Industry Report based on a Survey of UK member companies 2009

Prepared by Mintel Research Consultancy with and for

The UK Self Storage Association

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Executive Summary

The Self Storage Association (SSA UK) is the trade association for the self storage industry in the UK. As a membership organisation, the SSA UK is currently made up from more than 250 professional companies who either operate self storage facilities or who are suppliers to the industry.

This annual report, prepared by Mintel, outlines the developments and growth within the self storage industry during 2009. Questionnaire results are submitted by the Association's members and can be readily compared to previous years' results.

Some of the 2009 report's key findings include:

- Despite the tough economic climate, the industry has grown by around 4% over the past year in terms of available rentable space - a slow down from the 8-15% seen over the previous five years
- There are now about 800 primary facilities (not including container self storage facilities) and around 28 million rentable square feet - an increase of more than one million square feet (4%) of space in the last year.
- There is now 0.5 sq ft of rentable space for each person in the UK.
- A typical self storage facility has an average size of approximately 40,300 rentable square feet; and has circa 500 rooms. Multiple store operators tend to have more rooms per facility than Independent operators (578 compared to 311).
- The internet is proving to be the most important form of marketing for self storage operators now accounting for more than 35% of new business leads (an increase of more than 20% on last year), while directories (such as Yellow Pages) as a source of new business dropped by 27%.
- The average length of stay for customers using self storage facilities is now 225 days (an increase of more than 26%), with only a quarter of customers staying less than 100 days.

However, as evidenced from many other service industries in the last 12 months, revenue has come under considerable pressure:

- The average billed room rate is £20.49, down 2.8% on last year - Multiples are down 2.7% (£22.34 average) and Independents are down 9.8% (£15.71 average)
- The industry generated revenues of about £345m, down by 4% on last year, and employment for 2,800.

The diversity of customers using self storage has helped protect the industry during the recent economic downturn. The industry's customer base did however shift slightly with business customers now accounting for approximately 34% of self storage users and private individuals accounting for the remaining 66% – an increase of 10% amongst business users.

The economic outlook for the year ahead remains unsettled; however the self storage industry remains cautiously optimistic. The UK has 0.5 sq ft per person. When compared to penetration levels in more mature markets, (the US has more than 7.4 sq ft per person and Australasia with 1.1 sq ft) it is clear that the UK industry has further potential to grow.

Although the industry's outlook was not as positive as a year ago, 21% of operators are still aiming to open new facilities in the coming year. The longer term outlook remains robust with nearly half the operators (49%) stating that they plan to expand in the next five years, of which 6% of operators plan an aggressive expansion of 10 or more sites.

Other emerging areas of growth highlighted in the report include insurance sales and packaging solutions. Currently nearly 15% of income is generated through these means; however Multiples are well ahead of Independent operators whose non storage revenues remain at less than 9%. This income stream becomes increasingly valuable as the pressure on margins increase in line with the growth in available space.

The full report offers further detail and additional insight into some of the key points raised. SSA UK will in the meantime continue to represent its members and seek to help the industry achieve its goals in the years ahead.

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Leading UK operators include:

- Safestore Self Storage - listed on the London Stock Exchange in 2007 and currently operates 114 self storage facilities (UK 92; France 22).
- Big Yellow Self Storage - listed on the London Stock Exchange in 2002 and currently operates 60 facilities and manages a further 10 facilities for Armadillo Self Storage (see below). Big Yellow became the first UK self storage REIT in 2007.
- Access Self Storage - currently operates 49 facilities.
- Lok'nStore Self Storage - currently operates 21 facilities. (Lok'nStore is listed on AIM in London).
- Shurgard Self Storage - currently operates 21 facilities (Shurgard Europe has a further 167 facilities on the Continent of Europe).
- Storage King (a franchise and management organisation) – was operating 24 branded facilities. However, as this report goes to print the Storage King portfolio and organisation is undergoing change.
- Space Maker Self Storage – currently operates 12 facilities.
- Armadillo Self Storage – currently owns 10 facilities, which are managed by Big Yellow Self Storage.

