report.



Types of businesses using self storage

Figure 55

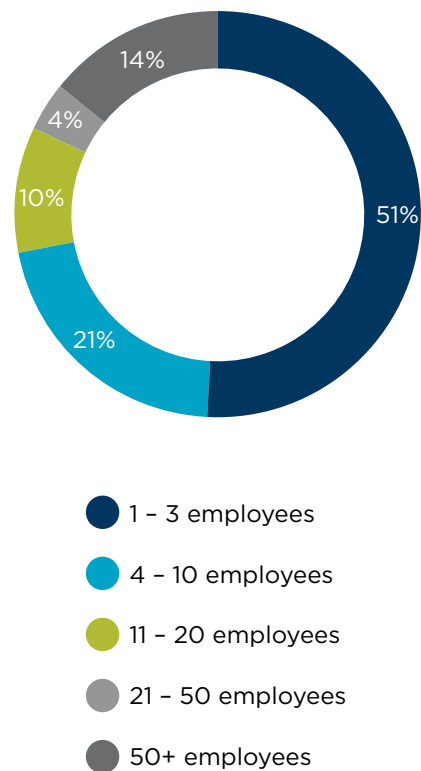


As one would expect, self storage is used more by small enterprises, with 72% having no more than 10 staff and most three or less staff.

With 284 businesses responding to the survey, we can see that self storage is offering an important space solution for a significant number and type 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 reached the correct person within the organisation.

Size of businesses using self storage

Figure 56



BUSINESS USERS

PUBLIC SURVEY

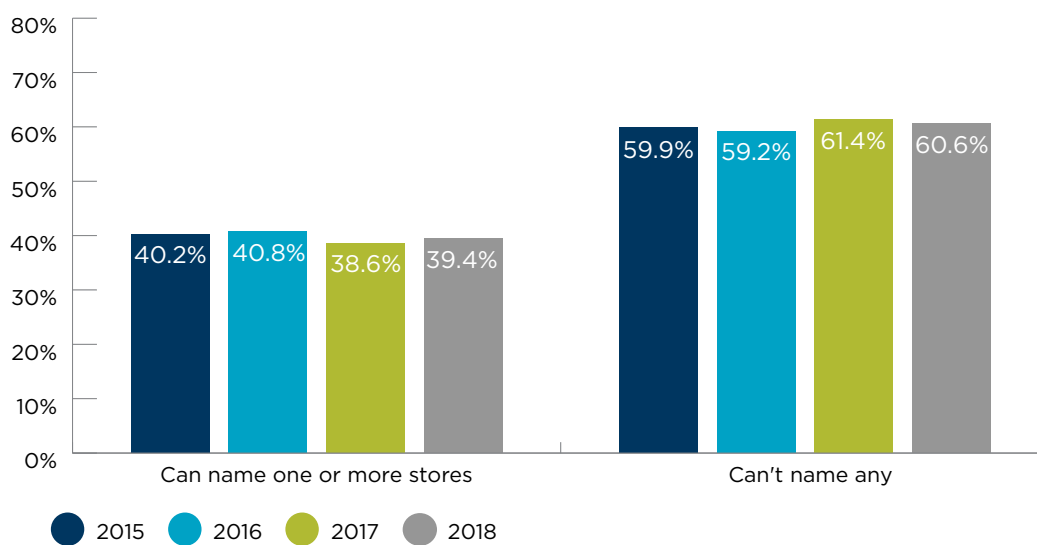
The following information has been sourced from an online survey of the general public across the UK conducted by YouGov on behalf of the SSA UK. The data is taken from a statistically selected and weighted sample that represents the demographics of the adult UK population. The survey was conducted in February 2018 and 2088 people completed the survey.

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 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 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 over the last 10-15 years have relied 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.

Self storage awareness in the local area

Figure 57



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 in their area. Yet consistently around 60% of people do not know of a self storage store in their area. This is despite a preference by operators to open stores in high profile locations with heavy traffic flow and to have large, brightly coloured buildings with extensive signage. This can partly be explained by the fact that self storage is more of a needs-based purchase than an impulse buy. People with no need for the service 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 "didn't realise how many self storage stores there are". People are more likely to recognise the buildings and businesses when they have a need for the product.

Unprompted brand awareness

Figure 58



Big Yellow is the clear market leader in terms of brand awareness, however their level of recognition has remained stable over the past 5 years. The awareness of all the other major brands has remained consistently low.



The survey also gauges people’s understanding of self storage by asking them firstly what they think their knowledge of self storage is, and then 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 5 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 wider population.

