



Quod

Economic Report

Extra Room
Self Storage

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1 Introduction and Executive Summary

This Economic Report has been prepared by Quod on behalf of Extra Room Self Storage Company Limited. It is submitted in support of a detailed planning application for the proposed self storage facility unit (the ‘Development’) at The Redgate Depot, Watling Street, Nuneaton, CV10 0RY (the ‘Site’).

- 1.1 Extra Room Self Storage is a leading provider of purpose-built self-storage space in the district of Hinckley and Bosworth, catering to both domestic and business customers. The store operates from three locations around Fenny Drayton providing high quality units ranging from 10 to 200 sq.ft on flexible lease terms.
- 1.2 The existing self-storage provision across the three locations is home to 186 businesses who occupy 24% of the lettable space. These businesses are a valuable component of the local economy – they support employment across a wide range of sectors, and over 90% are from within 10 miles of the store.
- 1.3 Hinckley and Bosworth’s economy as a whole is dominated by manufacturing, and whilst this has been in decline over recent years it is still the largest sector in the district. Diversification of the economy to support economic growth and resilience is a key objective of Hinckley and Bosworth Borough Council’s (‘HBBC’) adopted and emerging local policy.
- 1.4 Supporting start-ups and small businesses to grow and thrive is a central element of diversification. Small businesses are already a vital part of Hinckley and Bosworth’s economy with over 90% of businesses in the borough employing less than ten people, but their growth over recent years has been low when compared to the wider region and England. This may in part be due to challenges businesses have in finding suitable space.
- 1.5 In the early stages of a business, there is uncertainty over factors such as how fast it will grow, so flexibility of space and lease is key. There is very little flexible floorspace suitable for start-ups and small-scale local businesses in Hinckley and Bosworth, with the majority of existing and pipeline provision targeted at larger scale firms. Extra Room Self Storage therefore fills a vital gap in provision, meeting the needs of local businesses, supporting them to start-up and grow.
- 1.6 The Development will deliver a 42% increase in lettable Extra Room Self-Storage space, which based on the level of existing business occupation is expected to accommodate 78 additional businesses, and associated employment. The Development will also support construction jobs and wider economic benefits including uplift in gross value added (GVA) and business rates.
- 1.7 The following report sets out economic context and objectives relevant to the Development, and details the economic benefits that would be generated by the proposed extension.

2 Policy and Baseline Context

The need for increased diversity in the economy

- 2.1 The Site is in the south of Hinckley and Bosworth, approximately 1km northeast of the A5.
- 2.2 Hinckley and Bosworth is home to 4,580 businesses¹ and 45,700 jobs². Historically the economy of the area has been dominated by manufacturing. Whilst, these industries have been in decline over recent years, manufacturing is still the largest sector in the district accounting for 16% of employment².
- 2.3 The district's central location and good links to the motorway and arterial road network have also resulted in significant growth in warehousing and distribution, particularly around the A5 corridor. Transport and storage is the second largest sector in the district, accounting for 12% of employment².
- 2.4 HBBC's Core Strategy (2009)³ notes that the economy is over reliant on manufacturing, and whilst sectors such as 'creative industries' have been expanding elsewhere in the East Midlands, Hinckley and Bosworth has lagged behind.
- 2.5 A second challenge to the district's economy identified in the Core Strategy is high levels of out-commuting to jobs in Warwickshire, Leicester and other surrounding areas, which presents challenges in maintaining shops and other rural services.
- 2.6 As such, Spatial Objective 1 of the Core Strategy ('Strong and Diverse Economy') seeks to strengthen and diversify the economy by providing sufficient and suitable premises to encourage growth across a range of sectors.
- 2.7 The objective of encouraging growth and diversity is also carried through to HBBC's draft Local Plan (2022)⁴. The economic objectives of the new Local Plan include: *'Economic Growth and Resilience – to ensure that suitable buildings, sites and quality infrastructure are provided, in accordance with sustainability considerations, to support strong economic growth [...] and a varied local economy. These should provide flexibility and be able to adapt to changing economic needs.'*
- 2.8 To support increased diversity and economic growth, a range of suitable workspaces are therefore needed, particularly for small businesses and start-ups.

