

# SELF-STORAGE REPORT 2023

SECTOR INSIGHT

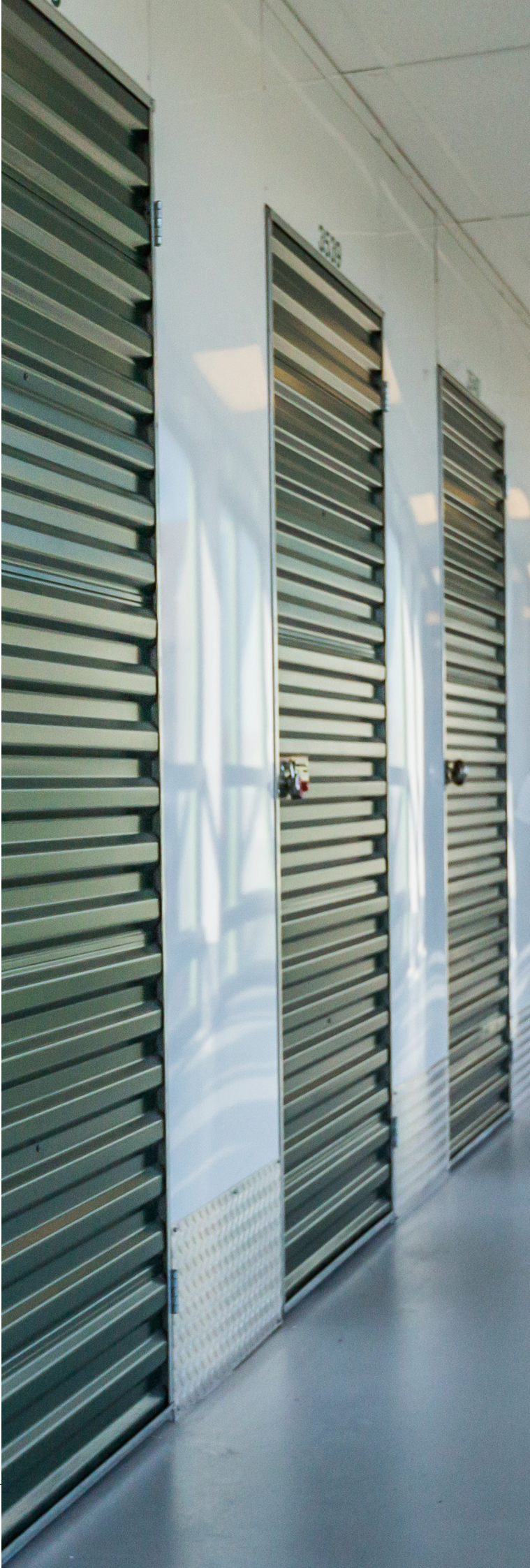


LOCAL  
KNOWLEDGE,  
GLOBAL  
EXPERTISE



# Contents

Market overview	3
Demand-side	5
Supply-side	7
Recent M&A activity	8
Future of the industry	9
PKF Corporate Finance	10



# Market overview

## Key figures



**2,231**

UK stores  
(+181 from prior year)



**1086**

Distinct brands  
(+71 from prior year)



**24,877**

Average store size  
(square foot)



**£990m**

Annual turnover  
(+£60m from prior year)



**55.5m**

Total square foot of storage  
(+3m from prior year)



**83.3%**

Occupancy  
(stable from prior year)



**£27.19**

Rental rate per square foot  
(+4% from prior year)



**81%**

Churn rate  
(+5% from prior year)

## M&A market dynamics

The UK remains a highly fragmented market with the 'Big 6' providers accounting for 38% of the market.

The large players in the market are keen to expand and utilise both M&A and new-build in order to add capacity. Given the industry's ability to generate strong returns in both upturns and downturns in the economy, we are observing multi-site operators keen to strengthen and keep investing in their businesses rather than selling, resulting in a lack of high-quality multi-site operators coming to market.

This is driving the larger players to expand via land acquisition and the development of new purpose-built sites, with the anticipated addition of 100+ developments and 59 land acquisitions in the next 2 years.

