

Research

Asia Pacific | September 2023

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# Self storage market Asia Pacific

The SSAA Annual Survey for 2023

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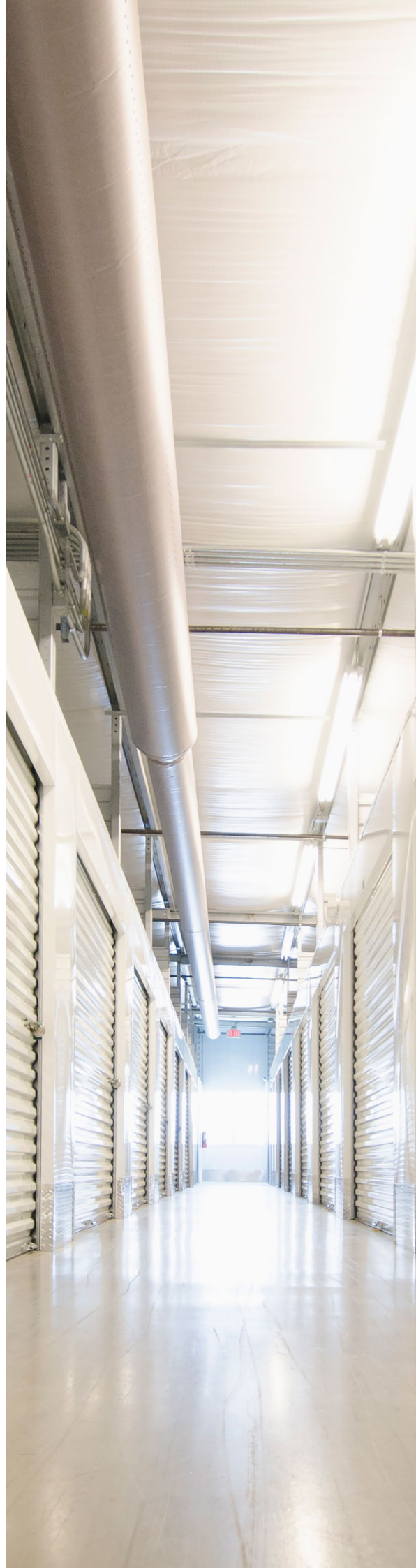
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# Foreword

By now, everyone knows that the self storage industry not only survived the pandemic era but thrived. But we face new challenges in many Asian markets and the question now is: How will we weather the high interest rate environment?

Fortunately, as the study shows, the large, medium, and small operators that make up our membership are confident regarding their future prospects. And they should be confident — self storage is quickly shedding its ‘alternative’ label as more and more funds worldwide decide it has to be part of their portfolio. In more developed countries, dedicated brokers are helping to make that happen. Asia can’t be far behind.

The past year has seen the Hong Kong industry transformed by the arrival of large amounts of institutional investor money flowing through sizeable, very professional operators to build bigger businesses and acquire en bloc buildings. Single industrial buildings (excluding warehouses) in Hong Kong can sell for anywhere between USD 35 million to USD 125 million, even with prices subject to downward pressure in the wake of heightened interest rates. So putting a profitable self storage business with an established brand, powerful marketing machine and local savvy into a solid real estate investment is a no-brainer.



One particularly bright spot is Thailand, where major investments from local logistics giants have put operators into growth mode, hunting down new properties to satisfy strong demand. One in particular, Storage Asia (branded i-Store,) has listed on The Stock Exchange of Thailand — the first listing ex-Japan of a self storage company.

And across Asia, the survey results are encouraging: “the self storage sector is also expected to continue to outperform other sectors within the APAC commercial real estate market.” Slight drops in occupancy percentage in some markets are driven by the flood of new supply — not fewer customers. That new inventory quickly fills up.

The big players are adopting new technologies as fast, or faster, than their European and North American counterparts, sometimes driven by local conditions. We have yet to see robot delivery storage in America or Europe, but multiple robot sites in Singapore and Hong Kong are leading the way.

While it seems that our American counterparts are seeing a slowdown in activity due to high interest rates, the level of M&A activity here seems less affected. Smaller operators tend to grow through

organic cash flow and larger players tend to make due with less debt. And some hidden gems, like Japan and Taiwan, have interest rates so low that they look positively pre-COVID retro.

This survey was conducted by the SSAA and JLL. We appreciate JLL’s hard work and serious brain power in putting together this analysis. One thing they do is give our industry a moment to pause, step back and look at the big picture driving growth here. Many parts of Asia are still in the process of urbanising, driving demand. The demographics are strong and the economics sound.

If markets from Tokyo to Dubai (‘West Asia’, as we like to call it) experience even a fraction of the growth the US, Europe and Australia have seen, there is more good news to come and rewards for investors willing to get in early.

For operators in Asia, we know most of this intuitively; this survey by JLL quantifies it with the inside track — the data — from SSAA members. Of course, building any business means dealing with challenges along the way. But the SSAA members are confident about their future and the rise of self storage in Asia.



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*Chair*  
SSAA



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*Executive Director*  
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# 01

## Introduction

### **Self storage market Asia Pacific: The SSAA Annual Survey for 2023**

In this report, we highlight the major findings of the ninth annual survey conducted by the Self Storage Association Asia (SSAA). The survey is filled out by SSAA's member companies across the region. The insider data contributed is collated, anonymised and analysed to provide a snapshot of where the industry stands in 2023 and how operators see their future prospects. The survey release is an annual highlight of the industry for operators, suppliers and investors alike. It is considered the best source of information in a region with no listed companies presenting published results.

The survey results show that APAC operators are optimistic about the growth trajectory of the self storage industry. This is evident in the strong rental projections and expansion plans of operators. The key drivers of growth include

rising urban populations and cost of housing in major cities in the region, as well as the rise of e-commerce.

However, there are some challenges that could impact the growth of the self storage industry in APAC. These include persistently high inflation levels, which are drag on broader economic growth. Rising central bank policy rates could make it more expensive to finance self storage facilities. Other challenges include the high price of real estate, the lack of suitable properties as well as the high degree of competition in some markets.

Despite these challenges, the self storage industry in APAC is expected to remain robust in the coming years. This is due to the structural tailwinds that are driving the growth of the industry, such as the increasing awareness of self storage among consumers and businesses.

The self storage sector is also expected to continue to outperform other sectors within the APAC commercial real estate market.







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## 02 Macro overview

**Slowdown in economy is expected globally, but APAC outlook remains strong**

Global GDP is forecast to grow at a slower pace of 2.4% in 2023, down from the 5.7% growth in 2022 according to Oxford Economics (as of September 2023). The slowdown is attributed to a number of factors, including the ongoing war in Ukraine, high inflation, and tightening central bank policy rates. However, the global economy is still expected to grow further and the outlook remains positive.

The war in Ukraine has caused significant disruption to the global economy, leading to higher energy prices and food shortages. The war is also having a negative impact on investor sentiment and business confidence. However, the direct impact of the war on the Asia-Pacific region is limited, and as such should avoid any direct drag impact.

### APAC market sees cautious optimism amid global headwinds

The APAC region is expected to grow at a healthier pace than other regions in 2023, supported by strong domestic consumption demand, robust export growth, and growing investment in infrastructure and manufacturing. The APAC region is home to a large and growing middle class, which is driving consumption growth. The region’s export-oriented economies are also benefitting from strong global demand. Additionally, governments in the region are investing heavily in infrastructure and manufacturing, which is boosting economic activity. The outlook for APAC GDP growth is positive, but there are some risks to consider. These include the ongoing trade war between the US and China, the potential for a slowdown in the global economy, and geopolitical tensions in the region.

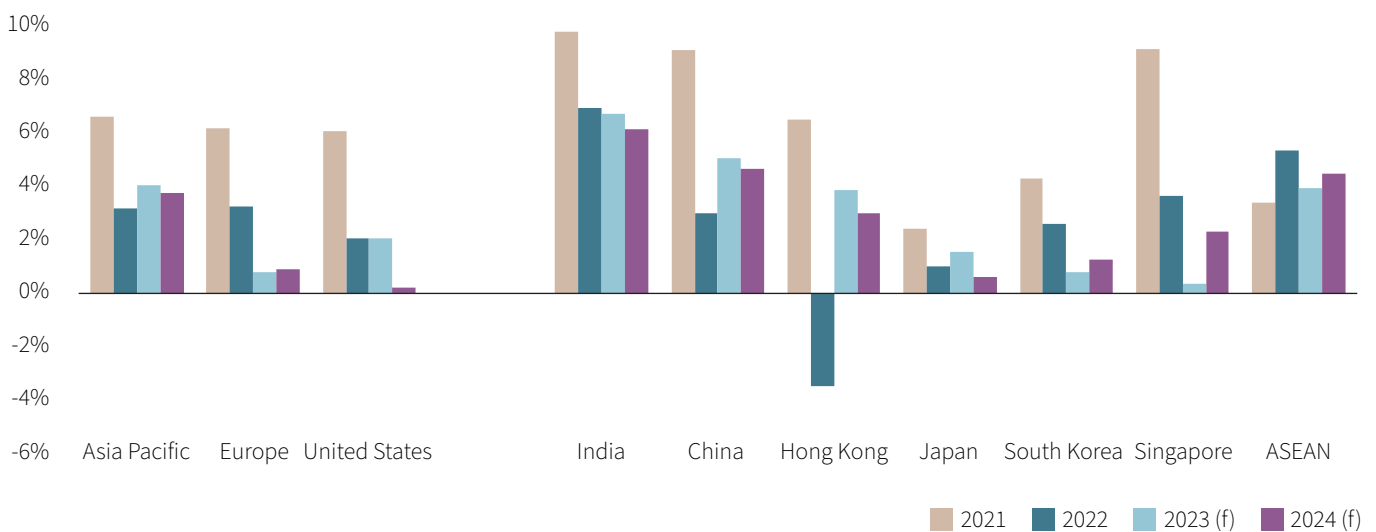
Despite the challenges, there are still some positive trends in the APAC real estate market. Demand for real estate is still strong, particularly in the residential sector. This is due to factors such as rising incomes, urbanisation and population growth. Investor interest in the APAC real estate market is steady, but investors are becoming more selective. They are looking for assets that offer good value and are less sensitive to economic cycles.

