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CHAIRMAN'S MESSAGE

Dear SSAA Member:

We are happy to report a well supported association in its founding year.

Many things have been achieved this year as we set out to establish your Association.

The achievements start with the great support by some founders in providing flexible loans to the Association so that it could achieve a trouble free formation.

The next is the support by operators and service providers in joining as members and sponsors.

We then formed a board of established operators who have represented the regions.

The association has received generous support from Andrew Work to establish a secretariat in Hong Kong and recruit our Executive Director Luigi La Tona and Administration Manager Aaron Leung. The team has done a great job

carrying out the strategic plan which was setup in March by the board.

Regional meetings and dinners have now been held in Singapore and Hong Kong covering a number of interesting topics but most importantly providing a place for self storage people to meet and discuss the common points of our industry.

Already plans are afoot to have the biggest Expo in Asia in Tokyo in May. This event will bring all of Asia together as an industry and everyone will be able to see what an impressive industry we have emerging.

We will have the first Annual General Meeting in Tokyo and adopt the new constitution for the Self Storage Association of Asia. We will present the first year's operational accounts and announce new board members for the future years. The standardized self storage contracts will also be presented.

The Expo will focus on marketing, valuation, data collection, legal and financing for self storage with some of the biggest names in self storage globally speaking.

I also thank my fellow board members for their commitment and time to this Association. It will all be worth it in the future.

I look forward to seeing you all in Tokyo.

Best wishes.

Jonathan Perrins
Chairman, Self Storage Association Asia



EXECUTIVE DIRECTOR'S MESSAGE

Confucius once said that every journey starts with a first step. A first step seems easy enough. For many however, it is the single hardest thing to do.

I talk to my members daily and they have all taken first steps – whether it be as a self storage manager, owner, supplier, or investor.

Many of these first steps will have been taken years ago when there was little to no industry in Asia. The only thing they knew was that it was possible. Armed with will and strategy to make something of it, they now comprise of the biggest self storage facilities and suppliers in Asia.

Other members are taking their first steps right now, minds wide open to the opportunities that may come of being in this nascent industry.

I couldn't be prouder to serve them.

Much as they, early visionaries took the first steps to create the template for an industry association, early believers took the first steps to funding the start of their industry association, and early adopters took their first steps to invest in YOUR SSAA – the only regional self storage industry association solely representing the interests of their members and the growth of the industry in Asia.

Our members derive benefit, save money, and earn business opportu-

nities through our benefits which include standardized contracts, key introductions, educational events, data collection, industry advocacy, industry standards, and exposure.

Together we will take this first step in order to ensure our industry not only continues to stay strong, but thrives.

The opportunity is yours to grasp. Take your first step. *Join Your SSAA.*

A handwritten signature in black ink, appearing to read 'Luigi La Tona'.

Luigi La Tona
Executive Director
Self Storage Association Asia

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Samuel Pun



Mark Sims



Stephen Spohn



Ryan Squirrell



Charlotte Sun



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JAPAN

The Japan self storage market is hot! It has many self storage companies already running very great business for themselves there. For that, Your SSAA is making it our first stop for Your Self Storage Expo Asia 2015!

Stephen Spohn, President and Representative Director, Quraz



What is your current view of the SS industry in the Japan?

In one word, bullish! From the trends that we see in our business and with our more recent new shop openings, I would characterize consumer demand for self storage in Japan as surprisingly strong for a somewhat nascent storage market. We've found that we can lease-up our new facilities that are 300-700 units in 2-3 years. Where there is strong demand, more and better supply will naturally follow.

What does the future hold for the industry?

Over time, I would expect that more institution-grade capital (both equity and debt) will enter the market for the self storage category. That's not hard to imagine by considering the recent increase in enthusiasm for and exposure of the logistics and nursing care categories in Japan. Ten years ago neither asset category existed, certainly not as institution-grade investment categories. Now there are existing or planned JREITs devoted to both categories. As more institution-grade capital enters the market, the quality of operators and the product itself should also naturally improve, which will in turn benefit consumer awareness and demand.

What are some of the biggest hurdles you have faced in running the business?

Surprisingly, it's not consumer demand as many imagine. Our bigger challenge is finding locations that work, economically, for our product category. Although it's not easy to find locations, once we do find them all the effort is rewarded with healthy, predictable and stable economics – not so much different than in other parts of the world where storage is more developed. Fortunately, we have great capital partners that are very supportive once we find those locations.

A piece of advice for people exploring the SS industry in the Japan

Not surprisingly, start small and consider the first facility as the cost of entry and learning the market. Don't make the mistake of trying to enter the market on the cheap, with a lower quality product and service set, and then wonder why you're not leasing up faster and at higher rental rates. Japanese more than any other nationality I know appreciate a quality product and service – from our experience they're also willing to pay more for it, within reason.

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 Digital Marketing - Effective Channels for Self Storage
 Lessons Learned from our Failed IPO Experience
 Legal Panel
 Energy Saving



CHINA, NORTH

Emma Feng, General Manager, MyCube

What is your current view of the SS industry in northern China?

The SS industry in northern China is still in its infancy. Although the market prospects are highly valued, there is a lot of room for the industry to develop and to improve. We think it is worth trying for those who hope to get long-term and stable returns from their investments.

What does the future hold for the industry?