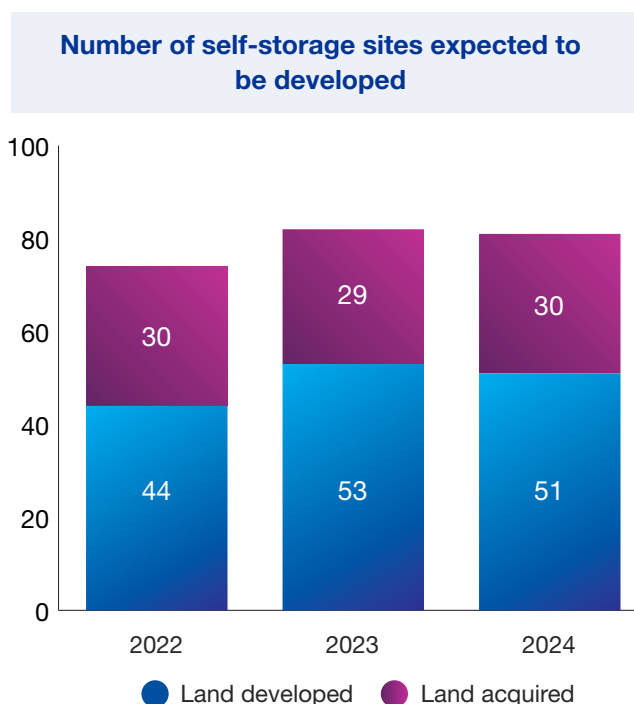
### Self-storage operators by square foot



<b>Big Yellow</b> 6.3m sq.ft.	<b>Safestore</b> 5.7m sq.ft.	<b>Access Self Storage</b> 3.4m sq.ft.
<b>Shureguard</b> 2.2m sq.ft.	<b>Lok'nstore</b> 2m sq.ft.	<b>Storage King</b> 1.7m sq.ft.
<b>Other</b> 34.2m sq.ft.		

Privately held multi-site operators remain keen to expand through M&A as they typically prefer to purchase existing operations that can generate returns quickly, as opposed to funding developments and the associated cash burn for a number of years until a site reaches optimal occupancy levels.

Overall, demand for new sites remains high, but with limited opportunities on the market, this may drive up transaction values in the short-term. However, headwinds from the commercial property market as well as the rising cost of capital, both key dynamics that can often underpin business valuation, may soften valuations in the mid-term. Those who are looking to crystallise value may wish to consider their options now, especially given the uncertainty that an election is likely to create in 2024/25.



## Self-storage market dynamics and overview

With the UK market expected to surpass a record £1 billion in turnover in 2023 and an additional 2 million square feet of space occupied compared to the prior year, the self-storage industry is continuing to flourish in terms of both capacity and geographical distribution. Following the industry benefitting from positive impacts of the pandemic, this year has been increasingly reflective of the challenges the market is facing as a result of heightened inflation and growing operational costs. Despite the more challenging economic environment, the sector has continued to outperform many other industries, with companies benefitting from stable occupancy and an increase in revenue per square foot. The European market is forecast to have a compound annual growth rate (CAGR) of 5.95% in the period 2023-2028 which reflects the resilience and the strong growth potential in the sector.

