



Self-Storage Outlook Guide

Looking ahead to 2025

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2025 SELF-STORAGE INDUSTRY OUTLOOK

Adapting to Change in a Dynamic Market

The self-storage industry is at a turning point. Economic shifts, technological leaps, and changing customer expectations are reshaping the landscape faster than ever before. To map these changes, we surveyed over 1,000 U.S. tenants across various demographics. Our goal? To understand which storage demand, tech adoption, and customer preference evolutions we can anticipate in 2025.

This report compares our recent findings against our previous data to reveal future trends and offer a roadmap for operators to navigate this changing market. Whether you're managing a single facility or overseeing a national chain, the insights here will help you craft strategies for success in the months and years ahead.

1

Market Forces Shaping the Industry: A Potential Boom on the Horizon

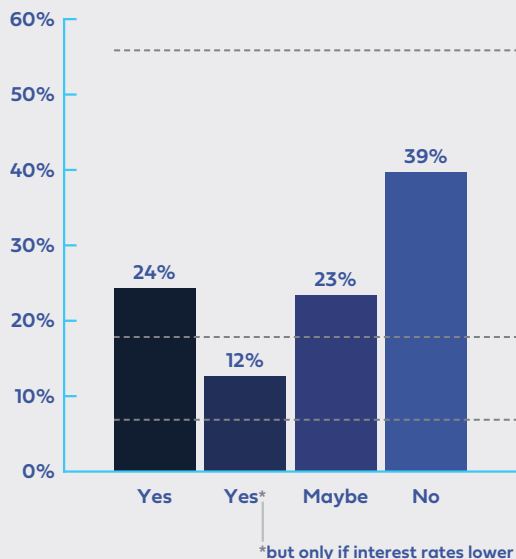
Recent reports have highlighted some cautionary trends for self-storage operators, including declining rental rates. However, our latest study reveals a striking counterpoint to these concerns, **suggesting that the industry may be on the cusp of significant growth.**

According to our study's findings in August 2024, 37% of respondents are either planning or considering a move within the next 6-12 months. This represents a notable increase from the 25% who reported the same in our Tenant Insights Report released this March. Also worth considering is the additional 23% that chose "Maybe" when asked if they were planning a move, which would increase the total percentage significantly to more than 60%. This surge in relocations could offset the recent dip in rental rates, positioning the self-storage industry for a rebound as it adapts to meet the evolving needs of a more mobile population.

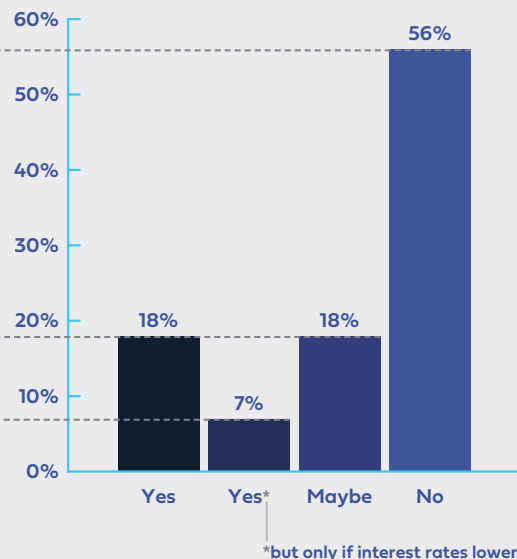


Are You Planning or Considering a Move Within the Next 6-12 Months?

AUGUST 2024



MARCH 2024



ECONOMIC FACTORS AND INTEREST RATES

Of course, economic factors play a crucial role in these moving decisions. Notably, 13% of respondents who said they are planning or considering a move said it was conditional on interest rates lowering. This sentiment is even stronger among younger adults, with 18% of both 18-24 and 25-34 year-olds citing lower interest rates as a factor that would increase their moving likelihood.

The Federal Reserve’s recent signals of looming interest rate reductions may be partly fueling this renewed desire for migration, as lower rates would make relocations more financially feasible for many households. These figures suggest that potential Federal Reserve rate cuts in 2024 could unlock significant pent-up demand in both the real estate and self-storage sectors.