It is important for experienced overseas professionals and local investors with a deep understanding of the industry to take part in and take responsibility of the market development and education. With the establishment of certain standards, the SS industry in northern China will grow in a more healthy way.

What are some of the biggest hurdles you have faced in running the business?

Prospective customers are barely aware of the existence of our business (self-storage operation) or their needs for storage space even when they actually need the space. Besides, industry-related laws and regulations, insurance issues and fire prevention practice are under-developed.

Advice for people exploring the SS industry in northern China.

In northern China, although you don't usually have to deal with humidity troubles when you're operating a facility built above the ground, you still need to be careful with dehumidification in summer if your facilities are underground. In addition, since heavy traffic somehow reduces the convenience of self-service in first-tier cities, we suggest that SS operators provide transportation service to help customers with their moving-in.



CHINA, SOUTH

Charlotte Sun, Managing Director, Locker Locker

What is your current view of the SS industry in southern China?

While the self-storage industry is growing in China, owners and operators are facing many changes and situations including the location of suitable venues, real estate prices in general, and especially public awareness.

What does the future hold for the industry?

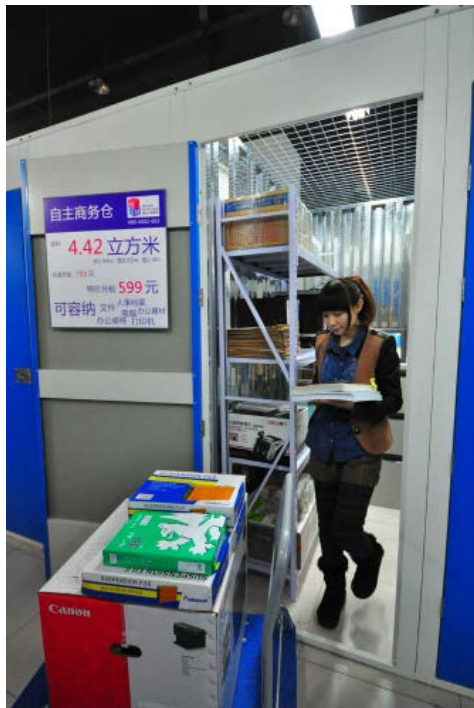
The self storage industry in southern China, being so new and fresh has a great of potential to grow, and to its advantage, there is lots of room for this growth. Having only 5 operators with a total of 11 facilities in all of Guangdong province, coupled with a population of over 100 million people, there is nothing but a bright future ahead for this industry in southern China.

What are some of the biggest hurdles you have faced in running the business?

One of our biggest hurdles is the basic education of Self-Storage, not only to our customers, but also to our newly hired staff. Hiring positions such as a manager and sales & marketing staff, we realized this is our starting point for the education of self storage. Numerous interviewers only just learned about this industry from their first interview or some quick research that was done online the night before the interview.

Advice for people exploring the SS industry in southern China.

Anyone looking to enter this open market should keep in mind the infancy of the industry. The Chinese don't yet recognize self-storage as a convenience or as a lifestyle improvement option. Some people are aware of the concept of self-storage but not quite sure how it can fit into their lives.



MALAYSIA

Datuk Wira S.M Faisal of EZ Secure Storage shares what makes the Malaysian market tick and how to get the better of it.



What is your current view of the SS industry in Malaysia?

The growing demand for self storage in Malaysia, as all developing and developed nations, is created by various

lifestyle transitions, such as moving, marriage, retirement, hobbies, and collections, etc. In fact, recent surveys of self storage companies indicate a positive trend in market demand and occupancy rate for such facilities.

What does the future hold for the industry in Malaysia including upcoming pros and cons?

With rising affluence, thriving economies and escalating cost of real estate, Malaysians are either consuming or accruing more belongings, leading to space constraints. Therefore, we offer a lifestyle solution that enables people to live more spaciouly and comfortably, without having to worry about how they may organise their abundance of things within the home or work space. Rental storage is a convenient, secure and available solution.

What are some of the biggest hurdles you have faced in running the business?

One of the biggest obstacles is public awareness. Malaysians don't recognize

self storage as a convenient lifestyle option. General consumers may perceive that the price for self storage might seem costly for what they get. The others are rental agreements and tenancy defaults. Malaysians, don't fancy signing multiple pages of agreements. That was the initial matter we faced. For this we have simplified the terms.

A piece of advice for people exploring the SS industry in Malaysia.

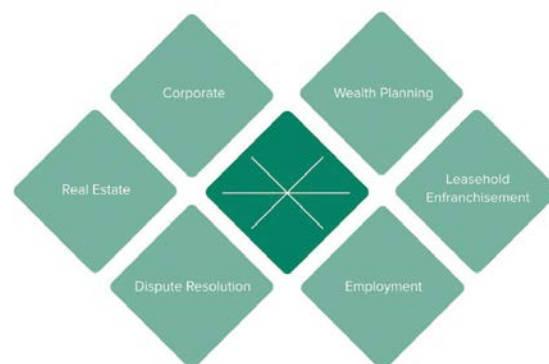
It is noticeable that rising incomes aren't keeping up with real estate costs. Homes are shrinking while people acquire more goods, driving demand for self storage. Should this trend of self storage needs keep up, companies in the storage facilities business can expect demand for their convenient services to continue to rise.