## UK market in comparison to the international market

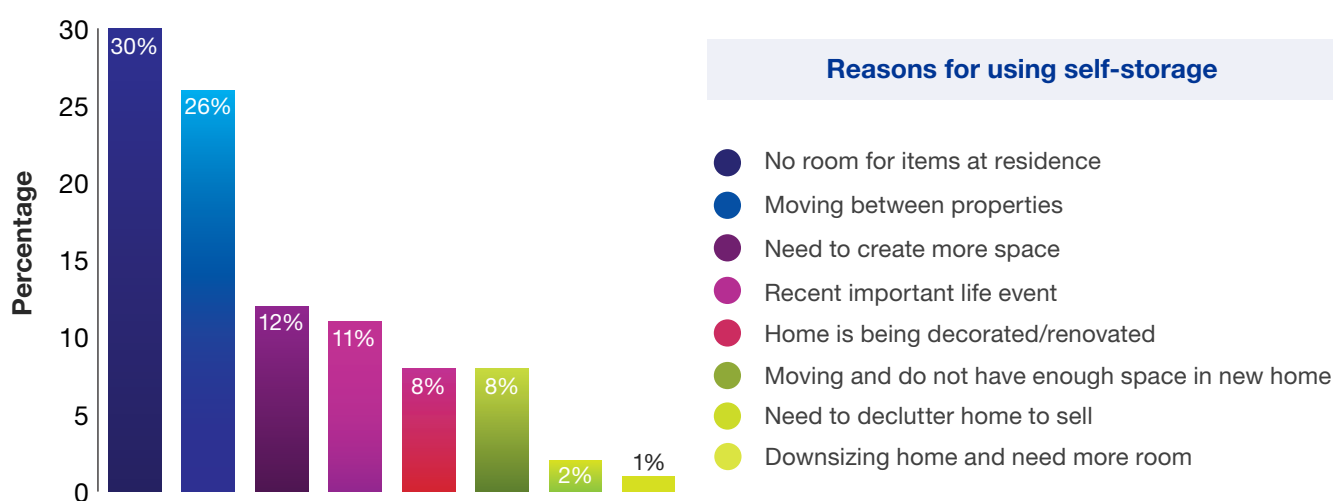
Within Europe, the UK has the most mature self-storage market, with the largest growth rate and the second largest square foot of storage space per capita. Furthermore, awareness of the self-storage industry is the strongest in the UK, compared to other European countries, with only 9% of the population having no awareness of self-storage compared to 12%, 40% and 45% in Sweden, the Netherlands and Spain respectively (FEDESSA). The UK market exceeds the average occupancy for Europe which fell from 81.5% in 2021 to 80.2% in 2022, illustrating the strength and resilience of the UK market.

Whilst the UK is at the forefront of the European self-storage market, internationally it remains relatively junior. Storage space per capita in the United Kingdom is significantly behind more mature markets, such as the United States and Australasia, with 7.2 square feet and 2.11 square feet respectively compared to the UK's 0.82 square feet per member of the population. We see this as an opportunity for growth as the increased presence of self-storage in more mature markets highlights the demand for this industry and thus paints an exciting picture of the future of the UK market.



# Demand-side

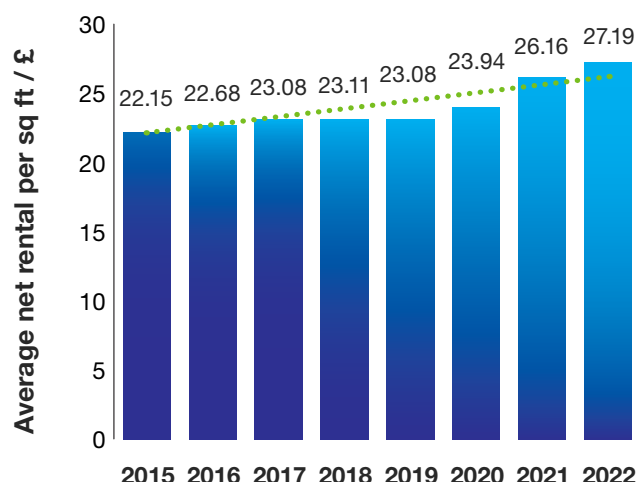
The overall state of the UK economy has had a notable impact on the sector, particularly by the slowing of the housing market attributable to rising interest rates, higher inflation and lower levels of consumer confidence. Whilst these conditions place further strain on consumers, they represent an opportunity for the self-storage sector. Some consumers are opting to rent or are seeking to downsize due to the heightened cost of living. This then translates to increased demand for self-storage, with circa 42% of self-storage users doing so to create more space at home and to store items they have no space for at home (SSA UK). Movement between properties remains a leading cause for using storage so when interest rates settle and activity in the housing market strengthens this is likely to present even greater opportunity to the industry.



Customers awareness of the value proposition of self-storage facilities has improved, with 46.5% of consumers being able to name a self-storage facility, up from 45.3% in 2021. Occupancy rates currently remain stable at 83.3% which is just shy of, what many industry commentators agree is, the optimal rate of 85-90%. The inference is that there remains scope for price increases but the reality is that operators remain cautious on implementing further price increases given the economy. The fact that occupancy has remained consistent with 2021 figures despite a 3.5 million square foot increase in available space illustrates the strength of the market and provides a positive depiction of future demand.

