October 2024

FEDESSA

European Self Storage Industry Report 2024

REPORT

CBRE Research and FEDESSA

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01

Executive Summary and Methodology

Executive Summary

As with most industries, the past 12 months has presented challenges to the self storage industry. Financial pressures for customers have led to a decrease in enquiries. This, combined with increasing business and development costs, has caused profits to soften, whereas in previous years they were increasing strongly. Many markets saw a drop in occupancy, with the European average down just over one percentage point to 78.7%. Rental returns per sq m were more mixed and did drop in some markets, possibly caused by a focus on increased occupancy over returns, but overall, the European average increased 2% to €296.53 per sq m/annum excluding VAT.

The results in this year's report are more typical of the pre-COVID results, indicating that the pandemic boost for self storage has subsided, and typical seasonal trading has returned. Despite these challenges, the industry continues to perform well with strong levels of revenue and EBITDA growth amidst a backdrop of long-term market growth, on both the demand and supply sides.

Operators are optimistic that conditions will improve as inflation eases and the major European elections are completed. There remains a strong pipeline for new stores, particularly in the Northwestern European countries. There is also an increase in small micro stores spreading out from Austria and Germany. These stores not only bring self storage closer to where customers live, but also increase industry exposure to the general public. The industry would benefit from increased public awareness and understanding of self storage as less than a third of people understand self storage in most markets. Despite this, demand remains strong for the product, with around twice as many considering using self storage than currently using it. In some respects, the growth of the industry is being limited by the availability of suitable properties to develop rather than lack of demand for the product.

Investor appetite remains strong. We have seen year-on-year increases in capital deployed since 2020 and a wide range of investor types seeking exposure to the self storage segment. Some significant sales this year, such as Lok'nStore in the UK, have demonstrated that portfolios with quality product continue to earn attractive sale prices.

There has been increased investment in existing stores in response to technological changes and sustainability improvements. Traditionally, there has been little capital improvement required on a self storage store. However, with new technology such as electronic locks, advanced monitored security systems and access control, some operators are modernising their stores. Simple PIN access systems are being replaced with two-factor authentication through mobile devices to provide more security for customer goods. Other changes such as LED lighting and the installation of solar power generation are lowering energy costs and improving ESG credentials for businesses.

Methodology

Survey	Report	Operator	Public
The 13th annual survey conducted by the Federation of European Self Storage Associations (FEDESSA) continues its co-production with CBRE for a third year.	The report analyses demand and supply trends as well as operational performance across Europe's self storage market. The findings are informed by the results from the industry survey of FEDESSA members and a public survey carried out over the last three years which provides insight into the public perception of self storage.	The operator survey summarises the key results from surveying 129 self storage operators across continental Europe. Respondents represented 1,816 stores from 17 countries, approximately a quarter of Europe's self storage market by number of stores. All operators surveyed were certified members of FEDESSA at the time of the survey. The operator survey was completed from May to June 2024, based on data in the year up to 31 March 2024. The survey questions targeted operators from continental Europe, where applicable. The UK data was provided by the SSA UK, which conducted a separate survey.	The 2024 public survey results consist of a total sample size of 5,056 adults (aged 18+), comprising 2,026 respondents from France, 1,015 from Denmark, 1,013 from Austria, and 1,002 from Ireland. The survey was completed between 21 – 24 May 2024 using an online interview administered to members of the YouGov Plc panel of 2.5 million individuals. The figures have been weighted and are representative of all adults across the survey area (aged 18+).

*Note: Some percentages will not add to 100% due to rounding. The figures have been given an even weighting for each country to produce an 'average' value. In some cases, methodology used when calculating weighted averages has changed from previous years. Where this is the case, the previous year has been recalculated with the same weighting for comparison. Results are based on a sample and are therefore subject to statistical errors normally associated with sample-based information.

02

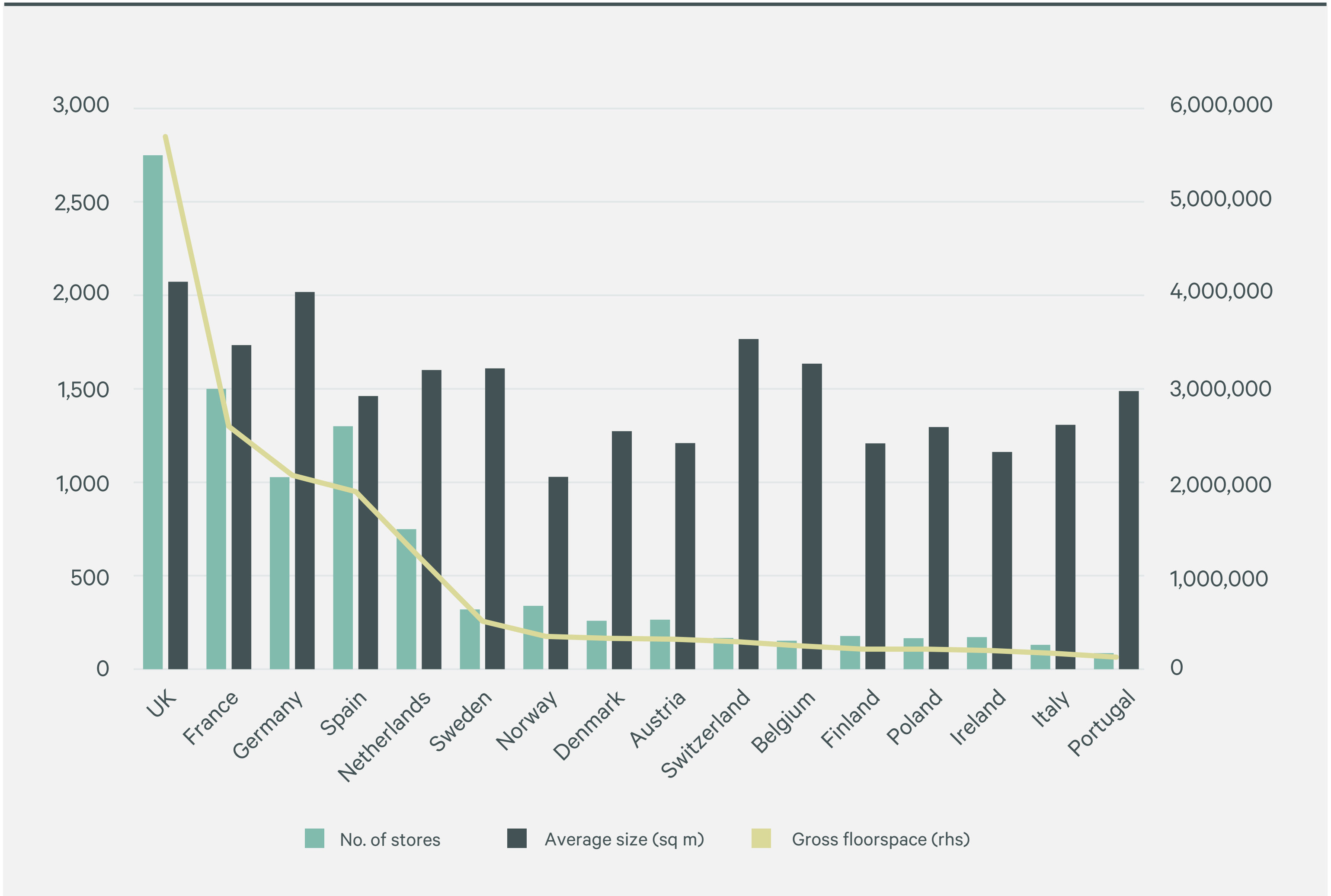
Industry Supply

02

Market supply

Europe's self storage market has 9,575 stores in operation, totalling 16.5 million sq m in gross area.

The leading four markets account for 68% of Europe's total number of stores. The top four countries in terms of market share remains unchanged from previous years. The UK continues to dominate with 34.6% market share, followed by France (15.8%), Germany (12.6%), and Spain (11.6%).



Source: CBRE Research and FEDESSA

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Market supply continued

Sq m

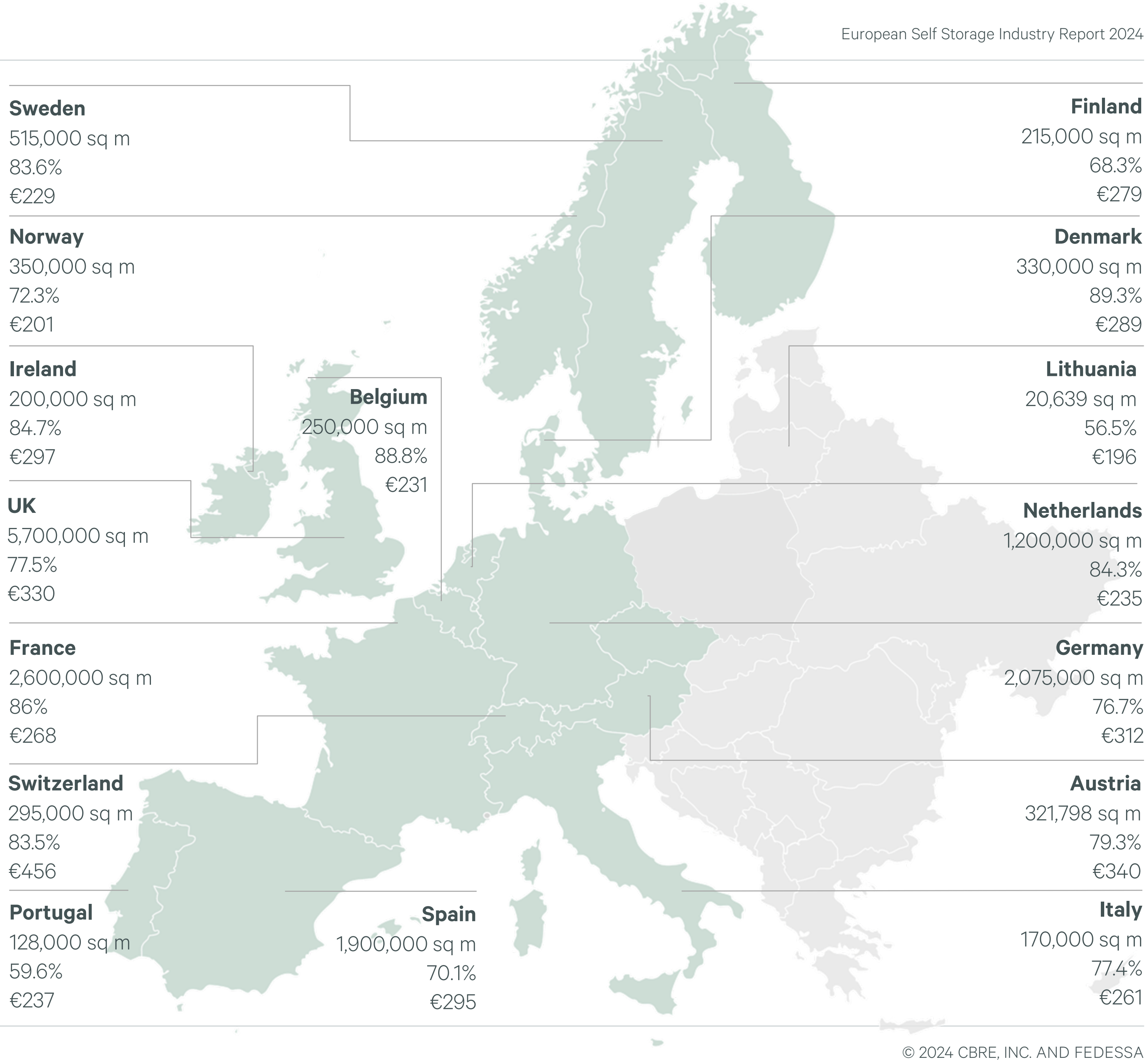
Total floorspace

%

Average store occupancy

€

Average annual net rental rates per sq m/annum exclusive of VAT



03

Investment Market

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Investment overview

Relative to 2023, 2024 (YTD) has seen a strong uptick in self storage deal making, supported by an improving global macroeconomic environment, a strengthening narrative on ECB rate unwinding, and a continued re-allocation of capital into operational real estate sectors.