¹ Office for National Statistics (ONS), 2022. UK Business Counts.

² ONS, 2021. Business Register and Employment Survey (BRES).

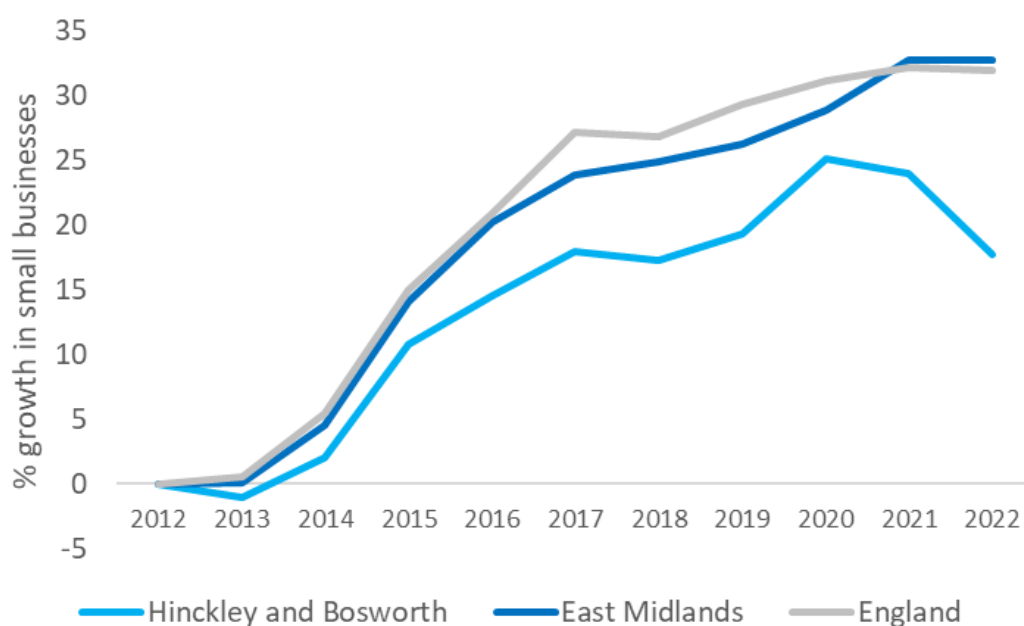
³ Hinckley and Bosworth Borough Council, 2009. Local Development Framework – Core Strategy.

⁴ Hinckley and Bosworth Borough Council, 2022. HBBC Local Plan, Regulation 19.

Challenges for small businesses in Hinckley and Bosworth

- 2.9 Small businesses are a vital part of Hinckley and Bosworth's economy, with 90.1% of businesses in the district employing less than ten people – which is a higher proportion than the average for Leicestershire and the East Midlands (89.2% and 89.3%, respectively).
- 2.10 However, growth of small businesses in the district has been low over the past 10 years compared to the wider region and England, as can be seen in Figure 2.1. Between 2012 and 2022 the number of small businesses (less than ten employees) in Hinckley and Bosworth increased by 18% which is almost half the rate of East Midlands as whole (33%).

