

Stor-Age raises dividend after steady growth

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Specialised real estate investment trust (Reit), Stor-Age grew its dividend 10% in the year to March, following a strong trading performance across its portfolio and the acquisition of Storage RSA in February.



Stor-Age, which listed in November 2015, is SA's largest owner of self-storage facilities in SA, which it lets to commercial and residential clients. The firm has quickly become a reliable specialist investment, according to analysts.

"Since listing in November 2015, Stor-Age has outperformed the Reit sector by some 30%, conforming with the outperformance that self-storage plays have demonstrated globally," said Chris Logan of Opportune Investments.

"Self-storage Reits have demonstrated a remarkable ability to consistently grow revenue at a faster rate than expenses and derive value from mergers and acquisitions."

CEO Gavin Lucas said StorAge had met its pre-listing goals and was on track to own 60 properties across SA's major cities by 2020.

"We have today posted excellent annual results ahead of pre-listing forecasts, marking its third reporting period since listing of consecutive growth. Growth of 10% is 3.5% ahead of prospectus.

The total dividend for the year of R88.05 is 58c higher than the prior year," said Lucas.

"Stor-Age's performance reflects the recession-resilient nature of our self-storage product. Demand remains strong as the underlying 'need' prevails. The self-storage market, albeit fledgling in SA, is holding steady in contrast to other property subsectors locally," he said.

Occupancy in the portfolio, excluding group newcomer Storage RSA, increased 4,000m² on the prior year with a 9.4% increase in the average rental rate achieved.

Including Storage RSA, the increase in occupancy was 37,700m². The closing rental rate grew 12.7% to R86.

This meant at year-end, the group's total portfolio was 85% occupied.

Stor-Age's listed portfolio has grown to be worth R2.1bn, including 31 properties. The company bought Storage RSA's six high-quality stores during the reporting period.

"Extending our GLA [gross leasable area] with comparable store quality, average size and location makes Storage RSA a rare value-adding acquisition opportunity in the local fragmented industry," said Lucas.

Effective February 28 2017, the acquisition also offered a development opportunity in Bryanston for which town planning approvals were in hand.

Source: Business Day

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