As a consequence, we have continued to see improved liquidity across debt markets and a widened buyer pool looking to redeploy into equity strategies in the self storage sector (relative to debt). Whilst the majority of capital looking to deploy continues to target value-add return hurdles, we now also see growing interest from core+ capital seeking access via longer term, evergreen fund structures, some of which are focused on self storage. These new fund structures will provide access to longer term capital, which often requires a financial general partner with specific sector expertise.

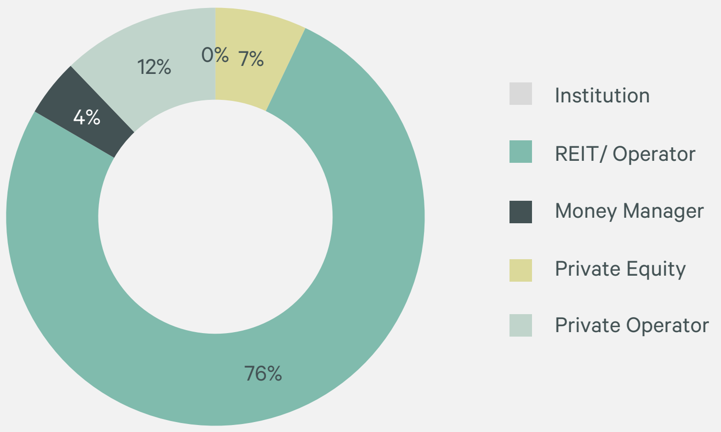
In addition, the strengthening macro environment has meant that whilst we have seen a more differentiated trading environment for self storage operators, there has been a re-alignment of vendor / purchaser expectations with transactions closing in an increasingly normalised timeframe. Year-to-date transaction volumes are €875M, 3x higher than YTD numbers from the 2023 FEDESSA Survey and only -12% on full year 2023 transaction volumes. A major contribution to transaction volumes YTD has been the ongoing strategic M&A from the listed REITs who have actively targeted dominant private and listed operators as they continue to execute on their long-term expansion plans. Most encouragingly, there is a further €546m of advanced transactions expected to close in 2024, which if the majority close would mean the fifth year of record transactional volumes in the sector.

Major deals that have closed comprised Shurgard's strategic acquisitions of Pickens, Prime Storage and Top Box in Germany, and the public to public acquisition of Lok'nStore in the UK. Other notable deals include Ardian's entrance into the French market via the acquisition of CoStockage and Self-Storage Rentals of America's (SROA Capital) entrance to the European market via the majority recapitalisation of Kangaroo Self Storage in the UK.

Hines also entered the self storage market with the acquisition of Kent Space in the UK to be operated by Storage King. There remains a dearth of evidence involving high quality, purpose built, mature stores in major European cities, but where these do trade EV/ (in-place) EBITDA multiples remain at between 20-21x.

That said, there are multiple examples where pricing has been achieved ahead of this level, reflecting a corporate platform premium where the acquisition results in major cost synergies or where the incumbent management team are viewed as institutionally investible. But there are other reasons too, including the continued expected growth in rental rates, improving customer awareness, fragmented market dynamics, and continued operational resilience of the self storage sector as a whole.

2024 EU Self Storage Investment Volumes by Buyer Type (€M)



Source: CBRE Research

03

Investment outlook

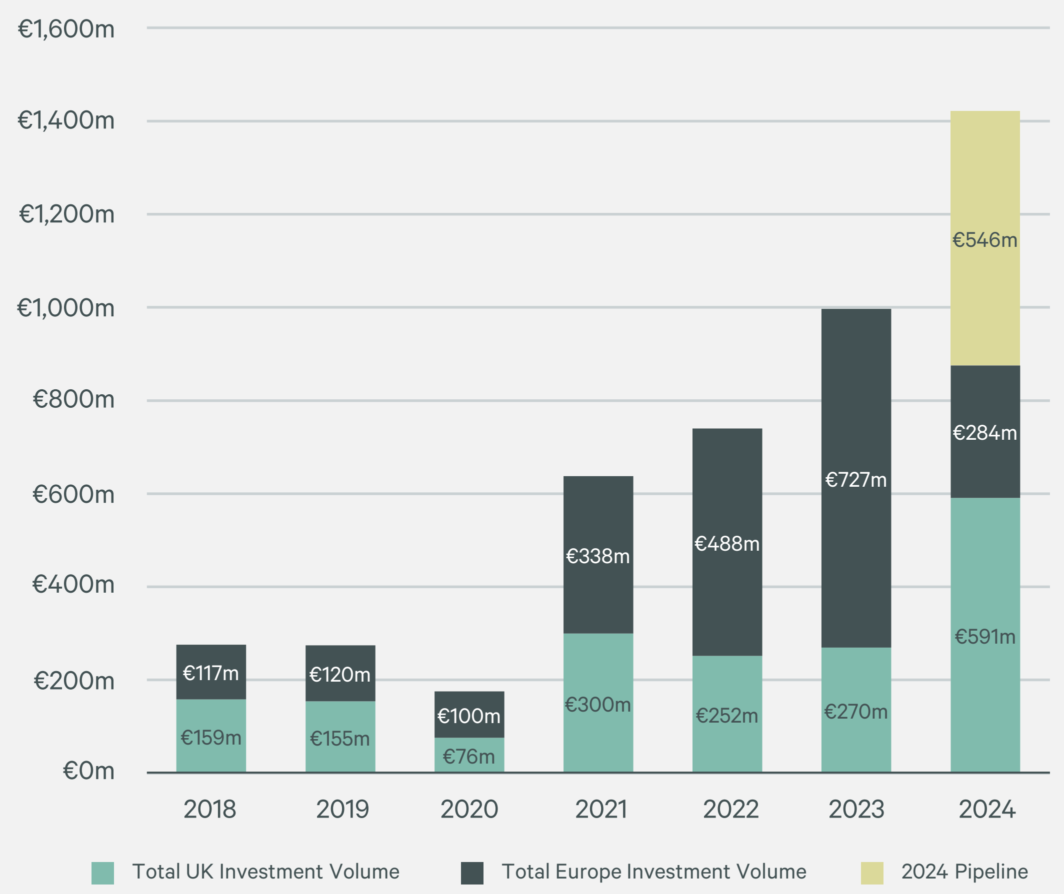
We expect to see multiple interest rate cuts priced in before year end and into Q1 2025 in an effort to stimulate GDP growth via consumer and business spending.

This will continue to invigorate an otherwise flatter operational trading environment and reverse pressure on construction costs, which has factored into senior investor decision-making when contemplating M&A. We expect to see a continued targeting of the sector from a broader capital pool, but with an increasing desire to create core and core+ evergreen investment vehicles, either fully or, in part, weighted to self storage. The continued unwinding of traditional property sectors including office and retail will continue to provide a strong pipeline for expanding platforms and encourage investors that management business plans are actionable in M&A processes.

The ongoing war in Ukraine and political shifts in a significant proportion of the global population in 2024/25 will inevitably influence the investor landscape. This will likely impact the target profile, type of investor, return profile, and overall transaction volumes.

In terms of forecast year end investment volumes, we expect to see another record year, with volumes heavily impacted by one to two confidential M&A processes, still expected to close by year end. We continue to track €1.5 to €2bn of live pipeline transactions which, if closed, would result in a further significant increase in transaction volumes in 2025.

Total EU Self Storage Investment Volumes (€m) 2018-2024 (Pipeline)



Source: CBRE Research

04

Industry Awareness and Understanding

04

Opportunity to increase awareness

The survey asked people how well they know self storage to determine general awareness of the product.

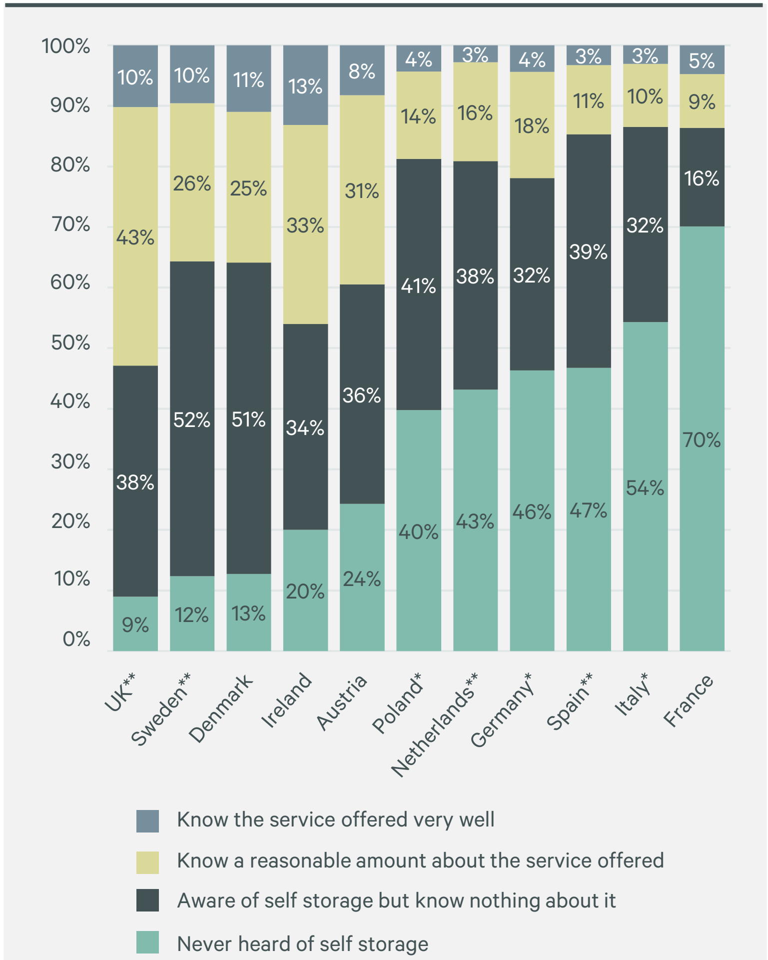
The survey is completed annually in the UK and data from other European countries has been collected from surveys over the last three years. Across markets, public awareness remains low. Taking the average of responses from all surveys, 37% of the public have not heard of self storage, and a further 35% have heard of self storage but said they know nothing about the sector, nor the services offered.

There are variances across countries. More mature markets like the UK and Sweden have higher awareness, which would be expected, given they have a larger number of stores and customers. However, the Netherlands, despite being one of the oldest markets in Europe with a high density of storage, displays less awareness than Poland, a developing market with a significant proportion of container operators. Similarly, France is another large and mature market but has low awareness. Variations in awareness are likely influenced by marketing campaigns from local operators.

For example, Less Mess in Poland conducts extensive billboard and general advertising campaigns on why people should use self storage. These are less prevalent in the Netherlands, where operators use more PPC and online advertising to target people already looking for self storage.

France has a very high concentration of stores in Paris, which could explain overall low awareness because people outside of Paris have had less exposure to the product; for example, awareness in Paris is 22%, compared to 12% in other regions. Awareness tends to be 10% higher in the capital cities. Denmark is the exception, where awareness across the country is similar, despite the concentration of stores being in the Copenhagen area, where the bulk of the population resides.

There remains an untapped market of people unaware of the potential benefits of self storage in all locations. More promotion of the industry using public marketing campaigns or online campaigns which target those not currently considering self storage could improve awareness.



