

Demand for Individual Storage Space Increasing 15% Monthly

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Six different companies are vying for market share in the recently created segment of self-storage.

KR Properties, which is primarily a developer of commercial real estate, started offering individual storage rooms last year. In October 2010 the company opened its first self-storage warehouse at 2 Marina Roshchina, under the brand name City Box. The facility is already fully rented out.

Another player on the self-storage market called Red Box was at 80 percent occupancy as of this spring. The number of players on the market confirms that there is a demand for such services, said Red Box general director Andrei Smirnov.

We are seeing 15 percent monthly growth in demand, said Vladimir Strigin, a project manager at City Box. The average lease period is six months. Original investment in the construction

of the facility was 90 million rubles (\$3.2 million).

"In terms of liquidity and return on investment, these projects are significantly better than the big warehouses," said former KR Properties chief executive Sergei Kalinin.

Their investment return is never more than eight to 10 years, and is usually about 4.5 years. The cost to fit out 1 square meter of such space is \$400 to \$800, depending on the category. A 4-square-meter unit can be rented out for \$1,500 per year.

KR-Properties is planning to start a second and third stage rollout, to eventually total 6,000 square meters of space. Red Box recently opened another facility in the southeast part of town.

In the United States the self-storage business represents about 9 percent of the total commercial real estate market. In Europe, the individual storage business began to develop about 10 years ago, and there are now more than 5,000 such facilities.

Read the original Vedomosti article [here](#).

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