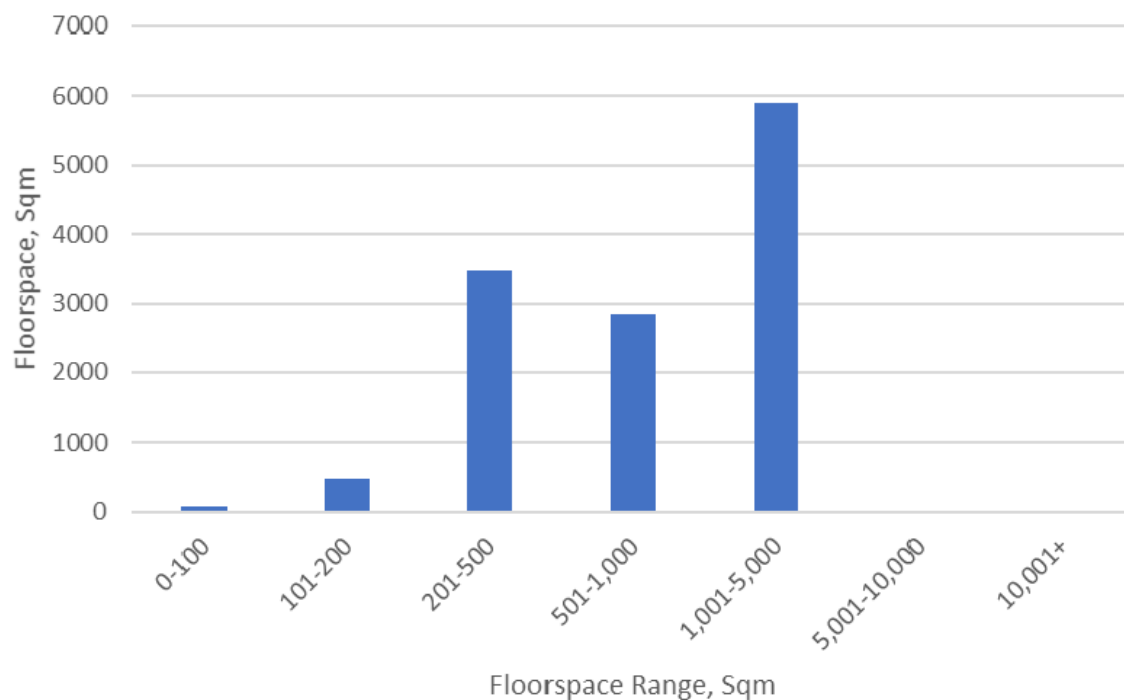
Figure 2.1 Growth in small businesses (less than 10 employees)



- 2.11 As part of the Employment Land and Premises Study ('ELPS') (2020)⁵ a number of businesses in the borough were consulted which revealed that there is a strong desire for growth but that some have struggled to find suitable space. Whilst demand for small B2/B8 properties is high, the supply in Hinckley and Bosworth is very limited. The ELPS reported industrial availability as at June 2019, which revealed next to no availability for units less than 100sqm as shown in Figure 2.2.
- 2.12 The ELPS notes that the majority of future supply is aimed at strategic scale distribution and warehousing, with a limited pipeline of small scale units to meet local business needs.

⁵ Hinckley and Bosworth Borough Council, 2020. Employment Land and Premises Study, February 2020.

Figure 2.2 Amount of Marketed Property, sqm (June 2019) (from HBBC ELPS 2020)



2.13 Property enquires data referenced in the ELPS showed that a high number of enquiries were from start-up/pre-start businesses, highlighting that Hinckley and Bosworth is a desirable location for new businesses, however a lack of suitable space is acting as a barrier to growth.

2.14 The vision of HBBC's Economic Regeneration Strategy 2021-25 includes:

- To have a vibrant location with a competitive and thriving sustainable local economy across the whole of the borough; and
- To attract and sustain investment, business growth and entrepreneurship.

2.15 If this vision is to be achieved, and greater diversity is to be supported through growth in new business in line with the Core Strategy and draft Local Plan, an increase in space suitable for small local businesses and start-ups is needed.

What small businesses need

2.16 Often start-ups begin at home, but operating from home is challenging for growth. Therefore many small and start-up businesses require small-scale business units. In the early stages of a business, there is uncertainty over how fast or slow it will grow, therefore flexibility of space and lease is key. Key needs of small and start-up businesses include:

- Affordability
- Flexible leases
- Flexible space to enable up/downsizing
- Multi-functional space for working and storing supplies.

2.17 The Development presents an excellent opportunity to respond to these needs, providing expanded space that can help local small businesses to start up and grow, in turn supporting greater diversity and prosperity in the wider economy. Details of the proposals and the economic benefits they will generate are discussed in the following section.