*Results from 2023 Public Survey
**Results from 2022 Public Survey

Source: YouGov public survey, on behalf of CBRE Research and FEDESSA

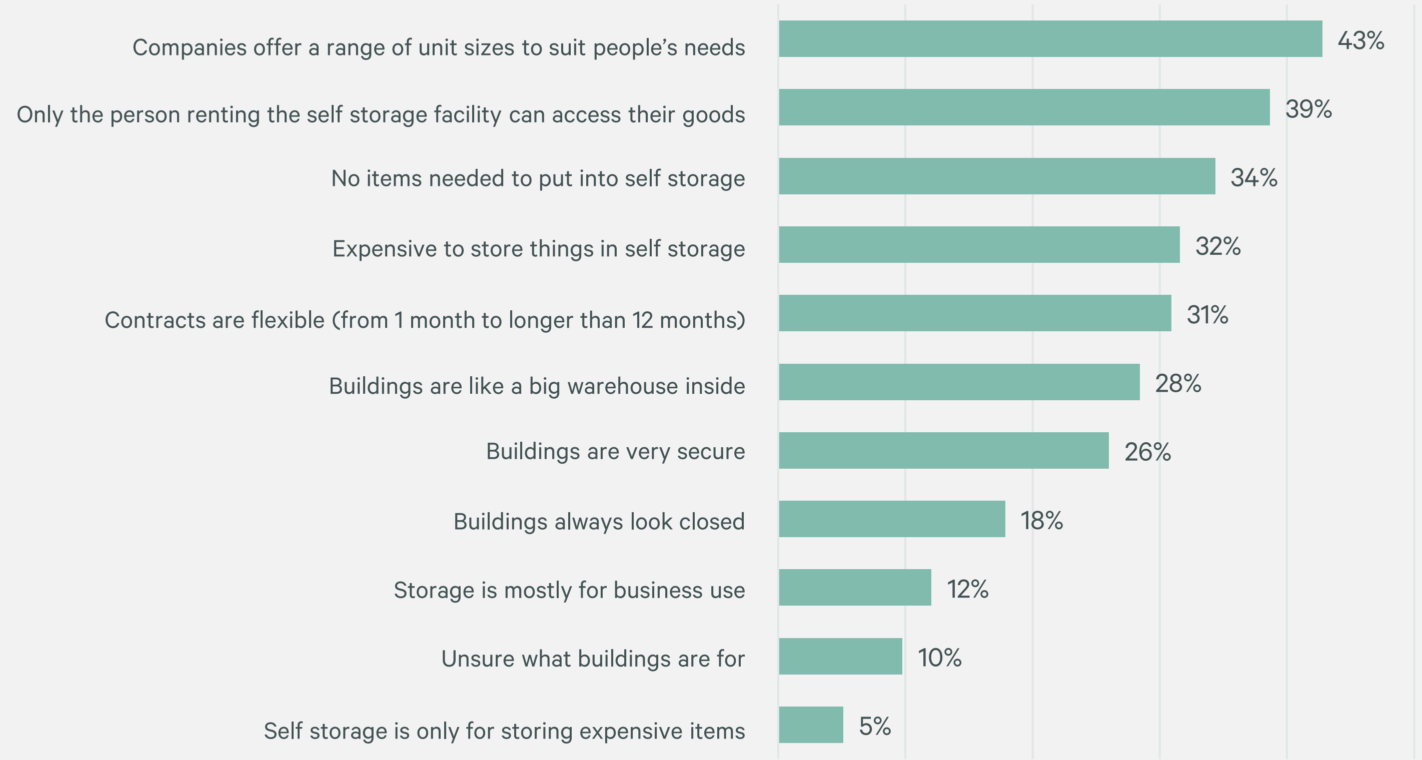
04

Public lacking knowledge

Respondents were asked if they agreed with a series of statements relating to self storage services to determine their understanding of self storage.

It is evident that there is a misunderstanding among some individuals who believe they have a good understanding of the product. Key aspects such as private access to units and flexible contracts are not widely understood. It is promising that the most agreed with statement was that companies offer a range of unit sizes to suit people's needs. Still, this was only 43% of respondents, and 32% believe self storage is expensive.

Furthermore, only one in four respondents thought that self storage buildings are very secure, which could be preventing use, especially if customers are considering storing valuable or sentimental items. This belief was particularly prominent among 18-34 year olds, although this age cohort reported that they have little need for self storage, so they possibly have not researched the industry at all.



Source: YouGov public survey, on behalf of CBRE Research and FEDESSA

04

In recent years, self storage operators have been increasingly investing in security as technology has improved and become more affordable. This includes monitoring systems and artificial intelligence (AI) being used to flag suspicious behaviour and increased CCTV and individual unit monitoring. Many operators are also using two-factor authentication to access the store and zoned access to limit customers' movements in the building. Given the lack of understanding on security, operators should be reinforcing their innovative security measures when promoting the product. A lack of understanding and awareness among the general public shows that there is potential growth for demand. Self storage is a needs-based service, however, there are likely to be people that have a need for self storage that are not considering it as they do not understand how it could benefit them.

Reservations differ by age group

Source: YouGov public survey, on behalf of CBRE Research and FEDESSA

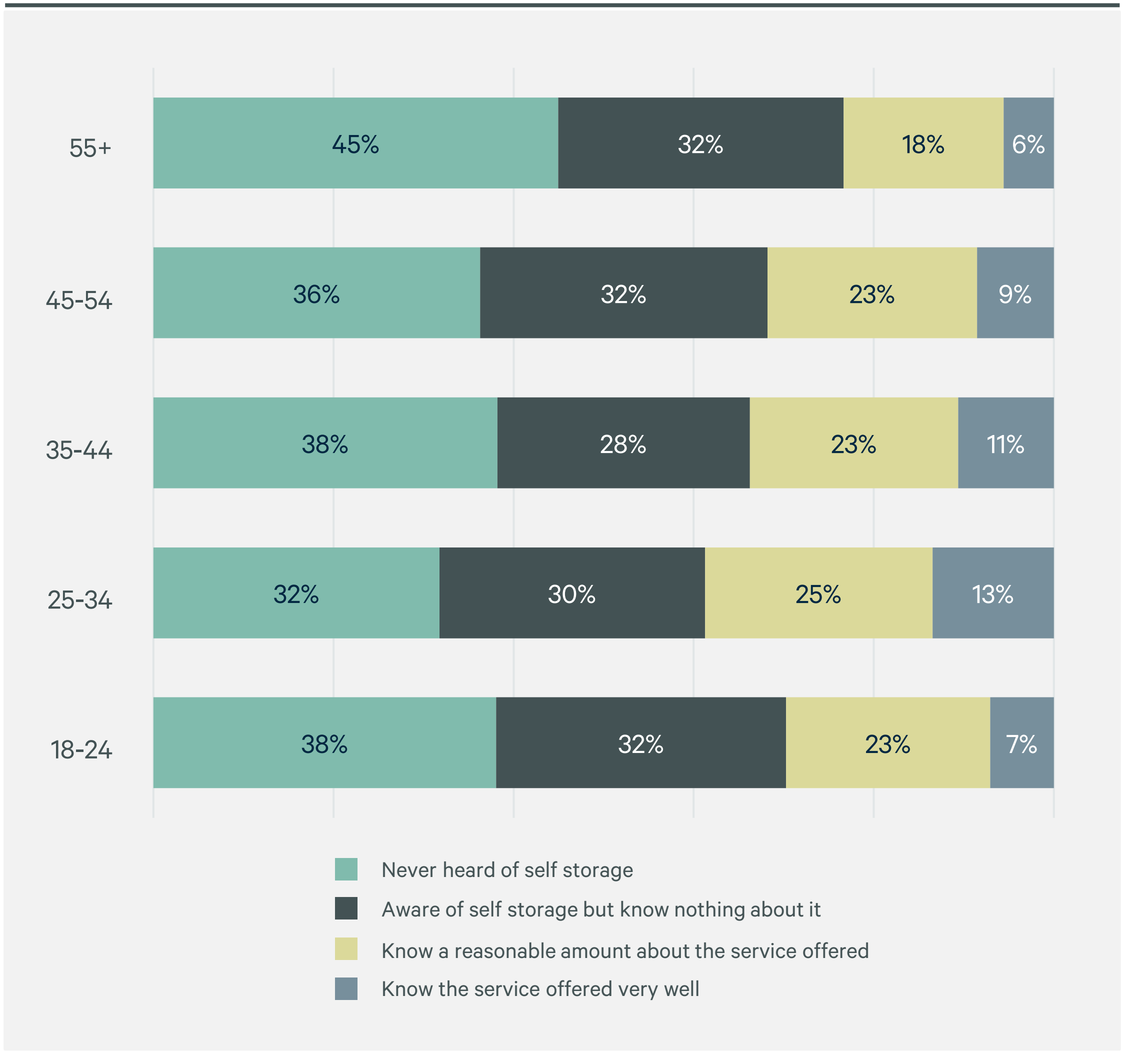
04

Awareness differs across age groups

Self storage is largely a needs-based service; people aged under 25 are less likely to use the service as they have not yet amassed the number of possessions typically placed into storage, nor do they have the disposable income to use the service. They are also less likely to have experienced the life-changing moments that lead people to self storage such as births, divorce and death in the family.

There are some differences between countries. 18-24 year olds in Austria know more about the services offered than other countries. Austria has seen a growth in more accessible, local self storage facilities in central locations, often repurposing underutilised retail spaces. These facilities provide flexibility for individuals; they increase exposure to all demographics by putting multiple small stores in places frequented by the public. They also attract more lifestyle customers using the storage rooms as an extension of their house, due to their close proximity to residential developments.

If operators are able to target potential customers under 40, it is likely that this cohort will be returning customers as they experience more of the life-changing moments that require extra space in their lives.



Source: YouGov public survey, on behalf of CBRE Research and FEDESSA

04

Brand awareness varies

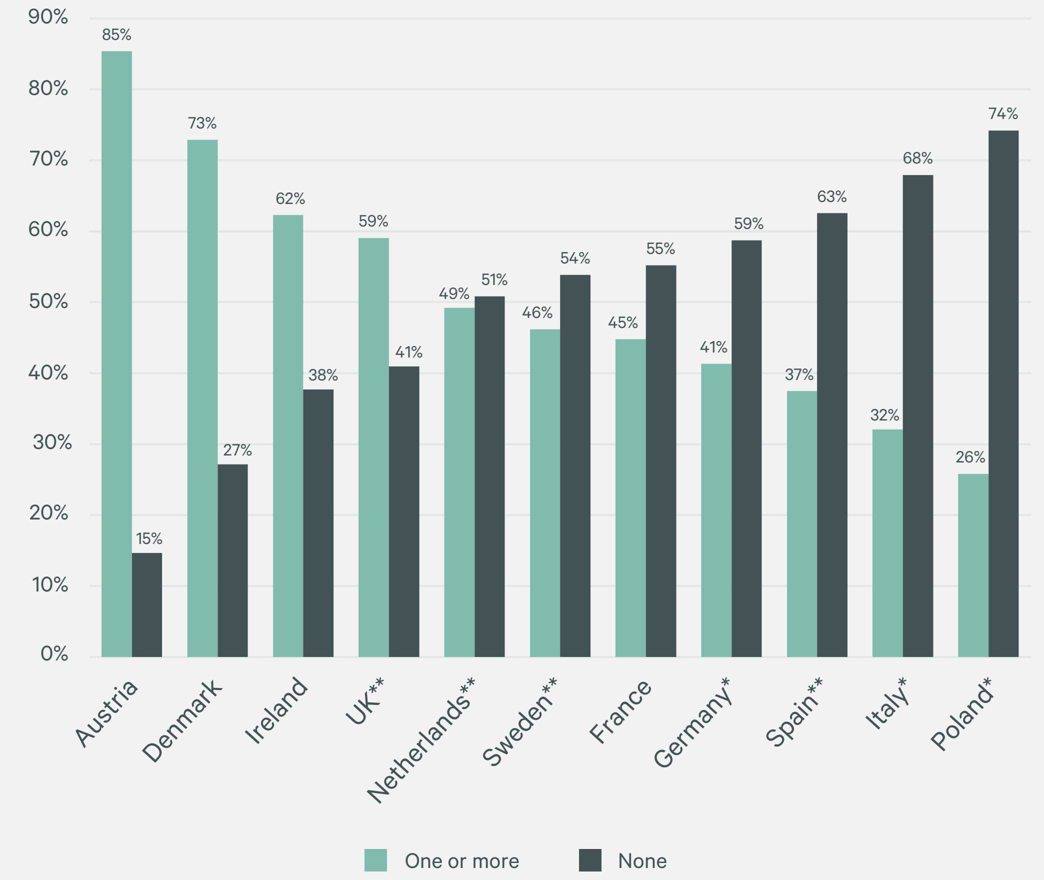
Brand awareness was particularly high in Austria, where 85% of respondents could name at least one business. This is likely a result of Austria having a large number of smaller stores across the country, increasing public exposure. It is interesting that larger markets like the UK, France, and Spain have lower brand awareness than smaller markets such as Ireland and Denmark. The location of stores plays an important role in driving brand awareness, with highly visible stores on major roads or transport routes increasing exposure. In open-ended answers, respondents also credited their workplace and brochures as a source of awareness.