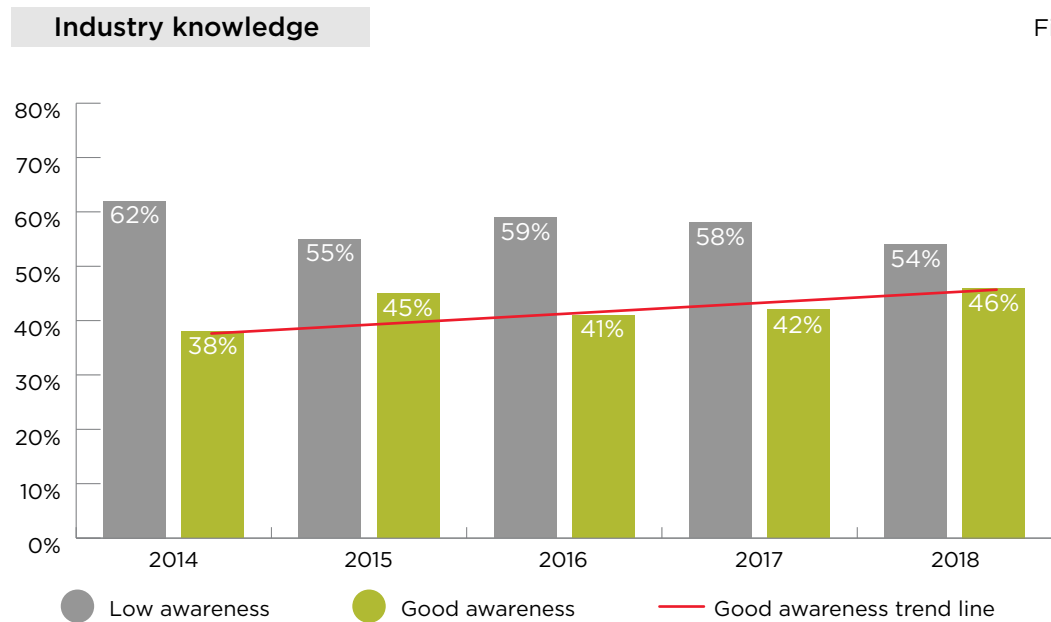


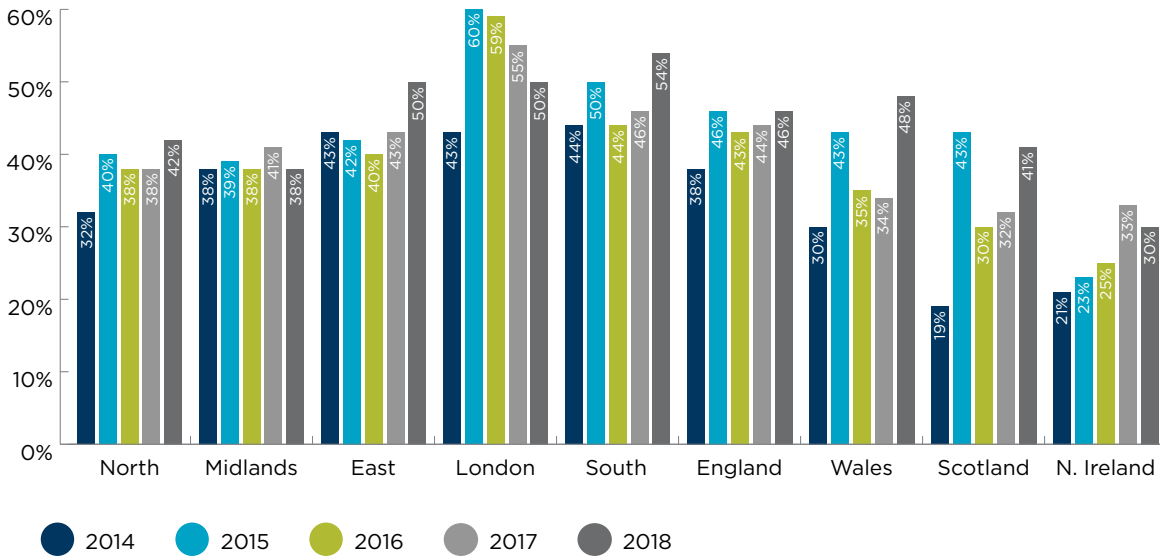
Figure 59

| | |
|---|------------|
| I have never heard of self storage | 17.7% |
| I have heard of self storage but know nothing about the service that is offered | 36.7% |
| I have heard of self storage and know a reasonable amount about the service that is offered | 35.9% |
| I have heard of self storage and know the service that is offered very well | 9.7% |
| Low knowledge | 54% |
| Good knowledge | 46% |

