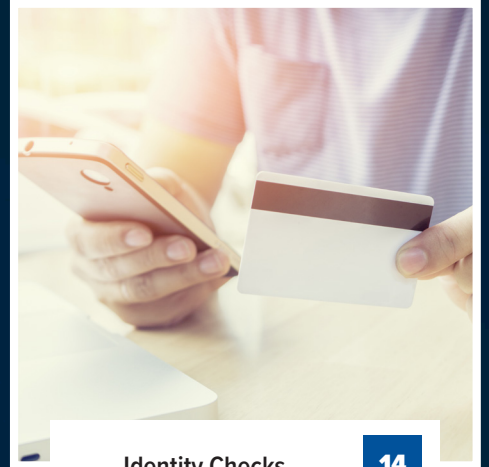




# UNLOCKED



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# A conversation with.... Marc Oursin, CEO of Shurgard

Future issues of UNLOCKED will feature in-depth interviews with some of the major players and legends of the industry, gaining some of their insight into what makes self storage such a great industry to be in. Who better to kick this off than the CEO of the largest self storage company in Europe - Marc Oursin from Shurgard.

**Marc, thanks for participating in our first interview. Let's start at the beginning. How did you first get involved in self storage?**

It was as a customer 12 years ago. I was stopped at some traffic lights in Brussels and saw this self storage building. I realised it was selling empty units, selling space. At the time I thought, what kind of business model is this? Who would want to rent small storage units? Not long after this I moved house and needed somewhere to put my goods and I thought back to the self storage business I saw at the traffic lights. I Googled and found a storage place close to my home which happened to be a Shurgard. Of course, at this stage I did not know I would end up being CEO of the company. When I got the site tour by the manager, I was impressed with the systems they had in place. I thought it was like the McDonalds of self storage as they were so organised and structured. I did not expect this. So, I moved my goods in and became a customer. Now I am running the company, I find it helpful with many decisions I have to take that I can look back on my experience as a customer.

**What do you find attractive about working in this industry compared to your previous roles?**

Growth! Your business is either growing or it is not and in self storage there is lots of opportunity for sustainable growth. When you are riding a wave of growth you can approach everything differently, you are not thinking defensively, you are on the attack, knowing opportunities are out there. The continual growth in demand for the product also means you are somewhat less concerned about new competitors and investors entering the market as there is opportunity for more properties and growing demand will help us all fill them up. New sites should be looking to take up new demand, rather than steal from the competition, this only happens in a growth market like self storage in Europe.

**Shurgard went public over 2 years ago now. How has this changed how the business operates?**

The key change is the transparency, having to post your results every quarter and report on your achievements. Transparency is good, but it increases the pressure. The other change is pace as you are committing yourself to a decision, sharing this with the market and then reporting back on your progress. We were planning to grow by 8 – 10 properties a year, which we have done. We have increased the profitability of the company and pushed very hard on the Environmental, Social, and Corporate Governance (ESG) which in part was driven by being a public company. Ultimately, though good business practices and decisions are good whether you are a private company or public, so our approach to business has remained the same. But now we can raise money, equity or debt, at a cheaper cost.



## What have the biggest challenges been during the COVID crisis? Has it been difficult managing stores in 7 countries with changing lockdowns and other rules?

The major challenge was to manage the stress of the staff. As with any change, some people deal with this better than others. In some respects, having stores in 7 countries was helpful as they were often in different stages of lockdown at different times. We have a good management structure with a solid chain of command which has helped us re-assure staff and assist them with the changes. Fortunately, amongst our 700 odd staff we have not had anyone suffer seriously from the virus. Some positive cases yes, but they have made a quick recovery.

## Do you see Shurgard expanding into other European countries in the short term?

No, we have an existing and established platform in these countries and there is ample opportunity for growth here. In Germany for example, we are increasing our presence in the major cities, and there are some like Frankfurt where we have no presence yet. We don't want to have 3 or 4 stores in 3 or 4 different countries as this is a portfolio of stores, not a platform that provides the efficiencies we are after.

## The COVID-19 crisis has generally seen an uplift in key self storage metrics. Do you think this will be sustained in 2021?

Obviously, this is very difficult to predict, but if you look back over the past 15 years, self storage has coped well with the challenges from the global financial crisis to this pandemic. Self storage demand is driven by a combination of urban density and lack of space with life changing moments. If anything, these big global or economic changes also create more change for our customers, so more potential demand for the product. So, I think self storage is well placed to deal with any potential economic downturn post COVID-19.

## Do you think the change in the property market post COVID-19 will open up more opportunities for self storage operators?

I think there will be more opportunities as the real estate market changes. We are already seeing this with retailers, particularly those who own their properties. But this is not as easy as it seems. Some people think they will convert part of a retail park into self storage, just like that. But you have to go through planning changes. There are also challenges with access to the site for customers. So, while I think there will be changes, these will not be as massive or happen as quickly as others think.

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### Would you prefer to build a new store or acquire an existing store that met your specifications?

We do both as it is not one against another. It comes back to the capital allocation. At certain times in certain places, you can develop new stores in a manner which provides a solid return to shareholders while in other places or times, acquisitions are a better option. A benefit Shurgard has being in 7 countries is there are always opportunities. In one country development costs may be going up or land is hard to find, but in another, development may be easier, or a suitable property will come along for acquisition.

### What are your thoughts on fully automated sites and mobile based access systems?

There is a lot of operators merging a lot of ideas into the concept of unmanned sites and there is a big variation in what this means. We have fully automated sites where units are moved around the building and we have more traditional self storage buildings which can be accessed using a mobile phone, and a whole range in between. Personally, I think these fully automated sites have a limited application due to their ongoing maintenance costs. However, the use of technology to make it easier for customers to access their unit will increase. But there will continue to be security issues that need staff input and while staff numbers overall may be reduced in store, I don't see us moving to a completely staff free model.

### What do you think will be the challenges and opportunities for the industry in the coming few years?

I see two challenges. The first is an increase in competition, particularly as private equity and institutional investors take a greater interest in the market. However, as I said earlier, demand is also growing so there should be enough opportunity for all. The second challenge is the investment in technology. It is no longer just a big shed with some partitioning being managed on an excel spreadsheet. I see investment in technology continuing to increase in the coming years. The good thing is this investment will produce a customer experience which is more in line with what customers are looking for today. A growing number of customers expect to be able to do everything from their mobile phone and the COVID-19 pandemic has accelerated this. If people can book a flight or car from their phone, why not a self storage unit? When you search for storage on a phone you normally get 3 operators on the screen and the one which gives the best customer experience will get the business. People don't need, or in many cases want to talk to or email a staff member to book the unit. Transparent pricing is part of the process but it's not just about the cheapest price. It's about making the best mobile customer experience.