Note: Comparisons are made in the document with some of the results of the previous surveys (dated 1 June 2006, 1 October 2007 and 31 December 2008). 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

For a fourth consecutive year 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 444 facilities, owned by 92 separate companies have been analysed by Mintel in this, the 2009 edition of the UK Self Storage Industry annual report prepared exclusively for the SSA UK.

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, 2008 and 2009 (*2006-2009).*

Location: Facilities were divided into four regional 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 2009 sample (collected in 2009) to the 2008 sample (collected in 2008) to the 2007 sample (collected in 2007) and the 2006 sample (collected in late 2005) by key segmentation.

Figure A: Comparison of the survey sample in 2009, 2008, 2007 and 2006

	Count					
	2009		2008		2007	2006
Number of companies	92	-16%	109	40%	78	87
Companies in both 2008 and 2009 survey	65	3%	63	31%	48	N/A
Number of facilities	444	3%	429	25%	342	315
Pre 2000 facilities	90	-25%	120	7%	112	125
2000-2002 facilities	114	15%	99	3%	96	111
2003-2005 facilities	79	-8%	86	3%	83	79
2006-2009 facilities	161	30%	124	143%	51	-
London facilities	131	8%	121	-2%	124	118
South East facilities	73	4%	70	37%	51	57
South/South West facilities	81	3%	79	75%	45	42
N. England/Scotland facilities	101	2%	99	34%	74	52
Midlands/Wales facilities	58	-3%	60	25%	48	46
Independent facilities	133	-20%	166	54%	108	112
Multiple facilities	311	18%	263	12%	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

	2009	2008	2007	2006
Number of Facilities	**% of companies**			
1	58	60	60	65
2	14	16	13	15
3	9	7	10	6
4	4	4	4	3
5	3	5	3	1
6	1	1	0	2
7	2	1	1	0
8	0	0	0	1
9	0	0	1	0
10	1	0	0	1
Over 10	8	6	8	6
Avg Number of Facilities	**4.8**	**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. 58% of the companies surveyed operate a single facility, and 72% have two facilities or fewer.

- The increase in the average number of facilities per company has been caused by the reduction in numbers of independent operators responding to the survey this year, compared to 2008.

Most operators keeping facility numbers static

- The 2008 survey showed that the expansion in facility numbers had slowed down. The latest survey shows that the rate of expansion has continued to decline.
- In 2009 20% of companies opened at least one more facility.
- That said, there was clearly some confidence in the market, with two large companies having opened at least six sites each – and one having expanded strongly, bringing nine new sites on stream in the year.

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

Number of new facilities in the past 12 months:	2009	2008	2007	2006
None	79	74	55	64
One	15	18	35	29
Two	1	2	6	3
Three	0	2	0	4
Over three	5	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 at a very much slower rate than in 2006/7.
- A fifth say that they will open new facilities – about the same as those who opened new facilities in the past year.

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:	2009	2008	2007	2006
Yes	21	33	44	55
No	75	49	35	45
Possibly	4	18	21	0

Source: SSA/Mintel Research Consultancy

Long-term

- In a sign of confidence in the future health of the market, 49% of companies plan to open one or more facilities in the next five years, with 6% planning aggressive expansion of ten or more facilities.

- However, half do not intend to open any new facilities in the next five years. This significant change in future growth intentions is almost certainly down to the current financial climate, which has caused uncertainty and, coupled with a lack of bank finance, has caused retrenchment in any planned investments. It may well be that as the recession starts to recede, many companies will revisit their intentions.

Figure 4: Proportion of Companies expecting to open new facilities in the next 5 years

Number of new facilities	2009	2008	2007
0/Possibly/Unsure	50	25	35
1 – 3	35	60	35
4 – 9	9	6	21
10 +	6	9	9

Source: SSA/Mintel Research Consultancy

Head Office Employment

- Reflecting the large number of smaller companies operating in the market, 74% employed three or fewer staff members at their head office, with an average staffing level of 4.1.

- When it comes to facility numbers, though, it is a polarised market, and one company employs 54 head office staff members – accounting for almost 15% of recorded head office staff.