3 Economic Benefits of Extra Room Self Storage

- 3.1 The Development will deliver an extension to the existing Extra Room Self Storage facilities, to provide a 42% increase in lettable space.

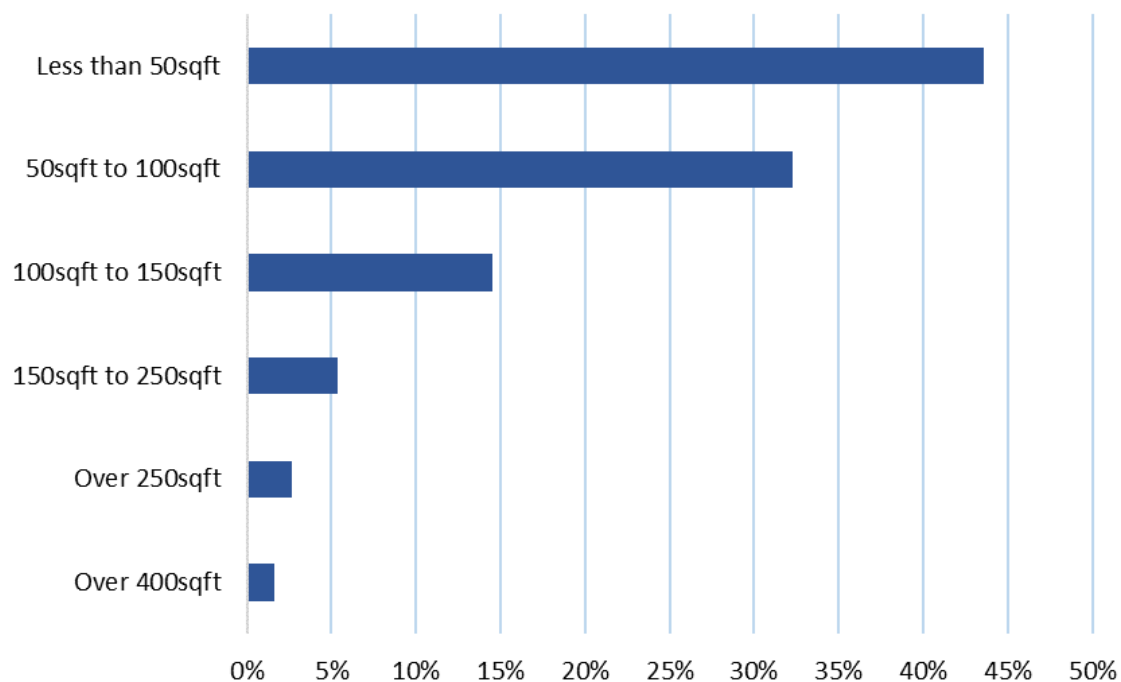
Who is Extra Room Self Storage?

- 3.2 Extra Room Self Storage was the first operator in Hinckley & Bosworth to provide purpose-built self-storage units. The store operates from three locations around Fenny Drayton, providing a secure, do-it-yourself facility for business and domestic customers.
- 3.3 Each store provides a variety of different room sizes from 10 sq. ft to 200 sq. ft, dependent on the requirements of the customer. The storage space provided is high quality, comprising modern, secure rooms each accessed from wide, well-lit corridors designed for easy manoeuvrability. The individual rooms can be rented for as short a period as 7 days or for as long a period as the customer requires. Each individual room has its own door, is alarmed and is locked by each customer's own padlock.

Providing flexible space attractive to small local business customers

- 3.4 Extra Room Self Storage is home to 186 businesses which occupy 24% of the existing lettable space. Over 90% of these businesses are from within 10 miles of the store - they are valuable components to the local economy. This important business role is not always visible to the public, who know self-storage as being mainly for domestic use, however, the self-storage facilities provide valuable and much needed space for local businesses that is otherwise hard to find in Hinckley and Bosworth.
- 3.5 Businesses are attracted to Extra Room Self Storage because of its location next to the A5 and A444 giving easy access to large population centres. As highlighted in the baseline, the majority of existing and pipeline floorspace within this area is large scale, targeted at strategic logistic and distribution users at the expense of small local businesses.
- 3.6 Self-storage frees small businesses from the risks and long-term commitment of leases associated with traditional business landlords. It also allows firms to rent comparatively small areas of space that are not available in the wider industrial market. For example, three quarters of businesses at Extra Room Self Storage rent space that is 100sqft or less (i.e. smaller than a single garage) (see Figure 3.1). This represents flexible, affordable business space that is vitally important for start-ups and small businesses in the local economy. It greatly reduces risk for a small firm, and also saves costs as they only take what space they need at any particular time, easily scaling up or down.

