Ipsos Business Consulting
Build · Compete · Grow

The Self Storage Association Asia Annual Survey

May 2015

Introduction

Doing anything for the first time can be a lot of effort and work. This does not escape the process of putting together any one industry's first regional survey. And so began this quest for the self storage industry in Asia.

Fortunately, we have the pleasure of working with true professionals in Ipsos Business Consulting and the great facilities who helped us cobble together information allowing us to present to you the Self Storage Association Asia's first ever regional self storage survey combining Consumer and Operator, sentiment. From this initial survey, we can continue to augment and improve the type of data that is available in the industry in order that key groups for the industry's future, including government, investors, and end users, continue to be more engaged and supportive of the growth capability this industry has the opportunity to reach in the region.

We hope that you find the information helpful for your specific purposes and we welcome any and all feedback in order to improve this report year on year.

This is truly an exciting time for the industry!

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Executive Director
Self Storage Association Asia

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Contents

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Survey Findings

The region has dominant country by country players and with some countries more fragmented than others. For example Singapore has under 20 companies in total vs Hong Kong with numbers in the range of 120 and Japan in the range of 300. With this type of fragmentation, it can be very difficult to gather deep market data without engaging each market with the attention they deserve over months of research. For this, our initial toe in the water, we've approached it by measuring data from the biggest companies, representing over 60% of the storage space in each major country including Hong Kong, Singapore, and Japan with a market view for the developing markets including China, Malaysia, Taiwan, Philippines and Thailand.

Key findings from our survey for users and consumers who are at minimum reasonably knowledgeable of the self-storage offering (sample size n=500 for each country):

	Hong Kong	Singapore	Japan
•**Penetration rate**	23%	15%	2%
•**Average occupancy rate**	90%	70%	85%
•**Average rental rate***	USD 5 – 6	USD 3.50 – 3.93	USD 47 – 66
•**Average cost of fitting out***	USD 18 – 21	USD 21 – 24	< USD 471
•**Aware of 1 or more self-storage businesses**	> 50%	> 60%	50%
•**Cost perception from customers for 2 bedroom flat equivalent per month**	< USD 195	< USD 157	< USD 189

Note: costs in Hong Kong and Singapore are per square foot, whereas for Japan costs are per square meter

Hong Kong

In Hong Kong, where the most expensive property prices converge with the highest population density in the world, extra storage room is almost a luxury. With demand constantly outstripping supply, the self-storage industry has quickly blossomed into a well-developed industry with great market traction.

Our online consumer survey targeting Hong Kong residents between the ages of 18-49, required 623 contacts to confirm 500 qualified respondents as the sample for this survey.

Our results point to a core penetration rate of 23% of the population either currently using or having used self-storage services within the past year.

If we take into account all respondents to our survey who have used self-storage at least once, the expanded penetration rate increases to 37%.

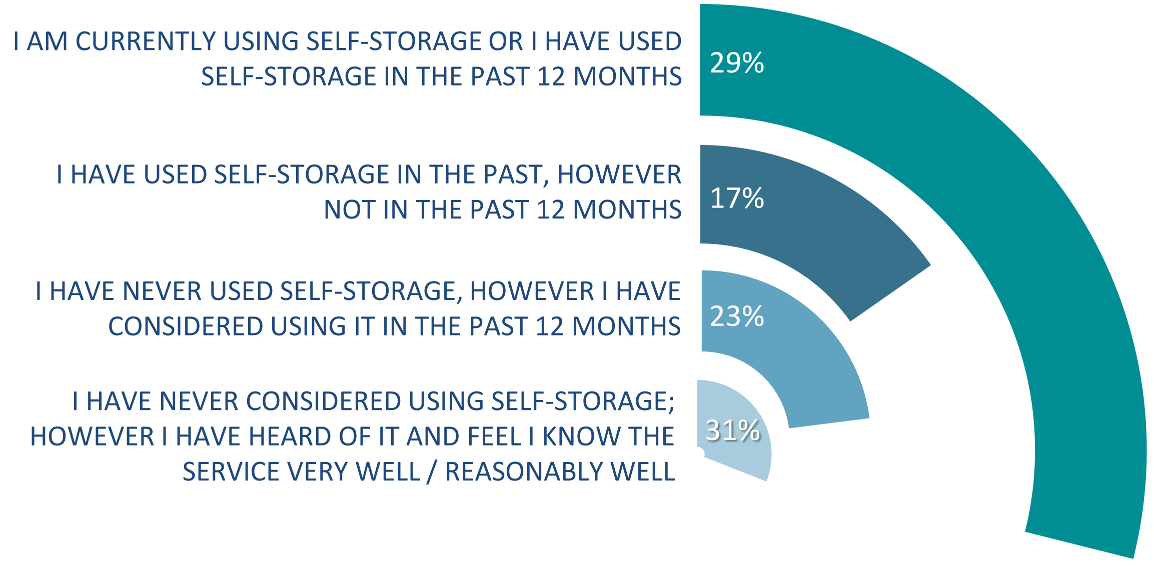
Our operator survey results show a fairly consolidated industry with the top six players in the industry accounting for over 60% of the total gross floor area currently being offered.

IPSOS BUSINESS CONSULTING estimates the total gross floor area of self-storage space in Hong Kong at 4.25 million square feet

Hong Kong Consumer Sentiment Survey Findings

Data from our survey shows a high public awareness and market penetration that place the industry well in its growth stage. Close to half of the survey participants are current customers of a self-storage facility or have used its services in the past 12 months. Over one-fourth of them have thought about using self-storage in the past year, even though they have never used it before. Only about a third of the respondents have never thought of hiring external storage, despite having reasonable knowledge of the service offerings of self-storage facilities.

WHICH OF THE DESCRIPTIONS BEST APPLIES TO YOU?



Among the users, it is worth pointing out that over one-third of them (38%) were periodic users who have ceased to use self-storage in the past 12 months. Furthermore, over half of the users (53%) reported using self-storage for only a short period of time (i.e. under 6 months), compared to only 25% of users who have rented self-storage for a year or longer. This suggests that many Hong Kong consumers consider self-storage to be a temporary solution such as for occasions like marriage and renovation, therefore short lease is an important service offering for any self-storage facility.

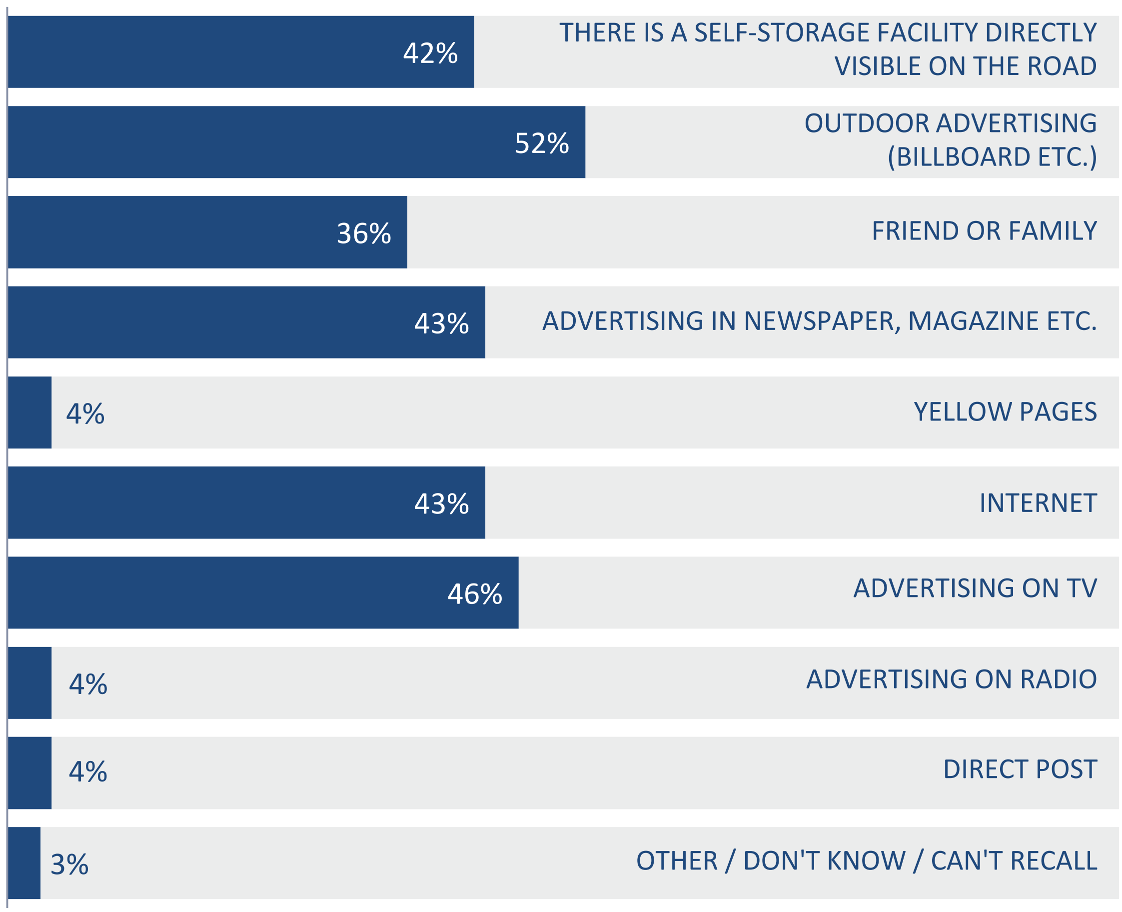
The responses of non-users also show great promise for a potentially high conversion rate. Over 40% of non-users have considered using a self-storage facility in the past 12 months, although they have not yet taken action.

Hong Kong Consumer Sentiment Survey Findings

When asked to indicate how they had become aware of the self-storage facilities' service offerings, over half of the respondents mentioned outdoor advertising, which seems to have an even more drastic impact on non-users (60%). This was closely followed by TV and print ads (again, both showing a more marked influence on non-users), the Internet, and the visible presence of a self-storage facility itself, with each medium contributing over 40% of the total awareness.

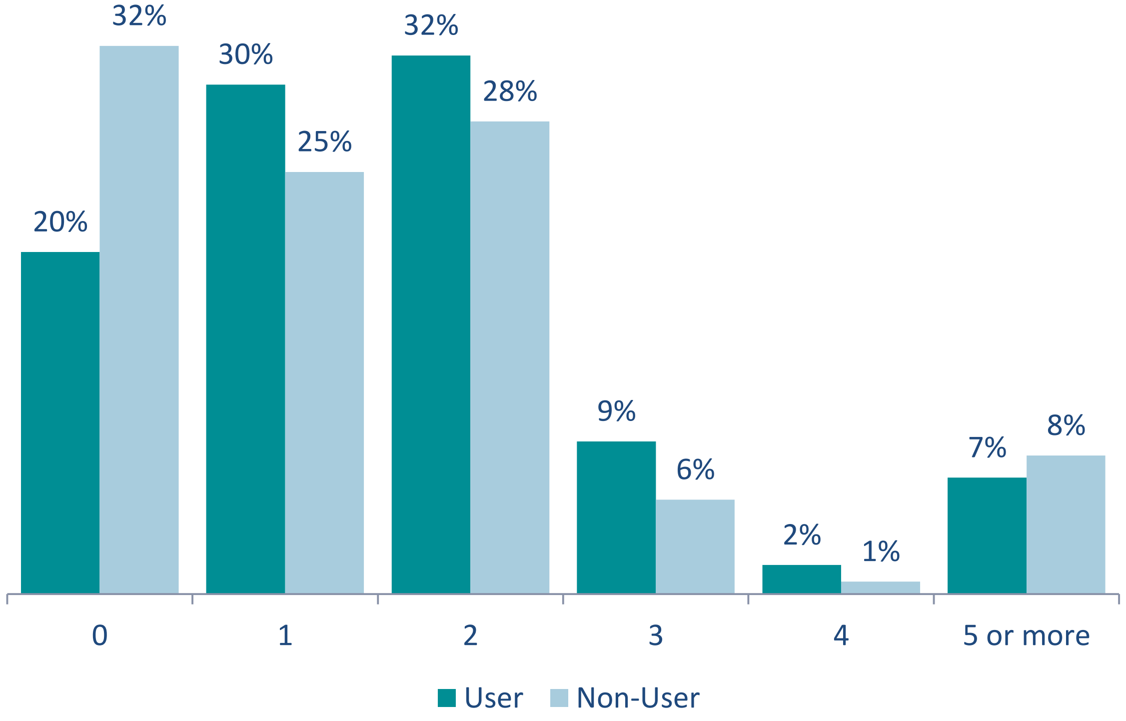
The data returned suggests that self-storage business owners can spend more advertising resources on TV and outdoor media, which appear to be effective in reaching 60% or more of the non-users. Although online advertising is important, our data shows that traditional forms of advertising like TV, print and outdoor ads were more powerful in terms of triggering awareness of self-storage services. Also, word-of-mouth from friends and family helped more than one-third of both users and non-users learn about self-storage.

WHICH OF THE FOLLOWING WAYS MADE YOU AWARE OF THE SELF-STORAGE SERVICE OFFERING?



Hong Kong Consumer Sentiment Survey Findings

HOW MANY SELF-STORAGE BUSINESSES CAN YOU THINK OF IN YOUR LOCAL AREA (NEAR YOUR PLACE OF RESIDENCE)?



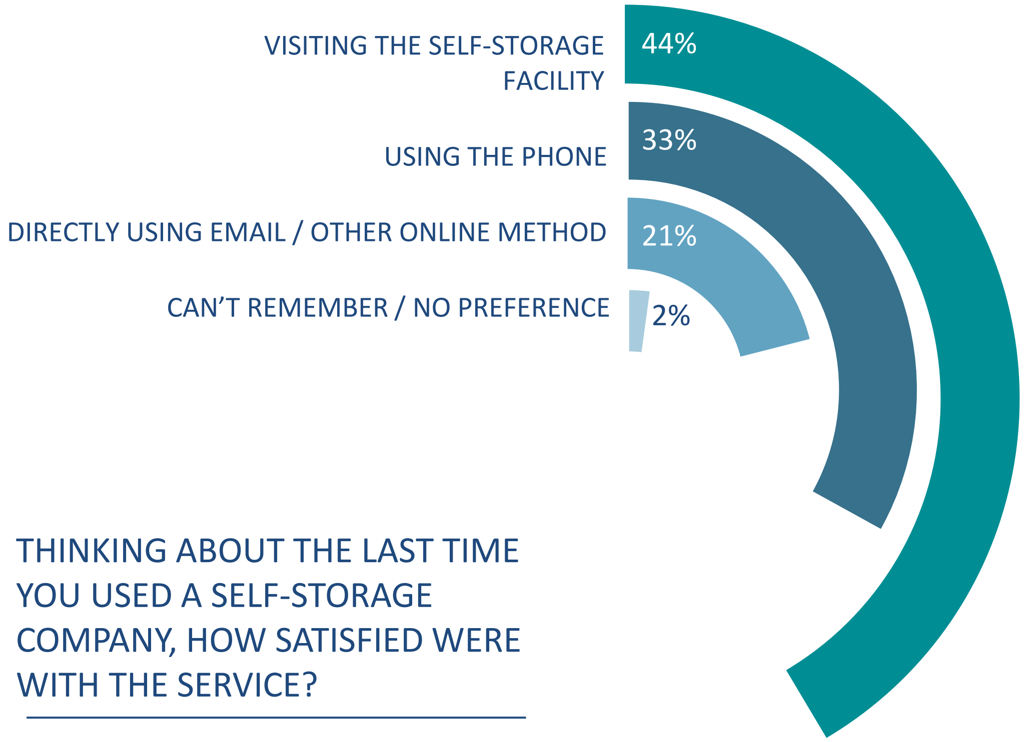
With over 40% of respondents becoming aware of self-storage facilities through its visible presence on the streets and high consumer awareness in Hong Kong, it is no surprise that over half of the respondents can name 1 or 2 self-storage facilities near their home. (On the other hand, non-users had difficulty naming a self-storage facility close by, which is reasonable given that they have probably been paying less attention. However, it is interesting to note that one-fifth of the users do not mind leasing a self-storage unit away from their locality.

As for the main items non-users would be looking to put into self-storage units, over half of them replied they would use it to store personal items like apparel and equipment as well as hobby collections for which they have no space at home. Nearly one-fifth of the non-users cited business reasons as a precursor to using self-storage, which highlights a small but perceptible demand from business users who regard self-storage as a possible space solution.

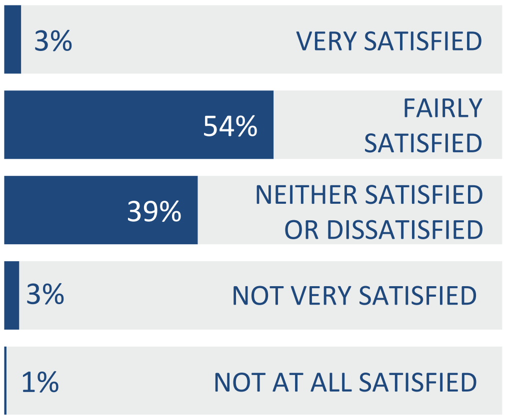
Hong Kong Consumer Sentiment Survey Findings

In initiating contact with the self-storage company they last used, over 40% of the users replied that they had visited the facility directly. This could be due to users want to see the facility for themselves before making a decision, and the fact that most of the self-storage facilities they know are highly accessible by private and local transportation in a condensed city like Hong Kong. Phone calls, or direct verbal communication, ranked second with a third of the users' votes. While Only one-fifth preferred online communication methods like email.

THINKING ABOUT THE LAST TIME YOU USED A SELF-STORAGE COMPANY, HOW DID YOU FIRST CONTACT THE FACILITY YOU ENDED UP USING?



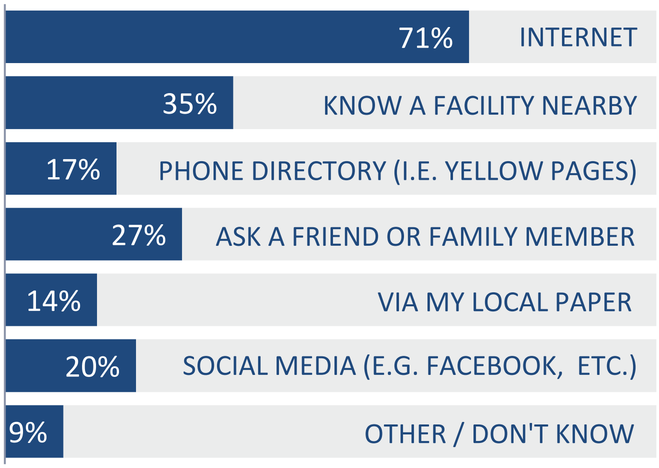
THINKING ABOUT THE LAST TIME YOU USED A SELF-STORAGE COMPANY, HOW SATISFIED WERE WITH THE SERVICE?



On the overall customer experience, close to 60% of the users had a positive experience the last time they signed up with a self-storage company. About one-third of the users felt neither satisfied nor dissatisfied with the service, which suggests either they do not have high expectations on service, or are willing to compromise on service in exchange for other service offerings such as price and accessibility.

Hong Kong Consumer Sentiment Survey Findings

IN WHICH WAYS WOULD YOU FIND A SELF-STORAGE FACILITY?

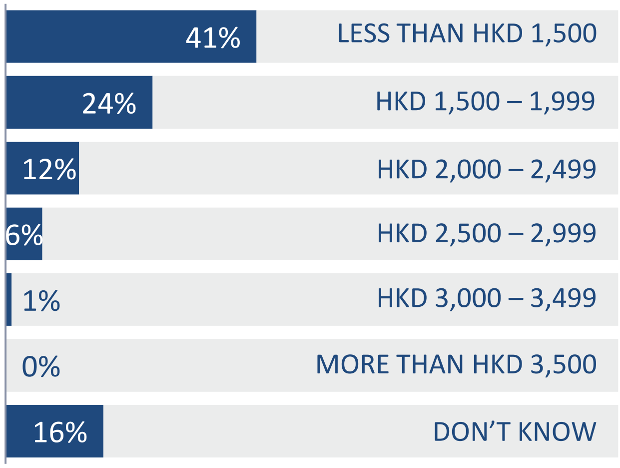


71% of non-users said they would look for a self-storage facility on the Internet, while about a third said would start by trying to locate a facility nearby. These findings should provide strong motivation for self-storage operators to also invest in Internet marketing and Search Engine Optimization (SEO), and to increase the prominence of their facility to capture potential customers in the vicinity.

When actually contacting a self-storage facility most users will prefer to go straight to a facility to inspect the site. More than one-third of the non-users said they would prefer to make their first contact by phone. Direct visit and online communication methods seem to be less popular. It is interesting to observe that nearly 10% of non-users have no preference as to how they would contact a self-storage facility, which suggests that the mode of contact could vary depending on what channels are available and their needs.

INCLUDING ANY TAXES, HOW MUCH DO YOU THINK IT WOULD COST PER MONTH TO RENT A SELF-STORAGE UNIT CAPABLE OF STORING THE CONTENTS OF A 2 BEDROOM FLAT?

Only about one-fourth of the non-users correctly estimated the monthly rate of a 100 square feet storage unit to be between HKD1,500 to HKD1,999, while more than 40% thought the price was cheaper than what it actually costs. Besides, as many as 16% of the non-users claimed they had no idea at all, which indicates a general lack of interest at the moment on their part.

