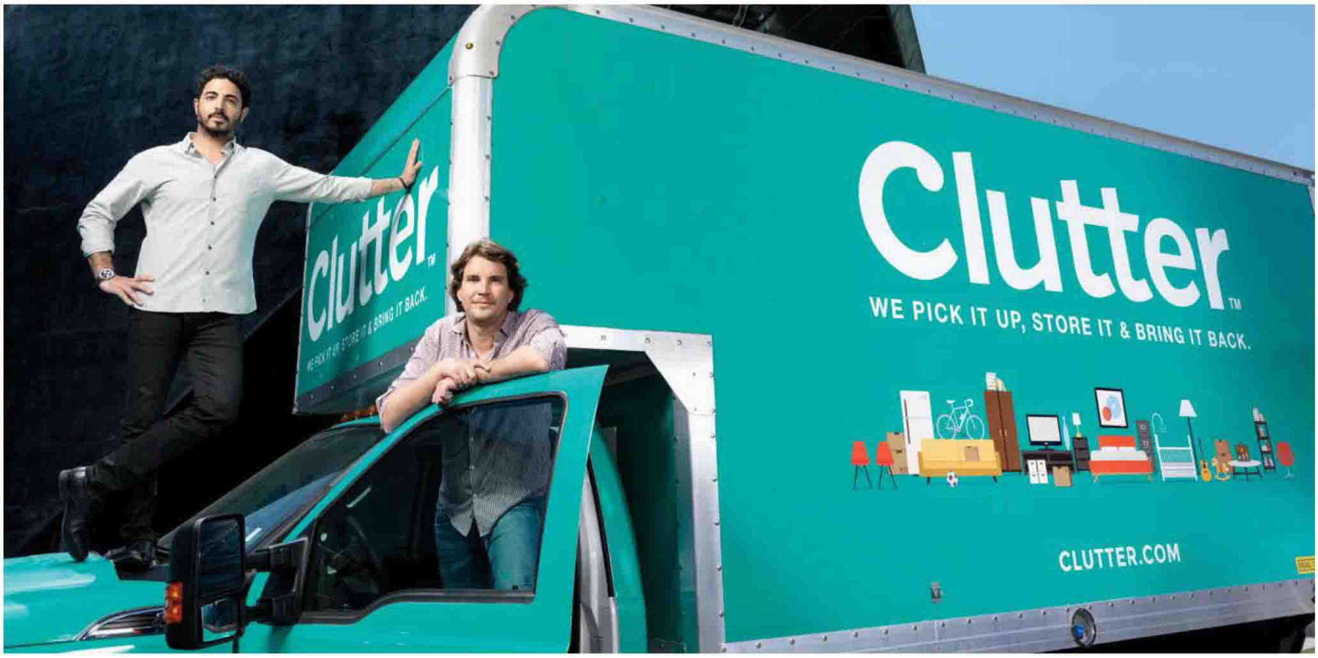


ETHAN PINES FOR FORBES
ARI MIR WEARS A SHIRT BY TAYLOR STITCH, PANTS BY ACNE AND SHOES BY MARCEL; BRIAN THOMAS WEARS A SHIRT BY MICHAEL KORS, PANTS BY 7 FOR ALL MANKIND, AND SHOES BY JOHNSTON & MURPHY. GROOMER: BRITTEN FAITH

ON-DEMAND

Hoarder Control

With Amazon-like logistics, Clutter is disrupting the $30 billion self-storage industry. Eventually it wants to let you ship, rent and sell your stuff.

BY KATHLEEN CHAYKOWSKI AND SAMANTHA SHARF

Technology helps Clutter cofounders Ari Mir (left) and Brian Thomas offer better service at lower cost. They plan add-ons that will transform the self-storage business.

