

*Industry Report based on a Survey of UK member
companies 2008*



Prepared by Mintel Research Consultancy with and for

The UK Self Storage Association

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Contents

• Introduction	1
• Methodology	8
• Part One: Company Survey.....	10
• Most operators keeping facility numbers static	11
• Future Growth Intentions.....	11
• Head Office Employment	12
• Insurance sales.....	13
• Storage turnover – growing revenues	13
• Non-storage revenue	14
• Domestic business still dominates the market	14
• Average length of stay by customers	14
• Evaluation of marketing vehicles used to communicate with customers.....	15
• Part Two: Facility Survey	16
• Facility Opening Date.....	16
• Facility Location	16
• Number of facilities growing more rapidly outside London.....	17
• A new wave of independent operators?.....	17
• Type of Facility.....	18
• Older facilities more likely to be conversions	18
• Purpose Built focus is in London.....	19
• Multi site operators building more purpose built facilities	19
• Ownership.....	20
• Newer facilities likely to be freeholds/long lease.....	20
• The Majority of facilities are freehold/long leasehold	20
• Multiples more likely to take short leases.....	21
• Current Net Lettable Area.....	22
• Recently opened facilities tend to be smaller	22
• London best-served by large facilities.....	23
• Smaller company – smaller facilities	24
• Number of Rooms	25
• Shrinking number of rooms	26
• Average London facility has 662 rooms	26
• Multiples have more than twice as many rooms as smaller companies.....	27
• Staffing Levels.....	28
• London tops staffing charts	28
• Longest established facilities have higher staffing levels	29
• The two man band?	29
• Average Billed Room Rate	31
• Trend for lower prices among newer openings	31

- London leads the way in terms of pricing..... 32
- Multiple pricing reflects southern heartland..... 32
- Changes in Empty Room Rates..... 33**
 - Newer facilities feeling the strain?..... 33
 - Southern companies increase rates most rapidly 34
 - Multiples see largest increases in empty room rates 34
- **Additional Information – Opening Hours..... 35**

- Introduction

IT IS IMPORTANT FOR READERS TO NOTE THAT THIS REPORT IS BASED ON INFORMATION SUPPLIED BY THE MEMBERS OF THE SELF STORAGE ASSOCIATION (“SSA UK”) IN THE SUMMER OF 2008 BEFORE THE MAJOR EFFECTS OF THE FINANCIAL CRISIS BECAME PERTINENT.

The Survey Process

This survey is based on data supplied by SSA UK member companies and is mainly concerning primary self storage facilities. This report confirms many of the baseline statistics of the industry mentioned in previous reports.

From these statistics, and other publicly available material, it is possible to interpret what is happening in the whole of the self storage industry in the UK as the members of the SSA UK constitute the majority of the operators. However, as with the US market, it is difficult to determine exact numbers for the self storage industry because there are a growing number of smaller operators and a number of newer companies who are not necessarily members of the SSA UK.

Summary

The self storage industry in the UK has grown by between 8 and 15% annually over the past 5 years (in terms of space available for rental). The market is still immature when compared with the US (now over 52,700 primary facilities and more than 2.2 billion rentable square feet) and Australia and New Zealand (now over 1,300 facilities and 26 million rentable square feet).

We estimate from this survey that, in the UK there are about 750 primary facilities (not including container self storage facilities) and around 27 million rentable square feet. These statistics indicate that the average rentable square footage per person is 0.44 in the UK as compared with over 7.2 square feet in the US and over 1.1 square feet in Australia and New Zealand.

The industry in the UK now generates revenues of about £360m, has over 235,000 customers using the service; and employs over 2,700 people directly in the business, either in the self storage facilities or in central support.

A typical self storage facility has an average size of approximately 38,300 rentable square feet; and has circa 500 rooms and an average room size of 77 square feet. This report confirms that the average net lettable space of a new facility is now smaller than a decade ago. This is likely to be the result of both more Independent companies joining the industry and the fact that it takes time for any facility to mature and build out its full capacity of rooms.

UK Self Storage Operators

There are now over 300 separate companies operating self storage facilities in the UK. However, around 45% of the available rentable space is in the hands of larger companies (Multiples), which, in general, also provide bigger storage facilities (average facility size of almost 46,000 square feet) compared to the smaller independent companies (Independents) with an average facility size of 25,200 square feet. The 8 largest operating companies are:

- Safestore Self Storage - entered the market in 1998, listed on main market in 2007 and currently operates 109 facilities (UK 88; France 21).

- Big Yellow Self Storage - entered the market in 1999 and currently operates 51 facilities. (Big Yellow became the first UK self storage REIT in 2007).
- Access Self Storage - currently operates 48 facilities.
- Lok'nStore Self Storage - entered the market in 1995 and currently operates 21 facilities. (Lok'nStore is listed on AIM in London).
- Shurgard Self Storage - entered the UK market in 1999 and currently operates 20 facilities (Shurgard Europe has a further 157 facilities on the Continent of Europe).
- Storage King (a franchise and management organisation) – entered the market in 2004 and currently operates 29 branded facilities. Keepsafe was acquired by Storage King/Macquarie Bank in the last year.
- Space Maker Self Storage – entered the market in 2000 and currently operates 13 facilities.
- HSIL Property Self Storage UK - currently operates 10 facilities trading as Armadillo Self Storage.

The remainder of the operating companies (64% of the number of facilities but by far the majority of companies) typically operate 5 or fewer facilities per company and often only operate one self storage facility. On a year-by-year basis this independent element of the market continues to increase - see Figure 14 in the main report – as new operators enter the arena. Meanwhile Multiples continue to open a number of new facilities each year.

The differences between the Multiple and Independent self storage sectors, identified in last year's report, are confirmed again by this year's survey. Not only are facilities operated by Multiples much larger (with double the number of available rooms), but their customers would also appear to stay with them longer. The average length of stay for Multiples was 40 weeks (4 weeks longer than last year) and for Independents, 23 weeks (2 weeks longer than last year). Around 34% of all customers stay for 100 days or fewer, highlighting the fact that many people use storage facilities to cover relatively short-term space requirements

The average room size sold by Multiples is smaller than the average room size sold by Independents (74.9 square feet versus 82.1 square feet). The report also shows that Multiples are obtaining 33% higher billed room rates than the Independents – the average across the whole sector is £21.08 per square foot (2.2% higher than last year). It must, however, be remembered that the majority of facilities operated by Multiples are in the more expensive London and Southern areas. Nevertheless Independents do not appear to be as confident as Multiples when it comes to increasing customers' charges (see Figure 46). Finally, Multiples are more likely to be better at managing their storage space, varying the size of units, and employing more sophisticated management information systems.

UK Self Storage Facilities

There are three basic types of self storage facility, with most of the industry focused on the first two categories:

- Purpose built buildings
- Converted buildings (often converted from previous warehouses or modern industrial and farm buildings)
- External steel containers

Whilst the main concentration of the industry is still in London and the South East, there are now self storage facilities in all the significant conurbations throughout UK. This year alone has seen a further increase to the number of self storage facilities opening in the Midlands/Northern region of England – see Figure 13 of the main report. The coverage is now national and includes (as has been the case over the past 5 years) businesses diversifying into self storage – such as farmers and removals companies, along with traditional manufacturers and property/retail companies. It is worth pointing out that

expansion in the London area is clearly being held back by the higher price of property/land and it is mainly the larger (the Multiples) companies which are managing to achieve expansion in this area. This report confirms that around 77% of facilities are owned on either a freehold or on long leasehold basis.