Figure 60

Those with good awareness by region

Figure 61

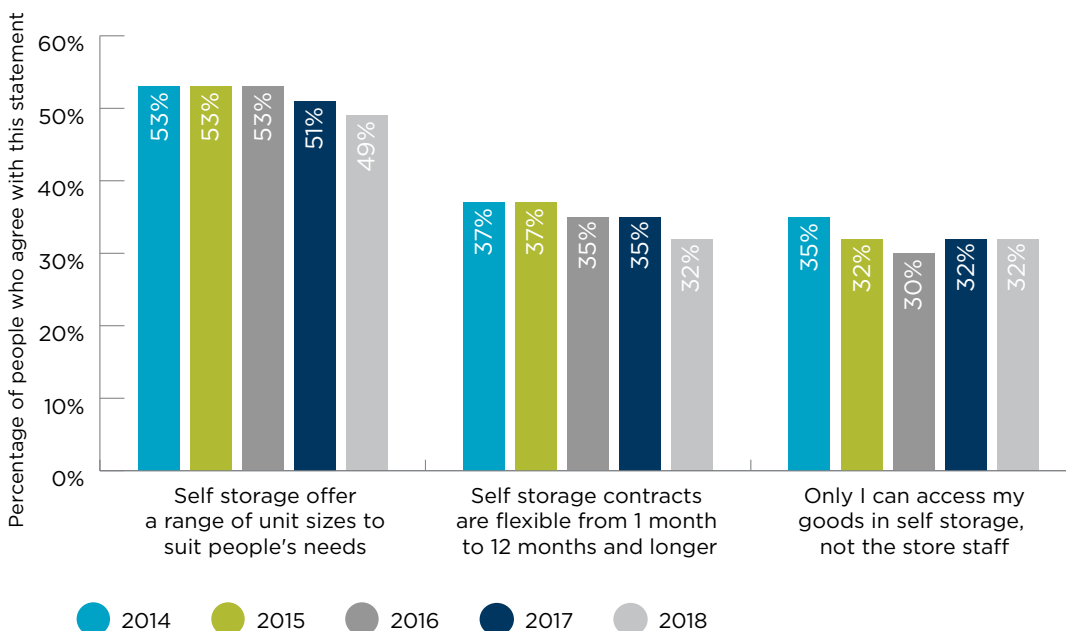


Breaking this data down into regions shows that, while most areas are showing some improvement in knowledge over time, or at least remain stable, London has had a reduced level of understanding of the industry over the last 2 years in particular. So much so that now the South of England has a better understanding of the product and London is on par with the East of England. London has the highest concentration of self storage space in the UK including many large and high profile stores. However, while this may increase awareness of the industry, it does not increase knowledge or understanding of the product.

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 concept, but does not portray the reality of the UK industry, with an unhelpful focus on belongings being repossessed rather than the benefits of the product.

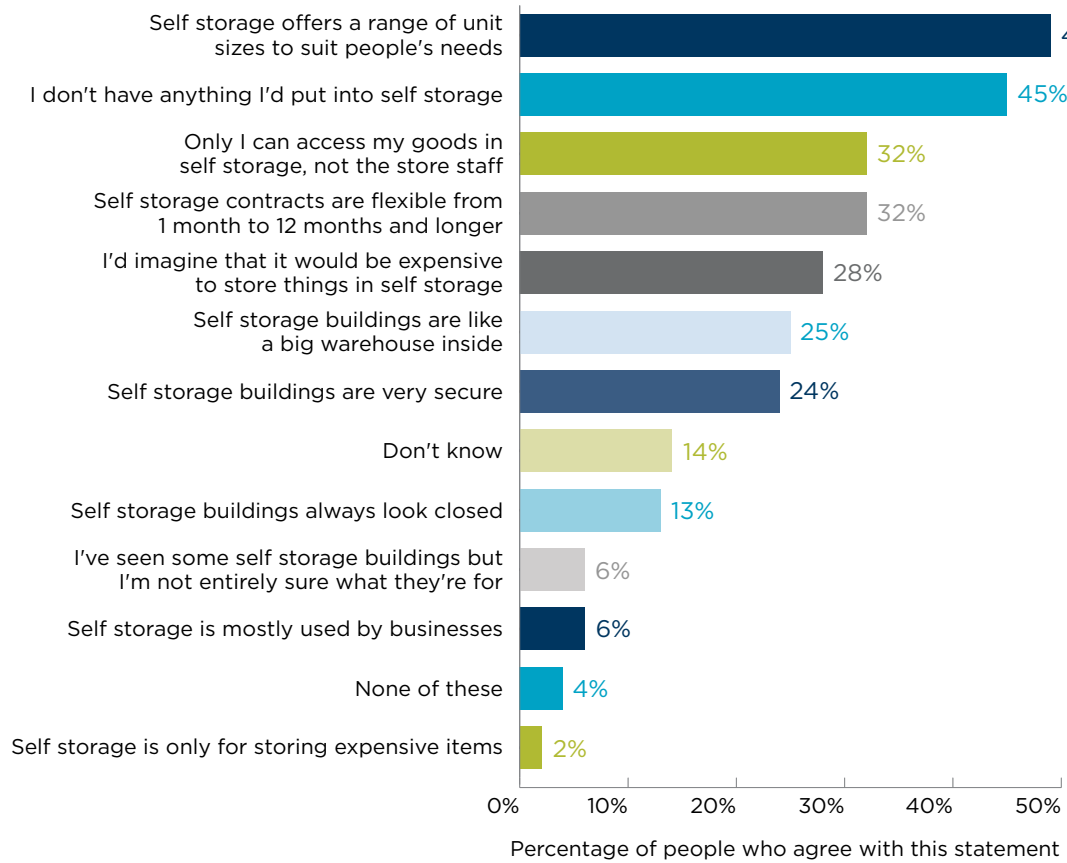
Understanding the key elements of self storage