Terry Shaylin had only a few days to clear out her mother's Santa Monica apartment after an unexpected move overseas. Three days after Shaylin stumbled upon a Clutter ad, a moving truck arrives. "It was simple," Shaylin says, as two Clutter movers in company T-shirts swaddle furniture in blankets and tape, stick a bar code on each package and link them to photos in a digital catalog. Next they drive nearly two hours east to a storage warehouse in the desert. Even better: Over six months, Shaylin will pay an estimated $700 less than she would have using traditional self storage.

Everything about the Clutter process flies in the face of storage-industry convention—and that's the point. In just two years, Clutter has leveraged cheap real estate, solid customer service and smart technology to sign up more than 10,000 customers. It's on track to bring in tens of millions in revenue this year. As the Culver City, California, company has taken aim at an industry that generates about $30 billion in annual sales, founders Ari Mir and Brian Thomas have raised $97 million from venture firms like Sequoia Capital, GV (formerly Google Ventures) and London-based Atomico. With an estimated valuation of $240 million, Clutter plans to expand from its 7 current markets (Los Angeles, New York, Seattle, Chicago, New Jersey, San Diego and San Francisco) to 50 cities globally in six years. Its closest startup rival, MakeSpace, has raised $61 million and operates in four markets. "With self storage, if you want to store a sofa, you have to call up your friends and bribe them with pizza to help you on a Saturday," says Mir, who is CEO. "You drive it to a facility, you return the U-Haul, take an Uber home and your whole day is shot. With us, you just push a button."

About one in ten American households already pays for a personal storage unit. As Baby Boomers downsize, the market is poised for sustained growth. The sector, led by Public Storage—which, with $2.6 billion in 2016 sales, accounts for less than 10% of industry revenue—is struggling to keep up. Warehouses are at 90% occupancy. While new facilities are being built, cities like Miami and New York are pushing back. They prefer almost any other use of urban land. A typical storage warehouse employs just a handful of people and generates less tax revenue than offices, apartments or shops. The space crunch has allowed storage firms, typically valued by their real estate holdings, to raise prices about 3% annually in recent years, pleasing Wall Street but irking consumers.

Mir and Thomas, both 35, met as teenagers in Los Angeles but didn't become close until after college. They got interested in storage in 2013, after

Thomas' mother complained that her storage provider raised her rate twice in one year. At the time, Thomas, now Clutter's "chief people officer," was finishing an M.B.A. at UCLA. Mir had moved on from GumGum, an advertising network he cofounded (last valued at $167 million). Both needed jobs and saw huge potential in storage after realizing that software and smartphones could turn storage into yet another on-demand service. They spent two years honing their plans. When Clutter launched in 2015, Thomas worked the first 100 jobs himself and quickly learned that people were willing to pay for a stress-free experience.

Clutter tends to undercut competitors on price. The company doesn't give customers a defined storage unit, but if you live in downtown Los Angeles, for example, it will store as much stuff as will fit in a 5-by-5-foot space for $89 a month, as long as items stay for at least a year. Public Storage charges about $125 for a comparable unit, but prices can vary based on occupancy levels and deals, making an across-the-board comparison difficult. Clutter admits it's not always cheaper.

For services like packing, loading and deliveries, Clutter charges start at $35 an hour. By doing away with discrete storage containers, Clutter offers more flexibility, for example, storing single packages up to 35 pounds for $7 a month. That, along with a vow to never raise prices on stored items, helped revenue reach nearly $8 million in 2016, a tenfold jump from the year before.

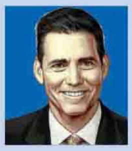
Clutter warehouses, like its 130,000-square-foot space in Ontario, California, look like a Costco with an Amazon-like twist: Technology is the crucial backbone. A bar-code system links packages to an aisle and shelf and is integrated with the transportation system and online catalog. Staffers know ahead of time what's coming and where to store bulky items. The company is developing software to map unused space for a Tetris-like fit. Clutter is also working to predict which items people will want to retrieve first so it can store, say, a bicycle near the city and a piano far away, where land is cheaper. Eventually, Clutter wants to let clients catalog their stuff via video so that machine-learning algorithms can prepare an automated estimate. Retrieving stored items is easy. Select pictures of what you need, and the items will be at your door in about 48 hours—just like an Amazon Prime delivery.

