

Portable storage trend taking off

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Moving day often means renting a U-Haul and storing boxes in a warehouse. But consumers here are opening their wallets for an alternative storage option - no rental truck required.

Portable storage, where customers rent and fill up large containers that are delivered to them, is taking off and advocates said it's redefining how people move their stuff in the 21st century.

Companies like SmartBox, a Richmond Va.-based firm founded in 2003, provides portable storage in 40 markets across the nation including Maryland and Annapolis. The Florida-based PODS Inc., founded in 1998 and considered a leader with the concept, has 135 locations globally. Both companies are seeing profits rise as consumers demand more convenience and flexibility.

That's good news for Matt Bowry and Charley MacKenzie who launched the Maryland franchise of SmartBox from Eastport in January and have spent the past year marketing the company. They currently devote 80 percent of their SmartBox marketing budget to search engine optimization so the company shows up on the first page of Google hits. Mr. Bowry said the reaction to SmartBox has been very positive.

"It's been jubilation, everybody just smiles," said Mr. Bowry, who also runs a private equity firm with Mr. MacKenzie. Mr. Bowry said his franchise is currently on track to hit sales goals by January and expects business to triple in 2008 as the company picks up and delivers the red square-shaped wooden SmartBox containers all over Maryland.

Local SmartBox orders come from everyone from homeowners to business owners including Dick Franyo, owner of Eastport's Boatyard Bar and Grill, where a container sits in the back parking lot and stores summertime outdoor furniture. Mr. Franyo said the SmartBox service gets stuff off-site instead of letting it clutter up. Before, "you just lived with it. You just stuck it in your office or conference room or whatever," he said.

Mr. Franyo said he used a SmartBox container when he expanded his restaurant and for the "Bands in the Sand" Chesapeake Bay Foundation fundraiser to store kitchen utensils and beverages.

"We have to cook everything on the beach right there," Mr. Franyo said. "Everything's outside so we used that as sort of a storage facility home base."

Mr. Bowry and Mr. MacKenzie aren't the only ones benefiting from the trend. Other competitors include the Washington-based 1-800 Pack Rats, which is expanding nationally.

Even larger players are dabbling in the concept. Public Storage, a California-based storage company listed on Standard & Poor's 500 Index, has portable storage operations in Cheverly and Baltimore that help cover the Annapolis area.

Self-storage is a convenience-driven product for "people in transition," said Tom Miller, president of Public Storage's Pick Up and Delivery division. "This is a niche market, quite frankly. The traditional self-storage product is typically in a 3-mile radius of where people live. The portable storage option has a much larger service area."

Still a baby

The trend is gaining steam, but portable storage is still considered a baby in the industry. By contrast, the traditional self-storage business in the United States raked in \$22.6 billion in revenue last year and has 51,223 facilities, according to the Self Storage Association in Alexandria, Va.

Tim Dietz, the association's vice president of communications and government relations, said 1 in 10 households use self-storage. Although self and portable storage sometime share the same customers, the two are "different animals."

"Generally you seem to find (more) longer-term tenants in self-storage than you do in portable storage," he said. "With portable storage, I think you find people who are renovating and having a short-term need to put things somewhere."

Observers are watching how the portable storage business will grow.

Poppy Behrens, executive editor of MiniCo Publishing, a Phoenix-based publisher of storage publications, said her organization wrote its first article about the concept in 1998. Now, her company produces its own mobile storage magazine.

"It came and went and came and went," Ms. Behrens said. "Then we looked at it again in the summer of 2003 and by that time you had a lot of the smaller companies that were really stepping up and gaining speed in this."

SmartBox Chief Executive Officer Mike Lowe said his company studied the traditional self-storage and rental truck industry to come up with a convenient flexible alternative. The company started franchising in 2004 and now has locations from Boston to Los Angeles.

"We were looking forward to what does the customer want and what would they want in the future? It was kind of an evolution to say, 'OK how can business be done better?'" he said.

He said SmartBox carved out a niche with its smaller, more compact containers that allow for more swiftness in and around apartment complexes and urban areas.

"Our box is 5 x 8 so it matches up very well with people in apartments and condos and people who want long-time storage for miscellaneous goods," he said.

He said the company has been profitable since 2005. Mr. Bowry said the beauty of SmartBox lies in its simplicity: For a monthly rental rate of \$75, or a winter special of \$55, consumers can pack up to 2,500 pounds worth of belongings into a container, which is picked up by a delivery truck and stored in a climate-controlled warehouse in Anne Arundel County, he said. Movers don't have to worry about renting a truck. The company uses its partners to deliver goods as far as California, he said.

Even as the slowing real estate market has some buyers sitting on the sidelines, Mr. Bowry said he's seen residential orders stay steady as sellers stage and renovate their homes. The SmartBox service also has come in handy for baby boomers looking to downsize or store family heirlooms and retirement communities that need to move the belongings of tenants, Mr. MacKenzie said.

"We thrive in a volatile market," Mr. Bowry said.

He said the commercial real estate side of the business will make up between 20 to 30 percent of this year's revenue, but he expects that to rise to 50 percent next year.

"We're solving people's problems," Mr. MacKenzie said.

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Driver Sam Smith of Baltimore gets ready to unload seven SmartBox containers at
Vosbury Marine and Recreation on Homewood Landing Road.