26% of companies have opened one or more facilities in the last year (a significant decrease from last year's report) and 33% have indicated that they intend to open another facility in the next 12 months (also a decrease from last year). The trend towards more purpose built facilities continues. Looking at the 2008 survey data, almost twice as many London and Southern facilities were purpose built than was the case in the North. This is mainly because Multiples are doing most of the new store opening and the majority of their facilities are in the South. Also there is a distinct lack of supply of suitable "conversion" sites available in London and the South East.

The majority of the newer facilities are equipped with state-of-the-art security controls and customer access systems, with some offering climate control and/or heating. Most are now providing a comprehensive customer sales and after sales service. Operators in the UK now tend to target highly visible sites on major routes with easy customer access. However, self storage essentially still remains a local business, with most customers living/working within 5 miles or 20 minutes drive of the relevant facility.

Who Uses The Service?

There are 2 main categories of self storage customer identified - business and domestic.

- Business customers typically make up approximately 30% of the customer base in a facility by number. They range from new business start-ups to home workers and travelling sales people, retailers, large corporations, engineers, solicitors and local authorities. They like the convenient access and the overall flexibility of the product. They can store their stock, stationery, office furniture, files, display equipment, etc in their own unit and release expensive commercial space for more efficient, cost effective use. Do-it-yourself archiving is also becoming increasingly popular. Business customers will take a larger percentage of the storage space as they typically occupy larger rooms than domestic customers.
- Approximately 70% of the overall customers by number in a facility are private individuals. The typical age profile is between 28 and 50. An increase in the number of adults living alone means that more people want a place to put their spare household furniture, effects and inherited items, and one to which they can have easy access. These can be categorised as "lifestyle users" of self storage. Many individuals and families are therefore renting a room locally as a "spare room" or "garage".
- There are also many other traditional reasons for using self storage on a temporary basis – people moving home, getting married, separated, divorced, travelling or working abroad, or refurbishing their home – many require easy-access, flexible storage space for a variable time. These customers can be categorised as "event movers" – their need for storage is for a specific period of time while an event in their life is being concluded. Over the past few years the population has become increasingly mobile. Many like to have access to their stored goods whilst moving house. In the current climate, some will be downsizing or renting a room because of the recession, the result of repossession or changing from owning to renting. Large numbers of students, both British and from overseas, also use self storage on a number of occasions during their academic year.

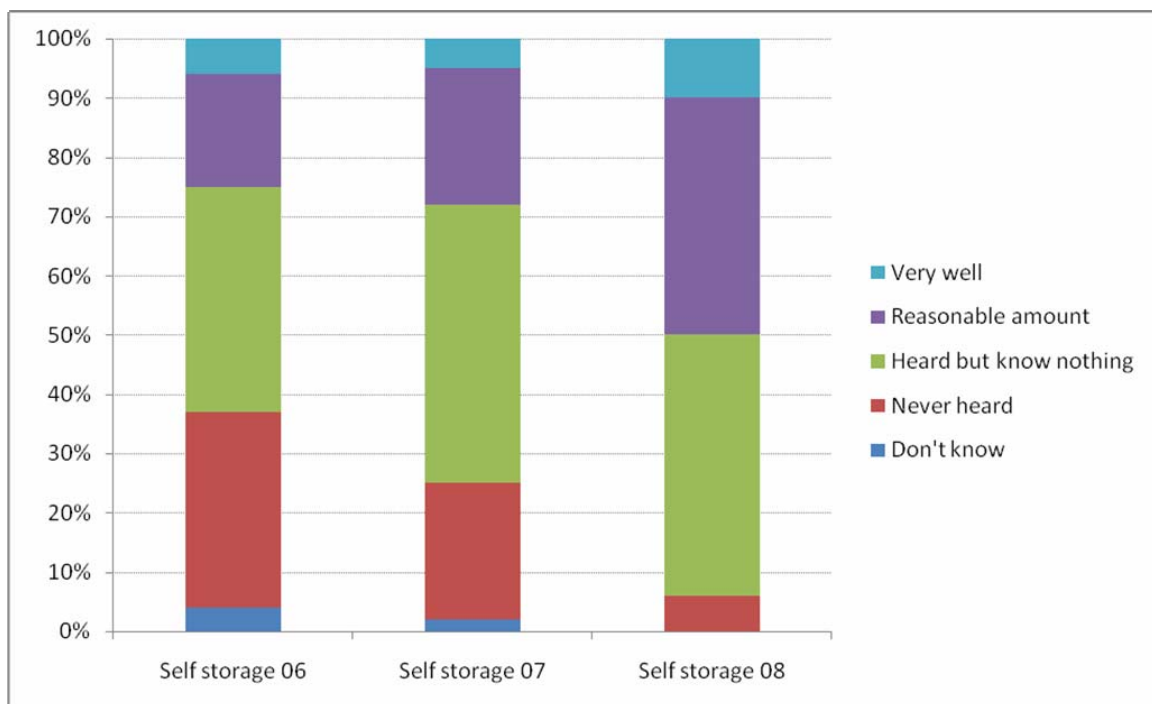
With the economy slowing, creating a more diversified portfolio of customers may be one way of protecting the business – although growth in the rental market, downsizing, social distress and possible repossessions could all drive business in the domestic sector over coming years.

Market Awareness

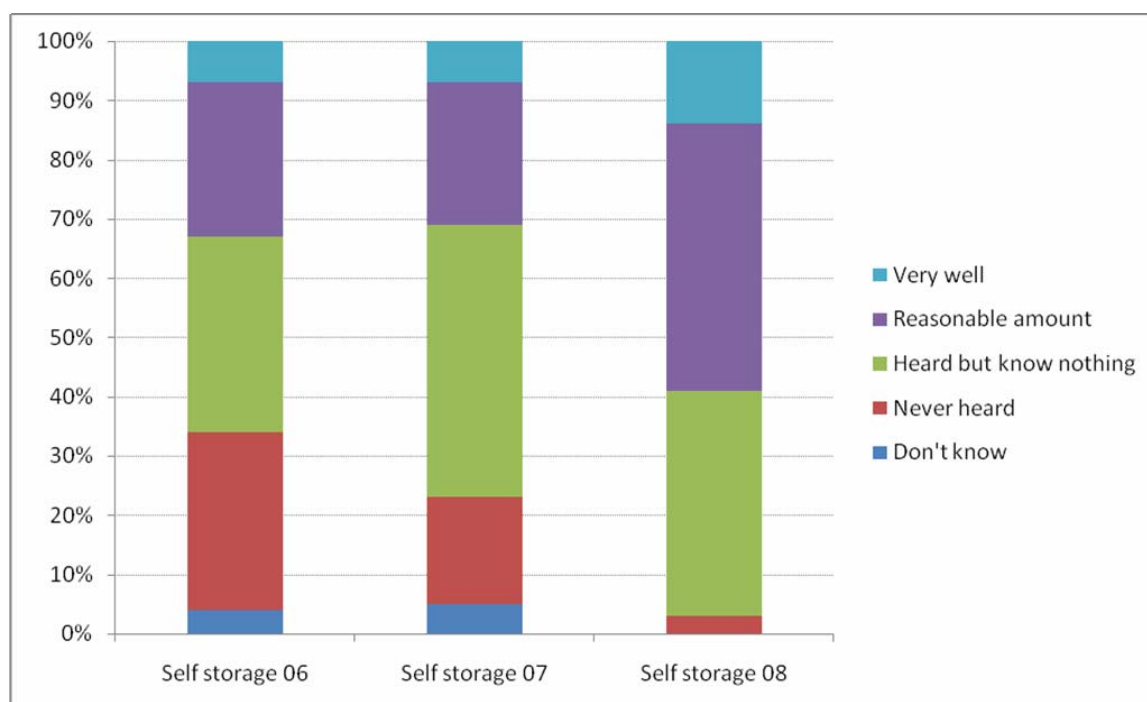
Despite the growth of the industry in the UK, awareness and general understanding of the product has, until recently, remained underdeveloped in many regions. Awareness has grown significantly over the last 2 years. Evidence from our YouGov 2008 Survey indicates that unprompted awareness of the industry lies between 60 and 80%, with the higher figure based on London and the South East. However, a thorough understanding of the service is lower, with 33% of the UK general public saying they had a reasonable understanding of the service in 2008, up from 28% in 2007. When prompted, as can be seen from the charts below, this figure rises to 50%, up from 29% in 2007. In London prompted understanding is now 60%, up from 31% in 2007.