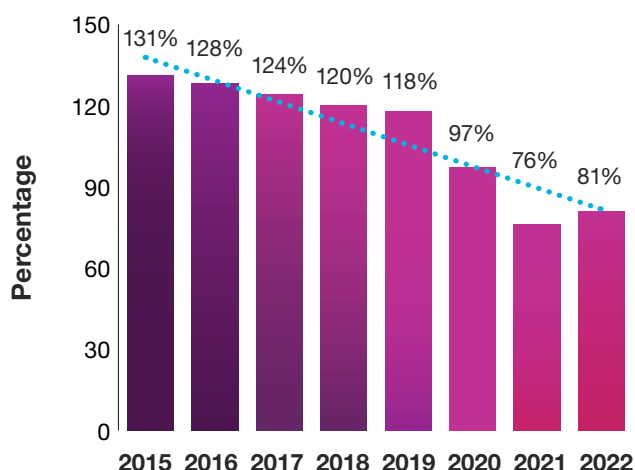
The average price per square foot at present is £27.19 representing an increase of 4% on the prior year average. According to SSA UK, 88% of operators see increased demand as an opportunity to raise rental rates, with 50% of these planning to raise the rental rate by a value greater than inflation which will raise revenue and profitability in the sector.

**Average net rental per square foot**



Churn rates within the industry remain below their pre-pandemic levels with an average of 19% of units not being vacated within 12 months, implying that customers are staying in their units for longer periods of time. At present 32% of consumers have used self-storage facilities previously, down by 9% in 2021, illustrating that more people are turning to self-storage solutions for the first time as awareness for the industry continues to grow.

**Churn rate**



Business customers continue to play a key part within the industry with 18% of all users noting self-storage as a cost-effective business solution. It's estimated that 20% of self-storage business users run the entirety of their business operations from storage sites. Other businesses utilise self-storage as a place to store excess office furnishings enabling the downsizing of premises as a result of increased hybrid-working patterns. Retailers represent a significant proportion of business users. An explosion of e-commerce and online retailers is creating more demand for storage to allow for an increase in stock to fulfil rapid delivery demands. Overall, we expect demand for self-storage from business users to increase in the coming years.

# Supply-side

**2022 saw further expansion of the sector with 181 sites opening, adding an additional 2.3 million square feet of capacity to the industry. This is more than the 3 previous years combined.**

Proximity and access to self-storage remains key to customer demands, as such most new site openings relate to smaller stores in secondary or more rural locations. The increased geographical spread of storage sites is likely to attract new customers as 62% of customers travel less than 15 minutes to access their storage units.

In a similar vein, operators are investing in and opening remotely managed stores, such as SureStore in York which utilises a fully automated no-key access system. Fully automated sites are typically smaller than traditional sites which require larger spaces to generate sufficient revenues to cover staff costs. This is an interesting development in the sector, as larger players strategies were historically focused on the development of 'megastores' to increase profitability. In fact, the latest data suggests that the growth in megastores has plateaued with the number of stores with 65,000 square foot of CLA remaining relatively stable.

Entry to the self-storage market requires a significant amount of capital expenditure to acquire

land, property, fit-out and initial losses. However, the ongoing operating costs are extremely low relative to other industries. Staff costs are typically the largest of all operating costs and are only likely to include one full time and one part time member of staff per site. As such self-storage investors typically yield high returns once a site is mature.

Most operators have been impacted by the 2023 ratable values on business property, with most seeing values raised by 20%, which had a direct impact on business rates paid. Business rates remain a significant proportion of the costs base for operators and directly impacts site EBITDA, a key driver of business valuation.

**It should be noted that in May this year, a rating assessment case in the Birmingham upper lands tribunal gave a ruling on how containers used for self-storage should be rated, resulting in a devaluation from the basis on which most self-storage operators are being charged.**

Cost	%
Staff costs	31%
Rates & taxes	19%
Managing costs	10%
Repair & maintenance	8%
Online marketing	7%
Utilities	5%
Insurance	4%
Merchandise	2%
Other marketing	2%
Other expenses	10%

The self-storage market has seen another record-breaking year with EBITDA across the industry reaching £55.4 million, representing a 3% increase on the prior year.



