



White Paper

How can we solve the
warehouse problem in
the UK and Ireland?

White Paper

- ▶ How can we solve the warehouse problem in the UK and Ireland?

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Executive Summary

The logistics sector continues to be a vital part of the UK economy, with latest figures suggesting the sector currently contributes around £55 billion per year, employing 1.7 million people across 63,000 companies.¹

As economic globalisation continues to impact upon different markets, the importance of businesses having the ability to improve efficiencies, maintain and develop profit margins, whilst providing value and service to today's discerning customer, is now vital.

- Warehousing is a critical part of the logistics supply chain. No longer is a warehouse viewed merely as a facility to store goods, but instead businesses are increasingly understanding the value of their warehousing capabilities and the imperative part it plays in the supply chain.
- Factors which need to be considered in today's cost-conscious, efficiency-driven environment, will impact upon those all-important profit margins.

The reliance on, and international demand for more efficient warehousing facilities, has been accelerated by a number of factors: rapidly changing business models, growth of exports, and expectations brought about by consumerisation, to name a few.

- Few factors, however, have been as influential as the international growth experienced by the eCommerce market. Online retailing is growing rapidly with nations including the United States and China leading the way.
- According to eMarketer, China alone accounted for 40% of all eCommerce sales in 2015.² Closer to home, in Europe, the eCommerce sector is predicted to reach the €500 billion turnover mark for the first time by the end of 2016,³ helped significantly by eCommerce markets in the UK, France and Germany, which now represent the three largest eCommerce markets in Europe.
- And the UK is in poll position, with a total of €157 billion turnover.

¹ <https://www.ctp.org.uk/assets/x/53133>

² <http://www.emarketer.com/Article/Asia-Pacific-Home-Majority-of-World-Retail-Ecommerce-Market/1013352>

³ <http://www.consultancy.uk/news/12175/european-b2c-e-commerce-market-breaks-through-500-billion-mark>



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The rise of eCommerce, whilst providing substantial benefits for the economy, means businesses must focus on improving supply chain efficiencies.

- Today, consumers not only have the ability to make purchases at any time, but now expect goods to be delivered quicker and more cost effectively than ever before.
- As a result, businesses continue to seek ways in which they can respond better to these demands, streamlining supply chains, enhancing responsiveness, and boosting customer service levels.
- In order to achieve this, many businesses are increasingly moving production and distribution back onshore, ensuring greater control over output levels, responsiveness times and the ability to adapt quickly as business demands shift and change.⁴
- Today, supply chain success is becoming dependent on the ability to be flexible and resilient to the shifting demands of customers.
- Peter Ward, CEO of the United Kingdom Warehousing Association (UKWA), recently highlighted the importance of warehousing to industry, stating: *"Policymakers must not overlook a fundamental factor for UK logistics to continue to thrive and to feed and clothe our people: the warehouse itself."*⁵

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So, how can the UK's warehouse sector continue to thrive under constant pressure? As viable, cost effective warehousing facilities become increasingly harder to come by, manufacturers and distributors are now turning to third party logistics providers in order to fulfil storage demand.

- While not without its benefits, this method can be expensive, and often leads to problems surrounding stock control and data logging. Another strategy is to turn to XXL warehousing and built-to-suit warehousing, a more permanent solution, but one which offers little scalability. For years, Spaciotempo has been leading the market with a solution that is cost effective, scalable, durable and effective – temporary warehousing.

This white paper will focus in depth on the current climate within the warehousing and wider logistics sector, exploring the current challenges faced by warehouse managers. In particular, it will examine the significant shortage of warehousing space currently available to industry, both in the UK and Ireland. We'll examine the wider business implications of this warehouse shortage, both on a national and regional level, at the same time investigating the sectors which are most affected, and what this will mean for businesses in the future?

⁴ <http://www.telegraph.co.uk/finance/jobs/10671738/Why-are-UK-firms-bringing-manufacturing-back-home.html>

⁵ <http://www.cips.org/supply-management/news/2015/october/uk-facing-critical-lack-of-suitable-warehouse-capacity/>

Building a strong supply chain

The warehouse sector is facing a crisis. As the UK and Irish economies continue to witness significant growth following the 2008 financial crash, with eCommerce and exports playing a vital role, this good work could be about to be undone.

As supply chains have become increasingly complex in recent years, the industry has had to adapt and evolve to meet changing customer demands. Warehouses are no longer simply places for storing goods, the complexity of supply chains means they are now much more.

