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**BUSINESS**

# **On a pandemic cleaning and organizing frenzy? There's a storage space for that, with company launching first of 12 planned GTA locations**

As the pandemic ushers in a shift in the storage rental market, Vaultra co-founder Shawn Shanmuganathan wants to put storage options within five minutes of consumers and businesses.

**By Tess Kalinowski Real Estate Reporter**



“Self-storage was an asset class that was never recognized by mainstream developers,” said Shawn Shanmuganathan, co-founder of Vaultra, seen here in the first of a dozen planned regional facilities, on Fairbank Ave. in the Yorkdale Shopping Centre area. “They thought of them as a place where you keep things you never want to see.”  
Richard Lautens / Toronto Star

Shawn Shanmuganathan, co-founder of Vaultra, admits that few people dream of becoming a self-storage mogul.

But that hasn’t deterred his ambition for Vaultra to dominate the Toronto area’s self-storage market. Just as the pandemic is cementing storage demand from businesses and consumers, the company has launched the first of a dozen planned regional facilities, on Fairbank Ave. in the Yorkdale Shopping Centre area.

The 260,000 sq. ft. flagship location, which opened Friday, has 2,000 storage units on six floors. It offers four commercial elevators, climate-controlled storage units, add-ons such as

packing boxes and truck rentals — and Vaultra is adding Flex office space rentals of boardrooms and desks for startups and small businesses.

Shanmuganathan estimates Vaultra's other sites will be built out in two or three years — an advantage in the GTA where finding good industrial and commercial space can be challenging.

Never the pretty girls of real estate, storage units' screen time has been limited to dank, sometimes scary places. The storage business recently took another reputational hit when police broke up a birthday party in an Etobicoke storage unit — not one of Vaultra's.

Shanmuganathan calls it a “completely reckless” event and notes that it was discovered and disbanded.

The industry has modernized and technologically transformed its operations with electronic security, keyless entry and web-based account management.

Vaultra is also focused on high-traffic retail areas near big-box stores.

“Self-storage was an asset class that was never recognized by mainstream developers,” said Shanmuganathan. “They thought of them as a place where you keep things you never want to see.”

But there has been a shift in the market where storage facilities are now considered a mainstream extension of the home or office. They function as inventory management space for small- and mid-sized businesses, especially in the burgeoning e-commerce environment. On the consumer side, they are a way of making room for at-home work and learning.

“People are repurposing their bedrooms, renovating their basements, cleaning up their garages. We are a four-season country where we have clothing, sporting items from golf clubs to Christmas decorations. We want to provide people a space where you can store things,” said Shanmuganathan.

A 10x10-ft. storage unit costs between \$250 and \$350 a month depending on the location. An online calculator helps users get a sense of how much space they need, depending on the items they want to store.

Even before the pandemic, the downsizing baby boomer demographic made the storage business an attractive investment, said Ray Wong, vice-president of data operations and data

analytics for Altus Group.

“The challenge with self-storage is that land is at a premium for the Greater Toronto Area. Self-storage has to compete with industrial, multi-residential and the condo sector,” said Wong.

Commercial-industrial land transactions were down 39.4 per cent year over year in the first three quarters of 2020. That is due to a lack of available property, not a lack of demand, he said.

“There’s basically no space available,” said Wong.

The industrial building availability rate was 3.1 per cent in the third quarter in Canada. But in the GTA it was only 1.9 per cent.

Vaultra’s site-selection formula is based on how many square feet of storage per capita is available within a three- to five-kilometre radius of a potential location.

In the U.S., per capita storage use is 9 to 10 sq. ft. In Canada it is closer to 3 to 4 sq. ft. Shanmuganathan is anticipating it will hit a ceiling of 6 to 7 sq. ft. per capita. Canadians just buy less stuff, he said.

“We want to be within five minutes of driving distance from any potential user — high-traffic retail neighbourhoods, with people being able to use it 24/7 and feel safe,” he said, citing the residential intensification and cluster of small and medium businesses in the Yorkdale area.

Shanmuganathan manages the development side of Vaultra. His business partner Prakash Gunasingham handles operations. The pair bought the first five of 11 storage facilities in Alberta, British Columbia and Keswick, Orangeville and Grimsby, Ont., in 2014.

“We were originally acquiring facilities that were already up and running,” said Shanmuganathan. “But we felt that it’s not our future. Our future is to bring self-storage to the new generation, which is building Class A facilities.”

Some of those early acquisitions were traditional ground-level facilities. The Lloydminster, B.C., facility, for example, had no camera surveillance when Vaultra bought it. The company has since upgraded all its sites to a consistent level of safety, he said.

Peerage Capital bought a majority share of Vaultra in 2016. Other investors have also shown an interest in the business. In the U.S., Microsoft co-founder Bill Gates’s Cascade Investment recently

bought an ownership share of StorageMart, and Blackstone REIT purchased Simply Self Storage from Brookfield Asset Management.

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