

Self Storage Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The self-storage market is expected to register a CAGR of 5.76% over the forecast period. The growth in this industry is expected to be positive during the forecast period, owing to increased urbanization and improved economic outlook across the regions. These factors have led to the growth of new businesses.

Key Highlights

The self-storage industry is a sub-sector of the commercial real estate market. The growth in this industry is expected to be positive during the forecast period due to increased urbanization and improved economic outlook, which have led to new business growth. Although self-storage facilities are widely available in mature markets, such as the United States and western Europe, they remain a relatively new concept in Asian markets, such as China and India.

The increasing rate of urbanization is one of the significant factors positively driving market growth. The rising urban population means smaller and increasingly expensive living spaces in cities with more renters who move around frequently. London is a prime example of this trend, with its population hitting a new all-time high of 8.6 million in 2015. The population is projected to be more than 10 million by 2030.

On top of increased use by personal users, businesses have increasingly shown an interest in self-storage. Businesses are aware and concerned about their storage costs. Unlike traditional warehousing, the self-storage model offers increased diversity of options for storage space size and pricing plans.

Government regulations hinder the market's growth. The storage operators have continued to receive nonspecific warnings from the Department of Homeland Security that their facilities can be used to store materials that could be unleashed in a terrorist attack.

COVID-19, in addition, has led multiple business owners to opt for self-storage. Having worked from home for most of 2020 drove up the demand for self-storage to cut out on rents on spaces. More companies have decided to shift toward a remote work model permanently. Hence, the need for office rentals is decreasing, especially in metropolitan Asian cities, where office space can be costly to rent. After the pandemic, offices were opened and slowly moved to a hybrid work culture. This can positively impact the self-storage market.

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Self Storage Market Trends

Personal Storage Segment is Expected to Hold a Major Market Share

The performance of self-storage properties is primarily driven by the demand for growing space for additional storage as families are growing with more material possessions. Moreover, the need for storage units is predicted to increase as baby boomers downsize.

The increasing urban population causes smaller and increasingly expensive living spaces in cities with more renters who move around more frequently. London is an example of this trend, with its population hitting a new all-time high of 9.3 million in 2020. The population is projected to be over 10 million by 2030.

Moreover, another factor that played a role in the sudden demand for the self-storage sector was the COVID-19 pandemic. Unemployment levels in the United States and worldwide rose during the COVID-19 crisis. As a result, residential landlords face the impact of jobless tenants who cannot pay rent. As these tenants move back home with their families or explore other house-sharing options, downsizing residential space creates opportunities for the self-storage sector to store items that will no longer fit into smaller homes.

As the millennial population occupies a more significant percentage of those using self-storage, they expect to interact with operators using technology, specifically smartphones, apps, or responsive mobile websites. Virtual tours, online booking and payment, self-service kiosks, and automated access are emerging trends in response to the technological development in the sector and the COVID-19 social distancing rules. With the decreasing competitive advantage of physical location, these online channels provide new opportunities for emerging storage innovators to build upon and disrupt the industry.

North America is Expected to Register the Largest Market

North America, which primarily includes the United States and Canada, is expected to lead the self-storage market. The demand for storage solutions and industrial automation drives the market. Increased focus on reducing infrastructure expenditure, growing need for business insights, and real-time data availability are some of North America's market drivers.

The self-storage industry has been one of the fastest-growing segments of the commercial real estate market since its debut 36 years before. According to SpareFoot.com, the storage industry records USD 39 billion in annual revenue, and about one in 10 homes rent storage units to collect junk.

The companies in the region are also planning and continuously building self-storage. For instance, in March 2021, Life Storage planned to build a three-story, 216-unit, climate-controlled building on the property the company owned on Transit Road to expand its business in West Seneca.

Demand for self-storage units is positive due to steady job creation and wage growth, bolstering household formation, and consumer spending. The faster lifestyles and relatively more memorabilia collected by younger and older generations also fortify the future need for self-storage space.

In July 2021, the global investment firm KKR acquired three self-storage properties in Austin, Texas, and Nashville, Tennessee, to meet the supply-demand fundamental and appealing long-term dynamics, including resiliency through economic cycles.

Self Storage Market Competitor Analysis

The self-storage market is highly competitive, with significant players like U-Haul International Inc., Life Storage Inc., CubeSmart

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LP, National Storage Affiliates Trust, and Safestore Holdings PLC. The key players in the market are also making partnerships, mergers, acquisitions, investments, expansions, and innovations to retain their market position.

October 2022 - U-Haul Moving and Storage of North Nashua, located at 476 Amherst St., announced the completion of 600 indoor climate-controlled self-storage units with high-tech security features available for rent.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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