

Understanding and Preparing for the Self-Storage Summer Surge

Summer is quickly approaching, so it's once again time to ask yourself whether your self-storage facility is prepared for an influx of unit rentals.

Most self-storage facilities experience an uptick in rentals during the second and third quarters of each calendar year. According to data from MiniCo Publishing's 2023 Self-Storage Almanac, occupancy rates at self-storage facilities across the United States increased from 92.8% in Q1 2022 to 93.4% in Q2 2022. The annual seasonal boost to occupancy rates was even greater in 2021, with a 1.5% increase from 93% in Q1 to 94.5% in Q2; that national average remained at 94.5% for the third quarter of 2021. On a regional level, occupancy rates in the West were slightly higher than the national average. In 2022, the Mountain West experienced a 2.4% increase in occupancy from 92.5% in the first quarter to 94.9% in the second quarter, while the Pacific West reported a 1.9% increase for the same period (from 93.8% to 95.7%).

Besides the typical demand drivers (death, divorce, displacement, disaster, downsizing, density, debt), there are several reasons why occupancy rates tend to increase along with the temperature. For starters, the second semester of an academic year ends in May for most colleges and universities. When students leave campus for the summer, they may need a place to store their belongings. On average, students are the smallest segment of a tenant mix at 3%, according to the 2020 Self-Storage Demand Study by the Self-Storage Association (SSA), but that percentage may be higher at facilities near campuses and increase during the second and third quarters of the year.

In addition to students, newlyweds are another possible source of rentals. Couples who weren't already living together may need storage space after they're married and sort through their belongings. They might also want to hang onto old household items being replaced by their new wedding gifts. A 2021 study conducted by Real Weddings determined that 80 percent of all weddings take place between May and October. The most popular months for weddings are June (13%), August (13%), and October (22%), because the warmer weather and fall foliage are favored for outdoor venues.

Know Your Audience

New and/or expecting parents could also require storage units during the summer to make space within their homes for nurseries. The Self-Storage Association's 2020 Self-Storage Demand Study indicates that 1.8 percent of self-storage renters utilize storage to make space for a growing family and The Centers for Disease Control and Prevention reports that the top birth months are July through October. Of those four months, August has the highest number of births. Therefore, it's probable that many nursery renovations would happen at the end of spring or beginning of summer to prepare for a late-summer birth.

In general, more home renovations and home sales are likely to occur when the weather is fair and there are more hours of daylight to complete construction, move household goods, and show



homes. It's also possible that people have more free time during the summer months, with reasons ranging from PTO used for "staycations" to fewer major holidays and less extracurricular activities for children. Per the SSA's 2020 Self-Storage Demand Study, 7.8 percent of renters use storage when remodeling their homes and 25.4 percent rent storage units when changing their residence. The annual summer influx in occupancies may very well coincide with the fact that most homes go on the market in April and May, according to a 2022 report by ATTOM Data Solutions; it also states that the slowest months for home sales are October and December.

Still other adults may require storage for outdoor recreational items such as RVs, boats, water skis, surfboards, paddleboards, bicycles, motorcycles, and camping gear. People may be purchasing these items to enjoy during the summer months but have nowhere to store them. The SSA's Demand Study states that 31 percent of tenants rent units to store items that they don't have room for at their homes. Additionally, demand for RV and boat storage has been on the rise since the onset of the COVID-19 pandemic thanks to a surge in RV and boat sales and stricter homeowners' association (HOA) regulations that prohibit the storage of recreational vehicles on streets or driveways.

One more self-storage demand driver worth mentioning is disasters. In the summertime, several states within the West region of the United States have been experiencing more damaging wildfires over the last several years. The Environmental Protection Agency (EPA) estimates that wildfires from droughts have caused \$120 billion worth of damage in the last 30 years. The states with the largest areas devastated by fires are California, Oregon, Washington, Idaho, and Montana. Hurricanes, tornados, and flooding can create a need for storage as well. While the peak season for hurricanes is defined as late July into October, the intensity, frequency, and severity of damaging hurricanes seem to increase each year. Since 1980, tropical cyclones such as hurricanes have caused more than \$1.1 trillion (about \$3,400 per person in the US) in home damage. Tornados are more likely to occur during the spring and summer. Severe storms (tornados, hail, high winds) are responsible for more than \$330 billion (about \$1,000 per person in the US) in damages over the last four decades. Finally, flooding from heavy rainfall in the spring has caused \$164 billion in damages across the nation since 1980. Victims of any of these weather-related occurrences may need to rent storage space while repairing their homes and/or sorting through their salvageable belongings. In fact, the SSA's 2020 Self-Storage Demand Study discloses that 3.6% of tenants rent due to a natural disaster.

Delve Into the Data

While many self-storage facilities experience an uptick in rentals in the second and third quarters each year, it's important to remember that data for your self-storage facility may show different trends. For this reason, astute self-storage owner-operators own and analyze their data for patterns that can be used to improve operations. Access control data can uncover useful site information, including the facility's busiest days/times of the week, who's on site, how often they frequent the site, and the durations of their visits. These statistics can be used to adjust staff

schedules and determine whether rental rates should be increased for those who access their units more frequently or outside of business hours.