### Supply chain pressure remains a major challenge for global economy

The supply chain in APAC is still experiencing significant disruptions because of lingering effects from factory closures, port congestion, and shipping delays, all of which have contributed to higher prices for goods and services. While

Figure 1

#### Real GDP y-o-y % change in local currency

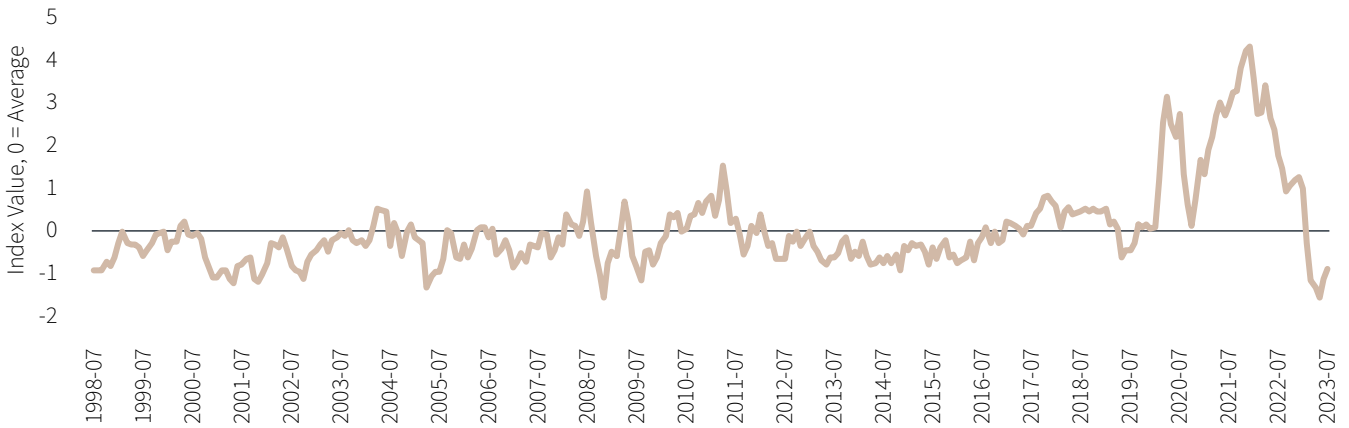


Source: Oxford Economics, as of September 2023.

Note: ASEAN refers to emerging countries in the Southeast Asian region.

Figure 2

**Global supply chain pressure index**



Source: New York Federal Reserve; Global Supply Chain Pressure Index, as of August 2023

the initial supply chain disruptions are easing, inflation could persist for longer given the ongoing structural changes in global supply chain networks.

The post-pandemic recovery in real estate development is also being hindered by supply chain disruptions. Demand for construction inputs is increasing, but global supply chains are still struggling to meet this demand. This is leading to higher prices for crucial building materials and causing delays and cost overruns in many construction projects.

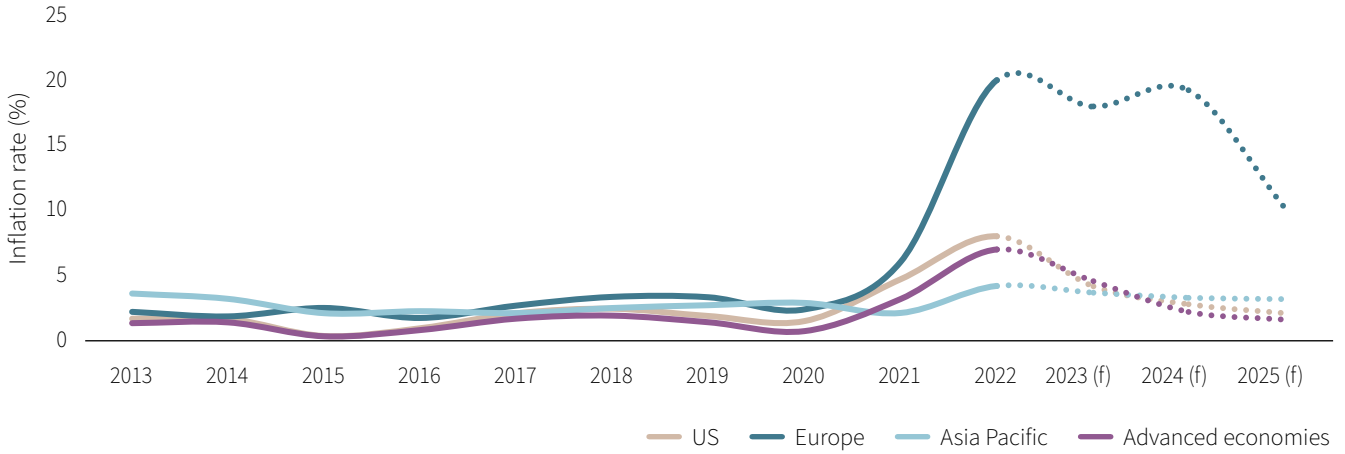
**Inflation and interest rates to remain high**

Inflation is expected to moderate but remain high in 2023, and start to decline further in 2024 as global supply chain pressures ease and interest rate hikes slow price growth. In APAC, the highest inflation rates are expected in India and Indonesia, while the lowest inflation rates are expected in Japan and China.

Central banks across major economies have raised interest rates in an attempt to combat inflation. Policy rates are expected to remain high for the foreseeable future, before potentially easing in 2024. However, there is increasing market discussion of ‘higher for longer’, with expectations of rate cuts being pushed further out.

Figure 3

**Inflation rates**



Source: Oxford Economics, as of September 2023

**Currency depreciation against USD**

The US dollar has remained strong against major currencies in 2023 as the US Federal Reserve has raised interest rates more aggressively than other central banks. This has led to wider interest rate differentials between the US and other countries. The strong USD is likely to continue in the near term.

and low unemployment across many countries. Given this backdrop, steady and resilient economic expansion is expected in APAC in the short to medium term.

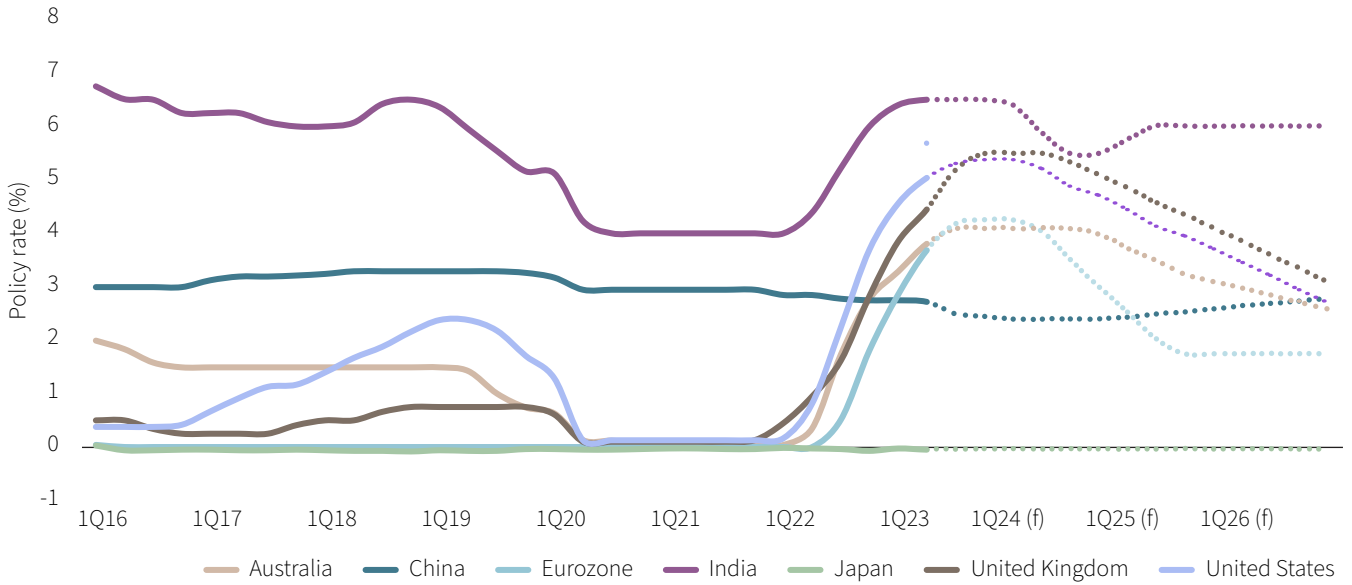
**Reasons for optimism**

The APAC’s economic outlook largely positive, with several factors likely to contribute to sustained growth. GDP growth, while declining slightly, is expected to remain relatively robust compared to other regions and inflationary pressures seem to have broadly peaked. This may allow central banks to pivot to more accommodative monetary policies in the medium term. Further, labour markets remain resilient, with strong job creation



Figure 4

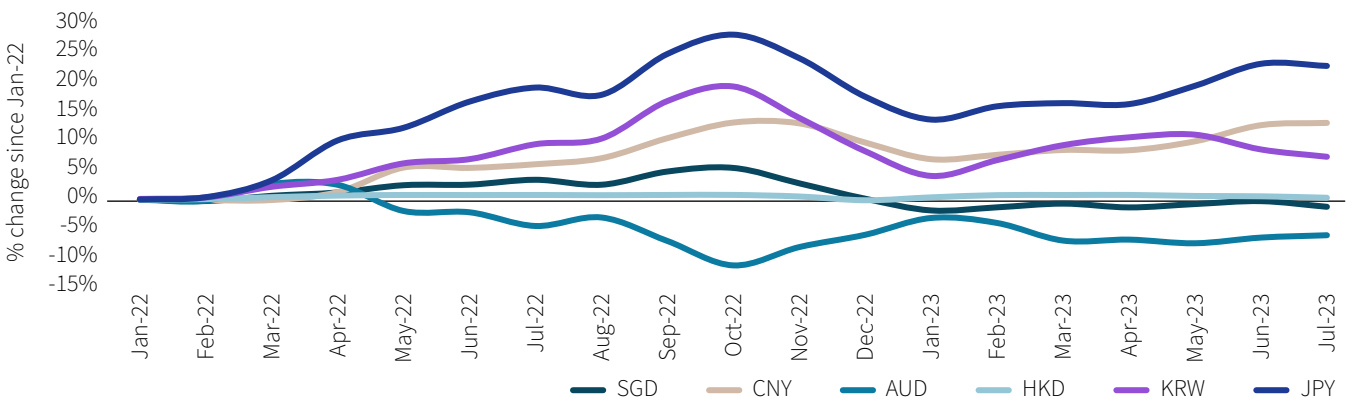
**Central bank policy rates**



Source: Oxford Economics, as of September 2023

Figure 5

**Exchange rates against USD**



Source: The Federal Reserve System, as of September 2023



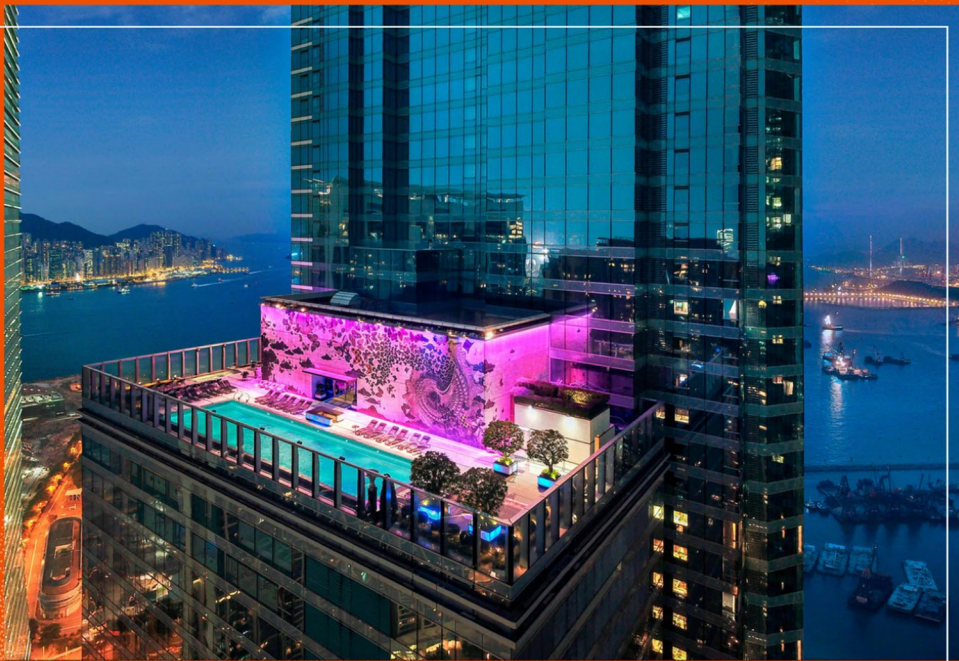
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# 03

## Industry overview

### Occupancy remains healthy across the region

**The overall APAC occupancy rate is 75%. This is down from the record-high of 77% in the previous year.** However, major markets such as Japan, and Singapore maintained high occupancy levels, highlighting the appeal of the self storage sector as an income-resilient asset class. Some markets such as China, Hong Kong, Malaysia and Vietnam saw a drop in occupancy rates but remained in a relatively healthy range. This is attributed to the rapid supply growth in recent years, which has led to a greater competitive environment. Despite these short-term challenges, there are still opportunities for growth in the long run.

