FEDERATION OF EUROPEAN
FEDESSA
SELF STORAGE ASSOCIATIONS

European Self Storage Annual Survey 2014

Contents

Membership of FEDESSA

The following associations are the current members of FEDESSA:

Belgian Self Storage Association ASBL
Asociace Self-Storage – The Czech Republic
Self Storage Association Denmark
Pienvarastoyhdistys ry – Finland
CISS - La Chambre Interprofessionnelle du Selfstockage – France
Verband Deutscher Selfstorage Unternehmen e.V. - Germany
Irish Self Storage Association
AIS - Associazione Imprese di Self Storage – Italy
The Netherlands Self-storage Association
Norwegian Self Storage Association
AESS – Asociación Española de Self Storage - Spain
Self Storage Association Sweden
3SA – Swiss Self-Storage Association
Self Storage Association United Kingdom

Christian Schmutz

Introduction

This is the third consecutive annual survey carried out by FEDESSA among its member associations and their member companies. This survey does not include the industries in the United Kingdom and Russia. However information from the Self Storage Association UK's own survey conducted in January 2014 is added to this report where appropriate. This year's FEDESSA survey was completed by 69 companies in all of the 13 member nations on the continent of Europe and Ireland. The sample, although it varies between countries, represents over 30% of the estimated facilities in Europe and includes the majority of the larger companies. Responses to most questions in the survey relate to the facility position as at 31 December 2013.

Many of the questions are factual about the set-up and security arrangements in each facility and these do not change year-on-year. Hence even though the survey respondents vary slightly from year to year, the overall picture and knowledge of the industry is improving and more comparisons should be possible in the future. In addition to the responses this year, some of the past factual information on some facilities has been used in producing the results (which, together with this year's responses, represents over 40% of the European industry's facilities and approximately 55% of the storage space), along with data on the size of the industry obtained from other reputable sources and further market research. There were also additional questions in this year's survey which covered some operational items and the company's thoughts on current and future trends and hopes for the future. This makes it clearly the most comprehensive report into the self storage industry in Europe to date.

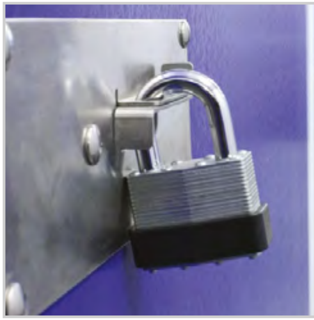
We hope that you find the report helpful and informative. We would welcome any feedback from companies and suppliers or other readers of this report so that we can continue to make further improvements.

Finally we would like to thank the many and various members of the associations who responded to the survey this year. Thanks also go to Rodney Walker for his work in cajoling members and gathering their responses and for putting together this report. This is Rodney's final major project with FEDESSA before he retires and we thank him for all his work on developing this survey from its humble beginnings 3 years ago.

Christian Schmutz, President

Key Survey Findings

- The current total size of the industry, including the UK and its container self storage companies, is over 7 million square metres. This increases to approximately 7.7 million when space within the self storage properties yet to be fitted out into storage is included.
- In Europe on average there is 0.015 square metres of storage per person with the UK having the highest concentration of 0.05 square metres per person.
- The European average for facilities per million population is 4.8, with the UK, the Netherlands and Iceland vying for first place at just over 15 facilities per million people.
- The average occupancy across Europe, reported on for the first time, shows 78% without UK figures and 74% when UK is included. The national averages vary between 69% in Ireland and Spain to 85% in Sweden.
- The proportion of space rented by private customers has varied a little in most countries and dropped as a European average. Denmark has the highest proportion of private customers with 82% and Italy has the lowest with only 45%.
- The web continues to grow in importance as a source of customers with over 50% of enquiries coming through this medium. Signage and positioning still plays a significant role in finding customers accounting for 20% of enquires.
- A clear majority of companies feel that the profitability of their businesses will show some improvement over the next 12 months.
- However in somewhat contradictory sentiment the expectation is that net rental rates will not show much change and indeed may slip a little in some countries, indicating that any improvement is likely to be through increasing occupancy rather than increasing prices.