# Recent merger & acquisition activity in the self-storage space

The self-storage sector remains highly active and retains the attention of a range of institutional investors, with many furthering their interests in the sector in recent years. Key developments include:

**Feb 2022** – H.I.G. Capital acquired a stake in Titan Self-Storage.

**March 2022** – Storage King acquired 4 Storagebase sites in Banbury, Wednesbury, Frome and Amesbury for £59m.

**May 2022** – Shugard acquired single site operator City Store (Camden) for £6m.

**June 2022** – Big Yellow Self-Storage acquired Simply Self-Storage.

**July 2022** – US investor, Cerberus European Investments LLC acquired a portfolio of Store & Secure sites in Bournemouth, Poole and Basingstoke

**August 2022** – Cinch Self Storage acquired PD Self-Storage adding sites in Gillingham, Sittingbourne and Mitcham taking its total number of sites to 12.

**November 2022** – Titan Self-Storage acquired single site operator Easystore Self-Storage (Wales) and plan to add an additional 10,000 sqft of self-storage space.

**December 2022** – Space Station Self Storage announces intent to open 3 Birmingham sites (Castle Bromwich, Hall Green and Stirchley following a £50 million investment from Heitman.

**April 2023** – Stor-Age (South Africa) and Nuveen acquired the 4 property portfolio of UK operator Easystore. The properties are branded and managed by Storage King under its third-party management platform – Management 1st.

**Feb 2022** – Storage King acquired 4 McCarthy Storage World sites in York, Harrogate, Huddersfield and Wakefield.

**April 2022** – Sure Store acquired 4 purpose built sites in Ashton-under-Lyne, Burton-upon-Trent, Manchester and Wigan.

**May 2022** – Store-Away received £16m in development capital from Redevco, Legal & General and Nash Business Capital to open 4 new sites in Birmingham, Bath, Cheltenham and Basildon.

**July 2022** – U Store It, operator of 6 sites in Ireland and Northern Ireland receives investment from Heitman.

**August 2022** – Store-Away received a further £5.2m in development capital from Nash Business Capital.

**November 2022** – Willow AssetCo (a joint venture of Ducalian Capital and H.I.G) trading under the Titan brand acquired single site operator Metro Self-Storage.

**April 2023** – Space Station add Banbury site to its portfolio.

**May 2023** – Quick Self-Storage acquired Prime Self-Storage (Liverpool), adding a third site to its portfolio.

**June 2023** – An Investor syndicate comprised of funds advised by Davidson Kempner Capital Management LP and Pithos Capital has acquired UK Storage Co. Ltd., which operates 28 freehold and leasehold self-storage facilities across the UK.



# Future of the industry

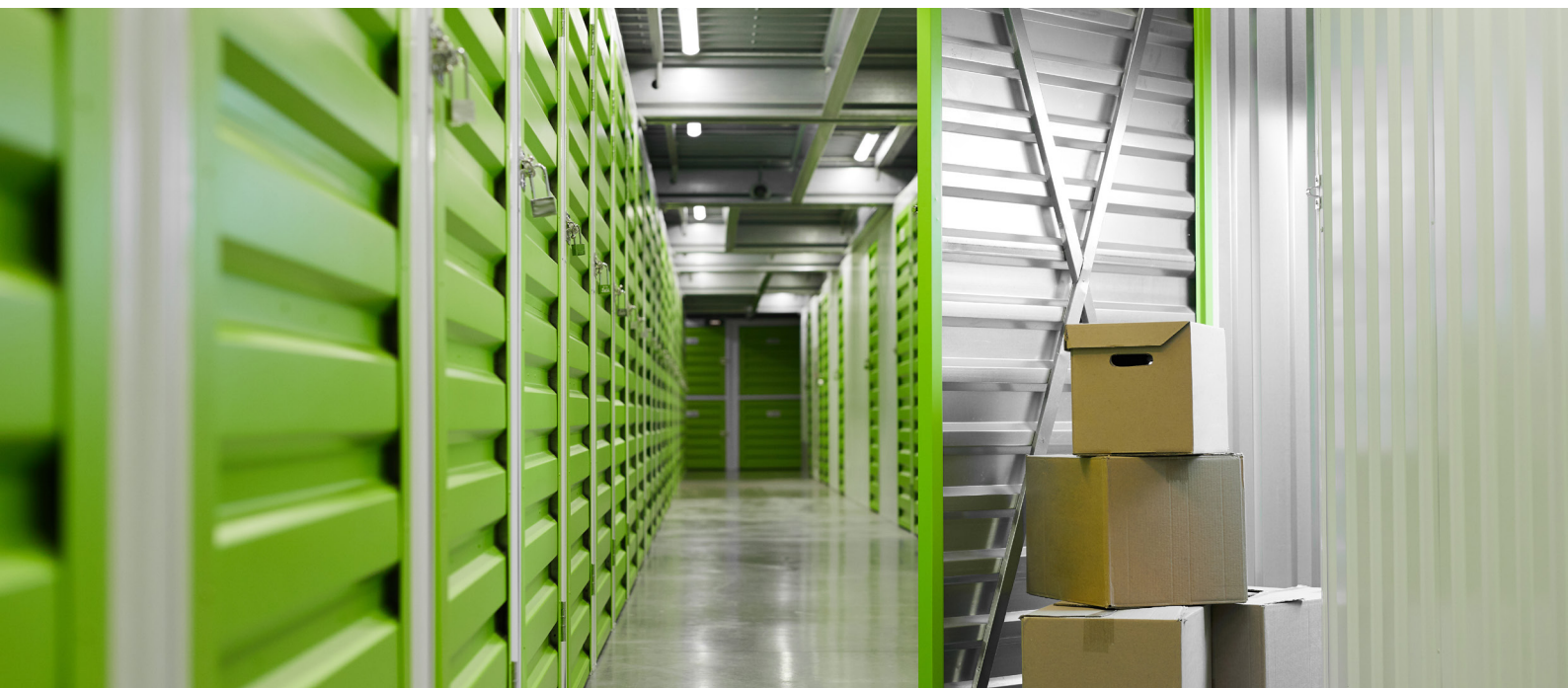
The outlook for self-storage remains positive, with the World Bank predicting that the underlying drivers of inflation will be resolved as the year progresses. Activity within the sector is likely to be bolstered with only 22% of firms anticipating the heightened cost of debt and inflation impacting the development of their business. Operators are focusing on maximising profitability via careful management of pricing, occupancy and cost management.