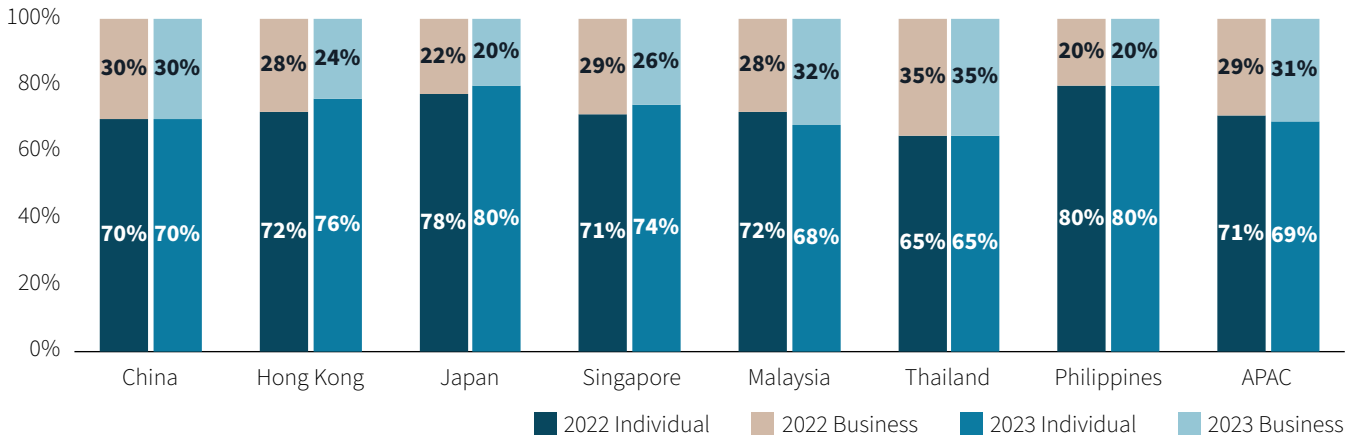
### Strong demand remains in the individual segment

The overall demand split between individual and business demand shows a marginal change from



Figure 6

**Individual vs business demand split**



Source: SSAA Annual Survey 2022, FEDESSA 2022

2022, with an increase in business demand. Across APAC, 69% of demand comes from individuals and 31% from businesses (Figure 6). Individual demand has continued to surpass business demand, showing a healthy balance that is less dependent on general business cycles than other commercial real estate sectors. Rising living prices and available living space in places such as Hong Kong, Japan, and Singapore is fuelling strong individual demand.

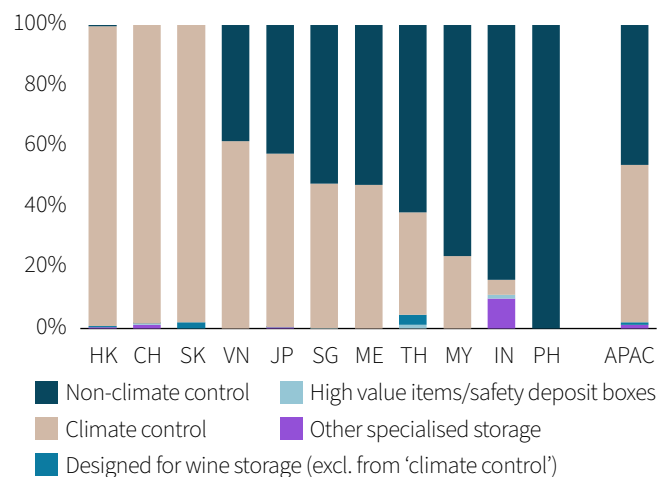
Regarding business demand, the gradual return to regular work settings across most cities post-pandemic has resulted in an upswing in demand from this segment. Moreover, the flourishing e-commerce landscape in the APAC region has generated heightened self storage demand from businesses. Countries such as South Korea and Malaysia have experienced a significant increase in business demand, fuelled by the strengthening presence of e-commerce platforms.

**Product mix varies more across markets**

The product mix remains varied across the market, but the share of climate control segment in the product mix continues to gain ground in comparison to last year. While the numbers may vary depending on the operators surveyed, the highest proportion with climate control are in

Figure 7

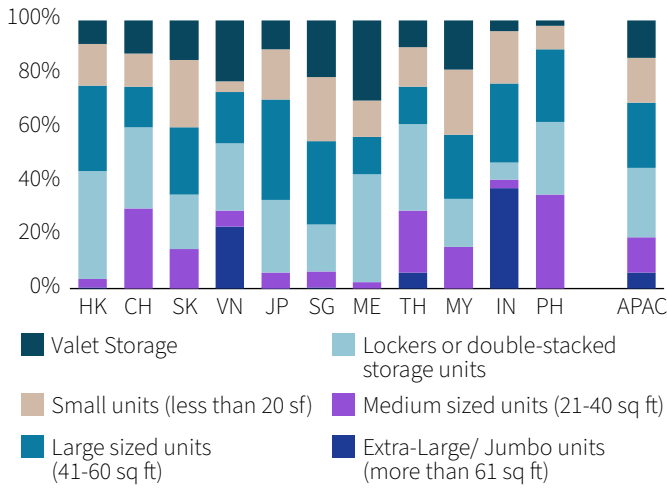
**Product mix (type)**



Source: SSAA Annual Survey 2023

Figure 8

**Storage mix (size)**



Source: SSAA Annual Survey 2023

North Asia geographies. The importance of the climate control segment is expected to increase further across the region, while other specialised types, such as wine storage, are expected to stay limited due to low demand. However, due to the rising costs for materials, manpower, and equipment required to construct and operate a climate control system, these types of storage may

have up to a 15%-30% cost premium above non-climate control storage.

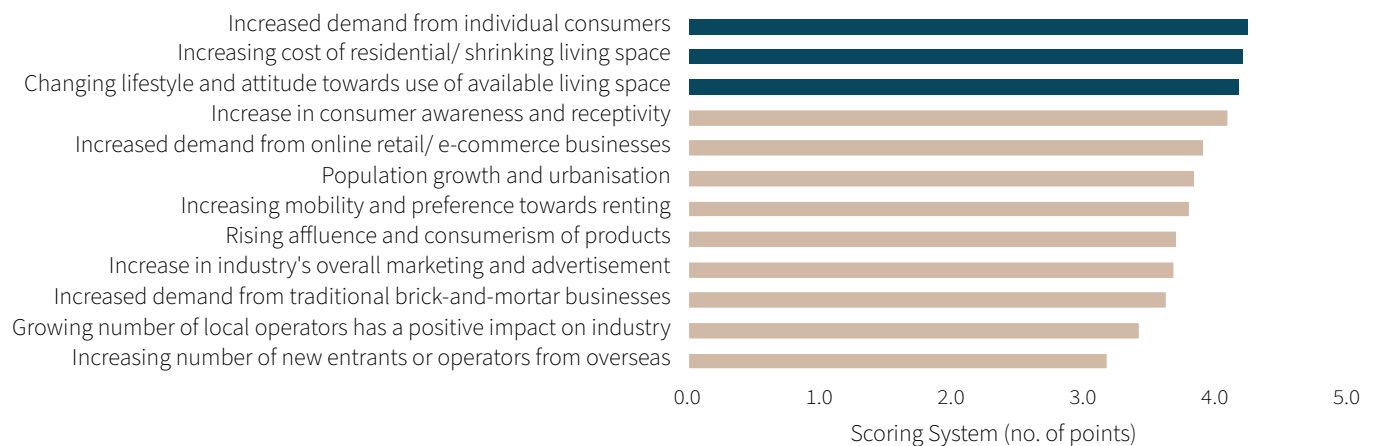
The mix of storage sizes across the region is similar to previous years, with a variety of options to meet different needs. Small to medium-sized units are the most popular, while larger units are more common in markets with high business demand. Lockers and smaller units are more common in markets with high individual demand. Valet storage is a small but growing segment, as operators look for ways to differentiate themselves.

**Individual demand driving uptake**

The top drivers of demand for self storage in 2023 are similar to previous years, with factors related to individual demand driving self storage requirements. These factors include increasing demand from individual consumers, increasing cost of living, and changing lifestyle and attitudes toward living space. More recently, partly to do with the COVID-19 pandemic, there

Figure 9

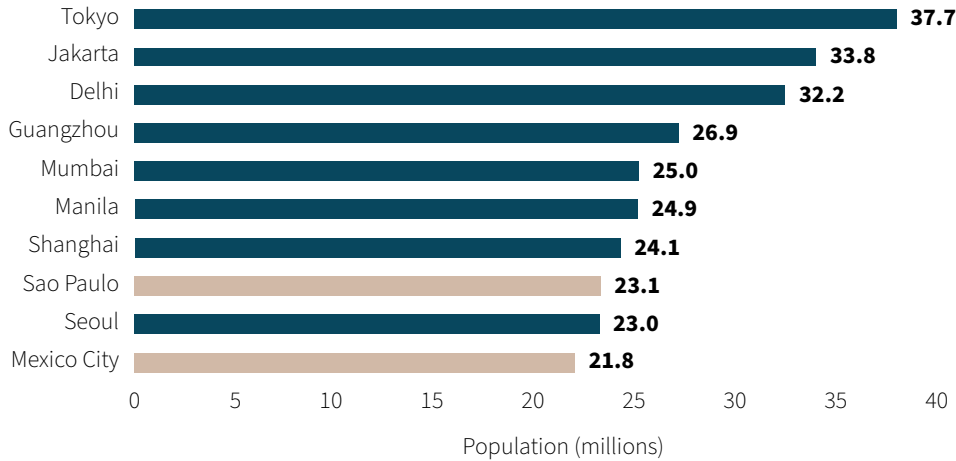
**Demand drivers**



Source: SSAA Annual Survey 2023

Figure 10

**Top 10 urban agglomerations (2022)**



**33**  
 Expected number of mega cities in APAC housing over **600 million people in 2024**

Source: UN (2023), Demographia (2022)

has been a shift of attitude to people turning their homes into multi-functional living spaces. This shift has required people to store more of their unused items in self storage facilities. This in turn has supported the findings that indicate rising individual awareness of the self storage market more broadly, particularly since the start of the pandemic.

