European Self Storage Industry Report 2023

REPORT

CBRE and FEDESSA

Introduction and Methodology

In what has been a turbulent year for operators, businesses, and consumers alike, the industry has navigated multiple challenges in the macroeconomic and wider socioeconomic landscape.

Despite these challenges, self storage has demonstrated its resilience as a sector. Institutional investors continue to deploy capital into the sector, REITs are establishing their self storage ownership credentials, while the owner-operator model continues to be successful for many businesses.

Survey

12th

Annual survey conducted by the Federation of European Self Storage Associations (FEDESSA), continues its co-production with CBRE for a second year.

Report

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 which surveyed public perception in Germany, Italy, and Poland.

Operator

The operator survey summarises the key results from surveying

109

self storage operators across Europe.

Respondents represented

1,607

stores from 24 countries, approximately a quarter of Europe's self storage market by number of stores. All operators surveyed were certified members of the FEDESSA at the time of the survey. The operator survey was completed from May to July 2023, based on data in the year up to 31 March 2023. The survey questions targeted operators from Continental Europe; where applicable, UK data was provided by the SSA UK.

Public

The public survey results consist of a total sample size of

5,247

adults (aged 18+), comprising 2,127 respondents from Germany, 2,120 from Italy, and 1,000 from Poland. The survey was completed between 3 –7 July 2023 using an online interview administered to members of the YouGov Plc panel of

2.5

million individuals.

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Industry Overview

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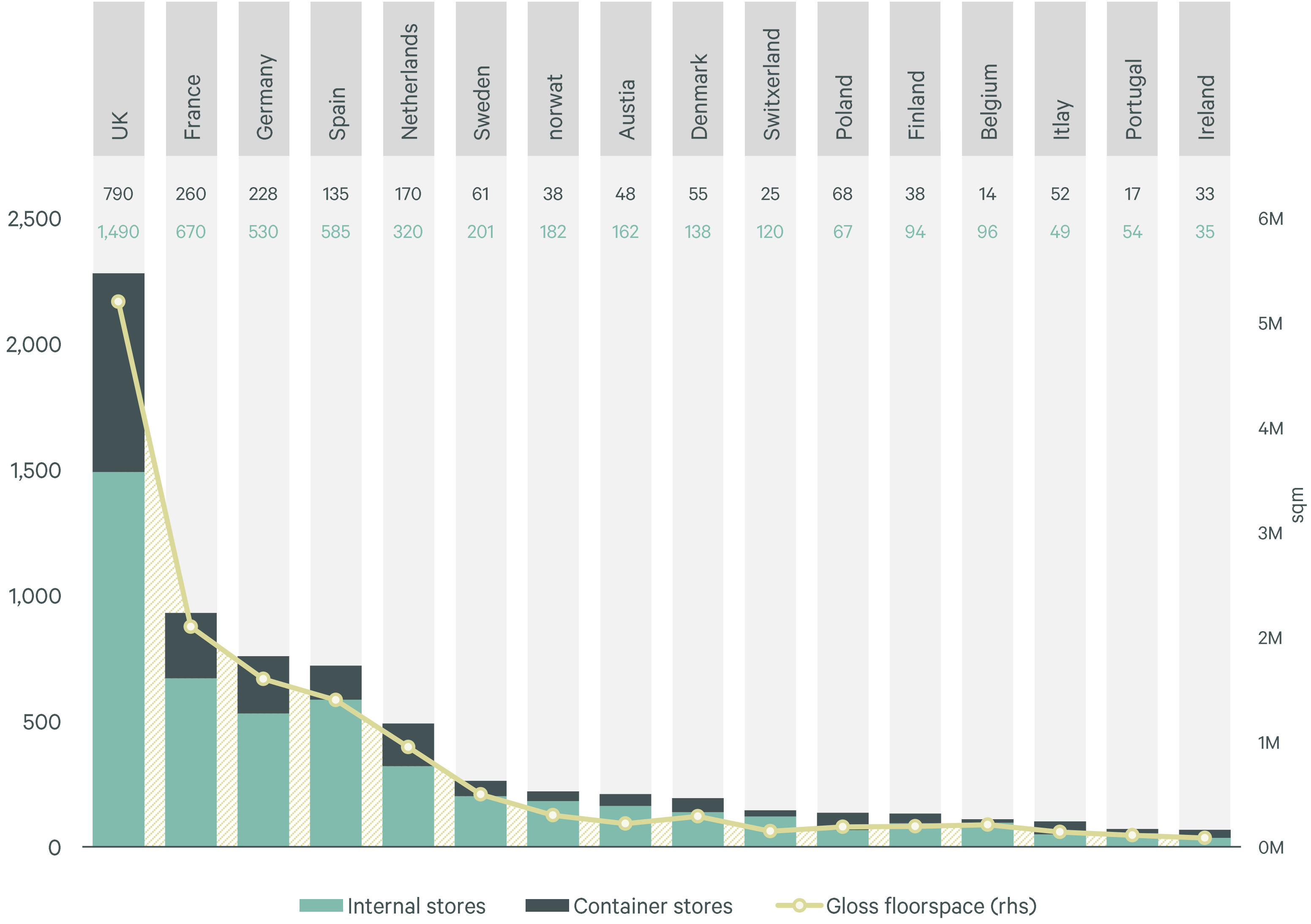
OVERVIEW

Market supply

Europe's self storage market has 6,929 stores in operation, totalling 13.9 million sq m in gross area.

The leading four markets account for 68% of Europe's total number of stores. Currently, the UK dominates by store count with a 32.9% market share, followed by France (13.4%), Germany (10.9%), and Spain (10.4%), with 19 countries making up the remainder.



01
OVERVIEW

Market supply continued

Sq m

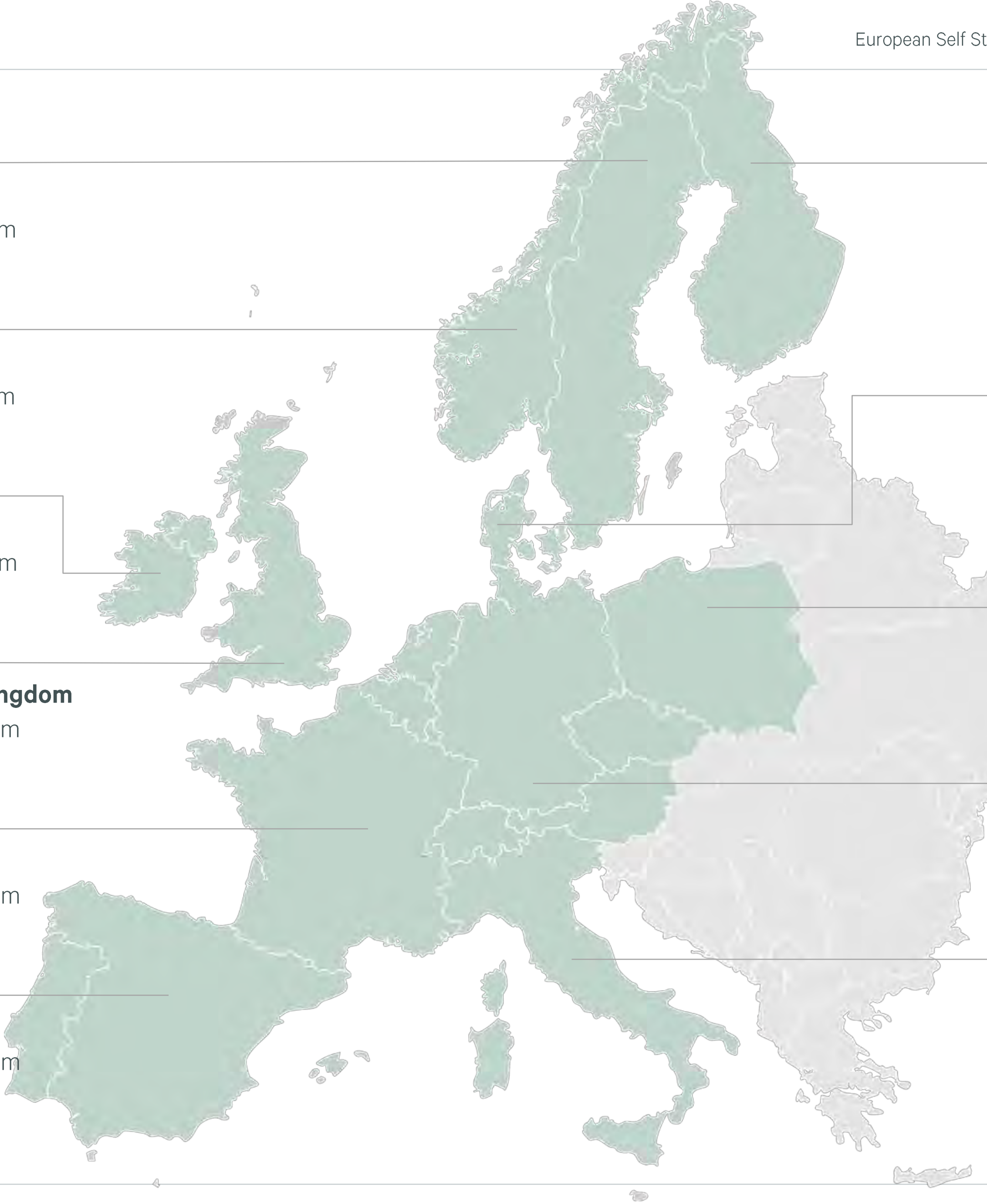
Total floorspace per million population

%

Average store occupancy

€

Average annual net rental rates per sq m



Sweden
47,170 sq m
78%
€228.04

Norway
37,170 sq m
75%
€191.68

Ireland
16,667 sq m
73%
€312.91

United Kingdom
76,809 sq m
83%
€332.39

France
32,407 sq m
83%
€266.50

Spain
29,474 sq m
74%
€275.56

Finland
35,455 sq m
67%
€310.01

Denmark
49,153 sq m
90%
€286.87

Poland
4,634 sq m
59%
€191.41

Germany
19,208 sq m
74%
€281.37

Italy
2,377 sq m
74%
€264.78

01
OVERVIEW

Investment overview

Despite increasing uncertainties surrounding capital markets, major transactions and processes have continued in the self storage sector.

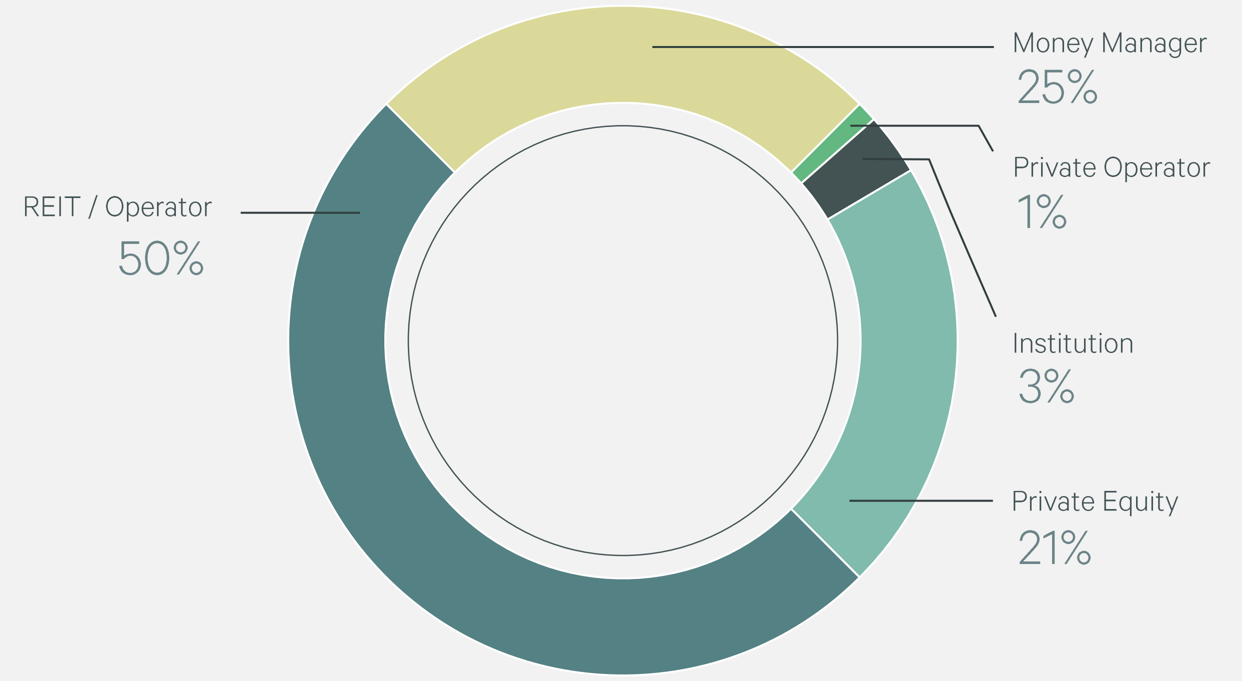
Following a record transaction volume last year, the first half of 2023 saw key acquisitions of UK-based Easistore by a consortium led by Nuveen, as well as the sale of UK Storage Company to Pithos Capital and Davidson Kempner. As for H2 2023, highlights include Nuveen's offer to purchase the publicly listed Self Storage Group in Norway in September. The perception that Enterprise Value (EV) to EBITDA multiples would soften did not materialise, as pricing has remained flat with prime yields in core European cities sitting between 5.00% and 5.50%.

Year-to-date 2023 investment volumes are currently at c.€594 million (including the aforementioned Nuveen Norwegian deal), with a strong pipeline of M&A activity across Europe expected to transact in the next 12 months.

Demand remains strongest for larger businesses with an experienced management team and a secured pipeline for future growth. There is also a growing interest in smaller aggregation 'buy and build' plays, with investors seeking to organically grow their own platforms from ground up. Examples include Mitiska's recapitalisation of Storo in Belgium, EQT's Karbon Self Storage platform in London, and MyStorage's acquisition by Carlyle in Germany in partnership with Safestore.

€740m in 2022

2022 European Self Storage Investment Volumes by Buyer Type



Source: CBRE Research

01

OVERVIEW

Investment outlook

In terms of the 2023-24 outlook, the investment market for the sector remains buoyant, with a large pool of investors competing for a limited number of opportunities.

That said, high interest rates, tougher private debt markets, consumer-facing cost of living pressures, and indecision weigh on the sector. Even so, investors are re-allocating capital to sectors that offer attractive cashflows through strong revenue growth and cost-efficient operating models.

Overall, while investor appetite remains robust, pricing is expected to remain flat, with signs of weakening in some geographies. Much of this has been caused by the combination of slowing operational KPIs, particularly occupancy growth, and tapered expectations for rental rates, as well as volatile private debt markets. We expect that investors will struggle to hit their levered internal rate of return (IRR) hurdles, with an increasing focus on Interest Cover Ratios and banking covenants. This will likely provide gains for lower-geared REITs and investors who are prepared to acquire without debt financing.

