



Ipsos Business Consulting



Hong Kong

2017 Self-Storage Industry Review

Prepared by Ipsos Business Consulting
Prepared for Inspiration Hong Kong

2018-11-27

Build · Compete · Grow

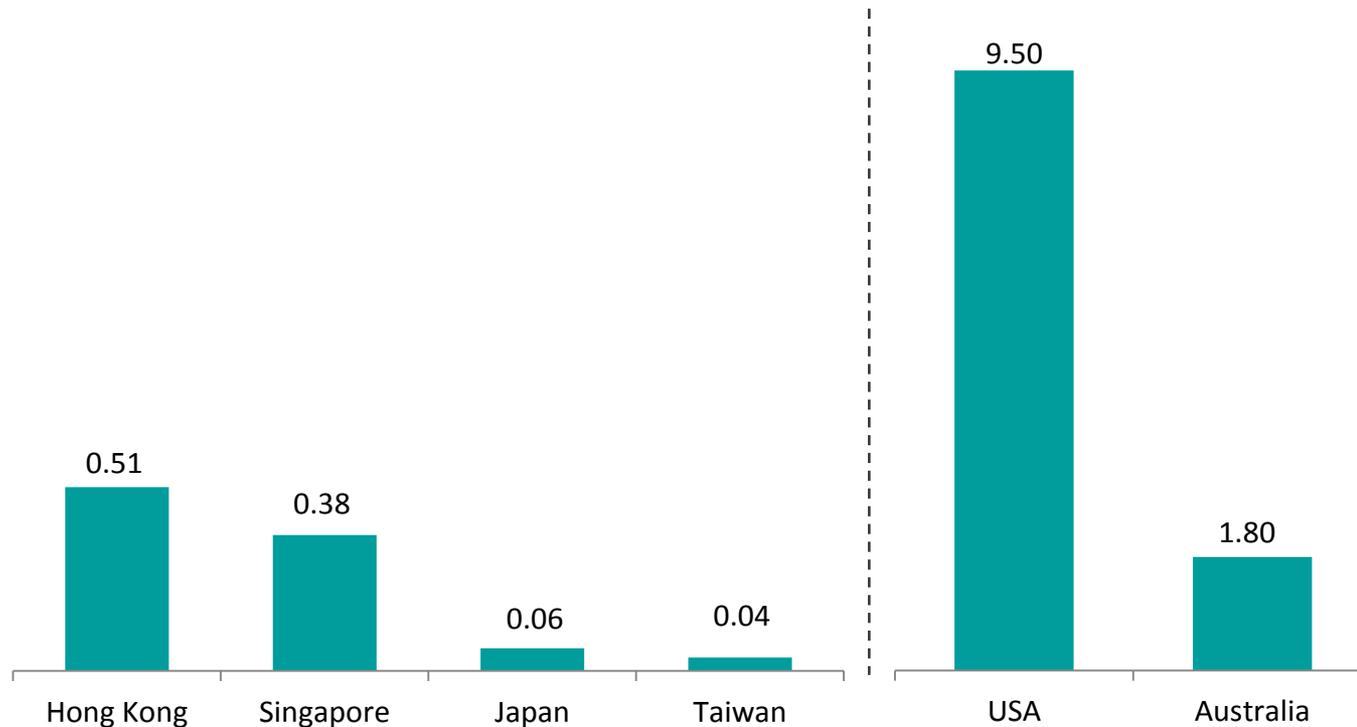


SELF STORAGE GFA PER CAPITA INTERNATIONAL CONTEXT

With only 0.51 square feet of self-storage per capita, the Hong Kong self-storage market has great growth potential

