

Survey of member companies 2005



Prepared by Mintel Consulting with and for

The Self Storage Association United Kingdom

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Introduction

This report is based on information supplied by the members of the Self Storage Association of the United Kingdom (the “SSA UK”). However, it is possible from these statistics and other material to portray a fuller picture of what is going on in the self storage industry in the UK, as the members of the SSA UK constitute the majority of the operators.

The self storage industry in the UK continues to grow apace (in terms of space available for rental) at between 10 and 15% per annum. It has probably doubled in size in the last 4 years and yet the market is still immature when compared with the US (now over 41,000 facilities and more than 1.6 billion rentable square feet) and Australasia (now over 1,000 facilities and 22 million rentable square feet). We estimate from this survey that, in the UK, there are about 600 significant facilities (not including container self storage facilities) and around 20 million rentable square feet.

The latest statistics indicate that the average rentable square footage per person is over 5 in the US; around 1 in Australasia; and between 0.3 and 0.4 in the UK. However, it is worth noting that the UK is well in advance of the embryonic self storage industries in the rest of Europe, where only France and The Netherlands have reached over 50 facilities each so far.

The industry in the UK now generates revenues of about £310M, has over 200,000 customers using the service and employs over 2000 people directly in the business, either in the stores or in central support. A typical facility has 510 rooms; the average room size is 75 square feet.

The UK market has in many ways mirrored the US in terms of how the self storage industry has evolved. Operators in the UK now tend to target highly visible sites on major routes with easy customer access. The newer stores have excellent standards of security, good customer service and are all well branded. It remains essentially a local business with most customers living/working within 5 miles of the relevant facility.

However, as with the US market, it is difficult to determine exact numbers for the self storage industry. This is because it now includes a number of smaller new operators where other businesses have diversified in a limited way into the market; it includes others that are “dipping their toes in the water” for the first time; and finally there are also a significant number of container self storage businesses that have opened-up. Some of these operators are not members of the Self Storage Association.

Self Storage Operators

There are three basic types of storage facility:

- Purpose built self storage facilities
- Converted buildings
- External steel containers

Much of the industry is focused on the first two categories (around 600 facilities) and, of that, almost 50% of the market share is in the hands of larger companies, who, in general, also provide bigger facilities. The larger players in the UK at this time are:

- Safestore (whose European operation includes 20 facilities in France)
- Big Yellow
- Access
- Lok'NStore
- Shurgard (whose European operation includes over 130 facilities on the Continent)
- Space Maker
- KeepSafe
- Storage King (a franchise organisation – they do not own their centres)
- Armadillo (whose European operation includes 7 facilities in France)

Only Big Yellow and Lok'NStore are currently listed companies, a drop from 4 listed companies in the year 2000. This is as a result of considerable corporate activity in the sector over these years.

Meanwhile the independent element of the market has been growing too. Whilst the larger companies have focused their efforts predominantly in London and the South East, and the main concentration of the industry is still in that region, there are now facilities in all the significant conurbations throughout UK. This spread includes cities and main towns, but it is also interesting to note that the farming community are converting some of their rural facilities into self storage, along with some removals companies also diversifying from their traditional business.

All the newer facilities are equipped with state-of-the-art security controls and access systems, with some offering climate control or heating. Most are now providing a comprehensive customer, sales and after sales service.

Who Uses The Service?

Despite the growth of the industry in the UK, awareness and general understanding of the product remains significantly underdeveloped. The total product awareness is estimated at being 15 to 20% in the London area, with much lower figures across the rest of the country.

There are 2 main customer categories - business and domestic.

- Business customers typically make up 30% of the customer base in a facility. They range from new business start-ups to home workers and travelling sales people, retailers, large corporations, 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.
- Approximately 70% of the overall customers in a facility are private individuals. The typical age profile is between 28 and 50. An increase in household disposable income and a demand outpacing GDP's growth has led to an increasing accumulation of personal goods – particularly in the field of sports and leisure activities – over the last few years. The cost of housing and 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 an extra room locally as a “spare room” or “garage”.

There are also many other traditional reasons for using self storage on a temporary basis – people 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. The population is also becoming increasingly mobile, with over 956,000 house moves recorded in the period September 2004 to September 2005 (ODPM website, table 584 March 2006). Many like to have access to their stored goods whilst moving house. Large numbers of students, both British and from overseas, also use self storage during their long breaks.

Summary

Whilst it seems very 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 a 1 square foot per person target (as achieved already in a much less densely populated Australasia) would see between 1,200 and 1,500 facilities across the UK (based on an average store size of 40 – 50,000 square feet) in the next few years.

This huge growth potential is somewhat tempered by a two-fold challenge – how to acquire the right property in the right location, and how to grow market awareness of the service and therefore market share.

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

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Methodology

Mintel Consulting has been commissioned by the Self Storage Association to analyse a survey sent out to members of the SSA. In total surveys relating to 315 facilities, owned by 89 separate companies, were returned (a 70% return) and have been analysed by Mintel in this 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 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 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 three groups – those opening in 1999 or before (*pre-2000 – 125 facilities*), those opening in 2000, 2001 or 2002 (*2000-2002 – 111 facilities*) and those opened in 2003 or later (*2003-2005 – 79 facilities*).