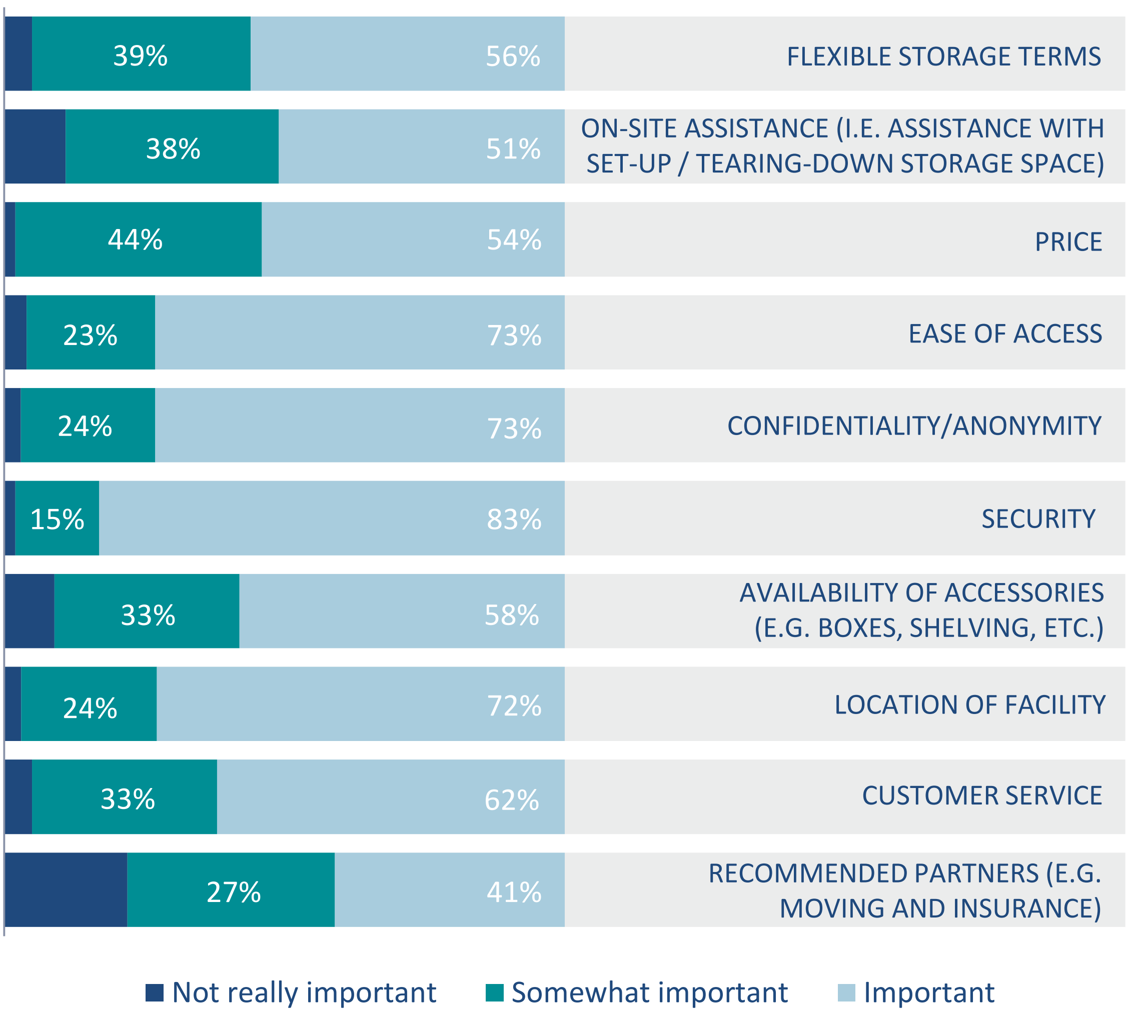


Hong Kong Consumer Sentiment Survey Findings

Our survey also evaluated the factors that could influence the buying decisions of users versus non-users to provide valuable insights to self-storage operators.

Compared with non-users, self-storage users attached a greater importance to flexible storage terms. As noted earlier, over half of the users had leased their last self-storage facility for less than 6 months, which justifies the need for flexible storage terms. While users' demand for flexibility may make it harder for self-storage operators to secure long-term commitment, non-users who are less familiar with the payment terms will be less affected by storage term options.

THINKING ABOUT SELF-STORAGE, PLEASE RATE THE IMPORTANCE FOR YOURSELF TO EACH ATTRIBUTE BELOW OF A SELF-STORAGE FACILITY



Hong Kong Consumer Sentiment Survey Findings

Another attribute which users put more emphasis on is onsite assistance, which includes staff service and assistance during the set-up and dismantling of the storage space. Many users have probably come to value these services from personal experience. The high percentage (over 45%) of users who rate onsite assistance as 'important' and 'very important' suggests that self-storage service operators should consider upgrading their services in this area to give customers a better onsite experience from the outset.

Self-storage facilities with an established network of business partners like movers and insurance companies also get higher ratings from users. Again, this preference likely comes from users' actual experiences as they come to appreciate the benefits having a one-stop integrated services provider.

On the other hand, the price, confidentiality and security of a self-storage facility seem to elicit stronger responses from non-users.

While over 40% of both users and non-users regard price as a significant factor when choosing a self-storage facility, a higher proportion of non-users appear to be more sensitive about prices. Hence, self-storage business owners who are able to compete on price could lower the entry barrier for non-users.

The confidentiality or anonymity offered by a self-storage facility is another concern which polled higher among non-users. Their negative perceptions of privacy may come from a general lack of understanding of the operations of self-storage facilities.

Given that many people put valuables such as collector's items into self-storage units, security is obviously a main concern. While over 70% of the users thought security was important, they seem to be content with the current levels of security offered. A higher percentage of non-users considered security to be a top priority, meaning that self-storage operators will need to highlight this aspect of their services to get non-users to buy into the self-storage concept.

Finally, over 70% of respondents regard customer service and location to be important attributes of a self-storage facility. This highlights the sophistication of Hong Kong consumers in a well-developed, highly competitive market, where consumers have high expectations on service and convenience.

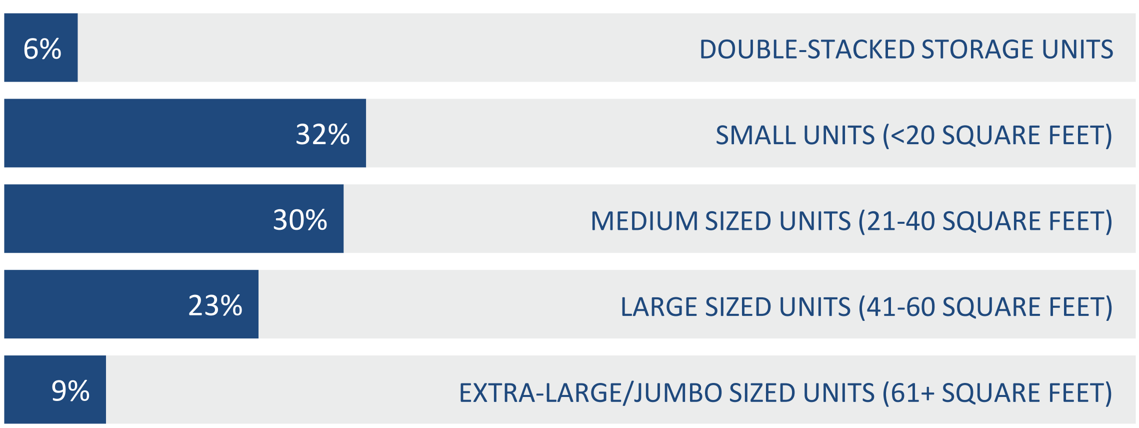
Hong Kong Operator Sentiment Survey Findings

In Hong Kong, it is fairly common for self-storage companies to buy or lease their properties, or to do a mix of both. Among the companies we surveyed, the leasing model appears to be more common (4 out of 10). This may be explained by the lack of suitable properties for sale in desirable locations, or to the unyieldingly high prices of the Hong Kong's real estate market, which makes buying a property more difficult. Moreover, we found that only 1 out of the 10 respondents operated under a franchise model.

Nearly all of the self-storage operators we surveyed (8 out of 10) had converted their facilities from existing buildings. This is consistent with our earlier findings where most self-storage operators lease their spaces, and also highlights the availability of suitable properties that can be converted into self-storage facilities.

It is a priority for self-storage operators to get their storage space mix right to ensure optimal occupancy rates for their self-storage facilities. As a general rule of thumb, people will not rent more than 10% of the size of their dwellings, which would be about 50 square feet in Hong Kong, as more than half of the residential units are less than 538 square feet from 2013.

TAKING INTO ACCOUNT ALL OF YOUR COMPANY'S LOCATIONS, WHAT IS THE GENERAL STORAGE MIX YOU ARE CURRENTLY PROVIDING BY SIZE?

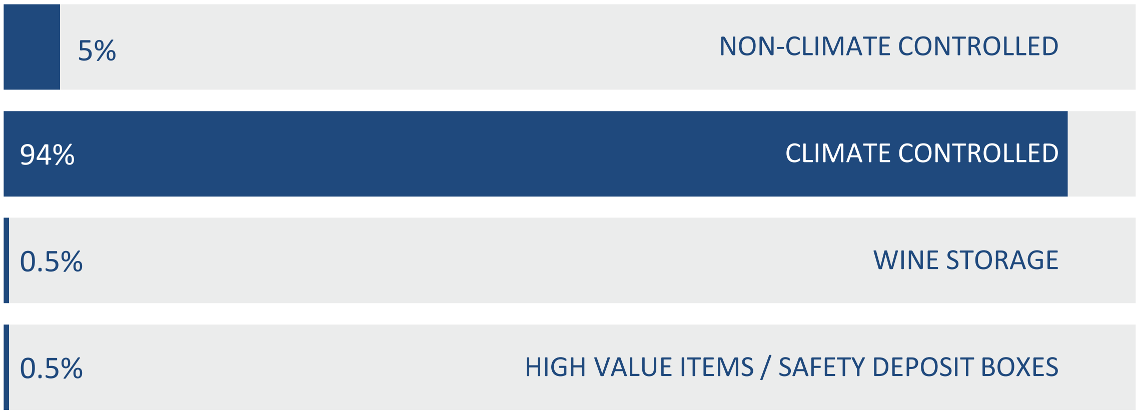


The data returned seems to support this supposition. Small units (<20 square feet) and medium-sized units (21-40 square feet) both made up the highest proportion - nearly one-third - of the companies' total storage mix. This was followed by the large-sized units (41-60 square feet) which are just big enough to hold small furniture items. Small double-stacked storage lockers and jumbo sized units are relatively fewer in number, constituting 6.5% and 9% of the total storage mix respectively.

Hong Kong Operator Sentiment Survey Findings

Taking into account the total storage mix of all of the self-storage companies represented in our survey, nearly all of the storage units (94%) were climate-controlled, meaning that this is almost a built-in feature of the self-storage units in Hong Kong. Indeed, the self-storage trend in Hong Kong hinges upon the ability of self-storage companies to provide a 24/7 climate-controlled environment, which is hard to achieve at home and can keep clothes, foodstuffs, furniture and other items from damage by the sub-tropical, humid weather conditions.

TAKING INTO ACCOUNT ALL OF YOUR COMPANY'S LOCATIONS, WHAT IS THE GENERAL STORAGE MIX YOU ARE CURRENTLY PROVIDING BY SEGMENT?



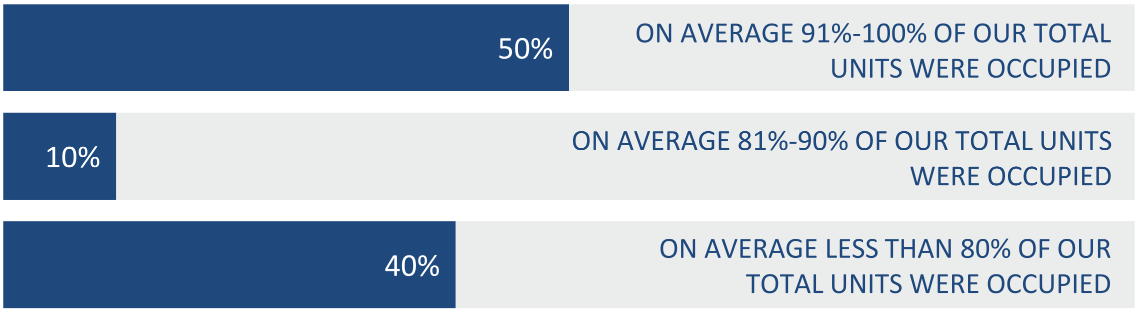
Although Hong Kong has gained much attention as a wine trading and distribution center for mainland China in recent years, wine storage units within self-storage facilities were rather uncommon, accounting for less than 1% of the total storage mix among the operators we surveyed. While these results may indicate that wine traders and collectors prefer to store their wines elsewhere, they also highlight an opportunity for self-storage operators to add more specialized wine storage units into their mix to tap into this niche market.

Similarly, high-value items storage units and safety deposit boxes were a rarity in Hong Kong, comprising a mere 0.5% of the total space mix of the self-storage operators.

Hong Kong Operator Sentiment Survey Findings

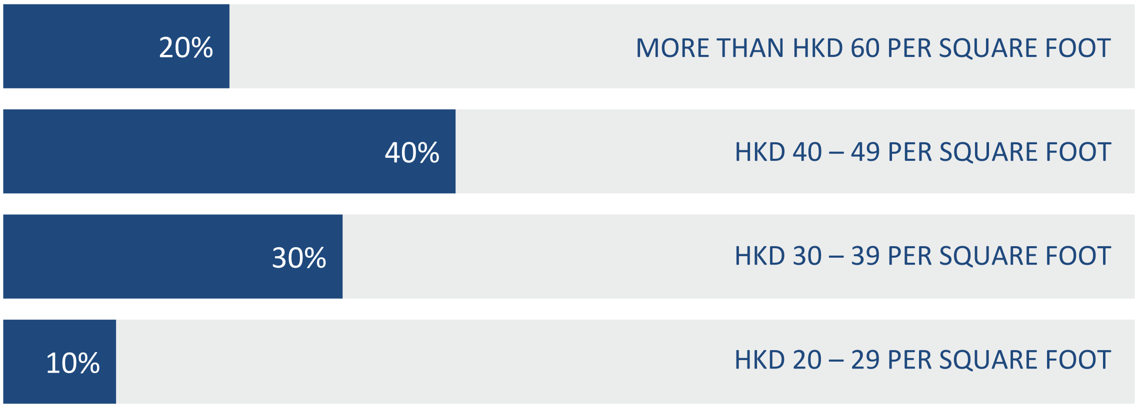
When asked to provide an estimate of their average occupancy rates from 2014 to 2015, half of the survey participants reported a nearly full occupancy rate of 91% to 100%, while several participants noted an occupancy rate of less than 70%.

WHEN CONSIDERING THE BUSINESS YEAR 2014-2015, WHAT WOULD YOU ESTIMATE THE AVERAGE OCCUPANCY OF YOUR SPACE WAS?



Based on the data gathered from survey respondents, it appears that the average rental rate charged per square foot can vary greatly between different self-storage operators. 4 of the 10 survey participants charged an average rental rate of HKD40-49 per square foot, while 3 of the respondents set their rates at between HKD30-39. A per-square-foot-rental-rate of over HKD60, which represents the highest price range in our survey, was adopted by 2 respondents, as opposed to 1 respondent whose rental rate was less than half at less than HKD30 per square foot.

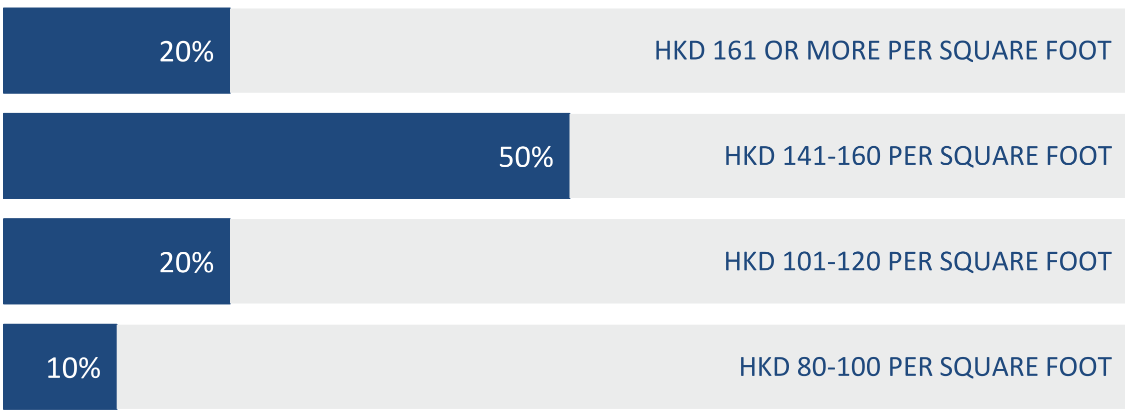
WHAT IS THE AVERAGE RENTAL RATE PER SQUARE FOOT FOR YOUR OCCUPIED UNITS IN 2014?



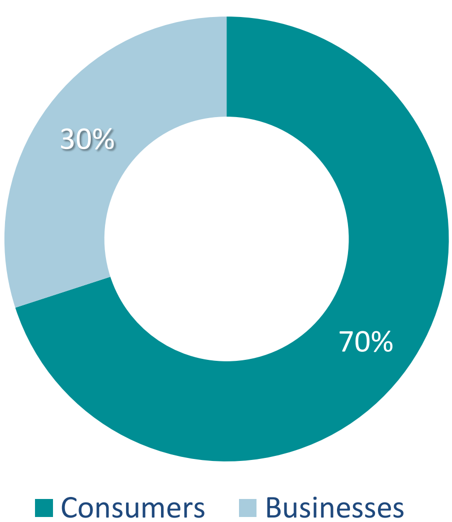
Hong Kong Operator Sentiment Survey Findings

According to half of the self-storage operators we surveyed, the average cost of fitting out a self-storage facility falls somewhere between HKD141 to 160 per square foot.

IN YOUR EXPERIENCE WHAT IS THE AVERAGE COST PER SQUARE FOOT TO FIT-OUT/CONVERT AN EXISTING BUILDING INTO A SELF-STORAGE FACILITY?



WHEN CONSIDERING THE BUSINESS YEAR 2014-2015, WHAT WAS YOUR CUSTOMER MIX?

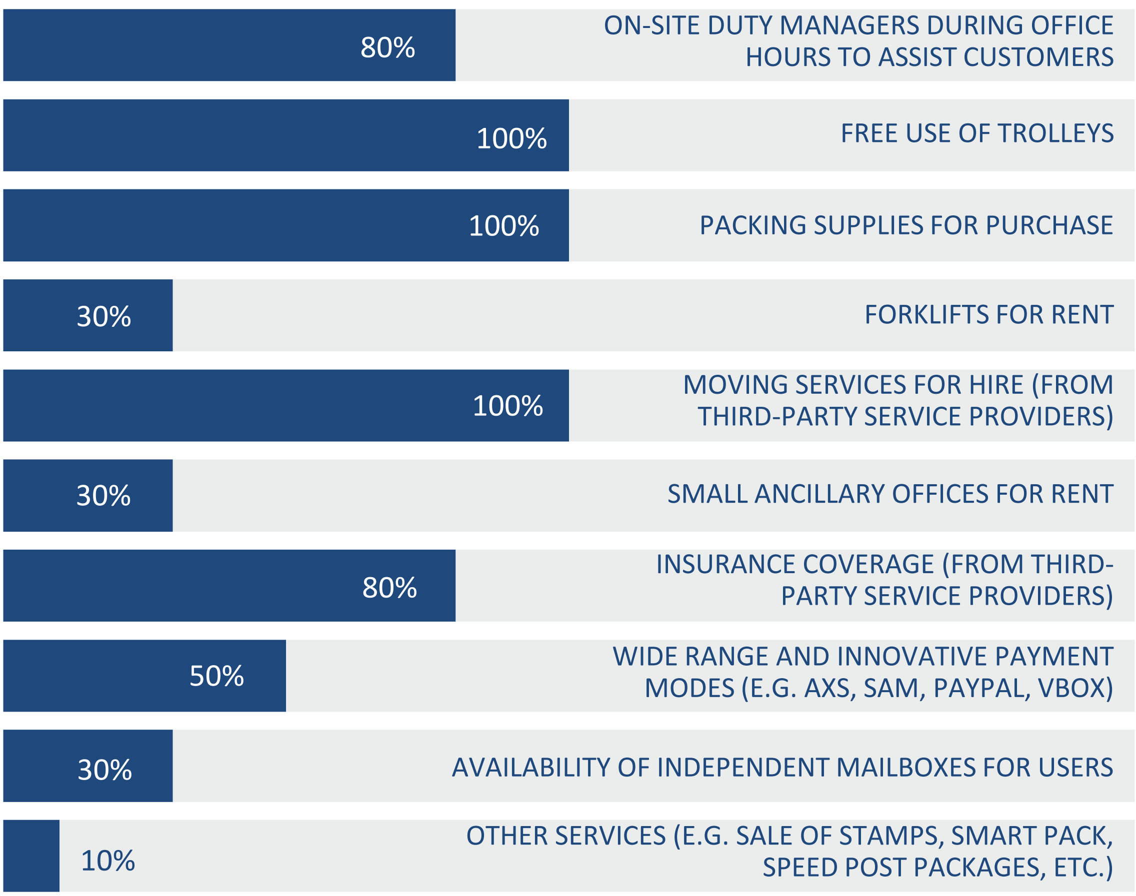


The self-storage operators in our study revealed that their customer mix in 2014 was roughly distributed at 70% individual customers versus 30% corporate customers, though with a highly varying range of between 50% to just over 80% for individual customers. This versatile range could perhaps be explained by the location of the self-storage facility and their service offerings, which play a significant role in determining the customer mix it attracts.

Hong Kong Operator Sentiment Survey Findings

In compiling a checklist of value-added services offered by our survey respondents, we found that all of them provided customers with the free use of trolleys, paid packing supplies and third-party mover recommendations - all important services to ease the transport and storage of goods into a self-storage facility. However, only 3 out of 10 operators provided fork-lifts for rent, which suggests that either many facilities in Hong Kong are not big enough for operating large equipment, or customers may prefer to hire third-party vendors to move the bulkier and heavier items for them.

