

**INDUSTRY REPORT** 

# Self-Storage Services in Australia

**Aug 2023** 





# About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

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# **About**

A quick definition of the industry, its products and services, major companies and other key identifiers help you confirm you're in the right place.

# 1. About

https://my.ibisworld.com/au/en/industry/OD5494/about

#### Codes

ANZSIC 2006 6712

#### Definition

Industry operators provide facilities and services that allow consumers and businesses to store their own goods.

#### **Related Terms**

#### **REAL ESTATE INVESTMENT TRUST (REIT)**

An equity investment structure for investment in real estate assets, often listed on stock exchanges. Shareholders own the debt and equity that has funded the purchase of real estate assets.

#### RECREATIONAL VEHICLE

A vehicle that can travel on road but also provides accommodation, such as a caravan.

#### **TEMPERATURE-CONTROLLED STORAGE**

Storage services where the temperature and humidity of the storage environment are controlled.

#### What's Included

- Personal and business storage
- Deposit box operation
- Temperature-controlled storage
- Vehicle storage
- Gun storage

## Companies

- National Storage REIT
- Abacus Storage King
- · Kennards Self Storage

#### Related Industries

#### Industries in the Same Sector

- Competitors:
  - No data available

#### • Complementors:

- o Grain Storage in Australia
- o General Warehousing and Cold Storage in Australia
- o Industrial and Other Property Operators in Australia
- o Removalists in Australia

#### International Industries

- General Warehousing & Storage in the US
- General Warehousing & Storage in Canada
- Warehousing and Storage Services in New Zealand
- Warehousing & Storage in the UK

#### **Additional Resources**

- Australian Bureau of Statistics
- Property Investment Association of Australia Inc.
- Self Storage Association of Australasia



Evaluate key industry data and trends and get an overview of important report sections to use in meetings and presentations.

# 2. At a Glance

https://my.ibisworld.com/au/en/industry/OD5494/at-a-glance

Revenue \$1.8bn	<b>7,936</b>	Businesses 3,000
'19-'24	'19-'24	'19-'24
<b>\$162.8m</b> '19-'24	Profit Margin  9.0%  '19-'24 ↑ 0.3 pp	Wages <b>\$374.6m</b> '19-'24 ↑ 1.0 % '24-'29 ↑ 3.4 %

# **Key Takeaways**

#### **Performance**

- The Self-Storage Services industry has expanded in recent years. This growth has been driven by urbanisation and higher demand from consumers and businesses.
- Large national chains like National Storage, Abacus Storage King and Kennards Self Storage have expanded through acquisitions in recent years. This trend is projected to continue over the coming years.

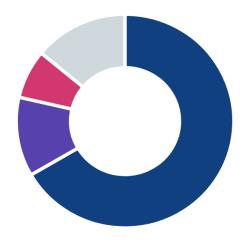
#### **External Environment**

- The Self-Storage Services industry is subject to low regulation, and this trend has been steady in recent years. No specific regulation directly targets the industry.
- Industry assistance in the Self-Storage Services industry is low. The industry receives little to no direct assistance from federal or state governments. However, the industry does receive some indirect assistance from industry associations.

#### **Products and Services**

# **Products & Services Segmentation**

Industry revenue in 2024 broken down by key product and service lines.



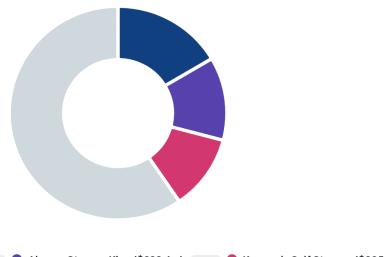
- Personal and business storage (\$1.2bn) 66.6% Temperature-controlled storage (\$217.0m) 12.0%
- Deposit box operation (\$133.8m) 7.4% Other storage services (\$253.2m) 14.0%

**IBIS**World

Source: IBISWorld

# **Major Players**

# **Major Players**



■ National Storage REIT (\$298.2m) 16.5% ■ Abacus Storage King (\$228.6m) 12.6% ■ Kennards Self Storage (\$205.6m) 11.4%

Other Companies (\$1.1bn) 59.5%

IBISWorld Source: IBISWorld

# **Key External Drivers**

Key External Drivers	Impact
Level of urbanisation	Positive
Demand from online shopping	Positive
Number of housing transfers	Positive
Consumer sentiment index	Positive

# Industry Structure

Characteristic	Level	Trend
Concentration	Moderate	
Barriers To Entry	Moderate	Steady
Regulation and Policy	Low	Steady
Life Cycle	Growth	
Revenue Volatility	Moderate	
Assistance	Low	Steady
Competition	Moderate	Steady
Innovation	Moderate	

#### **SWOT**



Strengths
Growth Life Cycle
Stage
Low Imports
Low Product/Service
Concentration



Weaknesses
Low & Steady
Level of Assistance
Low Profit vs.
Sector Average
High Customer
Class
Concentration
High Capital
Requirements



Opportunities
High Revenue
Growth
(2019-2024)
High Performance
Drivers
Demand from
online shopping



Threats
Low Revenue
Growth
(2024-2029)
Consumer
sentiment index

## **Executive Summary**

Revenue for the Self-Storage Services industry has grown in recent years due to increasing urbanisation and rising demand from Australian consumers. The lack of feasible substitutes for self-storage services has further supported the industry's performance. Consumers can use self-storage services to store large items, like furniture or automobiles. Demand for self-storage facilities from businesses has also increased over the period. Growth in online shopping has boosted demand from small online retailers that need space to store their stock. Industry-wide revenue has been growing at an average annualised 1.8% over the past five years and is expected to total \$1.8 billion in 2023-24, when revenue will fall by an estimated 0.5%.In recent years, some industry firms have sold their property, land and non-core physical assets to investment funds to focus on managing storage facilities. Many of the industry's largest players, like National Storage, Abacus Storage King and Kennards Self Storage, have expanded through aggressive acquisition activity, boosting their economies of scale. Self-storage facility operators have increased their range of services, adding specialised storage services, like wine storage, firearms and high-security storage, and offering mobile self-storage units. These higher value service options have opened new markets, particularly in storing valuable and collectable merchandise. Divesting physical assets has allowed firms to focus on providing services to consumers rather than maintaining property. Industry revenue is forecast to grow at an annualised 1.5% over the five years through 2028-29, to \$1.9 billion. Rising urbanisation and growing demand from online retailers are set to drive the industry's continued expansion over the coming years. However, competitive pressure will intensify as competition becomes increasingly geared towards price, especially for generic self-storage options. Large self-storage operators are set to continue making acquisitions to build greater economies of scale, driving up market share concentration. The industry is poised to diversify its revenue streams by providing a larger range of specialty storage options and complementary transportation services.