Gross Floor Area per Capita 2017 – International Context

Gross Floor Area in Square Feet

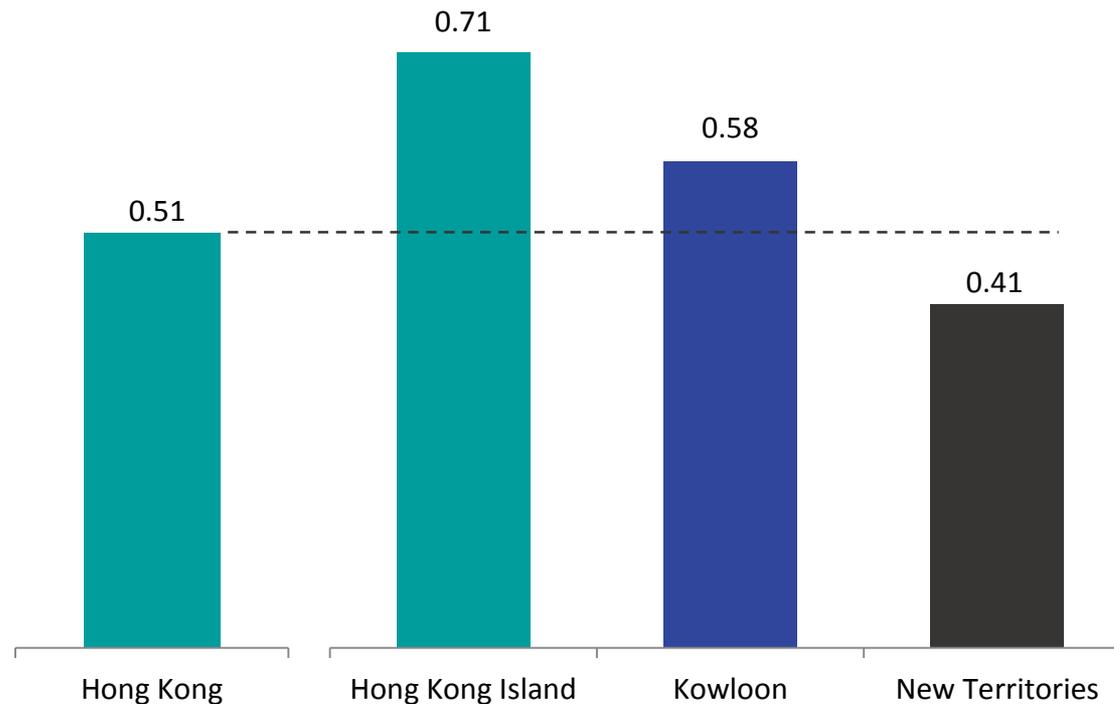


Source: Ipsos Business Consulting Proprietary Database, Ipsos Business Consulting - SSAA Annual Operator Survey 2017, USA and Australia market – 2017 Fedessa/JLL report

HONG KONG SELF STORAGE GFA PER CAPITA

Of the three districts Hong Kong Island has the most floor area per capita, while in comparison New Territories is underserved

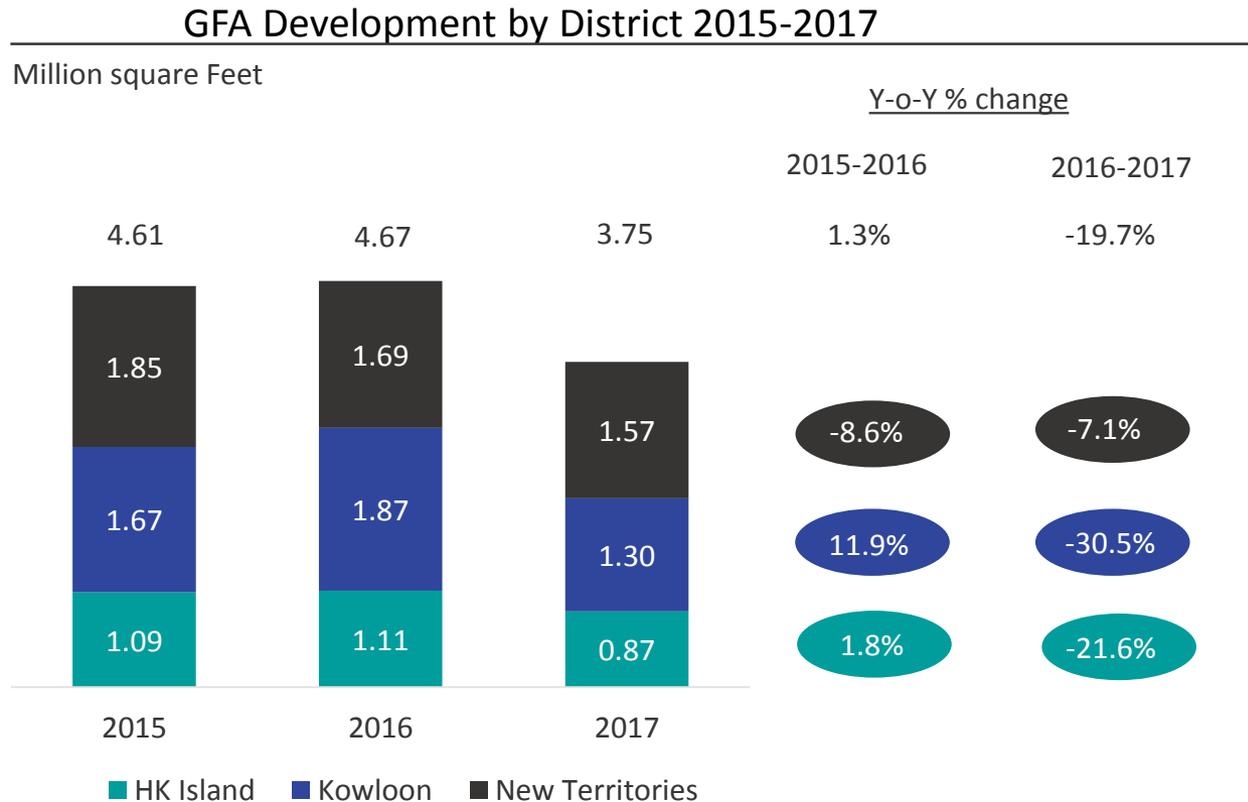
Gross Floor Area per Capita in Square Feet 2017 by District