WHICH OF THE FOLLOWING VALUE ADDED SERVICES ARE YOU CURRENTLY OFFERING IN YOUR FACILITIES IN HONG KONG?



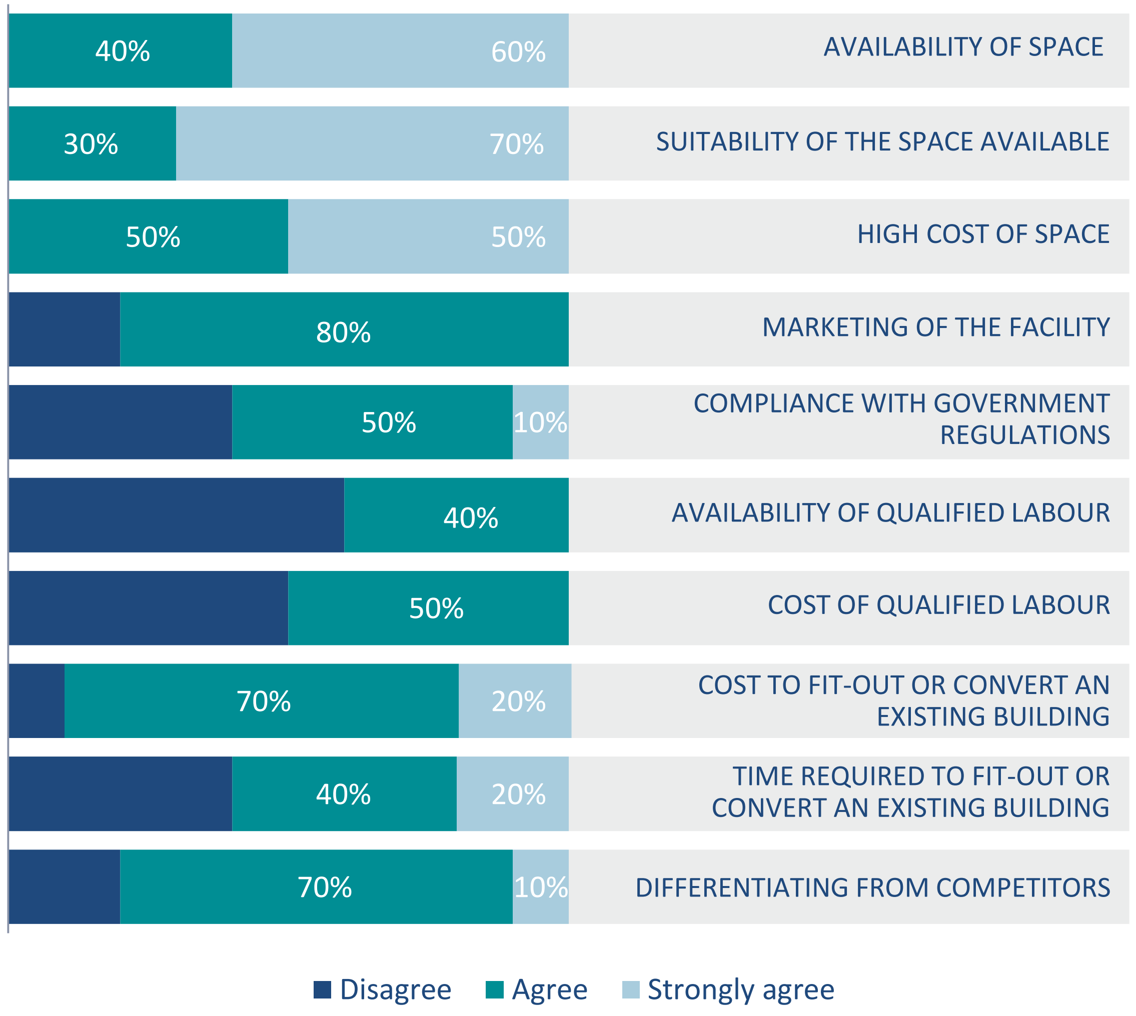
Only half of the survey respondents will accept a wide range of payment modes such as AXS and PayPal, which may indicate a limited demand from self-storage customers or just a slow adoption of new technologies by operators.

Hong Kong Operator Sentiment Survey Findings

Self-storage operators face a number of challenges from the startup, operations to expansion stages of their self-storage businesses. The availability and suitability of available spaces in Hong Kong seems to pose a formidable challenge for the majority of our respondents – 6 out of 10 respondents strongly agreed to the lack of available spaces while half or more of the respondents were concerned about the suitability of available spaces during their business set-up and expansion.

Another key challenge that self-storage operators must overcome is cost. Among the 10 self-storage operators we surveyed, 3 of them strongly agreed that high start-up costs and operating costs could be a real challenge, while half of them strongly agreed that the high cost of space could be a hurdle to.

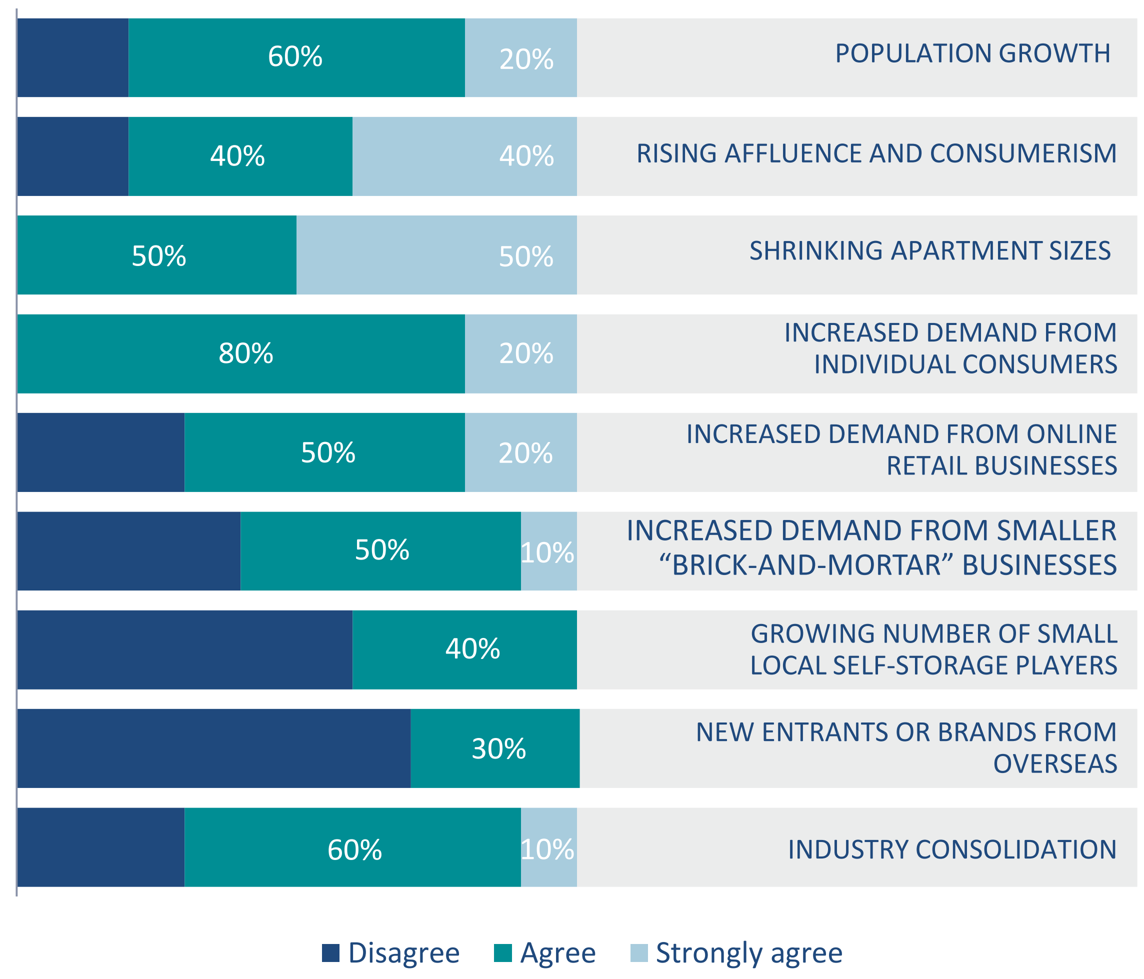
IN YOUR OPINION WHAT ARE THE KEY CHALLENGES SELF-STORAGE OPERATORS FACE IN HONG KONG WHEN EXPANDING THEIR BUSINESS?



Hong Kong Operator Sentiment Survey Findings

When asked what they perceived to be the key drivers of the self-storage industry in Hong Kong, most of the self-storage operators in our survey believed that the growing population was a notable, though not a strong contributing factor to the rise of the self-storage industry.

FROM YOUR PERSPECTIVE WHAT ARE THE OVERALL KEY DRIVERS AND TRENDS IN THE SELF-STORAGE INDUSTRY IN HONG KONG?



Our survey respondents were unanimous about the impact of shrinking apartment sizes. From July 2004 to July 2014, the house price index in Hong Kong rose by 241.3% and rental index by 102.44%. According to 2013 statistics, half of the residential units in Hong Kong measure less than 538 square feet, presenting plenty of opportunity for the self-storage industry to grow.

Singapore

The self-storage industry in Singapore has developed quickly in recent years driven by a number of favourable political and economic factors. These include the downsizing of housing, a growing affluent middle class and the popularity of online retailing, leading both consumers and businesses to turn to self-storage to fulfill their needs.

Our online consumer survey targeting Singapore residents between the ages of 18-49 required 804 applications to confirm 500 qualified samples.

Our results point to a core penetration rate of 15% of the population either currently using or having used self-storage services within the past year.

If we take into account all respondents to our survey who have used self-storage at least once, the expanded penetration rate increases to 24%

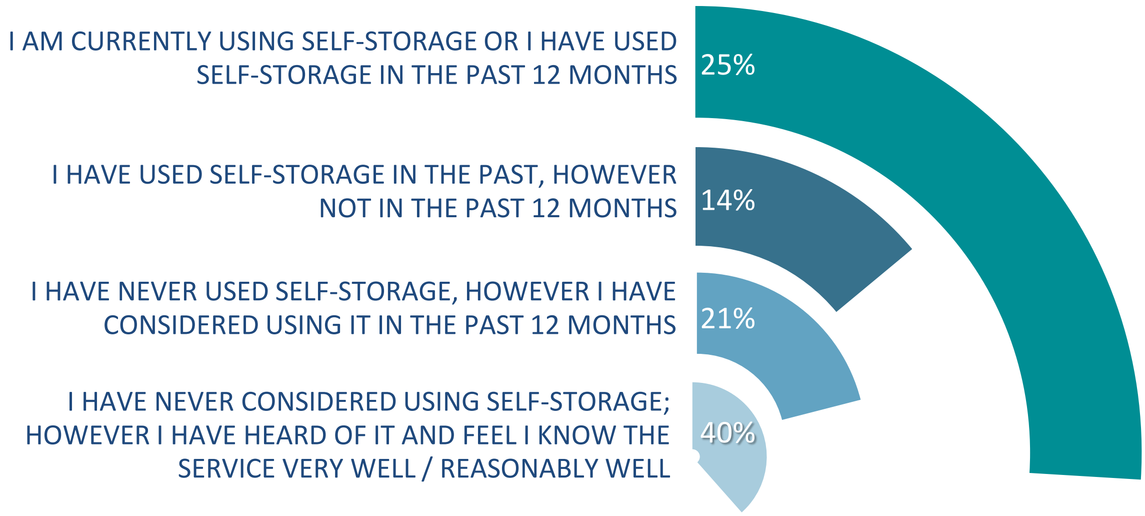
Our operator survey results show a fairly consolidated industry with the top six players in the industry accounting for over 60% of the total gross floor area currently being offered.

IPSOS BUSINESS CONSULTING estimates the total gross floor area of self-storage space in Singapore at 2.0 million square feet

Singapore Consumer Sentiment Survey Findings

According to our poll, about 40% of the respondents are using or have used self-storage services in the past year, while another 40% have never considered using self-storage at all. This suggests that the self-storage industry in Singapore still has a lot of room to grow in terms of increasing consumer awareness and adoption, although the industry is well in its growth stage with healthy occupancy rates.

WHICH OF THE DESCRIPTIONS BEST APPLIES TO YOU?



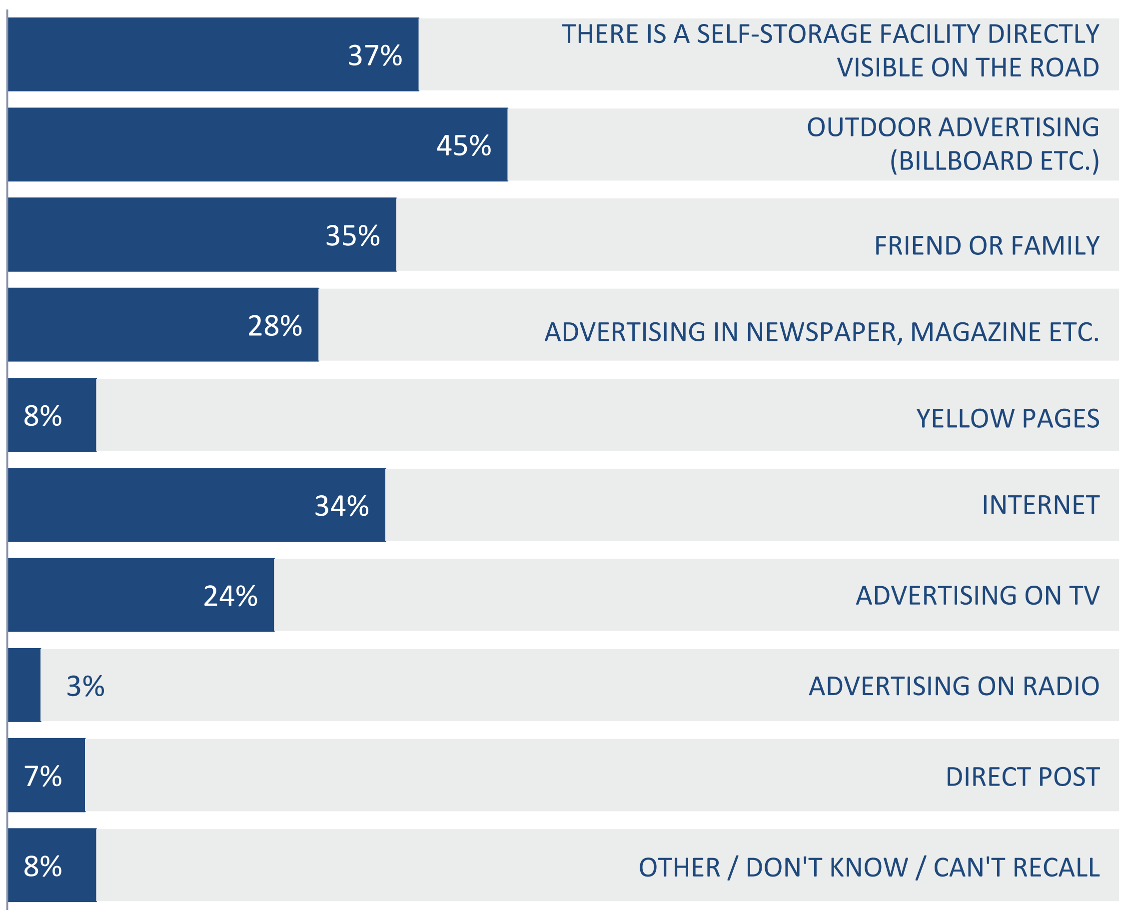
Singapore self-storage users expressed a split preference between very short leasing periods of less than 3 months (21%), medium leasing periods of 4 to 6 months (29%) and longer leasing periods of more than a year (23%). Consequently, self-storage business owners need to provide flexible leasing options in order to attract customers with different storage needs.

Singapore Consumer Sentiment Survey Findings

The most popular medium driving the awareness of self-storage services was outdoor ads, which created an impression in over half of the non-users. In fact, traditional forms of media like outdoor, print and TV ads all seemed to have a greater effect on non-users, who probably formed their first impressions of self-storage facilities around these above-the-line marketing channels.

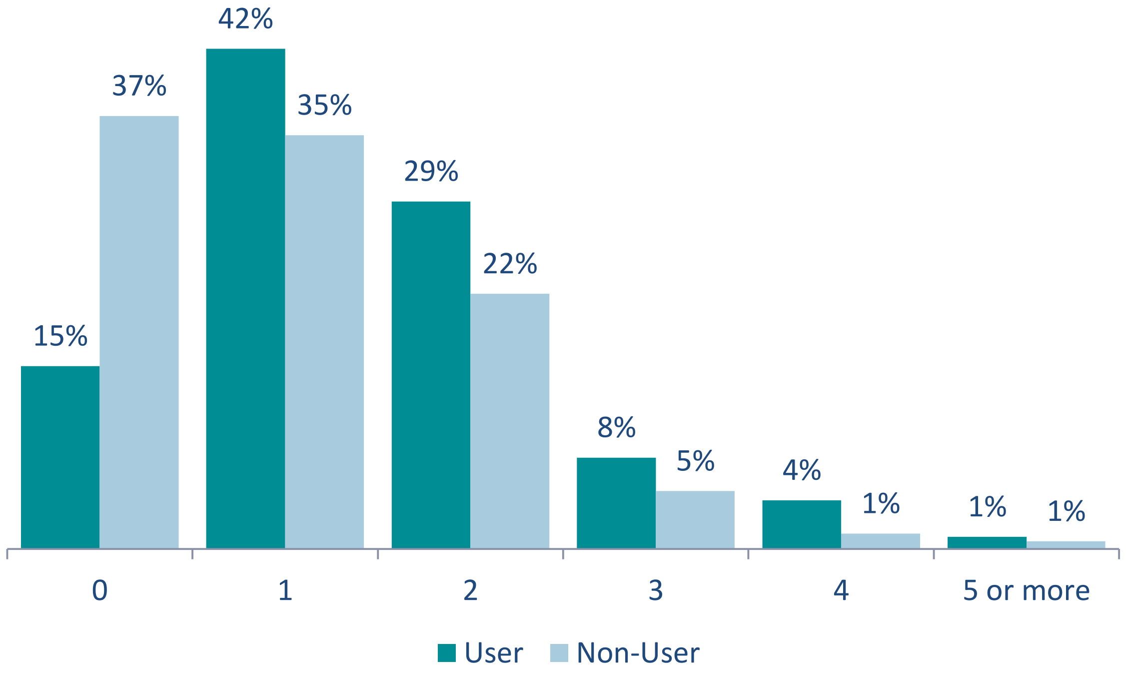
The second most popular medium was the visible presence of a self-storage facility, which implies that businesses located in high-traffic areas have a definite advantage. The Internet was also important for about one-third of the respondents, though clearly not as effective as outdoor advertising. Moreover, family and friends played a significant role in helping over a third of the respondents become aware of self-storage services.

WHICH OF THE FOLLOWING WAYS MADE YOU AWARE OF THE SELF-STORAGE SERVICE OFFERING?



Singapore Consumer Sentiment Survey Findings

HOW MANY SELF-STORAGE BUSINESSES CAN YOU THINK OF IN YOUR LOCAL AREA (NEAR YOUR PLACE OF RESIDENCE)?



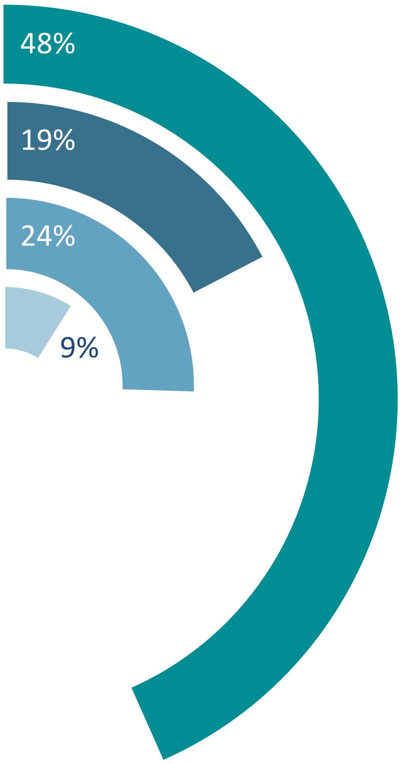
Over 60% of the survey respondents had no problem naming 1 or 2 self-storage facilities in their neighbourhood. This high level of awareness could be attributed to the predominance of the franchising model in Singapore – four major operators accounted for nearly 80% of the total number of self-storage facilities in 2013. Under this model, self-storage operators are able to maximize their market exposure by getting franchisees to set up smaller-scale facilities in multiple locations.

When asked what they would put into a self-storage unit, non-users see a wide range of possibilities from household furniture, personal items to hobby collections. It is important to note that over one-third of the non-users considered it a norm to use self-storage for storing business files and inventory. This brings to light a growing customer segment in Singapore – business users, especially online companies and SMEs who are increasingly being driven to self-storage due to rising rental costs.

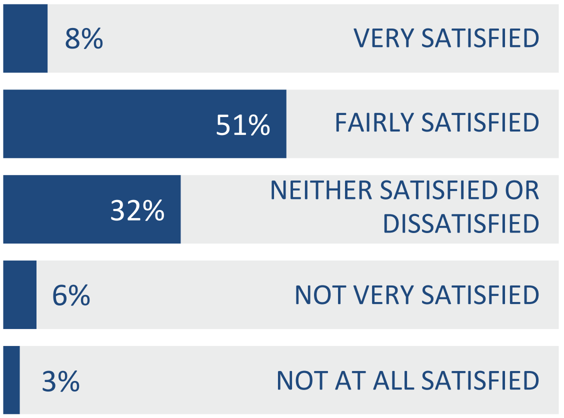
Singapore Consumer Sentiment Survey Findings

Seeing that nearly 50% of the users made contact with their last self-storage company by visiting it directly, location and accessibility can definitely add a competitive edge to self-storage facilities in Singapore. Since the self-storage business is a property-leasing business, it seems quite reasonable that users would want to visit the facility in person as part of their decision-making and buying process.