In the years we have run this survey, misconceptions around self storage brands have been prevalent, with big-name tech companies incorrectly named as self storage operators, along with package-delivery companies, and even Ikea.

Self storage brands may be at a disadvantage in non-English speaking countries, as self storage often does not translate well. Therefore, there can be inconsistencies in how self storage companies are known in local languages. In France, some operators use the term ‘self stockage’, a hybrid of English and the French word for storage. While others use ‘boxes à louer’, which roughly translates to boxes for rent.

Being able to name a brand does not necessarily translate into an understanding of the brand. Customers are unlikely to travel significant distances for a specific brand but rather choose a store on the basis of proximity and cost. Therefore, perhaps operators should focus on improving awareness of self storage in general.

Number of businesses participants can name in their local area



*Results from 2023 Public Survey
**Results from 2022 Public Survey

Source: YouGov public survey, on behalf of CBRE Research and FEDESSA

04

Store visibility increases awareness

Visibility of stores accounts for the greatest awareness of self storage (35%). In Denmark, this increases, with nearly half (47%) of respondents made aware of the industry through stores in their area.

In open-ended responses, Danish respondents confirmed that operators are located in their towns and well known by residents. Operators were also seen sponsoring events which were not specifically referenced in the question. Despite the surge in digital advertising across multiple platforms such as YouTube, traditional methods like billboards, word of mouth, and physical branding continue to be the most effective for self storage marketing. Approximately 24% of respondents heard about facilities through friends or family, which demonstrates the power of word of mouth.

If operators are able to complement physical branding with broader product-based digital advertising, the sector has the opportunity to tap into a wide range of demographics. Digital marketing could be particularly beneficial for younger generations to counter misconceptions such as 'buildings always looking closed'. The 18-24 year old cohort were the only group where social media was the most common source of awareness, and in Ireland, 18-34 year olds would more often make a self storage enquiry via social media.

Percentage made aware of self storage by source

35%
Directly visible on the road

31%
Passed it on a journey

24%
Friend or family

19%
Outdoor advertising

17%
Social media

13%
Online advertising

11%
Advertising on TV

11%
Advertising in a local paper

8%
Advertising on radio

5%
Other

Source: YouGov public survey, on behalf of CBRE Research and FEDESSA

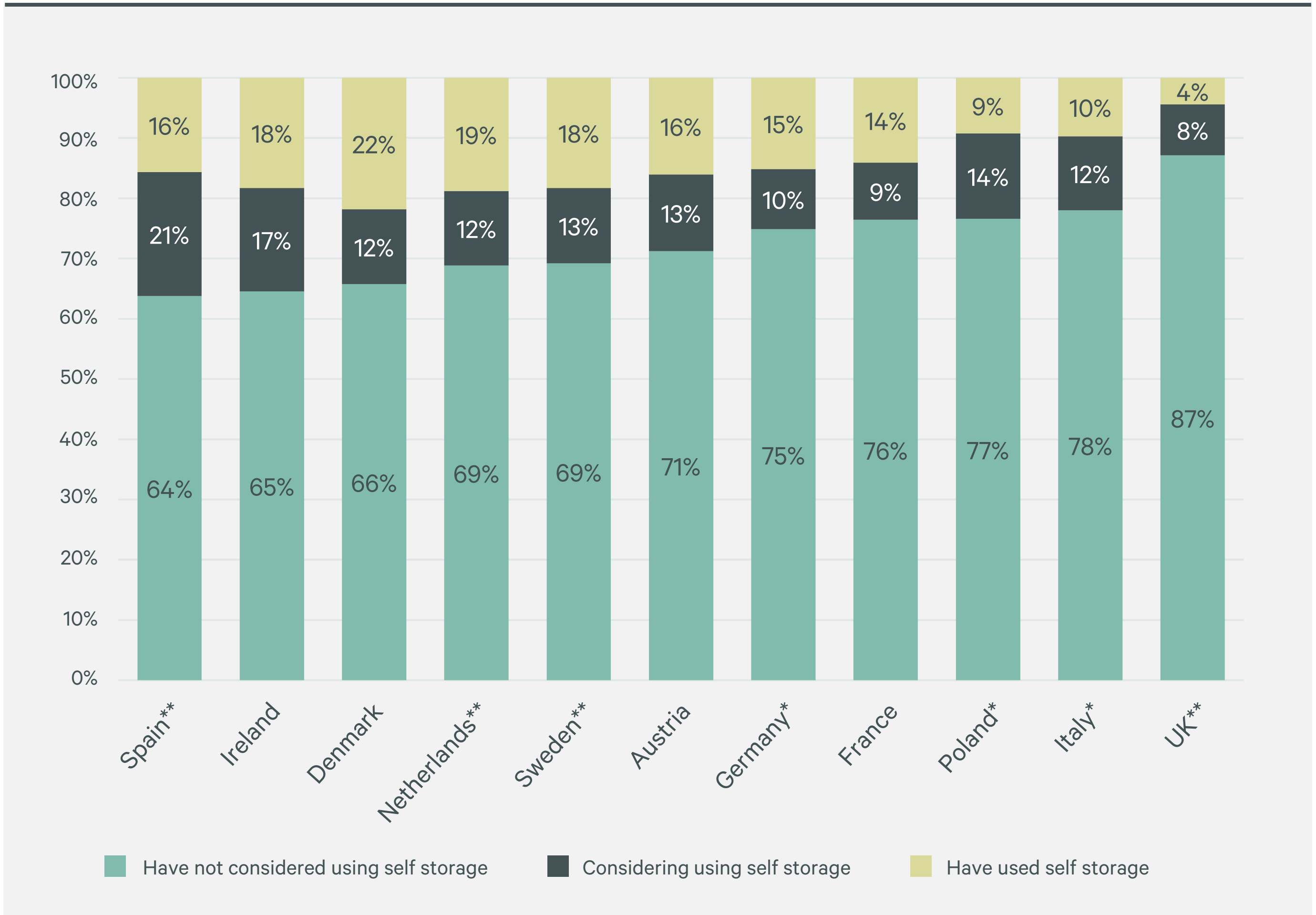
04

Intention to use not being realised

Ireland and Denmark lead in 2024 in terms of experience with self storage and intention to use. Approximately 17% of Irish respondents state they would consider using self storage, probably reflecting Ireland's exceptionally tight residential market.

The competitive housing sector across Europe's capital cities has also led to a larger share of respondents in capital cities considering using self storage, with Dublin (18%) showing the most momentum. While growing momentum across the industry is positive news, the challenge remains whether there will be enough space to accommodate demand. And, more importantly, even in high 'intention to use' countries, nearly two-thirds have not considered using it at all.

There has also remained a significant difference between the people considering using self storage to those using it. It would be beneficial for the industry to understand why these people never end up using self storage and what, if any, other options they end up using.



*Results from 2023 Public Survey
**Results from 2022 Public Survey

Source: YouGov public survey, on behalf of CBRE Research and FEDESSA

05

Income Metrics

05

Occupancy rates increase in most markets

Average occupancy across Europe fell from 79.9% in 2023 to 78.7% in 2024 when weighted by the overall size of the market.

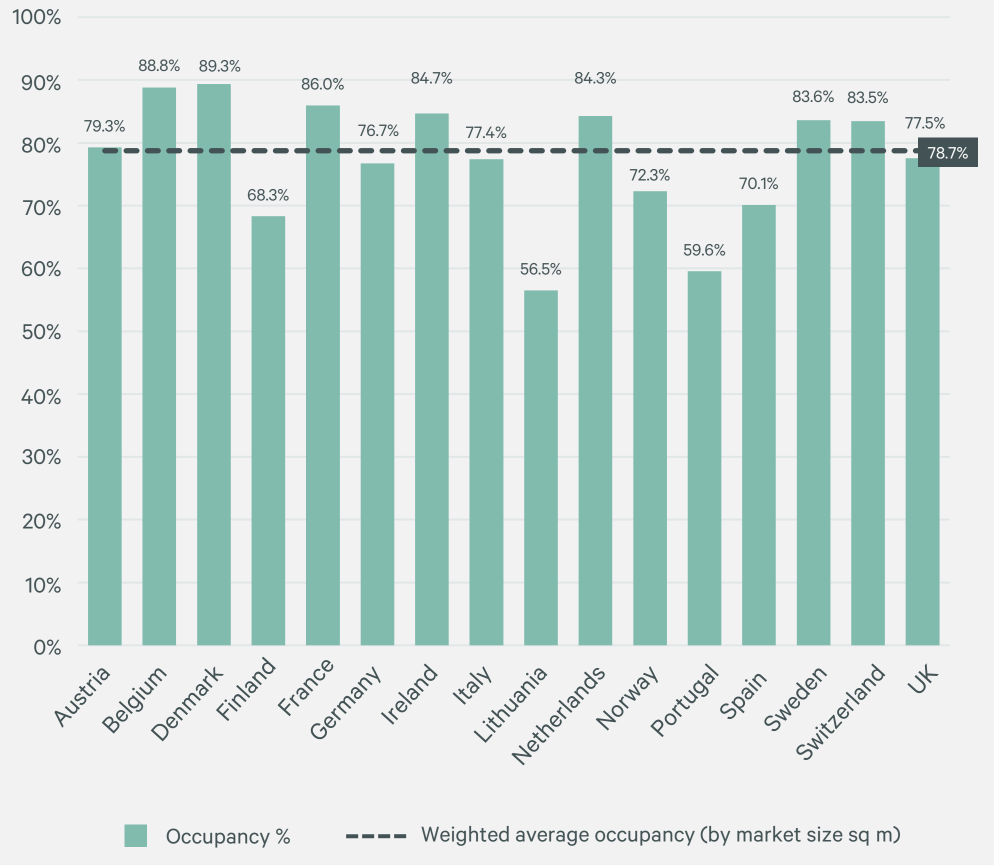
The UK saw a drop of 2.5 percentage points, which as the largest market, impacts the result. The UK, Spain, Norway, Austria, and Switzerland all witnessed declines in occupancy since 2023. Other markets such as Ireland saw increases of over 10 percentage points and Germany and France also saw healthy increases.

The occupancy rates factored in responses from all stores that responded to the survey, including those newly opened or expanded, which typically have lower occupancy. This accounts for the lower occupancy rates in developing markets like Portugal and Lithuania, where a higher percentage of stores are in the expansion phase.

For a mature store, the optimum occupancy rate in Europe is typically c.85% - 90% (depending on store size), enabling product availability and income maximisation. Operators are progressively adopting dynamic pricing models, thereby escalating prices as occupancy increases to optimise yield and maintain product availability for higher paying customers.

Stores operating at close to 100% capacity are typically not optimising rental yield. The exception to this are micro sites, which have a very small number of units and usually many neighbouring stores under the same operator. In these cases, individual stores may be nearing 100% occupancy as nearby stores have not yet reached optimal occupancy (possibly as they have recently opened).

What percentage of the total CLA (current lettable area) of the store was occupied?