# Performance

Track historical, current and forward-looking trends in revenue, profit and other performance indicators that make or break an industry.

# 3. Performance

https://my.ibisworld.com/au/en/industry/OD5494/performance

## Highlights

Revenue <b>\$1.8bn</b> 2019-24 CAGR ↑ 1.8 % 2024-29 CAGR ↑ 1.5 %	<b>7,936</b> 2019-24 CAGR ↑ 1.1 % 2024-29 CAGR ↑ 1.6 %	Businesses <b>3,000</b> 2019-24 CAGR
Profit <b>\$162.8m</b> 2019-24 CAGR ↑ 2.5 %	Profit Margin  9.0%  2019-24 CAGR ↑ 0.3 pp	

# **Key Takeaways**

- The Self-Storage Services industry has expanded in recent years. This growth has been driven by urbanisation and higher demand from consumers and businesses.
- Large national chains like National Storage, Abacus Storage King and Kennards Self Storage
  have expanded through acquisitions in recent years. This trend is projected to continue over the
  coming years.

# Performance Snapshot

Revenue:

↑ 2019-24 Revenue CAGR +1.8%

Revenue **\$1.8bn**'19-'24 ↑ 1.8 %

2024 Revenue CAGR

↓ 0.5 %

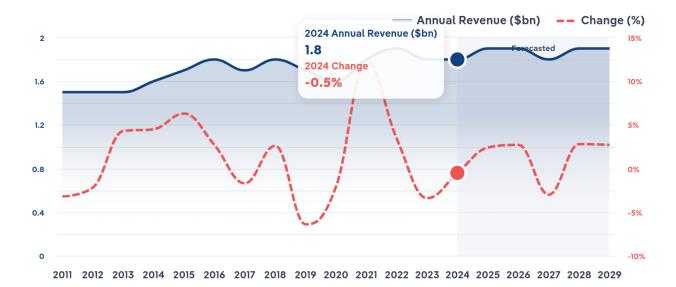
Revenue Volatility

Moderate

#### Revenue

'24-'29 ↑ 1.5 %

Total value (\$) and annual change from 2011 – 2029. Includes 5-year outlook.



**IBIS**World

Source: IBISWorld

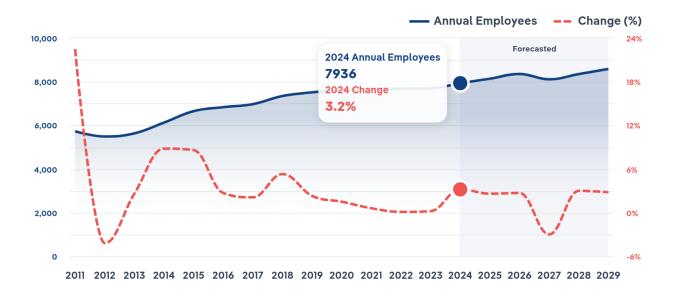
Employees:

↑ 2019-24 Employees CAGR +1.1%

Employees 7,936	Employees per Business  3	Revenue per Employee \$228k
'19-'24 ↑ 1.1 %	'19-'24 ↓ 1.5 %	'19-'24 ↑ 0.7 %
'24-'29 ↑ 1.6 %	'24-'29 ↓ 0.7 %	'24-'29 ↓ 0.1 %

# **Employees**

Total number of employees and annual change from 2011 – 2029. Includes 5-year outlook.



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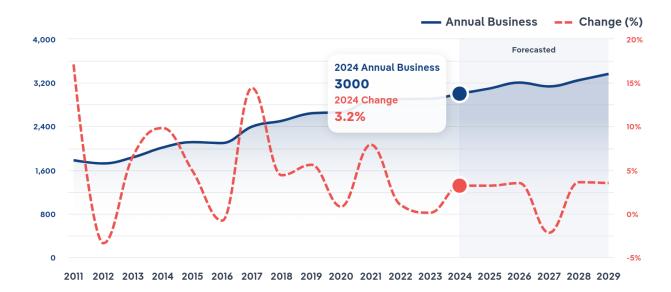
**Businesses:** 

↑ 2019-24 Business CAGR +2.6%

Businesses 3,000	Employees per Business  3	Revenue per Business \$602.8k
'19-'24 ↑ 2.6 %	'19-'24 ↓ 1.5 %	'19-'24 ↓ 0.8 %
'24-'29 ↑ 2.3 %	'24-'29 ↓ 0.7 %	'24-'29 ↓ 0.8 %

## **Business**

Total number of businesses and annual change from 2011 – 2029. Includes 5-year outlook.



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Profit:

↑ 2019-24 Profit CAGR +2.5%

Total Profit \$162.8m

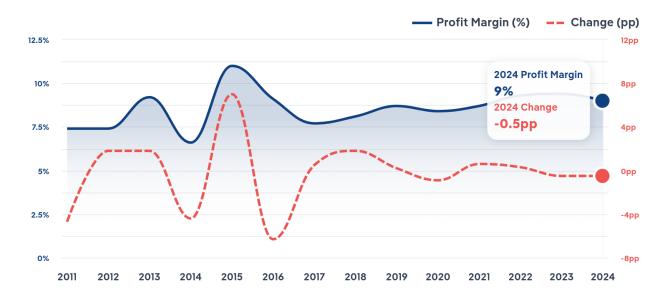
'19-'24 ↑ 2.5 %

Profit Margin 9.0% '19-'24 ↑ 0.3 pp

Profit per Business \$54,255

# **Profit Margin**

Total profit margin (%) and annual change from 2011 - 2024



**IBIS**World Source: IBISWorld

#### **Current Performance**

#### What's driving current industry performance?

#### Urban migration and smaller living spaces drive self-storage demand

- High net migration and population growth in urban areas have sustained demand for self-storage services in recent years.
- Individuals have opted for smaller living spaces like townhouses and apartments, so the need for extra storage has risen.
- The increased relocation to major cities has also boosted the industry's demand, especially for short-term storage during moves.

#### Online retailers boost demand for self-storage amid the COVID-19 pandemic

- Demand from businesses, specifically online retailers, has seen a significant uptick amid surging online shopping activity.
- The pandemic accelerated consumers' uptake of online shopping. With lockdowns forcing physical retail outlets to close, online retailers have used self-storage units to stock their merchandise.
- Monthly rental fee models offer flexibility for small businesses, making this an attractive solution.

#### Self-storage operators have shifted focus amid technology advancements and industry growth

- Larger self-storage operators are strategically divesting physical assets to focus more on management roles, dropping their depreciation costs and boosting efficiency.
- Technological advancements have allowed many operators to offer contactless services, reducing reliance on manual labour. Nevertheless, industry employment is rising due to more self-storage facilities opening up.
- The industry has been developing more multiple-level storage facilities to maximise land usage, often located within a reasonable distance from motorways.