Overseas and domestic investors are increasingly looking to invest in the UK self-storage industry, evidenced by Moorfield and Peloton Real Estate partnering to create the venture which expects to put together an initial £100m portfolio within the UK.

There is an increasing focus on environmental and social governance (ESG) and higher expectations of operator standards. Consumers are becoming more conscious of their environmental impact, with raised awareness of the significance of carbon footprints and other environmental metrics which are expected to become key in determining which provider to use in future. Whilst the industry generally has a lower environmental impact than traditional real-estate, due to lower energy consumption and fewer on-

site personnel, several self-storage operators are leaning into sustainability with 38% of European operators employing LED lighting and 22% having passive infrared detection to help limit energy waste. Although a consumer concern, the move to ESG is largely driven by investor requirements within the sector, with many funds tied to ESG and sustainability initiatives. We are also seeing corporate acquirers considering the impact of ESG when assessing acquisition targets, favouring those who are already making sustainable improvements.

The self-storage market remains highly fragmented, with many single site operators throughout the UK. Major players remain acquisitive but are increasingly turning to the development of high-quality, purpose-built sites to achieve growth. This is providing a huge opportunity for privately held and multi-site operators to grow through the acquisition of smaller or single site operators. There remains strong appetite from investors and debt providers to deploy capital into the sector, which will continue to underpin M&A activity. It is highly encouraging that 78% of operators are continuing as planned with their business development and expansion regardless of the increased cost of debt. This, coupled with fewer opportunities on the market, may drive up transaction values in the short-term due to more competition for assets.



# About PKF Corporate Finance

**At PKF Corporate Finance we specialise in providing advice to support clients on buying and selling businesses as well as accessing the debt and equity markets to support business growth.**

Our dedicated team of corporate finance specialists complete c150 deals a year and are recognised as one of the most active advisers in the UK, completing more deals than the 'Big 4' (PwC, Deloitte, KPMG and EY) in 2022.

Through PKF International, we have boots on the ground in over 150 countries, meaning we are able to access international investors and acquirers.

We deliver practical, commercially-viable advice with positivity and tenacity. We strive to deliver exceptional service, irrespective of the size of deal, by building close relationships with clients, keeping them well-informed and guiding them through complex transactions.

Highly-skilled and formally recognised, our specialist teams work alongside clients to gain a deep understanding of their businesses and objectives to deliver world class solutions meeting those objectives.