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THE SKINNY ON THE INDUSTRIAL MARKET IN HONG KONG

Darren Benson, Executive Director, Industrial & Logistics Brokerage Services Asia, CBRE

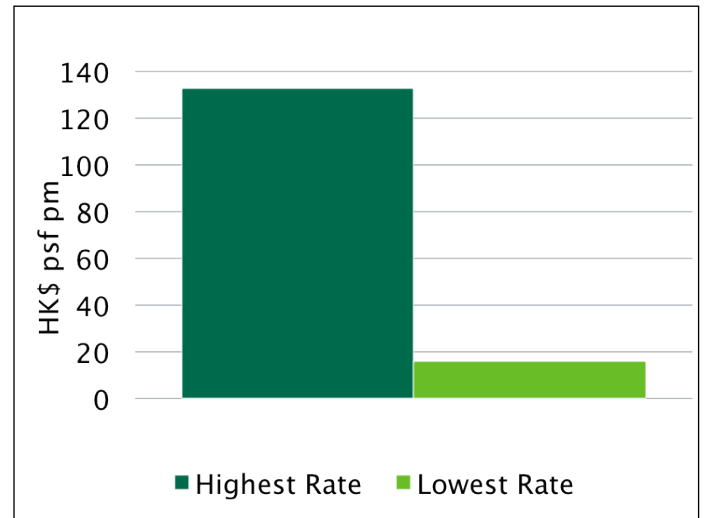
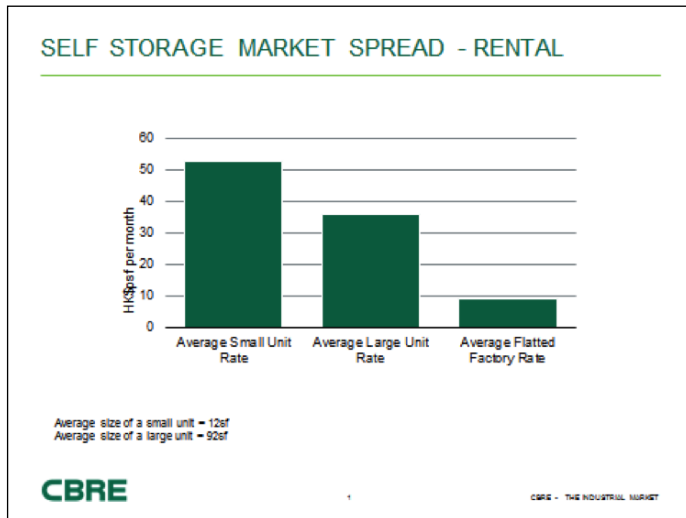
Chasing Margins in Times of Tight Supply

Across Asia most self storage facilities are located within industrial buildings which are either converted from a previous use or purpose built.

In Japan, for example, the situation is different, as operators take advantage of small office buildings, which offer a better income to landlords as self storage space. We expect this could also become a trend in China as there is a lack of industrial space in urban areas but plenty of low grade office space available.

for a particular location. It is this margin which will provide the basis for future profitability of the facility through an accurate estimate of the real estate cost, whether buying or renting against the estimated average self storage return. This also includes factoring in the loss of efficiency to cater for partitioning and aisles.

Whilst the rule of thumb in Hong Kong is that the self storage rate should be at least 3 times the underlying real estate cost (rental or interest payments) there are some circumstances where a



Self Storage Rates - High/Low
Determined by location and unit (locker) size



Within the region, Hong Kong stands out as a market illustrating significant anomalies in self storage rates. Within a district the difference can normally be explained by the respective quality of the building/facility. Alternatively one building may have much better visibility and access than another. Comparing district to district the reasons are mostly related to population density and income levels. It is not too difficult to benchmark rates given most operators are relatively open on their quotations to entice customers, particularly from the local catchment to their store. Whilst incentives do apply, a customer (or another operator) can usually get a good sense of rates in a particular location.

Industrial rents are also fairly easy to benchmark as the market is fluid and transparent. Hence with diligence the “margin” or “spread” can be established

new store has been set up to get ahead of the pack and rates may be low now but forecasted to surge. The trap with this approach comes when too many operators move in on a new location, possibly spurred on by lack of stock to expand in other locations. They are then faced with slow take-up rates, pushing rates down as competition intensifies. We have seen this situation occur recently in particularly in the Outer New Territories.

Fortunately, with the forecast growth in self storage space, customer requirements in Hong Kong are looking solid enough to allow operators room across the industry to raise rates in tandem with increasing real estate cost, protecting the “margin” for the foreseeable future.

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HOW I STARTED, HOW I MADE IT, WHAT I LEARNED

Matthew Chun, Director, SC Storage



Whether it's the fact they have locations dotted throughout Hong Kong and Macau or whether it's the fact they have ads dotted digitally, street side, and on public transportation, people in Hong Kong are not strangers to SC Storage.

In Store had an opportunity to speak with one half of the dynamic duo that comprise the big yellow sign in the sky – Director Matthew Chun. We were curious to know how they started, how they made it, and what they learned.

Matt Chun had been around big and small businesses enough to know that the first rule of thumb to running a good business is choosing a good partner – and he couldn't be prouder to work with the tireless Chinese Canadian Kevin She – the founder and CEO of the business from zero.