Total Europe Self Storage Investment Volumes (€m) 2018-2023 (Pipeline)

Source: CBRE Research

02

Public Survey

02

PUBLIC

Public awareness

Awareness of services

To determine awareness of self storage, respondents were asked if they agreed with a series of statements relating to self storage services. The statements were categorised into two categories; either concerning respondents' understanding of services or respondents' need for self storage.

Overall, 79% of respondents' answers could be categorised as a lack of understanding, rather than a lack of need. This emphasises how the industry's awareness and understanding needs to improve to grow demand for self storage.

Negative perception	Agreed with statement
No items needed to put into self storage	27%
Expensive to store things in self storage	20%
Buildings are like a big warehouse inside	17%
Storage is mostly for business use	13%
Buildings always look closed	10%
Unsure what buildings are for	7%
Self storage is only for storing expensive items	5%

Positive perception	Agreed with statement
Self storage offers a range of unit sizes to suit people's needs	28%
Units are for private access only	20%
Contracts are flexible (from one month to longer than 12 months)	17%
Buildings are very secure	11%

Top response category per country

- Lack of understanding
- Lack of need

Reservations differ by age group

Awareness
18-24

Appeal
25-34

Understanding
34-44

Security
45-54

Costs
55+

02
PUBLIC

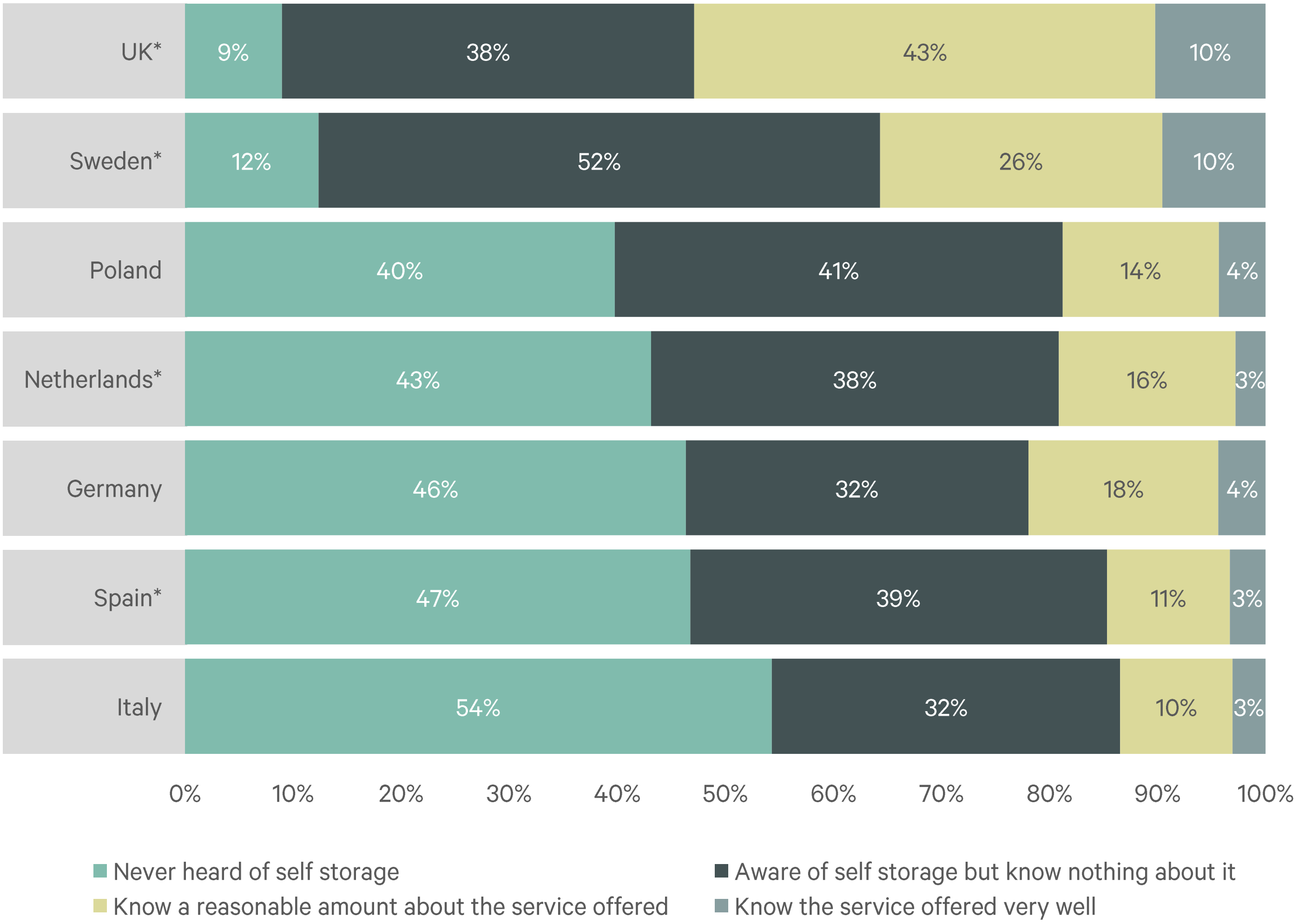
Industry awareness: country comparison

Taking the average of responses over the past two years, 45% of the public have not heard of self storage. A further 31% have heard of self storage but said they know nothing about the sector.

Public awareness varies from country to country. Awareness is highest in the UK at 91% but drops to 45% in Italy.

Typically, public awareness will increase as a market grows over time; more store openings will naturally increase visibility. However, our survey reveals market size does not always correlate to greater public awareness. The more mature markets of the Netherlands and Germany had lower awareness levels than Poland. Public advertisements are a clear way to improve awareness. For example, marketing campaigns led by larger operators have successfully grown awareness in Poland.

Much of the marketing budget in the industry is used on pay-per-click style advertising, which predominately targets people already looking for self storage. It is encouraging that billboards are listed as an area operators wish to improve, as physical marketing will help to grow awareness among those not actively seeking the service.



Source: YouGov public survey, on behalf of CBRE and FEDESSA, July 2023

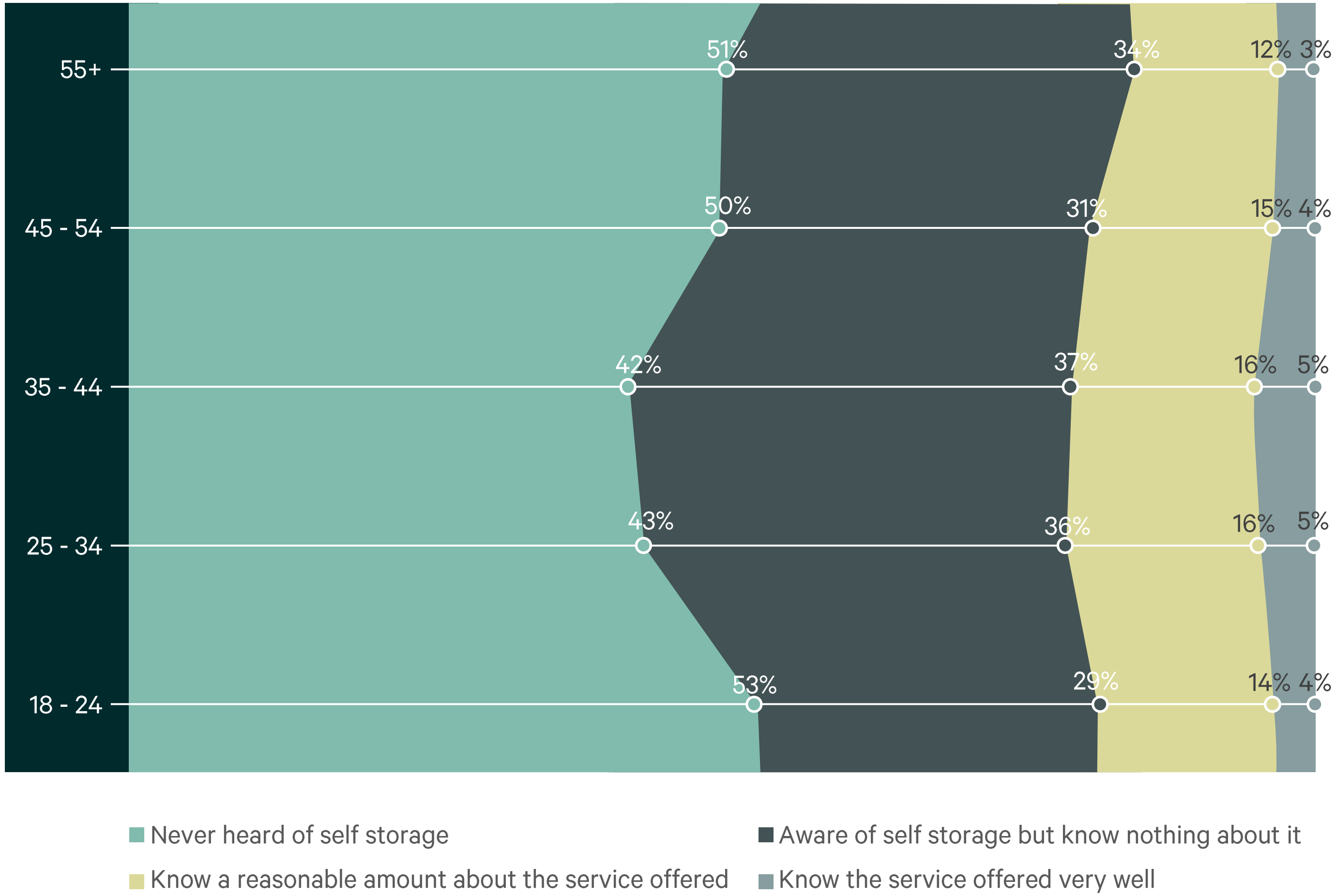
*Results from 2022 Public Survey

02
PUBLIC

Industry awareness: age group comparison

Focusing on different age cohorts, the survey revealed that people aged between 25 and 44 have the greatest awareness of self storage. This aligns with the age range that is most likely to use self storage. It is worth noting that 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 in storage.

In the UK, awareness is highest in older age groups. As the most mature European market, this is likely due to UK operators having hit their second generation of self storage customers, with people who originally stored at age 30 now aged in their 50s.



Source: YouGov public survey, on behalf of CBRE and FEDESSA, July 2023

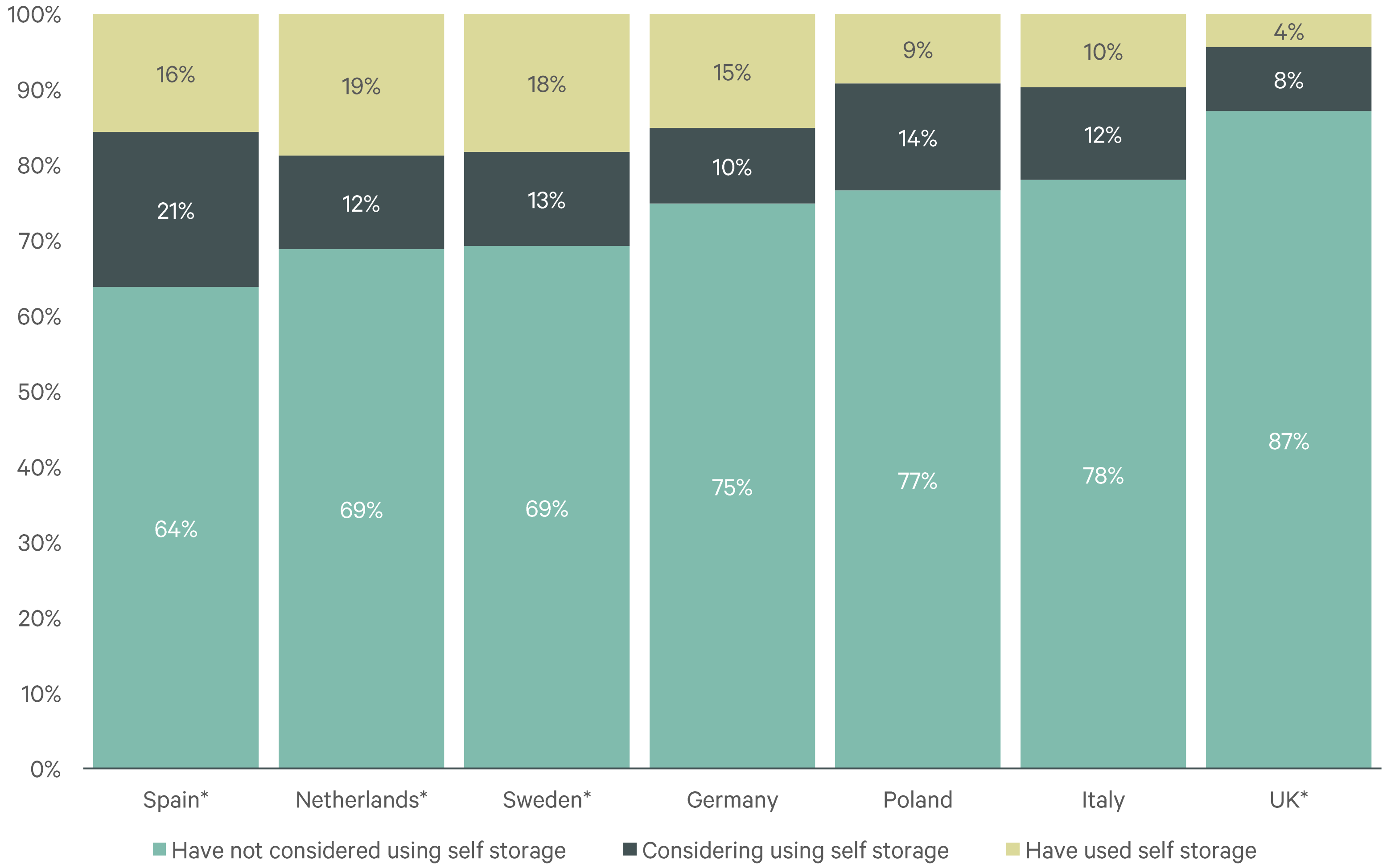
02

PUBLIC

Intention to use

Despite greater awareness of self storage in the UK, this has not translated into people intending to use the service. Misunderstanding of the product in continental markets may be leading people to believe they have used self storage, when in fact they have used services such as retail pick-up lockers.

It should be noted that even if 1% more of the population decides to use self storage over the next two years, there is not enough space to accommodate this demand, particularly in Southern Europe, where supply is constrained.