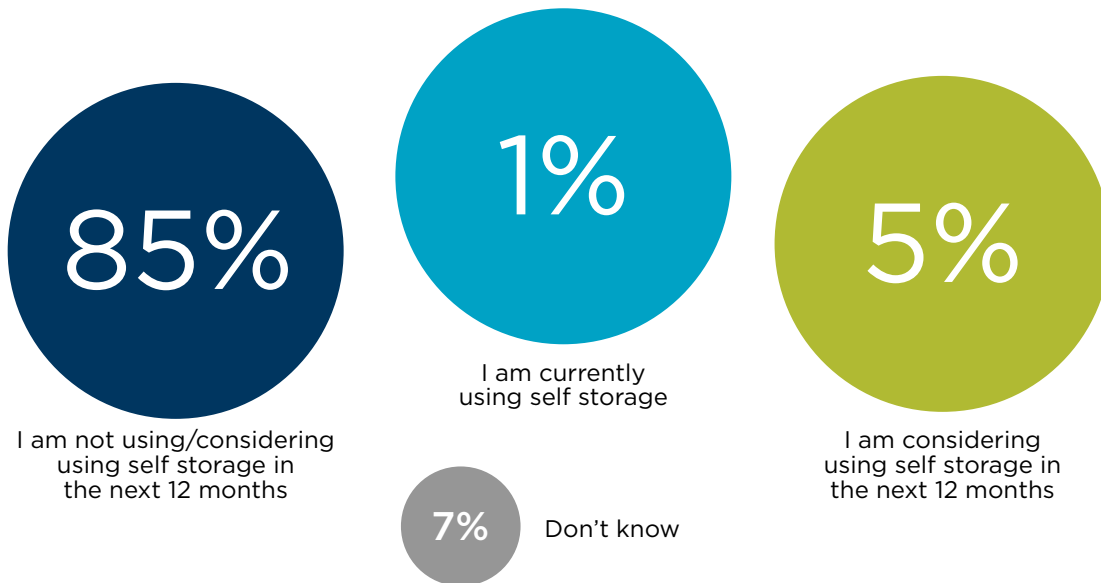
Figure 62



Understanding key elements

Figure 63





This data has remained consistent for the past 5 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. Interestingly 5% 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, which could explain the lack in take up. 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 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? Or perhaps people are finding more cost effective alternatives to self storage such as storing with family or friends.