Source: Ipsos Business Consulting Proprietary Database

HONG KONG SELF STORAGE GFA DEVELOPMENT

Due to new government regulations imposed after the blaze, total GFA has decreased by 18.7% from 2015 to 2017



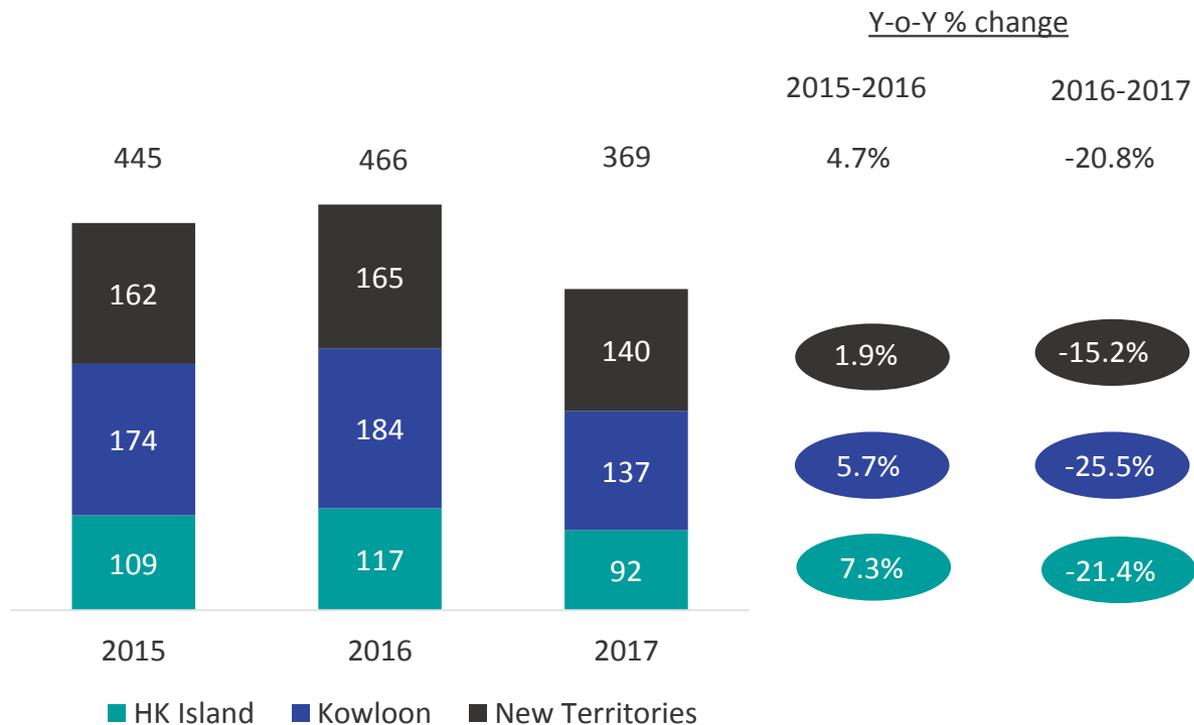
Note: Data from 2016 is reported from 2016Q3 tracking results, due to lack of data for 2016Q4

Source: Ipsos Business Consulting Proprietary Database

HONG KONG SELF STORAGE FACILITY DEVELOPMENT

2017 saw a very strong decrease in the number of facilities due to the introduction of new fire safety regulations