- Many have been transformed into complete distribution centres; places where products are finished, packaged and held in preparation for delivery, as well as needing to be able to manage customer returns and waste management through reverse logistics.
- As a result of the expanding scope of warehousing capabilities, warehouse availability is rapidly diminishing and, in the UK, is quickly approaching a

critically low level for the first time, with current predictions suggesting that demand will outstrip supply by as early as 2020.⁶

- Within the Irish logistics sector, the picture is equally dramatic, with the country already feeling the impact of dwindling warehouse space as Ireland's commercial space is now at a shortage for the first time in 10 years.⁷

The digital landscape

- The circumstances behind dwindling warehousing stock are varied. The impact of eCommerce, however, is undeniably a significant factor in the current logistics landscape.
- Latest research has revealed that UK eCommerce topped the £60 billion mark during 2015,⁸ helped considerably by a buoyant economy and the rapidly changing expectations of UK consumers.
- The days of retailers being able to offer a single channel approach, whether that be through the

traditional bricks and mortar experience or through online shopping, are rapidly disappearing.

- Consumers not only want, but now expect retailers to have a physical and an online presence, resulting in retailers being increasingly under pressure to deliver an omni-channel experience, providing a seamlessly integrated level of service across all channels.
- There is an increasing expectation gap as businesses struggle to keep pace with more informed, more connected, and more demanding consumers.

⁶ <http://www.constructionenquirer.com/2016/03/09/warehouse-work-set-to-boom-over-next-five-years/>

⁷ <https://www.linkedin.com/pulse/temporary-warehousing-permanent-solution-irelands-space-philip-tallon>

⁸ <http://www.emarketer.com/Article/UK-Retail-Ecommerce-Sales-Reach-60-Billion-This-Year/1012963>

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Supply and demand

- As eCommerce volumes increase, inevitably so too do the storage requirements in order to fulfil demand, meaning that both the affordability and availability of viable warehousing stock is now rapidly becoming a growing concern.
- According to Kevin Mofid, Director of Logistics Research at Savills, the UK is now faced with a chronic shortage of warehouse capacity as years of under-development and growing demand, especially from eCommerce specialists, are resulting in operators fighting for available space and, in the long term, will likely lead to considerably higher rents.⁹
- Speaking about the unfolding pressure, Mofid stated: *"The economic downturn saw development, and finance for development, decrease rapidly. As a consequence stock was not replaced once an occupier was found. Indeed, based upon current supply levels and long term average take-up levels, most regions of the UK have less than a year's worth of supply left."*
- Property consultancy Lambert Smith Hampton's Industrial & Logistics Market Report 2016 is only slightly more optimistic, acknowledging that current levels of retailer and distributor demand combined, lack development, and are unsustainable.
- As a result, warehousing is expected to exceed the country's available stock by 25m sq ft by 2020.¹⁰

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Aside from the sector now facing the very real possibility of running out of warehousing stock, the growth in eCommerce and a fundamental lack of investment, is already impacting upon rental prices, with continued strong growth in many parts of the UK throughout 2015.

- Research undertaken by Savills and the UK Warehousing Association (UKWA), reports that in 2009, there was as much as 100m sq ft of warehouse space on the market. Today that stands at 30m sq ft, a decline of 70%. A significant factor is that there has been little to no development. As a result, prime rents have increased by 3.9% on average across the UK, with Liverpool recording the largest rise of any single location at 16.7%.
- Steve Williams, National Head of Industrial & Logistics at Lambert Smith Hampton, has said that eCommerce in the UK is not just growing rapidly, but it's also evolving as retailers attempt to satisfy consumer demand more quickly and efficiently. This is resulting in unprecedented demand for strategically located logistics warehouse space across many parts of the country; however, while some of the sector's more forward-thinking businesses have already recognised this, more needs to be done if the UK and Ireland are to continue to enjoy the benefits of eCommerce.¹¹
- According to research from CBRE, the increasing popularity of eCommerce has led to a boost in XXL warehousing.¹² In Europe, almost a third of XXL warehousing space is now linked with the e-commerce market, providing a solution to online retailers looking to consolidate their warehouse operations. While this is a viable option for large organisations with the financial capabilities to make such a significant and long term investment, it is not a possibility for smaller organisations competing within the market.

⁹ http://www.multimodal.org.uk/sites/default/files/page_attachment/UK-FACES-CHRONIC-SHORTAGE-OF-WAREHOUSE-SPACE-AS-E-COMMERCE-BOOM-DRIVES-DEMAND.pdf

¹⁰ <http://www.lloydsladinglist.com/freight-directory/news/UK-warehouse-demand-set-to-exceed-supply-by-2020/66116.htm#.V2Jld-n2boo>



Exports

The growing eCommerce sector is not the only factor significantly impacting upon the warehouse sector.