Figure 5: Head office staffing levels

Number of staff in head office:	2009	2008	2007	2006
0-1	32	20	20	20
1-3	42	52	46	36
3 -6	16	18	24	26
6+	10	10	10	18
Average number of staff in head office	**4.1**	**4.5**	**4.2**	**5.0**

Source: SSA/Mintel Research Consultancy

Insurance sales

- Companies were asked how they have chosen to ensure that all their customers have insurance cover on their stored goods.
- Since the last report the Government has de-regulated the provision of insurance for the self storage industry. 30% of respondees have already converted to the formal de-regulated selling option, which is a positive response by the industry to the Government's de-regulation initiative. 57% have continued to provide extended cover and the remaining 13% are either still FSA-authorised or have customers that are using other options for their insurance cover.

Storage turnover – growing revenues

- The chart below illustrates the level of turnover generated from core self storage business.
- 53% of companies generate £201k or more (55% of companies in 2008).
- At the top end of the market, some 19% earned at least £1 million from self storage business, with the spread of incomes highlighting the huge diversity seen within the industry.
- Among the companies turning over less than £1 million, the average figure was £270,000, a slight decrease year-on-year from 2008.

Figure 6: Turnover (£) from self storage

	2009	**2008**	**2007**	**2006**
Turnover bands	**% of companies**			
Up £100	20	16	21	31
£101k to 200k	28	29	34	23
£201k to £1M	34	41	26	29
Over £1M	19	14	19	17
Average self storage turnover less than £1 million	**£270,000**	**£285,000**	**£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.

- The difference between Multiples and Independents is again confirmed this year. The slight improvement for Independents is probably caused by the fact that fewer of them responded to the survey.

Figure 7: Turnover from other business

% of other turnover to self storage turnover	2009	2008	2007	2006
Independents	8.7	6.0	8.8	14.0
Multiples	15.9	15.5	17.0	17.0
Total	14.8	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 users, the customer base remains largely driven by individuals who, on average, accounted for just over 66% of customers in a facility. This, though, masked significant differences. For seven companies domestic customers accounted for over 85% of the business, while at the other extreme, three companies said that only 60% of their customers were domestic.

- There is also an indication from this year's survey that the proportion of business customers has increased. This is likely to be a combination of a reduction in private individuals (and therefore the business customer proportion automatically increases) and a concentration by companies on increasing their business customer base. Business customers will take a larger percentage of space as they typically occupy larger rooms than domestic customers.

Average length of stay by customers

- Around 24% 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 the volume of property transactions in 2009 has impacted this sector of the market.

- However, there is also a significant and growing number of longer stayers in the industry, with eighteen of the companies surveyed saying that their average customer stayed at least a year. Figure 8 shows how significant the change has been over the last 2 years.

- This market from domestic customers has grown in the last 2 years, with customers being forced to downsize or to move into rented accommodation in the current environment, and hence the need for prolonged self storage services.

- The average length of stay for Multiples was 49 weeks (9 weeks longer than last year) and for Independents, 29 weeks (6 weeks longer than last year).

- This confirms that companies with a more mature portfolio of facilities (typically the multiple facility operators), tend to have longer average lengths of stay.

Figure 8: Average customer length of stay

Length of Stay	2009	2008	2007
	% of companies		
0 to 100 days	24	34	35
101 to 200 days	29	31	43
201 to 300 days	47	35	22
Average length of stay:	**225 (7 months +)**	**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 further highlighted by this years survey. Website and facility signage accounted for six in ten new enquiries.

- An online presence has become crucial, while links with the ever-more popular housing sites such as Rightmove can help capture business from those moving house and looking for temporary storage space.

Figure 9: Key drivers of customer enquiries

Key Driver:		2009	2008	2007
	% Change 2008 - 2009	Average % enquiries		
Website	+21%	35	29	18
Signage	-7%	25	27	32
Referral	-23%	17	22	18
Directories	-27%	16	22	32
Other	-	7		

Source: SSA/Mintel Research Consultancy

Part Two: Facility Survey

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

Facility Opening Date

- The rapid expansion of the market over the past six years is confirmed by the table below, which shows that 36% of facilities covered by the survey had been opened since 2006, and a further 18% since 2003.