Source: YouGov public survey, on behalf of CBRE and FEDESSA, July 2023

*Results from 2022 Public Survey

02
PUBLIC

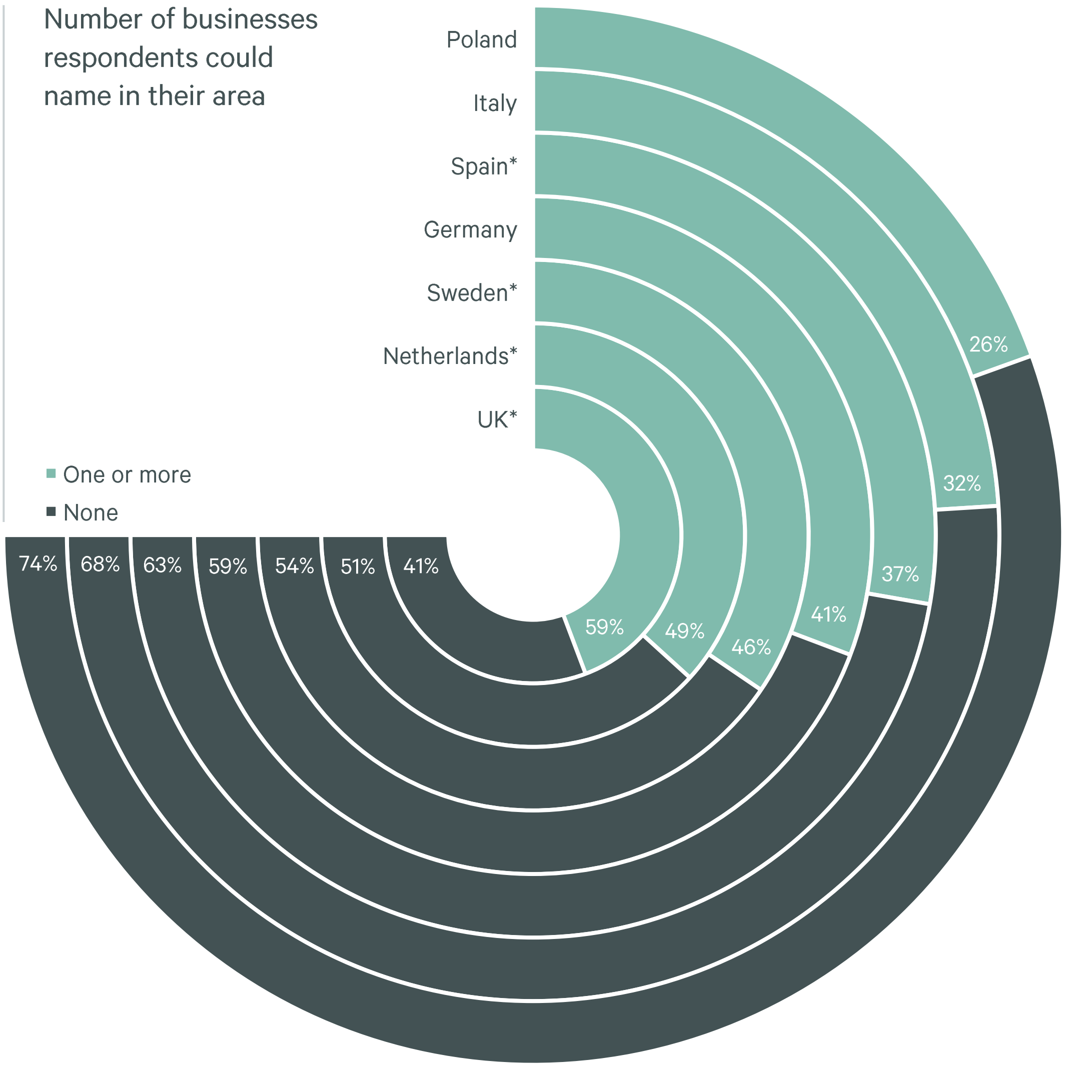
Brand awareness

Misconception around self storage brands was prevalent across all markets. For example, when asked to name a self storage operator, a common response was Amazon, and in Spain, Inditex was also incorrectly named.

The UK was the only country where most respondents could name at least one operator. The next best brand awareness was in the Netherlands and Sweden, where nearly half of respondents could name at least one.

While 54% of Sweden's respondents were unable to name a single self storage brand, 13% were able to name three or more brands, which was higher than in any other country. When combining all the results (brand awareness, businesses in their area, services offered, etc.), public perception of the industry was higher in Sweden than any other Continental European market.

Spain was the most surprising result given the country's high number of stores. Italy and Poland understandably scored low, as these are markets where there are only one or two large operators and fewer high-profile store locations. In markets where there are fewer high-profile operators, this can present an opportunity for businesses to position themselves as market-leading brands.



Source: YouGov public survey, on behalf of CBRE and FEDESSA, July 2023

*Results from 2022 Public Survey

03

Operator Survey

Demand metrics are strong as operators continue to benefit from the sector's structural demand drivers. Operators report healthy rental rates as well as competitive discount incentives to customers. This has generated new customer activity and has helped stores **maintain optimal occupancy levels.**

03

OPERATOR

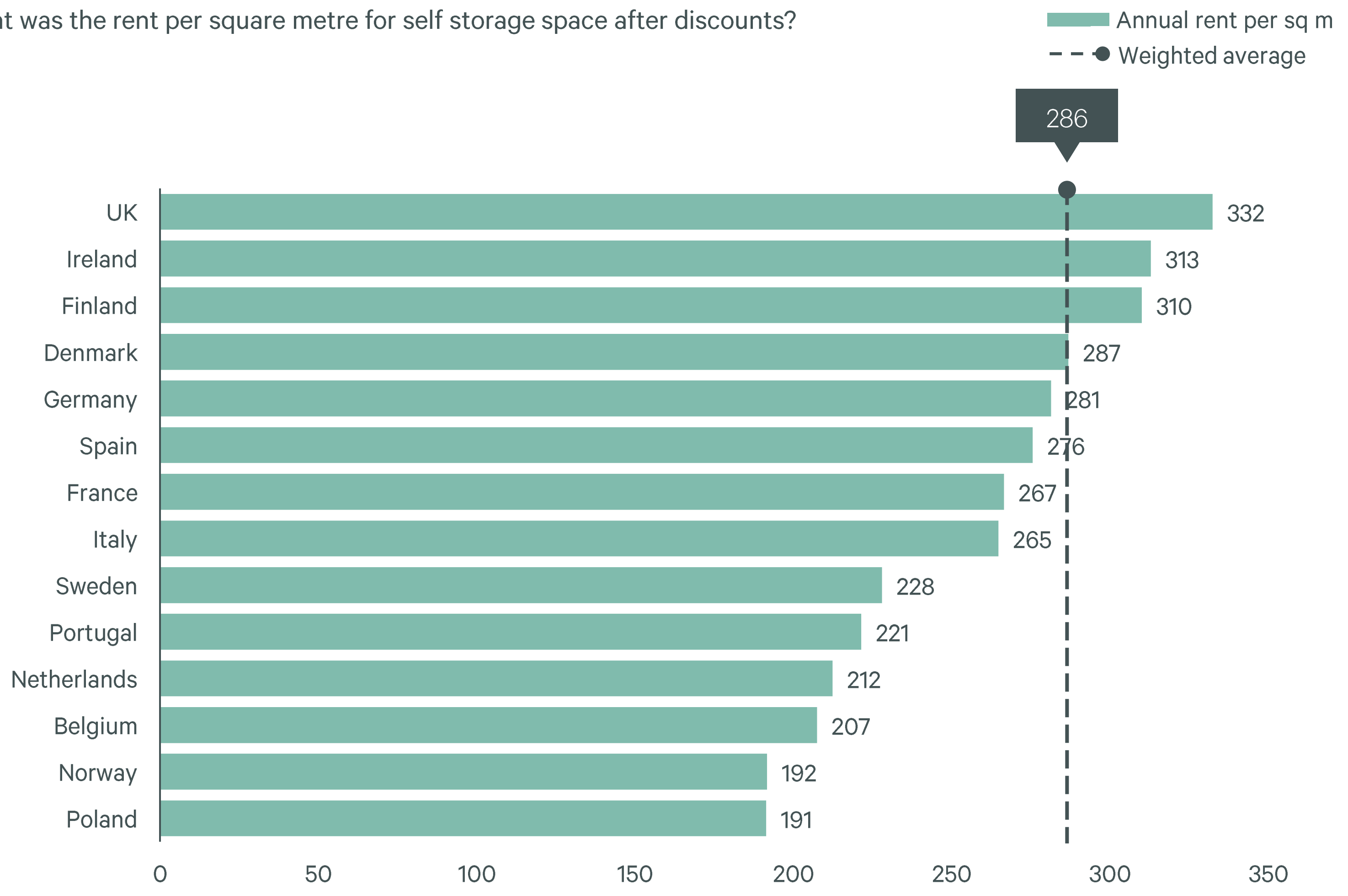
Rental rates

Turnover has been positive in most markets, with rental rates showing that customer demand remains strong. The average annual net rental rate of €286 per sq m represents a positive return across our respondents' portfolios. Rental rates are highest in the UK, with an average annual return of €332 per sq m. This is followed by Ireland and Finland with €313 and €310 per sq m, respectively.

This year's survey asked for rental data net of discount incentives given to customers. The rental data is therefore presented differently from last year's survey, which asked for gross annual rental rates. The other variation from last year's survey is the different sample size, which impacts both the size and type of store, as a higher sample of container stores would affect average rental rates. The weighted average is determined by the number of our respondents' stores located in each country.

From published information and CBRE held data across multiple European markets, we have seen positive rent growth over the last 12 months with many operators seeking to at least match inflation over the period.

What was the rent per square metre for self storage space after discounts?



Source: CBRE and FEDESSA, July 2023

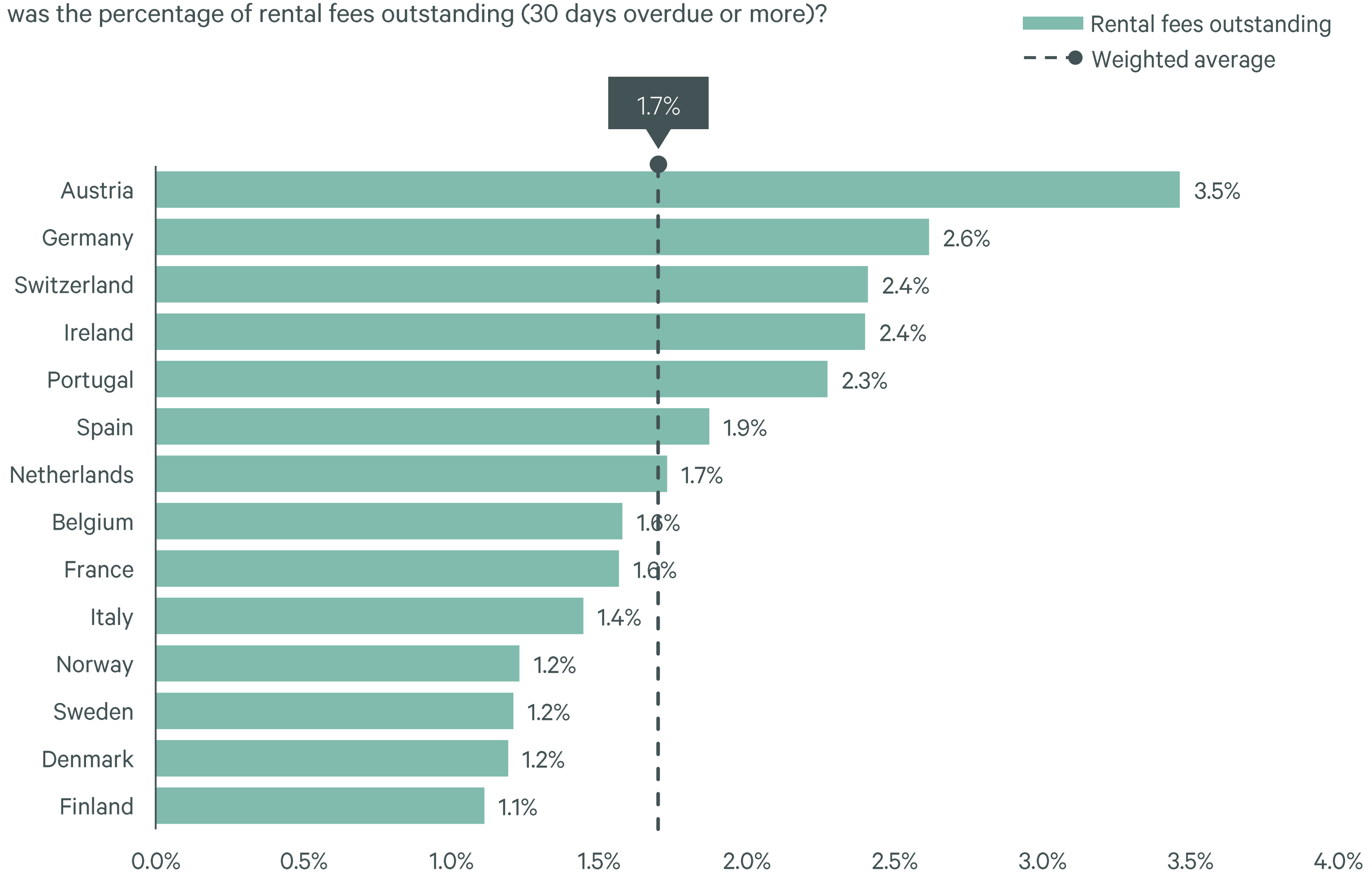
03
OPERATOR

Outstanding rental fees

The average outstanding rental fees for more than 30 days has fallen to a record low of 1.7% across our survey area. It is encouraging to note that despite cost of living pressures, outstanding rental fees are still few and far between across the industry.

From an operational perspective, businesses are being more vigilant in chasing debt and acting quickly on customers that have not paid their bills. When operators actively follow-up on non-payments, they see much lower levels of outstanding fees. Overlocking and giving customers the opportunity to either change unit size or move their goods out rather than continuing to accrue debt are examples used by operators.

What was the percentage of rental fees outstanding (30 days overdue or more)?