REGIONAL PREFERENCES AND DEMOGRAPHIC INSIGHTS

Our latest findings reveal significant trends in relocation preferences and demographics. A substantial portion of movers are considering changes in their geographic locations: 34% plan to move to a different town or city within the same state, and the same percentage is looking to relocate to a different state altogether.

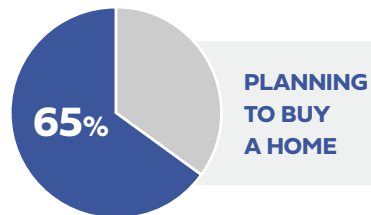
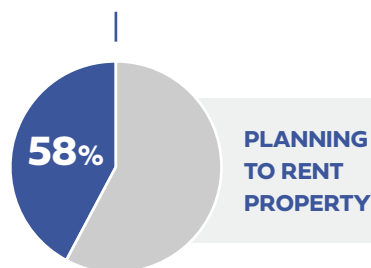
The South is the most popular destination for those planning to move, with 40% of respondents indicating it’s the region they are planning to relocate to. This is followed by the Northeast (23%), West (12%), and Midwest (21%). These regional preferences offer valuable insights for operators considering expansion or targeted marketing efforts.

Increased mobility is particularly pronounced among younger demographics. Those aged between 25 and 44 years-old are the most likely to move in the next 6-12 months. In fact, 30% of respondents within this age range say they're planning or considering a move, compared to 14% of those over 54. An additional 17% of 25-44 year-olds said they'd consider moving if interest rates come down. This cohort's primary motivators for relocation include cost of living (56%), better job market or economic opportunities (50%), housing changes (40%), and family reasons (39%).

These same factors align well with preferences for the South, which often offers a lower cost of living and job market growth. The region's popularity isn't new, with states like Texas, Florida, North Carolina and Georgia driving much of the nation's population growth these past few years, accounting for 87% of the U.S.' increase in 2023. The Northeast, on the other hand, appears set for a meaningful rebound after its population declined in 2022 and 2023. This is good news for self-storage operators in the likes of New York City which is among the top three cities in the U.S. with the most self-storage facilities, despite notable outmigration in recent years.

Our study also indicates that a majority of movers (58%) would use self-storage as part of their relocation process. Separately, 58% of those planning to rent their next property said they'll use self storage versus 65% of those planning to buy, signaling strong demand for both segments. This presents

Utilizing Self-Storage during relocation



Consumer Behavior Trends: Satisfaction and Selection Factors

Understanding consumer behavior is crucial for self-storage operators to remain competitive in an evolving market. Our findings reveal valuable insights into customer preferences and satisfaction levels, offering a roadmap for operators to enhance their services and attract new customers.

CUSTOMER SATISFACTION

Overall, the self-storage industry enjoys a high level of customer satisfaction. A combined 78% of respondents reported being either satisfied (49%) or very satisfied (29%) with their self-storage experience. This positive sentiment is a strong foundation for the industry, indicating that current practices are largely meeting customer needs. However, there's still room for improvement, with 22% of respondents feeling neutral (17%) or dissatisfied (5%) by their experience.

FACTORS INFLUENCING FACILITY SELECTION

When it comes to choosing a storage facility, price emerges as the most critical factor, with 83% of respondents citing it as a key consideration. Interestingly, this is a marked increase from earlier this year, when 69% of respondents deemed price the most important factor when picking a facility. With many Americans preparing to allocate significant funds

towards relocation expenses, it's perhaps prompting a greater focus on cost savings in other areas like storage. This underscores the importance of competitive pricing strategies in attracting and retaining customers.

Location is the second most important consideration when choosing a facility, with **68% of respondents valuing convenience and accessibility**. Security features rank third, important to 56% of customers, indicating a growing consciousness about the safety of stored belongings. Facility cleanliness is also significant, influencing 46% of respondents' decisions and playing a crucial role in the overall customer experience.