UK Prompted Self Storage Awareness

How familiar are you with Self Storage?



London prompted Self Storage awareness



Source: YouGov

Some of this growth is simply because of the increasing number of facilities and the resultant increase in general advertising and local marketing. However, many operators are now also using local newspapers and radio stations for advertising, and Big Yellow has been running TV advertising campaigns in the London area for the last 4 years. As a result of these activities the industry is being mentioned more frequently in national and local newspapers. Furthermore an increasing number of advisory websites are available for prospective customers to browse including the SSA UK website – www.ssauk.com – and the Federation of European Self Storage Associations (FEDESSA) website – www.fedessa.org.

Continental Europe

The Self Storage industry continues to spread throughout Europe. There is one large company, Shurgard Europe, with 177 facilities in 6 different countries on the Continent (including 20 facilities in UK). The estimated number of self storage facilities of all sizes, including Shurgard, by country as at October 2008 is:

Country	2007	2008	Country	2007	2008	Country	2007	2008
France	167	199	Norway	25	33	Czech Republic	4	4
The Netherlands	98	133	Ireland	20	30	Poland	1	3
Spain	79	92	Finland	20	29	Latvia	2	2
Sweden	40	62	Belgium	24	28	Croatia	0	2
Germany	33	43	Austria	14	19	Russia	1	1
Denmark	22	36	Switzerland	6	13	Greece	0	1
Italy	30	36	Portugal	5	7	Slovakia	0	1
Estimated total	588	774						

These statistics indicate, for the first time, that the numbers of primary facilities (774) on the Continent are greater than the numbers for UK alone (750). It is also known that entrepreneurs are setting up facilities in Cyprus, Romania and Hungary.

The larger companies on the Continent are:

Companies	Number of facilities	Operating in
Shurgard Europe (as well as 20 facilities in UK)	157	Belgium, Denmark, France, Germany, The Netherlands & Sweden
City Self Storage	44	Czech Republic, Denmark, Italy, Norway, Poland, Spain & Sweden
Homebox	42	France
City Box	24	The Netherlands
Dein Lagerraum - Self Storage	23	Austria, Germany & Switzerland
Une Pièce en Plus (part of Safestore)	21	France
Casaforte	20	Italy & Switzerland
Bluespace	12	Spain

The average size of facilities on the Continent is slightly larger than in UK at just under 40,000 square feet. 80% of the facilities are operating from converted buildings. The average number of rooms is also just larger than the UK at around 600 per facility. The average split between domestic and business customers is similar to the UK with 62% being private individuals and 38% business.

It is estimated that the available rentable storage on whole of the Continent has grown to just over 30 million square feet – compared to our estimate of 27 million square feet in the UK.

Main drivers and a forecast for the UK

The key drivers for growth in the UK are:

- Increasing public awareness of the product.
- Growing population and increasing number of people living alone.
- Growing long term levels of disposable incomes.
- Number of house moves
- House prices
- Lack of housing. More small homes/flats/apartments being built.
- The average size of all new homes being built is reducing year-on-year.
- Likelihood of increase in the rental market
- Increasing social and labour mobility.
- Event driven situations (divorce, single parent families, marriage, re-marriage, death).
- Escalating commercial property prices leading to smaller business premises with a lack of storage and increasing difficulty for start-ups which will require flexible, economic space.
- Internet business storage (i.e. operating from a web site and requiring flexible and accessible storage solutions).
- Growth of borrowing against housing and resultant extension works – requiring temporary storage of household possessions.

The main barriers to growth are:

- in London and the South East, the limited availability of good quality locations;
- obtaining finance for the business, particularly in the current financial climate;
- the time and effort required to obtain the necessary planning and environmental consents; and
- heavy start up losses (as per the financial model).

In the current uncertain economic climate it is difficult to forecast the future outlook for the UK. So far the industry has appeared to be resilient to the downturn, despite the drop in house moves, as has been the experience from the much more mature US market over previous recessionary periods. The larger self storage companies in their latest reports have indicated that their revenues are holding, notwithstanding the fact that like-for-like occupancies have been falling. The drop in interest rates is helping to sustain profitability and most companies have managed to improve their rental rate per square foot over the past year. But recently the level of enquiries for storage has diminished and companies are reporting further drops in occupancy levels. Furthermore there is a definite slowdown in the development plans of storage companies for new facilities.

Nevertheless potential customers are focusing their attention on renovation and extension of their current houses, rather than moving. They and others will be looking for extra space as they cannot move and those who are already storing may well decide to extend their contracts. All of this drives demand for self storage.

In the longer term, whilst it seems unlikely that the UK market will ever reach the levels of penetration achieved by the US operators, there is clearly significant growth potential still apparent. Even penetration as achieved already in a much less densely populated Australia and New Zealand or a quarter of the penetration in the US would see between 1,750 and 2,500 facilities across the UK (based on an average store size of 40 – 50,000 square feet) in the next decade. The equivalent figure for continental Europe would be in excess of 10,000 facilities.

The SSA UK will continue to represent its members and seek to help the industry achieve its goals through this testing but exciting period.

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Note: Comparisons are made in the document with some of the results of the previous surveys (dated 1 June 2006 and 1 October 2007). Each year our knowledge on member and non-member facilities is improving. This may well influence the year-on-year statistics both upwards and downwards and exact comparison is not always possible as there is also variation in the participants between the three surveys.

• Methodology

Mintel Research Consultancy has been commissioned by the SSA UK to analyse a survey sent out to members of the Association. In total, surveys relating to 429 facilities, owned by 109 separate companies have been analysed by Mintel in this, the 3rd edition of the SSA UK annual report.

When examining the results of the survey, a number of classifications have been used to gain a more detailed understanding of the self storage industry.

As with any survey of this size, some care must be taken in interpreting the results given the possibility that a handful of abnormal responses can significantly skew results. The smaller the sub-sample, the higher is the risk of abnormal responses leading to unrepresentative findings.