Figure 3.1 Size of Units Rented by Existing Businesses at Extra Room Self Storage

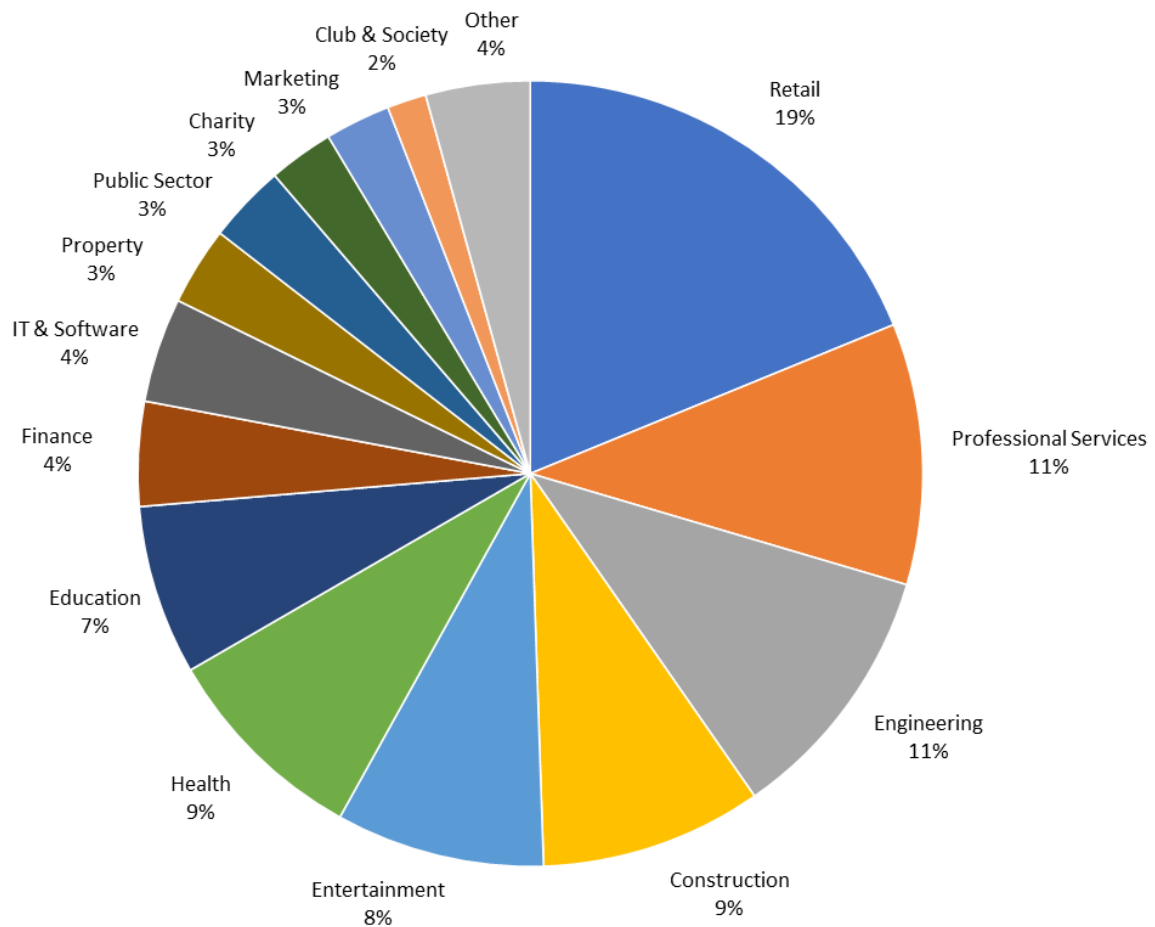


- 3.7 The quality of space offered is also attractive to businesses. In the past, affordable space for small firms has too often been of very poor quality, whereas at Extra Room Self Storage, businesses get a consistent offer of modern, clean, secure space, constantly monitored by on-site staff and CCTV.
- 3.8 These factors not only attract businesses, but also retain them. The majority (65%) of business customers in Extra Room Self Storage have been in occupation for three years or more, with more than a quarter of businesses having been there for six years or more.

Fostering diversity in the economy through supporting a wide range of sectors

- 3.9 Businesses using Extra Room Self Storage are from a wide range of industry sectors (as shown in Figure 3.2), using the space in different ways to support their commercial activities.