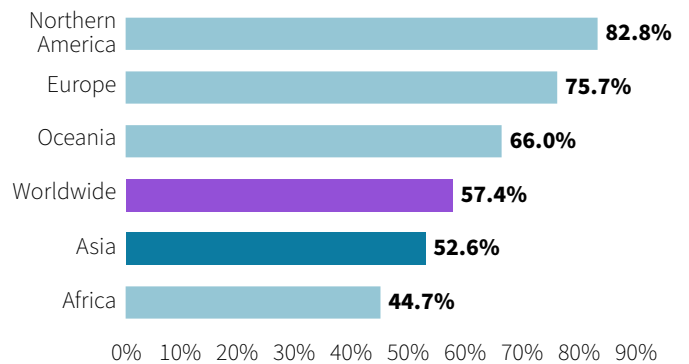
Additionally, there are some key macro drivers supporting the movement towards using self storage. Some of these drivers are:

**1. Rapid urbanisation and stretched housing affordability drive demand**

The urbanisation trend in Asia Pacific is undeniably the main driving force for the demand for self storage from individuals. Asia Pacific is home to 53% of the world’s urban population, which leads to smaller living spaces and higher housing prices. This often forces people to choose smaller living spaces or rental houses instead of

Figure 11

**Share of urban population worldwide in 2022, by continent**



Source: Worldometers (2023)

owned homes. These challenges create a potential need for self storage businesses from individual customers in a long term.

According to the United Nations, Asia Pacific will have 33 megacities with a population of over 600 million people by 2024. This means that the region will continue to urbanise at a rapid pace. This

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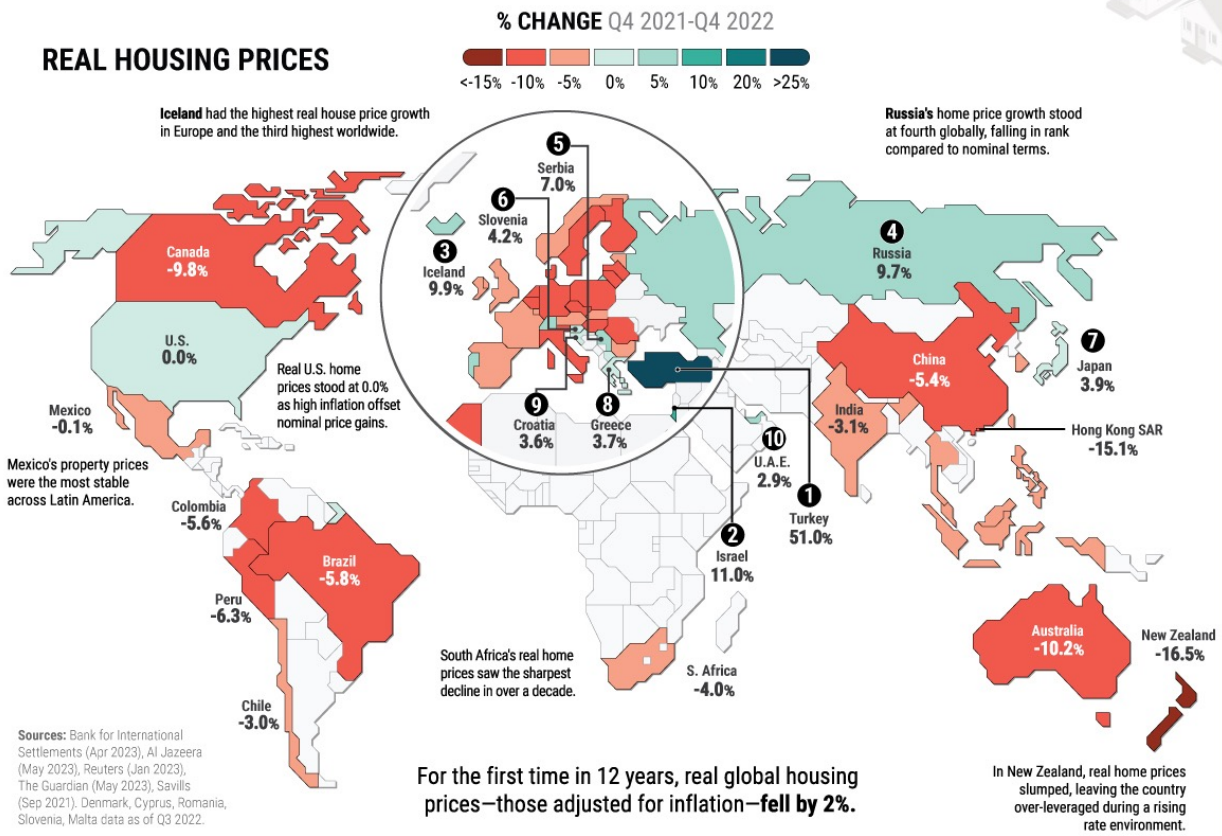
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Figure 12

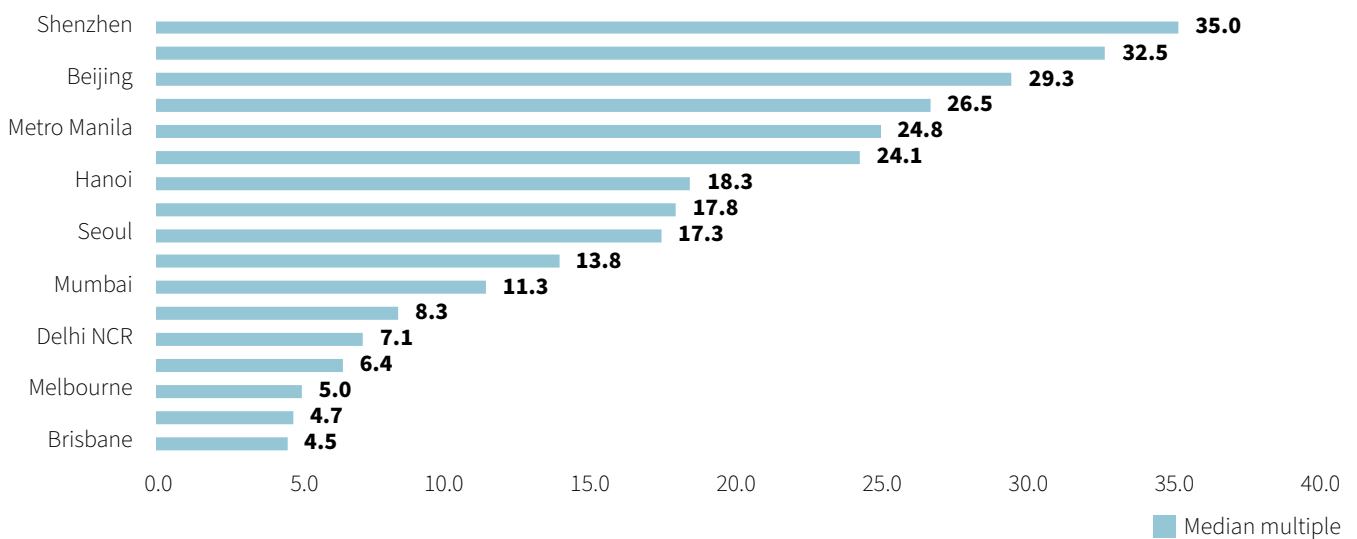
The growth in house prices by country



Source: Visual Capitalist, 2023

Figure 13

APAC housing affordability, 2022



Source: Urban Land Institute, 2023

Note: Median multiple = median house price / median household income



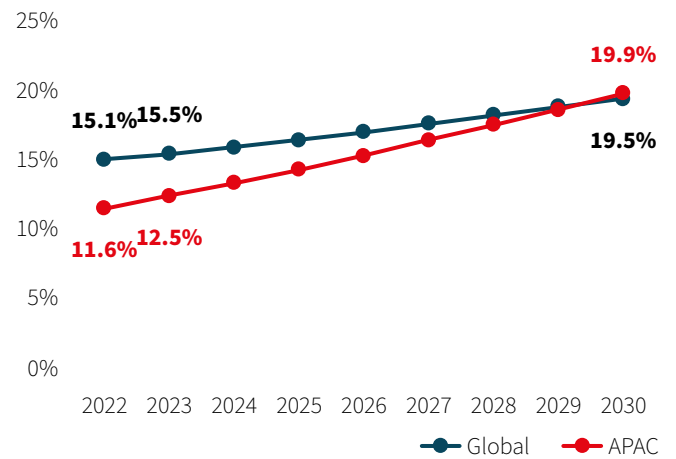
regional urbanisation trend is being observed in both emerging and mature markets.

Figure 11 shows that the urbanisation rate in Asia Pacific is still lower than other continents. This means that the region is expected to experience a massive wave of net migration in the coming decades, adding millions of people to each of the existing cities. This trend alone will give a strong boost to the growth of the self storage business in the region over the next few decades.

Housing affordability has become another major issue in the Asia Pacific region as housing prices have surged along with high interest rates and urban land scarcity. The Urban Land Institute’s (ULI) 2023 APAC Home Attainability Index (Figures 12 and 13) shows that the ratio of apartment prices to median household income remains elevated. At the same time, apartment rents are also rising faster than income, largely because of high house prices and limited supply. As a result, people are increasingly forced to live in smaller spaces, which limits their ability to store household goods.