Source: CBRE and FEDESSA, July 2023

03
OPERATOR

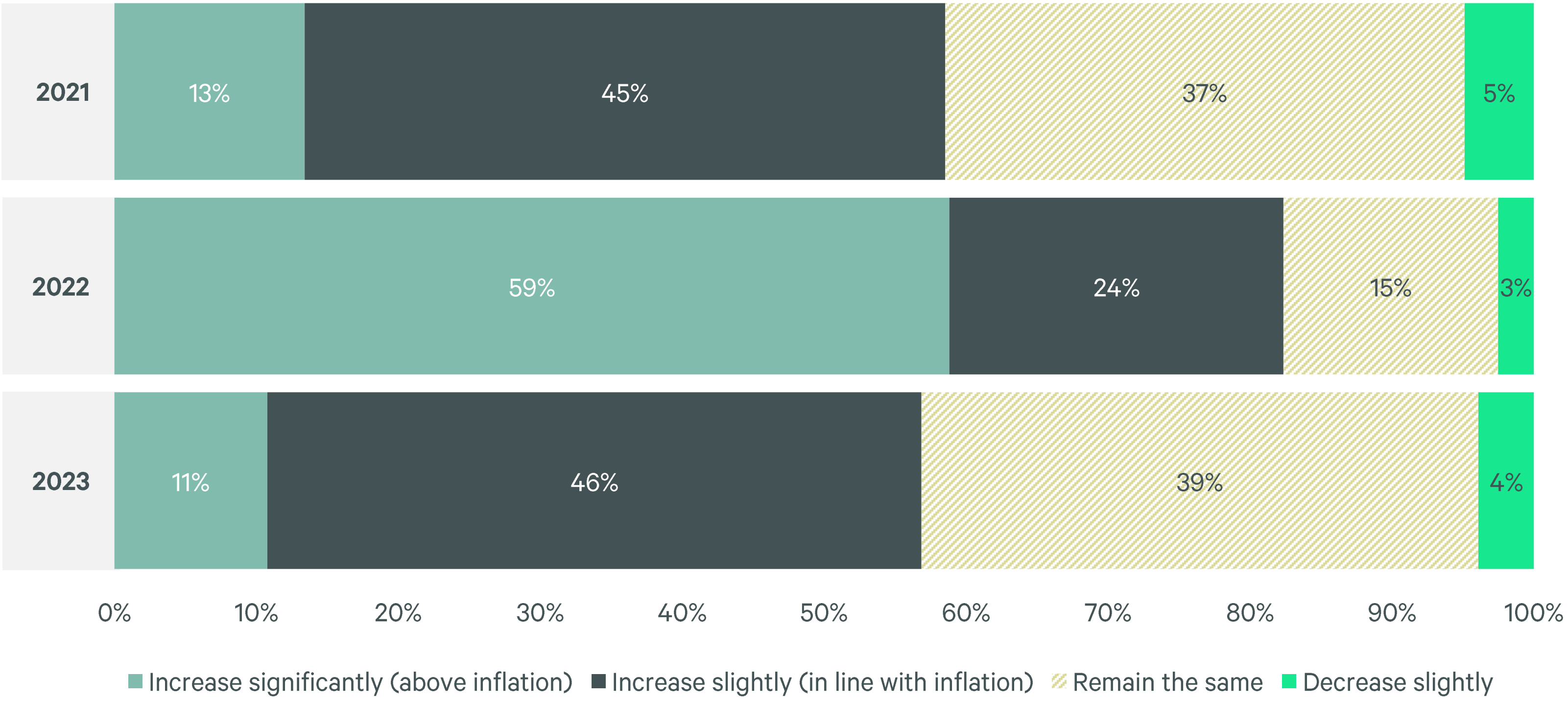
Rental expectations

Overall, operators are optimistic, with 96% of respondents expecting net rental rates to either increase or remain the same.

However, expectations have fallen over the years. In 2022, 59% of respondents were optimistic that rates would increase above inflation. Only 11% of respondents share this optimism this year.

With the current inflationary levels continuing to increase costs, businesses that cannot increase their income above inflation are less likely to increase profits unless more space is added to their portfolios.

What do you expect to happen to net rental rates over the next 12 months?



Source: CBRE and FEDESSA, July 2023

03
OPERATOR

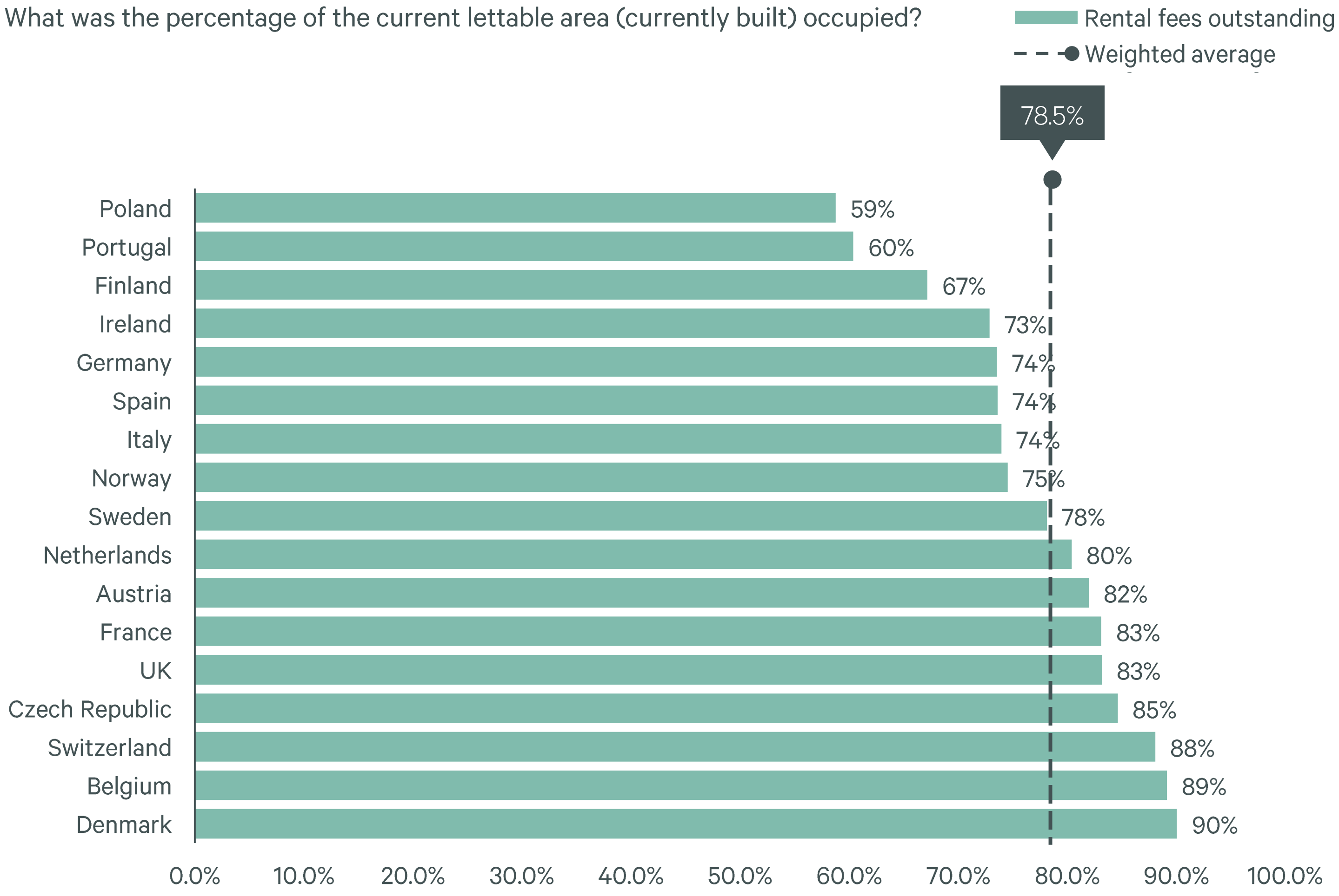
Occupancy rates

Survey respondents report occupancy levels averaging 78.5% across Europe. The sample includes new stores and recently expanded stores, which in the last 12 months have been in 'fill-up' stages.

Europe has seen a drop in average occupancy among mature stores (stores that have not added new space in the last two years). However, this follows record occupancy levels achieved during the pandemic.

It is worth noting that the optimal occupancy for a mature store is usually around 85%-90%, depending on the store's nature and size. Stores should not be aiming for 100% occupancy, as this diminishes the opportunity to attract new customers and maximise yield on the space that is rented.

What was the percentage of the current lettable area (currently built) occupied?



Source: CBRE and FEDESSA, July 2023

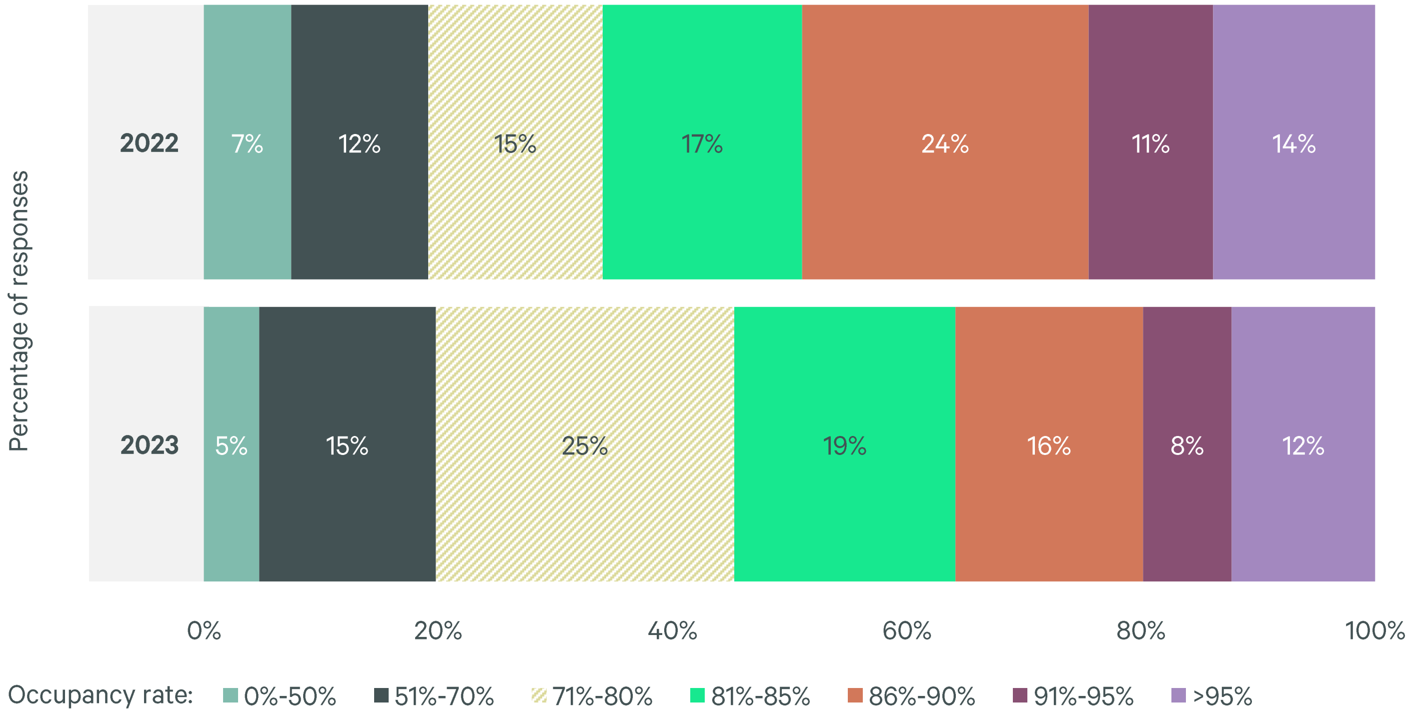
03
OPERATOR

Portfolio occupancy levels

Assessing respondents' portfolios, most operators are recording occupancy rates above 80%, which is positive. Meanwhile, a fifth of respondents record their portfolio occupancy above 90%.

In comparison to last year's results, a greater proportion reported occupancy levels between 71% and 85%, indicating there has been a softening of occupancy rates, although newer stores in ramp-up will also influence this analysis.

What is the occupancy rate across your entire portfolio?



Source: CBRE and FEDESSA, July 2023

03
OPERATOR

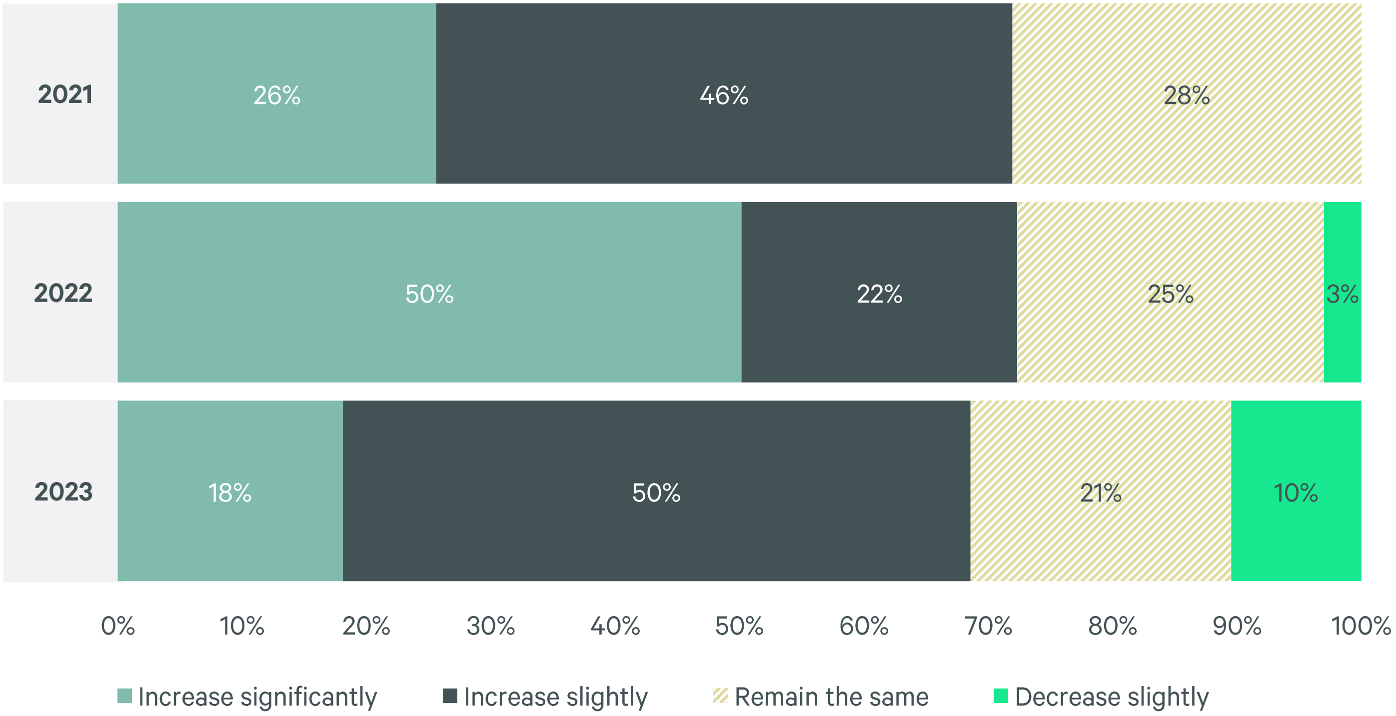
Occupancy expectations

As with rental expectations, occupancy expectations have tempered since last year. Nevertheless, expectations remain very positive, with 89% of respondents expecting occupancy rates to increase or remain the same.

There has been a significant reduction, from 50% in 2022 to 18% in 2023, of operators who expect rates to increase significantly. This may in part be due to stores already operating at high occupancy and subsequently placing a priority on rental rate increases, but also reflects the impact the current economic climate is having on self storage use.

