Strategic Report
Store performance

The store platform

We now have a portfolio of 78 open and trading Big Yellow stores, with a further 14 development sites. The current maximum lettable area of the 78 stores is 4.9 million sq ft. When fully built out the portfolio will provide approximately 5.9 million sq ft of flexible storage space.

In addition, we part-own and manage 25 Armadillo stores which are principally located in regional UK towns and cities, and operate from a platform of 1.1 million sq ft.

Activity

The table below shows the quarterly move-in and move-out activity for Big Yellow stores over the year:

	Total move-ins Year ended 31 March 2021	Total move-ins Year ended 31 March 2020	%	**Total move-outs Year ended 31 March 2021**	Total move-outs Year ended 31 March 2020	%
April to June	**13,560**	18,950	(28%)	**10,047**	14,742	(32%)
July to September	**20,867**	20,570	1%	**19,128**	22,520	(15%)
October to December	**16,323**	14,643	11%	**17,287**	17,424	(1%)
January to March	**15,616**	16,498	(5%)	**14,223**	15,286	(7%)
Total	**66,366**	70,661	(6%)	**60,685**	69,972	(13%)

As can be seen from the table above, both move-in and move-out activity were down over the year, with move-outs more impacted than move-ins. Activity levels have reduced, and rates of retention increased over the year. We believe this is partially a function of a change in customer mix, and also the impact of lockdown restrictions. Our stores are also more mature, and at higher levels of occupancy.

The Group's activity levels dropped significantly during the Spring full lockdown. As the lockdown eased from mid-May we saw increased activity from businesses and individuals, with the third quarter showing strong growth in move-in activity year on year. The lockdown during the fourth quarter caused activity levels to fall slightly year-on-year.

Business move-ins between 1 July 2020 and 31 March 2021 were up 19% year-on-year. The increase in business demand is being driven by online retailers, B2B traders looking for flexible mini-warehousing for e-fulfilment, the shortening of supply chains, and businesses looking to rationalise their other fixed costs of accommodation. This has resulted in an increase in the average size of our move-ins during the year (excluding students) from 66.4 sq ft to 70.3 sq ft.

The average space occupied by business customers at the period end has increased slightly to 180 sq ft. Domestic customers occupy on average 57 sq ft and pay on average 22% more in rent per sq ft, however business customers do stay longer and take more space, and represent around 31% of revenue.

Domestic demand was impacted by the "stay at home message" and the freezing of the housing market. The phased relaxation of lockdown from mid-May and reopening of the housing market, assisted by the stamp duty holiday led to an improvement in all aspects of short stay and longer stay domestic demand. Domestic move-ins between 1 July 2020 and 31 March 2021 were up 3.5% year-on-year.

Student move-ins were down 31% in the year. This is partly due to a spike in emergency move-ins in March 2020 as the lockdown was announced, whilst others were allowed to leave their belongings in their accommodation over the summer term. As at 31 March 2021 we were carrying an additional 24,000 sq ft of approximately 1,100 students in the business compared to normal, some of whom have moved out subsequently. However, the majority are likely to be those who have not yet returned to their universities, many of whom will have remained overseas.

Move-outs showed a similar decline to move-ins over the first quarter. In the second quarter move-outs were lower than the prior year, largely due to the reduction in move-ins during the preceding quarter. As can be seen from the table above, in our third quarter move-outs broadly normalised and were only down 1% compared to the prior year. The lockdown during the fourth quarter saw move-outs fall year-on-year, similar to the decline in move-ins over that quarter.