Figure 14

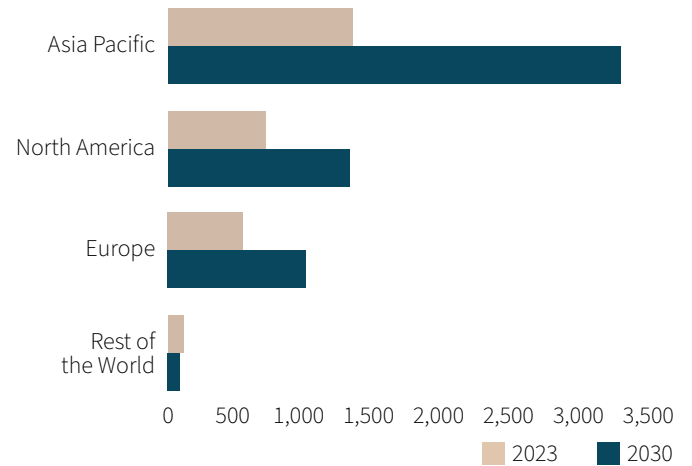
**Global e-commerce spend as % of total retail spend**



Source: Statista, 2023

Figure 15

**E-commerce retail revenue forecast by regions (US\$ billion)**



Source: Statista, 2023

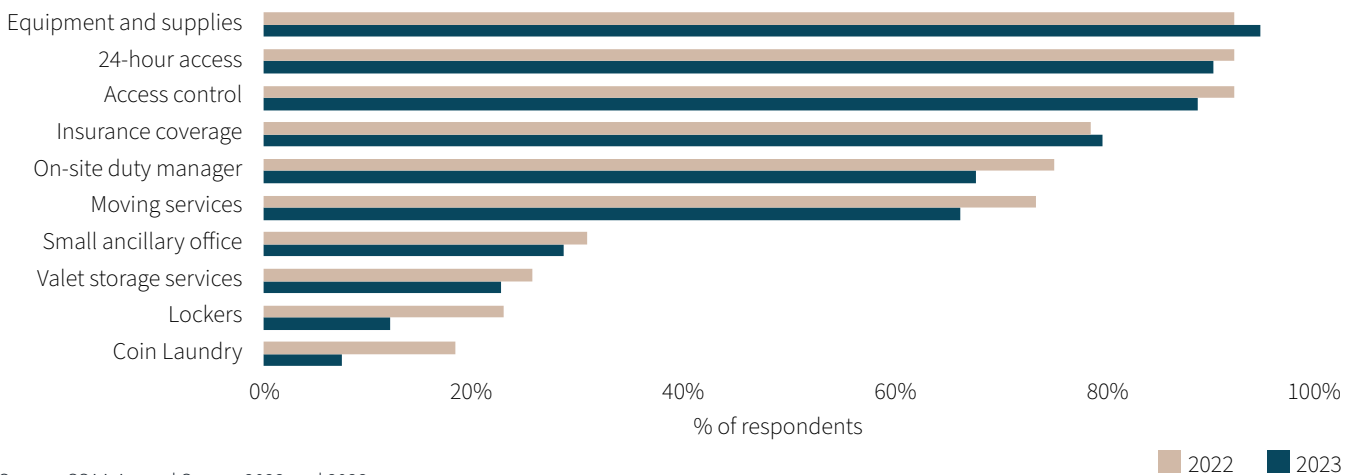
## 2. APAC e-commerce momentum drives self-storage demand

The growing e-commerce industry is another key driver of demand for self storage in Asia Pacific. This business demand group tends to rent larger storage units for longer periods of time and at higher rates than individual users. Therefore, a well-balanced mix of business and individual offerings can help self storage operators mitigate risk and achieve higher rents.

According to Statista, the proportion of online sales in APAC is forecasted to reach 20% of total retail sales by 2030, outpacing the global average rate. The e-commerce retail revenue volume in APAC is forecast to double itself in 2030. This growth will create a significant demand for inventory storage and last-mile delivery. Self storage operators that are able to meet this demand will be well-positioned to succeed in the years to come.

Figure 16

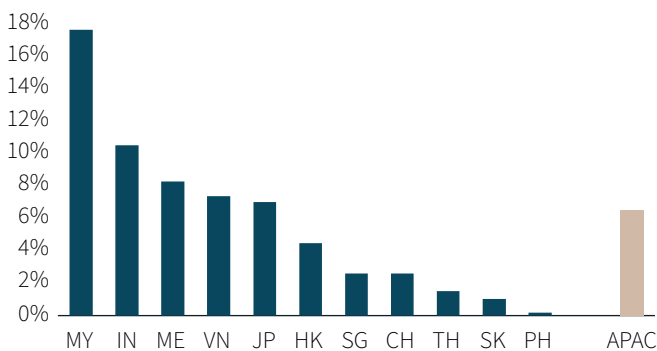
### Value-add services provided 2022 vs 2023



Source: SSAA Annual Survey 2022 and 2023

Figure 17

### Value-add services as a percentage of revenue



Source: SSAA Annual Survey 2022 and 2023

### Value-add services as a percentage of revenue remains low

The latest survey shows that value-add services are estimated to produce around 6.5% of the total revenue, a slight drop from 7.1% in 2022. Referring to Figure 16, APAC operators have adopted a variety of value-added services. Equipment and supplies remain the most popular service, increasing by 3% from last year, followed by security-related services and insurance coverage. Notable changes include a 7% decline in on-site duty manager services and moving services. Other services, such as lockers and coin laundry are generally becoming less relevant, although survey results can be volatile from year to year.

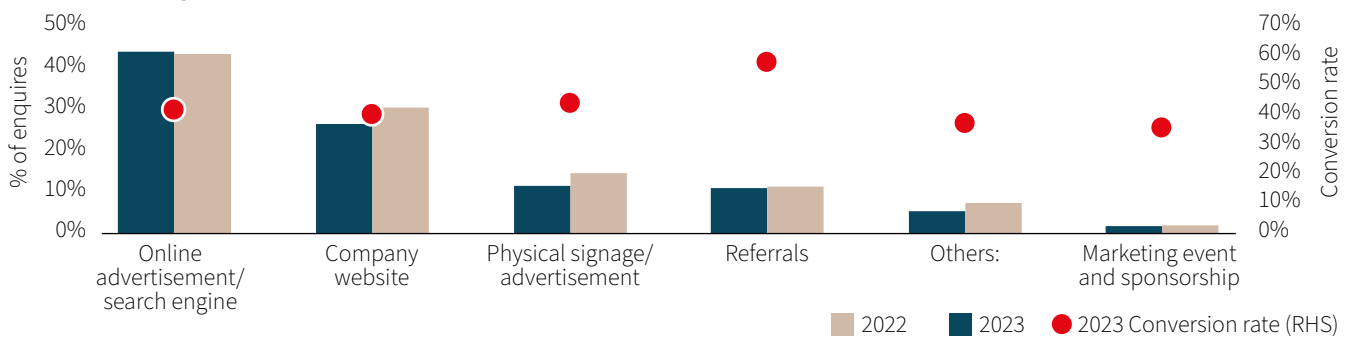
### The majority of enquiries come from online platforms

Referrals have the highest conversion rate (59%), followed by physical signage and ads (45%), online ads and search engines (42%), and company website (41%). It is also worth mentioning that the proportion of enquiries from company website and physical signage have grown over the year, by 4% and 3%, respectively.

A combination of referrals and physical signage is a powerful marketing tool for self storage operators in the region as consumer awareness of self storage is growing rapidly. Operators should continue to invest in these channels, as they can

Figure 18

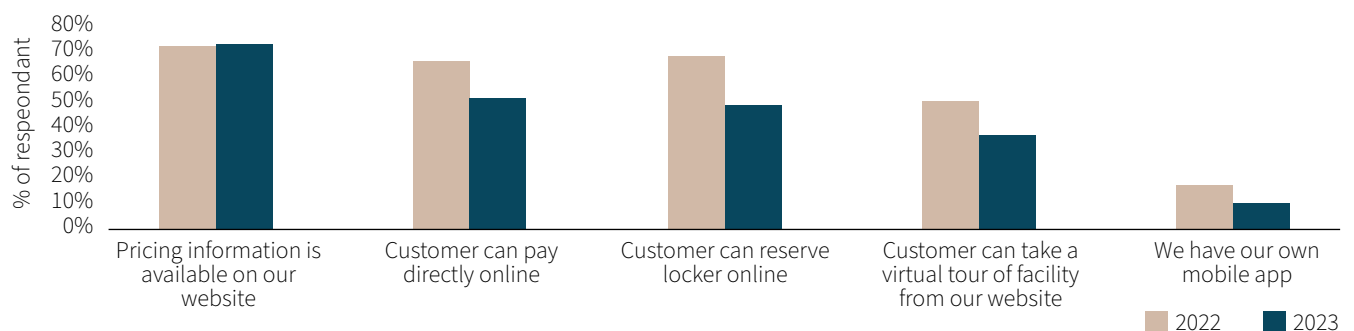
#### Source of enquires and conversion rates



Source: SSAA Annual Survey 2022 and 2023

Figure 19

#### Online strategy



Source: SSAA Annual Survey 2022 and 2023



be more effective than company websites alone. In addition, APAC operators are continuing to add new features to their online platforms. These features include the ability to book and reserve lockers online, virtual tours of facilities, and the use of proprietary mobile apps.

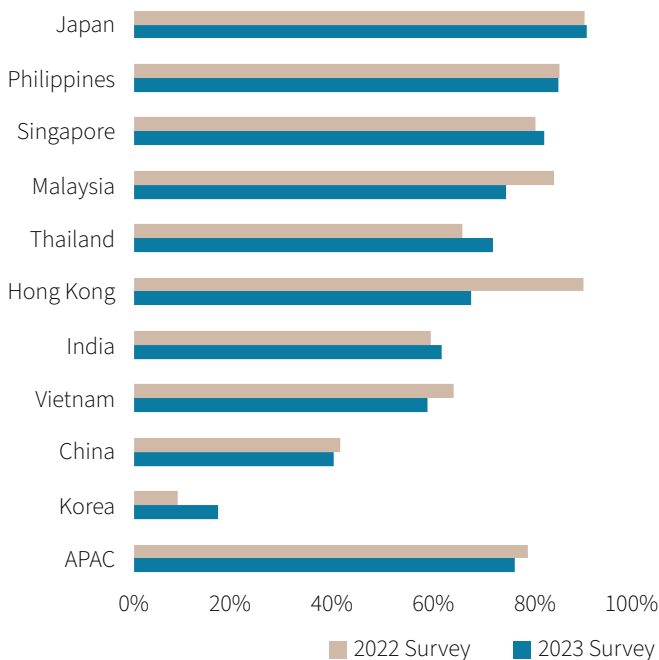
As competition in the APAC self storage market intensifies, operators are likely to increase their spending on online marketing. In particular, they are expected to turn to social media platforms to reach Gen Z and millennials, who are fast-emerging customer segments for the business.

### Rental rate shows signs of recovery, but overall growth remains slow

According to the survey, self storage rents in the APAC region showcased a positive trend in June 2023 compared to June 2022, exhibiting a noteworthy improvement of 5.6% on a local currency basis. **This increase of 5.6% marks a significant milestone, making it the most impressive year in the history of the survey.** The changes could be due to improvements in sampling in this year’s survey, with more survey participants from Vietnam, Japan, and South Korea.