Location: Facilities were divided into three groups, *South (excluding London) – 99 facilities*, *London (inside M25) – 118*, and *North (including facilities based in Northern England, Scotland, the Midlands & Wales) – 98 facilities*.

Additional Location: Facilities were further divided into several groups, *South/South West – 42 facilities*, *Midlands/Wales - 46 facilities*, *London - 118 facilities*, *Remainder of South East - 57 facilities*, *Northern England/Scotland - 52 facilities*.

Size of company: Facilities have been split into *Independents (including companies with five or less facilities) – 112 facilities*, and *Multiples – 203 facilities*.

The report is in two parts:

Part One – the analysis of the company survey

Part Two – analysis of the individual facilities

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: Number of facilities

Base: 315 facilities

| | % |
|----------------|------------|
| 1 | 65 |
| 2 | 15 |
| 3 | 6 |
| 4 | 3 |
| 5 | 1 |
| 6 | 2 |
| 8 | 1 |
| 10 | 1 |
| Over 10 | 6 |
| Average | 3.7 |

Source: SSA/Mintel

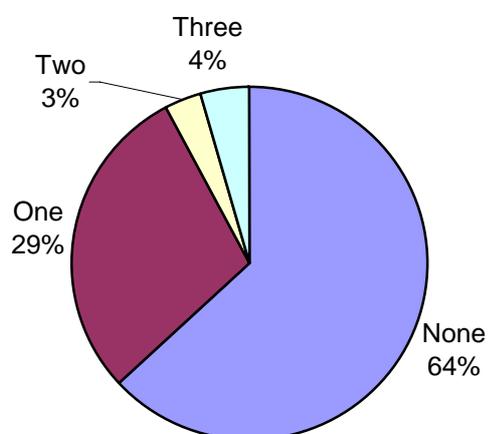
- Two thirds of companies run a single storage facility, while 15% own only two.
- At the other end of the scale, multiples account for 10% of all firms responding to the survey. There are a significant number of operators with ten or more outlets, with these large chains accounting for 7%.

More than a third of companies had expanded in the past year

- Although most firms had not opened any new facilities in the past year, just over a third had done so.
- Three in ten had opened a single new facility, 3% had opened two, and 4% of the companies surveyed had opened three new facilities.

Figure 2: Proportion of companies opening new facilities in the past 12 months

Base: 89 companies



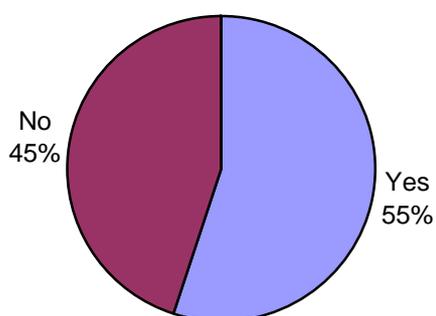
Source: SSA/Mintel

Future Growth Intentions

- The chart below suggests a bullish marketplace, with over half of the firms questioned saying that they intended to open a new facility within the next year.

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

Base: 89 companies



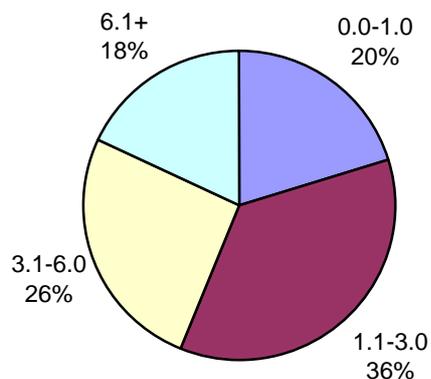
Source: SSA/Mintel

Head Office Employment

- When asked how many people the company employs at head office, more than half revealed that they employed three or less staff members, with a fifth having a single full-time staff member or only employing a part-time member of staff to administer the business.
- Almost a fifth, however, had more than six staff at head office.
- The average number of staff members was over five.

Figure 4: Head office staffing levels

Base: 89 Companies



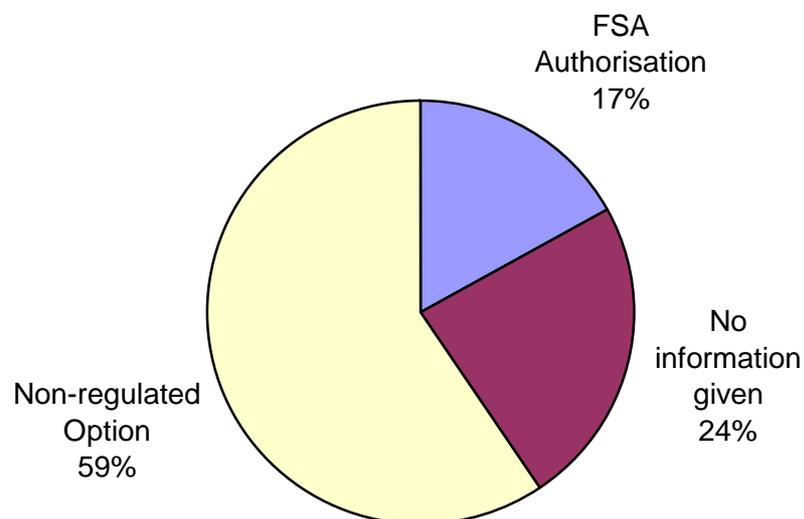
Source: SSA/Mintel

Insurance sales

- Many previously unregulated areas of financial services are now coming under the FSA's authority. The chart below highlights how respondents have chosen to provide customer goods insurance for their customers since January 2005.
- Three fifths of respondents had taken up the non-regulated option for insurance provision.
- 17% of companies had chosen to obtain direct FSA authorisation for insurance sales.