- This was, skewed by five of the major operators in the market, who between them have accounted for 62% of all new openings since 2006.

- The current recession has slowed down the rapid growth seen in the market between 2006 and 2009. 2010 may well be crucial in determining the sustainability of a number of companies with recently opened facilities – we may see some consolidation amongst the operators as a result of their acquisition financing.

Figure 10: Facility opening date, by geographical location

Column %	All	South	London	Midlands / Wales	Northern England / Scotland
	%				
Pre 2000	20	17	33	10	14
2000 - 2002	26	30	25	31	17
2003 - 2005	18	16	18	10	25
2006 - 2009	36	38	24	48	45

Source: SSA/Mintel Research Consultancy

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.

- Expansion in the London area has been slower because of the higher London property prices and it is really only Multiples who are managing to achieve expansion here.

Figure 11: Proportion of facilities opened by geographical location

Location	2009	2008	2007	2006
	% of facilities			
South*	35	35	28	31
London	23	28	36	37
Northern England / Scotland	29	23	21	17
Midlands / Wales	13	14	15	15

Source: SSA/Mintel Research Consultancy
**Note: South includes South, South East and South West*

A new wave of independent operators?

- Independently run facilities and the smaller chains appear to have become a little more aggressive in terms of new openings since 2003.

Figure 12: Facility opening date, by size of company

Column %	All	Multiple	Independent
Base	**444**	**311**	**133**
		%	
Pre 2000	20	20	20
2000 - 2002	26	29	19
2003 - 2005	18	15	24
2006 - 2009	36	36	37

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 third year running and a growth of new builds from 15% to 29% over the last four years!

- Converted warehouses remain the most common type of facility, accounting for 68% of facilities with 29% being purpose built.

Figure 13: Type of facility

Type of Facility	2009	2008	2007	2006
		%		
Converted Warehouse	68	73	79	79
Purpose Built	29	23	17	15
Containers	3	4	4	6

Source: SSA/Mintel Research Consultancy

Older facilities more likely to be conversions

- Since 2006, 43% of new facilities have been designed specifically for the task. That is a big change in specification since 2000.

Figure 14: Type of facility, by opening date

Column %	All	2006 - 2009	2003 - 2005	2000 - 2002	Pre 2000
			%		
Converted Warehouse	61	45	58	72	80
Converted & Containers	7	8	6	3	11
Purpose Built	28	43	30	23	3
Purpose Built & Containers	1	1	1	1	2
Containers	3	4	4	2	3

Source: SSA/Mintel Research Consultancy

Purpose Built focus is in the South

- Looking at 2009 survey data and confirming last years statistics, many more facilities have been purpose built in London and the South than is 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, and partly this will reflect the lack of investment in this region by the multiple operators, who have principally focused their investment in London and the South to date.

Figure 15: Type of facility, by location

Column %	All	South	London	Midlands / Wales	Northern England / Scotland
			%		
Converted Warehouse	61	50	66	66	70
Converted & Containers	7	11	2	5	8
Purpose Built	28	33	31	21	18
Purpose Built & Containers	1	3	0	0	1
Containers	3	3	1	9	3

Source: SSA/Mintel Research Consultancy

Multi site operators building more purpose built facilities

- Multi site operators are opening more purpose built facilities. This is no surprise as it is a result of their better access to funding, their preferred brand positioning, and the more complicated process involved with obtaining planning and constructing new facilities.

Figure 16: Type of facility, by size of company

Column %	All	Multiple	Independent
	%		
Converted Warehouse	61	64	56
Converted & Containers	7	3	15
Purpose Built	28	33	16
Purpose Built & Containers	1	0	4
Containers	3	0	9

Source: SSA/Mintel Research Consultancy

Ownership

- Respondents were asked on what basis their facilities were owned, with the results being illustrated below. The freehold/short leasehold split has remained comparable for the last 4 years.