THINKING ABOUT THE LAST TIME YOU USED A SELF-STORAGE COMPANY, HOW DID YOU FIRST CONTACT THE FACILITY YOU ENDED UP USING?



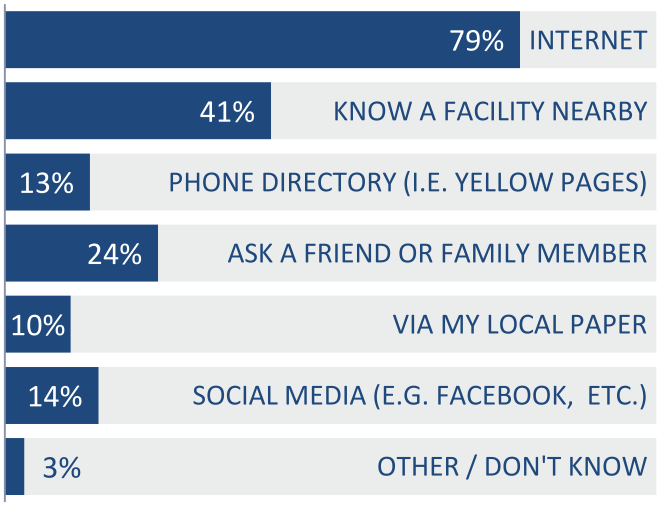
THINKING ABOUT THE LAST TIME YOU USED A SELF-STORAGE COMPANY, HOW SATISFIED OR DISSATISFIED WERE WITH THE SERVICE?



Generally speaking, customer satisfaction with the services provided by self-storage facilities was high. Approximately 60% of the users felt fairly satisfied or very satisfied with their vendor's services, while the remaining 40% were indifferent or dissatisfied with the services they were offered.

Singapore Consumer Sentiment Survey Findings

IN WHICH WAYS WOULD YOU FIND A SELF-STORAGE FACILITY?

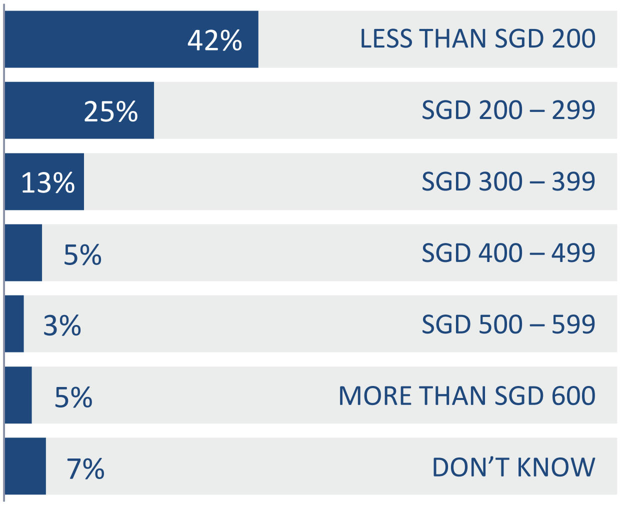


As much as 79% of non-users would look for a self-storage facility to contact via the Internet, a habit which probably follows from a strong culture of ecommerce in Singapore. Just over 40% would prefer to find a facility in a nearby location, while about a quarter of the respondents will ask their friends and family. Social media, on the other hand, did not seem to be a popular resource for looking up a self-storage facility.

To initiate contact with a self-storage facility, more than 40% of non-users will go to the facility directly for an onsite assessment. The second most popular contact method is by email and other online channels, which received over a third of non-users' votes and is preferred over phone calls.

INCLUDING ANY TAXES, HOW MUCH DO YOU THINK IT WOULD COST PER MONTH TO RENT A SELF-STORAGE UNIT CAPABLE OF STORING THE CONTENTS OF A 2 BEDROOM FLAT?

Our data shows that general awareness of self-storage costs was low. It costs about SGD250 a month to rent a 100 square foot self-storage unit in Singapore; however, more than 40% of non-users did not expect to pay more than SGD200 a month. To close this expectation gap, self-storage operators would need more effective communications strategies to convince non-users of the relevance and value of their services.

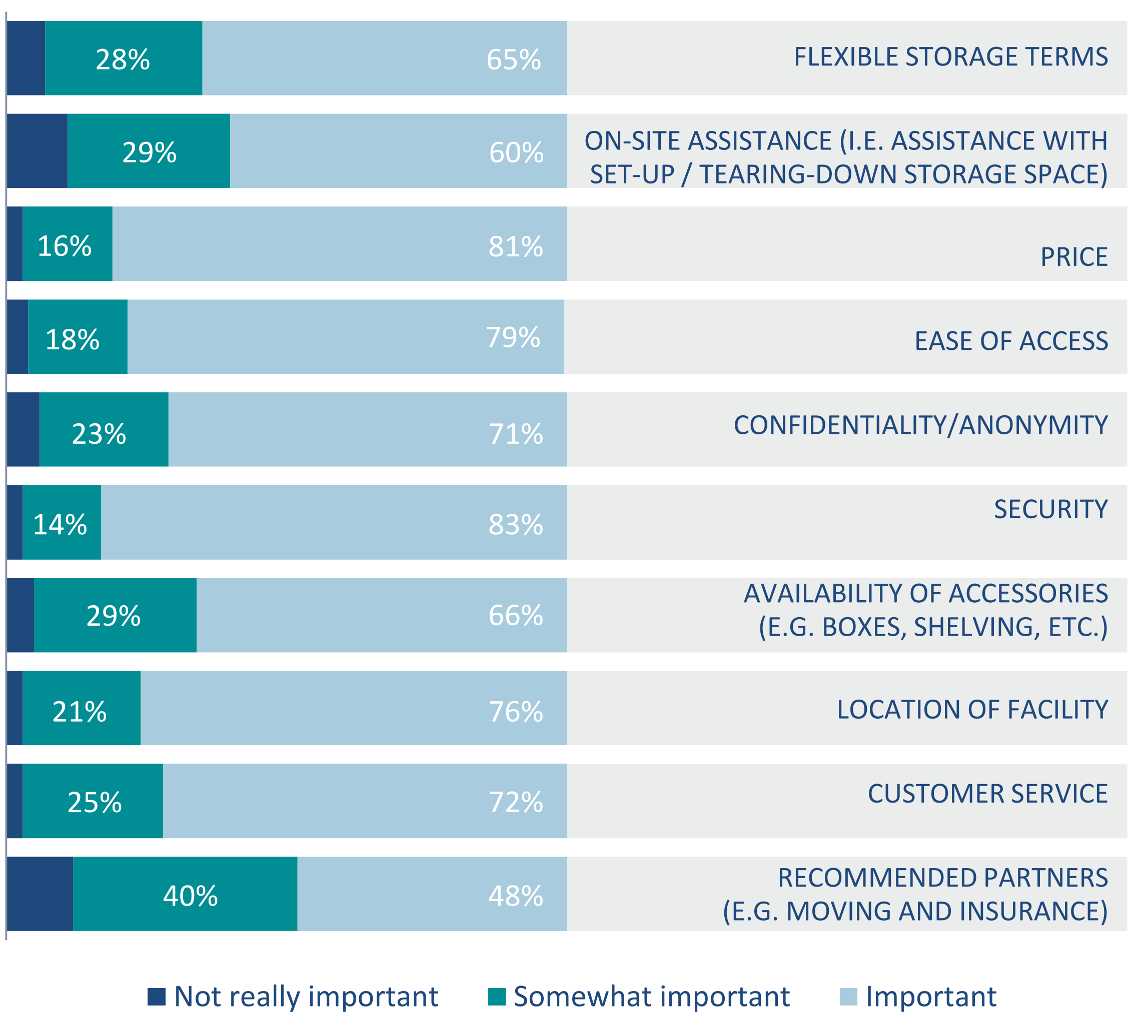


Singapore Consumer Sentiment Survey Findings

Over 40% of both users and non-users rated flexible storage terms and onsite assistance as important attributes of a self-storage facility. These attributes seemed to matter even more to users, with a higher proportion rating them as ‘very important’. It appears that users’ experiences have taught them to appreciate a flexible leasing contract and professional support with their move-in and move-out, which could save them time, money and hassle.

From our discussion earlier, non-users have a tendency to underestimate the price of renting a self-storage unit, hence they are also the more price-sensitive group. Over half of the non-users surveyed considered price to be a very important attribute – a significantly a higher proportion when compared with the users, who also thought price was important.

THINKING ABOUT SELF-STORAGE, PLEASE RATE THE IMPORTANCE FOR YOURSELF TO EACH ATTRIBUTE BELOW OF A SELF-STORAGE FACILITY



Singapore Consumer Sentiment Survey Findings

With the different kinds of items that Singaporean consumers will willingly put into a self-storage unit, ease of access is a key factor that cannot be overlooked. Nearly 80% of both users and non-users consider the ease of access of a self-storage facility be ‘important’ or ‘very important’, implying that self-storage facilities must be well connected by transport and provide 24/7 access to secure high occupancy rates.

As self-storage units grow to become a part of people’s lifestyles and they increasingly use it to store their prized collections and work-related items, confidentiality becomes an important issue. Together, more than 70% of the respondents echoed in agreement. The importance of security was also shared by over 80% of both users and non-users.

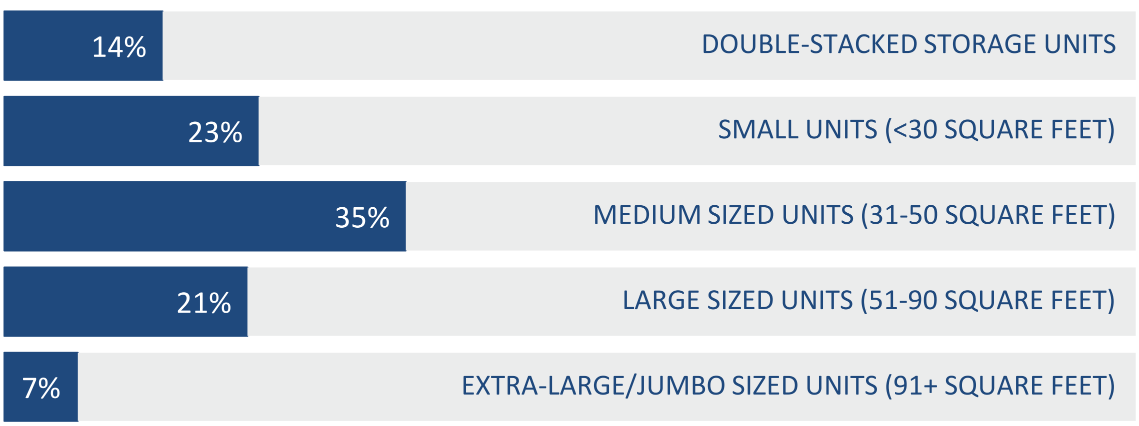
Users seemed to find the availability of accessories and recommended partners to be more important vis-à-vis non-users, perhaps from past experiences. This indicates that self-storage operators should invest more in customer-oriented services to retain past customers, as well as to capture the growing trend of business users in Singapore who are more likely to use these value-added services.

Singapore Operator Sentiment Survey Findings

According to secondary research from 2013, 7 of the 27 self-storage facilities in Singapore were franchises. However, only 1 of the 7 self-storage operators in our survey operates a franchise, suggesting that franchises may not be the predominant business model in Singapore. These results also highlight the limitations of our survey which, due to the small sample size, do not represent the views of self-storage franchise companies in Singapore.

Not surprisingly, all of the self-storage operators in our survey had converted their facilities from existing buildings. This practice is quite common in Asia due to the scarcity of space and high property prices, which make built-to-suit facilities less viable from a capital investment perspective. Besides, constructing a new facility can take years while converting a space from existing buildings only takes an average of 4 months.

TAKING INTO ACCOUNT ALL OF YOUR COMPANY'S LOCATIONS, WHAT IS THE GENERAL STORAGE MIX YOU ARE CURRENTLY PROVIDING BY SIZE?



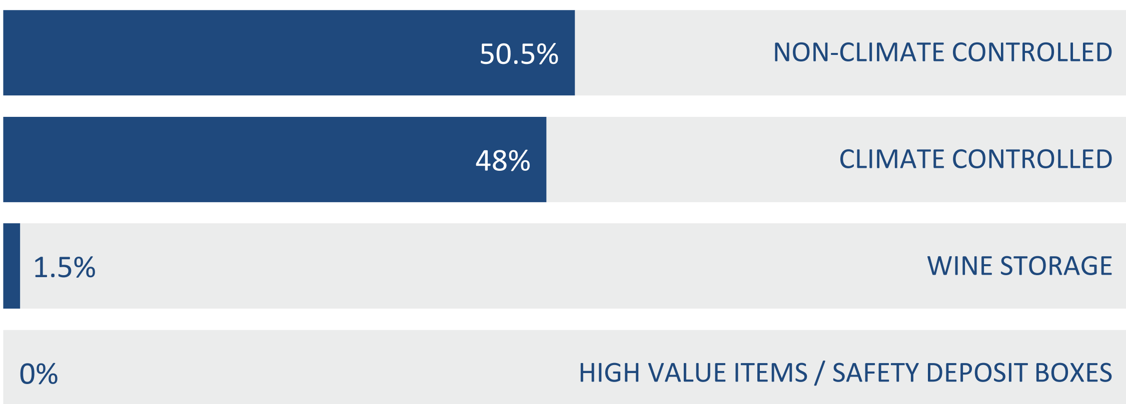
Self-storage facilities offer different size units to accommodate the disparate needs of customers. According to our survey data, medium sized units (31-50 square feet) were the most popular, representing over one-third of the total storage mix provided by the survey respondents. About one-fifth of the space mix was allocated to small units (less than 30 square feet) and another one-fifth to large units (51-90 square feet). Double-stacked storage lockers also had its demand, taking up 14% of the space mix of all of the self-storage locations represented in our survey, while jumbo sized units (over 90 square feet) took up a modest 6.5%.

Singapore Operator Sentiment Survey Findings

It should be remarked that despite the year-round humid, tropical weather in Singapore, only half of the total storage space represented in our survey provides climate control. This may suggest that the types of items customers generally put into self-storage units do not require climate control, or maybe climate control is regarded as an extra-value service in Singapore.

Besides, only less than 2% of the total storage space was set aside for wine storage, indicating that wine storage is a still a relatively new or insignificant segment for self-storage facilities in Singapore. The operators in our survey also did not allocate any storage space for high value items and safety deposit boxes, implying that Singapore self-storage customers may not regard the safekeeping of valuables to be within the usage scope of self-storage facilities.

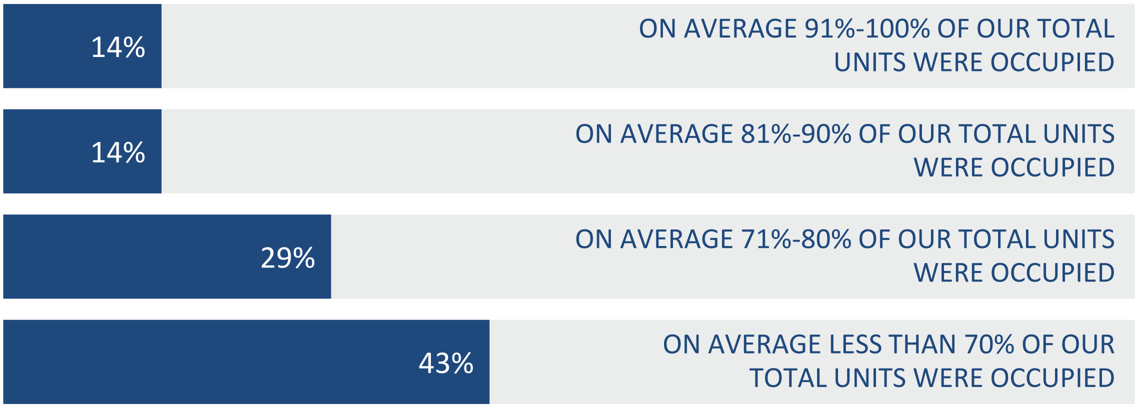
TAKING INTO ACCOUNT ALL OF YOUR COMPANY'S LOCATIONS, WHAT IS THE GENERAL STORAGE MIX YOU ARE CURRENTLY PROVIDING BY SEGMENT?



Singapore Operator Sentiment Survey Findings

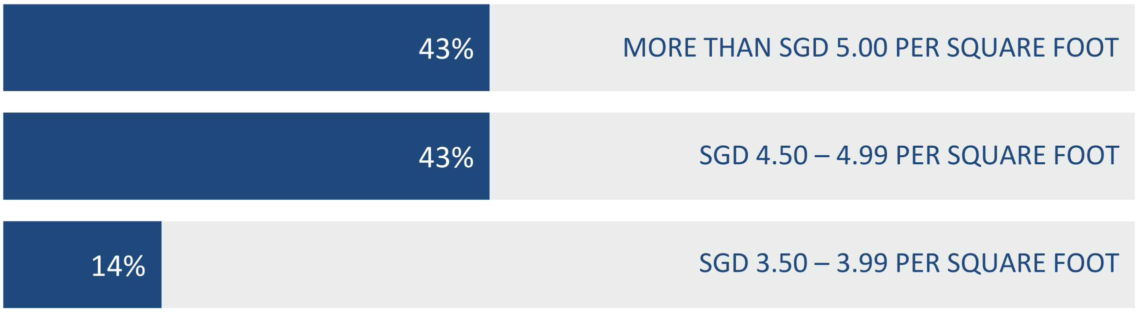
According to the respondents, the average occupancy rates of the self-storage facilities varied greatly during the business year 2014-2015. 4 of the 7 self-storage operators reported an average occupancy rate of between 61% and 80%. Only 2 respondents achieved a nearly full average occupancy rate of over 81%, while 1 respondent had less than 60% occupancy.

WHEN CONSIDERING THE BUSINESS YEAR 2014-2015, WHAT WOULD YOU ESTIMATE THE AVERAGE OCCUPANCY OF YOUR SPACE WAS?



3 of the 7 self-storage operators in our survey charged their customers an average per-square-foot rental rate of between SGD4.50 to SGD4.99, while another 3 operators charged over SGD5.00, so an average rental rate of SGD4.50 to over SGD5.00 per square foot could provide a good cost benchmark for Singapore self-storage businesses. It was noted that one of the self-storage operators charged an average rental rate of only SGD3.50 – SGD3.99 per square foot – a lower rate which could perhaps be explained by a different price strategy or service offerings of that particular operator.

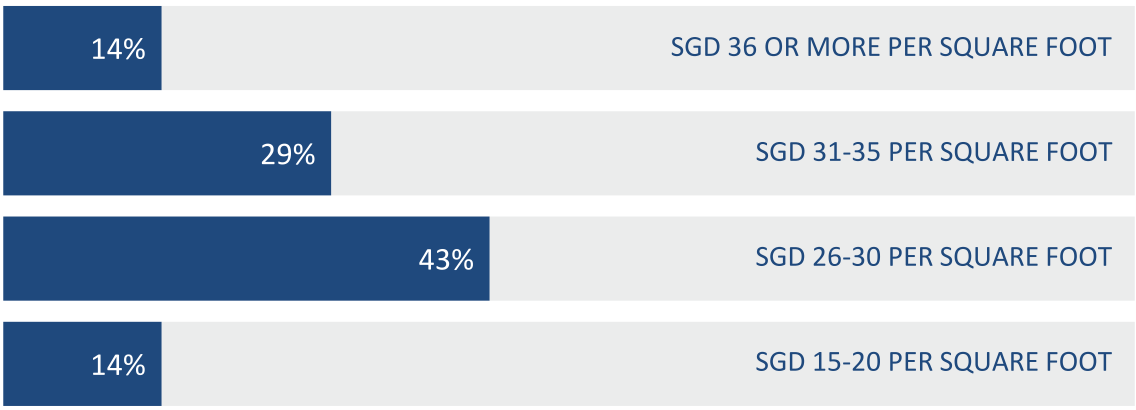
WHAT IS THE AVERAGE RENTAL RATE PER SQUARE FOOT FOR YOUR OCCUPIED UNITS IN 2014?



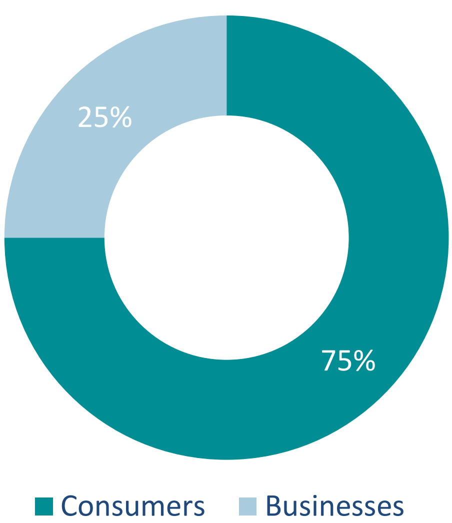
Singapore Operator Sentiment Survey Findings

In Singapore, the average price for fitting out a self-storage facility should fall between SGD26 and SGD35 per square foot, according to data we collected from 5 out of 7 survey participants.

IN YOUR EXPERIENCE WHAT IS THE AVERAGE COST PER SQUARE FOOT TO FIT-OUT/CONVERT AN EXISTING BUILDING INTO A SELF-STORAGE FACILITY?



WHEN CONSIDERING THE BUSINESS YEAR 2014-2015, WHAT WAS YOUR CUSTOMER MIX?



During the business year 2014-2015, the proportion of individual to business users stood roughly at 75% to 25% according to our survey results, meaning that the majority of self-storage customers are personal users.