With a family factory and knowledge that space sells, Kevin began renting out section after section. "This is a sunrise industry. When we first started in 2001, there was nobody else really in Hong Kong 'doing this business.'"

Matt and Kevin were old friends that soon became business partners

after Matt invested some money in the business to get Kevin really going. Soon after however, they began developing the business further and faster with their knowledge of the self storage industry from America. From wood to metal partitions at their third site, they were on a roll – until their third site got shut down shortly after renting it. "We signed the rent with somebody and the company got taken over through liquidation. It was a listed company but they got into trouble. While they rebated us on the lease, we lost the whole site.

Marketing is still king, even with humble beginnings

Without a marketing budget for lack of funds, while Kevin ran the project full time, Matt was the weekender and focused on setting up street marketing whether posters, flyers, leaflets, blasting MTR entrances during busy periods, – you name it – they were marketing focused. "At that time, there was no internet marketing [and] still no search marketing. So we put advertising on the Chinese classified...on the back of different Hong Kong magazines [in their] classified section, on the yellow pages... and we were pioneers on using late night advertising on TV."

Everything they learned and fought for in marketing got turned upside down after just 3 years however. "We first started the business 90% of our calls came from classified ads. Within two years, Yahoo! became the search engine, and we saw 90% of our enquiries coming from online. We became the early adopters of search marketing."

Gambling full time at the right time

By 2003, Matt had gone to full time and business ramped up because in 2003, Hong Kong self storage owners were handed an opportunity in the form of SARS. As people moved away and out of Hong Kong, self storage flourished. While this could have been the end of Hong Kong as they knew it, they took a gamble. "We were able to take a few sites that we got really cheap. Some landlords were offering them for \$1 a square foot in those days." From this, their Kowloon Bay headquarter was born and gambling on expansion began. From Yau Tong

(Kowloon) to Chai Wan (HK Island) and back and forth a few time times, they ramped up their services on both sides of the water.

Gambling on price was also a smart game. "We wouldn't build the best facility. We would build ¾ of what it would be considered as the best facility..but only charge ¾ of the price of our main competitors. [This ensured] always remaining below our main competitors in terms of pricing"

While costs caught up to them, they also decided to acquire lots of sites and expand rapidly – so their 3/4 pricing model couldn't keep up. "We continued to expand at a rate of 25% per annum across the board [which meant] we expanded every year 4-6 sites. We now have 49-50 sites in Hong Kong..and over 16,000 customers."

Learning is Earning

Learning how to enter and play the market is important. Matt sees the market expanding – not however for their competitors that are new entrants to the market, all because of costs. "Cost has become a prohibitive entry barrier in this industry. Without economies of scale, just opening one or two sites is going to be very difficult. Also, how much you can charge people depends on how big the rooms and the unit sizes are. Those things can change very fast too. As a large group you can play games with it, and because you have footprint, you can move people around. As a small player, that's not easy to do."

Controlling rental costs has also been one of the more troubling issues for the SC duo. Not only is the difficulty in securing the right sites, but then securing reasonably long leases is also an issue. If not, you can wind up getting kicked out after 2-3 years if you don't accept the big rent hike.

Be Versatile

Its also assumed that big companies move slower... not the case for SC. They had to learn very quickly that versatility in this very fast changing landscape is key. With more and more competitors entering the market, conducting innovative marketing, and scooping up convenient industrial space (which is almost

at 100% occupancy in Hong Kong), you must be quick on your feet and ready for change.

“Hong Kong is always a place that moves very fast. You see trends change like a clap of the hand. I think that’s why a lot of our competitors are going. If you look back 5 years ago, during the height of mini storage boom in Hong Kong, I think there are probably 200 players. We estimate that we are now down to 120 real players.”

Cash is King and..

Cash flow is also an issue. During SARS, it was a good time to buy but they didn’t have the cash. These days, they have the cash but both banking and government regulations are difficult..even for a company of their size! “We have good relationship with the bankers. But bankers’ hands are tied in Hong Kong as well. HKMA has a rule, you can’t get more than 40% financing in a property acquisition. For industrial property, you can’t get around those, so you have to stump up more cash.”

...Government Policies rule

“This double stamp duty system is penalising business. [Hong Kong people and businesses] need industrial [and storage] space and we are providing a service that helps people because they don’t have space at their homes. That’s the failure of government policies in the past.”

The Real Estate Speed Bump

Speaking of government policies, to his own assertion, Hong Kong already doesn’t have enough space and a lot of people would have trouble living in Hong Kong without having extra storage space. Not to mention businesses... “Entrepreneurs have been crowded out of the market in Hong Kong by the high costs of just securing the office space - let alone warehouse space and all that. Without our existence, they will go out of business.”

Is there a market in Hong Kong?

Basically – heck yeah. “We can see there are a lot of opportunity to grow. Take the

US as an example, per square foot per capita. I don’t think we will go anywhere near that. Even with a half of that, it’s five time the current size of the market in Hong Kong. Maybe around 100,000 household had used self storage in Hong Kong and there are 2,000,000 household in Hong Kong. This gives you an idea of how the market can grow.”

Anything else?

Matt made a point of emphasizing they started out just like any mom and pop store but with vision, awareness of the US precedent, and gathering all the information they could from the internet, they turned it into what it is today – the Hong Kong market leader.

