

# Stor-Age snaps up smaller rival for undisclosed figure

By [Alistair Anderson](#)

26 Sep 2016

[Stor-Age Property Reit](#) (real estate investment trust), the only specialised owner of storage assets on the JSE, has acquired a smaller competitor as it looks to increase its scale, having grown organically in the past.



The Reit said on Thursday, 22 September, that it had "entered into a memorandum of understanding" with the shareholders of the third largest self-storage operator in SA, [Storage RSA Investments](#), in terms of which Stor-Age would acquire 100% of the shares in Storage RSA for an undisclosed amount.

"Shareholders will be advised of the detailed terms and conditions of the proposed acquisition as and when formal agreement has been reached between the parties in this regard," Stor-Age said.

Storage RSA, an unlisted company, was established in 1997 when it opened its first store in Somerset West in the Western Cape.

The Storage RSA group has a portfolio of seven properties, four of which are located in the Western Cape, with the remaining three in Gauteng.

Stor-Age intends to become a R5bn property fund by 2020. Its current market capitalisation is about R1.4bn.

The company is focused on SA's six major cities of Johannesburg, Cape Town, Pretoria, Durban, Port Elizabeth and Bloemfontein.

"The board is of the view that the proposed acquisition is in line with Stor-Age's stated strategy of pursuing value-added acquisitions in a fragmented industry, thereby consolidating its position as a dynamic brand in the South African market," the company said.

"From a sector perspective, concluding the deal would solidify and significantly contribute to Stor-Age's position as a significant self-storage operator and property fund in the South African market.

"While there is some room for immediate value enhancement of the portfolio through Stor-Age's sophisticated operations platform, the majority of this value enhancement will occur over time through key initiatives such as digital marketing, revenue management and scale in key markets," it said.

Grindrod Asset Management's chief investment officer, Ian Anderson, said the acquisition signified that Stor-Age was consolidating its position in the self-storage industry.

"While it won't change StorAge's numbers in the short-term, it is an important transaction in terms of the evolution of the self-storage industry in SA. Stor-Age are consolidating their position in a highly fragmented industry.

"Having fewer, larger players with recognised brands and solid operating platforms will bring better economics to the sector in the long term," he said.

*Source: Business Day*

For more, visit: <https://www.bizcommunity.com>