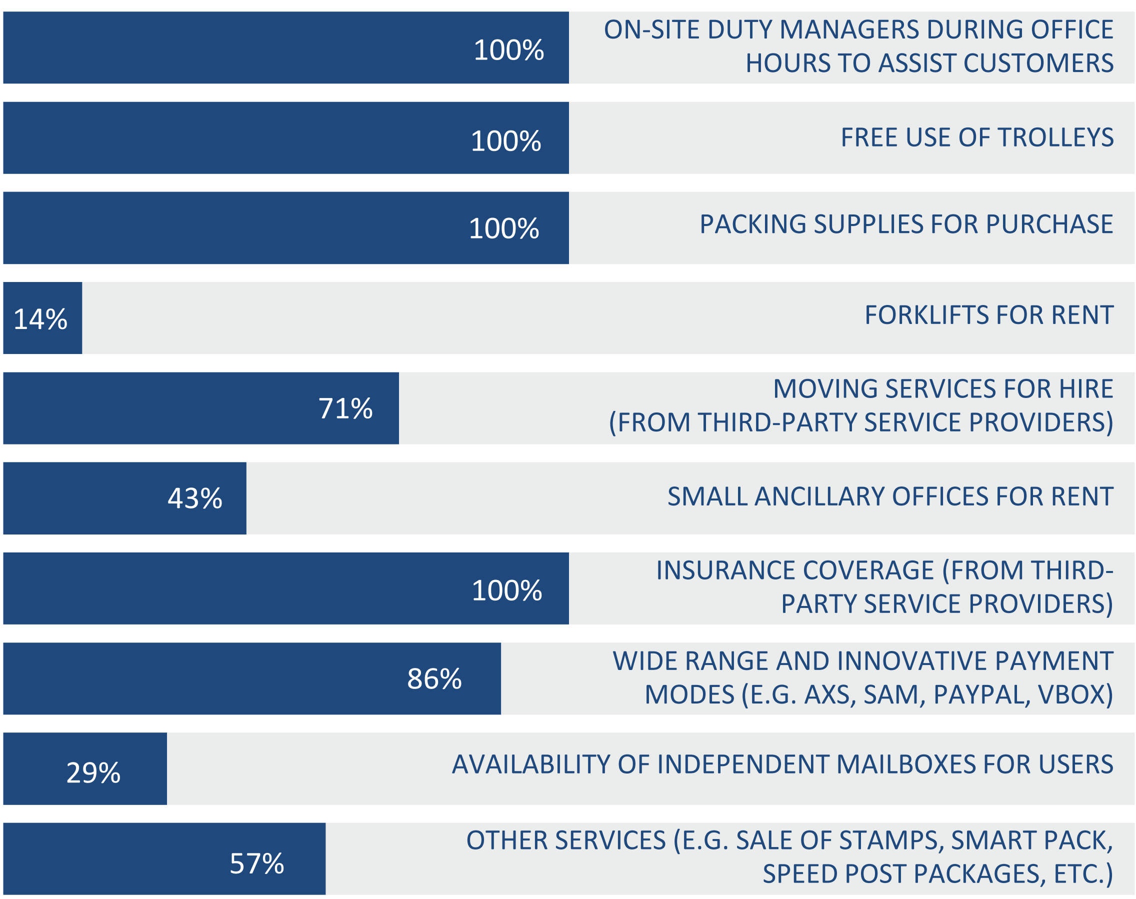
In Singapore, the 30% price hike in the per-square-foot cost of private residential units and 25-30% shrinkage in apartment sizes in recent years may account for the high demand from individual users.

Singapore Operator Sentiment Survey Findings

Taking into account all of the locations under their management, all of them provide the free use of trolleys, packing supplies for purchase, insurance coverage from third-party service providers, and on-site managers to assist customers during office hours, suggesting that these services are an inherent part of many self-storage facilities in Singapore.

All but one of the self-storage operators in our survey accept a wide range of innovative online payment methods, reflecting the demand of from non-residents which comprise more than 40% of the national population of Singapore. Third-party moving services were also provided by the majority (5 out of 7) of the operators, making this a slightly differentiated service offering.

WHICH OF THE FOLLOWING VALUE ADDED SERVICES ARE YOU CURRENTLY OFFERING IN YOUR FACILITIES IN SINGAPORE?



It is interesting to note that close to half (3 out of 7) of the respondents leased ancillary offices and independent user mailboxes (2 out of 7) within their self-storage facilities, which may reflect the current level of demand coming from corporate customers.

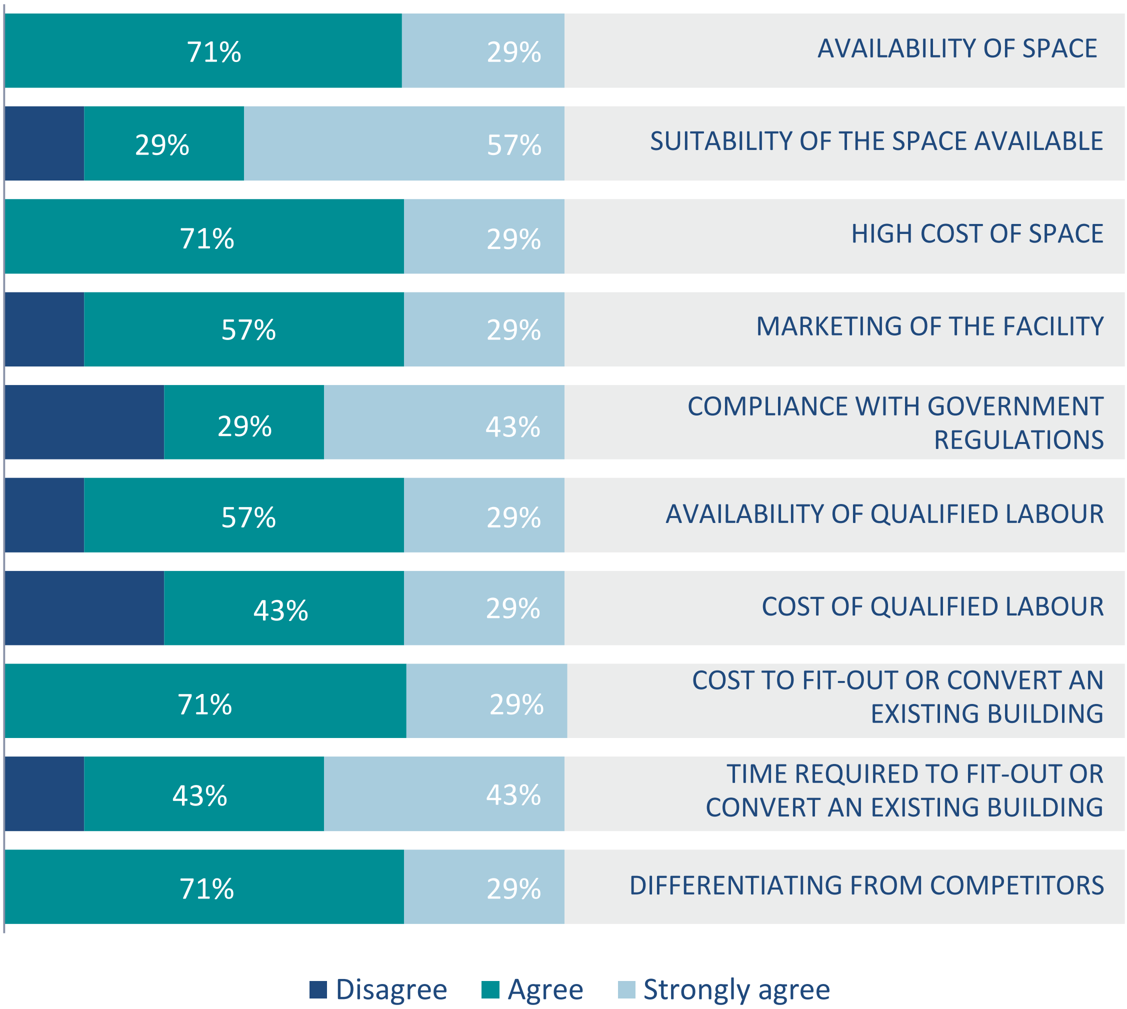
Singapore Operator Sentiment Survey Findings

In examining some of the key challenges that self-storage operators face when starting, operating and expanding their businesses, our survey found that locating available space was not as difficult as finding suitable space in Singapore.

The difficulty in finding suitable spaces could perhaps be explained by the self-storage market landscape in Singapore, where fewer self-storage operators are running larger facilities. According to 2012 statistics from our secondary research, self-storage facilities in Singapore house an average of over 700 units per facility.

Surprisingly, despite the rising value of property in Singapore, the high cost of space does not seem to be a key concern for most of the self-storage operators we interviewed.

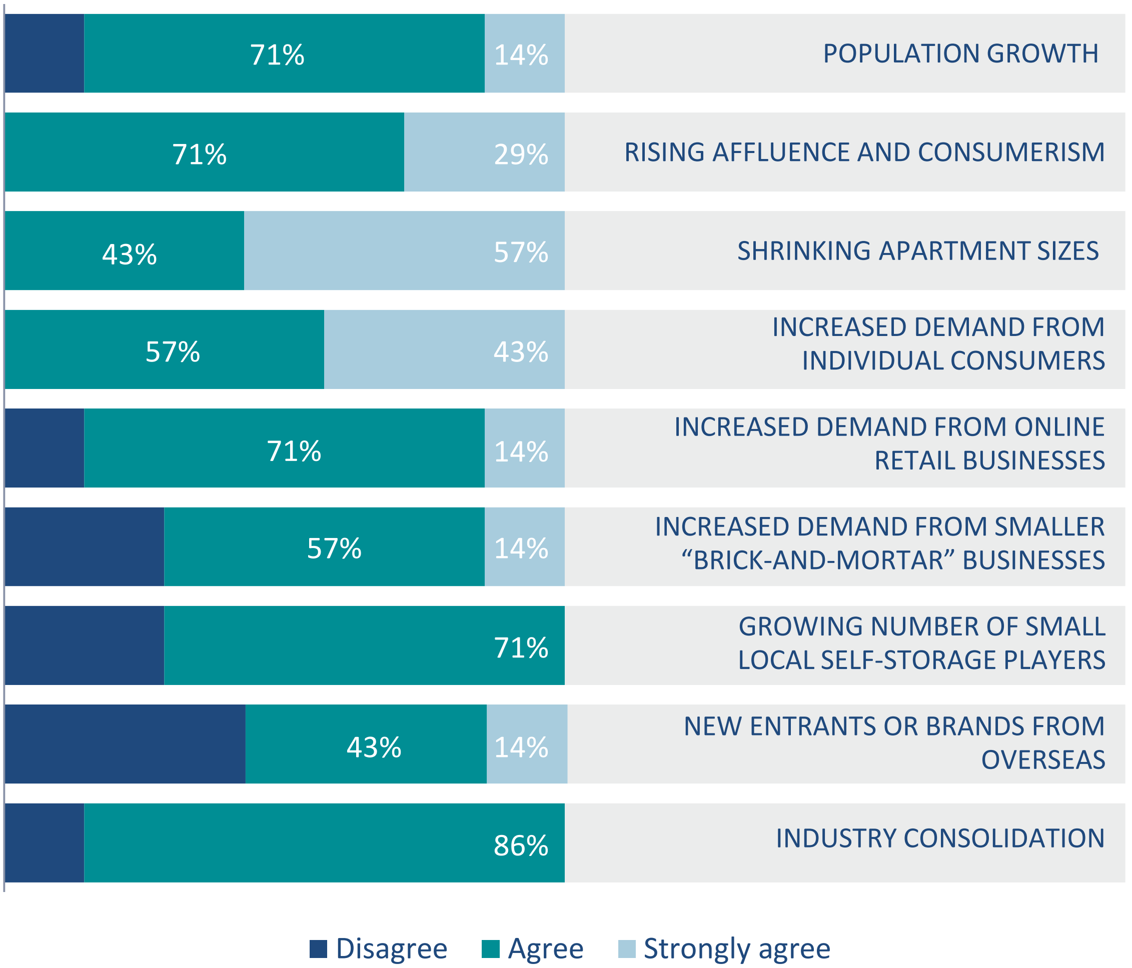
IN YOUR OPINION WHAT ARE THE KEY CHALLENGES SELF-STORAGE OPERATORS FACE IN SINGAPORE WHEN EXPANDING THEIR BUSINESS?



Singapore Operator Sentiment Survey Findings

Among the trends contributing to the growth of the self-storage industry in Singapore, shrinking apartment sizes was identified as a very important driver by all of our survey respondents. Based on data from the URA, houses in Singapore have become 25-30% smaller in the past five years due to a 30% price hike in residential property prices, causing people to turn to more affordable shoebox units of less than 50 square meters (538 square feet).

FROM YOUR PERSPECTIVE WHAT ARE THE OVERALL KEY DRIVERS AND TRENDS IN THE SELF-STORAGE INDUSTRY IN SINGAPORE?



Most of the self-operators we surveyed agreed that the growing number of small local players could positively influence the growth of the industry, while the effect of new foreign brands entering the market seemed to be less relevant to the industry's development.

Consolidation was noted as an important trend for the industry growth, however is currently not considered a key driver .

Japan

Japan has all the conditions favouring the growth of the self-storage industry – a high percentage of middle class population, shoebox-size living spaces, a high population density and an active culture of consumerism.

When the demand for rental storage first emerged in the 1990's, suburban land owners started renting outdoor shipping containers to consumers. In recent years indoor self-storage facilities have become increasingly popular and the industry has seen rapid development.

Our online consumer survey targeting Japanese residents between the ages of 18-49 required 1612 applications to confirm 500 qualified samples.

Our results point to a core penetration rate of 2% of the population either currently using or having used indoor self-storage services within the past year.

If we take into account all respondents to our survey who have used indoor self-storage at least once, the expanded penetration rate increases to 4%.

If we include outdoor self-storage our penetration rate reaches 5%.

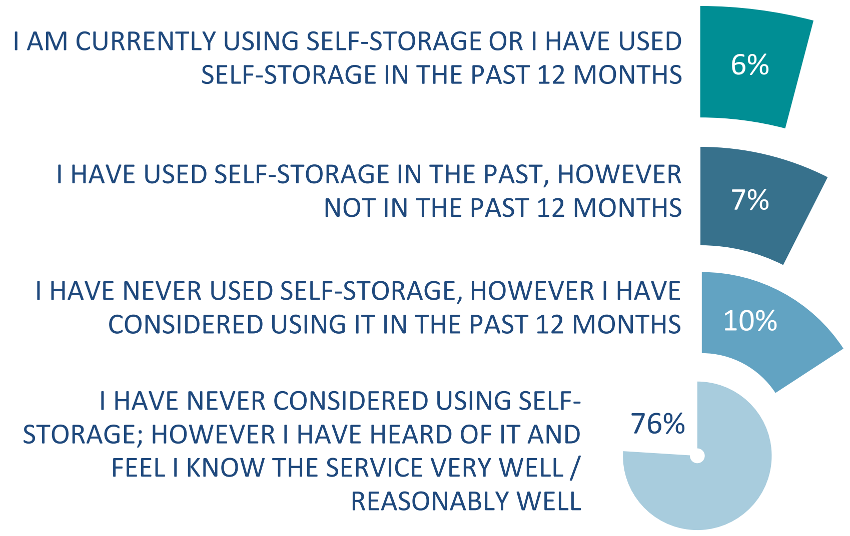
Our operator survey results show a fairly consolidated industry with the top six players in the industry accounting for over 60% of the total gross floor area currently being offered.

IPSOS BUSINESS CONSULTING estimates the total gross floor area of self-storage space in Japan at 425,000 square meters (4.57 million square feet)

Japan Consumer Sentiment Survey Findings

In our survey sample, only 13% of respondents are currently on contract with a self-storage facility or have used their services in the past, and less than 10% have considered renting one in the past year. By contrast, over 70% of respondents claim to have decent knowledge about the self-storage concept, but have never actually thought of using it. This suggests that self-storage operators in Japan have a lot of room for improving public awareness of the benefits – and of the better quality – of self-storage facilities, as it is possible that certain people are still clinging to the old self-storage notion of outdoor shipping containers.

WHICH OF THE DESCRIPTIONS BEST APPLIES TO YOU?



Crammed into tight living spaces, many Japanese regard self-storage as an extension of their homes for storing additional clothing and personal items, so they tend to be long-term users.

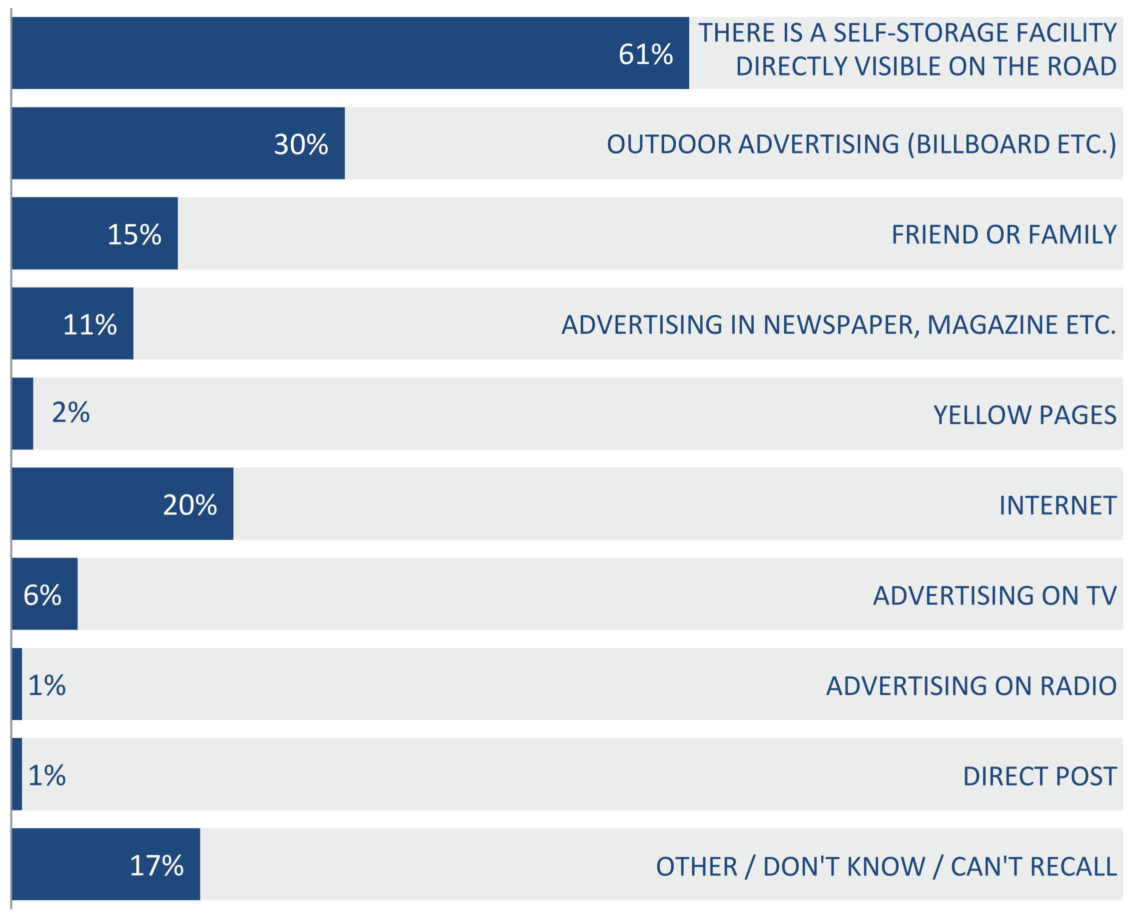
Our survey data seems to support this, with over 40% of users being self-storage tenants for a year or more. By comparison, short-term tenants of 0 to 6 months together add up to just over 40%, with the majority being under 3 months.

Japan Consumer Sentiment Survey Findings

To increase market awareness and penetration in a developing market, self-storage operators have certainly made a point of securing a prime location near residential estates or in the center of town, seeing that over 60% of respondents – most of which being non-users – came to be aware of them by spotting a facility on the road. Outdoor advertising such as billboards and ads on public transportation were also successful in reaching nearly 30% of the respondents.

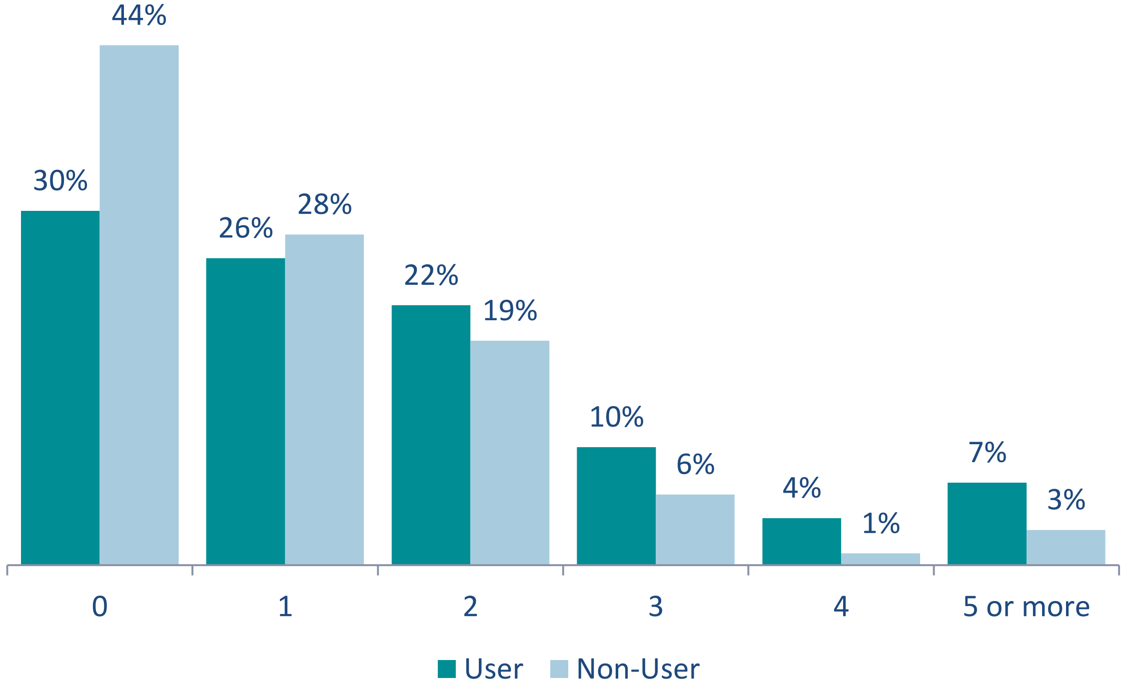
The Internet also played a modest role in creating awareness of self-storage facilities in about 1 in 5 respondents. Interesting, traditional forms of advertising like print, TV and radio ads had an almost negligible effect in propagating self-storage services, indicating that they were either ineffective or are not widely used by self-storage operators.