Total Number of Facilities 2015-2017



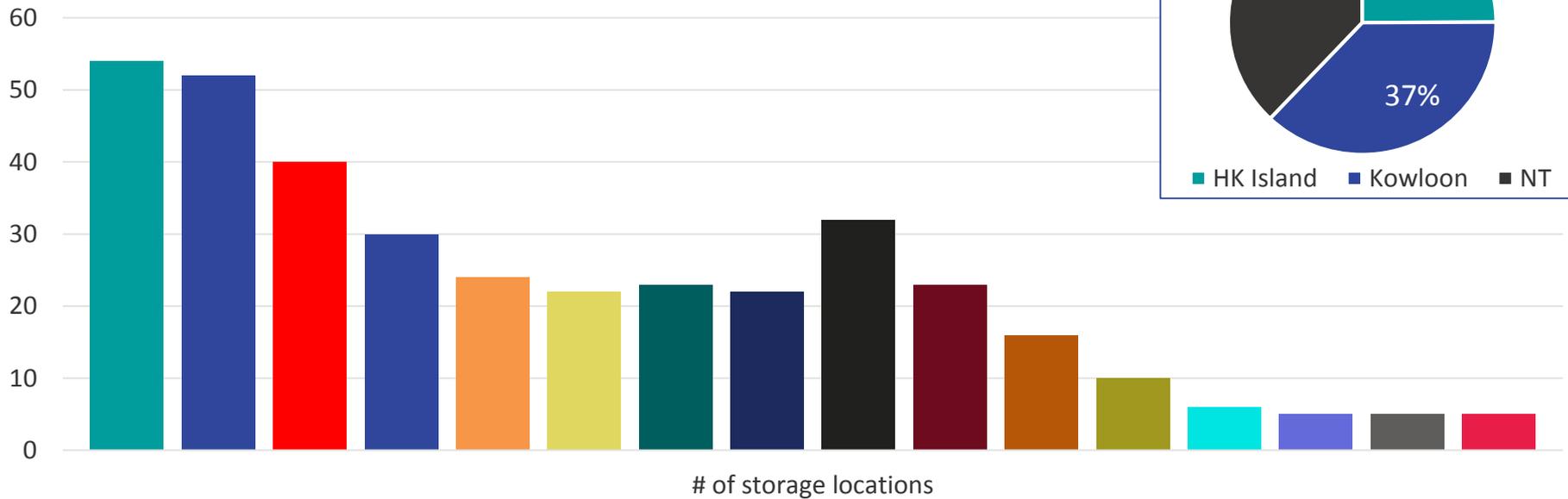
Note: Data from 2016 is reported from 2016Q3 tracking results, due to lack of data for 2016Q4

Source: Ipsos Business Consulting Proprietary Database

HONG KONG SELF STORAGE TOTAL NUMBER OF FACILITIES

Distribution of self-storage as of 2017Q4 (year-end) at the sub-district level

Storage Facilities by Location



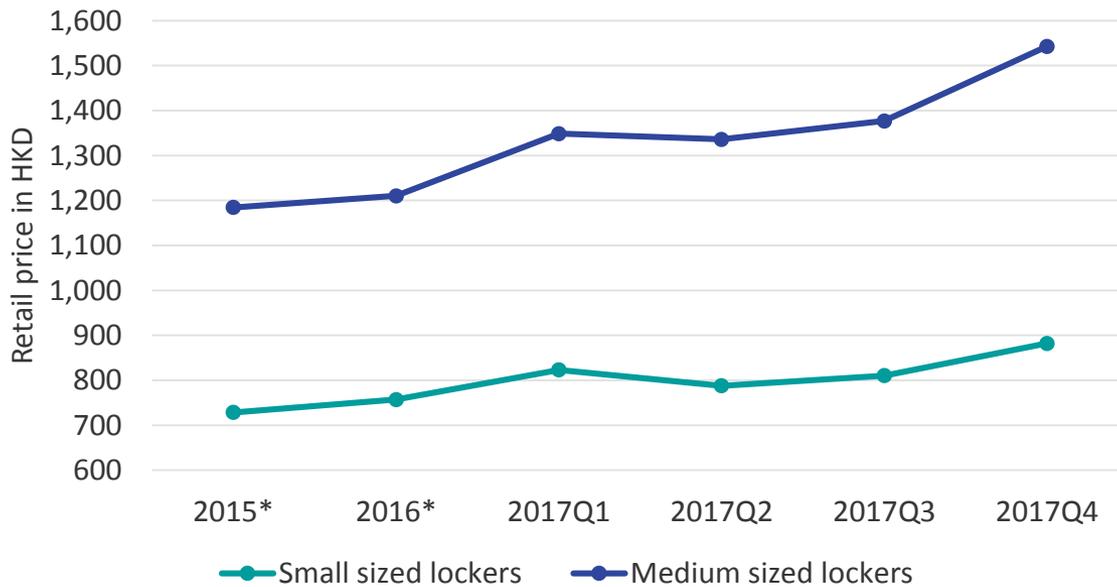
- Island East
- Kwun Tong
- Kwai Tsing
- Tsuen Wan
- Wong Tai Sin
- Tuen Mun
- Island South
- Sham Shui Po
- Sha Tin
- Kowloon City District
- Yau Tsim Mong
- Island Central and Western
- Yuen Long
- Tai Po
- Island North
- Wan Chai

Source: Ipsos Business Consulting Proprietary Database

HONG KONG SELF STORAGE AVERAGE OBSERVED MONTHLY RETAIL PRICES

The average observed monthly retail prices for small and medium sized lockers have been increasing steadily

Average Observed Retail Price Development



Percentage change in prices	Average price 2015-2017	2017Q1-2017Q4
Small sized lockers (≤20 sqf)	13.3%	7.2%
Medium sized lockers (20-40 sqf)	18.3%	14.4%