Figure 17: Ownership of self storage sites

Ownership of site	2009	2008	2007	2006
	%			
Freehold/long leasehold	79	77	78	79
Short leasehold	21	23	22	21

Source: SSA/Mintel Research Consultancy

Facilities likely to be freeholds/long lease

- These statistics indicate the continued focus on the freehold/long leasehold ownership model.

Figure 18: Ownership, by date opened

Column %	All	2006 - 2009	2003 - 2005	2000 - 2002	Pre 2000
	%				
Freehold/ long leasehold	79	81	77	77	81
Short leasehold	21	19	23	24	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 19: Ownership, by location

Column %	All	South	London	Midlands / Wales	Northern England / Scotland
	%				
Freehold/ long leasehold	79	74	82	79	84
Short leasehold	21	26	18	21	16

Source: SSA/Mintel Research Consultancy

Ownership, by size of company

Figure 20: Ownership, by size of company

Column %	All	Independent	Multiple
	%		
Freehold long / leasehold	79	73	82
Short leasehold	21	27	18

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 being operated. The current net lettable area has been grouped into four bands and is shown below:

- The overall pattern is consistent with last year's findings.

Figure 21: Net lettable area per facility

Net lettable area	2009	2008	2007	2006
	%			
20,000 sq ft or less	23	25	24	28
20,001 - 40,000 sq ft	29	36	34	34
40,001 - 60,000 sq ft	32	26	28	25
60,001 + sq ft	16	13	14	13
Average (sq ft)	**40,300**	**38,300**	**37,500**	**36,900**

Source: SSA/Mintel Research Consultancy

- The average net lettable area is 40,300 sq ft. This figure, however, is skewed by a small number of fairly large facilities. This is slightly higher than the average for last year, which was 38,300 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 over the last 10 years, which 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 22: Net lettable area, by date of opening

Column %	All	2006 - 2009	2003 - 2005	2000 - 2002	Pre 2000
	%				
20,000 sq ft or less	23	34	28	11	17
20,001 - 40,000 sq ft	29	19	29	32	40
40,001 - 60,000 sq ft	32	34	29	39	22
60,001 + sq ft	16	13	14	18	21
Average Sq ft*	**40,300**	**33,081**	**35,305**	**44,068**	**41,346**

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 40% measuring at least 40,000 sq ft.

Figure 23: Segmentation of net lettable area by location

Column %	All	South	London	Midlands / Wales	Northern England / Scotland
	%				
20,000 sq ft or less	25	23	10	38	32
20,001 - 40,000 sq ft	36	33	26	29	26
40,001 - 60,000 sq ft	26	29	40	21	32
60,001 + sq ft	13	15	24	12	10
Average Sq ft	**40,300**	**39,734**	**48,962**	**34,726**	**34,175**

Source: SSA/Mintel Research Consultancy

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

Figure 24: Average net lettable area by location

	2009	2008	2007	2006
	Average Sq ft			
London	48,962	46,783	44,505	43,131
South	39,734	37,073	38,100	36,500
Midlands / Wales	34,726	35,472	33,834	32,169
Northern England / Scotland	34,175	30,962	32,878	27,922
All	**40,300**	**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.

- 50% of all sites owned by Multiples measured at least 40,000 sq ft, as compared to just 22% 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 25: Segmentation of net lettable area, by size of company

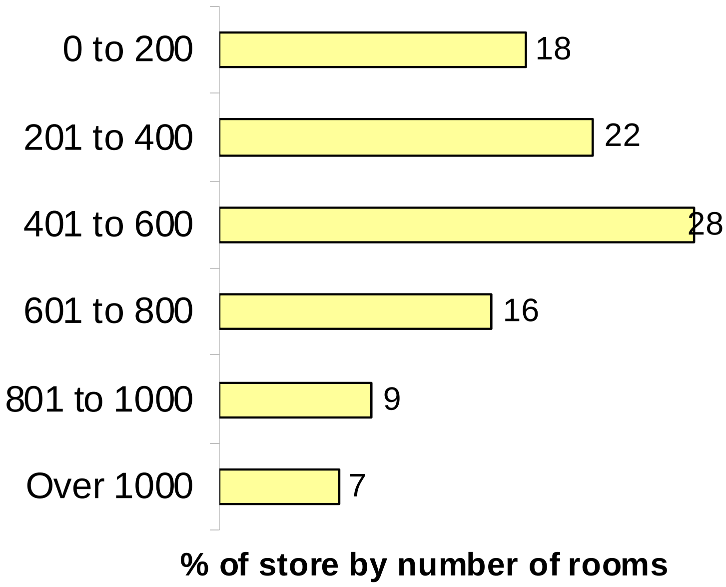
Column %	All	Independent	Multiple
	%		
20,000 sq ft or less	23	47	13
20,001 - 40,000 sq ft	29	32	27
40,001 - 60,000 sq ft	32	17	38
60,001 + sq ft	16	4	22
Average Sq ft	**39,290**	**25,978**	**46,011**