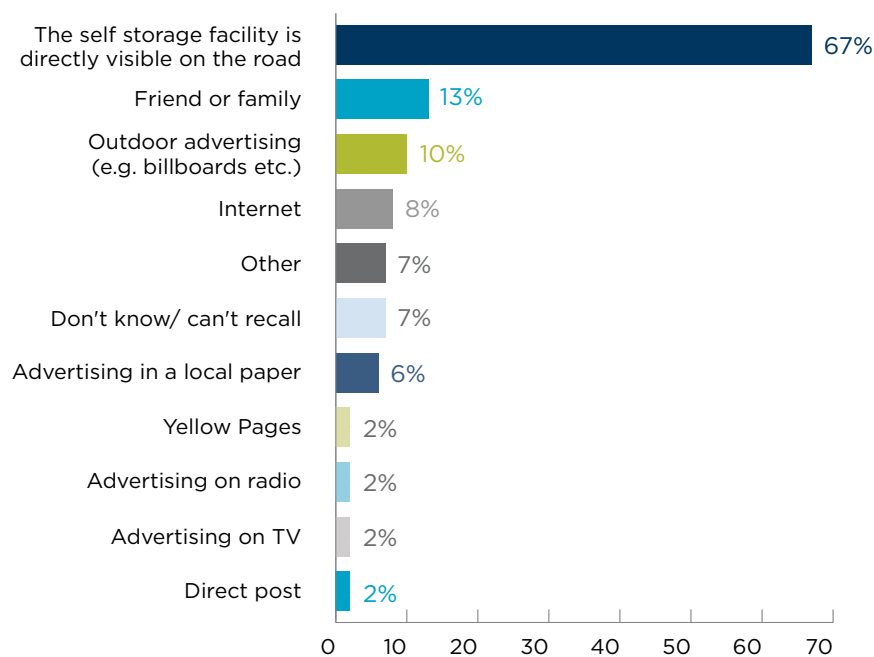
“Despite the awareness of self storage increasing there is still a fundamental lack of understanding of how the product can be used, especially for business users.”

Robin Greenwood – CEO Storage King

SELF STORAGE USE

Drivers of recognition

Figure 65



When asked how they knew about their local self storage business, road visibility clearly remains the principle driver of recognition. This is 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.

How would you find a store to contact?

Figure 66



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

An internet search is clearly the preferred method of research, however the fact that over 30% of people would not use the internet is also notable. The United Kingdom is second only to Norway for making e-commerce purchases in Europe and most studies show that over 85% of UK adults shop online. Yet only 67% of people said they would research self storage online and this figure has been relatively stable for the 5 years' of the survey.

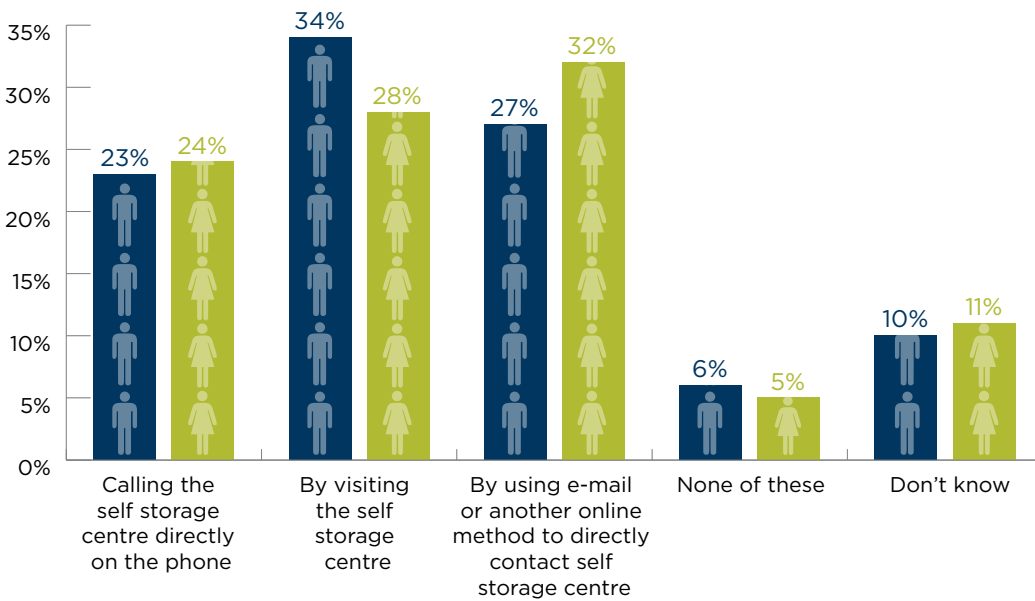
Social media has been steadily increasing, up from 4% in 2014 and is now equal with Local Paper searches which have been in decline from 12% in 2014.

There is also a high reliance on friends and family outside social media. This highlights the importance of a good referral system for operators and the benefits of good customer relations that can promote the business in their networks, both physical and online.

When asked how they would contact a store to enquire or book a self storage unit, online methods once again polled lower than expected with more people (31%) opting to visit the store directly than use online methods (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.

