



Statement on warehousing shortage from UKWA

15 July 2019

“Warehouses in the UK are currently running at almost full capacity, with little prospect of more space becoming available in the short term”

Peter Ward, CEO UKWA

The pressure on warehousing space has become grave indeed as once again firms – and the government – seek to stockpile goods ahead of a possible ‘no deal’ on 31st October 2019.

Peter Ward, CEO of UK Warehousing Association (UKWA) has warned that warehouses in the UK are currently running at almost full capacity, with little prospect of more space becoming available in the short-term.

We need fully serviced and kitted operational facilities

“While we welcome positive reports from the commercial property sector that speculative build is rising again, and vacancy rates have seen a modest increase of late, new logistics buildings will typically be taken up under long-term leases, whilst those looking for space to stockpile are seeking short-term capacity only, supported by a full suite of logistics services.

“What is needed right now is fit for purpose facilities complete with racking, forklifts, warehouse management technology – and, of course, people – all ready to go on a pay as you play basis. Such operational and fully kitted and serviced space is in desperately short supply.”

Before March 28th a survey of UKWA members revealed that 85% of respondents had received Brexit related enquiries – mostly for short term requirements, while 75% had filled incremental space, but were now ‘full’. UKWA plans a further survey over the coming weeks, but according to Peter Ward, it is unlikely any additional space will have become available – if anything, he expects the position to have worsened.

October is peak period for our industry – rush to stockpiling couldn’t come at a worse point

“With the prospect of a “day one no deal” looming, the delayed date for withdrawal from the EU couldn’t have come at a worse time,” he explains. “Warehouses are already filling up for the traditional peak period, ramping up for the Christmas season that now includes Black Friday and Cyber Monday. Without the impact of Brexit this period has always been challenging, not just in terms of available warehousing space, but also in the

recruitment and retention of the additional labour required – a situation which has been exacerbated further by the so-called 'Brexodus' of Eastern Europeans from the sector post the vote.

"Although Brexit is not the root cause of the problem – UKWA has been highlighting the crucial shortage of available high quality, fit for purpose warehousing since its 2015 survey of the UK commercial property market, which was conducted in partnership with Savills. Nonetheless, it has brought the dearth of warehousing into sharp focus and stockpiling is simply making things worse," Ward says.

Warehousing shortage is not a new problem

"The shortage of warehousing has been driven by several factors, not least the rapid growth of e-commerce over recent years and the changing shopping habits of technology enabled consumers," he continues. "As visiting the High Street is increasingly replaced by online shopping, additional warehousing is needed, strategically located close to population centres.

"Consumers expect same or next day delivery, while in-town convenience stores require regular shelf replenishment. Essentially, we've witnessed a consumer revolution that has put new demands on the logistics industry, but the necessary infrastructure to support these changes simply isn't there."

16m sq ft of logistics buildings have already been taken up in the first 5 months of this year and national vacancy rates stand at 6.5%. This is lower in much of the south east where demand is highest.

How can UKWA help?

The 2015 UKWA report identified so-called 'grey space' in warehouses where, within long term commitments to logistics facilities, operational and seasonal fluctuations bring about spare capacity on a short term basis. Accordingly, UKWA set up MarketSpace, an online web portal where members can advertise any available warehousing space; not just space though, but fully operational, professional serviced warehousing that can be accessed instantly and taken up with confidence, as UKWA accreditation guarantees members meet the highest industry standards.

"We stand ready to help in any way we can," Peter Ward concludes. "To date, UKWA has been closely involved with HMG Border Delivery Group, helping shape policy around customs and imports post-Brexit, and we have kept our members informed of legislative changes and the support provided by HMRC and other governmental departments. We recognize the extreme pressure civil servants are working under and the scale of the task they face; we will continue to engage with the government, offer insights from the 'frontline' and provide a voice for our industry."

Ends.