WHICH OF THE FOLLOWING WAYS MADE YOU AWARE OF THE SELF-STORAGE SERVICE OFFERING?



Japan Consumer Sentiment Survey Findings

HOW MANY SELF-STORAGE BUSINESSES CAN YOU THINK OF IN YOUR LOCAL AREA (NEAR YOUR PLACE OF RESIDENCE)?



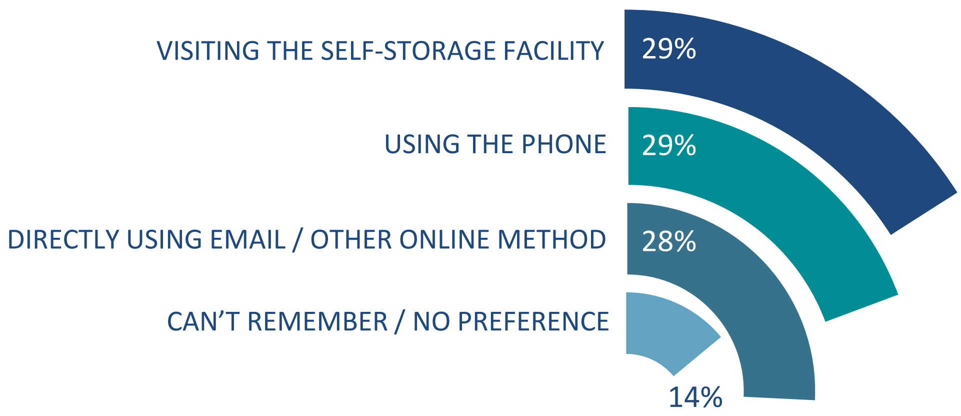
Although half of the respondents can name 1 or 2 self-storage facilities in their neighbourhood, more than 40% of respondents could not think of even one self-storage facility in their vicinity. It seems that distance may not be a barrier for some users, while the lack of general awareness of non-users creates an opportunity for self-storage operators to spread out the location of their facilities and to step up their efforts in building local awareness.

If non-users had a self-storage unit, they would mostly be looking to store personal items like clothing and equipment (57%), followed by hobby collections (31%). This supports the Japanese consumer's perception of self-storage as an extension of their dwellings – extra space to store personal items which they simply cannot make room for at home. It also shows that many collectors acknowledge the benefits of self-storage like a 24/7 climate-controlled, secure environment which make it ideal for storing their prized collections.

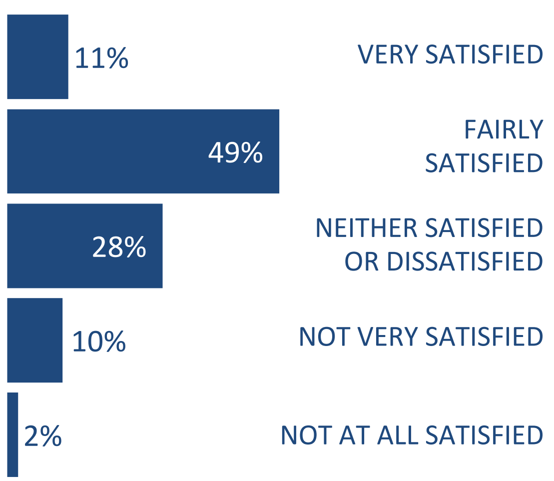
Japan Consumer Sentiment Survey Findings

Thinking back on how they had last contacted a self-storage company, nearly 30% of users said they had visited the facility in person, probably because it was important for them to see the actual location, storage units and the services provided. Another 60% chose to contact the facility by email or phone to get more information before taking further action.

THINKING ABOUT THE LAST TIME YOU USED A SELF-STORAGE COMPANY, HOW DID YOU FIRST CONTACT THE FACILITY YOU ENDED UP USING?



THINKING ABOUT THE LAST TIME YOU USED A SELF-STORAGE COMPANY, HOW SATISFIED OR DISSATISFIED WERE YOU?

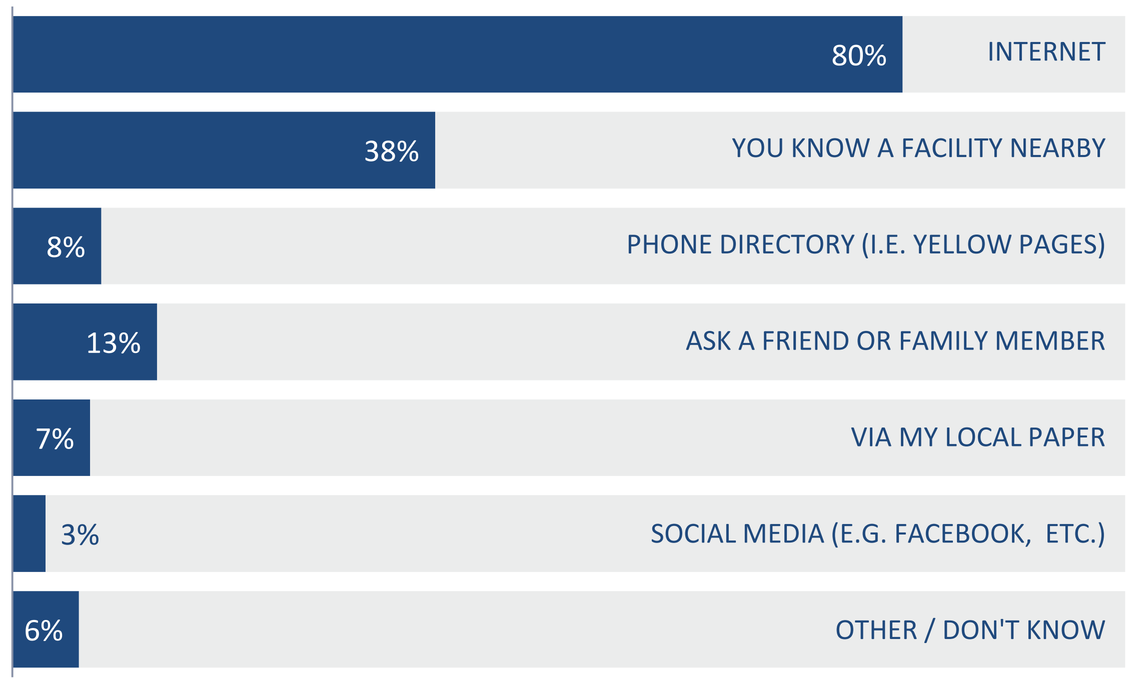


On the whole, 60% of Japanese consumers remembered a positive experience from the last self-storage company they used. The remaining 40% felt either dissatisfied or neutral about their last experience. This could be probably be explained by the fact that many Japanese self-storage companies operate their facilities without an onsite manager, though some of the larger US-based operators adopt a more service-based model to differentiate themselves.

Japan Consumer Sentiment Survey Findings

While the Internet may not have been effective in creating awareness about the service offerings of self-storage companies, it is certainly the most preferred channel for non-users (80%) when looking for a self-storage facility to contact. This could be attributed to the accelerating ecommerce trend in Japan, which conditions how people like to find out about a new product or service.

IN WHICH WAYS WOULD YOU FIND A SELF-STORAGE FACILITY?

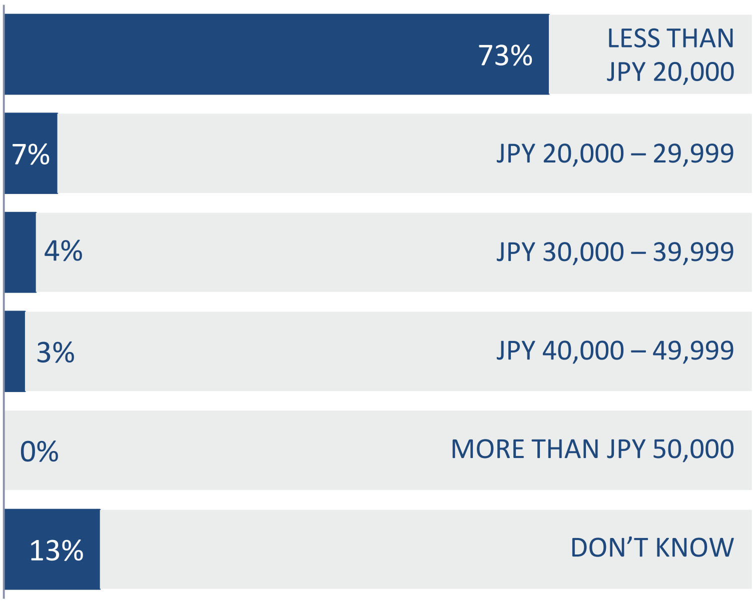


More than a third of the non-users would prefer to look for a self-storage facility by visiting one that they know. As the percentage of non-users who prefer this method is similar to that of users, we can generalize that about a 1 in 3 people like to approach a self-storage facility by paying an actual physical visit. Self-storage operators could thus profit from better location and accessibility, high brand awareness and competitor differentiating price or service offerings.

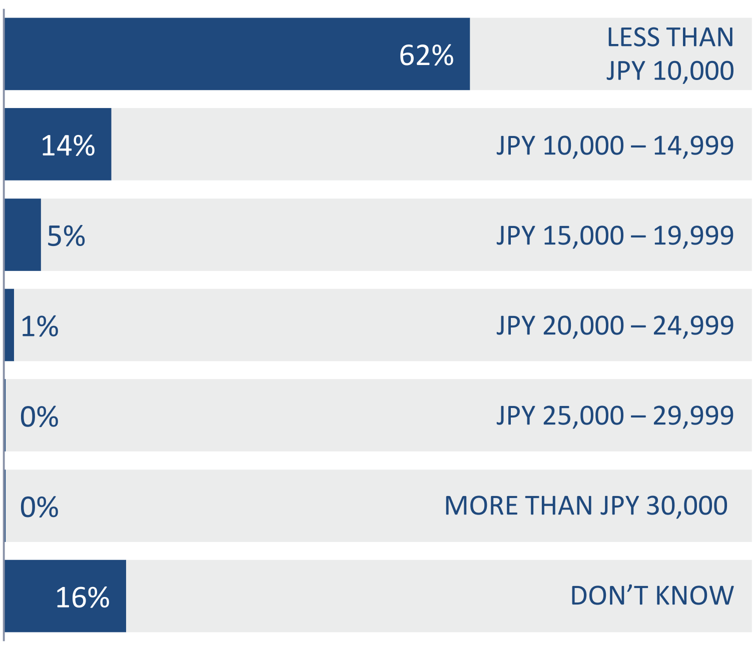
Japan Consumer Sentiment Survey Findings

INCLUDING ANY TAXES, HOW MUCH DO YOU THINK IT WOULD COST PER MONTH TO RENT A SELF-STORAGE UNIT CAPABLE OF STORING THE CONTENTS OF A 2 BEDROOM FLAT?

RESIDING IN TOKYO PREFECTURE



RESIDING OUTSIDE OF TOKYO PREFECTURE



Whether they are living inside or outside the Tokyo prefecture, most non-users have an unrealistic conception of the actual cost of renting a self-storage unit.

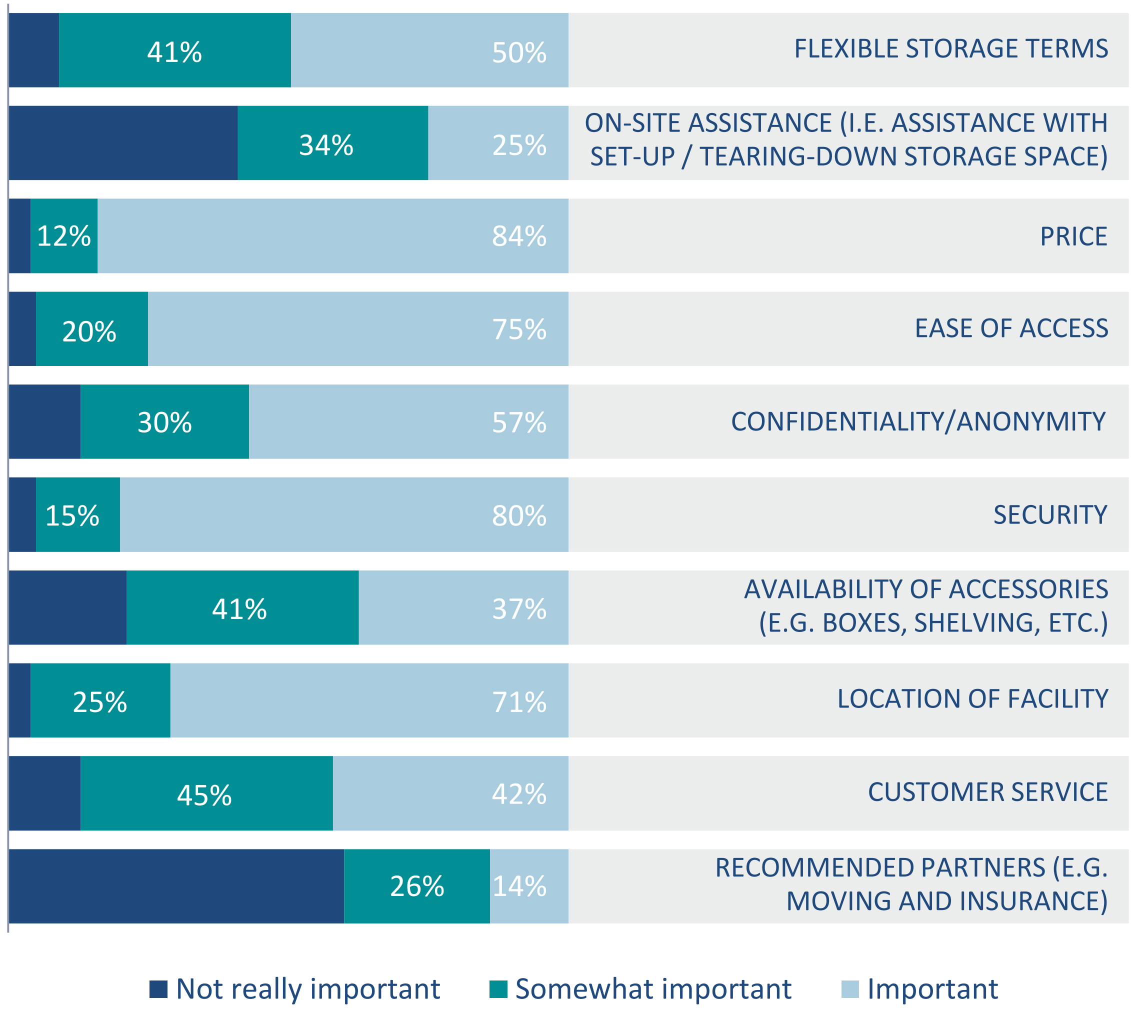
Taking a five-square-meter unit whose average cost ranges between JPY35,000 to JPY40,000 a month for instance, 75% of non-users residing in the Tokyo prefecture estimate the monthly cost to be under JPY20,000, while over 60% of those living outside Tokyo thought it would be under JPY10,000.

This great misconception in price may be a major barrier of entry for non-users, who need to be convinced that self-storage is not just an additional closet, but provides a convenient lifestyle option.

Japan Consumer Sentiment Survey Findings

Analyzing the attributes that users and non-users find most important to them in using self-storage, some interesting findings can be revealed. First of all, quite a high percentage of non-users (74%) ranked flexible storage terms as somewhat important or important. This suggests that non-users may have a negative perception of the flexibility of storage term options, which prevents them from using self-storage.

THINKING ABOUT SELF-STORAGE, PLEASE RATE THE IMPORTANCE FOR YOURSELF TO EACH ATTRIBUTE BELOW OF A SELF-STORAGE FACILITY



Japan Consumer Sentiment Survey Findings

On-site assistance and customer service were rated as only somewhat important by the majority of users and non-users. This indicates that Japanese consumers do not have high expectations of service for self-storage facilities. While this could be good news for outdoor container facilities and smaller operators who regard self-storage as the leasing of additional space, it could be bad news for the foreign-owned, service-oriented operators, who have to spare more efforts in changing these perceptions to justify their higher prices.

Without much expectation on the availability or quality of service provided by self-storage operators, nearly 60% of non-users considered price to be a key deciding factor, versus only 40% of users. A notably higher proportion of non-users also considered ease of access and the location of a facility to be very important attributes, which reinforces the Japanese consumer's preference to use self-storage for storing frequently-accessed personal items.

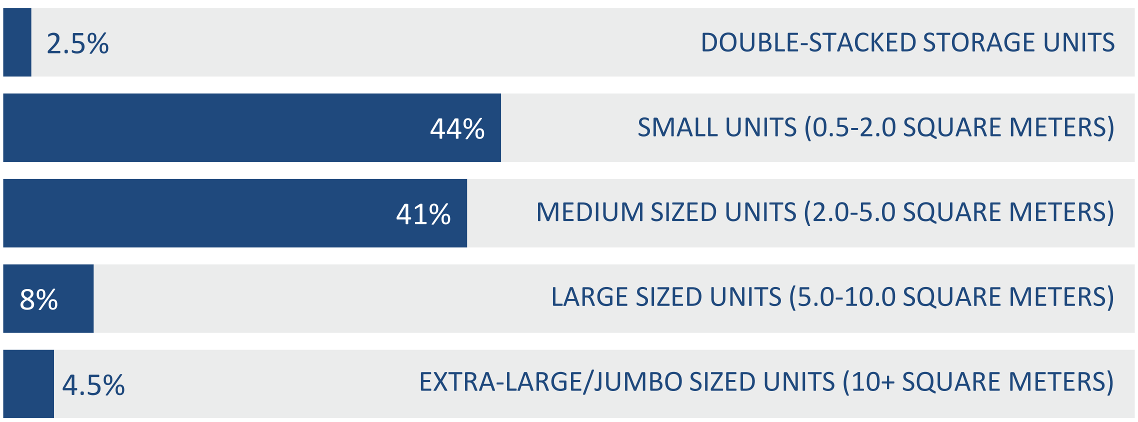
Another attribute which more non-users find to be important or very important was security, which garnered over 70% of their votes. This high proportion of votes may reflect non-users' skepticism about the security levels of self-storage facilities, hence reducing their incentive to use it for storing their valuables. This may be one area that self-storage operators need to provide more reassurance and education on to convert non-users to users.

Some users rely on self-storage facilities to provide recommended partners like moving, transport and insurance providers to ease their move-in and move-out experiences, hence they attach more importance to this attribute. By contrast, non-users have less appreciation of the importance of these services, as our survey data shows.

Japan Operator Sentiment Survey Findings

Nearly all of the operators in our survey were business owners, with only one respondent operating under a franchise model. While these findings may not portray the actual market situation in Japan due to the limitations of our sample size, they may reflect the situation for some of the larger operators. In 2012, there were 250 self-storage operators in Japan, with the top 5 operators holding 60% of the market share. As our respondents represent a sizeable proportion of the self-storage market in Japan, we may be able to generalize that many of the larger operators do not operate under a franchise model.

TAKING INTO ACCOUNT ALL OF YOUR COMPANY'S LOCATIONS, WHAT IS THE GENERAL STORAGE MIX YOU ARE CURRENTLY PROVIDING BY SIZE?



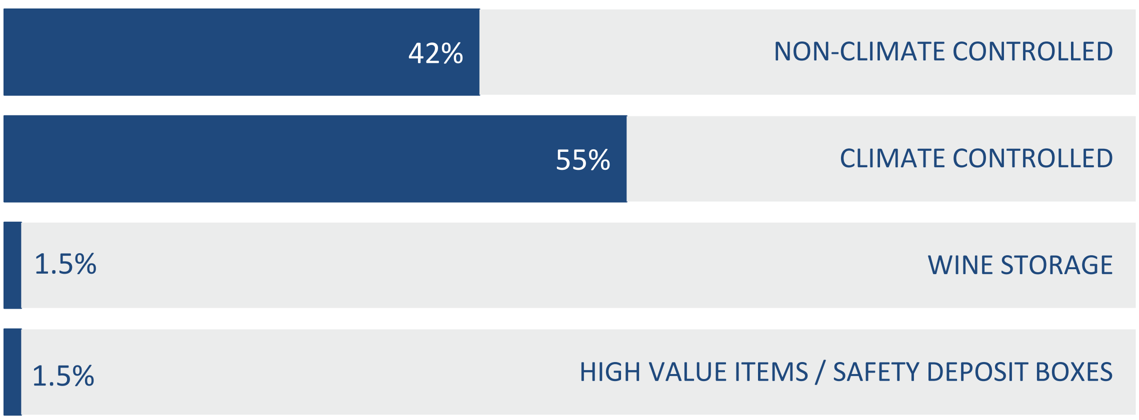
In terms of the storage mix provided by the operators, our data shows that they have dedicated most of their floor space to small units of 0.5 to 2 square meters (over 44%) and to medium-sized units of 2 to 5 square meters (nearly 41%), suggesting that these two sizes may be the most popular among Japanese self-storage consumers. With homes in Tokyo ranging from an average of between 300 to 500 square feet in size according to the 2003 Housing and Land Survey by the Japan Ministry of Internal Affairs, many Japanese consumers regard self-storage units as an extension of the storage spaces in their homes.