#### What influences industry volatility?

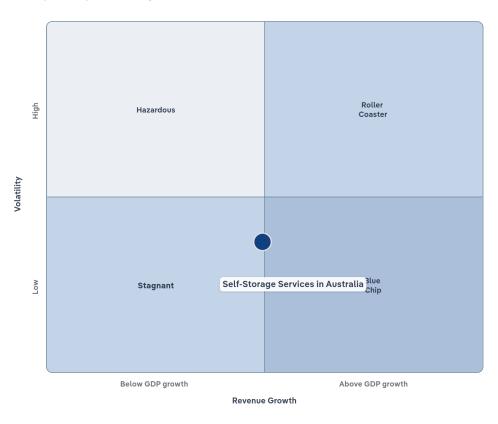
#### Relocation activity among consumers contributes to revenue fluctuations

- Consumers moving for work or education create demand for self-storage services as they need a
  place to store their belongings temporarily.
- The large landmass in Australia makes it difficult for consumers to transport bulky items across long distances when relocating, leading them to opt for self-storage facilities instead.
- Consumers often store expensive or sentimental items that they do not want to dispose of, inducing demand for self-storage services.
- The industry benefits from a steady flow of income as many consumers and businesses store their goods for longer than 24 months.

#### Diversification and specialised storage options have lifted revenue volatility recently

- The industry has expanded its product and service offerings, providing niche storage options like wine storage and firearm storage to cater to specialised requirements.
- This diversification of offerings has supported industry growth in recent years, attracting new customers and generating additional revenue streams.
- The availability of specialised storage options adds stability to the industry's revenue, attracting customers with a broader range of storage needs.

Low & slow Industry volatility vs. revenue growth (2018-24 CAGR)



IBISWorld Source: IBISWorld

#### ☆ Key Success Factor

# How do successful businesses overcome volatility?

#### **Effectively manage risk**

Self-storage service providers can protect their profitability and revenue from excessive risk by providing services to a diverse range of clients.

#### **Ensure appropriate pricing policy**

Self-storage service providers that offer competitive pricing are better positioned to acquire new customers or attract customers from other providers.

Outlook

↑ 2024-29 Revenue CAGR +1.5%

#### What's driving the industry outlook?

#### More firms offering value-added services will diversify the industry's revenue streams

- The self-storage services industry is set to bring in new revenue streams by offering more valueadded services over the coming years.
- There is poised to be an expansion in specialisation like climate-controlled storage, advanced safety deposit boxes and live camera monitoring.
- Companies like TAXIBOX and gobox, offering mobile self-storage units with packing and transportation services, are set to hold an increasing share of the industry.

#### Intense internal competition to is set to shrink profitability

- Internal industry competition will intensify over the coming years.
- Most industry competition is set to focus on price. However, the range of services offered will be a
  prominent point of competition among longer term, lower value storage providers. This trend is
  largely due to the generic nature of long-term storage and the ease of operations that allow smaller
  operators to compete.
- Short-term, high-value storage options that attract a higher price tag will be more difficult for smaller players to compete on, limiting the strength of competition in these segments.

#### Industry-wide profitability is set to narrow despite climbing demand

- Profit margins are set to inch downward as price competition intensifies, especially for basic selfstorage services.
- More value-added and specialised services in the mix will attract higher prices, thus supporting margins.
- Despite lower profit margins, growing demand for self-storage facilities is anticipated to tempt new firms to enter the industry, thereby increasing industry enterprise and employment numbers.



#### Why is the industry growing?

#### **Contribution to GDP**

The industry's contribution to the overall economy is growing slightly faster than the wider economy, reflecting its growing role in the economy.

#### **Market Saturation**

Over the past decade, consumers have become increasingly aware of self-storage services, which the industry has capitalised on by increasing the total storage area available. Nonetheless, demand growth has been so strong that occupancy rates have reached record levels recently.

#### Innovation

Self-storage facility operators have increasingly provided specialist storage options in recent years, although the industry's basic service of storing goods has remained largely unchanged.

#### Consolidation

There's a shift to a management-focused model, with operators selling off assets to property investment funds. Larger operators are quickly acquiring smaller operators to expand their market share.

#### **Technology and Systems**

The industry's basic service is providing a safe and secure environment to store goods. As a result, technological innovations in the industry are largely focused on the security and monitoring of stored assets.

# Products and Markets

Find out what the industry offers, where trade is most concentrated and which markets are buying and why.

# 4. Products and Markets

https://my.ibisworld.com/au/en/industry/OD5494/products-and-markets

\$1.2bn
Personal and business storage

**Product Innovation** 

Moderate

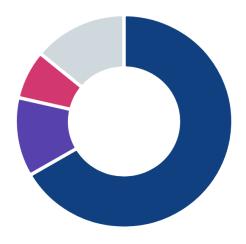
# Key Takeaways

- Operators in the Self-Storage Services industry provide many storage options to consumers. Dedicated operators exist in smaller categories, like wine or art storage.
- Most industry revenue is derived from individuals. Businesses are also an important market.
   Businesses that are too small to own or rent large warehousing facilities also use self-storage services.

#### **Products and Services**

#### **Products & Services Segmentation**

Industry revenue in 2024 broken down by key product and service lines.



Personal and business storage (\$1.2bn) 66.6% Temperature-controlled storage (\$217.0m) 12.0%

Deposit box operation (\$133.8m) 7.4% Other storage services (\$253.2m) 14.0%

IBISWorld Source: IBISWorld

#### How are the industry's products and services performing?

#### Growing population density is driving demand for personal and business storage

- Personal and business storage allows individuals and businesses to safely store their goods on a short-, medium- or long-term basis. Self-storage facilities typically charge for storage space per square metre in minimum increments, and the consumer packs, transports and unloads the items they wish to store.
- The growing trend towards high-density living in Australia has boosted demand for personal storage services, as individuals have sought locations for possessions that cannot fit in their homes.
- The rapid growth in online shopping activity has led to many small businesses using these services to store stock.

#### Art and wine products often require specialised temperature-controlled storage services

- Wine and art are often stored in temperature-controlled environments. Wine and art work can
  appreciate over time if stored correctly, and both types of items are often bought as investments by
  individuals with a high net worth.
- Strict requirements for art held by superannuation accounts have uplifted demand for art storage.
- Demand for wine storage has expanded over the long term as specialised players have entered the industry and increased advertising spending to promote these services. However, weakened wine production activity recently has harmed demand for wine storage services.

#### Digitised business processes are replacing deposit box operation services

- Some consumers keep important physical documents in deposit boxes outside of their homes for extra security.
- Deposit boxes are used by individuals and businesses, like law and conveyancing firms.
- The increasing digitisation of business processes, including payment and documentation, has reduced demand for deposit boxes in recent years.

