

# Stor-Age banking on growing middle class for expansion

**ALISTAIR ANDERSON**  
Property Writer

STOR-AGE, set to list next month as the first self-storage company on the JSE, expects to achieve double-digit distribution growth in the near future.

With many property companies having listed on the JSE over the past couple of years, investors have responded positively to news of a specialised real estate investment trust (Reit) joining the local bourse. One analyst said Stor-Age, which has been in existence for 10 years, offered a defensive alternative to offices and industrial and retail properties.

CEO Gavin Lucas said yesterday he was confident the listing would be successful and that it was a good time to join the JSE. The growing middle class in SA was accumulating goods that would need to be stored, such as sports equipment and furniture. Stor-Age's units were spread across SA and were of a high quality, said Mr Lucas.

There had been a positive response from portfolio fund managers and institutional investors. "I think people like our product, but also various property fund managers have seen how well storage Reits have performed offshore in the US and Australia. They may have had exposure to these offshore Reits and are now welcoming a specialised Reit in SA."

Stor-Age will list with a R1.3bn portfolio. Pre-listing, Stor-Age announced yesterday an offer to raise about R710m.



**BOXING CLEVER:** Stor-Age CEO Gavin Lucas said he was confident it was a good time to join the JSE. Picture: SUPPLIED

This would be through the subscription of about 71-million shares, comprising a private placement, and an offer for the sale of shares. The private placement would be made to a selected group of invited institutional and high net worth investors.

Avior Capital equity analyst Adrian Jardine said Stor-Age dominated its market.

"In our view, Stor-Age is the best self-storage operator in SA, with very well-located sites, a healthy development pipeline and a far better product than its fragmented competition.

"So we expect it to be the dominant market leader in its niche over the medium term," Jardine said.

However, he believed the South African public had not yet embraced storage services.

"Self-storage is still a young market in this country compared with developed markets, where there are a number of well-established and strong-performing storage Reits, especially in the US, where occupancies have consistently been above 90%, with dollar rental growth sustained at more than 3% per annum at top-drawer operators like CubeSmart, Public Storage and Extra Space."

It was pleasing to see specialised listings of this nature come to market even if there were risks, Mr Jardine said. [andersona@bdlive.co.za](mailto:andersona@bdlive.co.za)