Gender preference for contacting a store

Figure 67

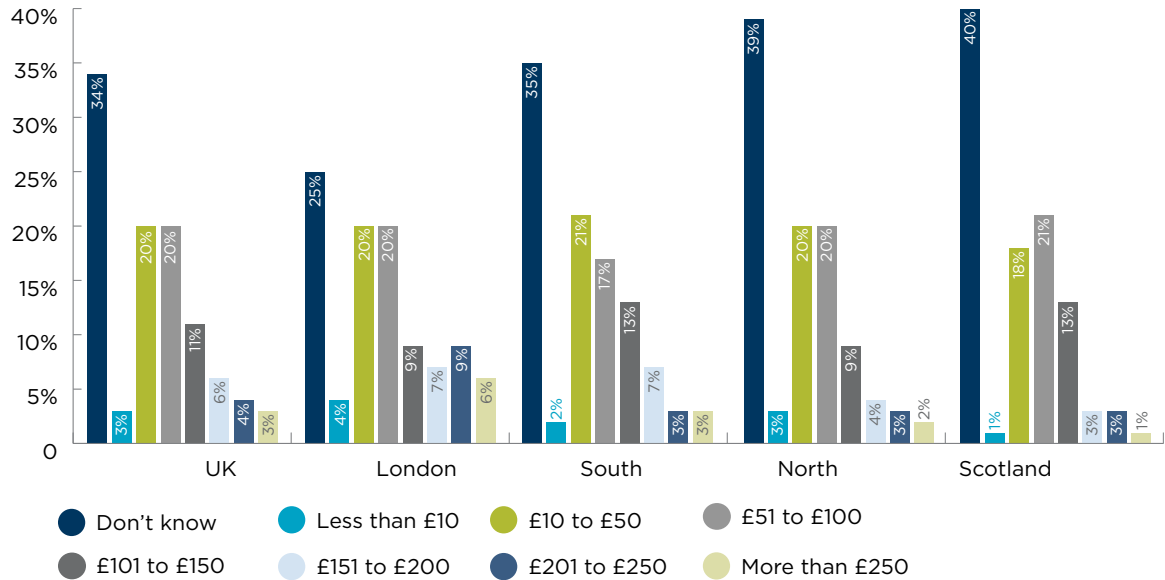


PRICE AWARENESS

The survey asks how much the person expects to pay for a 90 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 in all markets indicating they don't know.

Price awareness

Figure 68



Furthermore, of those who did suggest a price, only 6% were within the correct price range for their region and 54% were under range. Respondents from London and the North had the highest number of people who answered within the price range and also the highest who chose a price above the actual range. The higher the proportion of people within a region that have realistic expectations the easier it will be for operators to convert enquiries in to sales.

London has the highest proportion of people expecting prices to be under the actual level, most likely contributed to by the fact London has the highest prices in the country. And the proportion for Scotland of people expecting prices at or above the actual cost is much lower than previous years, possibly due to the fact prices have increased significantly in this market over recent years.

Figure 69

| | UK | London | South | North | Scotland |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Actual Price Range | £151 - £200 | £201 - £250 | £151 - £200 | £101 - £150 | £151 - £200 |
| Over | 6% | 6% | 5% | 9% | 3% |
| In range | 6% | 9% | 7% | 9% | 3% |
| Under range | 54% | 60% | 53% | 43% | 54% |
| Don't know | 34% | 25% | 35% | 39% | 40% |

EUROPE

In 2017 there were approximately 3,319 self storage facilities in Europe (including the UK) totalling almost 94 million sq ft of space. Developed markets like Spain and Sweden are continuing to grow at rates of over 10% annually and the developing Eastern European markets like Poland, Romania and the Czech Republic are also growing significantly, albeit from a much lower base.

Measuring the exact number of facilities is difficult because of conflicts in the definition of self storage. For example, some countries include container storage while others do not. There is also no official registration required to operate a self storage business in most European countries, so small businesses in tertiary locations can open without being noticed.

Despite this growth in the number of self storage facilities, over 81% are located in just five countries. The UK is the largest market with 47% of the total number of facilities, followed by France, Spain, the Netherlands, Germany and Sweden. The UK has around 45% of the total storage space in Europe. The UK also saw the greatest number of new stores added in 2017.