*Note that the previous 2023 weighted occupancy figures have been recalculated to align with 2024 weighting calculations
Source: CBRE Research and FEDESSA

05

Churn remains below 100%

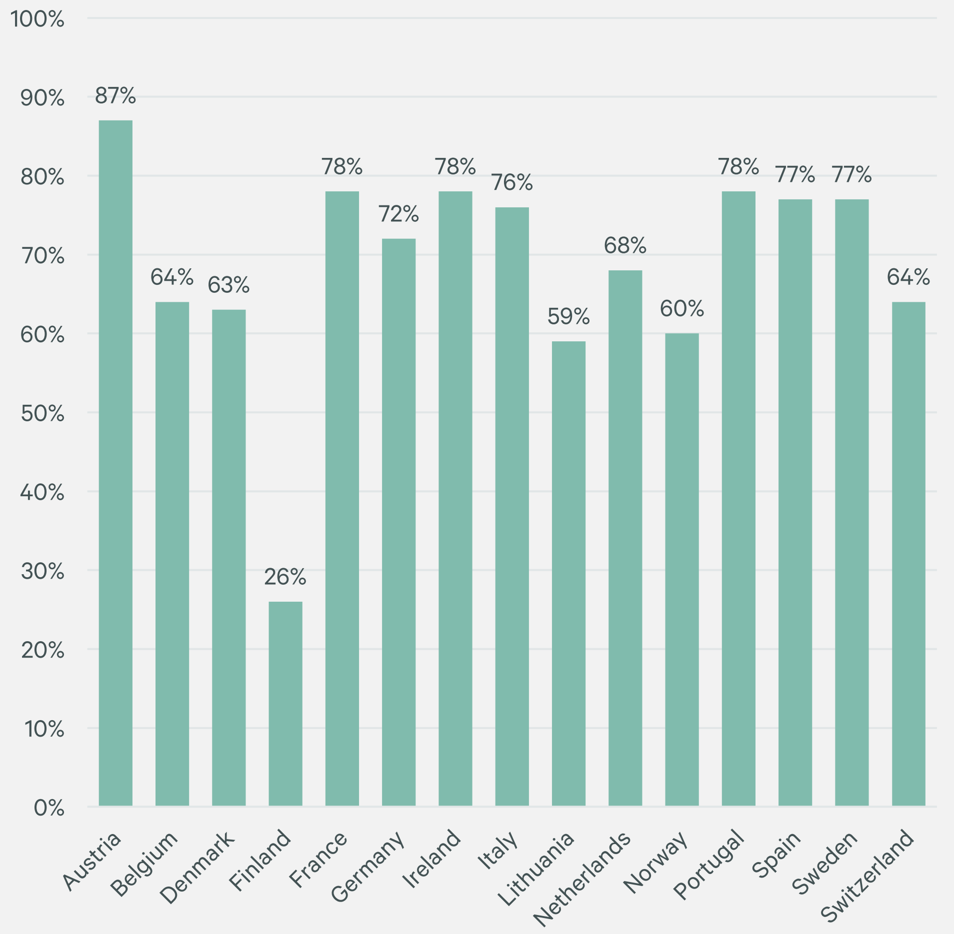
Churn is an important, but often overlooked, measure of performance in self storage. It measures how many customers move out as a percentage of the total number of units or space in the store. This is how many customers need to be replaced each year to maintain the same level of occupancy. A higher churn rate implies a larger proportion of short-term customers, more frequent gaps in unoccupied space during customer transitions, and increased acquisition costs. It also necessitates a larger customer acquisition effort every year compared to a scenario with lower churn.

Self storage customers tend to fall into two categories: short-term and long-term. Most residential users initially engage with self storage for short-term needs, often triggered by a life event, and anticipate using the facility for two-six months. However, most customers end up extending their stay beyond their initial estimate. While some may stay a few extra months to address their immediate concerns, others evolve into lifestyle customers, using self storage as a flexible, long-term solution extending beyond their initial purpose. As a facility matures, it naturally attracts more long-term customers, typically resulting in a slight decrease in churn over time.

Pre-pandemic, it was not unusual for stores to have a churn of over 100% per year. However, the number of customers who started using self storage during the pandemic has largely remained and therefore lowered the churn rate significantly. Nevertheless, the churn rate has been slowly rising since.

A 100% churn rate implies that all the customers leave over a 12-month period. However, in practice, a smaller tranche may leave and be replaced multiple times over the year while other customers stay for several years.

Churn per year (%)



Source: CBRE Research and FEDESSA

05

Storage rental returns mixed

Rental rates are the income generated from the storage space rented net of all discounts and promotions excluding VAT. It is income only and does not consider costs.

It has been a mixed year for self storage revenue across Europe. On average, rental returns increased by 2% to €296.53 per sq m per year when weighted by market size. However, not all countries experienced an increase. Portugal, Spain, Netherlands, Germany, and Belgium saw increases of over 5%, whilst Finland recorded a decrease.

Country level data varies widely. As economic conditions have tightened, it appears that some operators have lowered their prices in an attempt to increase occupancy. Others have maintained or increased prices, potentially sacrificing some occupancy for higher rental returns. The size and expansion stage of a market further influences the data. It is common for stores to apply more discounting during fill up stages but then push prices as occupancy increases. Switzerland and Ireland have both increased levels of supply significantly in the past 12 months. Switzerland achieves the highest revenue per sq m than any other market, but also has some of the most expensive real estate in Europe.

Average rental rate for storage space (€ per sq m/annum)

Source: CBRE Research and FEDESSA

05

Revenue performance holding strong

The revenue that a self storage business generates from its total storage space (per sq m/annum) is essentially a multiplication of occupancy and rental rate. This enables comparison between pricing policies that sacrifice occupancy for revenue and vice versa.

Some countries such as Germany and the Netherlands experienced significant increases in revenue performance, whereas their growth last year was not as significant. Italy had one of the highest increases in 2023 but has had a more modest increase in 2024. This is the first year that Switzerland has had a drop in revenue performance, driven by a decline in occupancy in the respondent group. Still, it remains the highest revenue performing market by a margin. Ireland has moved up to approach the same revenue performance level as the UK. This analysis may be impacted if the number of new immature stores in the data set is higher than the previous year.

It should be noted that these figures are influenced by currency conversion for markets not in the Eurozone. All figures are converted to Euros based on 31 March exchange rates. The analysis excludes non self storage sources of revenue and ancillary income.

Revenue performance - Occupancy multiplied by storage rental rate (€ per sq m/annum)

Source: CBRE Research and FEDESSA

05

Ancillary sources provide additional income

Self storage facilities have the potential to boost their revenue through non-space related sales.

In Europe, the majority of this additional income typically comes from selling insurance or contents protection cover, followed by packaging materials. However, the sale of packaging materials in Europe is not as widespread as in more mature self storage markets such as the US and Australia, where there is a greater emphasis on retail-level sales of these items. Facilities in these countries often sell packaging materials to non-storage customers and have extensive retail displays in their stores.

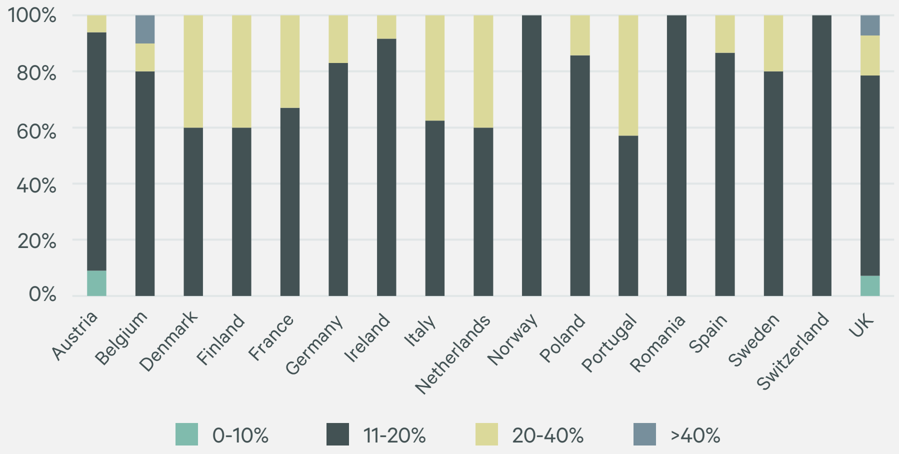
Some stores have reported a decrease in ancillary sales as more transactions shift online. Their web presence may not be as effective in promoting or facilitating such sales compared to their in-store sales staff.

Differing insurance regulations across Europe have an influence on the ability to sell insurance products which impacts ability to generate income in this area.

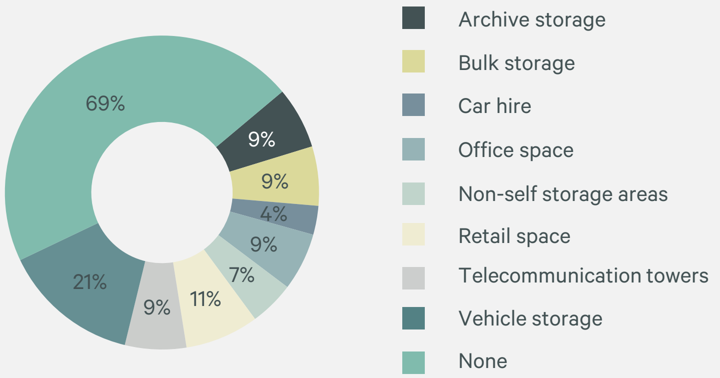
Self storage businesses also have the potential to diversify their income through alternative uses of parts of their property. Vehicle storage is the most common, providing operators with additional revenue from undeveloped space or land that is surplus or waiting to be converted for indoor storage.

The trend of incorporating retail space within self storage buildings is on the rise, aligning with the growing usage of self storage by online and small retail businesses. As the retail landscape evolves and alternatives to traditional high street locations are sought, some self storage operators are offering retail units and trade counters to their customers, alongside storage services.

Stores with a % of revenue from ancillary sales



Income generated from alternative property uses



Source: CBRE Research and FEDESSA

05

Commercial use remains stable

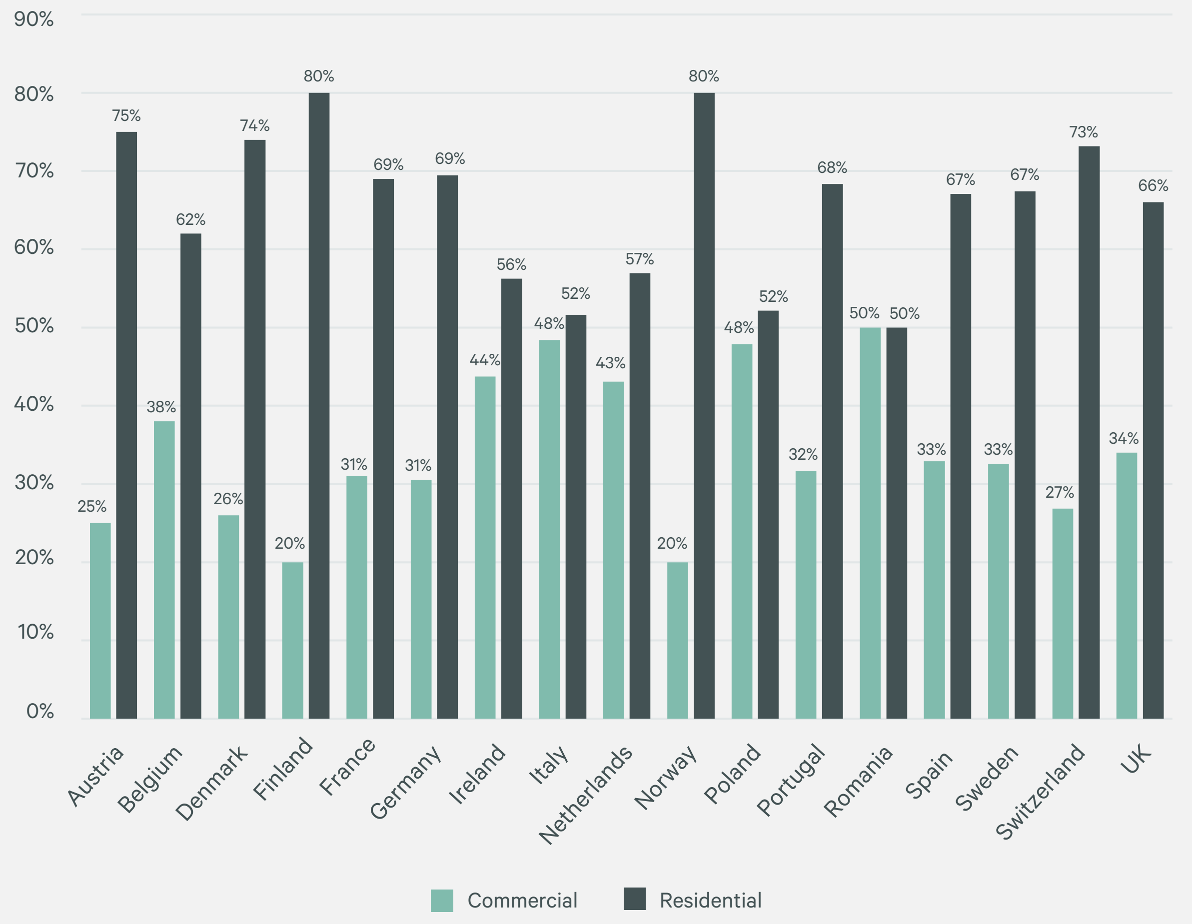
The level of business use by customers increased during the pandemic and has largely been maintained in the subsequent years. More online and small home-based businesses have contributed to this growth.