- 3.10 Businesses include independent retailers who use their storage unit as their warehouse. There are also wholesalers and importers who hold and distribute stock from the self-storage facility and on-line specialist retailers who operate entirely out of Extra Room Self Storage.
- 3.11 There are a huge range of construction, design, maintenance, engineering and IT firms with staff who travel to customers' sites. They use Extra Room as their main base and store for equipment and supplies.
- 3.12 An enormous variety of other firms can be found in Extra Room Self Storage – caterers, architects, healthcare providers, manufacturers, solicitors, event organisers, financial services. Extra Room Self Storage provides somewhere for them to work from, or space to support what they do elsewhere. Extra Room Self Storage also plays host to several charities and public sector organisations like schools and local councils.

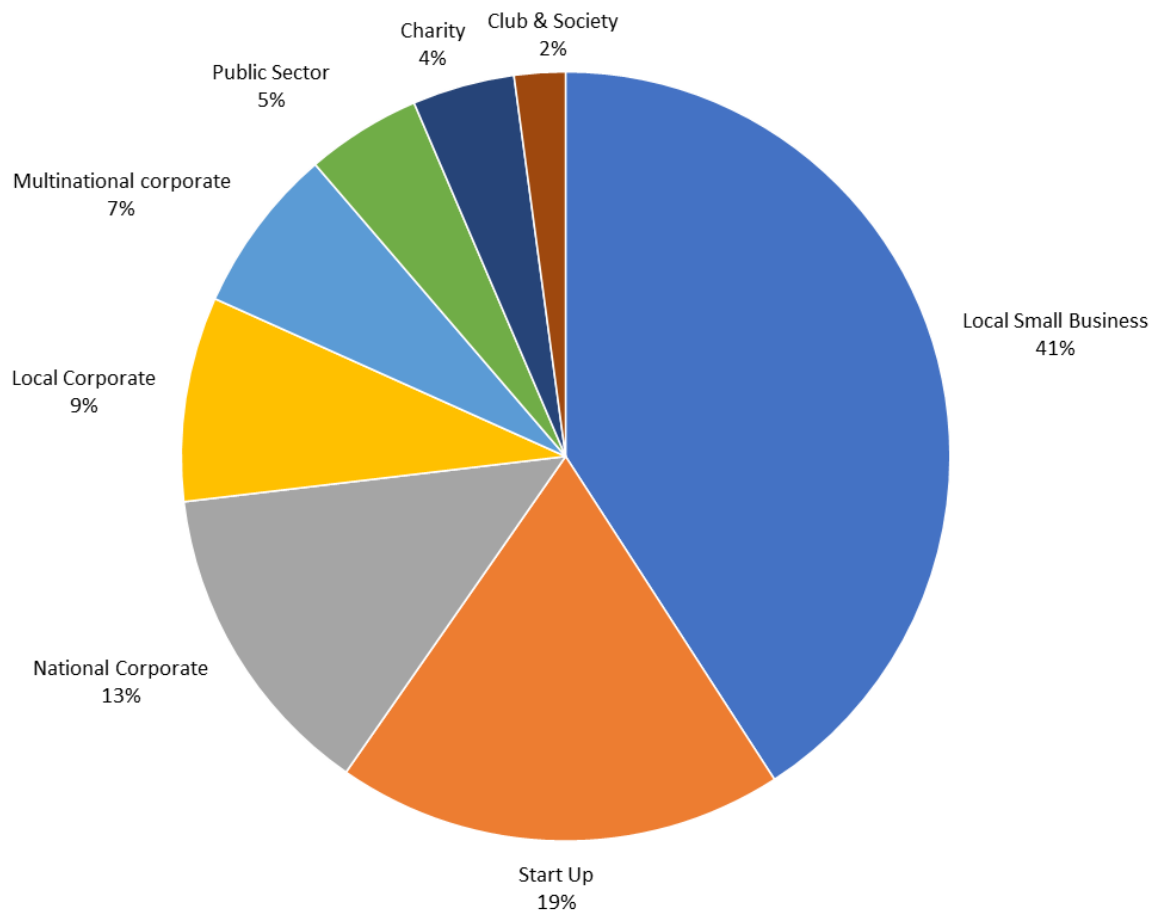
Figure 3.2 Sector Profile of Existing Businesses at Extra Room Self Storage