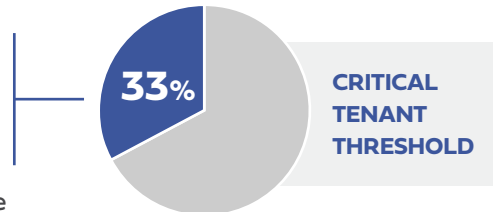
These insights suggest that while price remains a dominant factor in customer decision-making, storage operators have multiple avenues to differentiate themselves and appeal to consumer preferences.

Price Sensitivity and Value Perception in Self-Storage

Our research reveals a nuanced picture of price sensitivity in the self-storage market. While customers are price-conscious, they also recognize the value of storage services. Our previous Tenant Insights Report found that a notable 42% viewing self-storage as essential, even in financially challenging times.

However, our current study uncovers a crucial tipping point in pricing strategies.

A price increase of 10-20% represents a critical threshold that could trigger an exodus of a third (33%) of customers.



This finding highlights the delicate balance storage businesses must strike with their pricing strategies. While modest increases below 10% are likely to retain most customers, pushing beyond the 20% mark enters high-risk territory.

For self-storage storage businesses, this insight reiterates the importance of careful, incremental price adjustments. It also points to the potential value of understanding customer segments and their varying price sensitivities.

EFFECTIVE PROMOTIONAL OFFERS AND VALUE-ADDED SERVICES

Our findings show that customers are especially drawn to promotional offers that provide substantial upfront savings or a low-cost trial.

The top three preferred promotions are “First Month Free,” “75% Off First Two Months,” and “First Month for \$1.” This insight is valuable for self-storage operators looking to enhance their marketing strategies by incorporating such promotions to attract new customers and potentially increase long-term rentals.

While customers are watching their wallets, they’re still willing to pay extra for certain perks. Our Tenant Insights Report found that a quarter of respondents would shell out more for round-the-clock access, while nearly as many are ready to pay up for beefed-up security. Additionally, about one in five don’t mind spending extra on climate-controlled units. What does this mean for storage operators? There’s room to boost your bottom line, even amidst price sensitivities.

There are multiple strategies operators can employ to navigate consumers’ increasing price sensitivity. By carefully balancing pricing strategies, leveraging effective promotions, and offering value-added services, storage businesses can attract and retain customers while optimizing their revenue potential. The key lies in understanding customer needs, communicating value effectively, and providing a range of options that cater to diverse storage requirements and budgets.

Technology and Innovation: Facilitating Mobility in Self-Storage

Our new survey also highlights the increasing importance of technology in meeting the evolving needs of self-storage customers, particularly younger demographics.

MEETING FLEXIBLE DEMANDS

With 37% of Americans planning or considering a move in the next year, technology will be crucial for providing flexible and accessible storage solutions. Online booking and management systems will prove vital as consumers relocate across state lines and even cross-country. These systems allow tenants to secure and manage storage units remotely, reducing stress and simplifying the moving process.

Virtual unit viewing is also valuable for those relocating to new areas, enabling informed decisions without in-person visits. Additionally, smart access systems, including keyless entry and smartphone-controlled access, cater to the preferences of tech-savvy movers and streamline the move-in and move-out process.

Our survey also reveals varying needs across age groups and regions. For instance, 79% of respondents need storage for 6 months or less, indicating a demand for flexible, short-term rental agreements and easy extension processes. Automated systems can provide tailored information and local resources, addressing the needs of those relocating for reasons such as cost of living or job opportunities.

BALANCING THE HUMAN TOUCH

While technology enhances convenience, maintaining a human touch remains crucial, particularly given the stress of moving. Our Tenant Insights Report revealed a notable preference for in-person interactions (32%), suggesting that, despite the digital age's conveniences, the value of human connection remains undiminished.

A hybrid customer service approach that combines chatbots and AI for routine inquiries along with accessible personal assistance for complex issues can effectively balance efficiency with personalized support.

Data-driven personalization allows operators to offer tailored solutions based on factors such as move distance, reason for relocation, and specific storage needs.