Figure 70

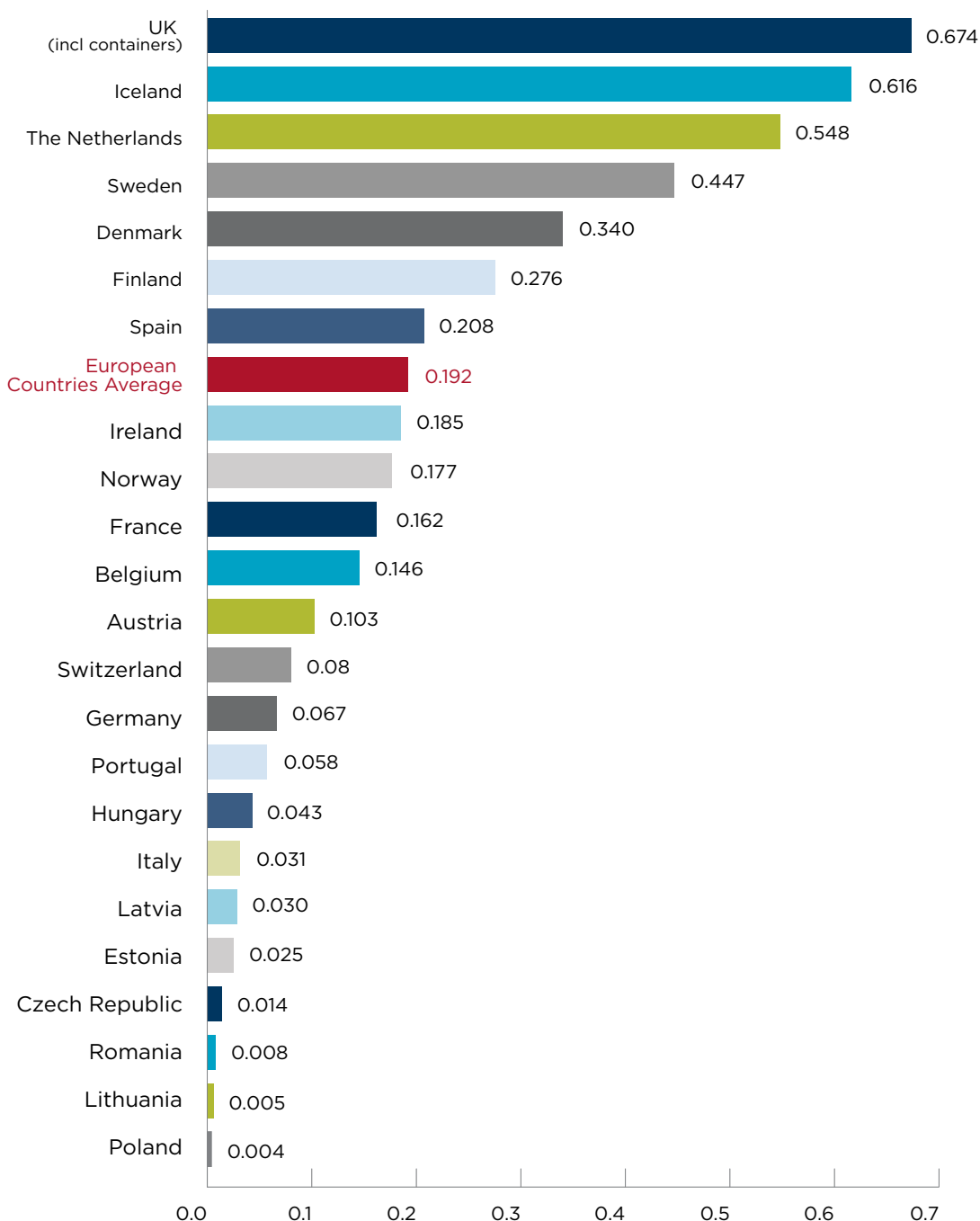
| Country | Population | Est no of facilities 2017 | Est total current rentable sq ft 2017 | sq ft per person 2017 | Storage facilities per million pop 2017 |
|------------------------------------|--------------------|---------------------------|---------------------------------------|-----------------------|---|
| Austria | 8,569,633 | 32 | 882,640 | 0.103 | 3.73 |
| Belgium | 11,138,000 | 36 | 1,625,349 | 0.146 | 3.23 |
| Czech Republic | 10,554,000 | 5 | 150,695 | 0.014 | 0.47 |
| Denmark | 5,695,000 | 71 | 1,937,502 | 0.340 | 12.47 |
| Estonia | 1,306,000 | 3 | 32,292 | 0.025 | 2.30 |
| Finland | 5,534,000 | 60 | 1,528,474 | 0.276 | 10.84 |
| France | 64,711,000 | 355 | 10,494,803 | 0.162 | 5.49 |
| Germany | 81,277,000 | 202 | 5,478,825 | 0.067 | 2.49 |
| Hungary | 9,823,000 | 15 | 419,792 | 0.043 | 1.53 |
| Iceland | 332,000 | 8 | 204,514 | 0.616 | 24.10 |
| Ireland | 4,705,000 | 25 | 871,876 | 0.185 | 5.31 |
| Italy | 59,860,000 | 50 | 1,829,863 | 0.031 | 0.84 |
| Latvia | 1,943,000 | 3 | 57,049 | 0.029 | 1.54 |
| Lithuania | 2,824,000 | 1 | 16,146 | 0.006 | 0.35 |
| Norway | 5,282,000 | 75 | 936,459 | 0.177 | 14.20 |
| Poland | 38,627,000 | 13 | 145,313 | 0.004 | 0.34 |
| Portugal | 10,303,000 | 18 | 592,015 | 0.057 | 1.75 |
| Romania | 19,339,000 | 2 | 161,459 | 0.008 | 0.10 |
| Spain | 46,041,000 | 345 | 9,579,871 | 0.208 | 7.49 |
| Sweden | 9,868,000 | 148 | 4,413,199 | 0.447 | 15.00 |
| Switzerland | 8,405,000 | 59 | 672,744 | 0.080 | 7.02 |
| The Netherlands | 16,989,000 | 289 | 9,310,774 | 0.548 | 17.01 |
| UK (incl containers) | 66,181,500 | 1504 | 44,600,000 | 0.674 | 22.73 |
| European Countries in Total | 489,307,133 | 3,319 | 93,841,596 | 0.192 | 6.78 |