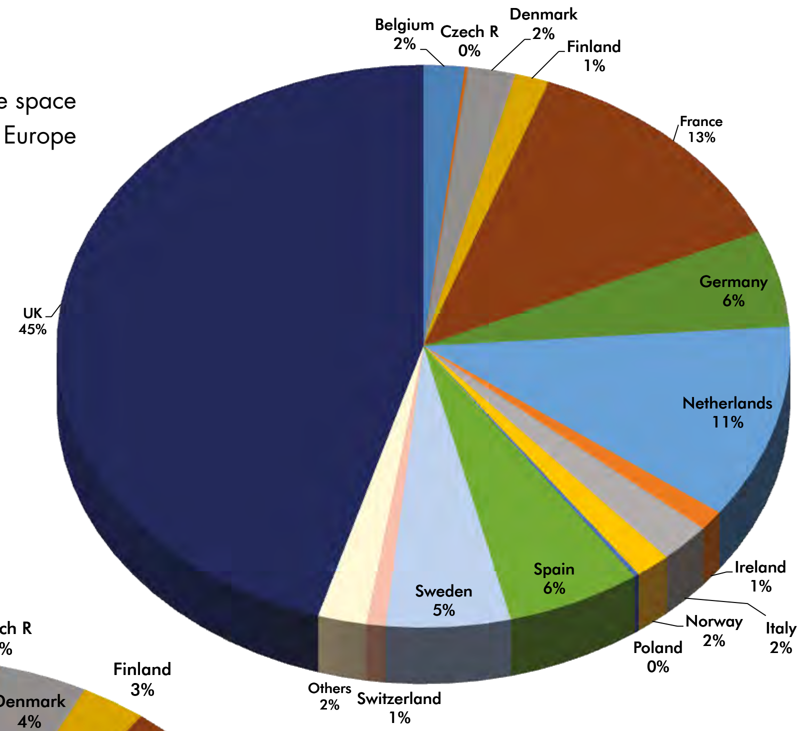


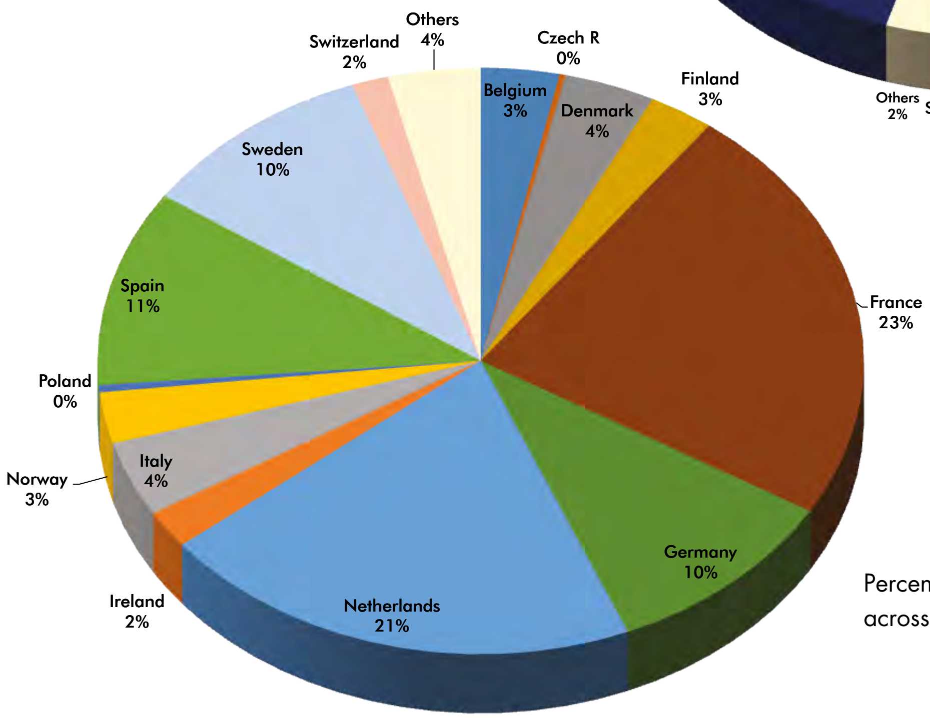
The Industry in Europe

It is always difficult to calculate the true size of the self storage industry in any region as there are, and will be a number of companies who are entering the market in a small way, who are 'testing the water', or suggesting that they are self storage providers when actually they are not. Associations gathering data on their industry are often not aware of these smaller operators and will traditionally have stronger data on their members, than non member operations. There will always be some businesses, large and small that for various reasons do not wish to become members of their local industry association. Over the past year, FEDESSA and its members have, however, increased their efforts to measure the size of the self storage industry, including the non member sites, in every European country.