In all Big Yellow stores, occupancy for the year increased by 420,000 sq ft, against a fall of 29,000 sq ft in the prior year. The quarterly movement is shown in the table below:

Quarterly net occupancy movement	**Net sq ft Year ended 31 March 2021**	Net sq ft Year ended 31 March 2020	**Net move-ins Year ended 31 March 2021**	Net move-ins Year ended 31 March 2020
April to June	**138,000**	125,000	**3,513**	4,208
July to September	**187,000**	(25,000)	**1,739**	(1,950)
October to December	**(32,000)**	(165,000)	**(964)**	(2,781)
January to March	**127,000**	36,000	**1,393**	1,212
Total	**420,000**	(29,000)	**5,681**	689

The performance in the prior year was impacted by the uncertainty around Brexit, and in our third quarter in the run up to the general election, weighing on consumer confidence. The final quarter was impacted in March by the onset of the first lockdown. During this year, our quarter to June was driven by performance in May and June as restrictions started to ease. The second quarter showed strong occupancy gains, with move-outs remaining relatively low.

In our seasonally weakest third quarter the occupancy loss represented 0.6% of MLA, compared to 3.5% of the MLA in the prior year, driven by the growth in move-ins referred to above. The fourth quarter showed continued outperformance on the prior year, with 127,000 sq ft of occupancy growth as most of the economy was allowed to continue and many businesses in restricted sectors had innovated and adapted after the experience of the Spring 2020 lockdown.

The table below shows the change in occupancy by customer type over the year:

Customer type	Net sq ft change in year ended 31 March 2021	Net sq ft change in year ended 31 March 2020	Difference
Domestic	**267,000 sq ft**	11,000 sq ft	256,000 sq ft
Business	**145,000 sq ft**	(53,000 sq ft)	198,000 sq ft
Student	**8,000 sq ft**	13,000 sq ft	(5,000 sq ft)
Total	**420,000 sq ft**	(29,000 sq ft)	449,000 sq ft

The 70 mature stores are 88.0% occupied compared to 82.1% at the same time last year. The 2 established stores have increased in occupancy from 73.4% to 87.1%. The six developing stores added 108,000 sq ft of occupancy in the year to reach closing occupancy of 49.0%. Overall store occupancy has increased in the year from 80.7% to 85.2%. On a like-for-like basis, excluding Camberwell, Bracknell, and Battersea, which all opened in the year, closing occupancy was 87.4%, an increase of 6.7 percentage points.

All stores are now trading profitably at the EBITDA level. The table below shows the average key metrics across the store portfolio (from the Portfolio Summary on page 30) for the year ended 31 March 2021:

	Mature stores	Established stores	Developing stores	All stores
Average store capacity	63,650	62,000	58,200	63,200
Average sq ft occupied per store at 31 March 2021	56,000	54,000	28,500	53,850
Average % occupancy	88.0%	87.1%	49.0%	85.2%
Average revenue per store (£000)	1,802	1,471	559	1,698
Average EBITDA per store (£000)	1,269	977	182	1,178
Average EBITDA margin	70.4%	66.4%	32.6%	69.4%

Pricing and net rent per sq ft

Our core proposition remains a high-quality product, competitively priced, with excellent customer service, providing value for money to our customers. We offer a headline opening promotion of 50% off for up to the first 8 weeks, and we continue to manage pricing dynamically, taking account of room availability, customer demand and local competition.

Our pricing model reduces promotions and increases asking prices where individual units are in scarce supply. This lowering of promotions, coupled with price increases to existing and new customers, leads to an increase in achieved net rents. Rental growth can also be driven through sub-dividing larger rooms into smaller rooms, which yield a higher net rent per sq ft.

The average rate growth in the year was 1.1%. Net achieved rent per sq ft at 31 March 2021 grew by 2.0% over the financial year. At the outset of the pandemic, the Group supported our customers by suspending our existing customer price increase programme for the first four months of the financial year. Additionally, the Group provided assistance discounts to many of our customers, in particular small businesses, who were struggling for cash flow during the initial lockdown. This impacted the level of rental growth that the Group achieved during the year.