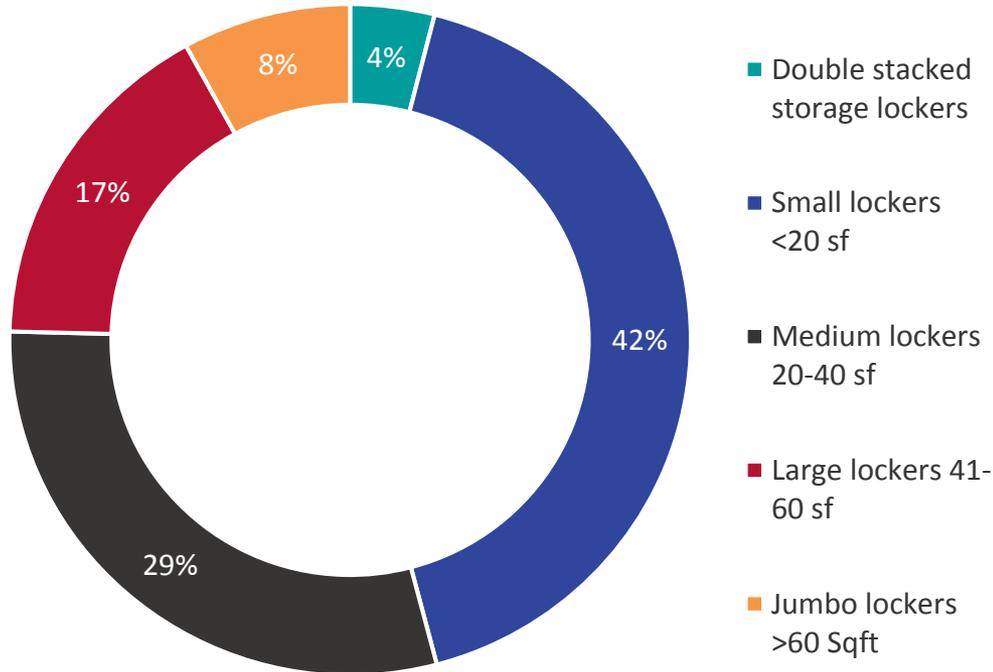
- Observed retail prices are prices that are available in the public domain.
- Note*: 2015 and 2016 prices are annual average observed prices, the average price for 2016 is based on three quarters of (Q2,Q3,Q4), the average price for 2015 is based a comprehensive review in 2015Q1 and operator interviews.

Source: Ipsos Business Consulting Proprietary Database

HONG KONG SELF STORAGE LOCKER MIX

The majority of self-storage floor area consists of small- and medium-sized units comprising 71% of total locker mix

Storage Locker Mix 2017

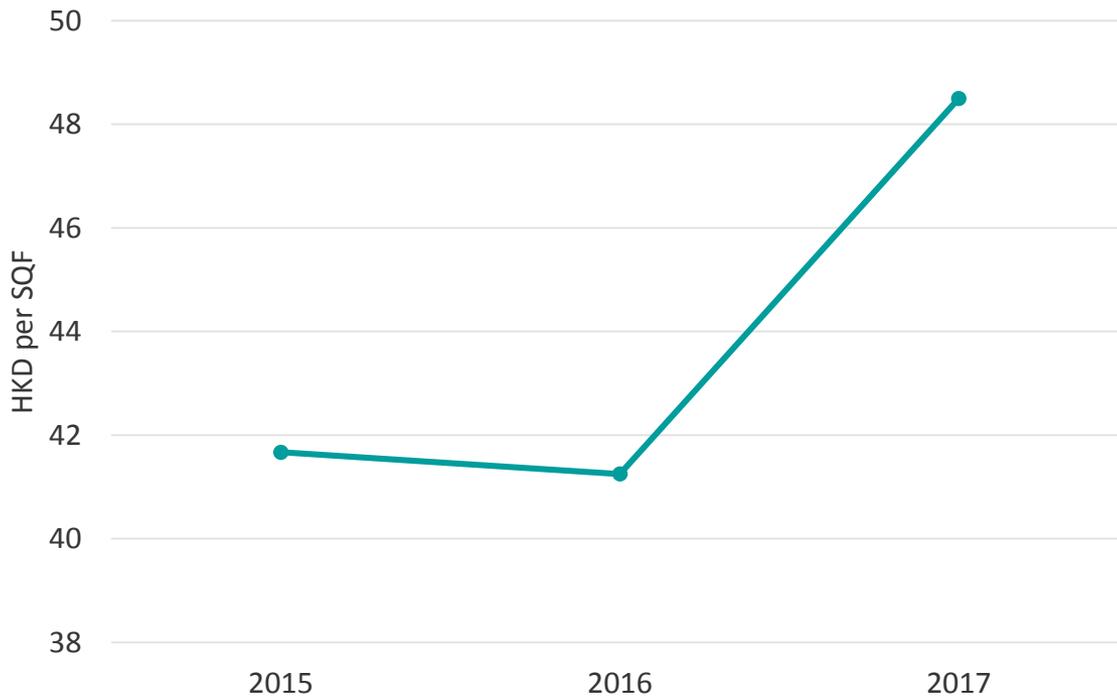


Source: Ipsos Business Consulting - SSAA Annual Operator Survey 2017

HONG KONG SELF STORAGE MONTHLY AVERAGE RENTAL RATE PER SQUARE FOOT

Operators reported a significant rental rate per square foot increase of 16.4% from 2015 to 2017