As the self-storage industry adapts to a more mobile customer base, leveraging technology to provide flexibility, security, and convenience will be key. Operators who integrate tech-enabled solutions while offering personalized service will be well-positioned to attract and retain customers, particularly among younger demographics driving much of the relocation activity.

Predictions and Recommendations

Based on our survey data and industry trends, we anticipate several key developments in the next 3-5 years:

- 1. Surge in Short-Term Storage Demand:** With 37% of Americans planning or considering a move within the next 6-12 months, and 73% needing storage for 6 months or less, it's possible that we see a significant increase in demand for short-term, flexible storage solutions. Operators who can offer easy-to-adjust rental terms will likely see increased occupancy rates.
- 2. Regional Market Shifts:** Given that 40% of potential movers are eyeing the South, with the Northeast following at 23%, we anticipate accelerated growth in these regions. Operators in these areas should prepare for increased demand, while those in other regions may need to focus on retention strategies.
- 3. Price Sensitivity Balancing Act:** With 83% of respondents citing price as a key factor in facility selection (up from 69% earlier this year), and 47% indicating they would leave if prices increased by 10-20%, it's likely we will see careful price maneuvering ahead. Operators will likely focus on value-added services and targeted promotions to justify rates rather than across-the-board increases.

- 4. Tech-Enabled Convenience Push:** As younger, more mobile demographics drive demand, we expect a significant uptick in the adoption of online booking, virtual unit viewing, and smart access systems. This trend will cater to the needs of cross-country movers and the tech-savvy younger renters.

- 5. Rise of Value-Added Services:** With 19% of respondents willing to pay more for climate-controlled units, and given the diverse reasons for moves (job changes, cost of living, etc.), we predict an expansion of specialized storage options and auxiliary services tailored to specific customer needs.

OPERATIONAL STRATEGIES FOR THE FUTURE

In light of these predictions and our survey findings, we recommend that operators:

- 1. Invest in Technology:** Prioritize investment in technology infrastructure, particularly robust online booking and management systems. This is crucial to cater to the 66% of customers who consider technology important and to facilitate the needs of the 37% planning or considering a move in the next 6-12 months.



2. Offer Tailored Storage Solutions: Address diverse storage needs across age groups. With 75% storing furniture, 54% storing seasonal items, and 25% storing business items, operators should offer a range of unit sizes and types to accommodate these varied needs.

3. Enhance Security Measures: Invest in and prominently advertise robust security features. This is particularly important for older demographics, with 71% of those over 54 considering security crucial compared to 45% of 18-24 year-olds.

4. Implement Flexible Rental Options: With 73% needing storage for 6 months or less, explore ways to offer more flexible rental terms and consider new business models that cater to short-term storage needs.

5. Optimize Pricing Strategies: Develop nuanced pricing strategies that balance competitive rates with value-added services. Remember that a price increase of 10-20% could trigger an exodus of customers.

6. Offer Premium Services: Consider offering climate-controlled units as a premium option, catering to the 19% of respondents willing to pay more for this feature.

7. Balance Digital and Personal Service: While implementing tech solutions, maintain a personal touch to satisfy the 32% who prefer in-person interactions. Train staff to be comfortable with new technologies while still providing excellent customer service.

8. Implement Targeted Marketing: Tailor marketing strategies to address the diverse needs of different age groups, particularly focusing on the 25-44 age range who show the highest mobility and storage use.

9. Leverage Promotional Offers: Incorporate effective promotions like "First Month Free" or "75% off First Two Months" to attract new customers and potentially increase long-term rentals.

Embracing Change in the Self-Storage Industry

The self-storage industry is on the cusp of significant change, driven by economic factors, demographic shifts, and technological advancements. Our survey data reveals a dynamic market with evolving customer needs and preferences. The potential for growth is substantial, particularly as economic conditions evolve and mobility trends continue to favor relocation.