The level of commercial use varies considerably between countries. In markets like Austria, Norway, and Finland, with a larger number of small sites, the level of residential use (by sq m) is higher. Commercial customers are generally attracted to larger units with good access, which micro sites do not necessarily provide.

Italy has the highest level of commercial use of the larger European markets (by sq m) as the market is dominated by larger stores with more square footage. Poland also has a high level of commercial use. The Polish market has the highest percentage of outdoor or contained-based storage, which is ideally suited to commercial customers with large drive-up style units.

The commercial customer base comes from a wide spectrum of industries but is dominated by small to medium sized entities, particularly online retailers and last-mile distribution. They gravitate to the flexible arrangements for occupation and the small spaces - compared with typical sizes in the conventional warehouse market.

Commercial vs. Residential split (% sq m occupied)



Source: CBRE Research and FEDESSA

06

Store Features

06

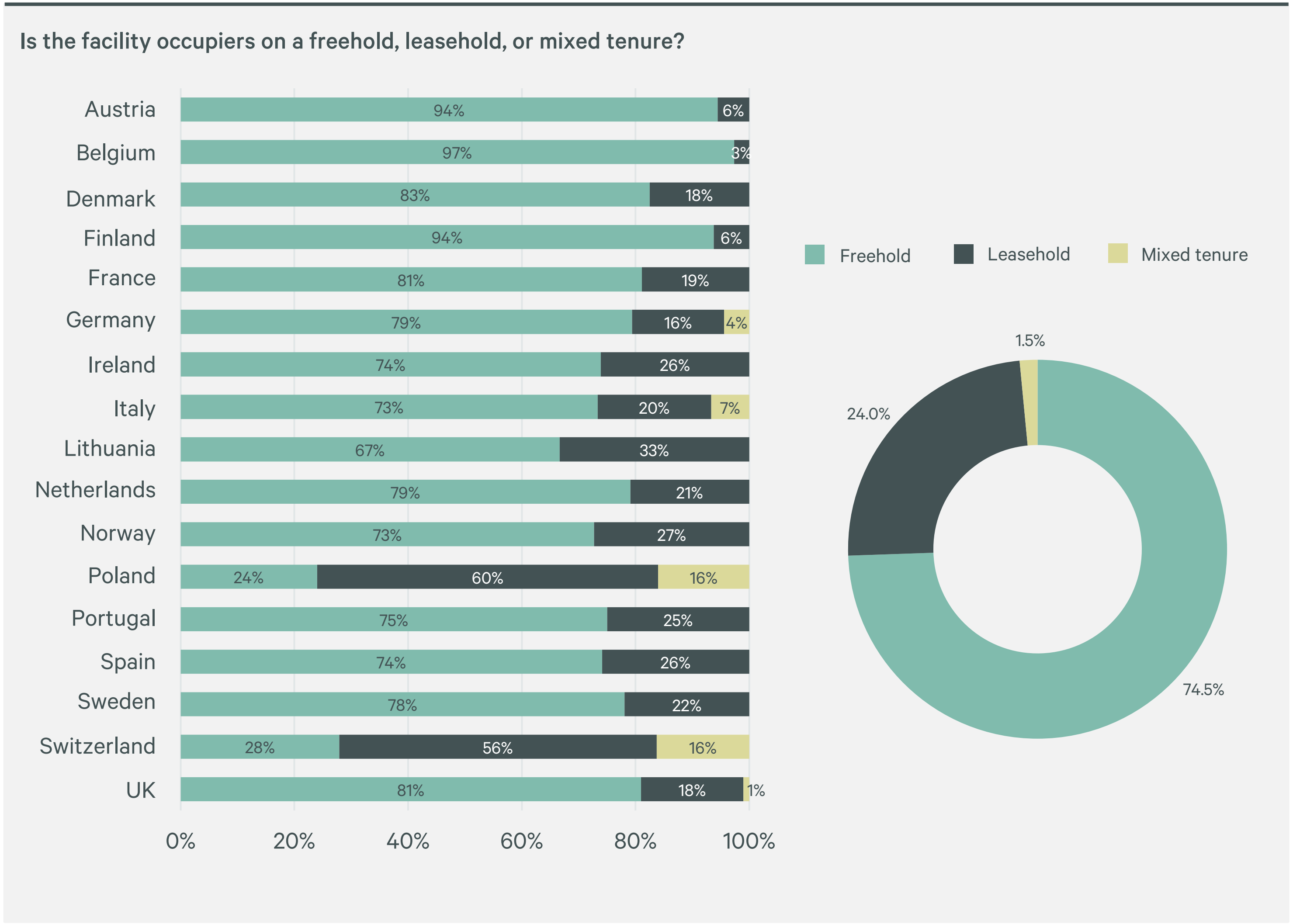
Property ownership favours freehold

Whilst freehold property ownership remains the preferred option for most operators, there are a growing number of leasehold and mixed tenure properties being developed.

Many new entrants are using leasehold properties to gain entry to the market, as they require less capital and are typically easier to secure than freehold property. Small micro sites are also more suited to shorter leasehold models as they have less infrastructure and can potentially be relocated to another property relatively easily if required. Otherwise, operators tend to have long leaseholds in order to recover the capital costs of fit-out and the longer fill-up period.

It is harder to secure debt on leasehold sites, but the leasehold model will allow an operator to expand more swiftly than pursuing only freehold opportunities.

There are also some markets where leasehold structures are more common, for example Switzerland, where obtaining freehold properties can be challenging.



Source: CBRE Research and FEDESSA

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More online pricing and transactions

There is increasing pressure on operators to provide online pricing and a full online booking service for customers.

As more business is generated online and more operators offer online price transparency, customers are less likely to call or visit a store for pricing. Operators risk losing business if they don't operate online. However, a challenge for self storage operators is that often new customers do not understand the self storage product and the features of various stores. They can also miscalculate the space they need to store their goods. This can lead them to shop purely based on price and location and end up with a storage solution that does not best meet their needs.

Businesses are investing in their websites by adding functionality such as online chat, space estimators and AI-generated Q&A services. This leads to better engagement with customers online and a more personalised storage experience. The use of storage apps has increased, up 25% from last year.

Percentage of businesses offering features

60%
Customer goods insurance

57%
Prices on website

47%
Ability to complete the storage contract online

44%
Ability to reserve unit on website

35%
Ability to completely book and pay for a unit on website

14%
App for managing unit/payments

Source: CBRE Research and FEDESSA

*Note that this data represents businesses not stores.
The major operators often offer more features than smaller stores so the % of stores offering these features would be higher.

06

Security features improve

Operators are investing in security, as evidenced by the increase in stores with individual unit alarms, electronic locks and mobile based access systems.

24-hour access also increased this year after declining in use in previous years. While late night access may be beneficial to some customers, it can potentially pose a security risk as sites are rarely manned overnight and a customer presence is rare. It is becoming more common for stores to offer 24-hour access to selected customers, and often charge a premium. This approach ensures only customers with a genuine need have after-hours access, and it makes it easier for security monitoring companies to track suspicious activity.

This is the first year that two-factor authentication has been included in the survey. Two-factor authentication requires customers to use a PIN or fob in conjunction with a second form of identification, typically linked to their mobile phone, such as a QR code, app, or SMS code. The industry is embracing this practice as it is becoming increasingly easy for criminals to duplicate or forge PINs and fobs. Given its widespread use in online transactions, many customers are already familiar with the concept of two-factor authentication.

Percentage of stores with security features

97%
CCTV

96%
Fixed electronic access control

94%
Fire detection alarms

40%
Mobile device based access system

27%
24-hour access

17%
Individual unit alarms

9%
Electronic locks

8%
Sprinkler system

3%
Two-factor authentication access system

Source: CBRE Research and FEDESSA

06

Sustainable practices become more common

Compared to last year, all sustainable practices in stores have increased, which shows that operators are actively seeking ways to reduce their carbon footprint.

The three most common sustainable practices located in respondents' stores remain as LED lighting, recyclable packaging boxes, and passive infrared detection.

While LED lighting is industry standard now, it is surprising that more stores are not using recyclable packaging. It may be the case that stores do use it but are unaware it is recyclable and do not promote it to customers.

Some of this improvement will have been driven by regulators who are increasingly requiring more sustainable buildings through planning and building laws. Other operators are looking to reduce their energy use and make their business more attractive to potential buyers. The general sentiment in the industry is to make self storage as sustainable as practical. It already uses low levels of energy compared to other commercial buildings, and the addition of solar or wind power generation can make the business carbon neutral operationally. Adding conservation measures such as bird boxes, native landscaping, and water preservation also makes the site more attractive and appealing to customers.

EV chargepoints have increased considerably, likely due to planning and ESG requirements from regulators or use by staff as much as consumer demand.

The most ambitious solutions to decarbonising, which are on-site renewables and heat pumps, are still not in the top five practices located in stores. Heat pumps are estimated to be 3.5 times more energy efficient than boilers. However, given self storage stores have limited heating, usually only in the office, heat pumps may not have as big an impact here. Investing in on-site renewables presents an opportunity to add value to stores with 58% of commercial real estate investors and operators citing they would be willing to pay a premium if they were present.

Which of the following sustainable practices does your store have?

90%	LED lighting
56%	Recyclable packaging/ boxes
52%	Passive infrared detection
33%	Electric vehicle chargepoints
32%	Conservation measures
12%	Solar panels
7%	Green roofs
4%	Heat pump
3%	Sustainable drainage systems

Source: CBRE Research and FEDESSA

06

How important is sustainability to your existing business strategy going forward?

45%
Somewhat important -
Looking to make improvements

29%
Very important –
incorporate into everything we do

22%
Less important -
Only making changes when cost efficient

4%
Not important -
Only making changes where legally required

73% of survey respondents stated that sustainability is ‘somewhat important’ or ‘very important’. Operators responding that they 'incorporate it into everything that they do' increased by 5% in 2024. This is due to both consumer expectations and the desire to continue operations while meeting net zero commitments and environmental regulations.

It is positive that the majority of operators are doing more than is legally required (95%). The rise in environmental frameworks is likely promoting more sustainable business practices. Certifications such as LEED and BREEAM allow investors to benchmark building performance and assist in the marketing and branding of a building to customers and tenants. In addition, CBRE found that 43% of property professionals’ ESG goals are driven by regulations or government targets. In the EU, disclosures are mandatory, and they have become increasingly demanding in the UK in 2024.

Certain groups of investors, and particularly the institutions (who have a lower cost of capital), are focused on ESG credentials, and so sustainability factors may impact on value for certain types of properties – i.e. those that are seeking to appeal to this category of investor.