“I just need to emphasize that this was all under Kevin’s [She] leadership. He is the real pioneer in this industry. He has to be considered as the Godfather of this industry in Hong Kong. No doubt.”



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Why is having self storage software important? (Sitelink)

Self storage software uses automation tools to drastically reduce the time taken to administrate your facility. Managers should focus on what they do best – selling spaces – not keeping tabs on who is overdue etc. Owners need to have confidence in their numbers; using hand written records can be prone to mistakes or fraud. Software systems ensure that numbers are accurate and can be trusted.

What are the key features facilities aren't using that they should be using more? (Storman)

The biggest thing that staff don't capitalise on are the automation features contained within software. The ability to automate marketing, invoice generation, payment processing, reservations, website updates and real-time reporting are the feature set of modern self storage software. These by themselves make self storage software a viable proposition for the owner of that facility however the thing that people often miss is SCALE. What happens when we expand or open our second, third site? Suddenly software that can scale becomes crucial to the success of the business. Software must be able to scale across sites, call centres and the entire enterprise. Setup of a new site should be measured in hours!

What level of support will I receive after installation? (RADical Systems)

As with any software package the support you receive when you are actually using it is as much as 50% of what you are buying into. A good support network is essential. Of course all packages are likely to come with some level of support but as well as being available it must be available when you need it. Having a local support base in the region will make an immeasurable difference to the quality of support you receive. If you have to wait 4 hours to call someone because they are not in your time zone it can have a huge impact on your business. A local representative in your time zone or within 1-2 hours makes a huge difference.

Can I use international software for my facility? (Sitelink)

When choosing a software system you need to ensure that it supports your local currency, tax rates, and languages. Ask for examples of other companies in your country using the software to make sure that you don't end up with software that can't deal in your currency!

Some countries have complex tax rules and places like Japan have 4 digit rounding. Language support for certain countries is provided by very few vendors.

Can I use the software in my local language? (RADical Systems)

This is a must in all areas in terms of information the customer receives. At the very least the invoices, contracts and late letters must be localised for language and character set and ideally actual software package itself can be translated into the local language, (if not already available). The degree to which the software can be customized to do this reflects on your professionalism to your customers and also in benefit and ease of use to your staff. It's one of the first questions we are asked - and the answer is Yes in both cases.

Are there fundamental differences between what countries find important in using this software? (Storman)

Self storage as a business is fundamentally the same the world over – in that the company involved has space for rent, that space is generally clean, secure and available within a set amount of hours per week. However there are a number of things outside of that scope that change depending upon the country you are in and if not done right affect the overall usability of the software at a user level.

It is important to understand that any software made for a specific “vertical market” like storage will always be better than generic software at meeting the user's specific needs and while this sounds fundamental it is very often a mistake I see a lot when speaking with new sites. Get the software right and your business will run like a V8 using high octane petrol - Awesome!

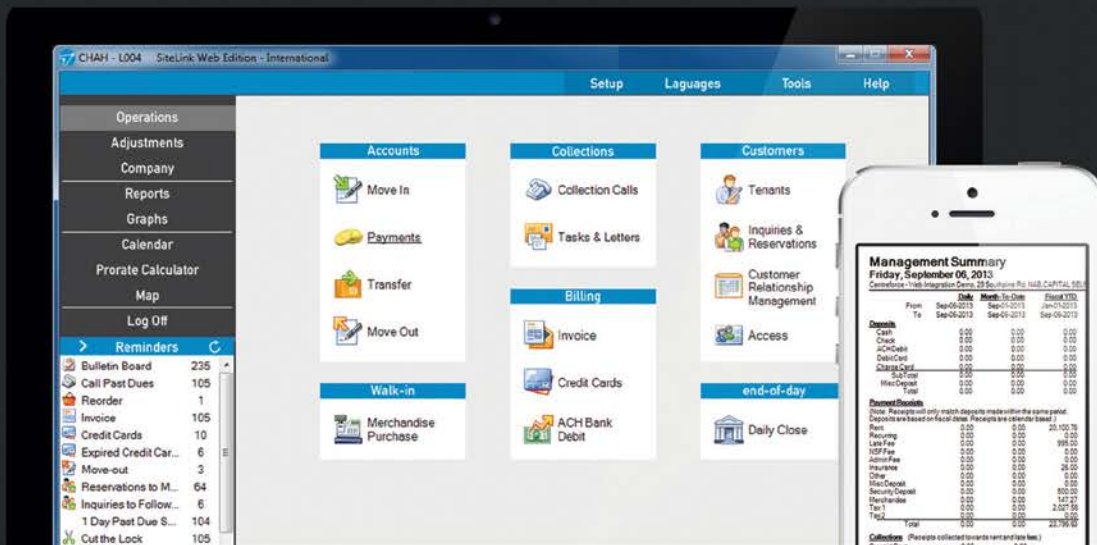
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FROM THE OUTSIDE IN: WHY I GOT INVOLVED IN THE SELF STORAGE INDUSTRY IN HONG KONG – A LOVE STORY



Jeff Klaiber, Pilot/Director, Your Space Hong Kong

My first love has always been flying, but in my teens, when my father and my uncles turned the family farm into a mobile home park, I fell in love with the idea of a passive income. Things like parking lots, car washes, vending machines, parking meters, mobile home parks and self storage fascinate me. They are all businesses that would allow me to keep the flying job that I love and still get involved. Although I have always thought the idea of self storage was a good one, my pursuit of a flying career has not allowed me to stay in one place long enough to pursue it further until now.