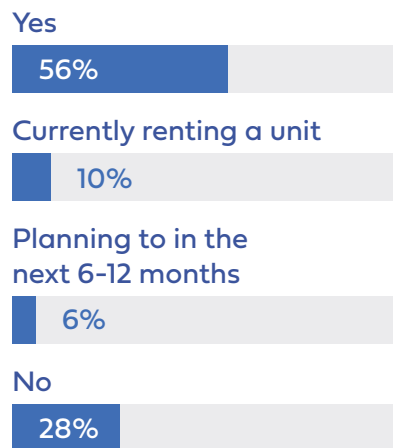
Operators who can adapt to these changes by embracing new technologies, offering flexible solutions, and catering to diverse customer needs will be best positioned to thrive in this evolving landscape. By staying attuned

to consumer preferences and market trends, the self-storage industry can navigate these transitions and emerge stronger, more efficient, and better equipped to meet the storage needs of the future.

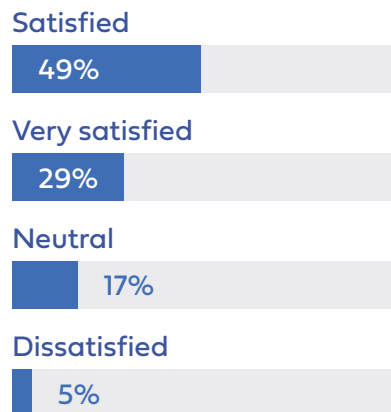
The key to success lies in balancing technological innovation with personalized service, offering tailored solutions for different demographic groups, and maintaining a strong focus on customer satisfaction. As the industry moves forward, those who can effectively blend these elements will not only survive but flourish in the dynamic self-storage market of tomorrow.

Appendix

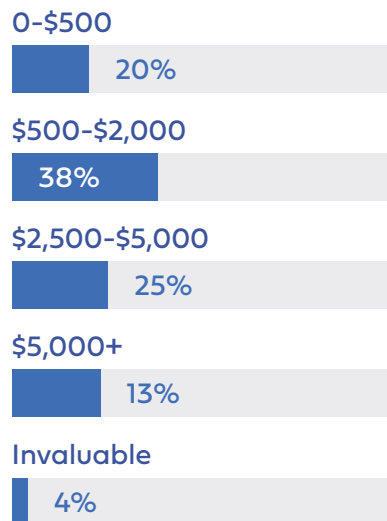
Have you ever rented a storage unit?



What is your overall experience with self-storage?



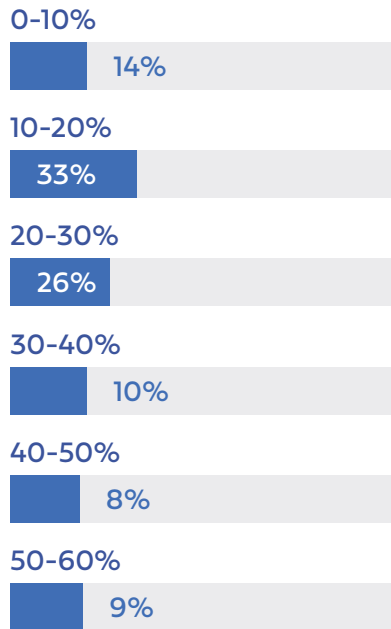
What do you estimate the value to be of your stored goods?



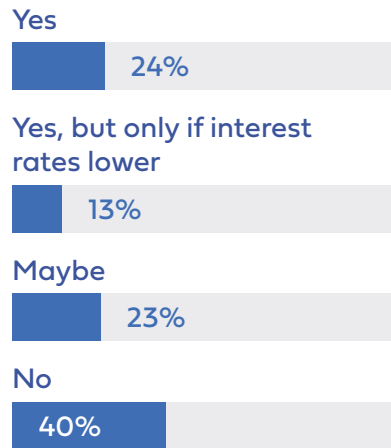
Rank the most desirable self storage promotions in order of most compelling

- 1 First Month Free
- 2 75% off First Two Months
- 3 First Month \$1
- 4 40% off and First Month Free
- 5 50% off for 2 Months
- 6 Free Move In Truck with Rental
- 7 Free Lock with Rental