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.
- 18% of facilities have 200 or fewer rooms – balanced by the 32% who have at least 600.
- At the upper extreme, some 7% of sites have at least 1,000 rooms, rising to 3,000 rooms in the largest site.

Figure 26: 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 434 rooms.
- However, the average number of rooms across the industry has remained consistent.

Figure 27: Average number of rooms, by date of opening

	2009	2008	2007	2006
	Average number of rooms			
Pre 2000	519	489	525	573
2000 - 2002	598	633	626	528
2003 - 2005	483	452	445	399
2006 - 2009	434	421	384	N/A
All	**501**	**495**	**510**	**513**

Source: SSA/Mintel Research Consultancy

Average London facility has 677 rooms

- Again reflecting trends in the square footage of facilities, London has by far the largest average number of rooms, topping 677.
- Outside the capital, distribution is more even.

Figure 28: Average number of rooms, by location

	2009	2008	2007	2006
	Average number of rooms			
London	677	662	623	654
Midlands/Wales	393	457	420	390
South	467	444	514	449
Northern England/Scotland	388	407	400	380
All	**501**	**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 may 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.
- Multiple operators tend to have more of a focus on the domestic market than smaller independent operators. To service this demand, Multiples will therefore create more small rooms.

Figure 29: Average number of rooms, by size of company

	2009	2008	2007	2006
	Average number of rooms			
Multiple	578	612	616	640
Independent	311	307	288	266
All	**501**	**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 30: Average room sizes

	2009	2008	2007	2006
	Average room sizes			
Average facility size	40,290	38,277	37,481	36,887
Average number of rooms	501	495	510	513
Average room size	80.4	77.3	73.5	71.9
Multiples Average Room size	79.6	74.9	73.2	69.7
Independents Average Room size	83.5	82.1	81	86

Source: SSA/Mintel Research Consultancy

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 almost three full time staff (or part- time equivalent).

Figure 31: Overall staffing levels

Staffing level	2009	2008	2007	2006
	% of facilities			
1	13	8	7	9
2	21	27	24	17
3	36	36	39	51
4	25	24	23	16
4+	5	5	7	7
Average	**2.8**	**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 32: Staffing levels, by location

Column %	All	South	London	Midlands / Wales	Northern England / Scotland
1	13	14	3	17	24
2	21	29	11	22	17
3	36	31	35	40	45
4	25	24	39	17	11
4+	5	2	12	4	4
Average	**2.8**	**2.7**	**3.5**	**2.7**	**2.6**

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 33: Staffing levels, by opening date

Column %	All	2006 - 2009	2003 - 2005	2000 - 2002	Pre 2000
	%				
1	13	22	15	3	9
2	21	19	32	19	12
3	36	42	28	33	38
4	25	15	22	37	29
4+	5	2	4	8	11
Average	**2.8**	**2.7**	**2.7**	**3.3**	**3.2**

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 possibly not opening on Sundays.