Also for the first time this year we have placed known facilities in bands – small (1500 sq m), medium (approx. 3,000 sq m) and large (over 3,500 sq m) – and we have done the same with those facilities which are not members. Where little data is available on a site we have conservatively placed them into the medium or small brackets. This has served to reduce the overall estimated size of the industry in some regions since last year's estimate. In future years it is hoped that these unknowns can be better quantified.

Percentage of storage space across Europe





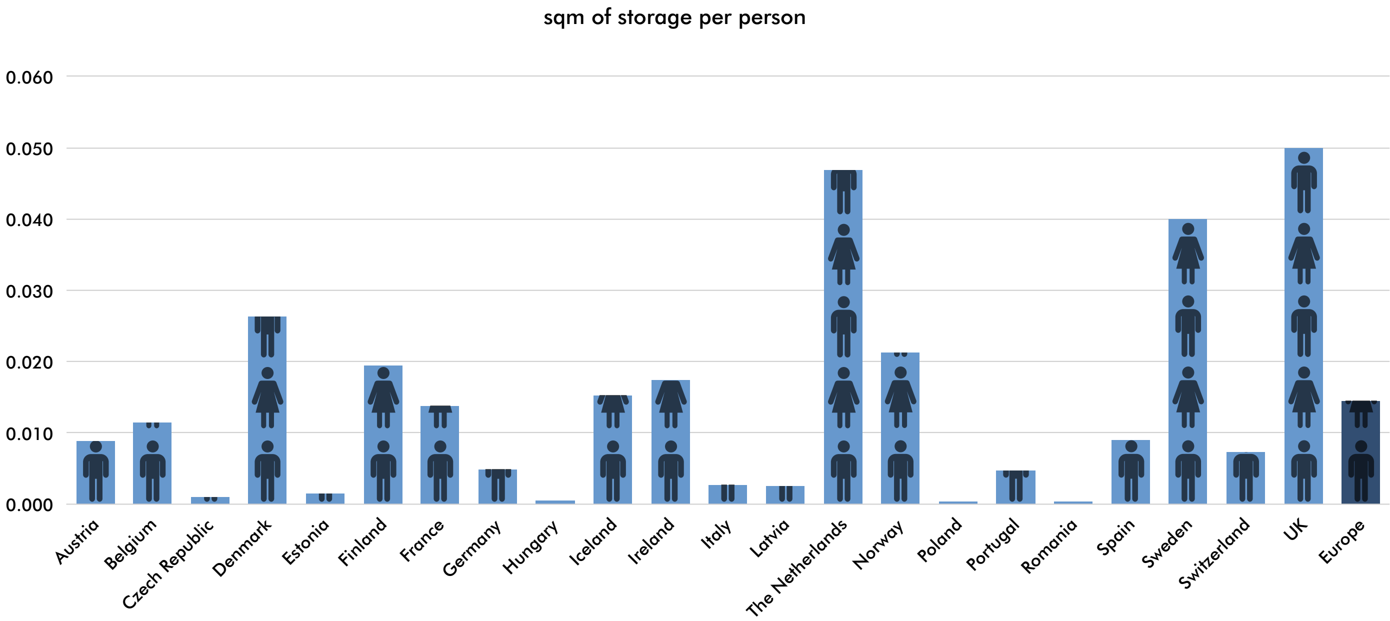
Percentage of storage space across Europe excluding UK