Figure 5: Means of selling contents insurance, post January 2005

Base: 89 companies



Source: SSA/Mintel

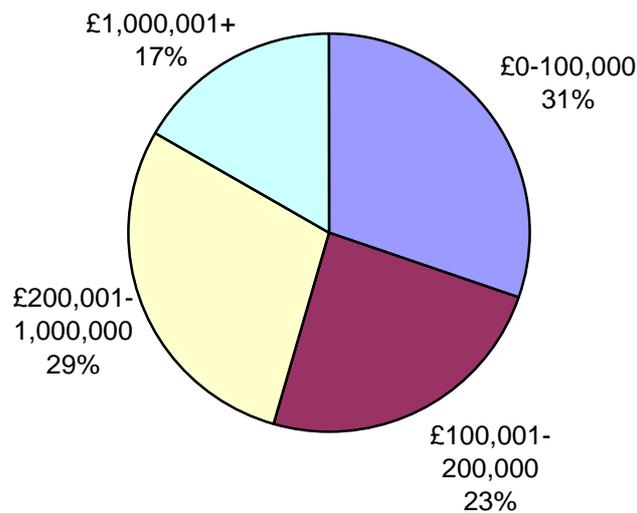
- Of those who answered the question 22% had chosen to obtain direct FSA Authorisation and 78% had taken up the non-regulated option.

At least one in eight company's turnover tops £1 million

- The chart below illustrates the level of turnover generated from core, self storage business.
- Almost a third of companies generate £100,000 or less from their self storage operations, with 23% earning between £100,001 and £200,000.
- A significant 17% of companies surveyed earned at least £1 million from self storage business.
- Average turnover was just over £2 million, a figure skewed by a handful of companies reporting turnovers of over £20 million. Among the 54 companies turning over less than £1 million, the average figure was £214,092.

Figure 6: Turnover from self storage business

Base: 66 Companies



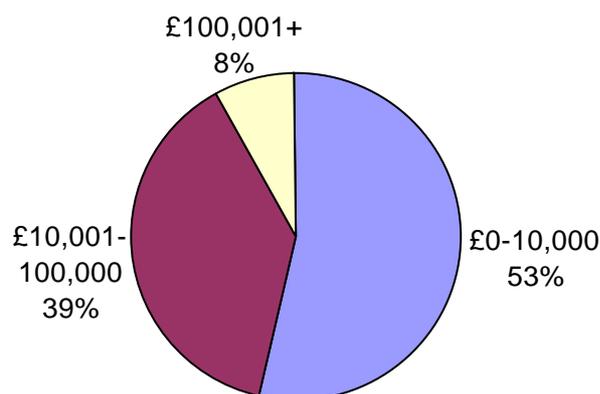
Source: SSA/Mintel

Non-storage activity is still a valuable income generator

- The chart below illustrates the turnover generated from non-storage business, such as merchandise, insurance and other self storage related services.
- Non-storage activities are clearly a valuable way of supplementing core earnings, and some 8% earned in excess of £100,001.
- Average non-storage turnover was £441,338 although as with the self storage business, this is heavily skewed by a handful of high earners. Among those turning over less than £1 million, the average turnover was £59,211.
- Non-storage activity approximates on average 11% of the total income

Figure 7: Turnover from other business

Base: 62 companies



Source: SSA/Mintel

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.

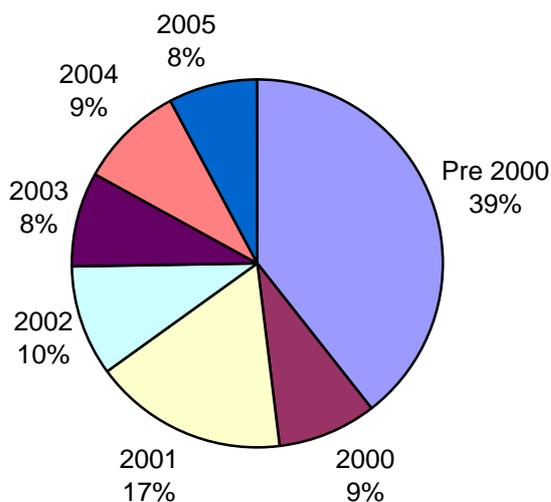
Facility Opening Date

The table below illustrates the date of opening of each facility, illustrating that the sector is still achieving significant growth.

- Over 60% of facilities have opened since 2000, again reaffirming the dynamism of the sector. 2001 was a year of substantial year-on-year growth.
- In total, almost a quarter of the facilities covered by the survey had opened since 2003.

Figure 8: Self Storage Sector, by year of opening

Base: 315 companies



Source: SSA/Mintel

Number of facilities growing more rapidly outside London

- As can be seen from the table below, pre 2000 the sector was most developed in London; however, since 2003 there has been some catching up in both the North and South.
- Almost two fifths of facilities in the North and South have opened since 2003 – almost twice as high as the proportion seen among facilities in London.