Figure 34: Staffing levels, by size of company

Column %	All	Independent	Multiple
	%		
1	13	26	8
2	20	37	13
3	36	23	42
4	25	9	31
4+	5	5	6
Average	**2.8**	**2.3**	**3.1**

Source: SSA/Mintel Research Consultancy

Figure 35: Staffing levels, annual comparison by size of company

	Average number of Staff			
	2009	**2008**	**2007**	**2006**
Multiple	3.1	3.0	3.1	3.1
Independent	2.3	2.4	3.3	2.6
All	2.8	2.8	3.2	2.9

Source: SSA/Mintel Research Consultancy

Figure 36: Staff/serviced area ratio

	2009	**2008**	**2007**	**2006**
Average facility size	40,290	38,277	37,481	36,887
Average staffing level	2.8	2.8	3.2	2.9
Square foot per member of staff	14,389	13,670	11,712	12,720
Square foot per member of staff Multiples	14,842	15,280	14,618	14,379
Square foot per member of staff Independents	11,294	10,505	7,746	8,748

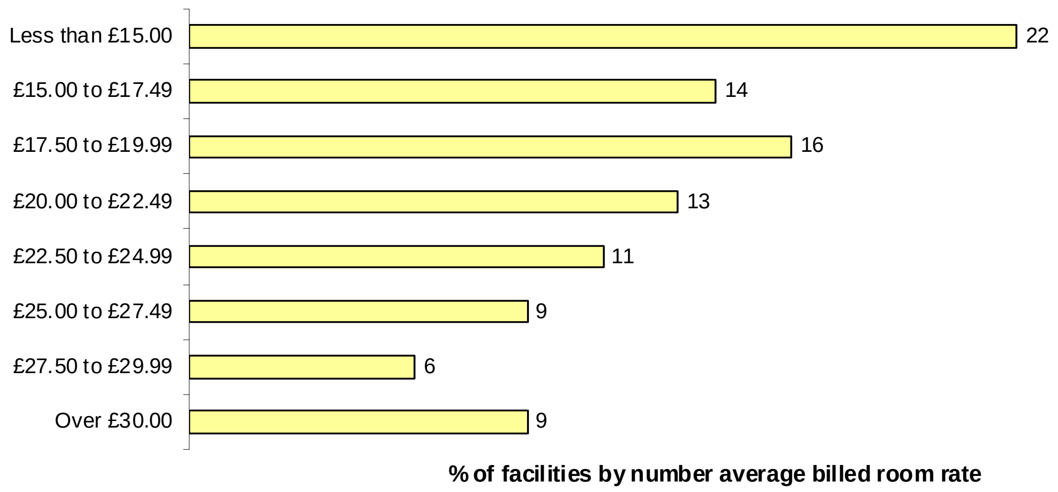
Source: SSA/Mintel Research Consultancy

- Staff in Multiples are being asked to manage more square foot of storage – producing greater cost efficiency for these facilities.
- Staff per square foot for Multiples has been fairly consistent over the last four years.

Average Billed Room Rate

- In 2009, the average billed room rate across the sample as a whole was £20.49 per sq ft. This is compared to £21.08 per sq ft. in 2008, a fall of 2.8%.

Figure 37: 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 £18.19, compared to the £23.50 seen among those opened pre-2000. This is to be expected as recently opened facilities are more likely to offer introductory discounts.

Figure 38: Average billed room rate, by year of opening

	Average billed room rate
	£
Pre 2000	23.50
2000 - 2002	21.43
2003 - 2005	20.03
2006 - 2009	18.19
All	**20.49**

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.

- 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.

- Billed room rates have held up better in the last year in London (-2.6%) and the South (-1.0%) compared to the Midlands/Wales (-5.5%) and the North (-11.0%).

Figure 39: Average billed room rate, by location

	2009	2008	2007	2006
	Average billed room rate £			
London	27.78 (-2.6%)	28.52 (+12.5%)	25.36 (+5.3%)	24.08
South	18.82 (-1%)	19.01 (+0.1%)	18.83 (+10.7%)	17.00
Northern England/Scotland	15.61 (-11.0%)	17.55 (+7.4%)	16.34 (+7.5%)	15.20
Midlands/Wales	15.81(-5.5%)	16.74 (-3.3%)	17.31 (+8.3%)	15.98
All	**20.49 (-2.8%)**	**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, average rates tend to be higher for those facilities operated by Multiples rather than Independents.