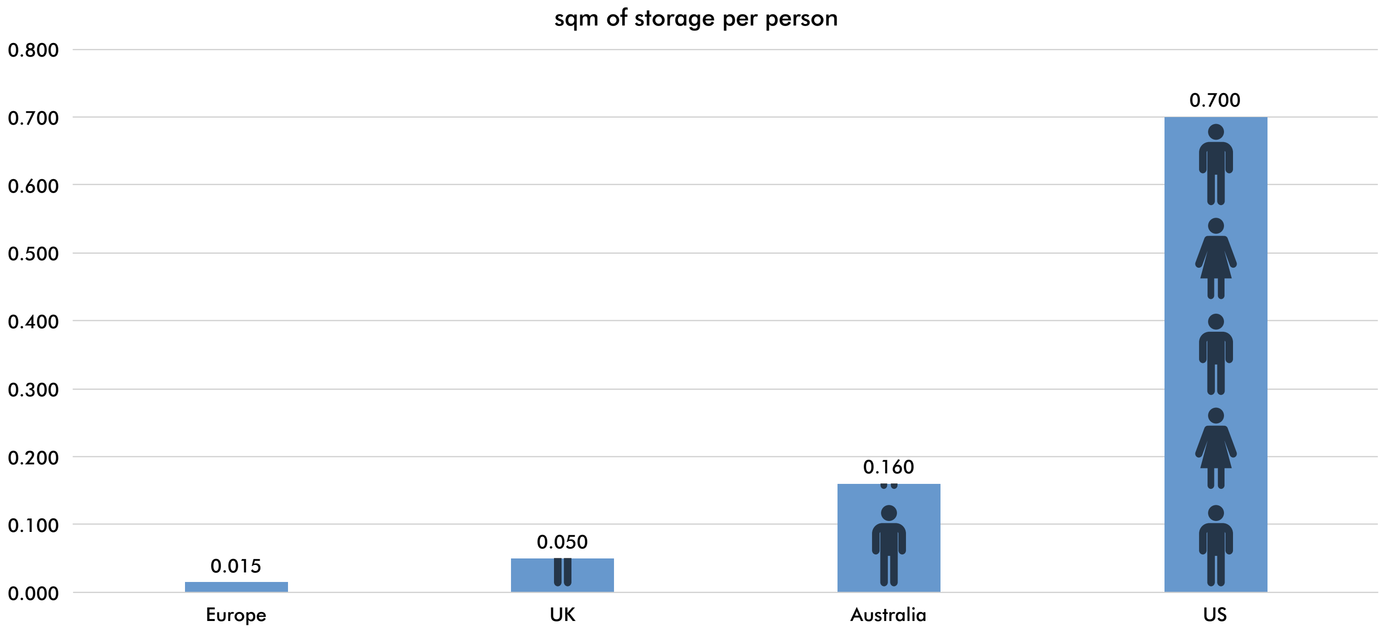
We estimate therefore that there are around 2,400 facilities of any note across Europe including the UK, which has an estimated 975 facilities including an increasing number of container self storage businesses. The total current size of the industry including the UK is over 7 million square metres of which the UK provides 3.2 million. The Europe-wide figure increases to approximately 7.7 million when unconverted space is added. That is space within a self storage property that has the potential to be fitted out for self storage, but as yet has not been developed. It is common for self storage buildings to be fitted out in stages as occupancy rates increase on the developed units. After the UK, France and the Netherlands continue to have the bulk of self storage space, with Germany and Spain the next largest markets, followed closely by Sweden.

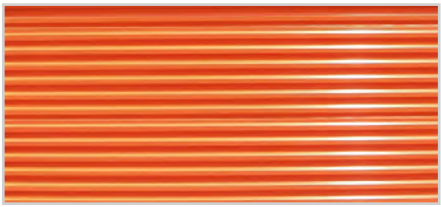
Interestingly it would appear that there has been more space added in the UK than in most other countries (an overall percentage increase from 41 to 45 since the last FEDESSA survey). The continuing effects of the financial downturn, varied as they are in each nation, are clearly holding back progress in a number of countries. Some associations report continuing reticence by banks to lend the necessary money for future development as a major reason for this.

COUNTRY	Population	Est no of facilities	Total current rentable sqm	sqm per person	Storage facilities per million pop
Austria	8,504,850	25	75,000	0.009	2.9
Belgium	11,198,638	29	127,314	0.011	2.6
Czech Republic	10,517,400	3	10,122	0.001	0.3
Denmark	5,634,437	50	148,334	0.026	8.9
Estonia	1,315,819	2	2,000	0.002	1.5
Finland	5,458,038	70	105,600	0.019	12.8
France	65,931,000	330	901,800	0.014	5.0
Germany	80,716,000	131	392,000	0.005	1.6
Hungary	9,879,000	1	6,000	0.001	0.1
Iceland	326,340	5	5,000	0.015	15.3
Ireland	4,593,100	25	80,225	0.017	5.4
Italy	60,768,217	45	160,500	0.003	0.7
Latvia	1,996,500	2	5,000	0.003	1.0
Norway	5,124,383	60	108,750	0.021	11.7
Poland	38,496,000	6	15,150	0.000	0.2
Portugal	10,477,800	16	49,500	0.005	1.5
Romania	19,942,642	2	8,000	0.000	0.1
Spain	46,609,700	210	417,884	0.009	4.5
Sweden	9,684,858	112	386,592	0.040	11.6
Switzerland	8,160,900	28	59,640	0.007	3.4
The Netherlands	16,860,200	264	789,354	0.047	15.7
UK (incl containers)	64,105,700	975	3,200,000	0.050	15.2
Europe in Total	486,301,522	2,391	7,053,765	0.015	4.9
US	317,000,000	52,500	22,190,000	0.700	165.6
Australia	23,130,000	1,100	3,700,000	0.16	47.6