Given the need to maintain workable sub-samples, therefore, the level of cross-analysis possible is limited. However, the groups used are large enough to provide some relatively robust sub-samples, while also offering considerable insight into how different sectors of the market are faring.

The groups used in the main body of the report and their definitions are explained below:

Opening date: Throughout the analysis, facilities have been broken down into four groups – those opened in 1999 or before (*pre-2000*), those opened in 2000, 2001 or 2002 (*2000-2002*), those opened in 2003, 2004 or 2005 (*2003-2005*) and those opened in 2006, 2007 or 2008 (*2006-2008*).

Location: Facilities were divided into four groups, South (including South East and South West but excluding London), London (inside M25), Midlands & Wales and North (including Northern England and Scotland).

Size of company: Facilities have been split into Independents (including companies with five or less facilities) and Multiples.

The report is in two parts:

Part One – the analysis of the company survey

Part Two – analysis of the individual facility survey

The following table compares the 2008 sample (collected in 2008) to the 2007 sample (collected in late 2006 and early 2007) and the 2006 sample (collected in late 2005) by key segmentation.

Figure A: Comparison of the survey sample in 2008, 2007 and 2006

	Count		
	2008	2007	2006
Number of companies	109	78	87
Companies in both 2007 and 2008 survey	63	48	N/A
Number of facilities	429	342	315
Pre 2000 facilities	120	112	125
2000-2002 facilities	99	96	111
2003-2005 facilities	86	83	79
2006-2008 facilities	124	51	-
London facilities	121	124	118
South facilities	149	96	99
North facilities	159	122	98
London facilities	121	124	118
South East facilities	70	51	57
South/South West facilities	79	45	42
N. England/Scotland facilities	99	74	52
Midlands/Wales facilities	60	48	46
Independent facilities	166	108	112
Multiple facilities	263	234	203

Source: SSA/Mintel

- **Part One: Company Survey**

This section of the report covers the aspects of the questionnaire relating to the companies active in the self storage market, giving an overall picture of size, turnover and strategy.

The chart below details the number of facilities owned by each company.

Figure 1: Proportion of companies by number of facilities open

	2008	2007	2006
Number of Facilities	% of companies		
1	60	60	65
2	16	13	15
3	7	10	6
4	4	4	3
5	5	3	1
6	1	0	2
7	1	1	0
8	0	0	1
9	0	1	0
10	0	0	1
Over 10	6	8	6
Average Number of Facilities	3.9	4.4	3.6

Source: SSA/Mintel Research Consultancy

- The market remains polarised, with a handful of dominant companies, and a large number of much smaller operators. 60% of the companies surveyed operate a single facility, and 76% have two facilities or less.
- The reduction in the average number of facilities per company will have been caused by the larger numbers of Independents responding to the survey this year.
- At the other extreme, Multiples account for 8% of all companies responding to the survey. There has been a reduction in the number of Multiples caused by consolidation.

- **Most operators keeping facility numbers static**
- The 2007 survey showed a rapid expansion in facility numbers – and although not directly comparable, the latest survey suggests that the rate of expansion has slowed.
- Some 74% of companies hadn't opened any new sites, and a further 18% had opened just one.
- That said, there was clearly confidence in the market among some of the larger Multiples, with three companies having opened at least six sites each – and one having expanded strongly, mainly through consolidation.

Figure 2: Proportion of companies that have opened new facilities in the past 12 months

Number of new facilities in the past 12 months:	2008	2007	2006
	% of companies		
None	74	55	64
One	18	35	29
Two	2	6	3
Three	2	0	4
Over three	4	4	0

Source: SSA/Mintel Research Consultancy

- **Future Growth Intentions**

Short-term growth

- When it comes to intentions over the next year, responses suggested that the market should continue to expand, but not as fast as it has done in the recent past.
- Almost a third say that they will open new facilities – slightly more than the proportion who opened new facilities in the past year.
- With a further 18% considering opening a facility in the next year, supply should continue to expand.

Figure 3: Proportion of companies intending to open new facilities in the next 12 months

Likelihood of opening new facilities in the next 12 months:	2008	2007	2006
	% of companies		
Yes	33	44	55
No	49	35	45
Possibly	18	21	0

Source: SSA/Mintel Research Consultancy

Long-term

- In a further sign of confidence in the future health of the market, most companies plan to open at least one more facility in the next five years, with 9% planning aggressive expansion of ten or more facilities.
- Multiples are all planning significant expansion over the next five years, as are three up-and-coming smaller companies.
- The average number of facilities planned for the next five years among the Multiples is 30, compared to about 2 among the Independents.
- Most, though, plan relatively modest growth, with almost a half looking to open one or two new facilities.

Figure 4: Number of new facilities expected to open in the next 5 years

Number of new facilities	2008	2007
	% of companies	
0/Possibly/Unsure	25	35
1 – 3	60	35
4 – 9	6	21
10 +	9	9

Source: SSA/Mintel Research Consultancy

• Head Office Employment

- Reflecting the large number of smaller companies operating in the market, 72% employed three or fewer staff members at their head office, with an average staffing level of 4.5.
- As seen when it comes to facility numbers, though, it is a polarised market, and one company employs almost 50 head office staff members – accounting for more than 10% of recorded HQ staff.

Figure 5: Head office staffing levels

Number of staff in head office:	2008	2007	2006
	% of companies		
0 -1	20	20	20
1-3	52	46	36
3 -6	18	24	26
6+	10	10	18
Average number of staff in head office	4.5	4.2	5.0

Source: SSA/Mintel Research Consultancy

- **Insurance sales**

- The chart below highlights how respondents have chosen to provide customer goods insurance for their customers since January 2005.
- There appears to have been some increase in the number of companies who have chosen to be directly or indirectly authorised by the FSA. This may all change if the UK Government agrees to deregulate the provision of insurance, which is its current proposition.

Figure 6: Means of selling contents insurance, post January 2005

	2008	2007	2006
Type of insurance:	% of companies		
Non regulated	72	79	83
FSA Authorisation	28	21	17

Source: SSA/Mintel Research Consultancy

- **Storage turnover – growing revenues**

- The chart below illustrates the level of turnover generated from core self storage business.
- 55% of companies generate £201k or more (was 45% in 2007).
- At the top end of the market, some 14% earned at least £1 million from self storage business, with the spread of incomes highlighting the huge diversity seen within the industry. The decrease in this percentage is as a result of consolidation in the market.
- Among the companies turning over less than £1 million, the average figure was £284,533, a continuing increase year-on-year.

Figure 7: Turnover (£) from self storage

	2008	2007	2006
Turnover bands:	% of companies		
£0 to £100k	16	21	31
£101k to 200k	29	34	23
£201k to £1M	41	26	29
Over £1M	14	19	17
Average self storage turnover less than£1million	£284,533	£226,000	£214,000

Source: SSA/Mintel Research Consultancy

- **Non-storage revenue**

- The chart below illustrates the turnover generated from non-storage business, such as merchandise, insurance and other self storage related services. It makes a comparison with the core self storage turnover.
- Merchandise and insurance vied for top spot when it comes to generating non-storage revenue.
- The decrease for Independents could, as last year, be caused by both the significant increase in participants in this survey and the fact that a lot of new facilities have opened in 2007 and 2008. These naturally have a lower percentage of other sales until the storage occupancy has grown to a reasonable level.