A local business incubator

- 3.13 Extra Room Self Storage has business customers of all sizes, including national chains, but the space offered is particularly popular with start-ups and local small businesses who have never rented elsewhere before, as shown in Figure 3.3.
- 3.14 As set out above, the flexibility of self-storage is ideal for new and small firms, allowing a low-risk, low-cost platform from which businesses can scale up. Extra Room Self Storage acts as a “business incubator” for the local area. Such businesses also benefit from the services Extra Room Self Storage offers to support customers – including accepting deliveries and forklifting.
- 3.15 For almost 60% of businesses occupying space at Extra Room Self Storage, it is the only business space they rent anywhere. For the rest it complements other space.
- 3.16 Extra Room Self Storage meets an important business need, often filling a gap in provision locally, and this supports local small businesses and start-ups to grow, creating jobs and providing new services for the area.

Figure 3.3 Scale and Type of Existing Businesses at Extra Room Self Storage



Providing a complementary role to MIRA Technology Park

- 3.17 The Site subject to this application is less than a mile west of MIRA Technology Park – Europe’s largest and fastest growing automotive Research and Development cluster with Enterprise Zone status. It is home to over 35 major international automotive engineering companies such as Bosch, Toyota, Haldex and Polestar, supporting c. 1,200 jobs.
- 3.18 Building on its success, significant expansion of MIRA is planned. In August 2022 an application was submitted for up to 213,500 sqm of new floorspace across 150 acres to the south of the existing MIRA site, expected to support 2,500 new jobs (Ref: PAP/2022/0423).
- 3.19 Businesses and employees from MIRA already use Extra Room Self Storage. For example, businesses keep equipment and supplies off-site so the specialist facilities at MIRA can be used more intensively. Employees use self storage whilst relocating to the area from other parts of the UK and internationally. Personal possessions are stored whilst employees find permanent accommodation locally. The expansion of MIRA is likely to increase demand for off-site storage space. Expansion of Extra Room Self Storage at the Site can therefore play a complimentary role in supporting the growth of MIRA Technology Park.