#### Other storage services provide customers with safe and secure storage options

- The industry also provides storage services for various items, including recreational vehicles like cars, boats and caravans. Items in this category are generally used infrequently and are extremely bulky.
- The industry allows consumers to store items like boats and RVs close to the site of use, minimising the need to transport them long distances. Storage facilities often offer fully undercover and more secure sites than the asset owner's home.
- Guns are also kept at third-party locations to minimise risks. However, gun storage is not a substantial market due to Australia's low gun ownership rate.

#### What are innovations in industry products and services?

#### Self-storage service providers are offering more value-added services

- A growing number of self-storage facilities are adding value by selling storage equipment, packing materials, hiring out transport equipment or offering mobile self-storage units.
- Some operators offer consumers access to their goods 24 hours a day and contactless move-ins, meaning customers can use self-storage services without needing to physically interact with staff.

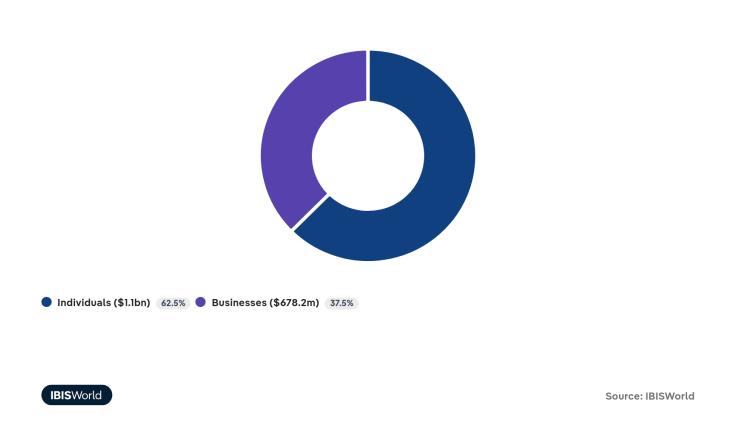
#### Technology innovations are improving security and inventory monitoring

- Technological innovations in the industry are largely focused on the security and monitoring of stored assets.
- Other technologies used in the industry include security cameras, motion sensors, individual storage unit door alarms and PIN-coded facility access.

### **Major Markets**

#### **Major Market Segmentation**

Industry revenue in 2024 broken down by key markets



#### What's influencing demand from the industry's markets?

#### Individuals are becoming increasingly aware of the services offered by self-storage facilities

- Individuals store various items in self-storage facilities, including vehicles, furniture and wine.
- Short-term storage is especially popular with individuals in the process of moving between residences. Longer-term storage is more popular for storing items like boats, documents and sentimental items, which are visited infrequently.
- Consumer awareness of self-storage services has grown in recent years, translating to higher demand from this market.
- Negative consumer sentiment recently has constrained demand growth from individuals.

#### Soaring online shopping activity has driven up demand from businesses

Most businesses using self-storage services are smaller firms that do not have or need large
warehouse space or facilities, but instead require a location with flexible occupancy duration
arrangements to store stock. For example, self-storage services are popular with small online
retailers with fluctuating stock levels.

- Long-term business customers are expected to use self-storage to store durable inventory and records that do not require frequent access.
- Demand from retailers has grown in recent years as online shopping activity has surged.

# **International Trade**

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

# Geographic Breakdown

Discover where business activity is most concentrated in this industry and what's driving these trends.

# 5. Geographic Breakdown

https://my.ibisworld.com/au/en/industry/OD5494/geographic-breakdown

## **Key Takeaways**

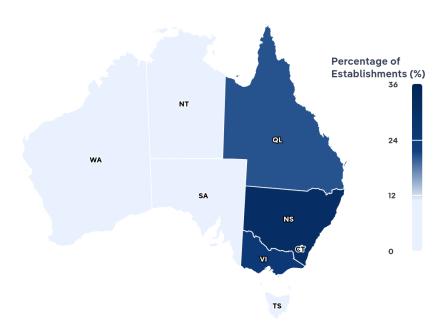
- The distribution of industry establishments largely correlates with the geographical spread of the national population. Operations tend to be skewed toward major capital cities, particularly those in which population density is rapidly rising.
- In recent years, Perth has demonstrated significant growth in the total storage area occupied. The low vacancy rates in Perth's residential leasing market have driven more operators to acquire and develop self-storage facilities in Western Australia.

# **Business Locations**

Self-Storage Services in Australia

#### **Business Concentration**

Percentage of total industry Establishments in each region



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#### Percentage of total industry Establishments, Population in each region

LGA	Establishments %	Population %
NSW	31.3	32.6
VIC	25.5	24.8
QLD	20.5	20.0
WA	10.7	10.1

Aug 2023

SA	7.0	7.5
TAS	2.2	2.3
ACT	1.8	1.6
NT	1.0	1.0

#### Where are industry businesses located?

#### New South Wales, Victoria and Queensland account for a large portion of self-storage facilities

- The distribution of industry establishments largely correlates with the geographical spread of the national population.
- Operations tend to be skewed toward major capital cities, particularly those in which population density is rapidly rising.
- Growing construction of high-density dwellings on the east coast has promoted strong growth in demand for self-storage services in New South Wales, Victoria and Queensland in recent years.

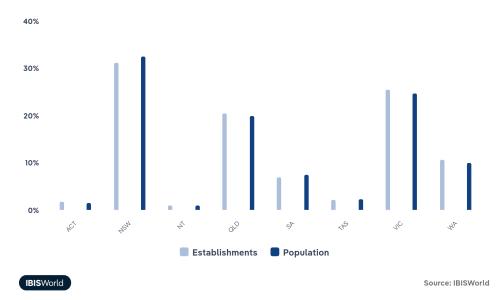
#### Perth, Western Australia, has displayed significant growth in recent years

- As medium- and high-density housing increases, individuals have less space in their homes to store their belongings, which drives growth in the use of self-storage services.
- In recent years, Perth has demonstrated significant growth in the total storage area occupied.
- The low vacancy rates in Perth's residential leasing market have driven more operators to acquire and develop self-storage facilities in Western Australia.

Self-Storage Services in Australia

## VIC has the largest spread of businesses compared to its population

Share of Establishments (%) vs. share of population (%):



#### ☆ Key Success Factor

## How do businesses use location to their advantage?

#### Operate in a location that is close to key markets

Self-storage facility operators close to key markets, like in areas with rising population density, are likely to generate more business with downstream customers.