For example, Janus International reports that 535,192 tenants accessed a self-storage property equipped with its Nokē® Smart Entry system for the first time outside of office hours. A statistic like this may encourage an owner-operator to adjust its office hours, staffing, and/or onboarding process for new tenants.

Unfortunately, a survey conducted by PTI Security concluded that only 10 percent of self-storage businesses are effectively using their access control data and 34 percent of owner-operators only use that data when responding to an incident. Furthermore, the 56 percent of owner-operators who do utilize their access control data believe they could be using it more effectively.

Owner-operators can collect other valuable customer and marketing data through move-in and move-out surveys. Typical survey questions inquire about the customer's demographics, how they found or heard about the facility, how long they intend to rent, what they plan to store, their preferred methods of contact and/or payment, and their other storage needs.

Determining the average length of stay at your self-storage facility can help you establish more reasonable promotions/discounts and set a schedule for rental rate increases. Unless your facility is in lease-up, it is not advisable to offer discounts to customers who intend to stay for a short time. Instead of the first month free or \$1 move-in specials made popular by REITs, some management companies have had success with a promotion that applies the discount at the end of their stay, such as the sixth month free. Others only offer discounts on less desirable units, such as those on upper levels or farthest from the loading docks. Regardless, keep in mind that it's not necessary to offer discounts if there is demand, and demand should determine the rates. In other words, the unit sizes with the highest occupancy rates should command the highest rental rates per square foot.

Until you have collected data for your facility, there are national averages that can be used for reference. For instance, the SSA's 2020 Self Storage Demand Study states that half of all residential self-storage tenants rented for one to two years (26.5%) or longer than two years (23.6%). The remaining 49.9% of tenants rented for less than a year (19.9% rented seven to 12 months, 17.2% rented for three to six months, and only 12.8% stayed less than three months). As for business renters, 37.1% rented for longer than two years, 37.3% stayed less than one year, and 25.6% stayed between one and two years.

Prepare For the Influx

If your self-storage facility experiences a steady increase of rentals in the summer, now is an appropriate time to evaluate your staffing to ensure that you have sufficient coverage. You may need to hire part-time/seasonal employees and/or employ various technologies to effectively handle the influx of customers. Call centers and websites with the capability to complete online

rentals are two tools frequently utilized by self-storage owner-operators. They provide customers with additional ways to conduct business with the facility, preventing missed calls and possible rentals when managers are unavailable or busy.

When hiring new employees, make sure they receive thorough training before they take to the sales floor. Role playing common price objections can help them formulate appropriate responses during real-life scenarios. Creating telephone scripts and approved email responses can bolster your brand and provide employees with guidance. As for existing employees, it may be beneficial for them to complete a refresher course or additional training before the busy season. Finally, be sure to review your policies and restock your inventory if your employees are expected to sell tenant insurance and retail items.

In addition to preparing your employees, you should be working on your facility's curb appeal. Remember: A customer's first impression of your property is made in the parking lot. Therefore, you'll want to ensure that the site is clean, free of debris, and safe. The landscaping should be nicely manicured, not overgrown, dying, or full of weeds. The parking lot should be free of litter and tripping hazards, such as potholes and large cracks, and parking spaces should be clearly marked with freshly painted bollards and/or lines. Keep the glass of the windows and doors free of spots and streaks. Wash the dust off the roll-up doors; if they've lost their luster, it may be time to apply Everbrite's restorative coating. Perhaps the facility could use a fresh coat of paint or there's signage that needs to be replaced. And don't forget to perform routine maintenance that must be completed to prevent storm damage. While it may be necessary to hire additional staff or contractors to perform these tasks, the investment is money well spent.

As you spruce up your facility and strengthen your team, don't neglect your marketing strategies. For starters, make sure your website is ranking on the first page of Google results and your company's various listings are up-to-date. You'll also want to start (or continue) a social media campaign. You may need to rejuvenate or establish relationships with local businesses as well. Some of the summer-related occurrences mentioned at the beginning of this paper may be a good starting point. Examples of potential marketing partners include wedding planners, wedding venues, real estate agents, moving companies, construction companies, boat and RV dealerships, interior decorators, home insurance salespeople, homeowners' associations, home improvement retailers, baby boutiques, furniture stores, sporting goods retailers, disaster relief agencies, cleanup companies, colleges and universities, and the like. These businesses may be willing to include your marketing materials in their promotional packets; display your business cards, fliers, and brochures in their offices; or add a link to your website on their websites. On another note, hosting on-site events such as community yard sales may attract new renters.

If summer preparation is a laundry list you cannot tackle alone, StoragePRO Management is here to help. Independent operators can remain relevant by using cutting-edge technologies and taking advantage of scale to maximize their store's "Total Property Potential."



Supercharge Your Business

At StoragePRO Management, Total Property Potential includes increasing the property's value and cash flow. Numerous business elements are utilized to achieve the company's trademarked "Right-Away Results;" on average, StoragePRO clients typically see a year over year 14% increase in net operating income (NOI) after the first year of management.

StoragePRO Management offers "PRO-Caliber technologies" of revenue management and business intelligence systems, as well as economies of scale; the in-house services include a bilingual call center, a business intelligence team, a proprietary revenue management technology, digital marketing, human resources and a specialized training program, accounting, and a skilled maintenance team. Furthermore, StoragePRO's buying power and good relationships with industry-related vendors help maximize operations and minimize disruptions.