The table below shows the growth in closing net rent per sq ft for the portfolio (excluding the three new stores):

Average occupancy in the year	Number of stores	Net rent per sq ft growth from April 2020 to March 2021
0 to 75%	**3**	**2.0%**
75 to 80%	**8**	**0.2%**
80 to 85%	**33**	**1.6%**
Above 85%	**31**	**3.1%**

During the first half of the financial year, the billed rent the Group achieved from new move-ins was down 3% on the same period in the prior year. This was due to more promotions being offered, in particular during the first lockdown. Over the second half of the financial year, the billed rent to new move-ins was up 6% on the same period last year, reflecting the higher levels of occupancy and a reduction in promotions. For the year, the billed rent for move-ins was up 2% on the prior year.

Store performance (continued)

Development pipeline

We opened three new stores during the financial year. Their performance is shown in the table below:

Store	MLA	Opening date	Occupancy at 31 March 2021	EBITDA break even date
Camberwell	75,000 sq ft	July 2020	38%	March 2021
Bracknell	59,000 sq ft	September 2020	40%	March 2021
Battersea	70,000 sq ft	November 2020	26%	April 2021

We own a further 14 development sites, of which eight have planning consent. The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Uxbridge, London	Prominent location on Oxford Road	Planning consent granted in July 2019. Construction started in June 2020 with a view to opening in June 2021.	54,000 sq ft
Hayes, London	Prominent location on Hayes Road	Planning consent granted in July 2020. Construction commenced in January with a view to opening in early 2022.	73,000 sq ft
Hove	Prominent location on Old Shoreham Road	Planning consent granted in October 2019. Construction commenced in Autumn 2020 with a view to opening in Spring 2022.	58,000 sq ft
Harrow, London	Prominent location on Harrow View	Planning consent granted in November 2020. Construction commenced in May 2021 with a view to opening in Summer 2022.	82,000 sq ft
North Kingston, London	Prominent location on Richmond Road, Ham	Planning consent granted in September 2020. Construction to commence in Summer 2021 with a view to opening in Summer 2022.	56,000 sq ft
Kings Cross, London	Prominent location on York Way	Planning consent granted in October 2020. Construction commenced in early 2021 with a view to opening in Spring 2023.	106,000 sq ft
Wembley, London	Prominent location on Towers Business Park	Planning consent granted in August 2020. Discussions ongoing to secure vacant possession.	70,000 sq ft
Queensbury, London	Prominent location off Honeypot Lane	Site acquired in November 2018. Planning consent granted in November 2019.	58,000 sq ft
Slough	Prominent location on Bath Road	Site acquired in April 2019. Planning application submitted in March 2021.	90,000 sq ft
Staines, London	Prominent location on the Causeway	Site acquired in December 2020. Planning application to be submitted in Autumn 2021.	65,000 sq ft
Epsom, London	Prominent location on East Street	Site acquired in March 2021. Planning application to be submitted in Autumn 2021.	56,000 sq ft
Kentish Town, London	Prominent location on Regis Road	Site acquired in April 2021. Planning application to be submitted in Winter 2021/22.	68,000 sq ft
Wapping, London	Prominent location on the Highway, adjacent to existing Big Yellow store	Site acquired in July 2020. Planning application to be submitted in Autumn 2021.	Additional 95,000 sq ft
Newcastle	Prominent location on Scotswood Road	Planning application submitted in November 2020, awaiting decision.	60,000 sq ft
Total			**991,000 sq ft**

The Group manages the construction and fit-out of its stores in-house, as we believe it provides both better control and quality, and we have an excellent record of building stores on time and within budget.

Armadillo Self Storage

The Group has a 20% investment in Armadillo Self Storage, with the balance of 80% held by an Australian consortium. The Armadillo platform has 25 stores and 1.1 million sq ft of MLA. Armadillo is a lower-frills brand, with largely freehold conversions of existing buildings. They have an average capacity of 43,000 sq ft (lower than the 63,000 sq ft average for Big Yellow stores). Armadillo provides operational advantages to the Group, such as a wider platform to sell to national customers, more opportunities for recruitment and promotion, and more efficient use of the Company's marketing and central overhead costs. Armadillo continues to look for opportunities in smaller towns and cities to add to its platform.