Large-sized lockers of between 5 to 10 square meters and jumbo-sized lockers of more than 10 square meters were more catered for the niche market, occupying roughly 8% and 5% of the operators' gross storage space respectively. The number of double-stacked storage lockers was the smallest, comprising just over 2% of the total storage mix. This suggests that Japanese consumers generally need bigger spaces of at least 0.5 square meters or more to accommodate their storage needs due to tight living spaces.

Japan Operator Sentiment Survey Findings

It Roughly over half of the self-storage facilities (55%) represented in our survey was climate controlled while a significant percentage (42%) was non-climate controlled, meaning that climate control is an added value service provided by self-storage facilities to meet the specific needs of customers. With most facilities being highly accessible in the center of town, Japanese consumers tend to treat self-storage units as an extra closet to store everyday items like their wardrobe. Hence temperate control may not always be necessary due to the types of items being stored.

TAKING INTO ACCOUNT ALL OF YOUR COMPANY'S LOCATIONS, WHAT IS THE GENERAL STORAGE MIX YOU ARE CURRENTLY PROVIDING BY SEGMENT?

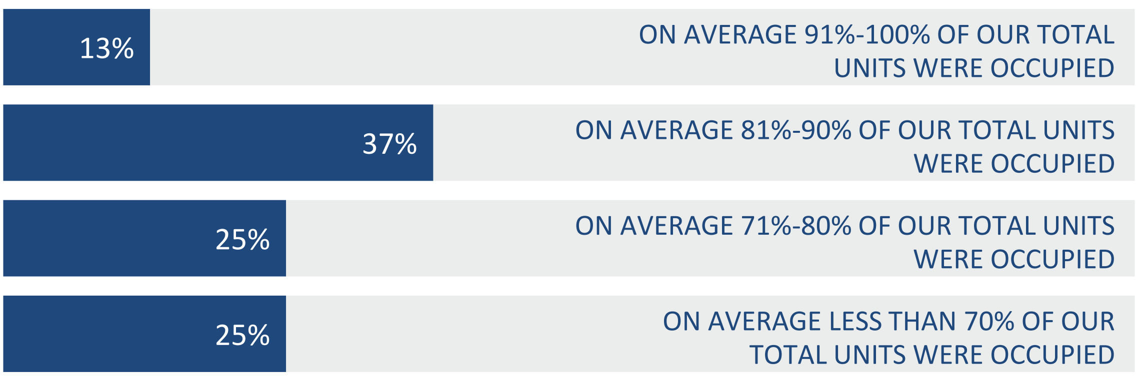


Wine storage units and specialized units for storing high value items and safety deposit boxes were less relevant for our self-storage operators, occupying only 1.5% of their total storage mix respectively. While consumers in Japan may not perceive self-storage facilities as an appropriate place for storing high-value possessions, Japan's position as a high-growth wine consumption market highlights a vast opportunity for self-storage operators to explore. According to secondary research data from 2013, nearly half of the Japanese adult population drinks wine on a regular basis, making the Japanese's per capita wine consumption more than double of that consumed by the Chinese.

Japan Operator Sentiment Survey Findings

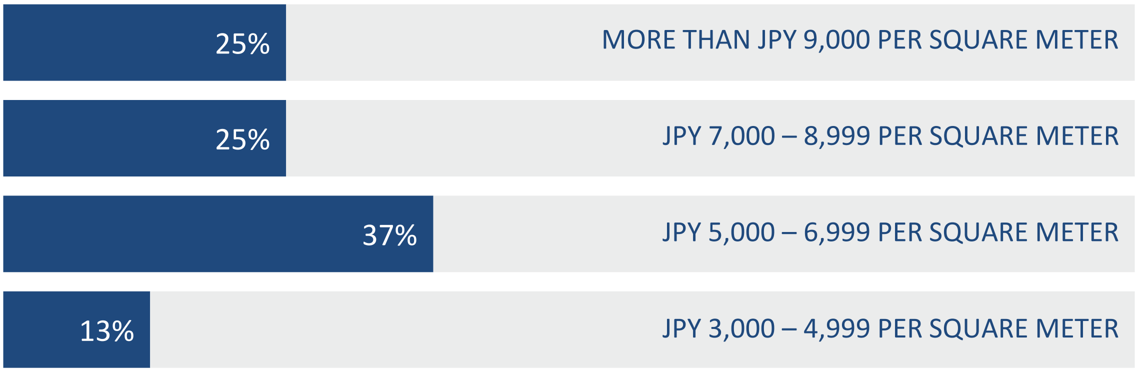
Assessing the operators' average occupancy rates during the business year 2014 to 2015, 5 of the 8 respondents reported their self-storage locations to be between 71% and 90% full. While these rates may show promise for new entrants to the self-storage market, they could be further optimized with a higher public awareness and a more positive image of self-storage facilities. According to our secondary research, the Japanese generally have a low perception of the quality of self-storage services.

WHEN CONSIDERING THE BUSINESS YEAR 2014-2015, WHAT WOULD YOU ESTIMATE THE AVERAGE OCCUPANCY OF YOUR SPACE WAS?



Cost-wise, the average rental rates charged by the operators varied tremendously from between JPY5,000 to 6,999 to over JPY9,000 per square meter. This may be interpreted in terms of the large geography of Japan and the different consumer price index and average household size of each city, which could create vast geographical differences.

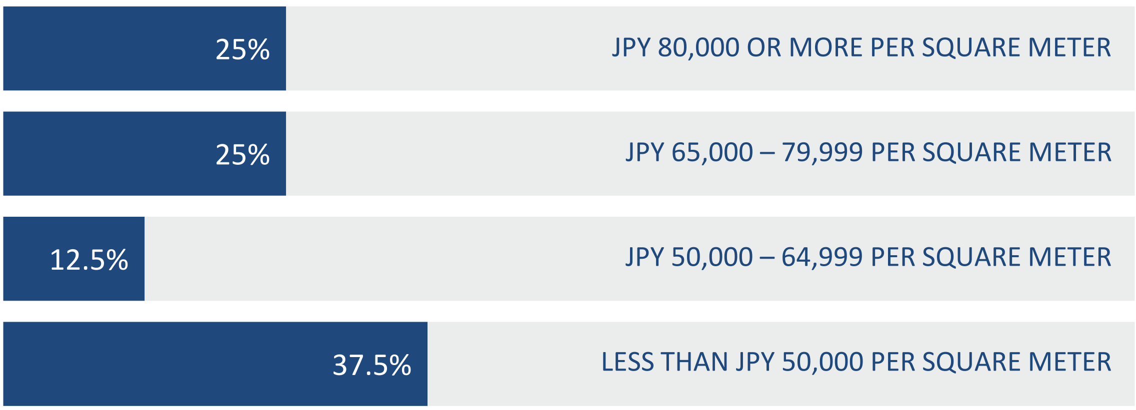
WHAT IS THE AVERAGE RENTAL RATE PER SQUARE METER FOR YOUR OCCUPIED UNITS IN 2014?



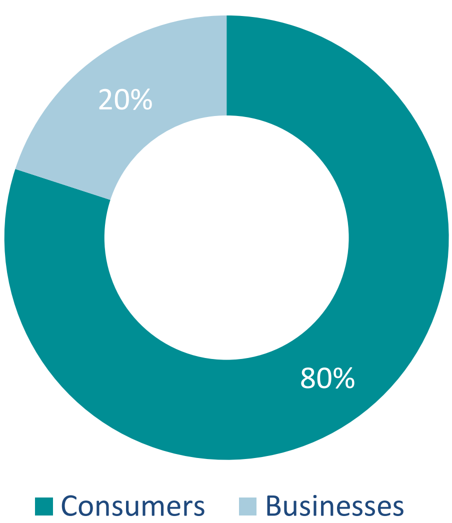
Japan Operator Sentiment Survey Findings

Based on the experiences of our survey respondents, the cost for converting an existing building into a self-storage facility can vary greatly from less than JPY35,000 to JPY95,000 or more per square meter. This great variation in cost could highlight the wide geographical differences in Japan as well as the large diversity of the industry as a whole.

IN YOUR EXPERIENCE WHAT IS THE AVERAGE COST PER SQUARE METER TO FIT-OUT/CONVERT AN EXISTING BUILDING INTO A SELF-STORAGE FACILITY?



WHEN CONSIDERING THE BUSINESS YEAR 2014-2015, WHAT WAS YOUR CUSTOMER MIX?



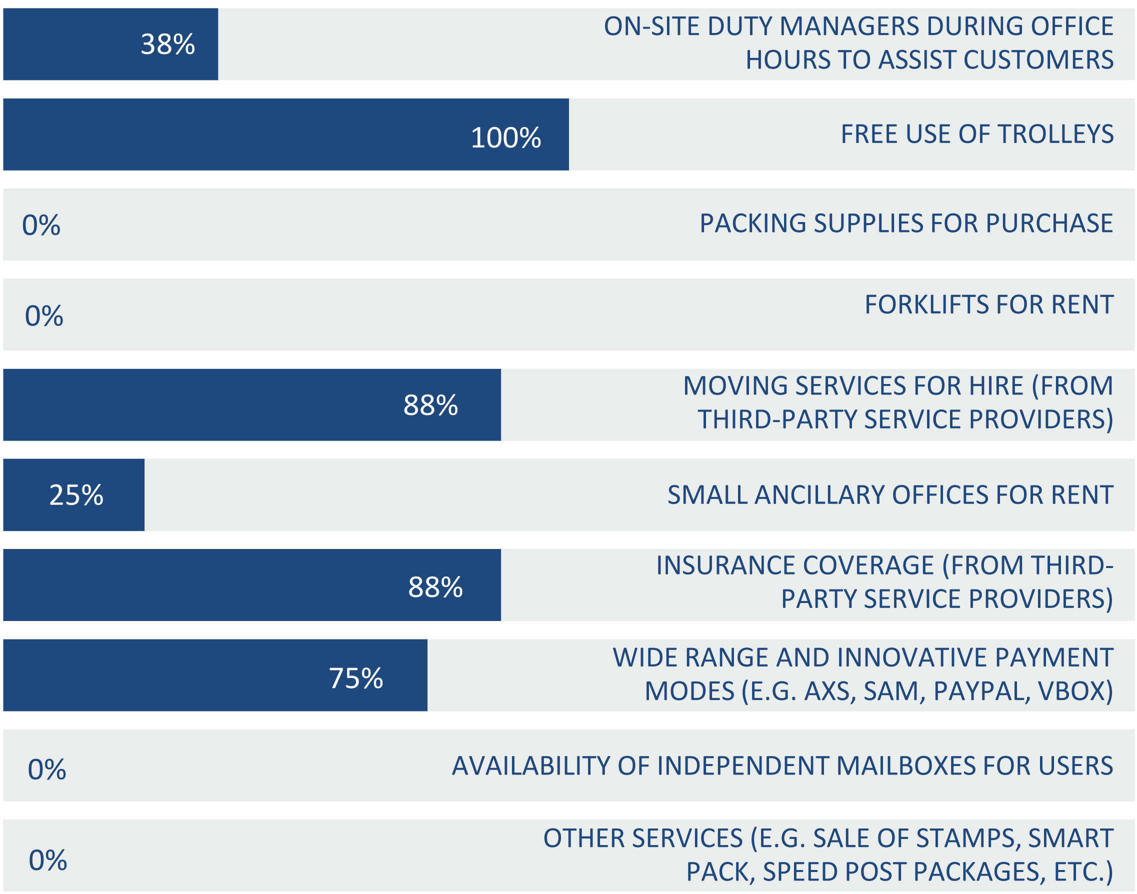
According to the self-storage operators in our survey, the percentage of individual customers versus business customers stood at roughly 80% to 20%. It was noted that slightly more operators were skewed towards 90% to 10%, further highlighting the small percentage of business customers. From these results, it is apparent that individual customers are both the predominant users and key drivers of the self-storage market in Japan.

Japan Operator Sentiment Survey Findings

Amidst the range of value added services provided by Japanese self-storage operators, the free use of trolleys, third party moving services recommendations and insurance coverage for third party vendor services were identified as basic services offered by nearly all of the self-storage locations.

6 of the 8 respondents in our survey also accepted a wide range of payment modes, making it another mainstream service provided by the self-storage operators in Japan.

WHICH OF THE FOLLOWING VALUE ADDED SERVICES ARE YOU CURRENTLY OFFERING IN YOUR FACILITIES IN JAPAN?



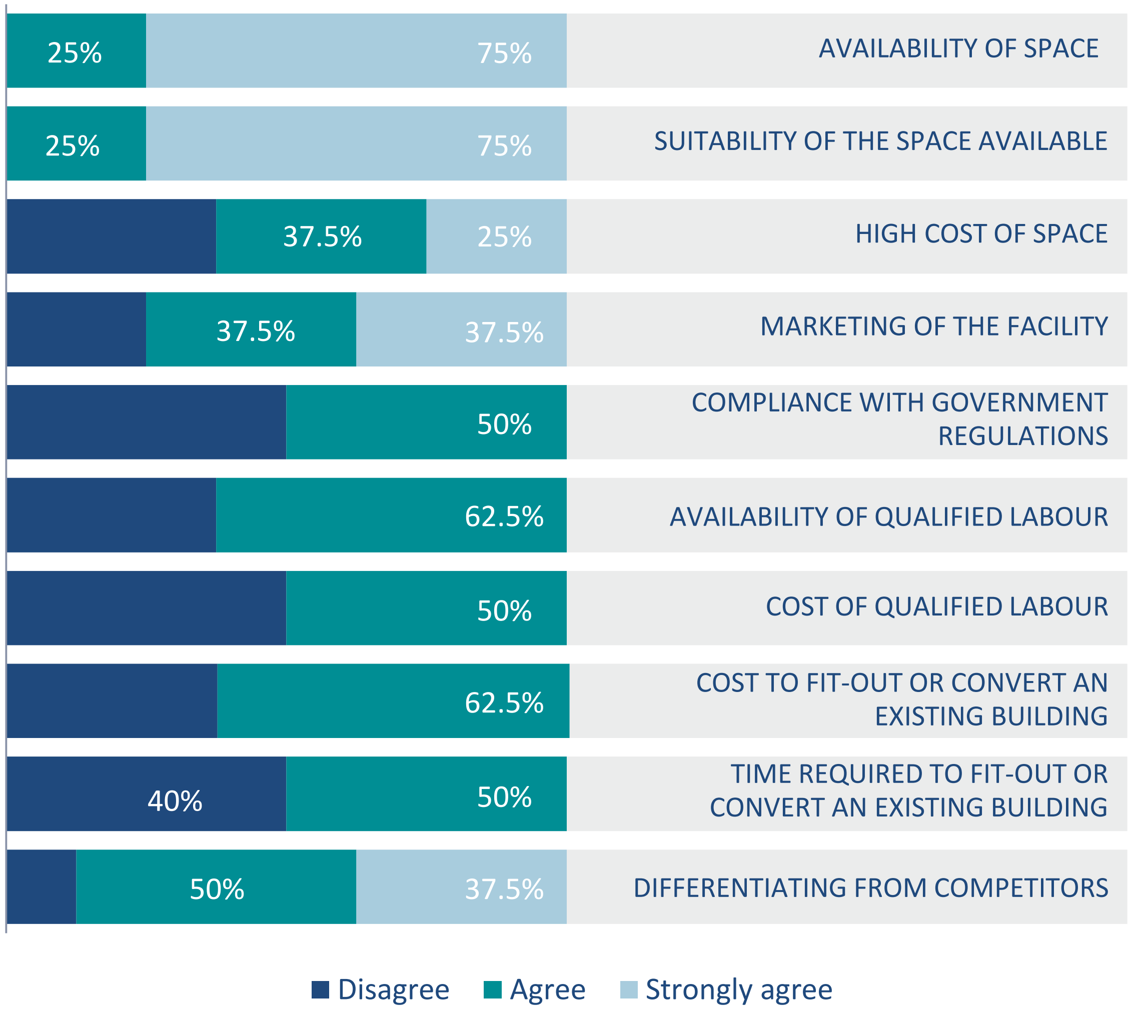
Surprisingly none of the operators in our survey provided packing supplies for purchase or forklifts for hire, suggesting that Japanese customers are accustomed to taking care of all the packing materials themselves and to hiring third-party services providers to move heavier items which cannot be transported with trolleys.

Japan Operator Sentiment Survey Findings

The majority of the self-storage operators strongly agreed that finding available and suitable space were two of the biggest challenges when starting and expanding their self-storage businesses. Our participants' strong consensus suggests that space availability and suitability could be two important issues holding back the growth of the self-storage industry in Japan.

In light of the high property value in Japan, high start-up costs and the high cost of space for expansion were recognized as key problems by the majority of the survey respondents. Also of interest are the challenges operators reported when it comes to marketing their facilities, especially when it comes to finding ways to differentiate themselves from their competitors.

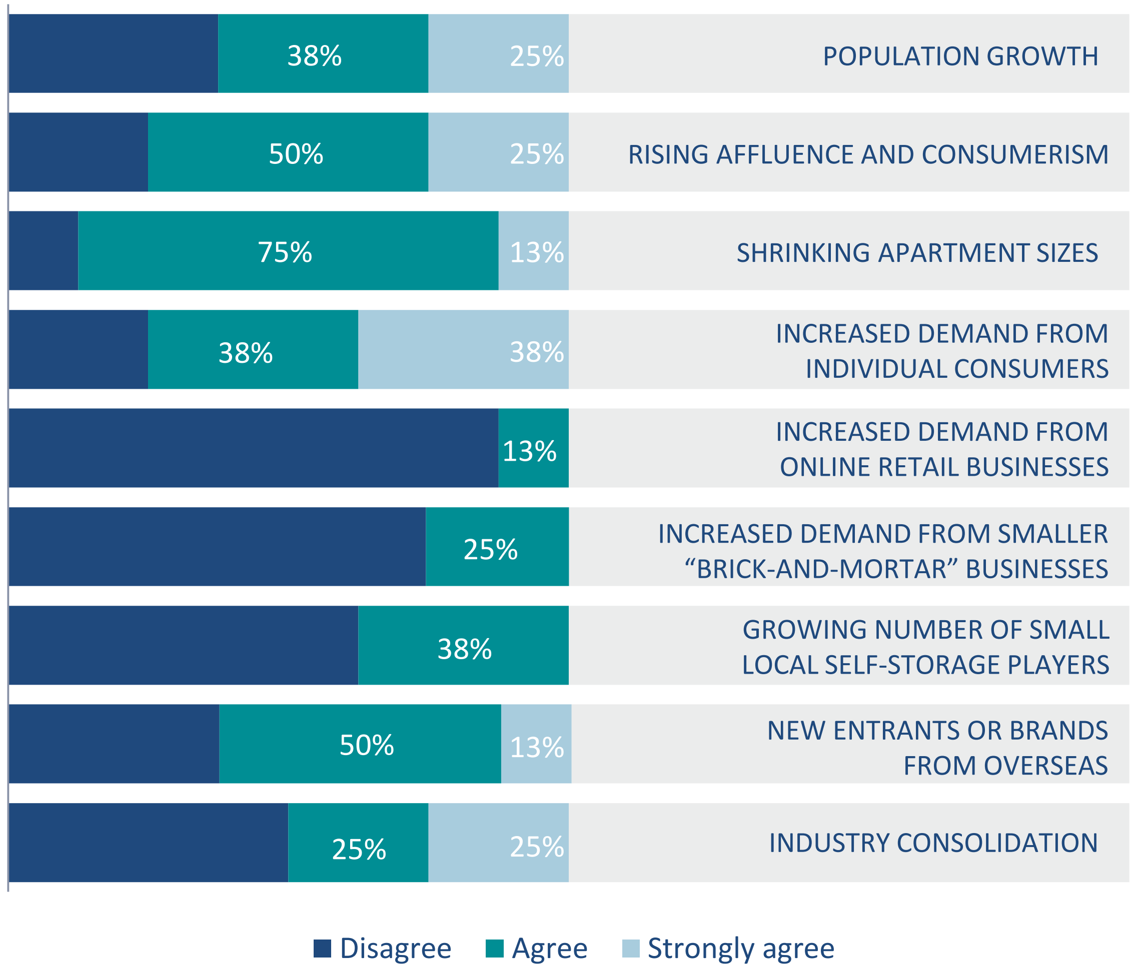
IN YOUR OPINION WHAT ARE THE KEY CHALLENGES SELF-STORAGE OPERATORS FACE IN JAPAN WHEN EXPANDING THEIR BUSINESS?



Japan Operator Sentiment Survey Findings

From the data returned, the majority of the respondents recognized rising affluence as an important growth driver for the self-storage industry; however, their mild and mixed responses highlights an uncertainty as to whether it had a direct impact on the growing demand for self-storage services. World Bank statistics, which indicate that the annual disposable income in Japan has been on a downward trend since 2011, may account for their doubts about the direct causal relationship.

FROM YOUR PERSPECTIVE WHAT ARE THE OVERALL KEY DRIVERS AND TRENDS IN THE SELF-STORAGE INDUSTRY IN JAPAN?



Our survey respondents showed very mixed views as to whether industry consolidation was a positive force favouring the future development of the self-storage market. While these results could reflect stark differences in the business model and development plans of each individual operator, the absence of a clear stance means further investigation is required to understand the operators’ views on industry consolidation.