Figure 8: Turnover from other business

% of other turnover to self storage turnover	2008	2007	2006
Independents	6.0	8.8	14.0
Multiples	15.5	17.0	17.0
Total	12.8	15.9	16.5

Source: SSA/Mintel Research Consultancy

- **Domestic business still dominates the market**

- When it comes to the split between domestic and business customers, the market remains largely driven by individuals who, on average, accounted for just over 70% of customers in a facility. Business customers will take a larger percentage of space as they typically occupy larger rooms than domestic customers.
- With the economy slowing, creating a more diversified portfolio of customers may be one way of protecting against a possible recession – although growth in the rental market, downsizing, divorce and possible repossessions could all drive business in the domestic sector over coming years.

- **Average length of stay by customers**

- Around 33% of customers stay for 100 days or fewer, highlighting the fact that many people (mainly domestic customers) use storage facilities to cover relatively short-term space requirements.
- Many of these customers will be using storage as an interim measure, between moving houses, for example. The dramatic decline in property transactions recently reported has impacted this sector of the market.
- However, there is also a significant number of longer stayers in the industry, with seven of the companies surveyed saying that their average customer stayed at least a year.
- This offers self storage another potential market from domestic customers, with the chance to take storage for those forced to downsize or to move into rented accommodation in the current environment.

- The average length of stay for Multiples was 40 weeks (4 weeks longer than last year) and for Independents, 23 weeks (2 weeks longer than last year).
- This confirms that companies with a more mature portfolio of facilities, tend to have longer average lengths of stay.

Figure 9: Average customer length of stay

Length of Stay	2008	2007
	% of companies	% of companies
0 to 100 days	34	35
101 to 200 days	31	43
201 to 300 days	25	15
301+ days	10	7
Average length of stay:	178 days (6 months)	154 days (5 months)

Source: SSA/Mintel Research Consultancy

- **Evaluation of marketing vehicles used to communicate with customers**
- The importance of the Internet in generating business is highlighted by the fact that this has now overtaken signage in terms of generating new leads. There has been a significant increase in the use of the internet since last year and a diminishing number of enquiries through traditional printed directories.
- Website and facility signage accounted for almost six in ten new enquiries.
- An online presence will become crucial in the future, while links with the ever-more popular housing sites such as Rightmove could help capture business from those moving house and looking for temporary storage space.

Figure 10: Key drivers of customer enquiries

Column %

Key Driver:	% change	2008	2007
		Average % enquiries	
Website	+11%	29	18
Signage	-4%	27	32
Referral	+4%	22	18
Directories	-4%	22	32

Source: SSA/Mintel Research Consultancy

• Part Two: Facility Survey

This section of the report presents a detailed analysis of the section of the questionnaire concerned with individual facilities, covering such areas as opening date, ownership, average charges, and location.

• Facility Opening Date

- The rapid expansion of the market is confirmed by the table below, which shows that 29% of facilities covered by the survey had been opened since 2006, and a further 20% since 2003.
- This was, though, skewed by three of the major players in the market, who between them accounted for almost half the new openings since 2006.
- The pace of expansion highlights the growing market for self storage facilities.

Figure 11: Self Storage Sector, by year of opening

Year facility opened	% of stores
	2008
Pre 2000	28
2000 - 2002	23
2003 - 2005	20
2006 - 2008	29

Source: SSA/Mintel Research Consultancy

• Facility Location

- The sample of facilities surveyed provides reasonable regional coverage.

Figure 12: Proportion of centres by geographical location

Location	2008	2007	2006
	% of facilities		
South*	35	28	31
London	28	36	37
Northern England/Scotland	23	21	17
Midlands/Wales	14	15	15

Source: SSA/Mintel Research Consultancy

*Note: South includes South, South East and South West

- **Number of facilities growing more rapidly outside London**
- London and the South traditionally led the way in developing the self storage market, but they are now being caught up by companies operating in the Midlands and the North.
- However, expansion in the London area is being held back by the higher London prices and it is really only Multiples who are managing to achieve expansion here.

Figure 13: Facility opening date, by geographical location

Column %	All	South	London	Midlands/ Wales	Northern England/Scotland
	%	%	%	%	%
Pre 2000	28	23	45	28	16
2000 - 2002	23	26	23	24	19
2003 - 2005	20	23	15	12	27
2006 - 2008	29	28	17	36	38

Source: SSA/Mintel Research Consultancy

- **A new wave of independent operators?**
- As can be seen from the chart below, Multiple – operated facilities tend to be longer established than Independents.
- Independently run facilities and the smaller chains appear to have been more aggressive in terms of new openings since 2003.

Figure 14: Facility opening date, by size of company

Column %	All	Multiple	Independent
Base	429	263	166
	%	%	%
Pre 2000	28	31	22
2000 - 2002	23	28	16
2003 - 2005	20	15	29
2006 - 2008	29	26	33

Source: SSA/Mintel Research Consultancy

- **Type of Facility**

- For each facility, respondents were asked to state whether it was a converted warehouse, purpose built facility, or based around containers. The chart below illustrates the proportion of the market accounted for by each of these types of facility.
- The chart shows an increase in purpose built facilities for the second year running and a growth of new builds from 15% to 23% in three years!
- Converted warehouses remain the most common type of facility, accounting for over 70% of facilities, with almost 25% being purpose built.

Figure 15: Type of facility

Type of Facility	2008	2007	2006
	%		
Converted Warehouse	73	79	79
Purpose Built	23	17	15
Containers	4	4	6

Source: SSA/Mintel Research Consultancy

- **Older facilities more likely to be conversions**

- Since 2003, 30% of new facilities have been designed specifically for the task.

Figure 16: Type of facility, by opening date

Column %	All	2006 - 2008	2003 - 2005	2000 - 2002	Pre 2000
	%				
Converted Warehouse	67	57	54	72	82
Converted & Containers	6	7	11	1	5
Purpose Built	20	30	30	22	4
Purpose Built & Containers	3	1	3	2	4
Containers	4	5	2	3	5

Source: SSA/Mintel Research Consultancy

- **Purpose Built focus is in London**
- Looking at 2008 survey data, almost twice as many London and Southern facilities were purpose built than was the case in the North.
- In Northern England and Scotland, converted warehouses were more common than across the country as a whole. Partly this will reflect the regions' industrial heritage, with former warehouses more readily available.

Figure 17: Type of facility, by location

Column %	All	South	London	Midlands/Wales	Northern England/Scotland
	%	%	%	%	%
Converted Warehouse	67	60	68	67	74
Converted & Containers	6	7	4	6	9
Purpose Built	20	23	26	19	12
Purpose Built & Containers	3	3	0	3	3
Containers	4	7	2	5	2

Source: SSA/Mintel Research Consultancy

- **Multi site operators building more purpose built facilities**
- Multi site operators are opening more of the purpose built facilities. This is no surprise as it is a result of their better access to funding and their preferred brand positioning.

Figure 18: Type of facility, by size of company

Column %	All	Multiple	Independent
Base:	429	263	166
	%	%	%
Converted Warehouse	67	75	54
Converted & Containers	6	0	15
Purpose Built	20	25	16
Purpose Built & Containers	3	0	5
Containers	4	0	10

Source: SSA/Mintel Research Consultancy

• Ownership

- Respondents were asked on what basis their facilities were owned, with the results being illustrated below. These statistics have remained consistent for the last 3 years.

