



Canadian Self Storage Info

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Metro Vancouver's Population Growth and its Future Storage Problem:

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Recently, I have been doing a great deal of work in the Lower Mainland of BC. Part of this is the very hot market for storage and part is wanting to know what sleeping in my own bed for more than a couple of days a week feels like. In this work I have come across a great deal of information put together by various levels of government on demographic trends in the area. One of the most striking to me was the work put together by Metro Vancouver on the projected population increase in the area that was released in December 2018

– [Link to Report](#)

Projected population growth:

In this study, which is only for Metro Vancouver, there is a projection of 1 Million new residents by 2050 assuming a moderate growth trend. If we add to this the expected population growth in the municipalities that are not included in “Metro Vancouver” we see a total of 1.25 Million new residents in the next 30 years. At present, some of the growth metrics used in this analysis have already been shown to be conservative and I would expect this figure to be at least 1.5 Million new residents if not more.

New Storage Demand:

In the work noted above I have been doing a fair amount of demand analysis of the Vancouver market. This work has led me to the conclusion that on the whole, The Lower Mainland demand from 3.75-4.25 Square Feet per Capita at present. Some areas demand far more while others demand less but as an average, I feel this range is easily supportable. A quick bit of math then shows us the estimated new storage demand in the Lower Mainland by 2050 to be between 5.63 Million and 6.38 Million Square Feet. Where are we going build all of this Storage?

Land Issues:

At present, Industrial land is very scarce in a great deal of Metro Vancouver with prices in Vancouver proper reaching as high as 28-30 Million dollars for an acre of prime industrial land. Prices do fall as you move toward the Fraser Valley however these prices have seen significant increases in the past 3 years as well. Here is a link to a more in depth look at this issue in Vancouver:

[Vancouver may 'literally run out of industrial space' by the 2020s](#)

Development Issues:

In some parts of Metro Vancouver, there are very big barriers to new Self Storage development. In Vancouver, a large portion of the remaining industrial redevelopment land known as False Creek Flats has had Self Storage listed as a prohibited use as it does not generate the desired employment levels the city would like to see in the area. In addition to this, the City of Burnaby is very averse to any new Self Storage development within their city and this has greatly reduced new facilities within Burnaby.

These development issues in conjunction with very high Development Cost Charges and Amenity Fees demanded by municipalities in Metro Vancouver make new development in the core areas difficult at best. In the less densely populated areas of Metro Vancouver, these issues are less prevalent however, I would expect

Price Issues:

Another issue to note in many parts of Metro Vancouver is the price of storage units at present. In my discussions with operators over the past few months, it seems as though many markets in Metro Vancouver have seen slight occupancy declines. This is not due to new facilities opening but rather, in my opinion, due to the prices that are being charged by storage facilities. In some cases, I have seen 10 x 10 units above \$400 per month. This additional cost to someone is quite large and, in some cases, may be shortening the length of stay or causing people to look outside the core areas for storage. This price sensitivity is new and may make some developments in the future that are counting on continued price increase more difficult to lease or to develop.

Solutions:

Unfortunately building a large amount of storage where land is cheap and development is easy won't fix the coming demand issues in Metro Vancouver. Customers simply will not drive long distances on mass and rates and absorption times would be terrible in this scenario.

So, what do we do? I feel that a mix of solutions is always best. Moving forward, especially in areas that are more difficult to develop in, a strategy of mixed-use development with office and retail may be the best option. We see this in many areas of the United states where population density is high and land for self-storage is difficult to acquire. In addition to this, working proactively with municipalities to help them better understand the benefits of self-storage as well as the fact that it is a needed service by many of their residents should also help ease the development issues.