Reported Average Monthly Rental Rate for Occupied Units*



Percentage change
2015-2017

16.4%

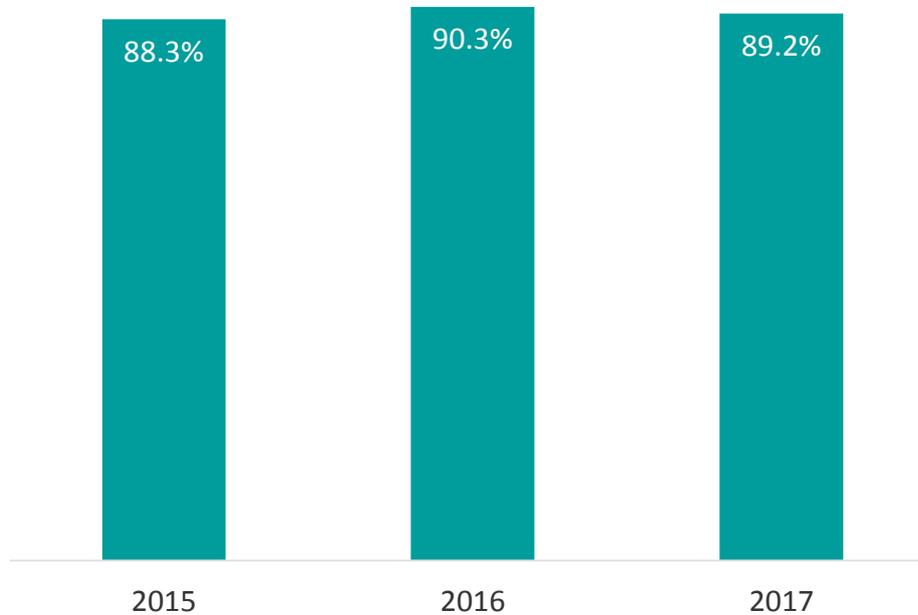
- Note*: This information is from the SSAA Annual Operator Survey, the specific question asked to operators:
 - “What is the monthly average rental rate per square foot for your occupied units in 2017 in Hong Kong?”

Source: Ipsos Business Consulting - SSAA Annual Operator Survey 2015,2016,2017

HONG KONG SELF STORAGE OCCUPANCY LEVELS

Overall average occupancy levels have remained relatively stable over the past three years at roughly 90%

Estimated Average Annual Capacity Utilization

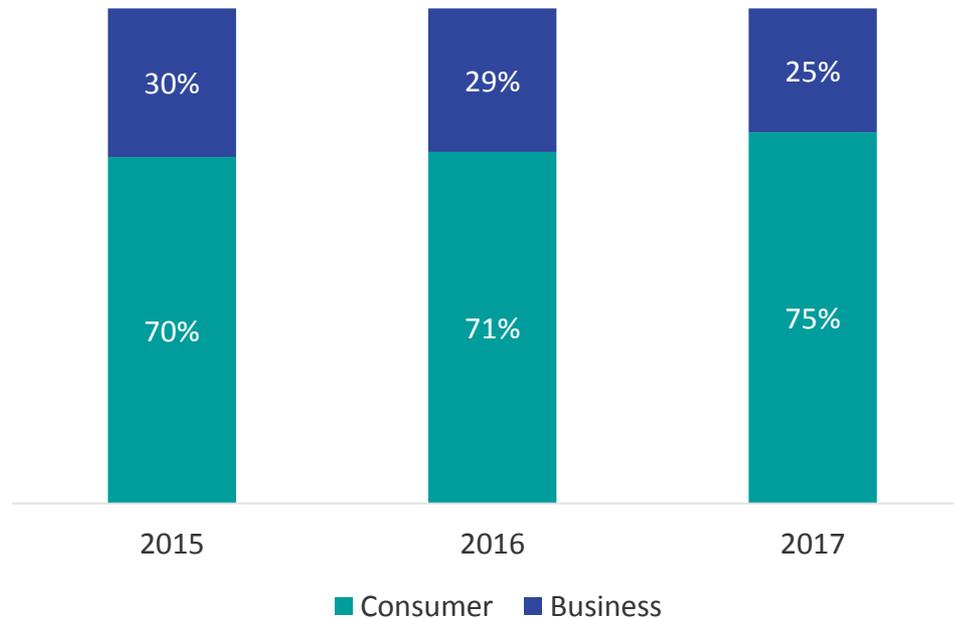


Source: Ipsos Business Consulting Proprietary Database

HONG KONG SELF STORAGE CUSTOMER TYPE

Over the past three years, consumers have increased their importance as the main target for self-storage operators