I came across the opportunity to get into self storage in Hong Kong by accident. Some friends and I living on Lantau Island were looking for a place to work on our motorbikes. Any person living in Hong Kong will know that the luxury of extra space is not only expensive, but also difficult to come by. So for most of us the thought of having a garage is out of this world! We found a place, but it was far too large and expensive to warrant what we wanted to do. I thought that if we could subsidize the rent with some additional income that it might be viable and that got me back to thinking about self-storage. Through an Internet search I found my partners, Andrew Browne and Joanne Soh in Singapore. Both are very experienced in the self-storage industry and they were keen to break into the Hong Kong market. After a visit by Joanne earlier this year, and in consultation with Andrew, we decided that the space I had found was not suitable, but the idea stuck and we are now about to open our first Your Space store in Tsuen Wan.

Ever since I made the decision to invest in this business I find that my “Self Storage Radar” is on and I notice everything and anything that has to do with the industry. Walking the streets of the big cities in North America on layovers with my flying job it has become most apparent to me now that there is an abundant supply of large self storage facilities there. If there is enough “stuff” accumulated in the large homes of North America to warrant their vast amounts of storage facilities there certainly is more storage space required for the large population of consumers living in the small spaces here in Hong Kong. I believe the self storage industry in Asia is taking off and I am excited to be on board.



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Joanne Soh from SSC handing over the brand new Your Space facility in Hong Kong.

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PROTECT YOUR CUSTOMERS AND BOOST YOUR BOTTOM LINE

Everyone in business is trying to improve their bottom line. Here Ryan Squirrell from Reason Global - Lloyd's of London's only specialist insurance broker solely dedicated to moving, self-storage and relocation - explains how offering insurance or protection plans for customers' possessions can bring financial benefits to self-storage operators.

Ryan Squirrell, Account Executive, Reason Global



One element that is often overlooked by both start-ups and established businesses alike, is the possibility of offering some form of insurance for customers' goods while they are in your care. It's not only in their best interests but can also provide a valuable extra source of income for you. Selling insurance or, where legislation doesn't permit this, some form of protection plan – is a welcome bonus to your bottom line with some businesses reporting that almost 15% of revenue is earned from this source.

Many companies require customers to insure their goods as part of their contract and most of you make it clear in your contracts that customers themselves are ultimately responsible for the safety of their possessions should the unthinkable happen.

No one likes a hard sell, and that's certainly not what I'm suggesting, but training and incentivising your staff to promote insurance or protection plans to customers makes good business sense and should bring benefits to both parties.

Of course the interests of the client must come first and care must be taken to make sure the level of cover is right for each customer. For example, there is little point in covering an item that's purely of sentimental value. It is good practice to establish the value of the goods before the subject of insurance is discussed. This will help avoid the customer understating their value in the hope of reducing the premium and risk not being fully compensated.

Typical insurance rates charged to customers in world markets are around \$4 to \$5 per \$1,000 of cover per month. However you have complete flexibility

to negotiate with your customer independently, perhaps by lowering the rate for higher values. This can also be used as a sales tool to win new business and retain established customers. Any difference between what you collect and the premium your insurer requires represents your commission earnings on sales.

Some location's regulations prohibit the sale of insurance, however in many cases it is possible to provide 'protection plans' for an additional monthly fee. It is vital you seek professional advice to make sure all your documentation is compliant with the local regulations.

Thankfully disasters in the self-storage industry are rare, but when they do happen the results can be devastating. Making sure the right level of cover is in place will safeguard everyone's interests and boost your bottom line.

Key Points

- Make your clients aware that they are responsible for the insurance of their goods.
- Train and incentivize your staff to promote insurance or protection plans.
- You have complete flexibility on how much you charge.
- Typical charge out rates are \$4 to \$5 per \$1,000 of cover per month.
- For higher values you can reduce the rate per \$1,000 and still retain a healthy margin.
- Insurance or Protection plans may be sold to all customers storing with you: private or commercial.
- Take expert advice to make sure your documentation is correct & that you comply with local legislation.

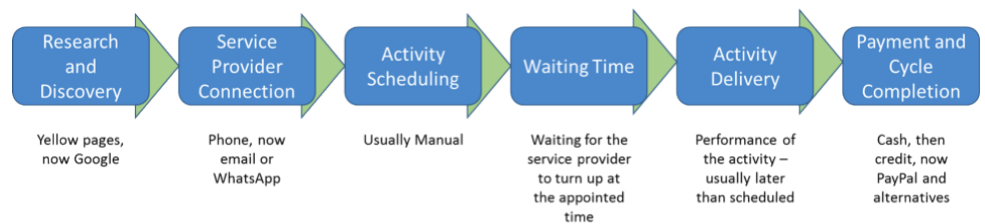
HONG KONG AND THE ONDEMAND ECONOMY

Mark Sims, CEO, Go N Live

In my opinion Hong Kong has always been an OnDemand economy, even before the term was coined in its modern context. But what is an OnDemand Economy and why should we care?

An OnDemand Economy allows the fulfilment of demand - as and when it occurs in real or near real-time. That simply means that when somebody wants something - they get it. But practicality has always been a barrier to the obtainment of a true OnDemand Economy.

