

UK FACES CHRONIC SHORTAGE OF WAREHOUSE SPACE AS E-COMMERCE BOOM DRIVES DEMAND

Birmingham NEC, UK, Thursday 12th May 2016 - The UK is facing a chronic shortage of warehouse capacity as years of under-development combined with growing demand, especially from e-commerce operators, conspire to find occupiers fighting for available space.

This will likely lead to considerably higher rents, according to Kevin Mofid, Director of Logistics Research at Savills.

He told delegates at this week's Multimodal event in Birmingham that "there's very little warehousing on the market, and what there is, is going to see its rent increasing", of the total 420m sq ft of warehouse space in the UK.

He said that research jointly undertaken by Savills and the UK Warehousing Association (UKWA), showed that in 2009, just before the financial crisis hit, there was 100m sq ft of warehouse space on the market. Today that stood at 30m sq ft – a 70% decline.

"This is primarily because of strong demand from e-commerce and the grocers, but also because there has been no development – between 2004 and 2007 there was around 40m sq ft of space that was developed speculatively.

From 2012 onwards there has been just 10m sq ft of speculative development.

"While in 2015, Amazon accounted for 10% of all warehouse demand, and this is expected to continue in 2016 and possibly 2017," he said.

However, while most warehouse space continued to be located in the "Golden Triangle" centred around the Midlands, the nature of e-commerce fulfilment meant that warehouse design was changing, said James Nicholls, Partner at architects, Stephen George & Partners.



“Location is going to be very, very important, but warehouses are different today – there is growing demand for long, thinner and taller buildings.

“The design today is all about getting goods out of the building much quicker, rather than using it principally as a storage space.

“Building longer and thinner means you can put in more doors; while in terms of height, we are seeing that racking is going up much more than it has done historically,” he said, adding that increasingly warehouses would be located near urban centres.

“It’s always been thought that populations can’t live by warehouses, but actually they can co-exist,” he said.

ENDS

ABOUT MULTIMODAL

Multimodal 2016 is free-to-attend and is set to break records, with over 325 exhibitors and up to 10,000 supply chain decision makers expected.

Seventy-two expert speakers will be leading over 21 workshop and panel debates covering industry trends and latest legislation.

Multimodal is the UK and Ireland's leading freight transport and logistics exhibition, which also features a series of topical seminars and master classes, and hosts a Shippers' Village, giving freight buyers a private space to meet logistics suppliers.

Multimodal 2015 was the biggest in the show's history, with over 290 exhibitors and a record-breaking attendance of over 8500 supply chain executives.

Multimodal 2016 is taking place from 10th to 12th May 2016 at the Birmingham NEC.

Visit multimodal.org.uk

PRESS RELEASE



For further information

Emma Murray
Meantime Communications
Tel: +44 (0)20 8853 5554
Mob: +44 (0)7711 614 655
emma@meantime.global
www.meantime.global