Figure 9: Facility opening date, by geographical location

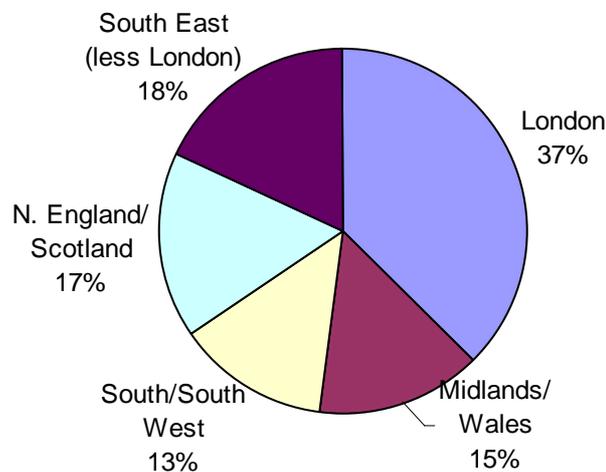
Base: 315 facilities

| | All % | North % | London % | South % |
|-----------|-------|---------|----------|---------|
| Pre-2000 | 40 | 22 | 52 | 26 |
| 2000-2002 | 35 | 34 | 31 | 35 |
| 2003-2005 | 25 | 42 | 24 | 44 |

Source: SSA/Mintel

Figure 10: Number of centres by location

Base: 315 Facilities



Source: SSA/Mintel

A new wave of independent operators?

- As can be seen from the chart below, multiple-operated facilities tend to be longer-established, with 44% having been opened before 2000, and a further 39% between 2000 and 2002.
- Independently-run facilities and the smaller chains appear to have been more aggressive in terms of new openings, with two fifths of these facilities having been opened since 2003.

Figure 11: Facility opening date, by size of company

Base: 315 facilities

| | All % | Independent % | Multiple % |
|-----------|------------------|--------------------------|-----------------------|
| Pre-2000 | 40 | 32 | 44 |
| 2000-2002 | 35 | 29 | 39 |
| 2003-2005 | 25 | 39 | 17 |

Source: SSA/Mintel

Type of Facility

For each facility, respondents were asked to state whether it was a converted warehouse, purpose built, or based around containers. The chart below illustrates the proportion of the market accounted for by each of these types of facility.

Figure 12: Type of facility

Base: 315 facilities

| | % |
|---------------------|----|
| Converted warehouse | 79 |
| Purpose built | 15 |
| Container | 6 |

Source: SSA/Mintel

- The vast majority, almost eight in ten facilities were originally warehouses that have since been converted into a self storage facility.
- Some 15% were purpose built, however, while 6% relied on containers.

Growth in purpose-built facilities

- It would seem that as self storage becomes more popular, more operators are building facilities specifically for the task, rather than using converted warehouses.
- Of those facilities opened since 2003, three in ten were purpose built – twice the proportion seen across the sample as a whole.

Figure 13: Type of facility, by opening date

Base: 315 facilities

| | All % | Pre-2000 % | 2000-2002 % | 2003-2005 % |
|---------------------|----------|---------------|----------------|----------------|
| Converted warehouse | 79 | 88 | 81 | 62 |
| Purpose built | 15 | 7 | 14 | 33 |
| Container | 6 | 5 | 5 | 5 |

Source: SSA/Mintel

Statistics suggest regional differences

- Perhaps reflecting greater availability of former warehouses in the North and the Midlands, facilities opened in these areas were more likely to be converted than was the case in the South.
- Over twice as many Southern facilities were purpose built than was the case in the North.

Figure 14: Type of facility, by location

Base: 315 facilities

| | All % | North % | London % | South % |
|---------------------|----------|------------|-------------|------------|
| Converted warehouse | 79 | 87 | 77 | 75 |
| Purpose built | 15 | 7 | 20 | 16 |
| Container | 6 | 6 | 3 | 9 |

Source: SSA/Mintel

Independents more likely to rely on containers

- Independent operators and smaller chains were considerably more likely to use containers than their multiple counterparts.
- Some 13% of these operators relied on containers, compared to just 1% among the multiples.

Figure 15: Type of facility, by size of company

Base: 315 facilities

| | All % | Independent % | Multiple % |
|---------------------|----------|------------------|---------------|
| Converted warehouse | 79 | 76 | 82 |
| Purpose built | 15 | 11 | 17 |
| Container | 6 | 13 | 1 |

Source: SSA/Mintel

Ownership

Respondents were asked on what basis their facilities were owned, with the results being illustrated below.

- 77% of all facilities were owned freehold/long leasehold.
- 21% were described as ‘short lease’.

Figure 16: Ownership of self storage sites

Base: 315 facilities

| | % |
|-------------|----|
| Freehold | 63 |
| Long Lease | 16 |
| Short Lease | 21 |

Source: SSA/Mintel

Newer facilities likely to be freeholds or long leaseholds

- When viewed by the year in which the facility opened, it can be seen that more recent openings were the most likely to be held on a freehold/long leasehold basis.
- Freehold facilities are the most common type of ownership arrangement.