The traditional model of demand fulfilment has involved a value chain similar to;



The Internet started changing and streamlining this, and with the ubiquitous availability of high speed mobile data - this value chain has been completely disrupted. Research and discovery is now done through crowd sourcing from the convenience of your phone. Service provider connection done through a specialist app or an aggregating app. Activity scheduling and tracking is now in real time (think UBER) and payment is a simple swipe of your phone.

What does this mean for Hong Kong?

Mobile OnDemand has resulted in the democratization of information, product offering and service provision. I argue that in many ways it has also resulted in the commoditization of these offerings. So what does this mean? In terms of democratization, customers get more choice and casts their vote through the engagement of services or product purchase, thereby sending clear signals on what is acceptable and reducing the likelihood of customers accepting an inferior offering - as may have been the case in the past. In terms of commoditization, the democratisation and sharing of information has a downward pressure on pricing as the ability of providers to differentiate themselves and therefore command a pricing premium is mini-

mized. This trend has seen massive improvements for the consumer in terms of informed decision making, availability of choice, improvement in service, and the rectification and airing of grievances. If for instance we take Restaurant booking site Chope - consumers are able to find availability at the last minute across cuisine types, price points and locations, thus making informed decisions based upon their current needs

But what does this mean for the self storage industry?

Mixed blessings. For many it has resulted in access to a wider potential cus-

tomers base, but for others it has meant increased competition, price pressure and transparency. And the pressure will continue. With OnDemand trends in retail, logistics and the transportation industries improving product quality, customer service levels, process efficiency and access to services - there is no doubt that there will be a flow on affect to the self storage industry. But in what way?

Customer Experience in the OnDemand World

This will be the single most important aspect of this industry as we move deeper into the OnDemand economy. The way in which products and services are discovered and fulfilled will, and is currently changing. While many consumers are now engaging with their providers through Mobile Apps - this is not a silver bullet to embracing and surviving the OnDemand Economy. Those providers that are able to understand, embrace and even innovate within the trends that are surfacing for OnDemand will flourish. Those that merely react or refuse to embrace the OnDemand movement will find that their product is further commoditised as price becomes the only differentiating feature.

In the next article we will address specific aspects of the OnDemand Economy impacting the self storage industry.

STARTING AN ENERGY MANAGEMENT PROGRAM FOR SELF STORAGE PROVIDERS

Aaron Farney has been around the self storage industry long enough to know the bottom line on saving energy for his company - Quraz. Here are a few tips and hints in order for your company to take advantage of.

Aaron Farney, Director of IT, Quraz



Starting an energy program in your self storage facility can be a daunting experience, especially if you have little experience in this area. However, there are a few simple steps that anyone with an Excel spreadsheet can do.

Over the past 7 years Quraz has implemented an energy management program that has saved the company approximately 25% in cost and energy consumption with paybacks averaging less than 3 years. When starting your own energy management program it is important to understand your goals and objectives first. If your goal is:

- 1) To qualify for a LEED or similar certification, you will need to implement projects that meet those requirements.
- 2) “Eco-friendly” for marketing or social reasons then what you implement should be easy to understand.
- 3) To save money – which this article attempts to provide an introduction to – you will need to understand usage of your facilities to make smart investments.

Document your facilities by utilizing something as simple as an excel spreadsheet enter all your facilities along with pertinent information such as location, size, units, etc. You will also need to document your energy usage, ideally the last 12 to 24 months of data from your utility bills.

Power bills will vary from region to region but we have found that by documenting total cost, total consumption (kWh), peak demand charges (this is a semi fixed rate based on peak kW in a given period), kWh rates (this could vary depending on time of day and time

of year usage) and various surcharges such as fluctuating prices of oil are a good start to understanding usage patterns.

Determine your KPIs by looking at cost and consumption per square meter as an initial indicator. You can use this to help categorize your facilities a bit better. Potential categories could be size range of facility, region (different weather patterns come into play), and local utility rates. Once grouped adding a few more KPIs such as cost per kWh and kWh cost per square meter will help identify outliers.

When looking for outliers identify your buildings that use more energy or cost more per square meter/ kWh than its siblings. This is a good place to start your investigation related to no-cost/ low-cost actions.

Business rules that differ from location to location tend to be a simple solution to implement. If your temperature is cooler or lights on longer at a few facilities bringing that rule creep back in line with your other facilities is an easy way to save a few percent off your energy bills.

Another option is to negotiate with your energy supplier as they may be able to give you a discounted rate, change your menu plan or if available you could switch to another energy provider that offers lower rates.

Conducting a few simple steps such as documenting electricity usage, comparing your buildings and looking for outliers is a great first step and don't be surprised if you can save 5 ~ 10% in savings just from ideas that come from that exercise.

THE THREE APPROACHES TO SELF-STORAGE FACILITY VALUATION IN ASIA

Helen Ng, Chief Executive Officer, General Storage Company Pte Ltd (Lock+Store Malaysia and Singapore, The Store House Hong Kong)



Valuing a self storage facility follows the same process as any other type of property valuation - you appraise it according to the highest and best use (HBU) concept, which looks at the most probable use of a property that is physically possible, appropriately justified, legally permissible and financially feasible, and that would generate the highest value for the property. Based on the HBU conclusions, decide on which valuation approach to develop for the final value conclusion.