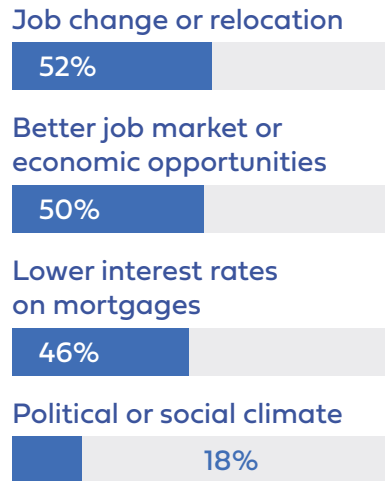
What percentage increase in monthly rent would cause you to move out of your storage unit?



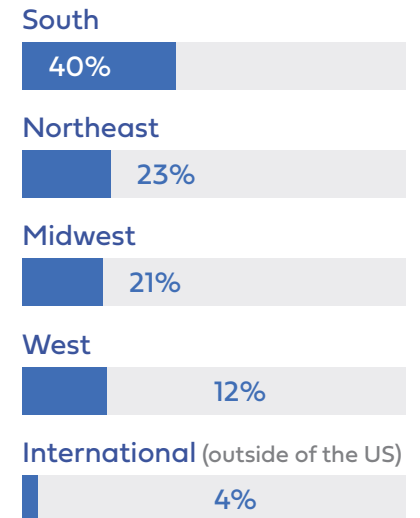
Are you planning or considering a move within the next 6-12 months?



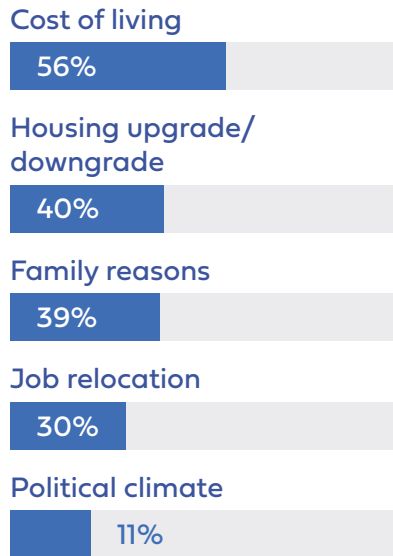
What factors would increase your chances of a move?
(select all that apply)



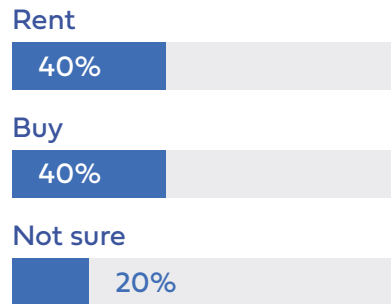
Which region(s) are you planning or considering to move to?



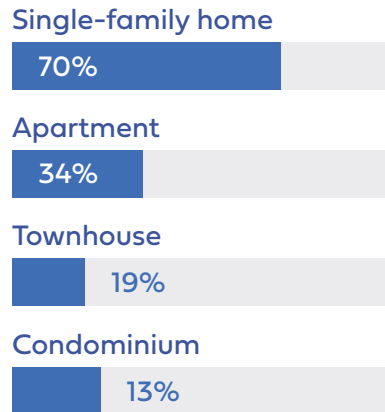
What are the primary reasons you are planning or considering a move?
(select all that apply)



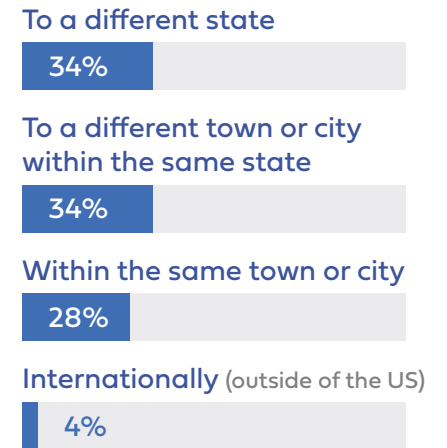
Are you planning to rent or buy your next residence?