Figure 20

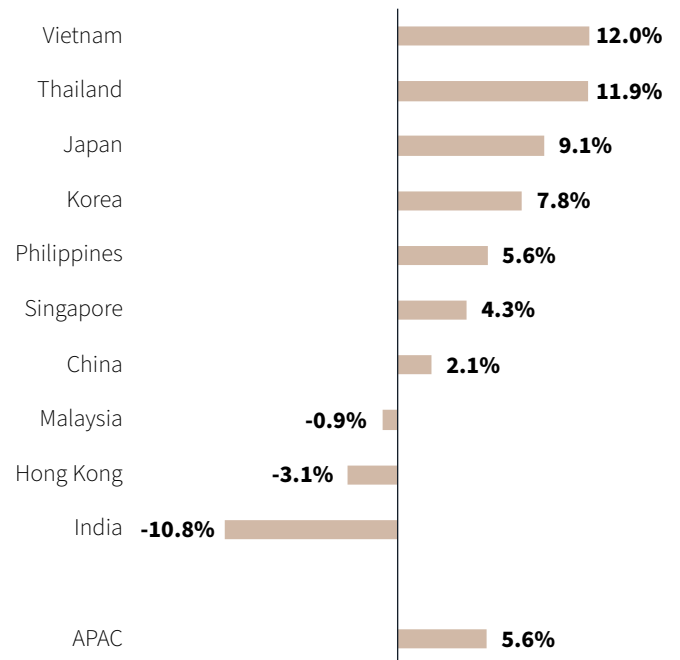
#### Occupancy levels in APAC



Source: SSAA Annual Survey 2022 and 2023. Excluded facilities opened in 2022

Figure 21

#### Annual rental performance by market (in local currency terms)



Source: SSAA Annual Survey 2023

### APAC rents subtly rise, pandemic boom subsides with localised rent declines

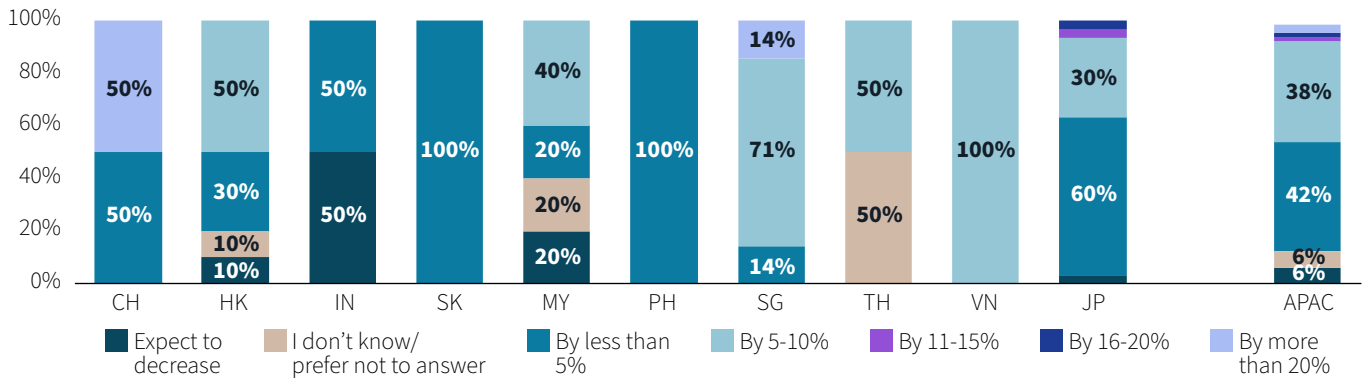
The outlook remains positive, with 88% of respondents expecting positive rental growth to continue into the end of the year. This is higher than the 85% of respondents who expected positive rental growth in 2022. The pre-COVID expectation of positive rental growth was 72%, so **the current figure of 86% suggests that self storage rental performance is normalising or even improving, when other real estate sectors are seeing slowing rental growth. This indicates**

### the self storage sector’s defensiveness and resilience in comparison to other asset types.

Breaking it down by country, India shows a negative sentiment towards rental projections, with expectations decreasing from up to 10% seen in 2022 to less than 5% seen in 2023 to less than 5%. South Korea and The Philippines likewise anticipate slower rental growth of less than 5% over the next 12 months. In contrast, Japan sees a positive outlook, with respondents expecting rental growth of up to 20% as occupancy rate remains high.

Figure 22

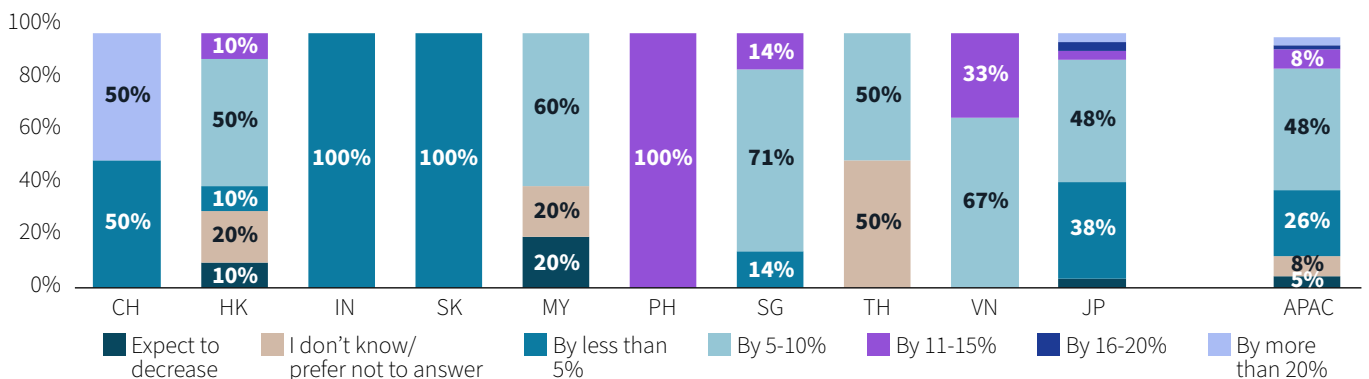
#### 2023 rental growth expectations



Source: SSAA Annual Survey 2023

Figure 23

#### 3 to 5 years rental growth expectations



Source: SSAA Annual Survey 2023

**Over the medium term, 86% of respondents expect positive rental growth over the next three to five years.** This is an increase of seven percentage points from the 2022 survey. Notable rental increases are expected in China, India, Vietnam and the Philippines.

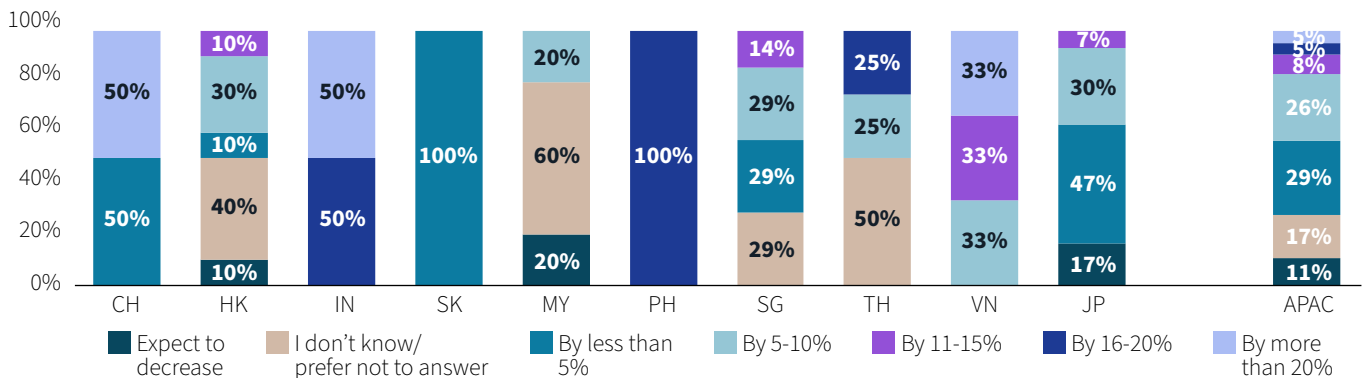
**Profitability outlook remains positive as well**

Around 72% of respondents expect positive profitability in 2023, while a higher 78% expect

positive profitability over the medium term. This suggests that the self storage sector is expected to continue to perform well in the coming years. The country-level results vary across the region, but respondents anticipating positive rental growth tend to show an even more positive view vis-à-vis their profitability outlook. This is because the self storage industry is a textbook example of an industry with strong operational leverage and a cost structure that is heavily weighted towards fixed costs.

Figure 24

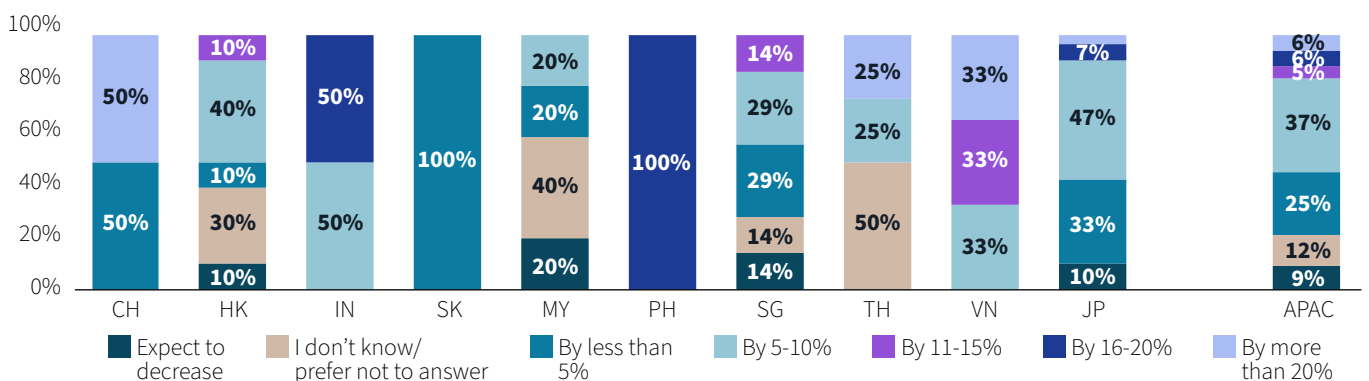
**2023 profitability expectations**



Source: SSAA Annual Survey 2023

Figure 25

**3 to 5 years profitability expectations**



Source: SSAA Annual Survey 2023

### Real estate market conditions pose major challenges for self storage businesses

The price of real estate and the lack of suitable properties in desired locations remain the two biggest challenges for self storage operators in 2023. This has made it difficult for operators to expand their businesses, despite the high demand for self storage units.