The three valuation approaches most commonly used by professional appraisers are, namely, cost approach, sales-comparison approach and income-capitalisation approach.

The cost approach is based on the principle of substitution, that is, the informed investor will not pay more for the self storage facility than the cost of constructing a similar facility. This approach is the most reliable when the facility is new, but less so when the facility is older given the difficulties of estimating accrued depreciation.

The sales-comparison approach compares the recent sales of similar self storage facilities with the facility being

appraised. However, this is challenging in many Asian countries where the self storage industry is still nascent - there may not be any similar facilities in these countries. Valuers in Singapore would normally benchmark against similar transactions in the same vicinity, with similar building age and structure. The weakness of this approach is that no two buildings are exactly the same. Nonetheless, in Singapore, this approach is usually given priority in the final value conclusion.

The income-capitalisation approach looks at the market value of the facility being appraised from the viewpoint of a typical investor. Market value refers to the rental income that the self storage facility can be expected to earn and its resale value.

Determining a self storage facility's value is a challenging task in Asia, given that the industry is still so young in many parts of the region. However, it is a rapidly growing industry that attracts new entrants every year – being equipped with some basic valuation methodologies will help them avoid costly mistakes.

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YOUR SELF STORAGE DIY DIGITAL MARKETING MAKEOVER

Samuel Pun, Business Intelligence Analyst,
Hongkong Storage



Back in the good old day, marketing for self storage was quite simple. All you had to do was build some attractive outdoor advertisements, place an ad in yellow page and organize community outreach. However, as consumers have changed their way of obtaining product information from offline to online, the effectiveness of traditional marketing methods have been decreasing fast.

In 2014, merely having a website is not enough anymore. There are hundreds of competitors with similar looking websites and your customers have an extremely short attention span. If you fail to capture a potential customer's attention or deliver the wrong message, the first thing he/she will do is click on the close button and move onto the next website. In this case, your potential customer might be gone forever.

That's why 360 degree marketing is a must for industry like self storage where differentiation between brands is not obvious. In order to get your prospect's attention, you need to deliver them a tailor made message in a multi-channel, multi-device environment. As there are hundreds of creative way to communicate with your customer online, it could get real complicated – so I will stick with 4 of the most basic ways to market online.

Website Development

Your website is your best sales tool. The goal of a self storage facility website should always be generating leads. Keep your website simple and make sure all the vital information (phone, location, price) can be found easily within 3 clicks.

People HATE to read online. You should keep content is short and precise. Use pictures and icons to help deliver your brand's message. As people are moving from desktop to mobile device, you should employ responsive design in the next website revamp.

Search Engine Optimization

Ranking #1 for generic terms like “self storage” is not easy. However, Long-Tail

Keywords like “location + self storage” or “self storage with parking space” will be a lot easier to rank. With long tail keywords, you will receive less traffic. However this traffic are more focus and they are easier to convert. Think about the questions your customer ask, these will be the keywords they input in Google/Yahoo/Dogpile/Bing's search box.

Over the years, search engine algorithms have improved a lot. It is getting harder to fool it with spammy black hat tactic. Stay away from keyword stuffing, link buying and other shady tactics, as the consequence could be losing rank or even being deindexed from SEPR.

Pay-Per-Click advertising

If your facility is located in Hong Kong, should people in Japan see your ads? The answer is clearly no. You can use keyword, location, language and other demographic to target your customer more effectively. Check your PPC campaign data regularly for insight to optimize your campaign.

If you have a big PPC budget, reserve some of the budget on testing. A/B testing is the best way to create a campaign with the highest ROI. Also, use remarketing to bring back potential customer who visited your website but didn't convert.

Social media

Do you have the budget to create viral campaigns like the big brand? If the answer is no, stick with using social media as a channel to distribute your content. By simply recycling and adapting your content in social media, it can bring new prospect to your business website.

Conclusion

Online marketing has created a more even playing field for big brands and smaller operators. If you spend time on creating and optimizing your online campaign, you can fill your vacant units with less marketing expenses. Depending on your budget, you can either learn it yourself, hire an in-house expert or outsource to a digital agency.



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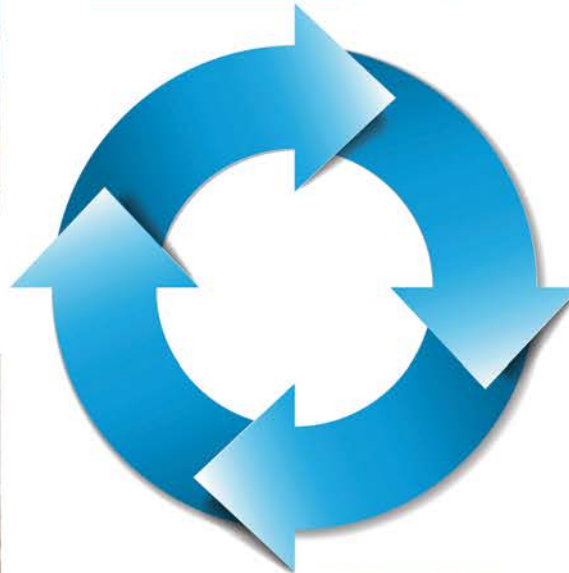


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