## Self-storage expertise

As a valued member of the SSA UK, our team supports owners, operators and investors in the self-storage industry in three main ways:

### Advising owners on the sale of their self-storage business

- Providing business valuation analysis based on multiples paid in the sector
- Benchmarking operational data to assess your relative performance against peers
- Designing bespoke sales process based on shareholders objectives
- Accessing investors, corporate acquirers and purchasers
- Negotiating of the structure of the deal and key commercial terms
- Project managing the sales process, including key stakeholders such as purchaser/investor, corporate lawyers, conveyancing solicitors, funding partners, surveyors and due diligence providers
- Our specialist tax teams can also support on structuring deals to optimise shareholder proceeds based on shareholder objectives

### Advising clients on acquiring self-storage businesses

- Working with you to define your acquisition strategy
- Creating a market map of potential acquisition targets based on the defined strategy
- Unlocking off-market opportunities
- Providing valuation advice on acquisition targets
- Accessing debt providers or investors to support the acquisition
- Negotiating the structure of the deal and key commercial terms
- Project managing of the acquisition and due diligence process

### Advising clients on accessing debt or investment to fuel growth

- Working with you to determine your business and personal objectives
- Providing strategic options and analysis for consideration
- Designing a bespoke process to access the appropriate debt, equity or alternative providers
- Supporting on the creation of business plans to support the investment/credit case
- Negotiating term sheets / investor agreements
- Project managing the credit / investment process



#### Darren Hodson

Corporate Finance Partner  
darren.hodson@pkfsmithcooper.com  
Birmingham | 07789745822



#### Tom Joy

Corporate Finance Senior Manager  
tom.joy@pkfsmithcooper.com  
Birmingham | 07809658233



#### Josh Gurton

Corporate Finance Senior Executive  
joshua.gurton@pkfsmithcooper.com  
Birmingham | 07736949505



#### Lauryn Mayson

Corporate Finance Executive  
lauryn.mayson@pkfsmithcooper.com  
Birmingham | 07719960931

## Birmingham office

158 Edmund Street, Birmingham, B3 2HB | 0121 236 6789



right people  
right size  
right solutions

#### SOURCES:

**Self-Storage Annual Report (SSA UK, 2022)** Available at: <https://www.ssauk.com/publications/uk-annual-industry-report-2023.html>

**Self Storage Industry Statistics (Neighbor, 2022)** Available at: [www.neighbor.com/storage-blog/self-storage-industry-statistics](http://www.neighbor.com/storage-blog/self-storage-industry-statistics)

**Self Storage Industry Trends (StorageCafe, 2023)** Available at: [www.storagecafe.com/Self-Storage-industry-statistics](http://www.storagecafe.com/Self-Storage-industry-statistics)

**Emerging From Pandemic Lockdown: The State of the Australia Self-Storage Industry (Inside Self-Storage, 2022)**  
Available at: [www.insideselfstorage.com/australasia/emerging-pandemic-lockdown-state-australia-Self-Storage-industry](http://www.insideselfstorage.com/australasia/emerging-pandemic-lockdown-state-australia-Self-Storage-industry)

**UK Self Storage Industry to Exceed £1 Billion Annual Turnover in 2023 (Cushman & Wakefield 2023)** Available at: [www.cushmanwakefield.com/en/united-kingdom/news/2023/05/uk-Self-Storage-industry-to-exceed-1-billion-annual-turnover-in-2023](http://www.cushmanwakefield.com/en/united-kingdom/news/2023/05/uk-Self-Storage-industry-to-exceed-1-billion-annual-turnover-in-2023)

**Europe Self-Storage Market Size (Mordor Intelligence 2023)** Available at: [www.mordorintelligence.com/industry-reports/europe-Self-Storage-market/market-size](http://www.mordorintelligence.com/industry-reports/europe-Self-Storage-market/market-size)

**The Most Surprising Self Storage Statistics And Trends in 2023 (Gitnux, 2023)** Available at: [blog.gitnux.com/Self-Storage-statistics](http://blog.gitnux.com/Self-Storage-statistics)

**MergerMarket**

**MarketIQ**

**PKF Analysis**

**PKF**

03333 446306

[www.pkfsmithcooper.com](http://www.pkfsmithcooper.com)

**IMPORTANT DISCLAIMER:** This publication has been distributed on the express terms and understanding that the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication. The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

Accordingly no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisers, and ensuring that such advice specifically relates to their particular circumstances.

PKF Smith Cooper is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.