Figure 17: Ownership, by date opened

| | All | Pre 2000 | 2000-2002 | 2003-2005 |
|--------------|-----|----------|-----------|-----------|
| Base: | 315 | 125 | 111 | 79 |
| | % | % | % | % |
| Freehold | 63 | 68 | 54 | 66 |
| Long Lease | 16 | 11 | 17 | 18 |
| Short Lease | 21 | 21 | 29 | 16 |

Source: SSA/Mintel

The majority of facilities are freehold/long leasehold

- Across all regions, the majority of facilities are freehold/long leasehold.
- Facilities in the South, were more likely to have a property on a short lease compared to facilities in the North or London. This is probably because finding freehold/long leasehold properties is more difficult in the South.

Figure 18: Ownership, by location

| | Total | North | London | South |
|--------------|-------|-------|--------|-------|
| Base: | 315 | 98 | 118 | 99 |
| | % | % | % | % |
| Freehold | 63 | 65 | 68 | 54 |
| Long Lease | 16 | 20 | 12 | 16 |
| Short Lease | 21 | 15 | 20 | 29 |

Source: SSA/Mintel

Both Independents and Multiples take the freehold/long leasehold option

- Overall facilities owned by both independents and multiples are mostly owned on a freehold/long leasehold basis.
- A higher percent of Independents use long lease arrangements, compared to Multiples. Likewise, multiples are more likely than independents to have short lease arrangements.

Figure 19: Ownership, by size of company

| | All | Independent | Multiples |
|-------------|------------|--------------------|------------------|
| Base: | 315 | 112 | 203 |
| | % | % | % |
| Freehold | 63 | 61 | 64 |
| Long Lease | 16 | 26 | 10 |
| Short Lease | 21 | 13 | 26 |

Source: SSA/Mintel

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 groups and is shown below:

Figure 20: Net lettable area

Base: 301 facilities

| | % |
|------------------------|---------------|
| 20,000 sq ft or less | 28 |
| 20,001-40,000 sq ft | 34 |
| 40,001-60,000 sq ft | 25 |
| 60,001 + sq ft | 13 |
| Average (sq ft) | 36,887 |

Source: SSA/Mintel

- The average size of each facility is just under 37,000 sq ft.
- This, however, is skewed by a small proportion of fairly large facilities. Almost two thirds of the facilities are 40,000 sq ft or below, while just over one third of the facilities are 40,001 sq ft or larger.
- Just 13% of facilities are larger than 60,000 sq ft.

A trend for smaller facilities?

- When examined by the date of opening, it would seem that the trend is for facilities to become smaller. This would reinforce the indication that more independent and small chain operators have been entering the industry lately, including some who are experimenting with self storage for the first time; the latter may well be operating the business alongside their other businesses.
- Facilities opened since 2003 averaged just over 33,000 sq ft, as compared to more than 35,000 sq ft among longer-established facilities.

Figure 21: Average net lettable area, by date of opening

Base: 301 facilities

| | Sq ft |
|------------|---------------|
| Pre-2000 | 40,705 |
| 2000-2002 | 35,653 |
| 2003-2005 | 33,031 |
| All | 36,887 |

Source: SSA/Mintel

Average net lettable area by location

- On average, facilities in London have the largest lettable area (sq ft), followed by facilities in the remainder of the South/South West.
- On average, facilities in N. England/Scotland have the smallest lettable area (sq ft)

Figure 22: Average net lettable area, by location

Base: 301 facilities

| | Sq ft |
|---------------------|---------------|
| London | 43,131 |
| Midlands/Wales | 32,169 |
| South/South West | 40,258 |
| N. England/Scotland | 27,922 |
| South East | 32,762 |
| All | 36,887 |

Source: SSA/Mintel

Segmentation of net lettable area by location

- In London there are an equal number of sites over and under 40,000 sq ft.
- In all other regions, the majority of facilities are under 40,000 sq ft.
- N. England/Scotland has the highest percent of facilities 20,000 sq ft or less whereas London has the highest percent of facilities over 60,000 sq ft.

Figure 23: Segmentation of net lettable area by location

Base: 301 Facilities

| | All | London | Midlands/ Wales | South/South West | N. England/ Scotland | South East (less London) |
|----------------------|-----|--------|--------------------|---------------------|-------------------------|-----------------------------|
| | 301 | 116 | 44 | 39 | 47 | 55 |
| | % | % | % | % | % | % |
| 20,000 sq ft or less | 28 | 16 | 36 | 31 | 40 | 35 |
| 20,001-40,000 sq ft | 34 | 34 | 27 | 33 | 38 | 35 |
| 40,001-60,000 sq ft | 25 | 30 | 27 | 21 | 13 | 25 |
| 60,000 + sq ft | 13 | 19 | 9 | 15 | 9 | 5 |

Source: SSA/Mintel

Multiples are running considerably larger facilities

- There is a huge disparity in net lettable area when the size of the operating company is concerned.
- Independents and small chains had an average net lettable area of just over 22,000 sq ft, as compared to over 44,000 sq ft among the larger multiples.