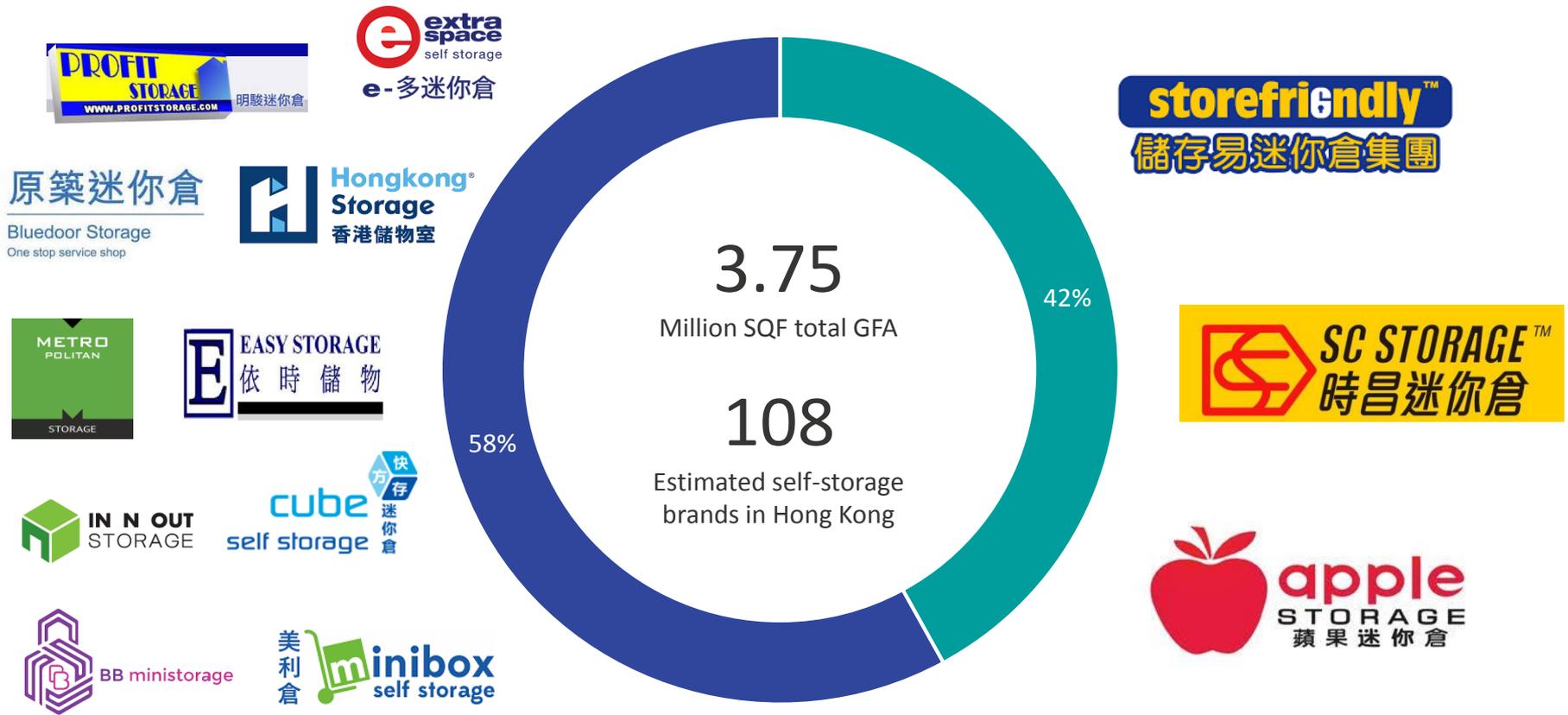
Split by Customer Type 2015-2017



Source: Ipsos Business Consulting - SSAA Annual Operator Survey 2015,2016,2017

HONG KONG SELF STORAGE MARKET STRUCTURE

The top 3 operators in Hong Kong account for an estimated 42% of total GFA while the rest of the market is fairly fragmented