#### Secure the appropriate type of property

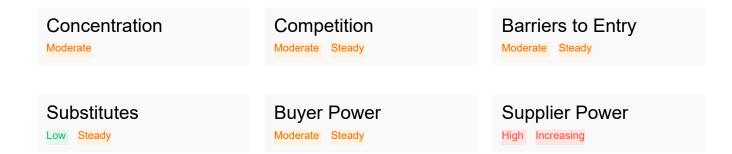
Self-storage service providers must secure property with highly secure self-storage facilities to provide superior security to customers storing high-value goods.

# Competitive Forces

Uncover challenges and benefits in the operating environment, digging into market share, buyer and supplier power and key success factors for operators.

## 6. Competitive Forces

https://my.ibisworld.com/au/en/industry/OD5494/competitive-forces



#### Key Takeaways

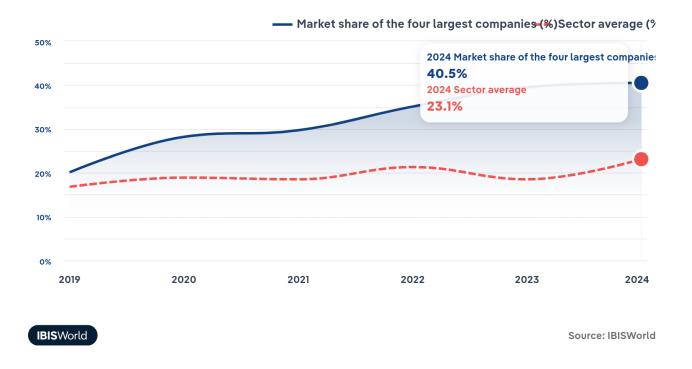
- Location is a major determinant of comparative advantage in the industry. Large sites in industrial areas close to major roads and population centres are in high demand.
- Price structure is a major area of competition, as self-storage services are relatively standardised. Larger operators use economies of scale to reduce costs and offer lower prices. Others add value through 24/7 access, insurance and enhanced security.

#### Concentration

Moderate

#### **Market Share Concentration**

Combined market share of the four largest companies in this industry



#### What impacts the industry's market share concentration?

#### Market share concentration has risen to a moderate level in recent years

- The Self-Storage Services industry exhibits a moderate level of market share concentration. The
  industry's four largest operators are expected to account for just over 40% of industry revenue in the
  current year.
- A few large national chains operate in the industry. However, most operators are single-location businesses owned by individuals.
- Industry market share concentration has climbed recently as larger chains have expanded their presence nationally through acquisitions and franchising.

#### Consolidation activity is set to continue over the coming years

- The industry effectively operates in two tiers, with the small and mid-sized players filling geographic and service niches.
- Several larger players operate sites that are owned by a real estate investment trust (REIT). This
  structure increases their access to capital, as they can tap equity investors interested in exposure to
  commercial property in addition to debt capital from banks.
- The larger national operators are anticipated to continue expanding through consolidation activity over the coming years, forcing out smaller operators that cannot compete with the larger firms on price or service.



#### How do successful businesses handle concentration?

#### Effectively manage risk

Self-storage service providers can protect their profitability and revenue from excessive risk by providing services to a diverse range of clients.

#### **Barriers to Entry**



#### What challenges do potential industry entrants face?

#### Legal

Lack of access to suitable space and securing necessary permits and licenses can be a barrier to
entry, as compliance with regulations and zoning laws can be time-consuming and costly.

#### **Start-Up Costs**

 Difficulty accessing capital and the longer ramp-up time to reach optimal capacity can deter new entrants, as large initial investments and ongoing expenses may not be feasible for smaller operators.

#### Differentiation

• Establishing a presence in the market and competing with existing players can be challenging, as location and reputation are key factors for customers. Building brand awareness and attracting customers can be a barrier to entry.

#### **Labour Intensity**

 Labour costs can be a barrier to entry, as hiring and training personnel is necessary to operate and maintain self-storage facilities. This can pose challenges for new entrants, particularly those with limited resources. ☆ Key Success Factor

#### How can potential entrants overcome barriers to entry?

#### Ensure appropriate pricing policy

Self-storage service providers that offer competitive pricing are better positioned to acquire new customers or attract customers from other providers.

#### **Substitutes**

Low

Steady

#### What are substitutes for industry services?

#### Do it yourself

- For consumer and specialised storage, the industry's biggest source of substitute competition is the client's ability to store their own goods.
- Specialised self-storage services, like temperature-controlled storage and vehicle, face less competition from consumers' ability to store their own goods.
- Rising population density has forced more consumers to utilise self-storage services, with few alternatives available.

☆ Key Success Factor

#### How do successful businesses compete with substitutes?

#### **Ensure appropriate pricing policy**

Self-storage service providers that offer competitive pricing are better positioned to acquire new customers or attract customers from other providers.

#### **Buyer & Supplier Power**

#### **Supply Chain**

Direct and indirect supplier and buyer industries related to this industry



#### What power do buyers and suppliers have over the industry?

Buyers: Consumers can choose from many suppliers forcing operators to compete on price



- Consumers have strong buyer power over self-storage facilities primarily because of the abundance
  of operators in the market. The Self-Storage Services industry has witnessed significant growth in
  recent years, resulting in a competitive landscape with numerous operators vying for customers.
- The abundance of suppliers allows consumers to choose from a wide range of options and compare prices, features, and services.
- Price is a major point of competition among operators, as self-storage services are relatively standardised. Some operators also focus on value-added offerings to attract buyer demand.

Suppliers: Commercial and industrial property suppliers hold significant influence due to their limited presence



- Location is a major determinant of comparative advantage in the industry, with large sites in industrial areas close to major roads and population centres in high demand.
- Since the industrial property is in high demand and supply is limited, suppliers can use this negotiating leverage to demand more favourable terms from industry operators.
- Industrial property vacancy rates have recently plummeted, increasing suppliers' bargaining power.



## How do successful businesses manage buyer & supplier power?

#### Operate in a location that is close to key markets

Self-storage facility operators close to key markets, like in areas with rising population density, are likely to generate more business with downstream customers.

#### **Ensure appropriate pricing policy**

Self-storage service providers that offer competitive pricing are better positioned to acquire new customers or attract customers from other providers.

## Companies

Find out which companies hold the most market share and how revenue, profit and market share have shifted over time for these leaders.

## 7. Companies

https://my.ibisworld.com/au/en/industry/OD5494/companies

## Key Takeaways

- National Storage, Abacus Storage King and Kennards Self Storage are large national chains that account for about 40% of the market. These companies have all expanded in recent years through acquisitions.
- Abacus Property Group acquired Storage King's self-storage operational business in November 2020. In mid-2023, Abacus Property Group demerged its Storage King operations to form Abacus Storage King.