Figure 24: Average net lettable area, by size of company

Base: 301 facilities

| | Sq ft |
|-------------|---------------|
| Independent | 22,745 |
| Multiple | 44,575 |
| All | 36,887 |

Source: SSA/Mintel

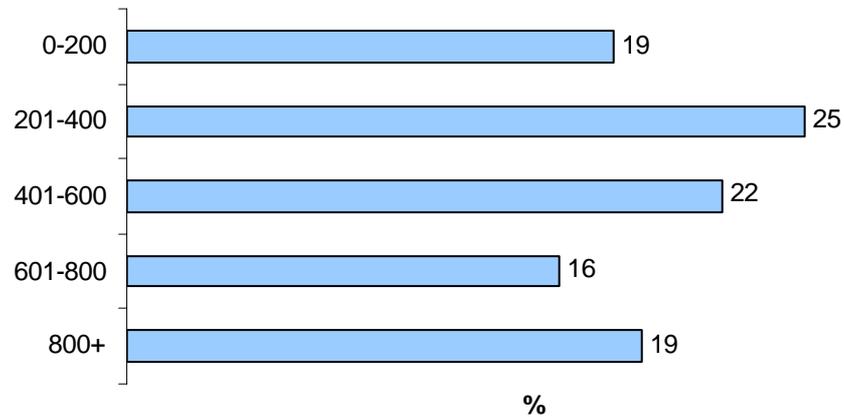
Number of Rooms

Closely connected to the overall lettable area of the facility, respondents were also asked how many rooms they had in each facility.

- Two thirds of all facilities have 600 rooms or less, with most of these having at least 201-400 rooms.
- At the top end of the scale, 19% had over 800 rooms.

Figure 25: Number of rooms in facility

Base: 296 facilities



Source: SSA/Mintel

A trend for fewer rooms

- As was seen when net lettable area was considered, older facilities tend to be larger.
- The average facility opened pre-2000 had 573 rooms, falling to 399 rooms among those facilities opened since 2003.

Figure 26: Average number of rooms, by date of opening

Base: 296 facilities

| | Average number of rooms |
|------------|-------------------------|
| Pre-2000 | 573 |
| 2000-2002 | 528 |
| 2003-2005 | 399 |
| All | 513 |

Source: SSA/Mintel

London and Southern facilities have greater number of rooms

- Again, trends in the number of rooms reflect those in the total lettable area of each facility.
- Facilities in the North and Midlands have an average of 390 rooms each, while those in the south are larger, with an average of 449 rooms. London facilities are the largest with an average of 654 rooms.

Figure 27: Average number of rooms, by location

Base: 296 facilities

| | Average number of rooms |
|------------|-------------------------|
| North | 390 |
| London | 654 |
| South | 449 |
| All | 513 |

Source: SSA/Mintel

Multiples have more than twice as many rooms as smaller companies

- The difference in the number of rooms when the size of the company was considered was striking.
- Larger multiples had an average of 640 rooms per facility, well over twice as many as the 266 rooms in the average independently owned facility.

Figure 28: Average number of rooms, by size of company

Base: 296 facilities

| | Average number of rooms |
|-------------|-------------------------|
| Independent | 266 |
| Multiple | 640 |
| All | 513 |

Source: SSA/Mintel

Staffing Levels

- In terms of the number of staff based in each facility, most had between 2.1 and 3 staff.
- Only 9% had just one full-time staff member (or the equivalent when the hours worked by part-time staff are combined.), while only 7% employed more than 4 full-time staff members.
- The average facility had three full-time staff (or part-time equivalent).
- On average each member of staff equates to 12,500 sq ft of rentable space.

Figure 29: Overall Staffing levels

| | |
|-----------|-----|
| Base: | 313 |
| | % |
| 0.0 - 1.0 | 9 |
| 1.1 - 2.0 | 17 |
| 2.1 - 3.0 | 51 |
| 3.1 - 4.0 | 16 |
| 4.1+ | 7 |

Source: SSA/Mintel

Figure 30: Staffing levels, by location

| | All | North | London | South |
|-----------|------------|--------------|---------------|--------------|
| Base: | 313 | 98 | 118 | 97 |
| | % | % | % | % |
| 0.0 - 1.0 | 9 | 13 | 3 | 10 |
| 1.1 - 2.0 | 17 | 17 | 13 | 21 |
| 2.1 - 3.0 | 51 | 51 | 56 | 45 |
| 3.1 - 4.0 | 16 | 10 | 21 | 16 |
| 4.1+ | 7 | 8 | 7 | 7 |

Source: SSA/Mintel

- On average, older facilities tended to employ more staff, with pre-2000 facilities having an average of 3.3 full-time (or equivalent) employees. This is not surprising as the older facilities tend to be larger and are likely to be fuller.
- Those opened more recently had significantly fewer people manning the facility, with post-2003 facilities having the equivalent of 2.4 staff members on average.

Figure 31: Staffing levels, by opening date

Base: 313 facilities

| | Average number of staff |
|------------|--------------------------------|
| Pre-2000 | 3.3 |
| 2000-2002 | 2.9 |
| 2003-2005 | 2.4 |
| All | 2.9 |

Source: SSA/Mintel

Little difference in regional staffing levels

- Belying the difference in the average size of the facilities, the gap in staffing levels between those based in the London and those in other areas was minimal.
- Facilities based in the North or the Midlands had, on average, 2.8 staff members, compared with 2.9 in the South and 3.1 in London.