When considering the amount of storage per person, the UK continues to lead, although very closely followed by the Netherlands and Sweden, who have around 3 times as much storage space per person as the European average of 0.015 square metres per person. If these figures are compared with the USA, which has 0.68 square metres per person, or even Australia, which has 0.16, it is reasonable to assume that there is significantly more growth potential in the European market. Care must be taken however when comparing international self storage markets, as local conditions will significantly affect the viability and size of local markets. For example, in the USA land is cheaper and generally more readily available. This contributes to self storage being sold at much cheaper prices than in Europe. It is highly unlikely that the self storage industry in Europe will ever reach the penetration levels of the USA.




sqm of storage per person
0.800
0.700
0.600
0.500
0.400
0.300
0.200
0.100
0.000
0.015
0.050
0.160
0.700
Europe
UK
Australia
US



Some analysts like to use the parameter of the number of self storage facilities per million of the national population. The European average is 4.8 with Iceland, The Netherlands and the UK vying for first place with just over 15. This parameter also shows that the countries of eastern Europe are only just beginning to develop their self storage market.

We estimate that there are 750,000 customers using self storage across Europe including in the UK with an estimated annual turnover of between 900 million and a billion Euros (of which approximately €483 million is in the UK). The average number of staff for a facility is 2 full time equivalents.

Outside the UK we estimate that 37% of the facilities are held by large operators (large operators are defined as those managing 10 or more facilities) who hold 45% of the total available space.

The largest companies in Europe are:

Business	No Sites	Countries operating in
Shurgard	188	Belgium, Denmark, France, Germany, Sweden, The Netherlands and the UK
Safestore and Une Piece en Plus	122	France and the UK
Homebox	71	France
Big Yellow	67	UK
Access Self Storage	55	UK
City Self Storage	38	Denmark, Norway, Spain and Sweden
MyPlace Selfstorage	37	Austria, Germany and Switzerland
Pelican Self Storage	33	Denmark, Finland and Sweden