#### **Market Share**

## **Industry Market Share by Company**

Industry-specific company revenue as a share of total industry revenue



IBISWorld Source: IBISWorld

Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

## Companies

Company	Market Share (%) 2024	Revenue (\$m) 2024
National Storage REIT	16.5	298.2
Abacus Storage King	12.6	228.6
Kennards Self Storage	11.4	205.6

#### National Storage REIT

#### **Company Details**

Industry Revenue (2024)	\$298.2m
Industry Market Share (2024)	16.5%

#### Description

National Storage REIT is a publicly listed storage centre operator, providing self-storage solutions for businesses and individuals through its branded storage centres. The company manages storage properties on behalf of investors that own the underlying property assets. National Storage was founded in 2000 and is headquartered in Brisbane, Queensland. The company owns over 230 storage facilities across Australia and New Zealand.

#### Other Industries

Real Estate Investment Trusts in Australia

#### Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2013-14	40	3.2
2014-15	55	4.2
2015-16	68	5.0
2016-17	100	7.2
2017-18	118	8.2
2018-19	132	9.5
2019-20	145	10.4
2020-21	181	11.3
2021-22	236	13.3
2022-23	282	16.0
2023-24	298	16.5

#### What's impacting National Storage REIT's performance?

#### The company has rapidly expanded through an aggressive acquisition strategy

 Following its listing on the ASX in 2013, National Storage REIT has continued to acquire companies, including Southern Cross, a storage joint venture with property investment company Heitman. This acquisition added 26 new facilities to the company's owned properties.

- The company's strong revenue growth in recent years is largely attributable to its acquisition strategy.
- In 2023, National Storage is seeking to raise \$325.0 million in capital to fund further acquisitions and developments.

#### Abacus Storage King

#### **Company Details**

Industry Revenue (2024)	\$228.6m
Industry Market Share (2024)	12.6%

#### Description

Abacus Storage King is a publicly listed real estate investment trust (REIT) that operates through its Storage King brand. Abacus Property Group acquired Storage King's self-storage operational business in November 2020. In mid-2023, Abacus Property Group demerged its Storage King operation to form Abacus Storage King, a stapled entity comprising Abacus Storage Property (ASPT) and Abacus Storage Operations Limited (ASOL). The company owns and manages over 130 self-storage facilities in Australia and New Zealand.

#### Brands and Trading Names

Storage King

#### Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2019-20	93	6.7
2020-21	122	7.6
2021-22	194	10.9
2022-23	216	12.2
2023-24	229	12.6

#### What's impacting Abacus Storage King's performance?

#### Abacus Storage King's debut on the ASX signals a new era for the business

- Abacus Storage King was de-stapled from Abacus Property Group and was subsequently listed on the ASX on 1 August 2023.
- Abacus Property Group has retained a 19.9% interest in Abacus Storage King.
- The funds raised from the ASX listing will propel the expansion strategy and growth of the Storage King brand over the coming years.

## Kennards Self Storage

#### **Company Details**

Registered Name	Kennards Self Storage Pty Limited
Industry Revenue (2024)	\$205.6m
Industry Market Share (2024)	11.4%

#### Description

Kennards Self Storage Pty Limited is an Australian-owned proprietary company that generates most of its revenue from self-storage services. In 1973, the Kennard family, which also owns the equipment hire company Kennards Hire, established its first self-storage facility. Kennards Self Storage is one of Australia's largest operators of self-storage solutions. The company employs about 1,400 people in Australia and is headquartered in Macquarie Park, Sydney.

#### Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2013-14	111	8.8
2014-15	122	9.2
2015-16	131	9.7
2016-17	137	9.9
2017-18	144	10.0
2018-19	148	10.6
2019-20	154	11.1
2020-21	174	10.8
2021-22	194	10.9
2022-23	200	11.3
2023-24	206	11.4

#### What's impacting Kennards Self Storage's performance?

#### The company has expanded its presence in the Self-Storage Services industry

- Kennards Self Storage has focused on expansion in recent years.
- In March 2020, the company acquired Australia Post's Adelaide CBD sorting facility for over \$40.6 million, with plans to transfer it into a vertical storage facility.

• The company's investment in new facilities has led to steady market share growth in recent years.

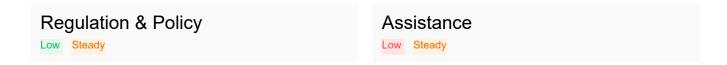
You can view and download company details on my.ibisworld.com.

# External Environment

Understand the demographic, economic and regulatory factors positively and negatively affecting the industry.

## 8. External Environment

https://my.ibisworld.com/au/en/industry/OD5494/external-environment

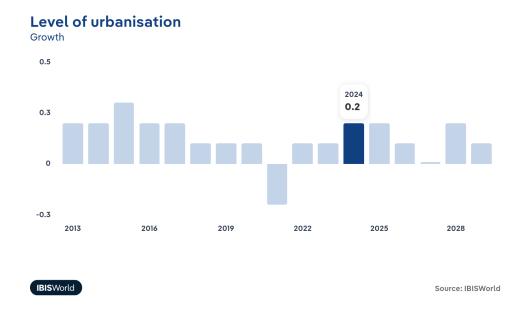


#### Key Takeaways

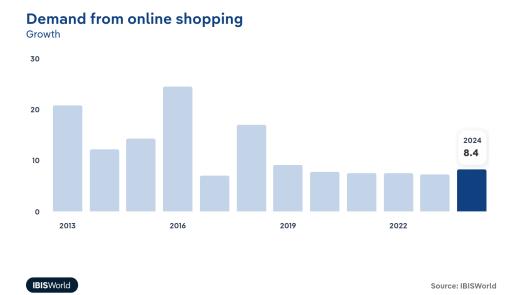
- The Self-Storage Services industry is subject to low regulation, and this trend has been steady in recent years. No specific regulation directly targets the industry.
- Industry assistance in the Self-Storage Services industry is low. The industry receives little to no direct assistance from federal or state governments. However, the industry does receive some indirect assistance from industry associations.

#### **External Drivers**

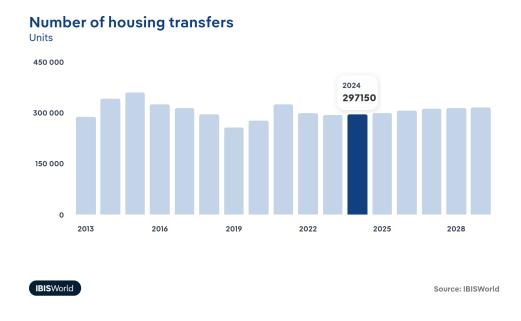
What demographic and macroeconomic factors impact the industry?



The level of urbanisation measures the population of Australia's 20 largest urban areas as a share of total population. An increase in urbanisation generally benefits industry operators, as it increases the number of consumers that live in smaller, higher density dwellings. Consumers in dense urban areas with reduced storage space are more likely to use self-storage services. The level of urbanisation is expected to grow in 2023-24.