We noted that some markets are less bullish about occupancy growth, such as Denmark, the Netherlands, and Sweden, due to occupancy reaching peak levels and new deliveries not expected for the next 12-24 months. Overall, the European self storage industry has been more focused on yield management than occupancy. Operators are willing to sacrifice some occupancy to improve overall profitability of the business, a strategy which allows operators to have space to sell when the market improves. Optimal occupancy is lower in Europe than the US, indicative of a more supply-led market with more difficulty in adding supply than creating demand.

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



Source: CBRE and FEDESSA, July 2023

03
OPERATOR

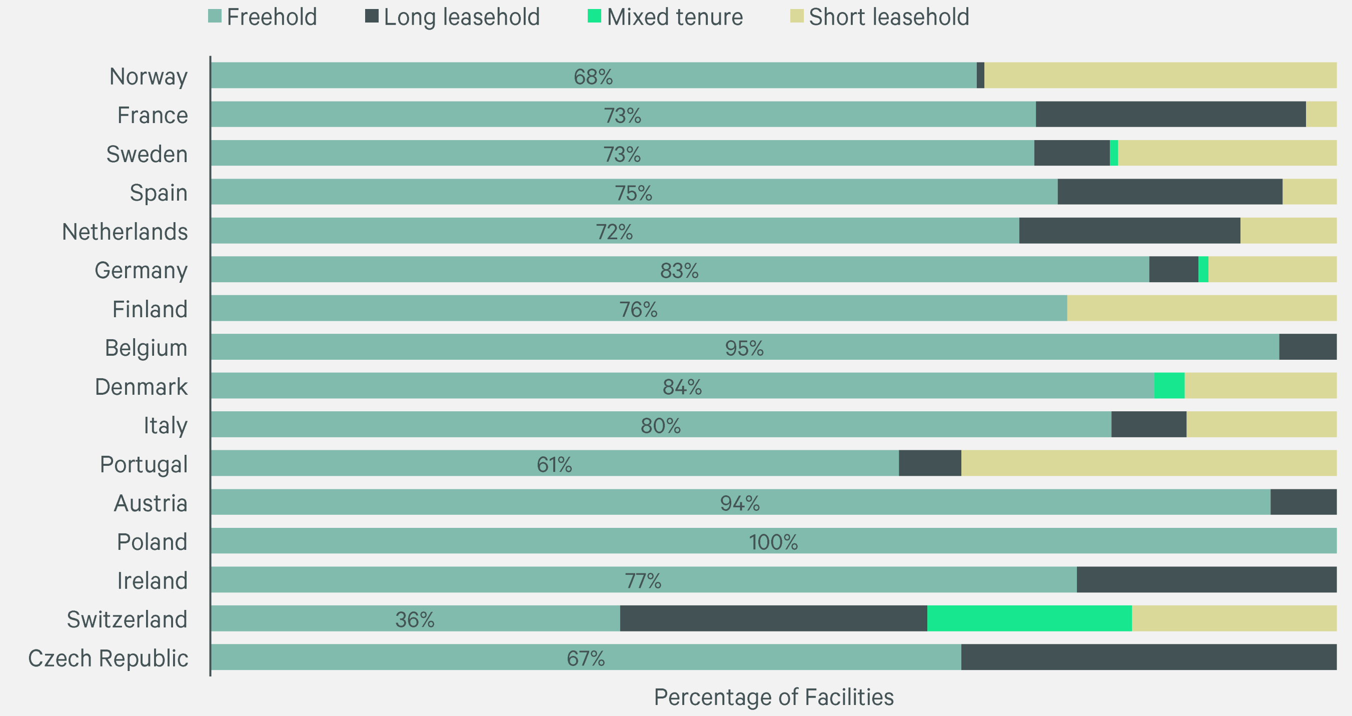
Tenure

As was the case in previous years' surveys, most operators favour freehold properties, as demonstrated by 74% of respondents. This is due to the benefits of the long income profile and more favourable debt terms that come from owning the property outright.

The proportion of tenures on shorter leaseholds is growing. In the past, leaseholds tended to be taken where the operator has funding constraints or where it is difficult to secure freehold opportunities in the local market. However, we are now seeing some operators embracing the leasehold model, as it allows them to expand more quickly without the requirement for extensive capital needed to open new freehold sites. In particular, we continuing to see developments in countries like Switzerland, where leasehold tenure is more common.

Is the facility occupied on a freehold, long leasehold, short leasehold or mixed tenure basis?

Freehold	Long leasehold	Mixed tenure	Short leasehold
73.6%	10.2%	0.4%	15.8%



Source: CBRE and FEDESSA, July 2023

04

Customer Enquiries

04

CUSTOMER

Split by customer type

Customers using self storage for personal use remain the dominant customer type. However, some European countries have recorded an increase in commercial usage. Notable commercial increases, by number of units, were recorded in the Czech Republic, Poland and Italy, where the space occupied by commercial customers account for 48%, 46% and 39%, respectively.

Commercial customers are attracted to self storage by the flexible lease terms provided, which are typically more favourable than terms found in the industrial sector. Larger units in prime locations are often preferred by commercial tenants. There has been a slight decline in the number of commercial clients who turned to self storage as they downsized their office space following COVID-19, and this has resulted in a modest increase in the share of residential usage (by number of units) since last year, rising from 71% to 72%.

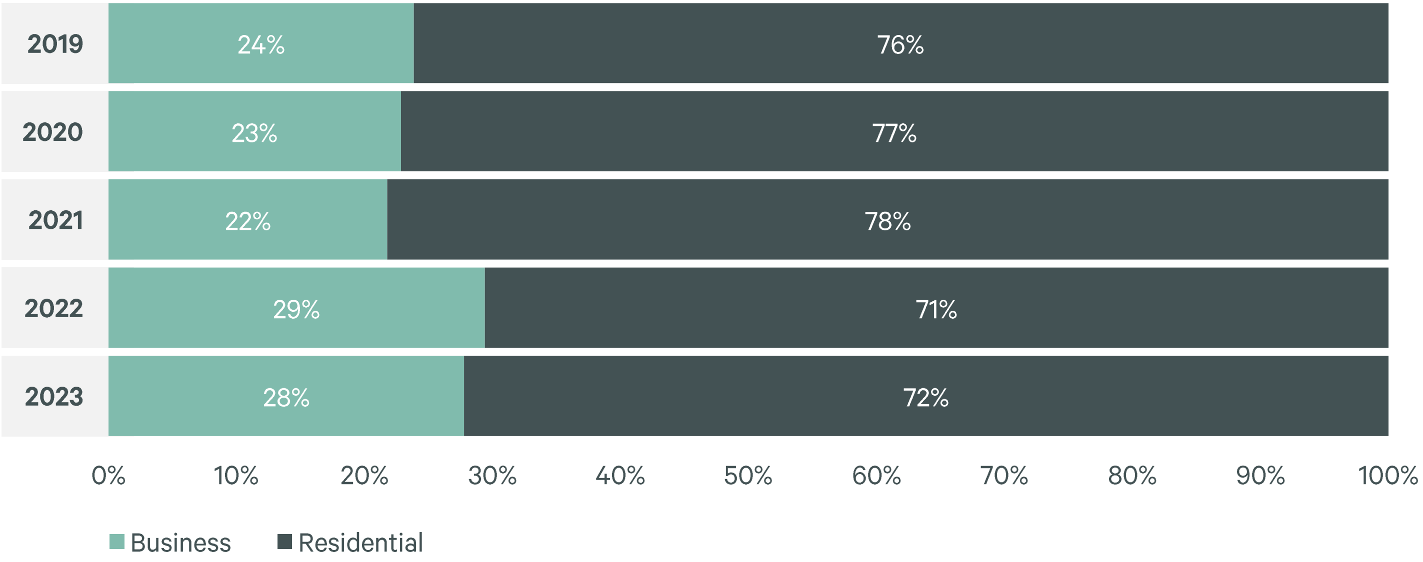
What is the split of business type by customer based on square metres of self storage occupied?

35%

Business

65%

Residential



Source: CBRE and FEDESSA, July 2023

04
CUSTOMER

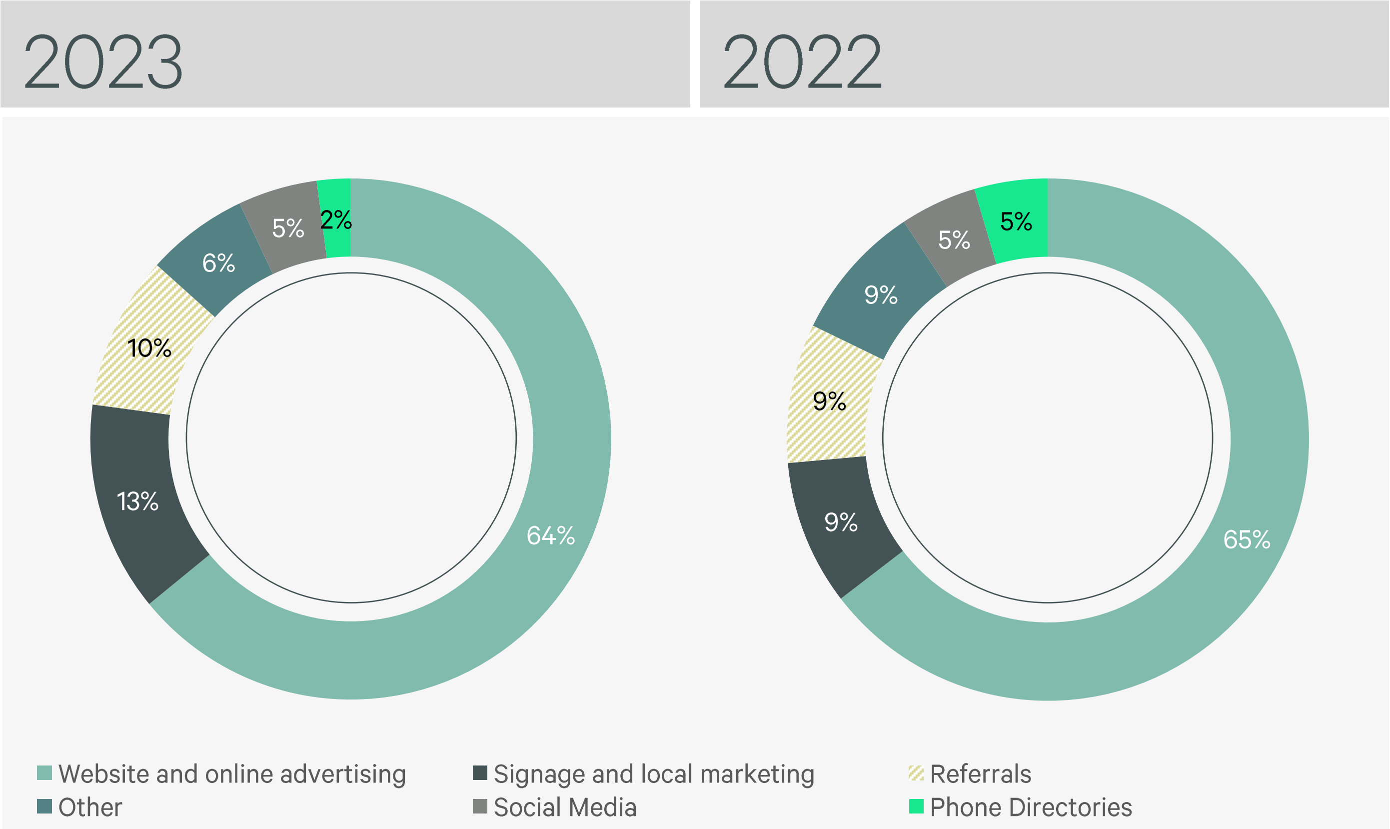
Customer enquiries

The leading source of customer enquiries was through website and online advertising with 64%, in line with last year's result. This follows a trend towards online bookings, one which rapidly increased during the pandemic and has not declined since.

Referrals continue to be important for generating enquiries. Customer satisfaction is generally high in the industry, and self storage is frequently introduced to new customers through word-of-mouth by current customers.

While operators have been embracing the move towards building an online presence, there has been a notable increase in enquiries coming from signage and local marketing. During the pandemic, occupancy was very strong, and operators were reducing their marketing somewhat. Now, as competition amongst operators rises, there is a return to non-digital marketing which targets those who are not specifically looking for self storage.

What is the breakdown of total enquiries for your company?



Source: CBRE and FEDESSA, July 2023

05

Development and Expansion

New store openings incorporate all new stock brought to the market across our survey area. This includes a combination of **new builds and conversions** of existing non-self storage buildings, such as car parks and warehouses. In contrast, acquisitions are the purchase of existing stock.

05

GROWTH

New store openings

While there has been an abundance of capital chasing the self storage sector, the number of new store openings has fallen across our sample group. New store openings alone in 2021 (291 stores) outstripped both newly opened stores and store acquisitions in 2022. Notable falls recorded across mature self storage markets include Germany and France. This reflects the current difficulty in acquiring sites as well as delays to the planning process. In Spain, where major operators like Homebox and Safestore have recently invested in the industry, there has been an increase in store openings and acquisitions.

With recent consolidation in the market, store acquisitions are unlikely to come through at scale in the next 12-24 months, so investors may need to look to converting existing buildings into self storage or explore new developments to satisfy demand.

New store acquisitions

Despite headwinds, acquisitions (87) exceeded that of store openings (83). The optimism centres on more mature markets with the Netherlands (13), Spain (12) and Germany (11) as the most common locations for respondents' store acquisitions.

How many new stores did you open last year?