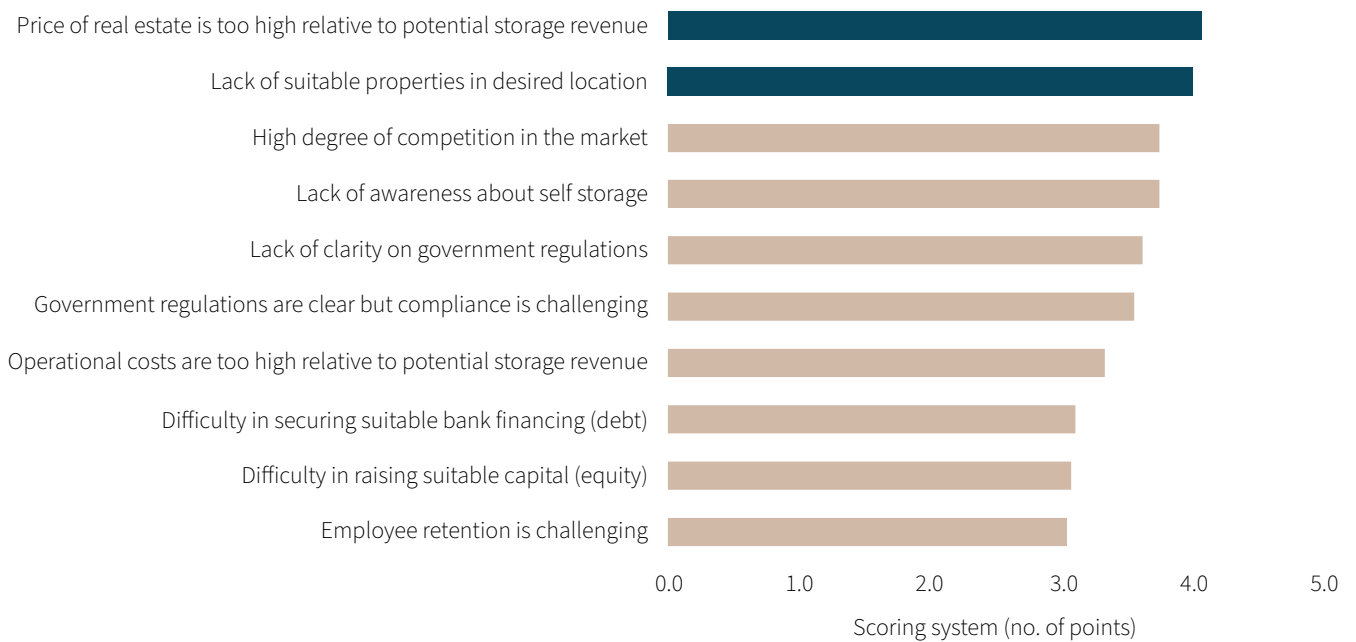
Self storage facilities are typically located in logistics and industrial (L&I) areas. The L&I sector pricing has outpaced all other sectors in the past few years. This makes the feasibility of new facilities more difficult. However, while prices are

correcting in the face of higher interest rates, the extent of price correction in the region is likely to fall short of the level of price adjustments in the US and Europe. This has been the case so far in 2023. Thus, these two items are expected to remain top picks in the long run.

The high degree of competition in the market has risen to the third-biggest challenge in 2023. This is due to the continued expansion of existing operators and the entry of new operators into the market. As a result, operators are facing increasing pressure to differentiate themselves from their competitors and offer competitive prices and services.

Figure 26

#### Key challenges



Source: SSAA Annual Survey 2023



# 04

## Investment market

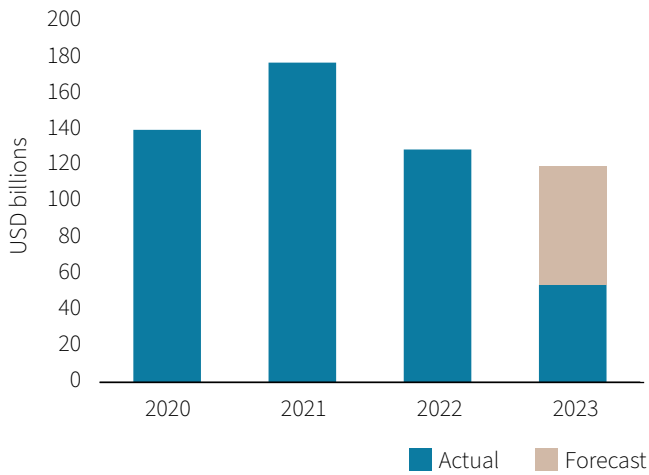
### **APAC self storage investment volumes declined**

Real estate investment volume in APAC has reached approximately USD 54 billion in the first half of 2023. While the total annual volume is expected to improve in the second half of the year, it is anticipated to be lower compared to previous years.

Within the APAC region, the logistics sector is experiencing a positive trend in investment volume, driven by the increasing demand for warehouse and storage space for e-commerce transactions. This surge in demand has also created a need for self storage facilities. Although the volume of investments in the self storage sector has been relatively low in 2023, it is projected to grow over the next five years, with significant volumes focused primarily in China, Japan, and India.

Figure 27

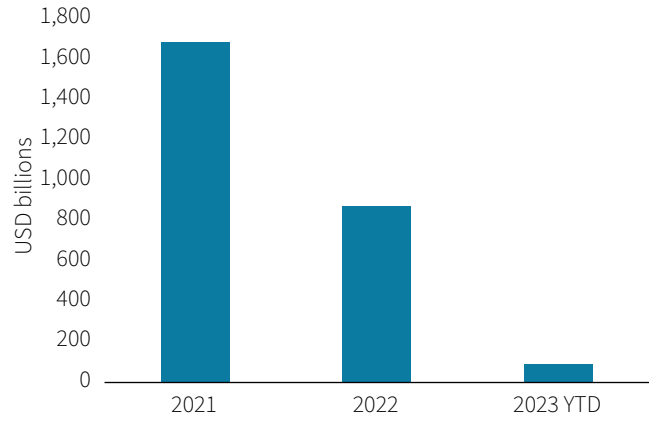
### APAC commercial real estate volumes 2021-2024



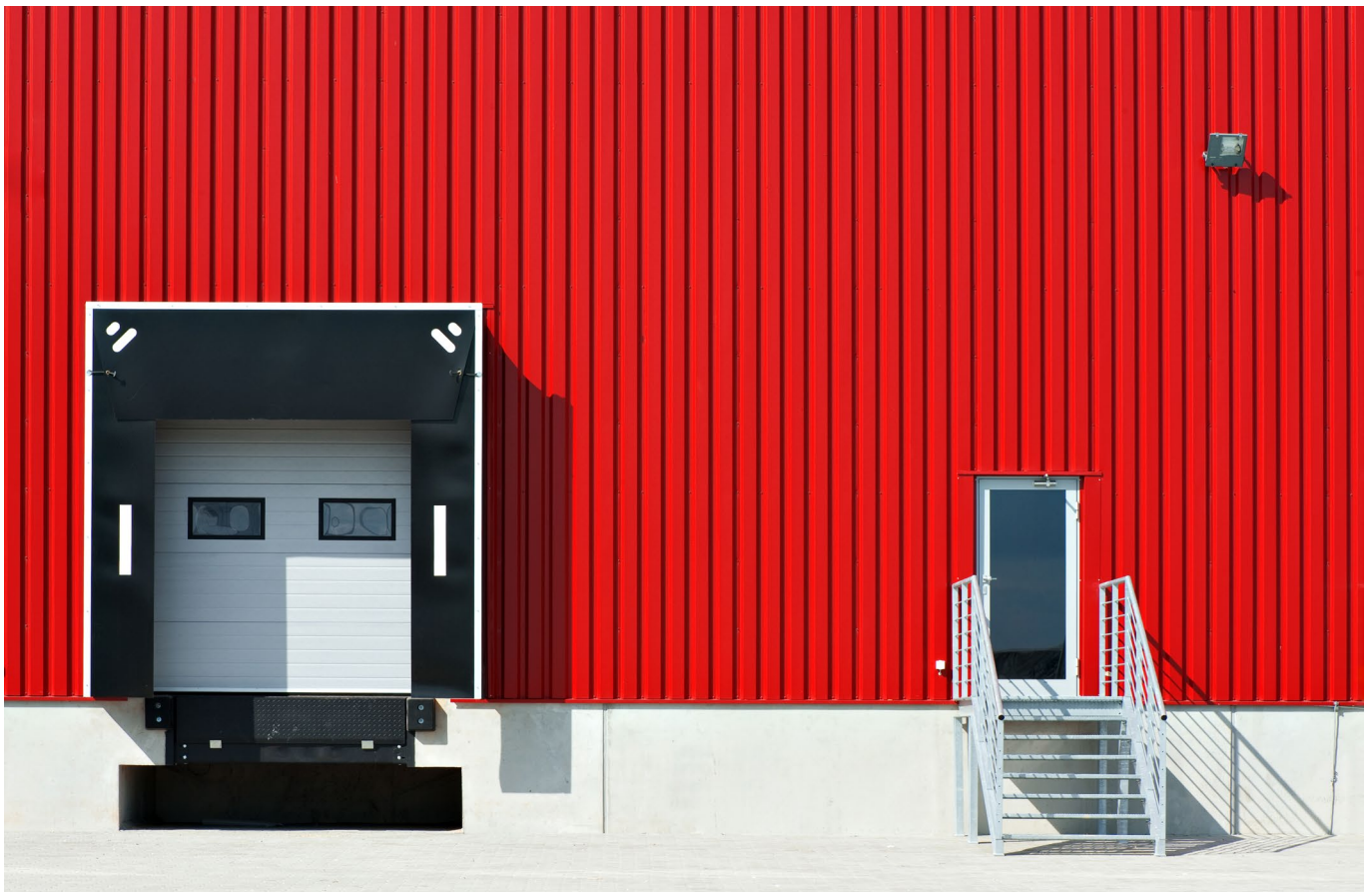
Source: JLL Q2 2023

Figure 28

### APAC self storage investment volume 2021-2023



Source: JLL, RCA, estimated as of August 2023



It is important to note that reported transaction values in the self storage sector in APAC have declined sharply. This decline can be partially attributed to rising interest rates. However, it is essential to recognise that these figures are based on reported data, and there may be several transactions that are not captured in terms of capital values, particularly in Japan.

### Self storage sector remains strong globally

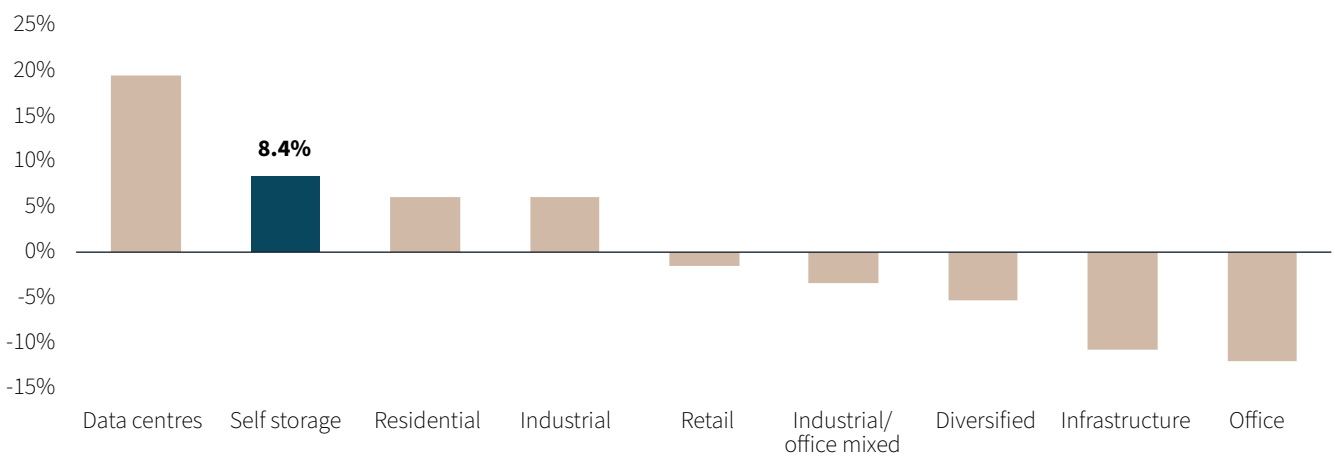
The self storage industry remained strong in 2023. The NAREIT Global Real Estate Index Series revealed that self storage REITs outperformed most other REIT subgroups, reaching 8.4% in June 2023.