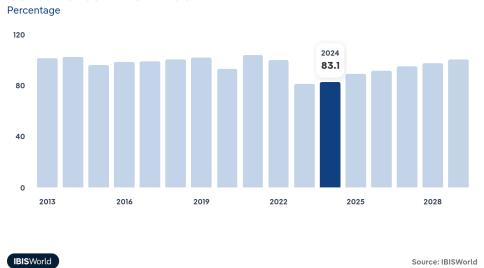


Many businesses that use the industry's services are online retailers that require flexible storage space to keep stock. Renting storage space also provides these businesses with on-demand access to expensive capital equipment, like forklifts. As a result, rising demand from online shopping increases online retailers' storage requirements, benefiting self-storage service providers. Demand from online shopping is anticipated to rise in 2023-24, representing an opportunity for the industry to expand.



A rising number of housing transfers tends to lift consumer demand for short-term self-storage to keep items before transporting them to their new location. A decline in the number of housing transfers can reduce demand for self-storage facilities, as fewer consumers require self-storage services for household possessions. The number of housing transfers is expected to rise in 2023-24.

#### **Consumer sentiment index**



The consumer sentiment index measures households' opinions of their finances and the economy. When consumer sentiment is positive, consumers are more willing to spend on self-storage services to store excess items. Conversely, when consumer sentiment is negative, consumers tend to spend less on services like self-storage and sell unnecessary household items, threatening industry revenue. Consumer sentiment is anticipated to climb but remain negative in 2023-24.

#### Regulation & Policy

Low	Steady
-----	--------

#### What regulations impact the industry?

#### **Personal Property Securities**

Sefl-storage operators are subject to the Personal Property Securities Act 2009 and Personal Property Securities Regulations 2010. While industry firms tend to have a contractual lien to seize goods from storage units where the lessee has defaulted on their payments, industry operators are required to search the Personal Property Securities Register to determine whether a third party has a registered interest in the items to be seized.

#### **Modern Slavery Act**

The Modern Slavery Act is expected to have a minimal effect on the Self-Storage Services industry. However, a substantial amount of subcontracting work takes place in the industry. Industry operators must ensure their subcontractors comply in full with the legislation. Industry operators will also need to look into their supply chains to ensure that purchased goods, like dust covers and pesticides, are responsibly sourced.

#### **Assistance**



#### What assistance is available to this industry?

#### Public support doesn't apply to the industry

The Self-Storage Services industry doesn't receive any direct public sector support.

#### **Industry Associations**

Industry assistance in the Self-Storage Services industry is low, and this trend has remained unchanged in recent years. Nonetheless, the industry does receive some indirect assistance from industry associations. The Self Storage Association of Australasia represents the interests of self-storage service providers, providing support and advice for members and advertising platforms for their services.

# Financial Benchmarks

Understand average costs for industry operators and compare financial data against key ratios and financial benchmarks broken down by business size.

## 9. Financial Benchmarks

https://my.ibisworld.com/au/en/industry/OD5494/financial-benchmarks

Profit Margin

9.0 %

Lower than sector

Average Wage \$47,203

Lower than sector

Cargest Cost
Others
28.5% of Revenue

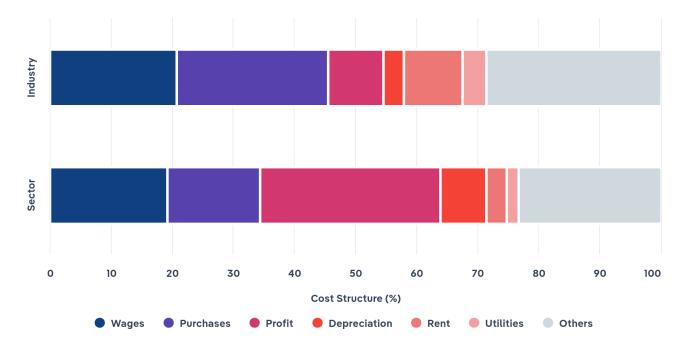
#### Key Takeaways

- Soaring consumer demand has led to strong storage fees and occupancy rate growth in recent years. This has lifted the industry's average profit margins.
- Wages account for a significant proportion of industry revenue. However, more operators are
  outsourcing labour functions and using digital platforms to reduce labour requirements, causing
  wages to decline as a share of revenue.

#### Cost Structure

#### **Cost Structure Benchmarks**

Average operating costs by industry and sector as a share (%) of revenue 2024



IBISWorld Source: IBISWorld

Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

#### What trends impact industry costs?

#### Outsourcing labour functions have reduced wages as a share of revenue

- The industry's high automation level means that staff are typically only employed to oversee general operations. Nevertheless, labour is a significant part of the overall industry due to the industry's high number of establishments across Australia.
- Additional functions, like security and call centre operations, are being increasingly outsourced by operators, reducing the industry's reliance on manual labour.
- The rising prevalence of specialised storage services, which require more care and knowledge to operate, has placed upward pressure on wage costs in recent years.

#### Growing demand for storage products has driven a rise in purchase expenses

- Purchases include goods that consumers use to store goods, like dust covers, sprays and pesticides, equipment for securing goods, and other merchandise.
- Purchases account for a relatively small proportion of overall costs, as few consumable goods are needed for storage operations.
- Purchase expenses have grown in recent years due to consumers demanding a wider variety of storage options, with operators now selling a wider range of products to help store goods efficiently.

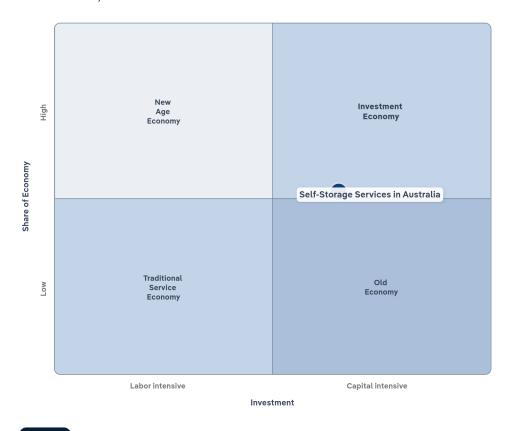
#### A trend towards leasing and highly accessible locations have propelled rent costs

- The industry's rental costs have climbed in recent years, as many self-storage facility operators have sold their physical assets and commenced leasing facilities.
- Industry firms have also increasingly sought out highly accessible locations over the period. Selfstorage facilities typically require large spaces, which incur higher rental costs.
- In addition, many of the industry's new establishments have opened in the outer suburbs of Sydney, Melbourne, Perth and Brisbane over the period, where rental costs tend to rise more quickly than in non-metropolitan areas.