87 Acquisitions

83 Newly Opened

2,098 sq m Average lettable area per new store

Source: CBRE and FEDESSA, July 2023

05

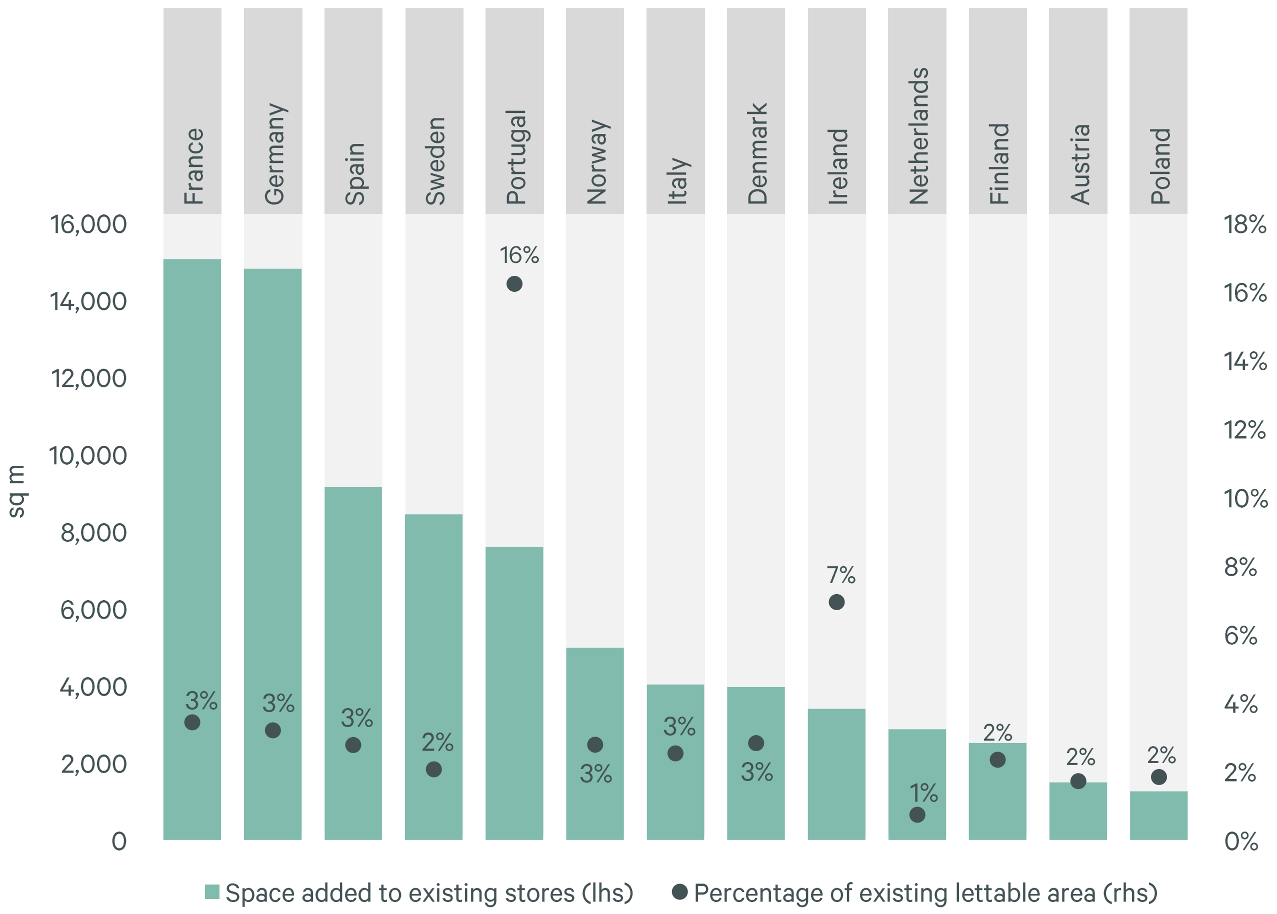
GROWTH

Expansion of existing stores

Operators have continued to expand their existing floorspace to satisfy growing demand for self storage. Expanding an existing site can significantly enhance value as operating costs tend to be relatively fixed.

Over the past 12 months, just under 80,000 sq m were added to respondents' existing footprint, an increase of 3% year-on-year. Portugal and Ireland recorded increases of 16% and 7% in additional space, respectively, which was largely due to the expansion of leading country operators in relatively small markets (Portugal being one of those markets that has grown quickly from a low supply base).

How much extra space did you add to your existing stores?



Source: CBRE and FEDESSA, July 2023

79,616 sq m

Added to existing stores

(3% added to existing space)

3,024,388 sq m

Total respondents' existing lettable area

05
GROWTH

Development pipeline

There are 221 stores in the development pipeline across our report sample, 59% of which are either under construction or have planning approved, with a further 41% waiting for planning approval. Limited unconsented developments were reported in Denmark, Norway and the Czech Republic, which may lead to a strain on supply if not addressed in the short-term.

This strong development pipeline shows that operators remain determined to expand their portfolios and have confidence in the industry, despite the increasing costs of construction and extensive delays in the planning process. Strong investor interest supports such confidence to some extent. It should be noted that not all developments in the pre-planning stage come to development.

New investors looking to enter the industry and rapidly grow a multi-site platform will be challenged with the limited number of new stores and extended planning and constructions periods. This creates even more demand for existing multi-site portfolios.

How many new stores do you have in your development pipeline?

85 Under construction	44 Planning approved
92 Awaiting planning approval	221 New stores in development

Source: CBRE and FEDESSA, July 2023

05
GROWTH

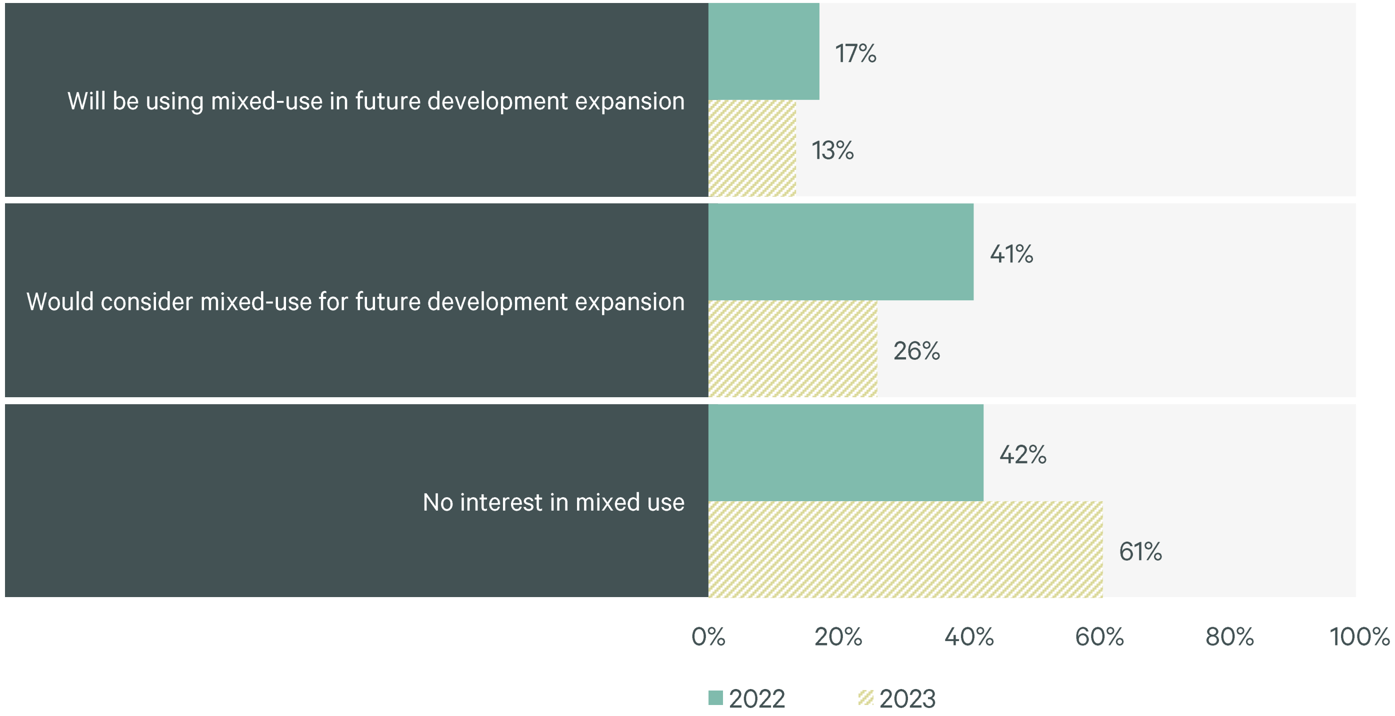
Future mixed-use developments

Respondents were asked about their appetite for incorporating mixed-use properties into future developments.

Respondents generally reported no interest for future mixed-use developments, with 61% stating no interest (up from 42% last year). Those committed to having mixed-use in future developments was 13%.

Operators remain focused on the core business of self storage instead of using land for mixed-use development. However, as it becomes harder to find suitable land to develop sites, mixed-use can ease the planning process. Additionally, once complete, sites with multiple mixed-use tenancy can benefit from cost efficiencies that result from sharing costs with another occupier. Clever selection of mixed-use operators, such as coffee shops and supermarkets can also raise potential customers' awareness to self storage.

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



Source: CBRE and FEDESSA, July 2023

05
GROWTH

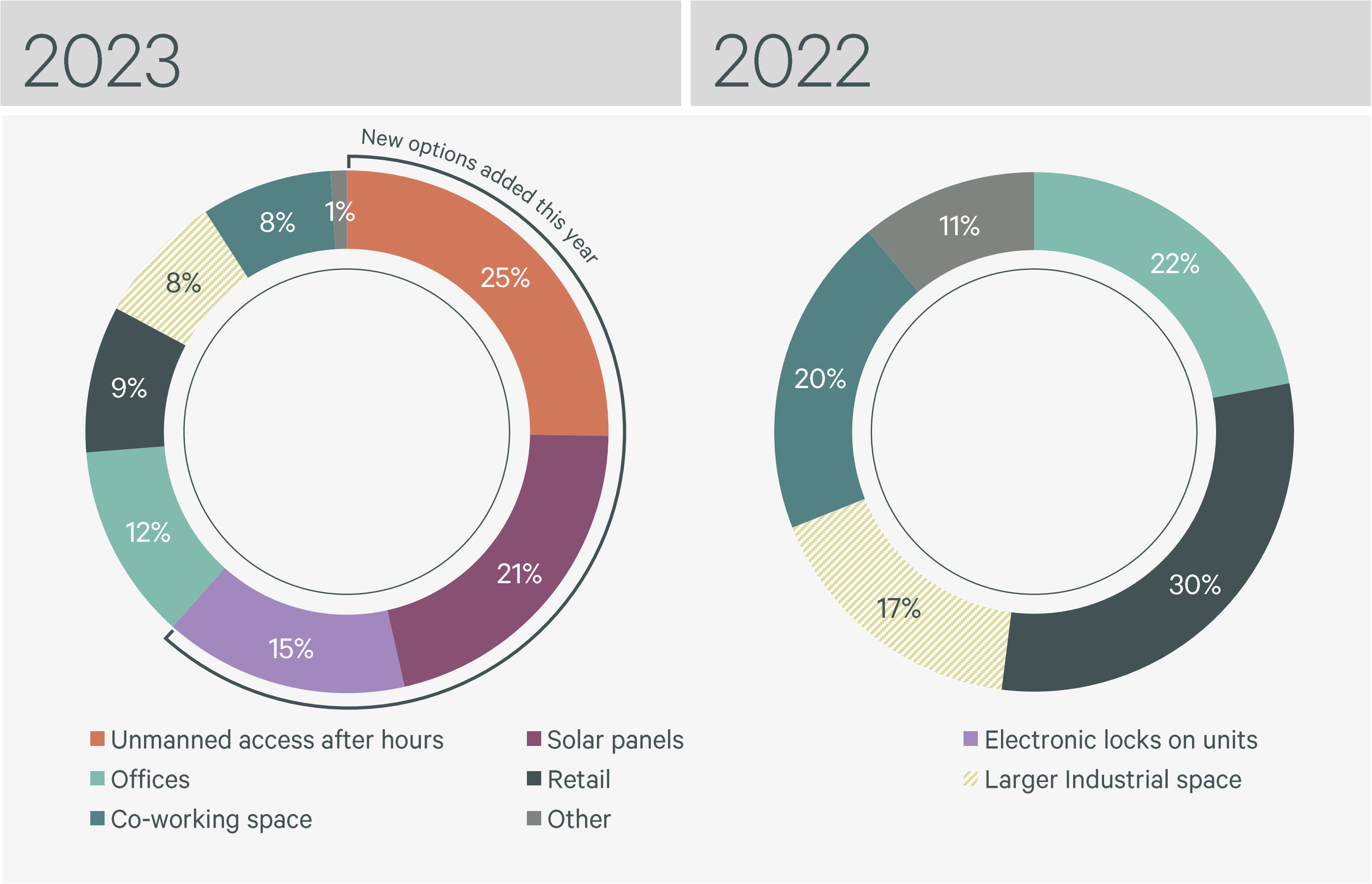
New store building preferences

When asked about interest in including alternative property uses, operators stated the following: offices (12% of respondents) were more important to operators than retail (9%), in a reverse of 2022 survey results, while appetite for industrial space (8%) and co-working (8%) have significantly reduced.

In this year's survey, we asked respondents about their appetite for adding specific operational features to new stores. The three additional features address customer access, security and sustainable energy generation. The most popular building feature for new stores is unmanned access after hours (25% of respondents), followed by solar panels (21%) and electronic locks on units (15%). It will be interesting to observe how this trend continues and whether such features become more common in future builds.

If the number of unmanned access units rise, this may raise security concerns among customers. To counter this, operators could explore biometrics and other technology-based security features; some of which are already widely used in other industries and are increasingly being adopted in the US self storage market.

Will your new stores include any other usage or features?



Source: CBRE and FEDESSA, July 2023

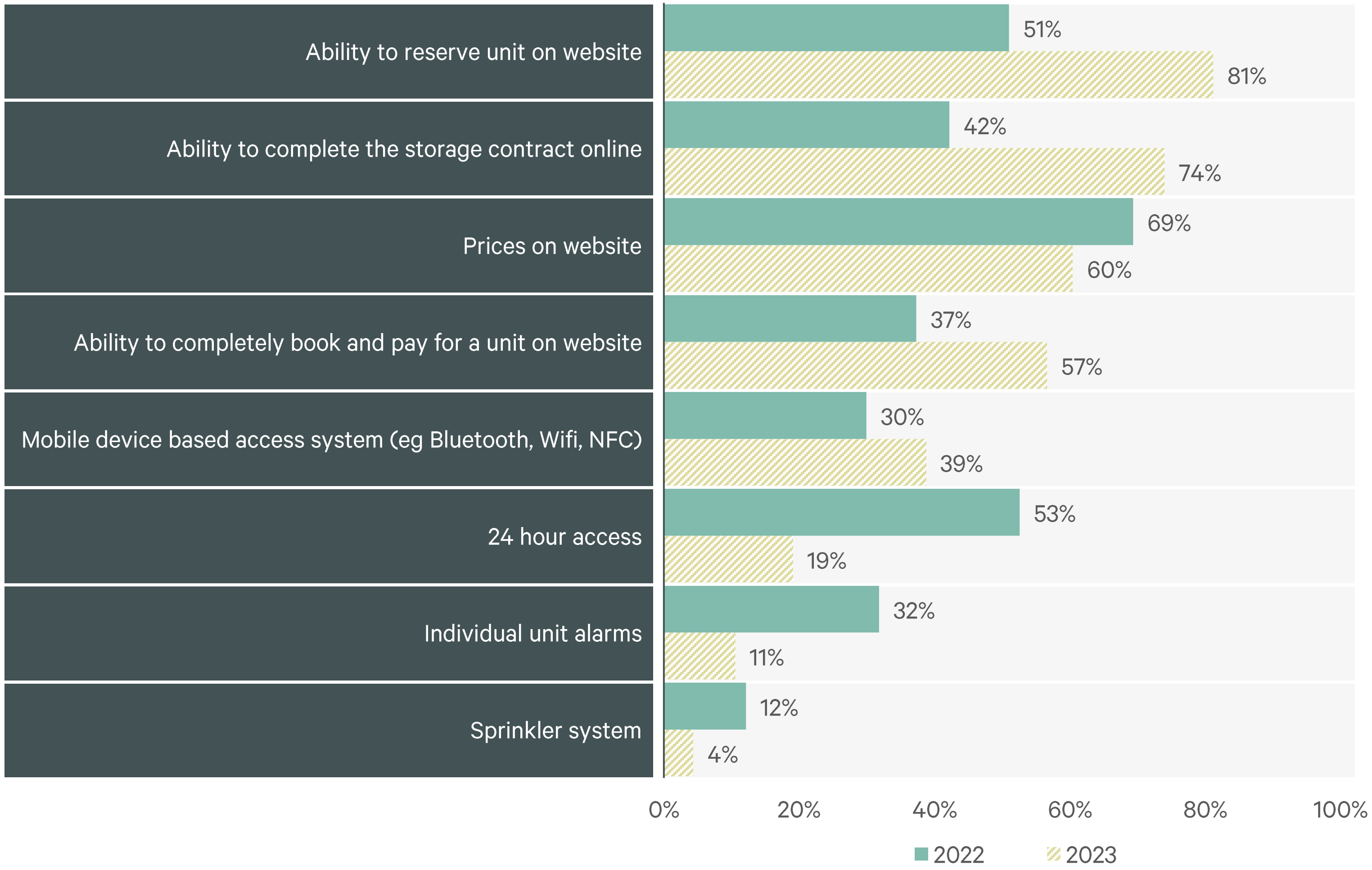
05
GROWTH

Store features and services

There has been a significant shift in the industry toward online services over the past three years. This has implications for both marketing and staff operations, as generating sales online is a very different process from doing so in person.