Source: CBRE Research and FEDESSA

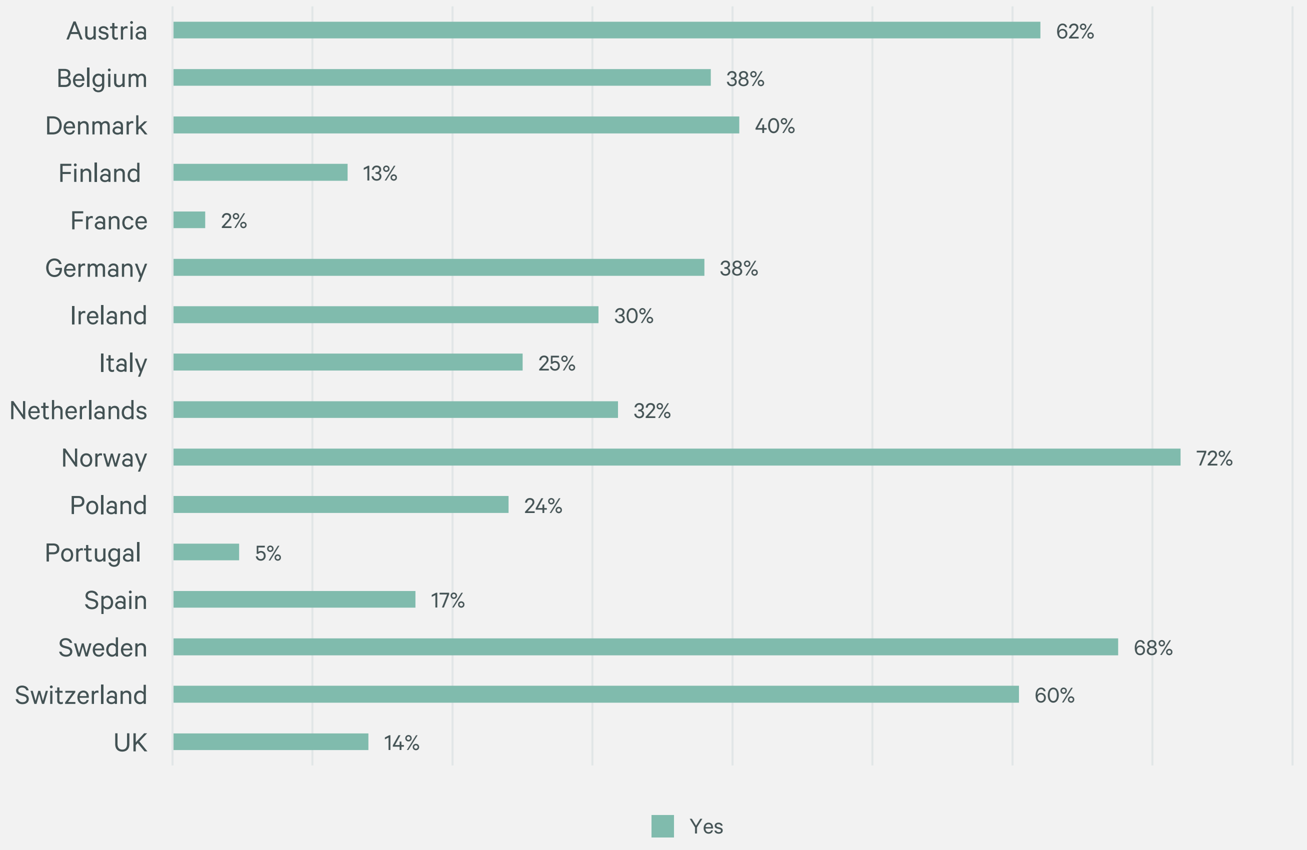
06

Remotely managed stores increase

The proportion of remotely managed stores across Europe has increased significantly in the last 12 months, however, the technology is more prominent in some markets such as Austria, Norway and Sweden.

Green Storage, the largest operator in Sweden, is committed to an automated model and recently retrofitted all of their stores with electronic locks to allow a more automated operation. Austria has a large number of micro sites which are all remotely managed. At this stage, across Europe, most of the remotely operated stores are smaller so the amount of space under this system would be significantly lower. The technology is being used more widely in new sites and is less commonly retrofitted on large stores. Remotely managed stores are also more common on container storage or external storage sites. Such stores are often controlled through simple gate access systems as they do not have any permanent staff on site.

Percentage of stores that are remotely managed without permanent staff



*Note: The chart represents the number of stores managed remotely, not the total space
Source: CBRE Research and FEDESSA

06

Staffing levels largely maintained

Despite a changing employment market and emerging technology, self storage businesses continue to prefer full-time staff to part-time.

Most stores employ two staff members per store. There has been a marginal reduction in the average number of staff in stores over the past four years, but this is not consistent with all businesses. Some larger stores are increasing the number of store staff.

Percentage of stores with 1 or more staff

	Full time	Part time
4+ staff	2%	0%
3 staff	17%	0%
2 staff	41%	2%
1 staff	10%	15%

*Note: The data does not include stores that had no staff on site, so some totals are below 100%
Source: CBRE Research and FEDESSA

06

Online enquiries continue to grow

The percentage of initial enquiries received through company websites has increased from 64% in 2023 to 67% this year.

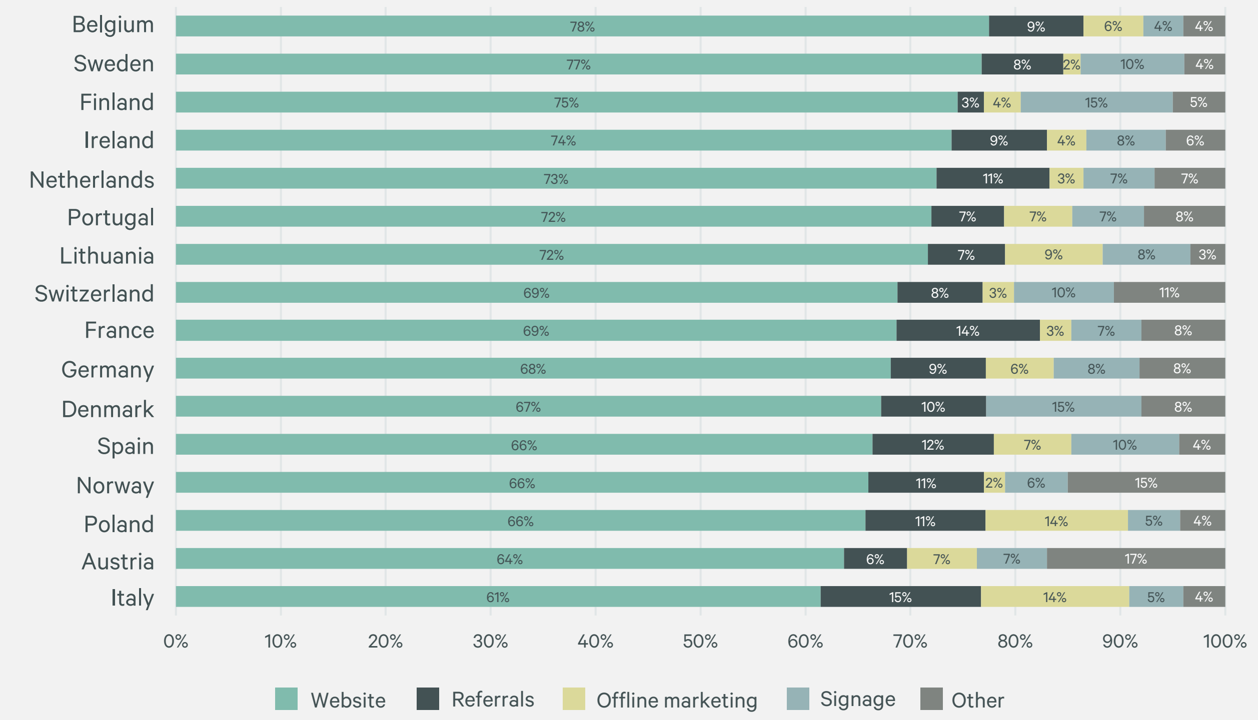
Social media and local marketing enquiries increased slightly this year, whereas 'other' sources decreased. Despite minor fluctuations, the results have remained relatively stable since the pandemic.

At a country level, Italy generates a higher level of customers offline and through referrals, while Belgium and Sweden have the highest sourced through the website. Despite having a self storage presence for over 20 years, Italy's per capita supply remains low. Language is also a barrier in Italy as 'self storage' does not clearly translate into Italian, and English is not as widely spoken as in some other markets. This could contribute to Italian operators using more traditional marketing to boost product awareness and understanding. Sweden is generally a more tech-savvy country with Stockholm being largely cash-free. This likely explains why Sweden has the highest volume of stores without permanent staff in Europe, including some large stores in the cities.

Average across all markets

67%	Website and online advertising	9%	Referrals	8%	Signage and external advertising
6%	Social media	6%	Local marketing	4%	Other

Breakdown of enquires by source



*Note: The enquiry metric represents the initial source of enquiry
Source: CBRE Research and FEDESSA

06

Artificial Intelligence beginning to be adopted

Artificial Intelligence (AI) is being adopted across many industries, and self storage is no exception.

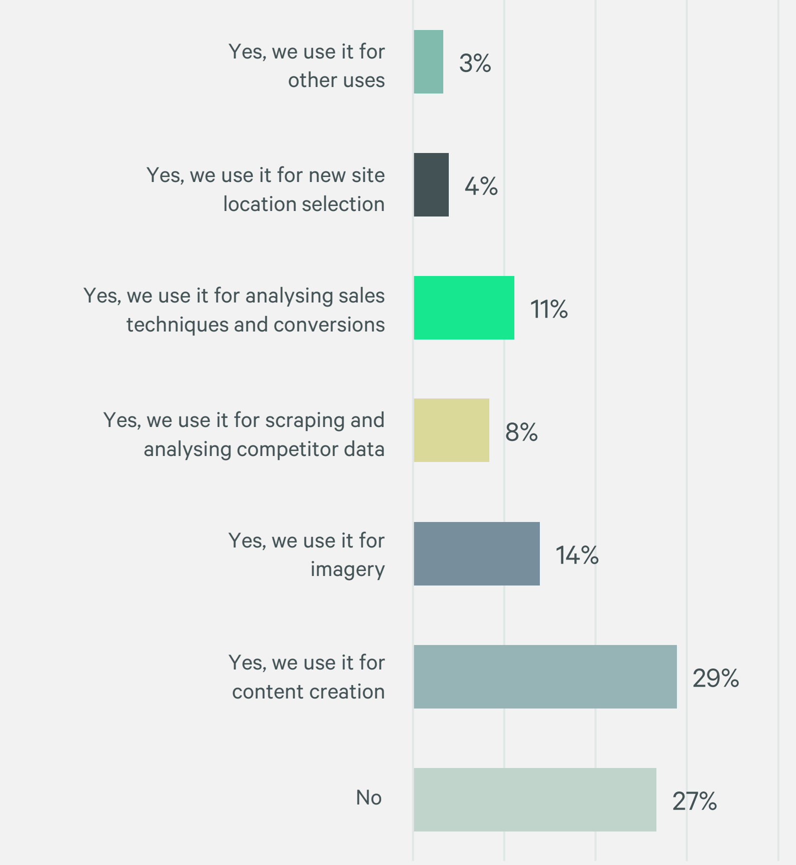
AI-driven analytics are being implemented to analyse large datasets, adjust pricing in real-time according to demand fluctuations, and interact with customers. Approximately 69% of survey respondents stated they are planning to use AI in their business in 2024. It is likely that the share of operators using AI will increase as the ability to access and analyse large quantities of data will become invaluable, and increasingly change the way operators interact with consumers. Initial reluctance to adopt AI is largely due to lack of understanding, and cost of implementation.

Operators need to consider the initial upfront costs, which may be a deterrent to some companies. This not only involves the cost of installing the software systems but includes staff training and system updates. If operators are able to absorb initial upfront costs, over the longer term, AI will help to reduce costs through automation and increasing operational efficiencies. AI chatbots are already responding to customer queries; however, anyone who has been caught in a chatbot loop of automated answers, will understand customers' frustration, so it is vital chatbot responses develop to become personalised to each customer.