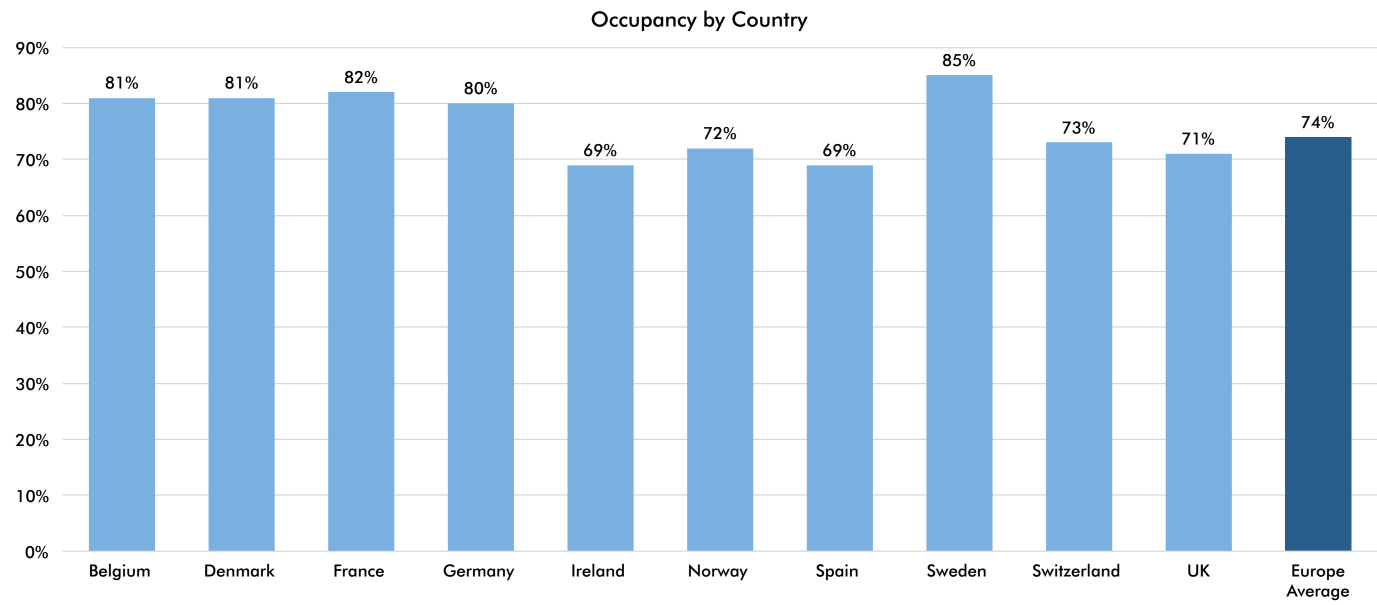
Type of facility

Continental Europe has a much higher percentage of custom built self storage buildings than the UK. This could be due to the higher concentration of large operators with the capital to invest in custom builds. Shurgard for example, the largest operator on the Continent, has over 70% of its facilities custom-built. It could however also be a factor of the real estate market with less suitable properties to convert into self storage and more available land for custom builds. Of the 464 facilities (excluding UK) on which we have information, 47% of them are custom-built. This compares to just under 30% in the UK. The highest proportion of custom-built to conversion lies in Belgium, almost entirely made up of Shurgard properties, with 68% custom-built, and the lowest is Italy with almost no custom builds.

The vast majority of self storage sites in Europe are primary facilities, that is they are manned to some extent with reception services on site. But some countries do have a number of unmanned satellite sites with Finland leading this operational concept with 33% of its facilities being satellites. These are unmanned sites that are usually smaller and managed remotely from a nearby central site. Container self storage is classed as a different industry in most countries and hence we have limited statistics on its development. We asked a new question this year on the ownership status of facilities; were they freehold or leasehold? The responses we received indicate the majority are freehold at around 75%, but this varies significantly between nations with Norway and Switzerland the lowest at around 50:50. It is important to note that while some operators may have a preference for freehold properties, the data indicates that self storage can be a viable and profitable business under a leasehold model, providing the length and terms of the lease are suitable.

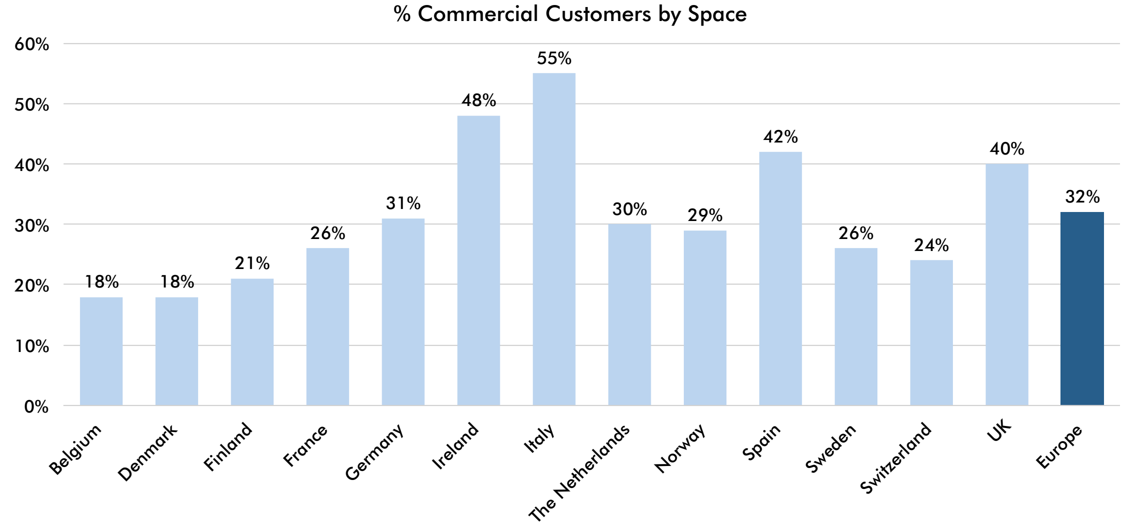
Occupancy

The average occupancy across Europe, reported on for the first time, is 78% without UK figures and 74% when the UK is included. The UK itself has reported a slight improvement in occupancy over the past year from 68% to 71%. The national averages vary between 69% in Ireland and Spain to 85% in Sweden.