Figure 19: Ownership of self storage sites

Ownership of site	2008	2007	2006
	%		
Freehold/long leasehold	77	78	79
Short leasehold	23	22	21

Source: SSA/Mintel Research Consultancy

- **Newer facilities likely to be freeholds/long lease**
- These statistics indicate the continued focus on freehold/long leasehold ownership.
- Short leaseholds have continued to drop since 2002.

Figure 20: Ownership, by date opened

Column %	All	2006 - 2008	2003 - 2005	2000 - 2002	Pre 2000
		%	%	%	%
Freehold/ long leasehold	77	80	76	70	81
Short leasehold	23	20	24	30	19

Source: SSA/Mintel Research Consultancy

- **The majority of facilities are freehold/long leasehold**
- These statistics are in line with last year's findings. Across all regions, the majority of facilities are freehold/long leasehold.
- Facilities in the South are more likely to be on a short lease when compared to facilities elsewhere. This is mainly because freehold/long leasehold properties are more expensive in the South.

Figure 21: Ownership, by location

Column %	All	South	London	Midlands/Wales	Northern England/Scotland
	%	%	%	%	%
Freehold/ long leasehold	77	70	78	82	83
Short leasehold	23	30	22	18	17

Source: SSA/Mintel Research Consultancy

- **Multiples more likely to take short leases**

Figure 22: Ownership, by size of company

Column %	All	Independent	Multiple
	%	%	%
Freehold long/ leasehold	77	83	74
Short leasehold	23	17	26

Source: SSA/Mintel Research Consultancy

• Current Net Lettable Area

- In order to assess the trends in the size of individual facilities, respondents were asked to give the current net lettable area of each facility operated, measured in square feet. The current net lettable area has been grouped into four large bands and is shown below:
- The overall pattern is consistent with last year's findings.

Figure 23: Net lettable area per facility

Net lettable area	2008	2007	2006
	%		
20,000 sq ft or less	25	24	28
20,001 - 40,000 sq ft	36	34	34
40,001 - 60,000 sq ft	26	28	25
60,001 + sq ft	13	14	13
Average (sq ft)	38,277	37,481	36,887

Source: SSA/Mintel Research Consultancy

- The average net lettable area is 38,277 sq ft. This figure, however, is skewed by a small proportion of fairly large facilities. This is slightly higher than the average for last year, which was 37,481 sq ft although this is not directly comparable as fewer companies provided this information last year.
- **Recently opened facilities tend to be smaller**
- There has been a clear move towards smaller facilities, with the proportion of 60,000+ sq ft sites opened since 2003 just half the level seen across the survey as a whole.
- The fall in size is mainly due to the continuing arrival of new operators, some of whom are providing self storage as an adjunct to other services and operations.

Figure 24: Net lettable area, by date of opening

Column %	All	2006 - 2008	2003 - 2005	2000 - 2002	Pre 2000
	%				
20,000 sq ft or less	25	36	33	12	21
20,001 - 40,000 sq ft	36	35	31	39	38
40,001 - 60,000 sq ft	26	23	24	33	25
60,001 + sq ft	13	6	12	16	16
Average Sq ft*	38,277	32,081	35,305	43,648	40,634

Source: SSA/Mintel Research Consultancy

- **London best-served by large facilities**
- When it comes to the largest facilities, London dominates, with almost a quarter of all facilities in the capital being at least 60,000 sq ft – a simple reflection of the greater population density, and therefore the ability to support large self storage sites.
- Facilities in the South, too, tend to be larger than average, with over a third measuring at least 40,000 sq ft.

Figure 25: Segmentation of net lettable area by location

Column %	All	South	London	Midlands/Wales	Northern England/Scotland
	%	%	%	%	%
20,000 sq ft or less	25	27	16	28	31
20,001 - 40,000 sq ft	36	34	30	41	45
40,001 - 60,000 sq ft	26	30	31	19	17
60,001 + sq ft	13	9	23	12	7
Average Sq ft	38,277	37,073	46,783	35,472	30,962

Source: SSA/Mintel Research Consultancy

- There have been no significant changes to facility sizes in the different regions over the last 3 years.

Figure 26: Average net lettable area by location

	2008	2007	2006
	Average Sq ft		
London	46,783	44,505	43,131
South	37,073	38,100	36,500
Midlands/Wales	35,472	33,834	32,169
Northern England/Scotland	30,962	32,878	27,922
All	38,277	37,481	36,887

Source: SSA/Mintel Research Consultancy

- **Smaller company – smaller facilities**
- There is a strong correlation between the size of the operating company and the size of the storage facility.
- 54% of all sites owned by Multiples measured at least 40,000 sq ft, as compared to just 15% of those owned by Independents and smaller chains.
- Simple financial muscle will be one reason behind this – the larger companies can better-afford the initial investment needed to open sizeable facilities.
- There is also the trend for many Independent facilities to be run as a sideline to an existing business, making use of existing company premises to offer storage facilities.
- These statistics are in line with last year’s findings.

Figure 27: Segmentation of net lettable area, by size of company

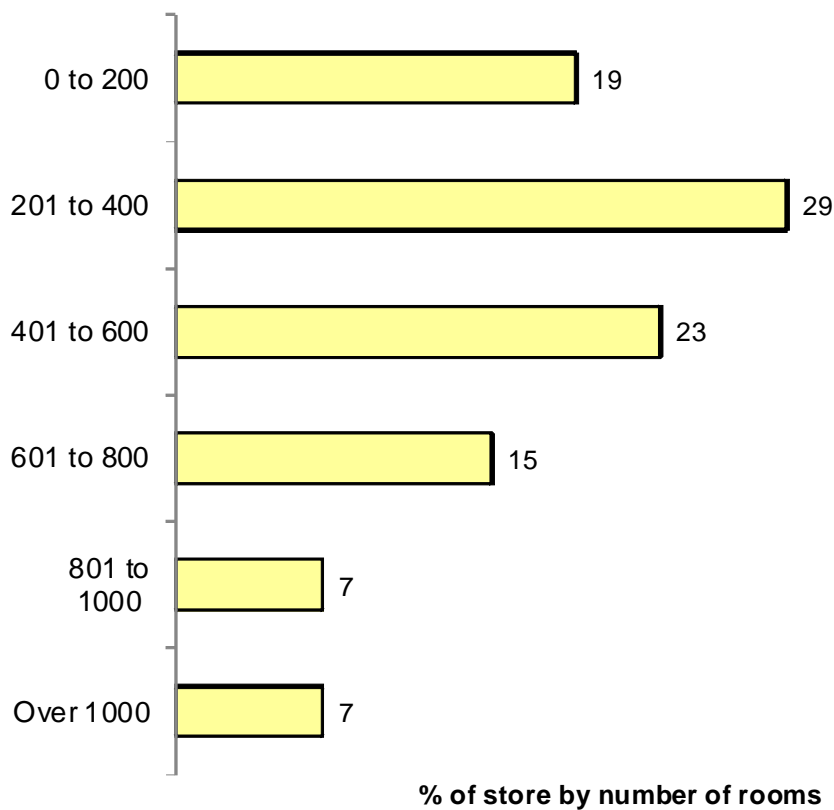
Column %	All	Independent	Multiple
	%	%	%
20,000 sq ft or less	25	48	11
20,001 - 40,000 sq ft	36	37	35
40,001 - 60,000 sq ft	26	11	36
60,001 + sq ft	13	4	18
Average Sq ft	38,277	25,211	45,839

Source: SSA/Mintel Research Consultancy

- **Number of Rooms**

- Closely connected to the overall lettable area of the facility, respondents were also asked how many rooms they had in each facility.
- 19% of facilities have 200 or fewer rooms – balanced by the 29% who have at least 600.
- At the upper extreme, some 7% of sites have at least 1,000 rooms, rising to 3,000 in the largest site.