Source: Ipsos Business Consulting Proprietary Database

■ Top 3 ■ Rest of Market

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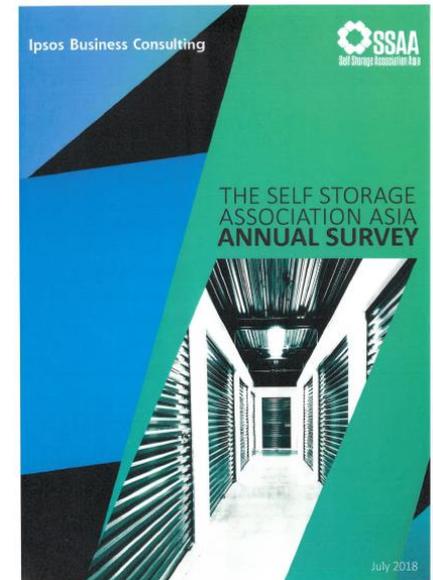
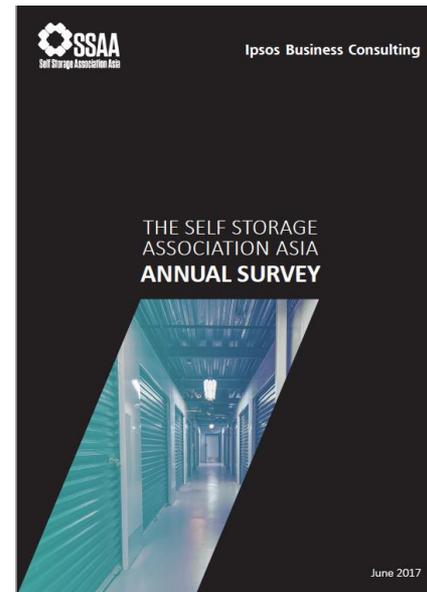
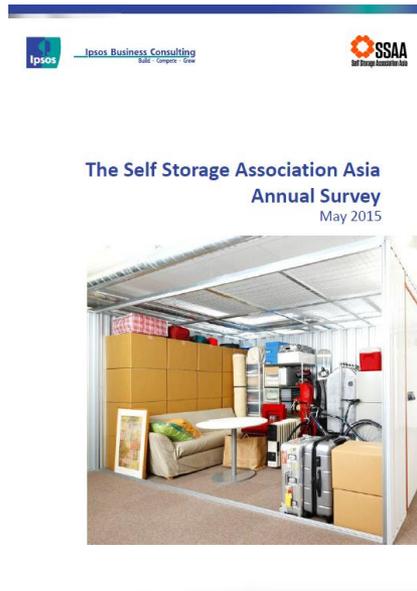
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IPSOS BUSINESS CONSULTING About Us

- Engaged in the self-storage industry since 2014
- Exclusive Partnership with the SSAA for the Annual Industry Survey



- The operator survey is carried out in cooperation with the SSAA on an annual basis and covers Hong Kong, Mainland China, Taiwan, Japan, Singapore, Malaysia.

IPSOS BUSINESS CONSULTING

Our Proprietary Self Storage Database

- The Ipsos Business Consulting proprietary database on the self-storage industry covers **Hong Kong**, **Mainland China** and **Taiwan** in is the most comprehensive database on the self-storage industry in Greater China.
- Information is collected and refreshed on a quarterly basis.

Specific Data Points

• Total self-storage facilities	• Storage mix by locker size
• Total number of self-storage providers	• Storage mix by locker type
• Estimated GFA	• Value added services provided by operators
• Estimated RFA	• Customer types (% of B2B and % of B2C)
• Facility segmentation by GFA (size)	• Average occupancy
• Observed average quarterly asking price	• Average fit-out / conversion cost
• Observed rent concessions	

IPSOS BUSINESS CONSULTING

Data Collection Methodology

- **Hong Kong:**

- Data on the Hong Kong self-storage market is collected on a quarterly basis through physical facility visits, phone calls and desk research.
- As of 2016Q2, Ipsos Business Consulting randomly visits 10%-20% of the facilities each quarter. In 2017Q1 Ipsos Business Consulting visited 154 facilities.
- Selected operators also voluntarily provide storage facility information with Ipsos Business Consulting.
- Observed retail prices are collected on a quarterly basis. All available online retail price information is collected and aggregated by locker size. On average we cover 50% or more of the total number of facilities each quarter for the retail price information collection.

- **Mainland China and Taiwan:**

- Data on the Mainland China and Taiwan self-storage market is collected on a quarterly basis through, phone calls and desk research.
- Selected operators also voluntarily provide storage facility information with Ipsos Business Consulting.
- Observed retail prices are collected on a quarterly basis. All available online retail price information is collected and aggregated by locker size. On average we cover 50% or more of the total number of facilities each quarter for the retail price information collection.

IPSOS BUSINESS CONSULTING

Our Services and Past Engagements

Our Services

- Industry tracking
- Market intelligence
- Competitive intelligence
- Retail / consumer strategy
- M&A partner evaluation
- Commercial due diligence reports for investors
- Financial modelling

Selected Past Engagements

- Commercial due diligence on the Hong Kong Self Storage market to support an investor with an acquisition
- Commercial due diligence on the Beijing Self Storage market to support an investor with an acquisition
- Hong Kong Self Storage market sizing and revenue estimation for a leading self storage operator
- Hong Kong Self Storage brand perception survey for a leading self storage operator
- Market overview of the Taiwan Self Storage industry for an investor
- Market overview of the Hong Kong Self Storage industry for a Real Estate Consultancy



Thank you