Tenancy Split

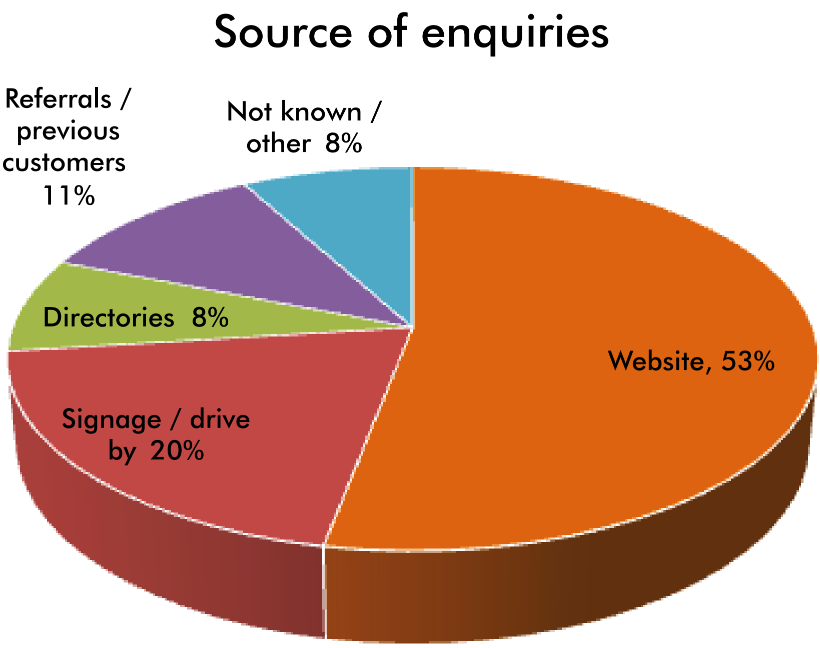
Last year in Europe, excluding the UK, we saw that 71% of self storage space was taken up by private customers compared with business customers. This year's results indicate that there has been a move towards more business customers with only 68% of space going to private customers. This is often the case when the domestic housing market has weakened; companies have to work hard to encourage more businesses to take space. When looking at the same proportions by numbers of customers the figure rises to 75% for private customers, as business customers tend to take larger spaces than private users. When the UK figures are included, only 64% of the space is contributed to private customers. This is the same as last year as the loss of private customers across Europe has been offset by an increase in private customers in the UK. In the UK the amount of space taken by private operators has increased from 58% last year to 60% this year, which is still well below the European average.



Source of Enquiries

The survey this year included data on the source of self storage enquiries. Not surprisingly the web accounts for the majority of enquiries. It is interesting to note that this figure has quite a large variance, with many sites receiving close to 75% of their enquiries through the web and others less than a third. Note that telephone directories are down to only 8%, a small figure given that 10 years ago the majority of enquiries would have come from this source. Site exposure remains the second largest source of customers, this reinforces the long held belief that a prominently located site is a significant benefit to any self storage business. It will be interesting to see if this changes in the coming years, as reliance on the internet continues to increase, particularly with improved internet connectivity on mobile devices.

There were some significant variances between countries on this data. For example, in Belgium the telephone directory accounted for 15% of enquiries and in France and the Netherlands it was 13%. Conversely, in Finland there were negligible enquiries from telephone directories and in Switzerland they only account for 3% of enquiries. In Spain 67% of enquiries are web based and in Italy web enquiries only account for 45%. This further demonstrates that self storage is a local product and there will be variances in the market between countries and in fact between regions within the country. When thinking about developing a new self storage site it is important to complete a local market analysis rather than relying on country or regional data.



Outlook

This year's survey invited companies to take stock and indicate what might happen over the next year or so. While there has been some growth in the industry and optimism has been increasing in some countries over the past twelve months, on the whole the industry has been 'on hold' for the past few years. This has resulted in limited new development as operators endeavour to fill more of the already available space as opposed to introducing new facilities. There have been exceptions mainly in the northern regions where the recession did not have such a large effect and the industry was not as significantly developed pre-recession.

