Hong Kong Self-Storage - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Hong Kong Self-Storage Market size is estimated at 3.67 Million square feet in 2024, and is expected to reach 5.39 Million square feet by 2029, growing at a CAGR of 8% during the forecast period (2024-2029).

The market sizing estimates reflect the number of self-storage facilities in the region and the space available for renting or leasing units to personal and business end users for storage.

Key Highlights
-The growth can be attributed to the increasing difficulty in finding spaces for commerce. Moreover, in Hong Kong, people live in small, expensive flats and generally lack space to store their items like old books and clothes.
-Several organizations, such as Self Storage Association Asia, in May 2023, provided operators in Hong Kong with the official endorsement of their sites through its SAFE Programme. The endorsement indicates that each site has been deemed compliant or is on its way to becoming compliant under Hong Kong SAR Government regulations.
-In addition to the acceleration provided by the COVID-19 pandemic, the context of smaller living spaces in the residential area of Hong Kong predates itself as a driving force of the market studied. Residents have opted for self-storage units in the region to store unworn seasonal clothes, unnecessary furniture, important heirlooms, etc., to save space in their small compact living spaces. Increased urbanization and the rise of micro-apartments in Hong Kong have supported the demand for self-storage units.
-Downsizing businesses, especially small and medium-sized enterprises, to combat the dip in demand during the COVID-19 pandemic led to the more extensive use of self-storage facilities. The demand is driven by the restaurant sector, which was compelled to store unused appliances in the facilities, thereby positively impacting the market studied. For instance, according to the Hong Kong Federation of Restaurants & Related Trades, around 1,200 restaurants had to suspend operations in February 2022 as new lockdown measures were imposed.

-There will be a significant impact on the growing self-storagee industry in the region. Investors might find it challenging to get additional capital from financial institutions to expand their facilities in the near future. However, the market is expected to experience a strong demand on account of employees needing extra space as they work from home and students needing space to store their essentials after being asked to vacate their campuses.
-COVID-19 has impacted several economies and industries. However, some industries continue to expand steadily. The self-storage industry has not been severely affected by the pandemic and has grown gradually with the consumer demand for storage. Because of the city's limited space, Hong Kong has several local storage providers.

Hong Kong Self Storage Market Trends

Personal Segment is Expected to Drive the Market

- Self-storage is commonly associated with personal use because some people require temporary space to house some important items. Furniture, appliances, electronics, dishes, kitchenware, and personal items are among the most common items that people store.
- Mostly, people in Hong Kong use self-storage during house-shifting. At the same time, in-home remodeling or even painting the house, short- to medium-term storage necessities may develop; storing items in short-term self-storage is a suitable option for moving objects. Also, self-storage can relieve stress by protecting personal belongings from damage during repairs.
- The living space per person in Hong Kong is much less compared to developed economies like the United States. To provide more context, according to the Census and Statistics Department of Hong Kong, in 2022, the average living space of public rental housing tenants in Hong Kong was 13.6 sq. m per person, and it has historically remained between 13 sq. m and 13.5 sq. m from 2017 to 2021.
- When people travel for work or pleasure, leaving their belongings unattended can be highly dangerous, mainly if they contain assets like valuable jewelry and vehicles. Instead of immediately selling belongings to the highest bidder and incurring a loss overall, customers consider a practical alternative like self-storage when moving abroad on secondment for employment. Larger objects like furniture, television, artwork, book collections, bicycles, and cars can be stored in moderately cost storage containers to be in better condition when consumers return from their trip.
- Self-storage businesses have expanded all over Asia, remodeling aging facilities and preparing brand-new construction. Numerous businesses doubled the floor space of their current locations in Hong Kong. For instance, companies such as Storefriendly, Storage One, and others opened new facilities in 2022 to meet consumer demand. With growing urbanization and lifestyle changes, the self-storage market is expected to grow significantly during the forecast period.

Increasing Population Density and Rising Consumerism Driving the Market

- Hong Kong has experienced high residential prices and smaller unit sizes. This, combined with high-income levels for a specific section of the population and a consumption-driven society, generates considerable demand for self-storage. According to a report by the New York Times, a home in Hong Kong costs more than 20 times the median salary of the people.
- The market studied is also characterized by consumers' aversion to paying a significant amount as a security deposit to rent a storage unit. Although most players in the market are operational to procure the deposit, the user preference of not being willing to pay upfront can profoundly influence the current payment structure of the market in the long term.
- According to a survey conducted by Greenpeace, Hong Kong ranked at the top or second in 10 out of 12 indicators that confirmed a tendency to overspend on material goods due to an unhealthy reliance on shopping.
- As consumers expect next-day deliveries, companies have come to value logistics even more and have resorted to self-storage.

Multiple market vendors have acted positively on a similar note. Along with the rising growth of the e-commerce sector in Hong Kong, niche service demands, like climate-controlled environments and specialized spaces, are expected to provide growth opportunities to the self-storage market in the near term.
- The expansion of e-commerce and the opening of smaller e-shops is also expected to act as a significant growth driver for the market. Larger e-commerce firms increasingly use third-party logistic services due to a need for more space. According to the Office of the Communications Authority, e-commerce is expected to account for 5-10% of total retail sales in October 2022.

Hong Kong Self Storage Industry Overview

The competitive landscape of the Hong Kong self-storage market is extremely fragmented, with more than 90 operators handling about 415 odd facilities in the region. The growing need for self-storage facilities is expected to aid new players entering the market. Some of the recent developments in the market are as follows:-

- December 2022:The sixth storage facility of StorHub Hong Kong opened in San Po Kong. It is housed in the Victorious Factory Building at 35 Tseuk Luk St, San Po Kong, and provides secure storage solutions to local residents, families, and businesses.
- February 2022 - Apple Storage Group, which manages more than 100 self-storage facilities in Hong Kong, introduced a new line of products called "Apple Storage Premium," which attempts to integrate self-storage with office space, warehouse management, and clubhouse-style consulting. Individuals and business owners who require a location to store and ship their items will be the target market for the company's new service.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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