The increasing need for storage space from people who are moving, downsizing, or simply



Figure 29

### REIT performance



Source: FTSE EPRA Nareit Global Real Estate Index Series, based on data for July 2023

Note: Total return shown above are the performance of REITs and publicly listed real estate involved in the ownership of income-producing real estate across 510 constituents in 39 countries.

need extra space; the growing popularity of e-commerce, which requires storage space for inventory in APAC; and the relative safety of self storage investments during economic downturns in APAC has driven this strong result. Consequently, the industry is expected to continue to grow in the coming years, providing investors with a stable and profitable investment opportunity in the region.

### Share of owned facilities increases in APAC

In 2023, the proportion of self-owned self storage facilities in the region is around 49%.

APAC operators have traditionally preferred leasing over ownership due to the high cost of land and the flexibility of lease terms. However,

the increasing competition in the market has led to a rise in the number of freehold facilities. This is despite ownership restrictions that remain in place in some markets, especially for foreign capital.

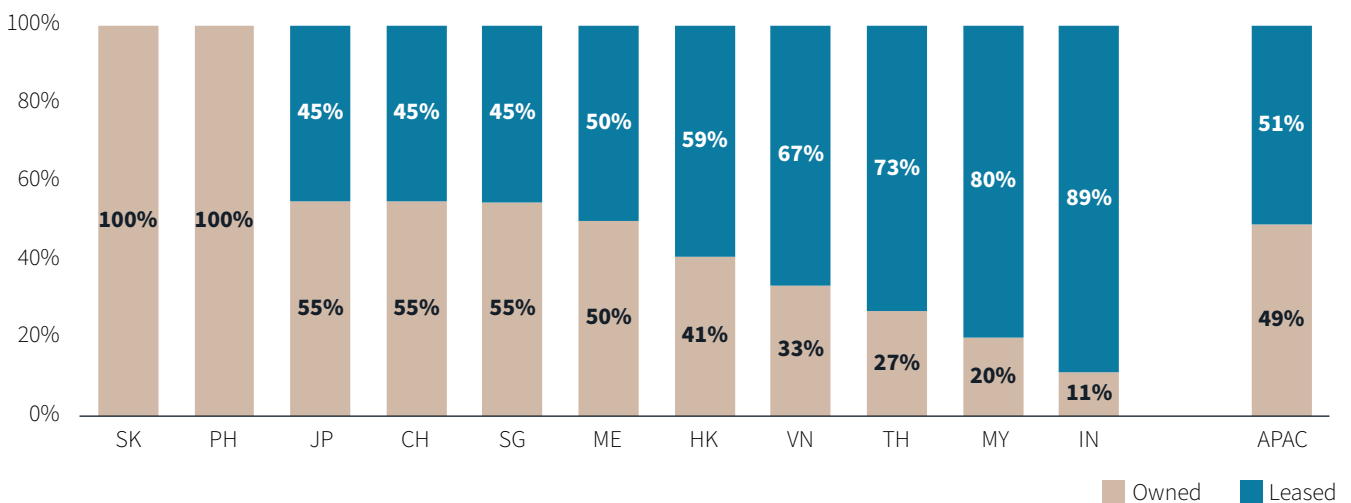
The development of freehold assets is more accretive to value and also enables operators to receive more favourable financing and valuation. As the market matures, we expect the proportion of self-owned facilities to continue to rise, which in turn should increase the attractiveness of the industry to institutional investors.

### Operators retain private and self-funding in 2023

Private funds and self-funding remained the main sources of capital for the self storage industry in

Figure 30

### Owned assets versus leased



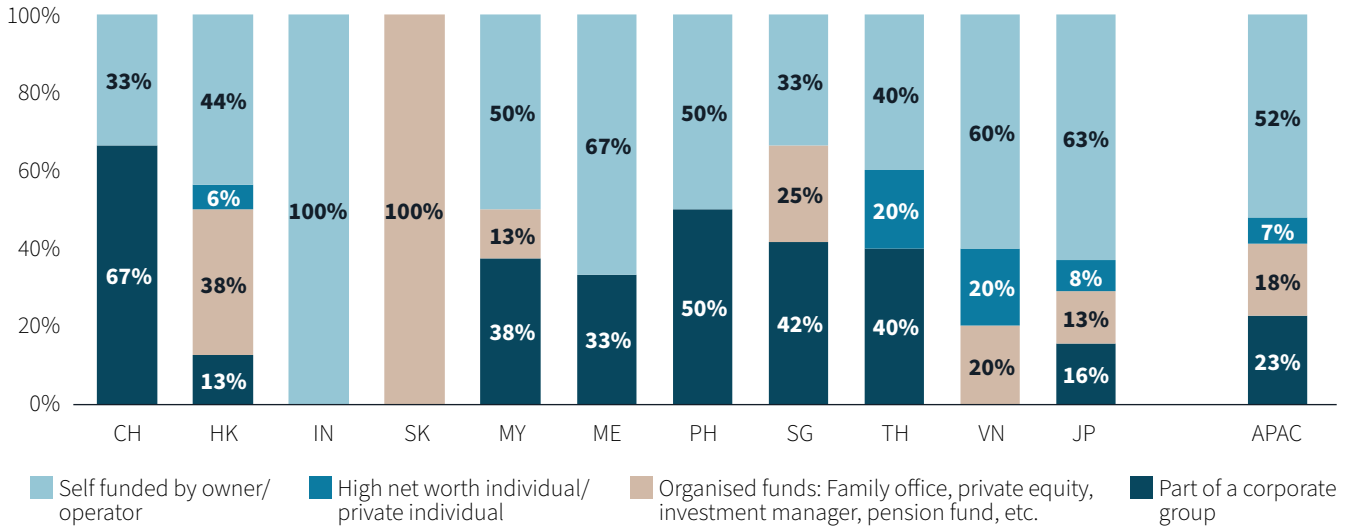
Source: SSAA Annual Survey 2023

Note: Owned includes freehold and leasehold titles. Leased refers to building lease.



Figure 31

Sources of funding



Source: SSAA Annual Survey 2023

Figure 32

Desire to seek external funding



-  Financial institutes
-  Foreign equity
-  Private equity
-  Partnership

Source: SSAA Annual Survey 2023

2023, accounting for 59% of the funding, a small decline from 63% in 2022. However, there was a more diversified funding mix in China, Hong Kong, Malaysia, the Philippines, and Singapore, with institutional capital playing a more prominent role. However, the changes in proportion remained marginal.

Self storage respondents in APAC are still cautious about seeking external funding, with only 40% of them doing so. This is similar to the findings of the previous survey. The cautiousness of self storage respondents in APAC is likely due to a number of factors, including the high cost of land and construction, the competitive market, economies of scale, and economic uncertainty.



### Supply of self storage facilities to continue to grow in APAC

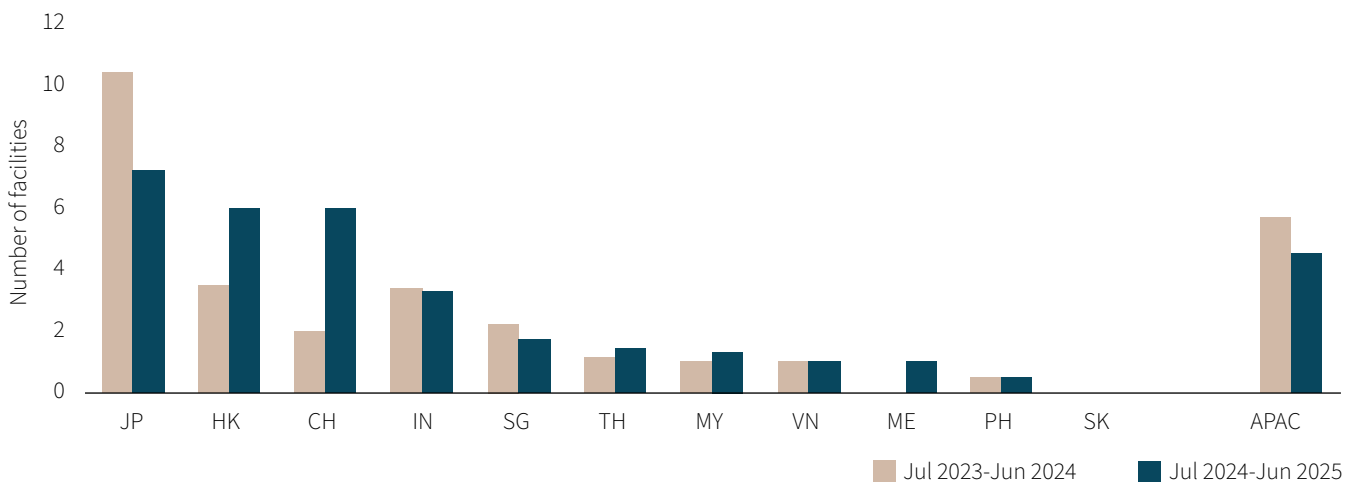
Self storage expansion momentum in the region is gaining speed, indicative of the growth prospects within the industry. Operators in the region are planning to add an average of six new facilities each in 2024 and 2025. Japan, China, India, and Hong Kong are leading the expansion efforts. In contrast, Thailand operators are planning

to moderate their expansion plans, and South Korean operators have no plans to expand in the next two years.

The confidence in driving expansion suggests that the emerging self storage sector is well-positioned to attract more institutional capital, leading to increased liquidity and scalability.

Figure 33

#### Plans for new facilities



Source: SSAA Annual Survey 2023



## Conclusion

The APAC self storage market has a positive outlook, despite the pandemic and economic slowdown. Occupancy level remains strong and healthy, and rental projections are optimistic for the next few years. Demand will be supported by rising housing affordability, rising awareness of self storage facilities, and the growth of e-commerce, amongst other factors. Operators are continuing to expand their businesses to meet this higher demand, which in turn supports greater investor confidence in the market. However, the market is also facing some immediate challenges, such as the rising cost of land and labour, the lack of suitable properties, and rising competition.

Nonetheless, the longer term outlook is very positive, Asia Pacific's strong economic growth position, growing urbanisation, and the ongoing structural shift to e-commerce will underlie the self storage sector's resilience, supporting both operator and investor models as the sector continues to grow.

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