The responses received from most companies indicate that they expect (or hope!) the profitability of their businesses will show some improvement over the next year. This is not as true for Ireland, France and Italy which are, however, at least confident that the status quo will be achieved. The expectation right across the board (less the more positive UK market) is that net rental rates will not show much change; indeed they might slip a little in some countries where the economic situation is not improving. Nor do the responses yet indicate that there is going to be a serious growth spurt in new companies and buildings for the time being. They are relying on an increase in demand for the product to take up existing space and drive up returns through occupancy increases rather than price rises.

Reference Section

Country	No of facilities in assoc.	Est total no of facilities	% Purpose Built	% Conversion	% Freehold	% Leasehold	Average No. of staff (full time equiv)
Belgium	22	29	68%	32%	91%	9%	2
Czech R	3	3	34%	66%			
Denmark	40	50	34%	66%	15%	85%	1.7
Finland	41	54	6%	94%			2
France	158	330	57%	43%			2
Germany	80	131	62%	38%	69%	31%	2
Ireland	20	25	41%	59%	66%	34%	2.4
Italy	30	45	0%	100%			
Norway	43	60	8%	92%	50%	50%	1.5
Spain	73	167	25%	75%	55%	45%	1.8
Sweden	88	112	61%	39%	84%	16%	2
Switzerland	14	28	7%	93%	50%	50%	1.76
The Netherlands	103	264	64%	36%	76%	24%	2
UK incl container storage	662	975	30%	70%	80%	20%	

Country	% Occupancy at Dec 31 2013	% Domestic Customers	% Business Customers	% Domestic Customers by Space	% Business Customers by Space
Belgium	81%	71%	29%	62%	18%
Denmark	81%	89%	11%	82%	18%
Finland		86%	14%	79%	21%
France	82%	84%	16%	74%	26%
Germany	80%	75%	25%	69%	31%
Ireland	69%	63%	37%	52%	48%
Italy		62%	38%	45%	55%
Norway	72%	81%	19%	71%	29%
Spain	69%	70%	30%	58%	42%
Sweden	85%	81%	19%	74%	26%
Switzerland	73%	84%	16%	76%	24%
The Netherlands		74%	26%	70%	30%
UK incl container storage	71%	70%	30%	60%	40%

Country	% Fire Detection	% Sprinklers	% CCTV	% Electronic Access	% Individual Unit Alarm	% Insurance provided
Belgium	100%	95%	95%	100%	0%	100%
Czech R	100%	0%	100%	100%	100%	100%
Denmark	97%	5%	100%	100%	26%	100%
Finland	94%	12%	100%	100%	0%	100%
France	100%	4%	100%	100%	3%	100%
Germany	76%	4%	100%	100%	38%	91%
Ireland	100%	6%	94%	94%	88%	100%
Italy	100%	7%	100%	100%	100%	100%
Norway	92%	42%	100%	100%	50%	63%
Spain	97%	33%	97%	94%	69%	100%
Sweden	96%	9%	95%	100%	13%	95%
Switzerland	93%	25%	100%	100%	100%	100%
The Netherlands	100%	16%	100%	100%	18%	95%
UK incl container storage	97%		100%		39%	96%

Country	% Breakdown of total enquiries					Expectations of profitability for your business in next 12 months?	Expectations on net rental rates over the next 12 months?
	Website	Signage / drive by	Directories	Referrals / previous customers	Not known / other		
Belgium	48%	29%	15%	1%	7%	Some Improvement	No change
Denmark	51%	25%	8%	8%	8%	No change	No change
Finland	35%	25%	0%	10%	30%	Some Improvement	No change
France	53%	22%	13%	8%	5%	No change	Slight Downturn
Germany	65%	16%	10%	6%	3%	Some Improvement	Some Improvement
Ireland	63%	14%	2%	16%	5%	No change	Some Improvement
Italy	45%	30%	5%	15%	5%	Slight Downturn	No change
Norway	64%	4%	9%	16%	7%	Some Improvement	No change
Spain	67%	15%	4%	9%	5%	Some Improvement	No change
Sweden	56%	18%	9%	10%	17%	Some Improvement	No change
Switzerland	48%	29%	3%	13%	7%	Some Improvement	No change
The Netherlands	45%	19%	13%	16%	7%	Some Improvement	No change