Figure 28: Proportion of facilities by the number of rooms per facility



Source: SSA/Mintel Research Consultancy

- **Shrinking number of rooms**

- As with square footage, there is a general trend towards smaller facilities, with those opening since 2006 having an average of 421 rooms – a figure that would be significantly smaller were it not for the opening of a 3,000-room facility during this time period.
- The fall in size is mainly due to the continuing arrival of new smaller operators and the fact that more Independents answered the survey this year.

Figure 29: Average number of rooms, by date of opening

	2008	2007	2006
	Average number of rooms		
Pre 2000	489	525	573
2000 - 2002	633	626	528
2003 - 2005	452	445	399
2006 - 2008	421	384	N/A
All	495	510	513

Source: SSA/Mintel Research Consultancy

- **Average London facility has 662 rooms**

- Again reflecting trends in the square footage of facilities, London has by far the largest average number of rooms, topping 662.
- Outside the capital, distribution is more even.

Figure 30: Average number of rooms, by location

	2008	2007	2006
	Average number of rooms		
London	662	623	654
Midlands/Wales	457	420	390
South	444	514	449
Northern England/Scotland	407	400	380
All	495	510	513

Source: SSA/Mintel Research Consultancy

- **Multiples have more than twice as many rooms as smaller companies**
- On average, Multiples have more than twice as many rooms as Independents, offering scope for considerable economies of scale.
- These economies should see them better able to survive any ill-effects caused by a possible recession – although larger facilities could also lead to excess capacity if the market is particularly badly hit.

Figure 31: Average number of rooms, by size of company

	Average number of rooms		
	2008	2007	2006
Multiple	612	616	640
Independent	307	288	266
All	495	510	513

Source: SSA/Mintel Research Consultancy

- Average room size being created has not varied significantly in the last year.
- However, Multiples continue to create facilities with smaller average room sizes compared to Independents. This is as a result of a greater focus on domestic customers and therefore their ability to charge a higher rent per square foot occupied.

Figure 32: Average room sizes

	Average room sizes		
	2008	2007	2006
Average facility size	38,277	37,481	36,887
Average number of rooms	495	510	513
Average room size	77.3	73.5	71.9
Multiples Average Room size	74.9	73.2	69.7
Independents Average Room size	82.1	81	86

• Staffing Levels

- Facilities tend to be fairly lean in terms of staffing levels, with two thirds employing three or fewer people, and just one in twenty facilities having more than four staff.
- The average facility has three full time staff (or part- time equivalent).
- The slight reduction in average staff per facility in 2008 is probably as a result of the smaller average facility size being opened by the newer operators.

Figure 33: Overall staffing levels

Staffing level	2008	2007	2006
	% of facilities		
1	8	7	9
2	27	24	17
3	36	39	51
4	24	23	16
4+	5	7	7
Average	2.8	3.2	2.9

Source: SSA/Mintel Research Consultancy

• London tops staffing charts

- Given the size of London's facilities, both in terms of square footage and room numbers, it's unsurprising to see that staffing levels were considerably higher in the capital, with half of facilities employing more than three full-time employees (or equivalent part-time staff).

Figure 34: Staffing levels, by location

Column %	All	South	London	Midlands/Wales	Northern England/Scotland
	%	%	%	%	%
1	8	13	2	9	8
2	27	28	15	34	35
3	36	36	39	23	39
4	24	21	36	30	10
4+	5	2	8	4	8
Average	2.8	2.7	3.3	2.9	2.8

Source: SSA/Mintel Research Consultancy

- **Longest established facilities have higher staffing levels**
- Reflecting the smaller average facility size, more recently-opened facilities tend to have fewer staff, with just 2% of facilities opened since 2006 having more than four full-time employees.

Figure 35: Staffing levels, by opening date

Column %	All	2006 - 2008	2003 - 2005	2000 - 2002	Pre 2000
	%	%	%	%	%
1	8	10	15	5	5
2	27	36	37	21	16
3	36	33	24	39	44
4	24	19	22	27	26
4+	5	2	2	8	9
Average	2.8	2.7	2.5	3.1	3.1

Source: SSA/Mintel Research Consultancy

- **The two man band?**
- Independents and smaller chains have considerably smaller facilities, with fewer rooms. As such, it's little surprise to see that most employ two or fewer staff.
- Larger Multiples still have fairly lean staffing ratios, but 37% of their facilities employ more than three people, as compared to just 14% of the smaller operations.
- Clearly, many Independents are effectively family businesses, with one or two staff supervising a single facility and probably not opening on Sundays.
- This not only limits economies of scale, but also means that the operation has significantly less flexibility than larger facilities.

Figure 36: Staffing levels, by size of company

Column %	All	Independent	Multiple
	%	%	%
1	8	22	1
2	27	43	18
3	36	21	44
4	24	9	32
4+	5	5	5
Average	2.8	2.4	3.0

Source: SSA/Mintel Research Consultancy

Figure 37: Staffing levels, annual comparison by size of company

	Average number of Staff		
	2008	2007	2006
Multiple	3.0	3.1	3.1
Independent	2.4	3.3	2.6
All	2.8	3.2	2.9

Source: SSA/Mintel Research Consultancy

- Staff in Multiples are being asked to manage more square foot of storage – producing greater cost efficiency for these facilities.

Figure 38: Staff/serviced area ratio

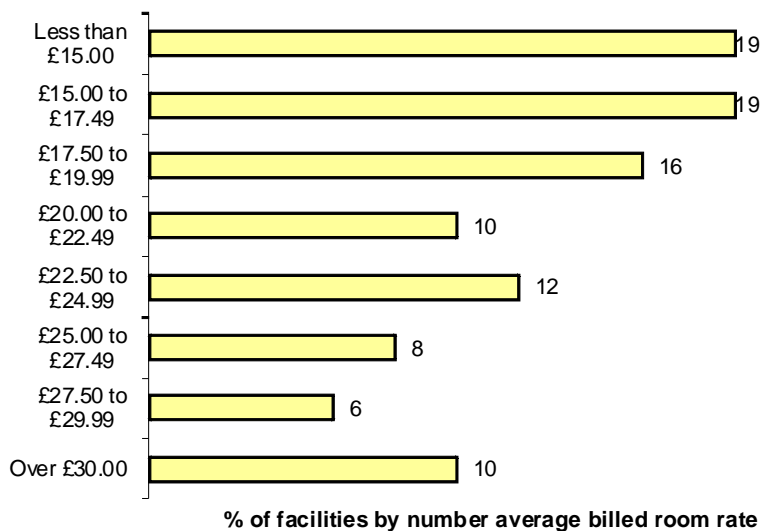
	2008	2007	2006
Average facility size	38,277	37,481	36,887
Average staffing level	2.8	3.2	2.9
Square foot per member of staff	13,670	11,712	12,720
Square foot per member of staff Multiples	15,280	14,618	14,379
Square foot per member of staff Independents	10,505	7,746	8,748

Source: SSA/Mintel Research Consultancy

- **Average Billed Room Rate**

- In 2008, the average billed room rate across the sample as a whole was £21.08 per sq ft.
- This was skewed by a handful of above average charging facilities, with around 55% charging less than £20 per sq ft.