Figure 32: Staffing levels, by location

Base: 313 facilities

| | Average number of staff |
|------------|--------------------------------|
| North | 2.8 |
| London | 3.1 |
| South | 2.9 |
| All | 2.9 |

Source: SSA/Mintel

Multiples tend to be more heavily staffed

- When viewed in terms of ownership, larger multiples tended to have more staff, employing an average of 3.1 staff per facility, as compared to 2.6 among independents and smaller chains.
- However, the gap was not nearly as wide as might be expected from the disparity in net lettable area or the number of rooms in each facility.
- It would seem that the economies of scale enjoyed by larger operations mean that staff costs can be kept to a minimum, with more efficient locations allowing for lower staffing levels.

Figure 33: Staffing levels, by size of company

Base: 313 facilities

| | Average number of staff |
|-------------|-------------------------|
| Independent | 2.6 |
| Multiple | 3.1 |
| All | 2.9 |

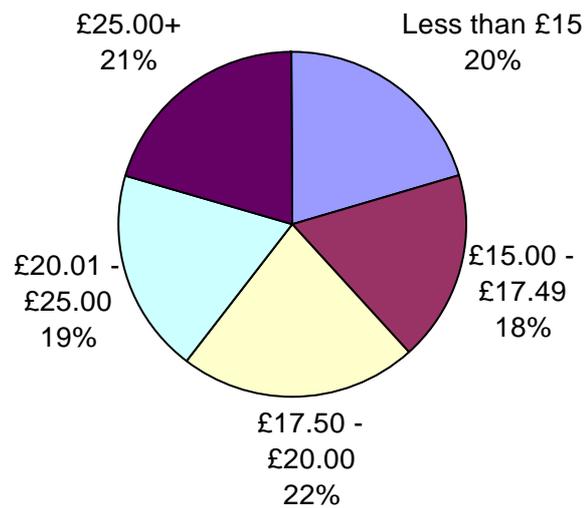
Source: SSA/Mintel

Average Billed Room Rate

- The average billed room rate across the sample as a whole was £19.63 per sq. ft per annum.
- It should be noted, however, that 60% charged £20 or less, with a few high-charging facilities being responsible for the relatively high average charges seen across the sample as a whole.
- Some 20% had an average billed room rate of less than £15, while another 21% were at the upper end of the scale, and billed in excess of £25 per sq ft.

Figure 34: Average billed room rate (all years)

Base: 266 facilities



Source: SSA/Mintel

- Facilities opened more recently charge lower average room rates, with those opened since 2003 levying just over £18 per sq ft. This is to be expected as recently opened facilities are more likely to offer introductory discounts.
- Those opening before 2000, however, billed an average of £21.00 per sq ft.

Figure 35: Average billed room rate, by opening date

Base: 266 facilities

| | £ per sq ft per annum |
|------------|-----------------------|
| Pre-2000 | 21.00 |
| 2000-2002 | 19.05 |
| 2003-2005 | 18.07 |
| All | 19.63 |

Source: SSA/Mintel

Billed room rates show regional difference

- Since living and other costs in London are among the highest in the country, the average billed room rate was higher than that seen across the sample as a whole.
- Northern facilities charged an average of £15.20 per sq ft, while those in London and the South East charged significantly more, at £24.08 and £18.29 per sq ft respectively.

Figure 36: Average billed room rate, by location

Base: 266 facilities

| | £ per sq ft per annum |
|---------------------|-----------------------|
| London | 24.08 |
| Midlands/Wales | 15.98 |
| South/South West | 15.72 |
| N. England/Scotland | 15.20 |
| South East | 18.29 |
| All | 19.63 |

Source: SSA/Mintel

Multiples tend to be more expensive

- Despite the economies of scale enjoyed by larger firms, already hinted at in the staffing levels seen earlier, multiples have higher average room rates per sq ft.
- Independents had an average billed room rate of £14.91, as compared to £21.48 among the multiples.

Figure 37: Average billed room rate, by size of company

Base: 266 facilities

| | £ per sq ft per annum |
|-------------|-----------------------|
| Independent | 14.91 |
| Multiple | 21.48 |
| All | 19.63 |

Source: SSA/Mintel

Changes in Empty Room Rates

- The market would appear to have prospered in the 12 months prior to the survey, with almost three quarters of facilities reporting to have increased their empty room rates by more than the rate of inflation.
- Less than 0.5% of facilities had seen their rates actually decrease, although a total of 26% will have seen real room rates fall slightly once inflation is taken into account, with 18% having not changed empty room rates, and 6% having increased them, but by less than the rate of inflation.

Figure 38: Change in empty room rates

Base: 277 facilities

| | % |
|---------------------------------|----|
| Decreased | * |
| No change | 18 |
| Increased - less than inflation | 8 |
| Increased - more than inflation | 73 |

* less than 0.5%

Source: SSA/Mintel

Older facilities appear to be faring well

- Those facilities opened before 2003 were the most likely to say that their empty room rates had increased by more than the rate of inflation.
- By contrast, more than a third of those opened since 2003 had seen no change in their empty room rates.