- At the same time Multiple operators have done a better job of controlling billed room rates in the difficult market over the last year, rates only declining 2.7% compared to 9.8% at Independents.

Figure 40: Average billed room rate, by size of company

	2009	2008	2007	2006
	Average billed room rate £			
Multiple	22.34 (-2.7%)	22.97 (+3.4%)	22.21 (+3.4%)	21.48
Independent	15.71 (-9.8%)	17.42 (+4.2%)	16.71 (+12%)	14.91
All	**20.49 (-2.8%)**	**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 both 2008 and 2009. The downwards trend has been caused by concerns about affordability, which has been further emphasised in 2009.
- Not withstanding the current environment, the majority of operators are still pushing on empty room rates at the rate of inflation of above.

Figure 41: Change in empty room rates

Change in empty room rate	2009	2008	2007	2006
	%			
Decrease	7	2	2	0
No change	27	22	19	18
Increase - less than inflation	3	10	3	8
Increase - greater than inflation	63	66	76	74

Source: SSA/Mintel Research Consultancy

Newer facilities feeling the strain?

- It is interesting to note that almost 60% of the most recently opened facilities have seen an above-inflation increase in 2009. However, 39% have not changed their prices this year. 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.

Figure 42: Change in empty room rates, by opening date

Column %	All	2006 – 2009	2003 - 2005	2000 - 2002	Pre 2000
	%				
Decrease	7	3	6	9	14
No change	27	39	28	16	20
Increase – less than inflation	3	1	5	4	2
Increase – greater than inflation	63	58	61	72	64

Source: SSA/Mintel Research Consultancy

London companies increase rates most rapidly

- Already charging high room rates, those companies based in London were 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 slight slowing down in increases across the country.

Figure 43: Change in empty room rates, by location

Column %	All	South	London	Midlands / Wales	Northern England / Scotland
	%				
Decrease	7	11	4	9	4
No change	27	30	5	37	44
Increase – less than inflation	3	4	3	0	2
Increase – greater than inflation	63	52	88	54	50

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. 82% (a reduction from 89% last year) of the latter group had managed to increase rates by above the rate of inflation, compared to just a fifth of the smaller operators. The pattern is the same as last year. This indicates that Multiples continue to be more active with Price Management than Independents.

Figure 44: Change in empty room rates, by size of company

Column %	All	Multiple	Independent
	%		
Decrease	7	4	14
No change	27	12	63
Increase - less than inflation	3	2	5
Increase - greater than inflation	63	82	18

Source: SSA/Mintel Research Consultancy

Additional Information

In the 2009 survey respondents were asked to answer several additional questions in regard to their facilities.

- A large majority of facilities are open for the whole week, with just 24% only opening six days, and 2% open for five days a week.

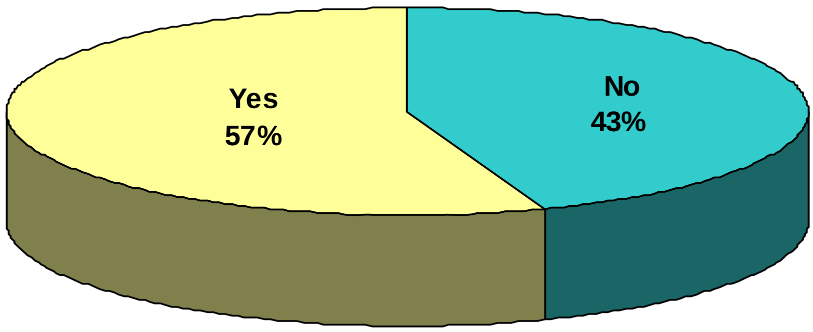
Figure 45: Number of days open per week

Number of days open per week	%
	2009
5 days per week	2
6 days per week	24
7 days per week	74

Source: SSA/Mintel Research Consultancy

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

Figure 46: 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 47: Proportion of facilities that offer 24hr access

% of company's stores	% of stores	
	2009	2008
0-20%	13	13
21-40%	15	13
41-60%	4	11
61-80%	2	4
81-100%	65	59

Source: SSA/Mintel Research Consultancy