Operators' greater utilisation of technology has brought an array of benefits, including allowing for more dynamic pricing models based on the data that online transactions generate. The most common features of our respondents' stores are those that protect customer belongings. Features such as CCTV, fire detection and insurance are now standard in the industry. Operators who do not offer these features risk overlooking customer security concerns.

Which of the following features and services does your facility have?



Source: CBRE and FEDESSA, July 2023

06

Operations and Industry Challenges

A testament to operators' capabilities has been the **consistent profit results** seen in the last year. Operators have been strategic with revenue generation, particularly in areas relating to business improvements, all of which have maintained steady income streams. Navigating rising costs has tested operators' flexibility with operating models. Adaptability in the approach to staffing has helped to maintain profit levels, yet the challenge remains to not diminish high customer service levels.

06
OPERATIONS

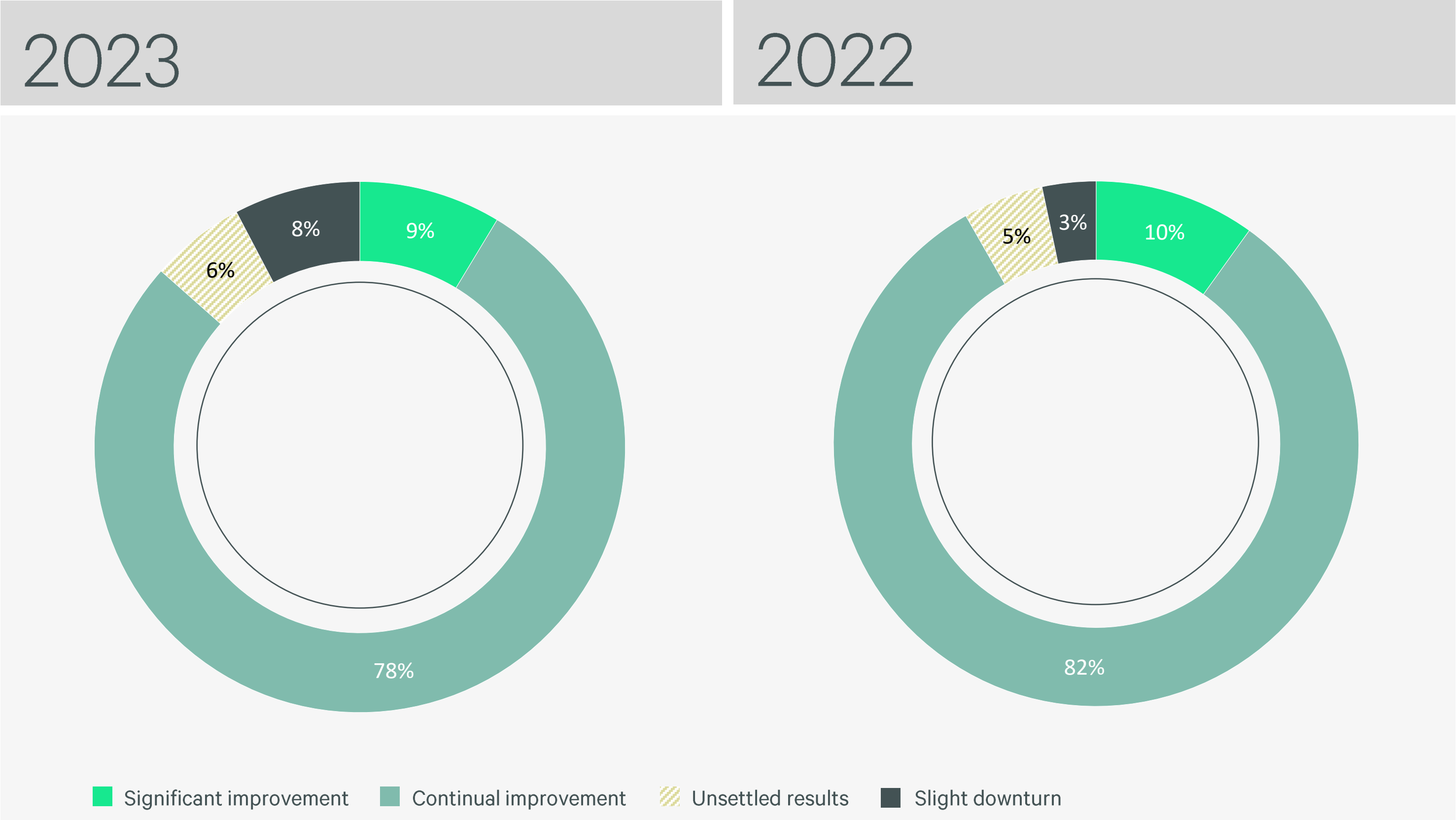
Profit expectations

Overall, 87% of respondents expect to see improvement to profits in the coming year, slightly down from 92% last year. That is encouraging in the backdrop of macroeconomic headwinds, which are adding to operational costs. And while a growing number expect a slight downturn in profits this year, this remained low at only 8% of respondents.

Operators' intentions to increase their profitability are likely to include adding space and reducing operating costs.

Operating costs as a percentage of revenue are low compared with other asset classes. Operators have been trying to reduce staff costs across their portfolios via the automation of customer portals and mobile app-based access control and door locking systems. Higher utility costs have had a limited impact compared with some other sectors due to relatively low levels of power use and increasingly good ESG credentials. The combination of revenue and OpEx performance has created an impressive profit record for this asset class.

What are your profit expectations for your self storage business in the coming 12 months?



Source: CBRE and FEDESSA, July 2023

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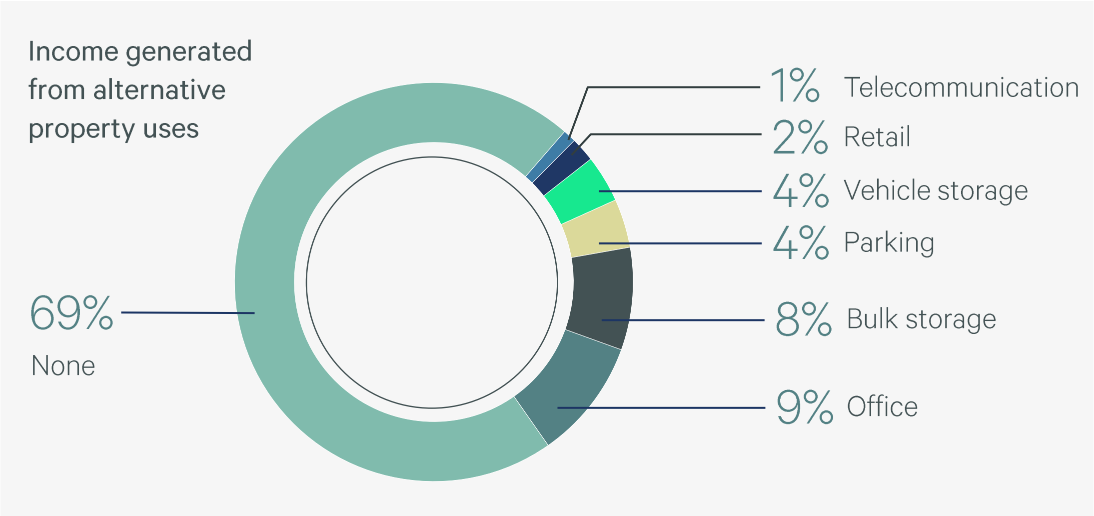
OPERATIONS

Income from other uses

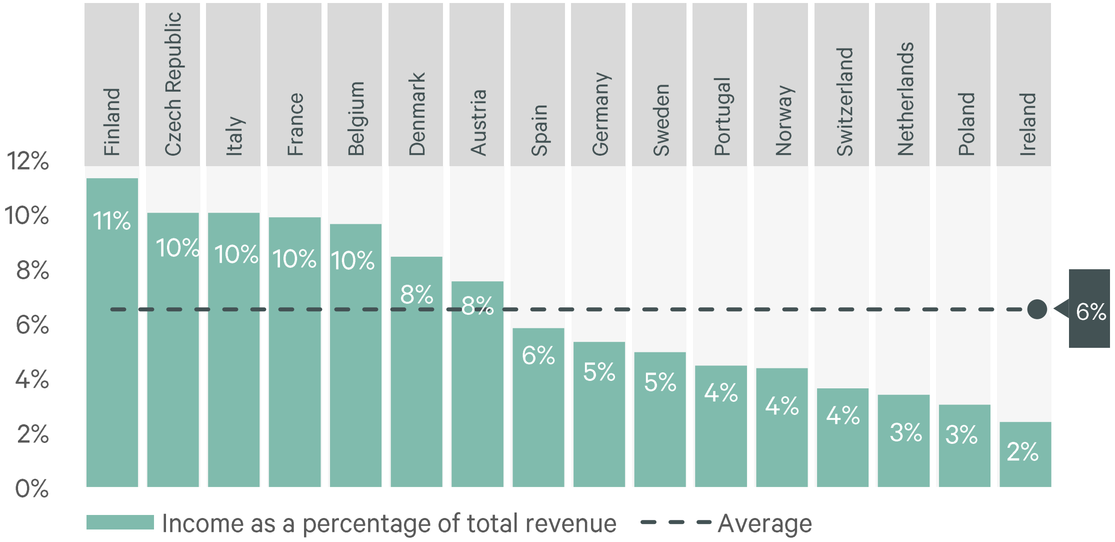
Many owners offer alternative use options on their sites – in addition to self storage as their primary source of income – to maximise earnings.

31% of respondents state they have income through alternative property uses. Offices contribute the highest share of this income, cited by 9% of respondents. This is closely followed by bulk storage, at 8%. Bulk storage has the advantage of being easily converted to self storage, and can be added to new stores to generate immediate revenue.

The share of income generated from retail has risen to 2%, which is an increase on last year's survey, where retail space made up less than 0.5% of income.



Income received from merchandising and insurance sales



Source: CBRE and FEDESSA, July 2023

Ancillary and non-core business income

Most of the ancillary income comes from insurance and merchandise sales (mostly packaging-related items such as boxes and padlocks).

The survey notes a wide range of ancillary income across operators and countries. Insurance is typically the much larger element of the ancillary income. Income levels depend on their level of expertise and focus on selling the products offered.

However, differing insurance regulations influence the ability to sell insurance products and impacts profitability levels.

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OPERATIONS

Greater shift to part time employees at head office

Respondents are reporting fewer employees at their head office compared to last year's survey, and a shift to employing more staff on a part time basis. The share of part time employees has risen more than threefold from 6% in 2021 to 20% in 2023. Rising wages and low unemployment are making it difficult for businesses to secure staff, leading to an increase in temporary or part time staff in the hope that market conditions will eventually ease.

An uptake in the outsourcing of head office functions is also becoming more common, particularly in online marketing, with more digital advertising agencies specialising in self storage. The rise in customers completing the entire sign-up process online and the movement to direct debit payment systems will also reduce the number of head office staff.

Total respondents' split between full time vs part time employees at head office

	2023	2022
Full time	80%	91%
Part time	20%	9%

How many people does your company employ at head office?

Larger operator trends

Average number of employees at Head Office	Full time	Part time
19	79%	21%

Smaller operator trends

Average number of employees at Head Office	Full time	Part time
6	81%	19%

Source: CBRE and FEDESSA, July 2023

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OPERATIONS

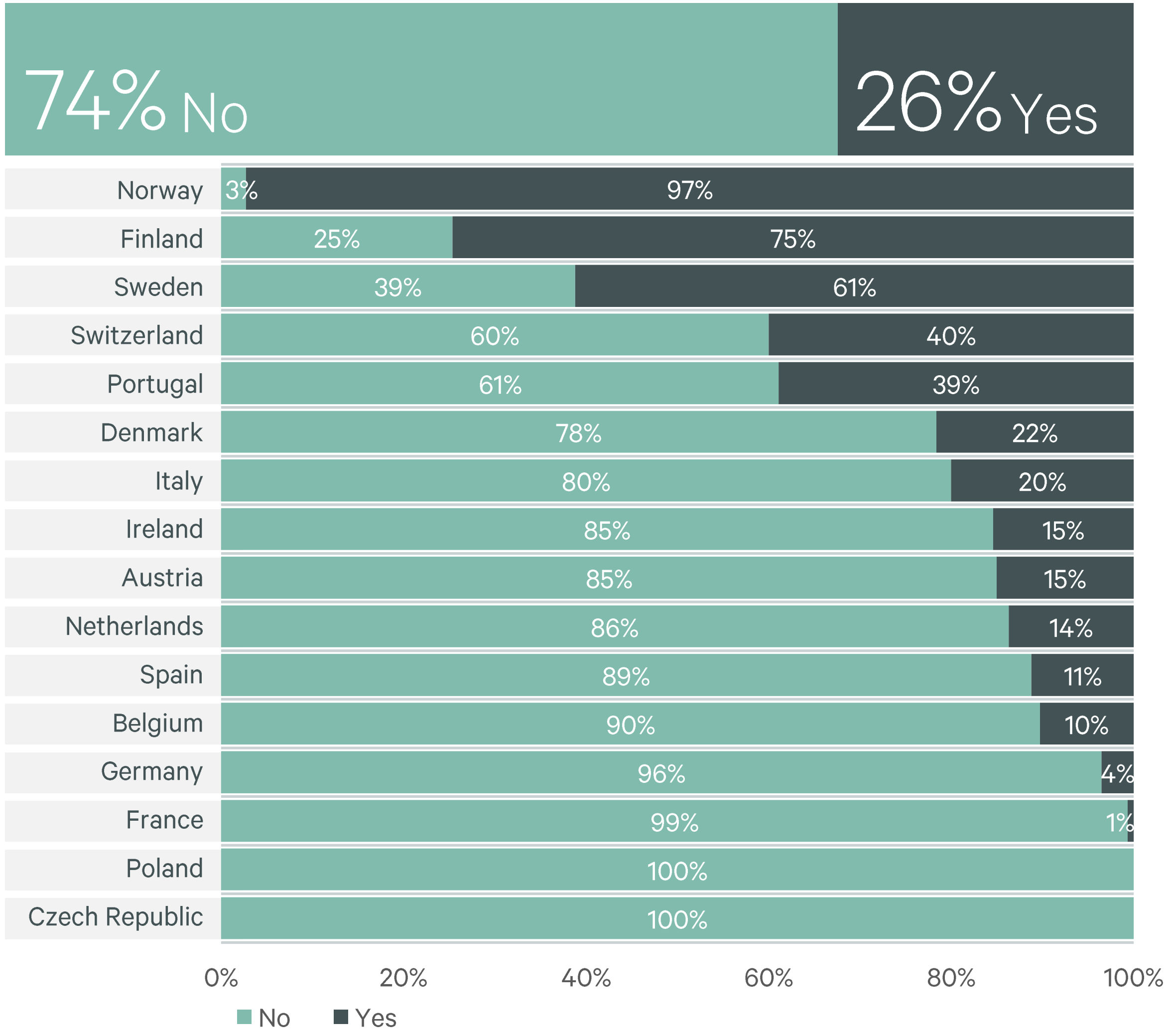
Remote management of stores

Staff numbers at stores are lower than 2022, with 75% of respondents stating they had fewer than three full time staff at their stores, increasing from 70% in 2022. As for part time staff, 80% of respondents state they have no part time staff at their stores.