Figure 39: Change in empty room rates, by opening date

Base: 277 facilities

| | All % | Pre-2000 % | 2000-2002 % | 2003-2005 % |
|---------------------------------|-------|------------|-------------|-------------|
| Decreased | * | - | - | 2 |
| No change | 18 | 10 | 17 | 36 |
| Increased - less than inflation | 8 | 9 | 9 | 5 |
| Increased - more than inflation | 73 | 81 | 74 | 58 |

* less than 0.5%

Source: SSA/Mintel

Southern companies increase rates most rapidly

- Facilities in the South were able to increase their empty room rates more rapidly than their Northern counterparts.

Figure 40: Change in empty room rates, by location

Base: 277 facilities

| | All % | North % | London % | South % |
|---------------------------------|------------------|--------------------|---------------------|--------------------|
| Decreased | * | 1 | 1 | - |
| No change | 18 | 38 | 1 | 23 |
| Increased - less than inflation | 8 | 10 | 5 | 1 |
| Increased - more than inflation | 73 | 51 | 93 | 68 |

* less than 0.5%

Source: SSA/Mintel

Multiples see largest increases in empty room rates

- The fortunes of the independents and the multiples are sharply contrasted, as detailed in the table below.
- Just over half of independents saw no change in their empty room rate, although almost four in ten of these facilities saw rates grow more rapidly than inflation.
- This was as nothing compared to the growth seen among the larger multiples, of whom 91% saw above-inflation increases.

Figure 41: Change in empty room rates, by size of company

Base: 277 facilities

| | All % | Independent % | Multiple % |
|---------------------------------|----------|------------------|---------------|
| Decreased | * | 2 | - |
| No change | 18 | 54 | * |
| Increased - less than inflation | 8 | 7 | 8 |
| Increased - more than inflation | 73 | 36 | 91 |

* less than 0.5%

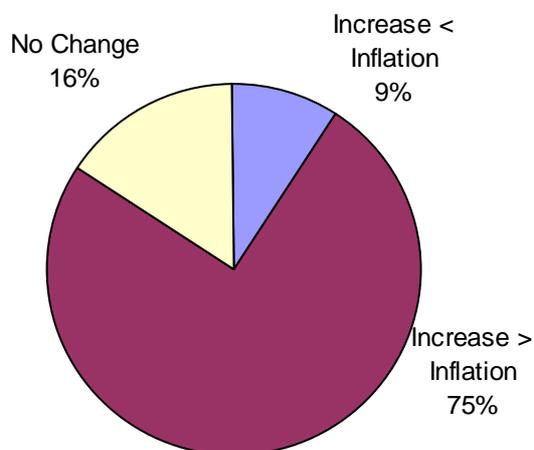
Source: SSA/Mintel

Changes in Customer Room Rates

- None of the facilities surveyed had seen a decrease in their customer room rates, and only 16% did not change their rates.
- Among those who did see an increase in rates, just 9% did not match the rate of inflation, with three quarters increasing more than inflation.

Figure 42: Change in customer room rates

Base: 276 facilities



Source: SSA/Mintel

Older facilities again seen biggest rises in rates

- As can be seen from the table below, when examined by the year in which the facility opened, changes in customer room rates closely matched those seen when empty room rates were considered.
- The older the facility, the more likely the respondent was to say that rates had increased above inflation.
- 8 in 10 facilities, opened before 2000, had seen their customer room rates grow more rapidly than inflation, as compared to just over 5 in 10 of those opened since 2003.

Figure 43: Change in customer room rates, by opening date

Base: 276 facilities

| | All % | Pre-2000 % | 2000-2002 % | 2003-2005 % |
|---------------------------------|-------|------------|-------------|-------------|
| Decreased | - | - | - | - |
| No change | 16 | 8 | 13 | 37 |
| Increased - less than inflation | 9 | 8 | 12 | 8 |
| Increased - more than inflation | 75 | 84 | 76 | 55 |

Source: SSA/Mintel

Regional variation in customer room rates

- Examined on a regional basis, it is clear that facilities based in London were significantly more likely to have increased their customer room rates more rapidly than the rate of inflation.
- Well over half of facilities in the South/South West, South East, London and Midlands/Wales saw above-inflation increases in their customer room rates.

Figure 44: Change in customer room rates, by location

Base: 276 facilities

| | Total | London | Midlands/ Wales | South/South West | N. England/ Scotland | South East (less London) |
|-----------------------|-------|--------|--------------------|---------------------|-------------------------|-----------------------------|
| Decrease | - | * | - | - | - | - |
| No Change | 16 | 3 | 32 | 19 | 36 | 20 |
| Increased < Inflation | 9 | 5 | 10 | 16 | 14 | 10 |
| Increased > Inflation | 75 | 94 | 59 | 64 | 50 | 71 |

* less than 0.5%

Source: SSA/Mintel

Multiples again see sharp increase in customer room rates

- Responses among those facilities from the larger chains were identical to those seen when empty room rates were considered, with 91% seeing above-inflation rises in customer room rates.
- Independents, however, saw their customer room rates stagnating, with 48% reporting no change in this figure.

Figure 45: Change in customer room rates, by size of company

Base: 276 facilities

| | All % | Independent % | Multiple % |
|---------------------------------|------------------|--------------------------|-----------------------|
| Decreased | - | - | - |
| No change | 14 | 48 | 1 |
| Increased - less than inflation | 8 | 12 | 8 |
| Increased - more than inflation | 64 | 39 | 91 |

Source: SSA/Mintel

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