In terms of industry growth (as a percentage), the UK grew at around 6% while many other countries grew by over 10%. The UK is a much larger and more mature market, so it would be unlikely to experience double digit growth year on year.

The amount of self storage space available per person in Europe has increased slightly over the last 12 months, but at 0.19 sq ft per person, it falls far short of the USA which has around 7.3 sq ft and Australia which has around 2 sq ft per person of space. The USA and Australia are the two most mature markets globally for self storage. 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 levels of the USA, however, in time the current level in Australia may be achievable for many countries in Europe.

Supply – square feet per person

Figure 71



EUROPE

SSA UK MEMBERS' SURVEY

The survey of operators was carried out as at 31 December 2017 with the survey responses being collected during January and February 2018.

72 operators contributed to the survey this year, providing data on 482 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 2017 and the previous year as 2016.
- 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 2018 using customers from over 200 SSA UK members 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. 1,760 people completed the survey.

YOUGOV PLC METHODOLOGY STATEMENT

This survey was conducted using an online interview administered to members of the YouGov Plc UK panel of 350,000+ 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 "UK adult population" or a subset such as "UK 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 2,088 adults. Fieldwork was undertaken between 27th – 30th January 2018. The figures have been weighted and are representative of all UK adults (aged 18+).

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 360 storage operators and suppliers to the industry representing over 800 self storage stores and over 75% of the self storage space across the UK.

The SSA UK is directed by experienced non-executive 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 is a leading global real estate services firm with 45,000 employees in more than 70 countries helping occupiers and investors optimize the value of their real estate. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

CONTRIBUTORS

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 Ltd | House-It |
| 1st Storage Centres Ltd | Incredible Bulk Self Storage Ltd |
| A Space Station plc | Keepsafe Storage Centres |
| ABC Selfstore | Lok'nStore Ltd |
| Adams Selfstore | Magenta Storage Ltd |
| Alexanders Removals and Storage | MegaStorage Ltd |
| Apex Self Storage | MyStore Self Storage Ltd |
| Armadillo | Newton Self Storage |
| Attic Self Storage Ltd | Parkgate Self-Storage |
| Barn Store | PD Self Storage |
| Big Yellow | Ready Steady Store |
| Big & Red Storage | Rugeley Self Storage |
| Black Hole Storage | Self Storage Centre Oxford |
| Bonnys Self Storage Ltd | Self Storage Tameside |
| Box Clever Storage | Sheeplands Self Storage |
| Brant Storage and Removals | Shurgard UK Ltd |
| Cardiff Self Storage | Smart Storage |
| Cookes Storage Service | Springfield Self Storage |
| Dartmouth Self Storage | Squarefoot Self Storage Ltd |
| Derbyshire Self Storage | Storage King |
| Easistore | Storage Vault Limited |
| East Coast Storage | StorageMart |
| Easy Access Self Storage | The Storage Pod Ltd |
| Extra Room Self Storage | The Wood Yard Limited |
| FLEXISPACE | Urban Locker Self Storage |
| Greenbox Storage Ltd | West End Storage |
| Hogleaze Storage Ltd | Your Space Self Storage |

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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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