Extra Room Self-Storage's employment

- 3.20 Extra Room Self Storage directly employs 10 full time and part time staff whose role is managing and maintaining the buildings, handling enquires, managing accounts and offering a range of services to the businesses based there. They also have six self-employed van drivers who offer removals services and assist with couriering and moving items for businesses.
- 3.21 However, these jobs are not the main employment impact of Extra Room Self Storage. This comes from the large number of jobs created by the business occupiers themselves.
- 3.22 There are many jobs outside Extra Room Self Storage which are nonetheless dependent on the space rented there. An example might be a building contractor with no fixed place of work, visiting customers every day, but returning to Extra Room Self Storage at the start and end of each day to access their stock of tools and materials.
- 3.23 Another might be a retailer, who has used Extra Room Self Storage to store stock so they can maximise the sales floorspace in their shop and take on extra staff.
- 3.24 Online retailers are also a growing component of business storers. They store stock at Extra Room Self Storage, sell it online, then use the store to collect, package and ship sold items.
- 3.25 With such a complex mix of customers using Extra Room Self Storage in many different ways, it is difficult to quantify exactly how many jobs Extra Room Self Storage really supports. If the number of jobs matches employment densities seen elsewhere in the self-storage sector (based on Quod's professional experience advising the self-storage sector for over 10 years) the existing space could currently be supporting approximately 230 full time equivalent (FTE) jobs.
- 3.26 The Development will deliver a 42% increase in lettable space at Extra Room Self Storage – based on the level of existing business occupation, this is expected to accommodate an additional 78 businesses, which would bring the total to 264 businesses at Extra Room Self Storage.
- 3.27 If employment densities match that seen elsewhere in the self-storage industry, this would mean the additional space could support approximately 100 additional FTE jobs, which would bring the total employment at Extra Room Self Storage to approximately 340 FTE jobs (including the 10 people directly employed by Extra Room Self Storage).

Other Employment and Economic Benefits

Construction Jobs

- 3.28 The construction of the Development would also generate employment. It is estimated that construction would take 32 weeks and would support an average of 20 FTE jobs within the construction sector over this duration, based on the Construction Industry Training Board

(CITB) Labour Forecasting Tool⁶. Construction employment provides opportunities from entry-level positions to highly skilled and specialised roles.

Gross Value Added

- 3.29 Gross Value Added (GVA) is a measure of the increase in value to the economy from the production of goods and services. Using data on regional level GVA for all industries⁷, if the employment associated with Extra Room Self Storage matches that seen elsewhere in self-storage, the uplift in employment associated with the extension could generate £5 million per annum of GVA in the local economy, which would bring the total at Extra Room Self Storage to approximately £17 million per annum.

Business Rates Revenue

- 3.30 Business rates are a tax on non-domestic properties. Rates are levied on business properties on the basis of their rateable value and the national multiplier.
- 3.31 The Development will deliver an increase in floorspace (uplift of c. 42%), and as such is likely to generate additional business rates revenue for the council to spend on local priorities.

⁶ Construction Industry Training Board (CITB), (2020). Labour Forecasting Tool (Accessed online by subscription: www.labourforecastingtool.com)

⁷ ONS, 2020. Regional gross value added by industry: NUTS1 / ONS, 2020. Business Register and Employment Survey.

4 Conclusions

- 4.1 Extra Room Self Storage is a small-business landlord and start-up incubator meeting a specific need for flexible, small scale units in Hinckley and Bosworth. The existing store is home to 186 businesses who occupy 24% of lettable space:
- 90% of these are from within 10 miles of the store;
 - 60% are small businesses and start ups;
 - For almost 60% of these businesses it is the only space they have.
- 4.2 There is demand for an increase in space for small businesses in Hinckley and Bosworth. HBBC's Employment Land Premises Study (2020) showed a high number of enquiries from start-up/pre-start up businesses but limited supply of suitable space to meet this demand.
- 4.3 Growth in small businesses in the district has been low over the past 10 years compared to the wider region and England, which in part could be due to a lack of suitable space. If HBBC is to meet its objective of increasing diversification, entrepreneurship and economic growth, a range of suitable workspaces are needed particularly for small businesses and start-ups.
- 4.4 The Development would deliver a 42% uplift in lettable space at Extra Room Self Storage and is an excellent opportunity to provide additional space suited to the needs of small local businesses and start-ups.
- 4.5 The Development also presents the opportunity to support the proposed expansion of MIRA Technology Park. Businesses and employees of MIRA already use Extra Room Self Storage and future growth of the Technology Park is likely to increase demand for off-site storage space still further.
- 4.6 The Development is therefore a significant opportunity to support local business generating estimated economic benefits including:
- **20 construction jobs**
 - **78 more businesses**
 - **100 additional jobs**
 - **Uplift of £5 million in GVA annually**
 - **Uplift in business rates revenue**