#### Climbing storage fees and occupancy rates have lifted industry profitability

- Strong acquisition activity by many of the industry's larger players has enhanced the benefits of
  economies of scale in the industry, boosting industry-wide profitability.
- Increased automation and outsourcing, particularly of administrative functions, has improved operating efficiencies and supported profit margins.
- Soaring consumer demand over the two years through 2021-22 led to strong growth in storage fees and occupancy rates, aiding strong profitability growth over this period.

## Capital investment drives growth Share of economy vs. Investment



Source: IBISWorld

## **Key Ratios**

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2007-08	393,237	1.2	2.2	3.0	51,130	13.0	1.3	24.4
2008-09	309,800	1.1	2.4	3.5	45,240	14.6	1.4	23.4
2009-10	333,203	1.0	2.3	3.1	45,636	13.7	1.3	26.0
2010-11	263,334	0.8	2.5	3.2	41,078	15.6	1.3	25.5
2011-12	269,044	0.9	2.5	3.2	42,249	15.7	1.3	25.7
2012-13	273,363	0.8	2.4	3.1	46,198	16.9	1.3	28.7
2013-14	262,509	0.8	2.4	3.0	45,943	17.5	1.3	26.5
2014-15	256,991	0.8	2.5	3.2	48,065	18.7	1.3	32.7
2015-16	256,934	0.8	2.6	3.3	51,645	20.1	1.3	32.0
2016-17	247,374	0.7	2.2	2.9	50,954	20.6	1.3	31.8
2017-18	240,872	0.7	2.3	2.9	48,892	20.3	1.3	31.2
2018-19	220,376	0.6	2.2	2.8	47,388	21.5	1.3	33.2
2019-20	212,454	0.6	2.3	2.9	49,295	23.2	1.3	34.7
2020-21	237,130	0.6	2.1	2.7	53,121	22.4	1.3	34.2
2021-22	245,034	0.6	2.1	2.6	47,989	19.6	1.3	32.1
2022-23	236,352	0.6	2.1	2.6	48,279	20.4	1.3	33.1
2023-24	227,886	0.6	2.1	2.6	47,203	20.7	1.3	33.0
2024-25	227,604	0.6	2.1	2.6	48,391	21.3	1.3	33.7
2025-26	227,626	0.6	2.1	2.6	49,151	21.6	1.2	34.0
2026-27	227,568	0.6	2.2	2.6	49,895	21.9	1.2	34.4
2027-28	227,302	0.6	2.1	2.6	50,736	22.3	1.2	34.8
2028-29	227,076	0.6	2.1	2.6	51,601	22.7	1.2	35.4
2029-30	229,394	0.6	2.1	2.6	52,493	22.9	1.2	35.6

<sup>\*</sup>Figures are inflation adjusted to 2023

# Key Statistics

Discover 14 years of historical, current and forward-looking industry performance data in table format.

## 10. Key Statistics

https://my.ibisworld.com/au/en/industry/OD5494/key-statistics

## **Industry Data**

#### **Values**

Year	Revenue (\$ Million)	IVA (\$ Million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages (\$ Million)
2007-08	1,574.1	384.0	1,793	1,343	4,003	204.7
2008-09	1,499.4	350.9	1,994	1,402	4,840	219.0
2009-10	1,559.4	405.4	1,995	1,520	4,680	213.6
2010-11	1,509.4	384.9	2,271	1,780	5,732	235.5
2011-12	1,476.8	379.5	2,228	1,720	5,489	231.9
2012-13	1,539.6	441.9	2,389	1,833	5,632	260.2
2013-14	1,608.4	426.3	2,596	2,012	6,127	281.5
2014-15	1,709.5	559.0	2,692	2,111	6,652	319.7
2015-16	1,755.6	561.8	2,668	2,094	6,833	352.9
2016-17	1,725.2	548.6	3,132	2,396	6,974	355.4
2017-18	1,769.7	552.1	3,162	2,501	7,347	359.2
2018-19	1,655.9	549.7	3,359	2,640	7,514	356.1
2019-20	1,620.6	562.4	3,366	2,661	7,628	376.0
2020-21	1,819.5	622.2	3,663	2,872	7,673	407.6
2021-22	1,882.1	604.2	3,694	2,902	7,681	368.6
2022-23	1,818.3	601.8	3,722	2,906	7,693	371.4
2023-24	1,808.5	596.8	3,789	3,000	7,936	374.6
2024-25	1,852.7	624.4	3,918	3,095	8,140	393.9
2025-26	1,902.5	646.9	3,972	3,203	8,358	410.8
2026-27	1,845.8	635.0	3,756	3,133	8,111	404.7
2027-28	1,898.2	660.6	3,936	3,247	8,351	423.7
2028-29	1,949.9	690.3	4,091	3,362	8,587	443.1
2029-30	1,997.1	711.0	4,085	3,378	8,706	457.0

<sup>\*</sup>Figures are inflation adjusted to 2024

## Annual Change

2007-08 2008-09 2009-10	N/A -4.7 4.0 -3.2	N/A -8.6 15.5 -5.1	N/A 11.2 0.1	N/A 4.4 8.4	N/A 20.9	N/A 7.0
	4.0 -3.2	15.5			20.9	7.0
2009-10	-3.2		0.1	0 /		
		-5.1		0.4	-3.3	-2.5
2010-11	0.0	0.1	13.8	17.1	22.5	10.2
2011-12	-2.2	-1.4	-1.9	-3.4	-4.2	-1.5
2012-13	4.3	16.4	7.2	6.6	2.6	12.2
2013-14	4.5	-3.5	8.7	9.8	8.8	8.2
2014-15	6.3	31.1	3.7	4.9	8.6	13.6
2015-16	2.7	0.5	-0.9	-0.8	2.7	10.4
2016-17	-1.7	-2.3	17.4	14.4	2.1	0.7
2017-18	2.6	0.6	1.0	4.4	5.3	1.1
2018-19	-6.4	-0.4	6.2	5.6	2.3	-0.9
2019-20	-2.1	2.3	0.2	8.0	1.5	5.6
2020-21	12.3	10.6	8.8	7.9	0.6	8.4
2021-22	3.4	-2.9	0.8	1.0	0.1	-9.6
2022-23	-3.4	-0.4	0.8	0.1	0.2	0.8
2023-24	-0.5	-0.8	1.8	3.2	3.2	0.9
2024-25	2.4	4.6	3.4	3.2	2.6	5.2
2025-26	2.7	3.6	1.4	3.5	2.7	4.3
2026-27	-3.0	-1.8	-5.4	-2.2	-3.0	-1.5
2027-28	2.8	4.0	4.8	3.6	3.0	4.7
2028-29	2.7	4.5	3.9	3.5	2.8	4.6
2029-30	2.4	3.0	-0.1	0.5	1.4	3.1

<sup>\*</sup>Figures are inflation adjusted to 2024



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