Many operators are already using AI for content creation, helping with blogs, web pages, and marketing material. However, Google are changing algorithms to hunt down non-original content written by AI, so operators need to ensure they continue to personalise AI-generated content.

Overall, if AI can complement operators' understanding of customers' demands, there is more likelihood of enquiries being converted into sales.

Are you planning on using AI in your business in 2024?



Source: CBRE Research and FEDESSA

07

Future Expectations and Challenges

07

Development pipeline remains strong

A total of 262 projects were recorded as in the planning stage or under construction from our survey respondents.

However, the development pipeline from the whole market is significantly larger than the survey data, as demonstrated by the growth of the European market in recent years. We have recorded circa 2,650 more stores in 2024 versus 2023 (+38%). Part of this increase is due to newly identified locations and the addition of more container storage sites (a segment which is able to expand more rapidly than the full indoor storage offer). However, the market is clearly growing faster than is indicated from the survey respondents.

This is unsurprising due to the amount of capital targeting the sector combined with the growth ambitions of many of the key operators across the European markets.

Development pipeline

114
Awaiting planning approval
24% ↑

82
Under construction
4% ↓

66
Planning approved
50% ↑

07

Industry challenges are economic

Economic challenges such as recession and inflation are the main concerns for operators in the coming 12 months. The impact inflation will have on customers' disposable income, residential property moves, and other factors that bring customers to self storage, are more of a concern to operators than the cost of developing new sites.

Despite a year with elections in many major economies, an ongoing war in Ukraine, and escalating tensions in the Middle East, political instability is not a major concern for operators. Also, despite continual growth in the market, most operators are not concerned about oversupply.

It is evident that local conditions at a country level influence the challenges reported. Italy, despite having a relatively low supply per capita and being less developed than many other nations, expressed the highest concern about oversupply. Germany and Belgium are concerned about planning applications. Germany has a complex planning process for self storage, particularly regarding signage, zoning, and fire regulations. The Netherlands is most concerned about rising land costs. It also has the most self storage per capita other than the UK, so understandably oversupply is also more of a concern.

What do you perceive as the biggest industry challenge in the next 12 months?

Source: CBRE Research and FEDESSA

07

Businesses invest in improvements

77% of businesses are planning to invest in the physical aspects of their buildings, and 89% are planning on investing in IT such as website and CRM.

With so much business generated online and the ever-changing online advertising market, it is not surprising that most companies are investing in their websites. This year, there was a significant increase in the number of businesses investing in their CRM which allows business to manage interactions with current and potential customers. Over the past few years, there has been an increase in new self storge CRM systems entering the market. Cloud-based systems are becoming more common and integration with new technology such as digital locks and security systems has improved. Businesses are becoming more data-driven in areas like dynamic pricing and personalised messaging. This often requires investment in CRM capabilities to ensure accurate data is being gathered and analysed. Over one third of businesses planning on investing in AI are aware of its potential to shape business decisions in the coming years.

What business improvements are you planning on investing in?

71%	Website	61%	Internal process/ training
58%	Buildings/ Signage	51%	CRM
50%	LED lighting	32%	Electronic locks
30%	Mobile apps	30%	Solar panels
30%	AI	29%	Security improvements
26%	Environmental related improvements	20%	No improvements

Source: CBRE Research and FEDESSA

07

Mixed-use development slowly increases

There has been a small uptick in those who would consider developing self storage together with other land uses, but no significant change in the overall picture.

This change of attitude could continue as more operators work with financial partners who may be more inclined to be open-minded on the subject.

Mixed-use developments can help ease the planning process and some uses can enhance awareness of the self storage element by sharing with retail, coffee shops, and other destination uses. Mixed-use also allows operators to obtain a high exposure site at a more reasonable rate. The operator shares the frontage to get signage and entry, yet they place the bulk of the store behind the co-occupant.

Are you considering future mixed-use development for either existing or future stores?

	2023	2024
Using it in a future development	13%	14%
Considering it for a future development	26%	30%
No interest in mixed use	61%	56%

Source: CBRE Research and FEDESSA

07

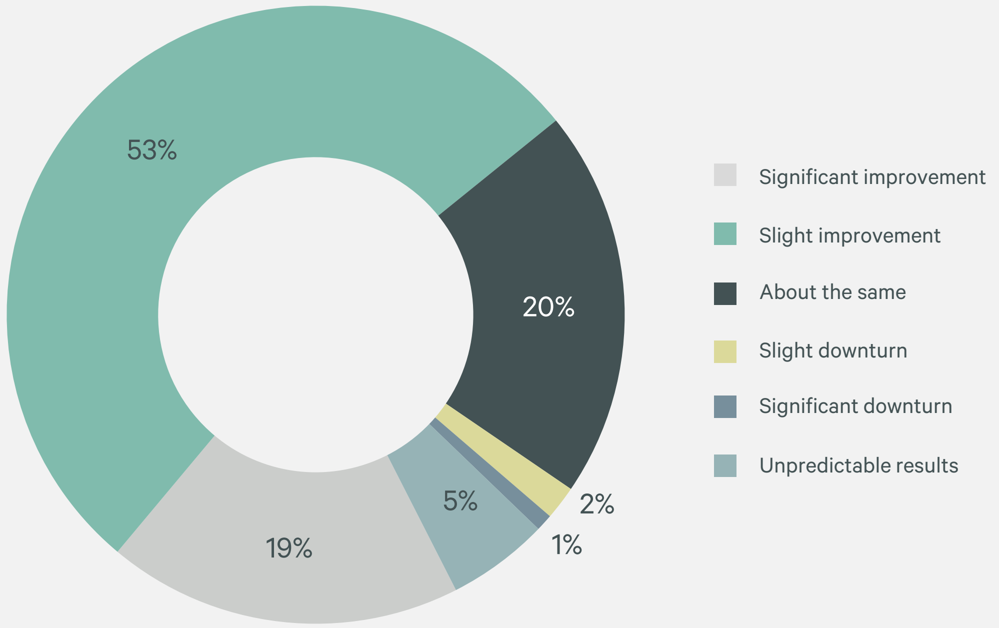
Profitability expectations are high

Businesses remain optimistic about increasing profits in the coming year with 72% expecting an increase, and 92% no decrease in the next 12 months.

This is despite increasing levels of supply and uncertain economic and political conditions. Expectations varied regionally; Germany presented the most optimistic outlook, with no operators foreseeing a decline and the majority predicting a substantial increase. Smaller businesses were generally less hopeful about profit growth or indicated unpredictable results.

The industry has reason to be optimistic. In the face of high interest rates and inflation over the past 12 months, the sector has performed relatively well, and macroeconomic conditions seem to be improving gradually in most of Europe. Demand for self storage remains robust - a trend that is likely to persist - as reduced interest rates stimulate housing transactions and business investment. Moreover, a lower cost of finance is set to impact profit margins positively, considering the majority of self storage businesses are freehold and under some form of financing.

What are your profit expectations for your self storage business in the coming twelve months?



Source: CBRE Research and FEDESSA

07

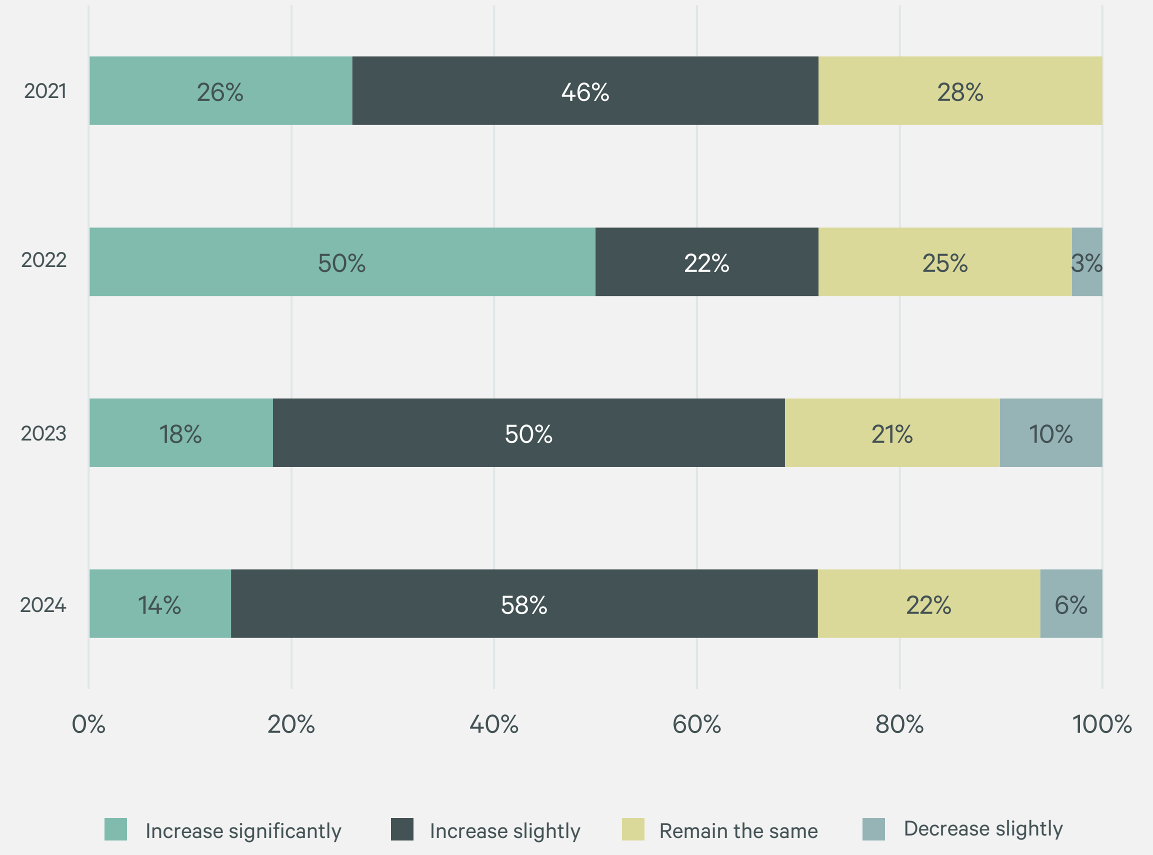
Occupancy expectations more cautious

The industry is slightly less optimistic about increasing occupancy than revenue over the next 12 months, with 72% expecting higher occupancy.

This does not necessarily contradict the expectations for profit increases as these could come from increasing rents, and/or increasing the amount of space in the business rather than occupancy increases alone. Many mature stores have been at optimal occupancy of over 85% since the pandemic, so they have limited opportunity to increase occupancy and are more focused on revenue management and adding new space.

With general growth in the market driven by both consumer and investor interest, plus a proportion of stores in the survey in the ramp-up phase, it is no surprise that the majority of operators anticipate occupancy growth.

What do you expect to happen to occupancy rates over the next twelve months?



Source: CBRE Research and FEDESSA

08

FEDESSA Membership

FEDESSA accredited members

- Asociación Española de Self Storage – AESS (Spain)
- Associação Portuguesa de Self Storage – (Portugal)
- Associazione Imprese Selfstorage Italiane – AISI (Italy)
- Belgian Self Storage Association ASBL – BSSA (Belgium)
- Chambre Interprofessionnelle du Self-Stockage – CISS (France)
- De Nederlandse mini-opslag vereniging – NSSA (Netherlands)
- Irish Self Storage Association – ISSA (Ireland)
- Norwegian Self-Storage Association – NSSA (Norway)
- Pienvarastoyhdistys ry. (Finland)
- Self Storage Association Denmark (Denmark)
- Self Storage Association United Kingdom – SSA UK (United Kingdom)
- Sweden Self Storage Association (Sweden)
- Swiss Self-Storage Association – 3SA (Switzerland)
- Verband Deutscher Self Storage Unternehmen e.V. (Germany and Austria)

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