Figure 39: Average billed room rate



Source: SSA/Mintel Research Consultancy

- **Trend for lower prices among newer openings**
- As seen in the previous year’s survey, newer facilities tend to charge lower average room rates, with facilities opened since 2006 charging £19.48, compared to the £22.93 seen among those opened pre-2000. This is to be expected as recently opened facilities are more likely to offer introductory discounts.

Figure 40: Average billed room rate, by year of opening

	Average billed room rate
	£
Pre 2000	22.93
2000 - 2002	22.11
2003 - 2005	19.10
2006 - 2008	19.48
All	21.08

Source: SSA/Mintel Research Consultancy

- **London leads the way in terms of pricing**
- Reflecting higher living costs, room rates in the South tend to be higher than those in the North or Midlands – although the difference is not huge.
- While this will, to a degree, reflect higher living costs, it also hints at considerably higher levels of demand, and potential for continued expansion – as long as suitable sites can be secured at a reasonable cost.

Figure 41: Average billed room rate, by location

	2008	2007	2006
	Average billed room rate £		
London	28.52 (+12.5%)	25.36 (+5.3%)	24.08
South	19.01 (+0.1%)	18.83 (+10.7%)	17.00
Northern England/Scotland	17.55 (+7.4%)	16.34 (+7.5%)	15.20
Midlands/Wales	16.74 (-3.3%)	17.31 (+8.3%)	15.98
All	21.08 (+2.2%)	20.63 (+5.0%)	19.63

Source: SSA/Mintel Research Consultancy

- **Multiple pricing reflects southern heartland**
- With a large base in London and the South, it is no wonder that average rates tend to be higher for those facilities operated by larger Multiples.
- But rate of growth of price amongst Independents is rising faster than Multiples. This will probably be mainly as a result of the lower base level they are coming from.

Figure 42: Average billed room rate, by size of company

	2008	2007	2006
	Average billed room rate £		
Multiple	22.97 (+3.4%)	22.21 (+3.4%)	21.48
Independent	17.42 (+4.2%)	16.71 (+12%)	14.91
All	21.08 (+2.2%)	20.63 (+5.0%)	19.63

Source: SSA/Mintel Research Consultancy

Changes in Empty Room Rates

- 2006 and 2007 saw above inflation price increases by 75% of the facilities surveyed, whilst more than 60% of the facilities managed to push through an above-inflation increase in 2008. Concerns about affordability have probably slowed the scale of price increases.

Figure 43: Change in empty room rates

Change in empty room rate	2008	2007	2006
	%		
Decrease	2	2	0
No change	22	19	18
Increase - less than inflation	10	3	8
Increase - greater than inflation	66	76	74

Source: SSA/Mintel Research Consultancy

- **Newer facilities feeling the strain?**
- While almost 50% of the most recently opened facilities still saw an above-inflation increase, there are signs that they are failing to keep pace with longer-established facilities.
- This may well be due to the fact that many of the newer entrants are run by Independents, who must compete with the branding power of Multiples – as seen in later analysis, it is some of the smaller companies who are struggling to match inflation.

Figure 44: Change in empty room rates, by opening date

Column %	All	2006 - 2008	2003 - 2005	2000 - 2002	Pre 2000
	%				
Decrease	2	2	4	0	3
No change	22	44	28	11	10
Increase - less than inflation	10	6	10	11	11
Increase - greater than inflation	66	48	58	78	76

Source: SSA/Mintel Research Consultancy

- **Southern companies increase rates most rapidly**
- Already charging high room rates, those companies based in London were also far more likely than most to have seen an above-inflation increase in empty room rates.
- The pattern is similar to last year’s findings, but with a slowing down in increases across the country.

Figure 45: Change in empty room rates, by location

Column %	All	South	London	Midlands/Wales	Northern England/Scotland
	%	%	%	%	%
Decrease	2	1	0	10	1
No change	22	24	9	27	33
Increase - less than inflation	10	11	9	8	12
Increase - greater than inflation	66	64	82	55	54

Source: SSA/Mintel Research Consultancy

- **Multiples see largest increases in empty room rates**
- Independents and smaller chains suffer by comparison to Multiples when it comes to empty room rates. Almost 90% of the latter group had managed to increase rates by above the rate of inflation, compared to just a quarter of the smaller operators. The pattern is the same as last year. This probably indicates that Multiples are more active with Price Management than Independents.

Figure 46: Change in empty room rates, by size of company

Column %	All	Multiple	Independent
	%	%	%
Decrease	2	0	6
No change	22	6	50
Increase - less than inflation	10	5	18
Increase - greater than inflation	66	89	26

Source: SSA/Mintel Research Consultancy

- **Additional Information**

In the 2008 survey respondents were asked to answer several addition questions in regard to their facilities.

- A large majority of facilities are open for the whole week, with just 20% only opening six days, and 1% open for five days a week.

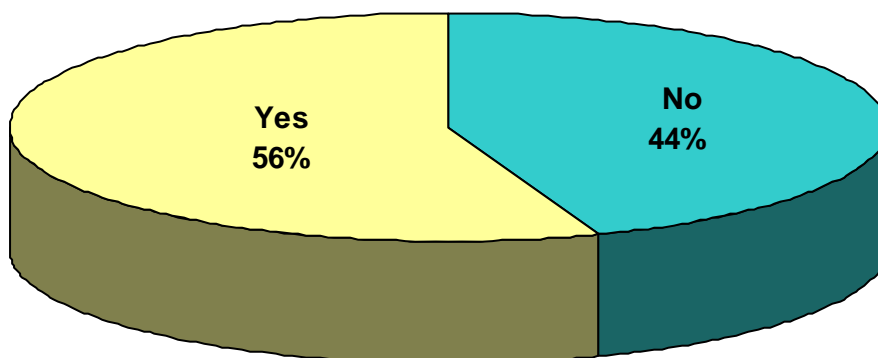
Figure 47: Number of days open per week

Number of days open per week	%
5 days per week	1
6 days per week	20
7 days per week	79

Source: SSA/Mintel Research Consultancy

- This emphasis on convenient access times is confirmed by the fact that just over half offer 24 hour access to facilities.

Figure 48: Proportion of facilities with 24 hour access



Source: SSA/Mintel Research Consultancy

- Of those firms that offer 24 hour access, 60% say that the entire site is open 24 hours, while at the other end of the scale, a quarter offer 24 hour access to a 40% or less of the site.

Figure 49: Proportion of facilities that offer 24hr access

Base: 191 facilities offering rooms with 24hr access

% of company's stores	% of stores
0-20%	13
21-40%	13
41-60%	11
61-80%	4
81-100%	59

Source: SSA/Mintel Research Consultancy