"There is a huge commitment by Clutter to build proprietary technology," says Hiro Tamura, a partner at Atomico. He calls Clutter's software a "moat" that will be hard for rivals to cross. Clutter now plans to triple its workforce to 600 (all staff, including movers and packers, are employees and receive equity in the company), expand overseas and handle items like fine art and cars. Some analysts warn that Clutter's model unnecessarily adds complexity and cost. "The whole business economics behind it aren't there," says Brad Schwer of Morningstar.

Mir & Co. are undeterred—and they're already thinking beyond storage. With growing logistics capabilities and real-time inventory data, they're plotting to disrupt the industry further. Soon Clutter hopes to let you ship your stored items anywhere. Need your skis in Aspen or your surfboard in Hawaii? No problem.

Thomas envisions other add-ons, like offering you a Christmas tree and help setting it up when you retrieve your holiday decorations. Beyond that, Mir talks about a still-fuzzy notion of helping customers "create value" from their stuff. "We want you to be one click away from storing your stuff, junking your stuff, donating your stuff, shipping it, asking for it back, selling it, renting it," he says. The ultimate goal is to transform the way people manage their physical belongings. And why not? says Thomas. Noting it's about as hard to build a million-dollar business as it is to build a billion-dollar one, he adds: "You might as well go after something that, if it works, is interesting and massive." ✱

HOW TO PLAY IT BY BRAD THOMAS



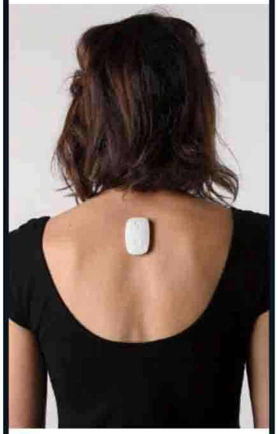
Self-storage has been a growth business for decades, and the success of startups like Clutter isn't likely to dent the prospects of established players for some time. If you consider the urbanization going on here and in emerging economies, the sector's long-term prospects are excellent. The internet and technology have also played a large role; search-engine optimization and call centers are reeling in customers more efficiently than ever. For big real estate investment trusts (REITs) like Public Storage, Extra Space and CubeSmart, there are even more tech advantages. Sophisticated revenue-management algorithms can help them optimize rents at each property, not unlike airline pricing. **Extra Space** is my top pick, as shares have traded down from around $92 last summer to $80. Double-digit earnings growth is unlikely, but if you factor in its steadily growing dividend, now yielding 4%, then annual return expectations of 15% are a good bet.

Brad Thomas is editor of Forbes Real Estate Investor.

FINAL THOUGHT

✱ *"Clutter is caused by a failure to return things to where they belong."* —**MARIE KONDO**

PROTOTYPE



PROTOTYPE BY KATHLEEN CHAYKOWSKI

PLAYING IT STRAIGHT

Tired of daily neck and back pain caused by your dreadful posture? Don't want to spend your golden years bent over like Uri Geller's silverware? Rise to the challenge of Upright Go ($99; uprightpose.com) and battle the modern slouch epidemic whether you're driving, walking, standing or (especially) sitting at a desk or screen. Just stick this sleek white device—like a bigger, more ergonomic bar of hotel soap—on your back below your neckline. Every time you hunch, it'll vibrate, reminding you: Straighten up, pal. Rain- and sweat-resistant, it sends reams of posture data to its companion app. Its creator, Israel–based Upright Technologies, sought $25,000 on Kickstarter; $1.1 million poured in. Upright Go comes with a hard-shell case and USB cable; conveniently, a charge lasts ten hours—or one workday you'll finally not spend crumpled over like a white-collar Quasimodo.