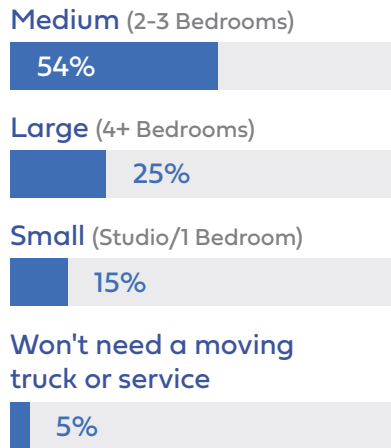
What type of residence are you planning or considering moving to?
(select all that apply)



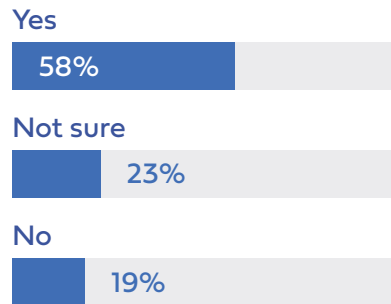
How far will you be/are you willing to move?



What size of moving truck or service would you likely need?



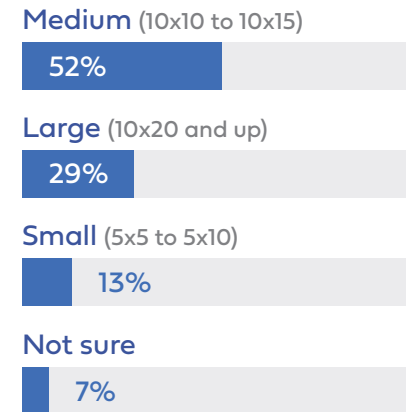
Would you use self-storage as part of your move?



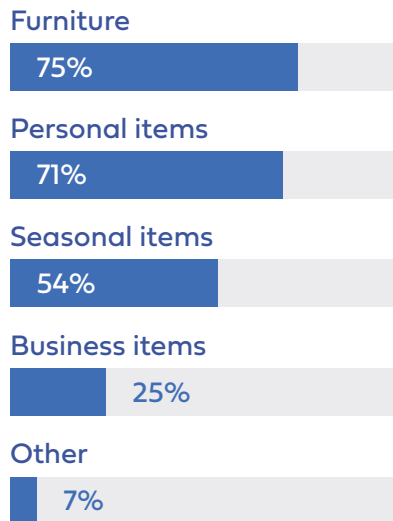
How long do you think you would need to use self-storage?



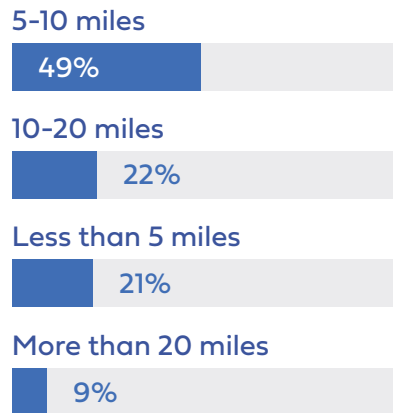
What size storage unit do you think you would need?



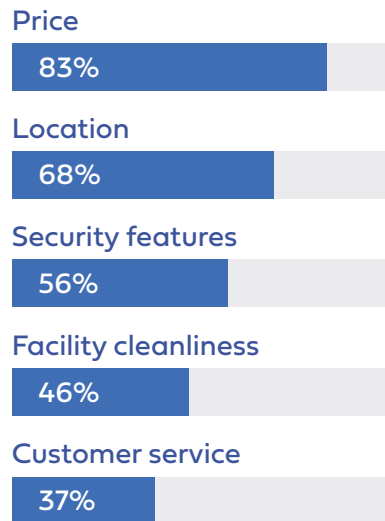
What would you store in the storage unit?
(select all that apply)



How far are you willing to drive to a storage facility?



What factors would make you choose one storage facility over another?
(select all that apply)



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