Country Snapshot – Mainland China

Self-Storage Industry Dashboard

• Key cities / regions:	Guangzhou, Shenzhen, Shanghai, Beijing
• Level of competition:	Low
• Average occupancy rate:	Not enough data
• Average rental rate:	RMB 220 – RMB 290 per square meter
• Expected growth rate next 3-5 years:	More than 20%

China was described as a growing self-storage market where demand exceeds supply. Though, low consumer awareness is the biggest obstacle for the growth of the self-storage market in China as many Chinese consumers are not aware of the services offered by self-storage operators and have mixed perceptions about the self-storage concept.

Shanghai, Beijing, Shenzhen and Guangzhou are identified as being the most important for their current market development, and expect this to remain so for the next 3 to 5 years. It is believed that the large populations of these four cities, as well as their economic status and high consumer awareness of self-storage services, make them an ideal base for further market penetration in China.

Market competition does not seem to be a key issue yet for self-storage operators in China. They are aware of some competition, but it is not intense with much room for improvement in promoting consumers' awareness of self-storage services.

Selected players

LOCKER LOCKER 乐存乐库 自助仓储 SELF STORAGE

MyCube Self Storage 美立方自助仓

万福金安自助仓储 China Self Storage

好易存 EASYSTORAGE

LOVE BOX SELF STORAGE 私人仓储

Country Snapshot – Mainland China

Self-storage is a relatively new concept in China which has just begun to take root since the early 2010s, and is still at it's infancy stage. Self-storage industry business activity is concentrated in China's major first-tier cities – namely Shanghai, Beijing, Guangzhou and Shenzhen.

Due to China's large geographic size and vast regional differences, the self-storage market is extremely fragmented in China, making it more difficult for self-storage players as there is no one-size-fits-all formula for success. Besides, although some large self-storage players have started to establish a foothold in the market and have aggressive plans for expansion, much education work needs to be done to convince Chinese consumers of the benefits of self-storage, and how it can fit into their lives as a practical, convenient lifestyle option.

Chinese customers, who have only just begun to buy into the self-storage concept, are mainly concerned with security, privacy and climate control, though the environment and location of self-storage facilities are also important. The size of a self-storage unit can vary between 0.7 to 20 square meters, and prices may range from several hundred to more than 1,000 yuan a month.

Two important customer segments in China are white-collar workers and foreigners, who understand the benefits of self-storage and recognize their needs for these services. Foreign expats can make up about 10% of a self-storage business' customer base. Generally speaking, self-storage is considered to be a luxury lifestyle product for young, well-off and adaptable individuals who understand how to use self-storage to solve their temporary needs. China's nouveau riche have also discovered many innovative uses for self-storage, such as using self-storage just before Chinese New Year to facilitate their annual spring cleaning, and locking up their belongings before going on a long vacation.

Country Snapshot – Mainland China

China's average rental rate per square meter is estimated to be approximately RMB220 to RMB290. This price range was regarded as a low, "entry level" price by self-storage operators, and they both expect to see rental rates increase from 10% to 30% or more within the next 3 years.

Depending on the city the average occupancy rate in the past year can range from below 60% and as high as 80%. While these less-than-optimal occupancy figures emphasize China's status as an early growth market, they should also motivate self-storage operators to make greater efforts towards increasing the overall awareness of their services.

Easy Storage and Jin Yeung were identified as two of the largest self-storage players in China, while My Cube and Jin Yeung were named as being some of the more important and fastest-growing self-storage businesses. It is also estimated that there is a total self-storage floor space of more than 550,000 square feet in China, with Beijing comprising 160,000 square feet in and Shanghai comprising another 210,000 square feet respectively. There have been few new market entrants into the China self-storage market over the past year, with CBD Mini Storage being one of them. It is expected existing players to be the key drivers of industry expansion in China instead of new market entrants. This indicates that many self-storage players in China have strong financial back-up and clear intentions for further local expansion.

There are a number of favourable factors for industry growth, including rising affluence, increased demand from individual and business consumers (both online retailers and brick-and-mortar businesses), shrinking apartment sizes and increased investment in new facilities, numerous suitable locations for expansion and qualified contractors to convert buildings into self-storage facilities. On the other hand, low consumer awareness, lack of qualified labour and difficulty in complying with government regulations were identified as main business challenges.

Self-storage operators were optimistic about the growth in the next 3 to 5 years with the growth being estimated to be about 20% to a more than two-fold growth in the self-storage market as a result of stronger consumerism and greater market awareness.

Country Snapshot – Taiwan

Self-Storage Industry Dashboard	
• Key cities / regions:	Taipei city
• Level of competition:	Low
• Average occupancy rate:	61% -70%
• Average rental rate:	NT$220 - NT$280 per square meter
• Expected growth rate next 3-5 years:	20%

Taiwan has all of the strong industry drivers, typical of more mature self-storage markets like Hong Kong, such as high property prices and scarcity of space, making it an attractive destination for self-storage brands which are aggressively expanding into Asia.

Important industry mergers can only serve to highlight investors' growing interest in tapping into vast the potential of Taiwan's burgeoning self-storage market. The development of Taiwan's self-storage industry today is similar to that in Hong Kong about a decade ago from 2002 to 2006, where consumer awareness of self-storage services was not very high.

Taiwanese consumers generally have a positive perception of self-storage and are open to learning more about it. However, self-storage operators are convinced that Taiwanese consumers still have a long way to go in terms of truly understanding the service offerings of self-storage – an educational responsibility which needs to be led by the collective efforts of Taiwan's many self-storage players.

Selected players

Country Snapshot – Taiwan

The self-storage concept began to emerge in Taiwan in 2010, when the Taiwanese could no longer afford to buy bigger homes to accommodate their expanding families and changing lifestyles due to the big housing bubble. Self-storage operators quickly saw an opportunity to convince consumers to hire extra storage space as an extension of their homes, since self-storage costs were only a mere fraction of the price of renting a bigger residential unit. To Taiwanese customers, self-storage services are a lifestyle product which provides a personal storage space solution to improve their quality of living.

Being a new idea in Taiwan, the early self-storage consumer base consisted mostly of white-collar professionals, foreigners and expats. But the Taiwanese were quick to embrace this popular new storage concept which originated from the US and Europe. Almost overnight, the Taiwanese's traditional conception of big, warehouse storage spaces reserved solely for large corporate businesses was transformed into the modern-day self-storage concept, where anyone can own a piece of personal, enclosed space with first-rate security features to safeguard his valuable possessions. Average self-storage rental rates per month in Taiwan today can range from NT$800 to NT$3,000, depending on the amount of space required by the customer.

In 2014, Extra Space Storage of Asia acquired a majority stake in Taipei-based Storeasy Self Storage and rebranded its facilities to Storeasy by Extra Space as a move to cater to Taiwan's increasing demand for storage space. This strategic merger between Storeasy, a local operator with around 10 facilities and Extra Space, a prominent self-storage brand with wide geographic coverage in Singapore, Malaysia and Korea, is expected to enhance both company's position as one of the main regional self-storage players in Asia.

Country Snapshot – Taiwan

Though still in its early stages, the Taiwan self-storage industry is already characterized by robust competition from at least 10 local brands and 3 overseas brands. The bigger players own approximately 50% to 60% of the total market share, while the smaller players are actively contributing to the greater development of the self-storage market with their healthy competition.

The average self-storage rental rate in Taiwan should fall between NT$220 to NT$280 per square meter, and average occupancy is estimated to be between 61% and 70% over the past year. It is expected that these prices will change positively in the next 3 years, especially in more developed regions like Taipei and Taichung. Self-storage operators estimates that prices will double to at least NT$450 per square meter in the next 3 years due to various favourable factors.

Self-storage operators believes that Taipei city will continue to be one of the key growth regions in the next 3 to 5 years, being the most developed city in Taiwan with a high standard of living comparative to that of Hong Kong. Another city where they are finding plenty of market opportunities is Taichung city.

Although self-storage operators are generally satisfied with the level of consumer demand and the availability of suitable locations for expansion in Taiwan, the difficulty in finding qualified staff and reliable contractors to fit out a new facility, and compliance with government regulations are some of the common challenges faced by them.

Owing to the reasons stated above, self-storage operators expect the self-storage market to experience more than 20% growth in the next 3 to 5 years, indicating their strong confidence in the future prospects of Taiwan's self-storage market.

Country Snapshot – Malaysia

Self-Storage Industry Dashboard

• Key cities / regions:	Kuala Lumpur, Penang
• Level of competition:	Low
• Average occupancy rate:	60%
• Average rental rate:	RM 60.00 - RM80.00 per square meter
• Expected growth rate next 3-5 years:	6% - 10%

The self-storage industry in Malaysia is still in its early development stages with a strong potential for growth, especially in Kuala Lumpur.

Compared with space-starved cities like Hong Kong and Japan, Malaysians have more reasonably-sized spaces in their homes. However, household space is becoming more limited as a result of the steady population growth, especially in the densely-populated capital of Kuala Lumpur. More importantly, the purchasing power of Malaysia's is increasing, creating a demand for extra storage space. These factors combined make the Malaysia market ripe for picking by self-storage businesses.

Malaysian consumers seem to be generally open to the self-storage concept as they are warming up to the idea of self-storage. Despite more of them realise extra storage space are needed, they still lack a clear understanding about its advantages and perceive its services to be too expensive for what they get, suggesting that operators should step up their efforts in educating Malaysian consumers.

Selected players

3S

extra space self storage

ez Secure® Storage

LOCK + STORE
Your Private Storage Space

Country Snapshot – Malaysia

In the early 2010s, huge containers and warehouses were the only external storage facilities available for Malaysian consumers for holding the inventory of large corporate customers.

Seeing that there was a niche to be filled for small to medium scale customers, some of Asia's bigger players like Singapore-based Extra Space decided to set up its first facility in Malaysia in 2012. Local players quickly followed suit. In 2013, Malaysia-based private venture EZ Secure Storage Sdn Bhd also began to tap into the self-storage business. The company has announced plans to acquire 60% of the local self-storage market by setting up a total of 30 facilities in Malaysia from 2014 to 2019.

Self-storage business operators find low public awareness to be a key obstacle. Malaysians tend to associate self-storage with dark, dirty container yard storage spaces. They do not yet recognize self-storage as a convenient lifestyle option, and perceive the cost of self-storage to be too high for what they get. Two other challenges were rental agreements and tenancy defaults, which make it difficult to find suitable spaces for their facilities.

Most of the consumer demand comes from people who are in a transition between homes, hobbyists and entrepreneurs who have run out of space for their belongings, collections and inventory. According to Extra Space, about 80% of its clients are individuals and the rest being small businesses in July 2014. In view of the growing number of online businesses in Malaysia, the company expects the business-user segment will continue to grow.

Meanwhile, Penang where the scarcity of land and rising property prices have opened up a new market demand for self-storage. It is expected that other self-storage businesses will soon follow, and the self-storage market will continue to experience vibrant growth in Malaysia in the coming years.

Country Snapshot – Malaysia

Over the past year, the average occupancy rate for self-storage space in Malaysia was estimated to be less than 60%. There is about 2 to 4 main self-storage players in Malaysia – Extra Space, the fastest growing market player with 3 facilities in Kuala Lumpur with the largest market share; and EZ Secure, another important competitor to watch out for. It is estimated there to be about 220,000 square feet of total floor space available in the Malaysian market.

With the scarcity of land, shrinking apartment sizes and high property prices, self-storage operators are looking to Kuala Lumpur to grow their businesses in the next 3 to 5 years which favour the industry's growth.

Some of the main challenges faced by operators include high property prices, uncertain government regulations, the lack of suitable self-storage sites, and difficulty in finding qualified contractors to fit out a new facility. It is believed that the low rental rates of vacant houses and offices in Malaysia provide a more competitive substitute for self-storage. In addition, low consumer awareness and acceptance of the self-storage concept were also key obstacles for growth.

Increasing affluence and consumerism, rising demand from individual consumers, shrinking apartment sizes and increased demand for temporary storage space were all identified as key industry drivers. Self-storage operators emphasized the importance of increased usage by business customers, especially online retailers, in driving industry growth. Providing good service is believed to be another main industry driver.

It is expected that the Malaysian self-storage market to grow by roughly 6-10% in the next 3 to 5 years, mostly due to shrinking apartment sizes and rising demand from young families. A higher overall awareness of self-storage services in Malaysia will also definitely contribute to the industry's growth. It is also suggested that higher location visibility could be a good tactic for increasing customer awareness.

Country Snapshot – Thailand

Self-Storage Industry Dashboard	
• Key cities / regions:	Bangkok, Phuket
• Level of competition:	Low
• Average occupancy rate:	61% - 70%
• Average rental rate:	THB1,000 per square meter
• Expected growth rate next 3-5 years:	6%-10%

Self-storage is still a relatively new concept in Thailand, and there is much work to be done by self-storage operators in regard to the education and marketing of the many advantages that self-storage can provide. Increasing public awareness is critical for the continual growth of the self-storage industry in Thailand, as well as in the rest of Asia.

Self-storage operators have chosen Phuket as their first market destination due to the city's status as a transient tourist destination where foreign tourists liked to stay for temporary lengths of time, underlining the important role of tourists in driving the growth of the country's self-storage industry.

It is believed that self-storage operators should make consumer awareness a top priority, as self-storage is still a relatively vague concept in Thailand, especially for the local people.

Selected players

Country Snapshot – Thailand

Thailand's first self-storage facility was set up in Phuket rather than in the more populous capital of Bangkok. After years of experience as real estate operators developing new hospitality and residential projects, the founders of StoreGuard Co. Ltd realized there was a commercial services gap to be filled in providing storage space for property developers, suppliers, buyers and sellers. This demand, coupled with the assured demand from a big population of temporary foreign residents in Phuket, was what motivated StoreGuard Co. Ltd to set up their first self-storage facility in Thailand in 2010.

Another pioneer for self-storage in Thailand, My Storage, also set up their first facility in Phuket in 2010. Discouraged by high land prices and the difficulty of finding suitable locations, My Storage decided to make space by converting their warehouse in Jungceylon Shopping Centre, the largest mall in southern Thailand with constantly high traffic and 300 commercial tenants. Its location was strategically chosen based on industry intelligence that mixed-used development storage facilities tend to have a higher success rate.

The key challenges faced by self-storage operators in Thailand include high land prices and construction costs, local building restrictions and zoning, the lack of appropriate-sized plots in metropolitan locations and the long construction lead time, which encourages them to adopt a long-term leasing business model. Furthermore, the quality of construction in Thailand is low due to the methods used and the lack of good building materials. Many foreign self-storage brands need to top up their investments for importing partition systems, software and ancillary products that meet their standards, making high set-up costs a key entry barrier for new industry players.

Notwithstanding this, the self-storage industry in Thailand stands to benefit from new government initiatives aimed at facilitating the growth of the logistics industry. These include the regional integration efforts of the Association of Southeast Asian Nations which will allow the free transfer of goods, services, skilled labour and capital once completed in 2015, and new infrastructure projects for improving the rail, road, sea and air transport in Thailand.

Country Snapshot – Thailand

There are currently many self-storage players in Thailand vying for a piece of the growing self-storage pie. Large players are relatively fewer in number, while there are plenty of smaller players. The current level of demand versus supply seems to be quite balanced, suggesting that new market entrants may need a strong business strategy to succeed in this slowly saturating market.

In Thailand, self-storage industry development is mainly focused in 5 key cities: Bangkok, Phuket, Chiang Mai, Hua Hin and Pattaya. These cities are all key tourist destinations with a large population of tourists and expats, whose better understanding of self-storage services make them an important customer segment. these cities are expected to remain the key growth markets for the self-storage industry in Thailand in the next 3 to 5 years.

The typical storage mix of a facility in Thailand may include smaller units of 2.25 to 4.5 square meters, medium units between 6 to 9 square meters, larger units of up to 15 square meters, and jumbo sized units between 20 to 25 square meters. The average rental rate for self-storage units in Thailand is estimated at THB1,000 per square meter a month. With the baht remaining strong, it is not expected to have any significant change to the current level of pricing in the next 3 years.

The average occupancy of the self-storage space in Pattaya over the past year is estimated to be between 61% to 70%, suggesting that self-storage businesses have room for improvement in achieving a more optimal occupancy..

Some likely challenges faced by the self-storage operators in Thailand may include finding suitable locations for expansion in urban areas and complying with government regulations. Moreover, as tourists constitute a large proportion of self-storage customers, consumer demand is subject to annual fluctuations in tourist numbers.

Country Snapshot – Philippines

Self-Storage Industry Dashboard	
• Key cities / regions:	Manila
• Level of competition:	Low
• Average occupancy rate:	61% - 70%
• Average rental rate:	PHP 300 – PHP 600 per square meter
• Expected growth rate next 3-5 years:	2% - 5%

The Philippines self-storage industry is on a growing trend, as evidenced by increasing dynamic competition in the market. The self-storage market is also fractured, being defined by numerous competitors and new market entrants. It was noted that the current demand versus supply for self-storage services in the Philippines is somewhat imbalanced.

While Philippines consumers' understanding about self-storage services is slowly increasing, they still have mixed perceptions about self-storage due to low public awareness. Boosting consumer awareness and educating them on the advantages of self-storage services will continue to remain one of the biggest challenges for Philippines self-storage operators in the next few years to come.

It is believed that Metro Manila is and will continue to be the most important city for the development of the self-storage market in the next 3 to 5 years due to its status as the Philippines' most populous region and capital city.

Selected players

SafeHouse Storage

EASYSTORAGE
GF PCIC BLDG, 575 DELGADO ST, PORT AREA, MANILA

EC STORAGE
KEEPALL STORAGE INC

Country Snapshot – Philippines

The Philippines' first self-storage facility, Safehouse Storage, was established in 2010 by two brothers in the warehousing business to cater to the demand of one customer who needed storage space for excess financial documents. The company's founders then got the idea of cutting their bigger warehouse units into mini storage spaces, an idea which they soon found had huge market potential in the Philippines. Being founded on intensive research and modeled after the self-storage concept from the US, Safehouse Storage began installing roll-up doors for each individual storage unit, making it one of the first modern indoor self-storage facility in the Philippines.

The typical self-storage customer in the Philippines may include business owners who need extra space for their files, Overseas Filipino Workers who are leaving their stuff behind and condo owners needing extra space for the old furniture their new tenants did not want.

In the Philippines, finding a strategic location for the facility is one of the main barriers to entry. Also, Philippines customers have different customer habits from say, the US, being more accustomed to paying for end-to-end services including packing, transport logistics and records management to avoid hassle.

New construction projects in Metro Manila such as for new commercial high-rises and condominiums are leading the way for greater consumer demand in extra storage. Already, acute competition can be witnessed in the Philippines self-storage market, and self-storage businesses are quick to increase their geographic coverage by expanding to popular tourist towns like Cebu. As the self-storage industry continues to develop, getting consumers to embrace the self-storage idea and standing out from the competition will become the two most important challenges for self-storage operators in the Philippines.

Country Snapshot – Philippines

The average rental rate for self-storage in the Philippines is estimated to be between PHP300 to PHP600 per square meter, and the price level is expected to change negatively in the next 1 to 3 years. A likely concern might be the growing intensity of industry completion, which may cause average rental rates to drop. The average occupancy rate in the Philippines was estimated to be roughly 61% to 70% in the past year.

There are 5 to 6 self-storage players in the local market, and new market entrants have also been coming on strong. Currently, the biggest self-storage player in the Philippines is Lock + Store, while Secure Storage is another important competitor due to the remarkable speed of its growth. The total available floor space in the Philippines is around 10,000 square meters, and it is expected that industry expansion will come from both new and established industry players.

Currently, a key obstacle facing self-storage operators could be their limited number of self-storage locations, which provide only a narrow reach to Philippines customers despite the growing market demand. Complying with government regulations and finding qualified contractors to turn existing buildings into self-storage facilities also pose problems for the industry's growth.

Meanwhile, shrinking apartment sizes and a gradually increasing individual consumer demand were named as key factors contributing the continued development of the self-storage market. Increasing demand from business consumers – mainly corporate clients – was also an important growth driver.

It is expected that the self-storage market in the Philippines to grow by a modest 2-5% in the next 3 to 5 years, suggesting a reserved optimism towards the future of the industry. Some reasons accounting for this sentiment may include the fear of an oversupply of services due to intense competition, a sluggish growth in consumer awareness and demand, strict government regulations and the lack of available sites for business expansion.

Survey Data

32 companies from 8 countries contributed to the findings in this survey.

Contributions came from:

- China (PRC)
- Hong Kong
- Japan
- Malaysia
- Philippines
- Singapore
- Taiwan
- Thailand

In Hong Kong 10 operators participated in our survey, while in Japan 8 operators agreed to participate and in Singapore 7 operators participated in our survey.

Online consumer surveys were carried out in Hong Kong, Japan and Singapore. Residents of each country between the ages of 18-49 were invited to participate in this survey.

The follow table provides an overview of the sample size and basis for penetration calculation for each country.

	Total requests for participation	Total qualified sample size	Users	Non-users
Hong Kong	623	500	232	268
Japan	1612	500	69	431
Singapore	804	500	194	306

Users are defined as people who are currently using self-storage or have used self-storage in the past year as well as all others who have used self-storage in the past. For Japan the survey only focused on indoor self-storage, while excluding outdoor self-storage.

Contributors

We would like to thank the following companies for taking part in the survey this year.

- 3S Self Storage
- Arealink
- Bluedoor Storage
- Cube Self Storage
- EBC Self Storage
- Extra Space
- Green business Centre Green Storage
- Hong Kong Storage
- Kasegroup
- Lock + Store
- Locker Locker
- MiniCo Self-Storage
- MyCube Self Storage
- Oshiire Sangyo
- Pattaya Self Storage
- Quraz
- Reise
- Safehouse
- Storage Oh
- Storage Works
- Store Friendly Self Storage Group
- Store It!
- Terrada
- The Store House
- Tokyu Livable
- U-Store
- Your space

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