Despite the move towards more part time employees, the general trend across our respondents' facilities is that stores remain staffed, with 74% of respondents in favour of having permanent staff on site. The main benefits of having permanent staff in reception areas of stores is direct customer care and an increased sense of security for customers. Data from respondents, however, has shown a degree of movement towards fewer (and in some cases no) permanent staff on site; the latter is termed 'remote management'. Remote management tends to occur in smaller stores which can be unstaffed. This allows a main central store to manage multiple unmanned stores remotely and provides a cost-efficient method for operators without needing to employ staff at the multiple smaller stores.

The adoption of remote management is more prominent in the Nordic countries. Norway and Finland have the fourth and seventh lowest average store size in Europe, which explains the favourable lean towards remotely managed stores.

Is this store remotely managed? (no permanent staff on site at any time)



Source: CBRE and FEDESSA, July 2023

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OPERATIONS

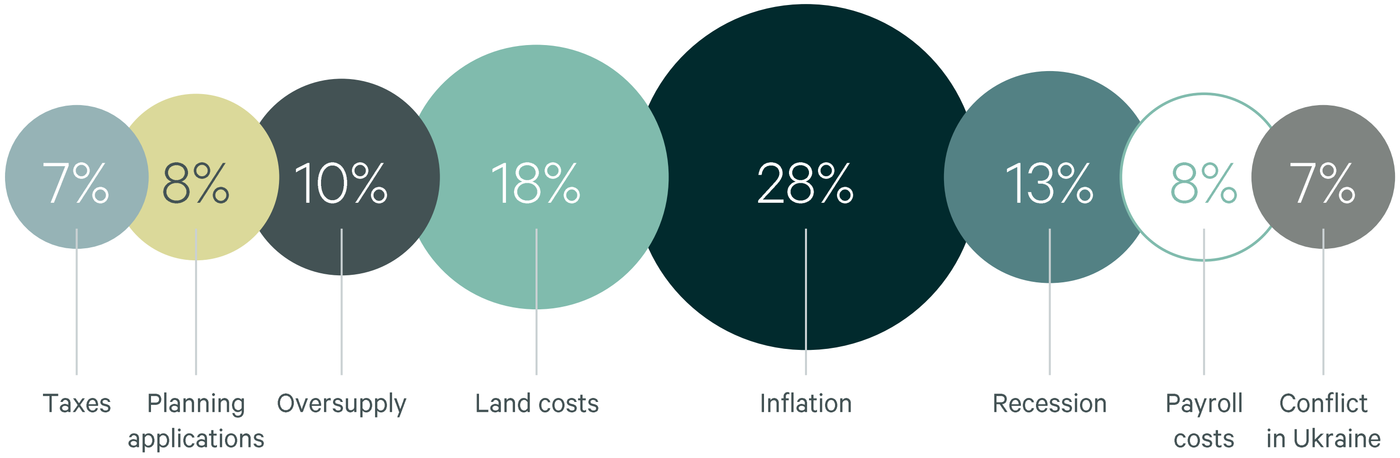
Industry challenges

Inflation remains the primary concern for occupiers in 2023, a repeat of 2022's survey result. Escalating cost-push inflation has been hampering operators' incomes since 2021 and is expected to remain high throughout 2023. Rising land costs is the second-highest ranked challenge, growing in occupiers' concern from 2022. This is a particular concern for occupiers in Ireland, Norway and Switzerland, where already high land costs and lack of availability is hindering investment.

The market's impact on pricing, coupled with landowners' reluctance to sell in a declining value market, is constricting development opportunities and, as a result, land costs continue to rise. Unsurprisingly, recession is also a key concern for occupiers.

Despite being a sector in favour with lenders, the cost of debt continues to rise along with reference rate movements. This is a further recessionary pressure that doesn't appear to be subsiding in the near-term, despite efforts by policymakers to dampen stubborn inflation.

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



Source: CBRE and FEDESSA, July 2023

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OPERATIONS

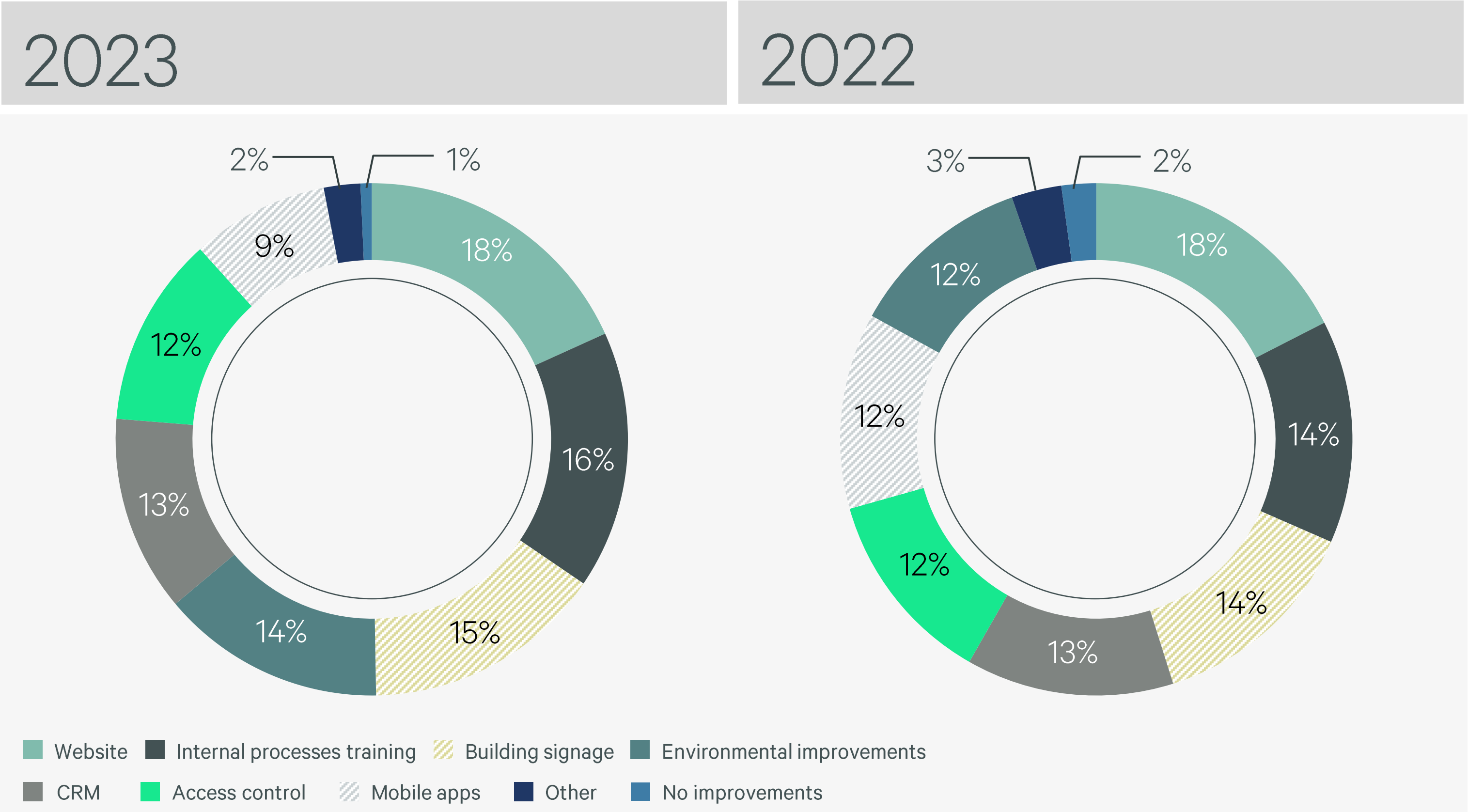
Business improvements

Website improvements lead operators' priority list, in line with 2022 survey results.

This is understandable, considering 64% of operators' enquiries were sourced from websites and online advertising, and further highlights the importance for businesses to maintain a strong online presence.

Internal processes and training remains the second most important business improvement, reflecting operators' commitment to having efficient operating strategies, particularly as the number of unmanned stores continues to rise. Interestingly, building signage remains the third most selected business improvement, highlighting that physical marketing is still desirable.

What business improvements are you planning on investing in?



Source: CBRE and FEDESSA, July 2023

06

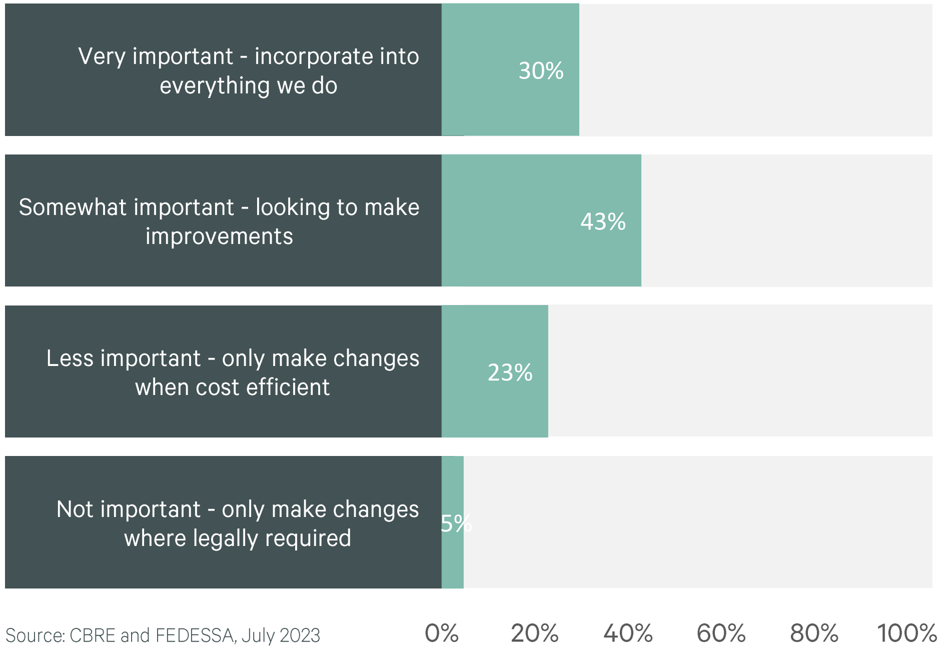
OPERATIONS

Importance of sustainability to occupiers

Environmental sustainability is of high importance to operators' business strategies, with 73% of operators answering either somewhat or very important, meaning they are actively seeking improvements to the sustainability of their existing business strategies. And interestingly, when stating their business improvement plans in the previous question, respondents ranked environmental improvements as the fourth most important.

This trend is typical across most industries, as seen in our Strengthening Value Through ESG report, and reflects a growing awareness of the contribution sustainability measures have in driving commercial success. 2022's steep rise in energy prices brought a greater focus on how sustainability measures can help operators stay competitive. While energy price inflation has eased somewhat, greater energy efficiency still represents an opportunity for considerable operational cost reductions.

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



Source: CBRE and FEDESSA, July 2023

New disclosure requirements and shareholder expectations for more ethical investments are pushing investors and operators to incorporate sustainability practices into their business strategy.

There are a number of 'easy wins' for investors and operators to incorporate environmental improvements into their portfolios. These include switching to a renewable electricity tariff and introducing light sensors and LED fittings, which most self storage stores now have.

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OPERATIONS

Sustainable practices

The three most common sustainable practices located in respondents' stores remain unchanged from last year.

These are LED lighting, recyclable-packaging boxes and passive infrared detection. LED lighting is well known as an energy efficient alternative to traditional lighting. Recyclable boxes actively helps to reduce operators' environmental footprint. Infrared passive detection, commonly known for motion detectors in lighting, is deemed a sustainable alternative to conventional lights because motion detection helps to limit energy usage.

Uptake of solar panels and electric vehicle charge points remains low, largely due to the initial installation costs, despite self storage having low power use compared to other industries with similar sized buildings. This means they can often generate more solar power than they use, however solar power subsidies and power buy back schemes often do not make this cost-effective. Solar panels are more commonly found in stores built in the last three years, rather than panels retrospectively being added to existing stores.

In general, greater environmental planning regulations and achieving long-term sustainability are the foundations for operators' adoption of sustainable features within new stores.

Which of the following sustainable practices does your store have?

70%
LED lighting

38%
Recyclable packaging boxes

37%
Passive infrared detection

7%
Solar panels

6%
Electric vehicle charge points

5%
Green roof

Source: CBRE and FEDESSA, July 2023

07

FEDESSA Membership

07
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 (the Netherlands)
- Irish Self Storage Association – ISSA (Ireland)
- Swiss Self – Norwegian Self Storage Association – NSSA (Norway)
- Pienvarastoyhdistys ry. (Finland)
- Self Storage Association Denmark (Denmark)
- Self Storage Association United Kingdom – SSA UK (UK)
- Sweden Self Storage Association (Sweden)
- Storage Association – 3SA (Switzerland)
- Verband deutscher Self Storage Unternehmen e.V. (Germany)

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