- Despite Ireland encountering a prolonged economic slump after the 2008 recession, the country can now lay claim to the fastest growing economy in the EU. The European Commission is predicting that the Irish economy will have grown by 4.9% by the end of 2016, a figure which is particularly striking when compared to the EU average of 1.6%.¹³
- Central to this success is undoubtedly Ireland's export market which grew by an impressive 20% during 2015, propelled significantly by substantial growth in a number of sectors including food and drink exports to the US, which rose by 51% during 2015.
- In addition, the continued rise in medical and pharmaceutical exports, now Ireland's most thriving export market, has also played an important role in growth, with the sector accounting for 27% of total exports in 2015.
- Ireland has now become home to nine of the top ten pharmaceutical companies in the world. Despite this success, businesses are now being increasingly faced with the difficulty of finding affordable, viable warehousing.

To say that Ireland's warehousing and logistics sector is now confronting a crisis would not be an exaggeration, with the country now facing an even more precarious situation than its UK counterpart.

- It is clear that there are unprecedented issues now facing the warehousing sector in both the UK and Ireland.
- The ability for the industry to work together to find viable, effective solutions which help the sector transcend these challenges is critical over the next few years.

Over the course of the next few chapters, we will discuss the methods currently being utilised and examine in closer detail which solution has the greatest potential to help the warehousing sector overcome the threats it now faces.

¹¹ <http://www.lsh.co.uk/commercial-property-news/2016/march/internet-shopping-under-pressure-due-to-lack-of-logistics-warehouses>

¹² <http://news.cbre.eu/xxl-warehouses-become-darling-of-european-industrial-and-logistics-market>

¹³ <http://www.irishtimes.com/business/economy/ireland-to-be-eu-s-fastest-growing-economy-in-2016-1.2633205>

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Three's a crowd

Third party logistics

The continually uncertain and volatile economic climate is a driving factor for businesses to strive to improve efficiencies and reduce costs, leading to a significant rise in businesses exploring the option of third party warehousing.

- According to latest research from Informa group, the market for outsourcing logistics has grown in recent years, equating to \$750 billion by the end of 2015.¹⁴
- Research from the Third Party Logistics Annual Study 2015 demonstrates that the market demand for third party logistics on a global scale remains unpredictable, as a result of a number of factors including slow economic growth across the globe, resulting in demand for 3PL being "sluggish".¹⁵
- This trend has shown to be particularly pertinent across Europe, as demand has continued to fall since 2011.

The case for outsourcing

Third party logistics or third party warehousing, as the name suggests, refers to a service contract that involves storing or shipping products.

- A 3PL service provider may provide a single service such as warehouse storage or it may encompass additional services including transportation and IT services; anything which supports a business managing its supply chain.
- There are a number of perceived benefits for businesses considering outsourced warehousing. All companies, regardless of size or complexity will regularly access and re-evaluate business processes in order to ensure their business is working efficiently.
- As modern logistics requirements continue to broaden, businesses increasingly require warehouses to function beyond simply storing products.
- With profit margin perhaps the most important goal for any business, the perceived financial advantages of third party warehousing are the most crucial factor in determining outsourcing as a viable option.
- The modern warehouse needs to encompass an emphasis on speed, efficiencies and cost effectiveness. Businesses opting for a 3PL solution will retain ownership of products, while the 3PL provides the infrastructure, which may include systems and equipment to manage the distribution of the stock, although this provision can vary from contract to contract.
- For smaller organisations in particular who feel they may not be in a position either financially or in terms of stock volumes, to warrant uptake of an entire warehouse, the option of third party can be an attractive proposition.

¹⁴ <http://www.shdlogistics.com/news/third-party-logistics-the-benefits-and-challenges>

¹⁵ <https://www.kornferry.com/institute/download/download/id/17419/aid/1079>

The cost effectiveness of third party warehousing is among one of the most commonly cited benefits. A recent study by Informa Group has reported that users questioned in its Third Party Logistics Study reported an average reduction in their logistics expenditure of 11%.¹⁶

- By utilising third party warehousing options rather than expanding an existing facility, which is a significant financial investment, outsourcing could be an efficient and cost effective solution to capabilities without the hassle of moving the entire operation or splitting your in-house operation into two in-house sites.

Loss of control

The decision to utilise third party warehousing, however, can bring with it a number of unexpected challenges for businesses, with the obvious lack of control being one of the most significant drawbacks.

- Diversifying or moving away from onsite operations to a third party supplier introduces an element of loss of control, meaning the need to ensure thorough checks are in place is vital to ensure quality is maintained throughout the entire transitional process.
- For example, supplier management techniques, such as agreed SLAs with performance reviews, regular reporting and status updates, will need to be implemented and closely managed to obtain the best results.

Data protection

When a business outsources a particular component or service, it brings with it certain risks and challenges, and, in the case of warehouse outsourcing, this is no different.

- Business owners who make the decision to use a third party organisation will need to factor in the potential for loss of stock, as well as stock damage.
- Having company stock and assets physically in the control of a separate business brings risks which require a number of checks to be put in place; and that's not to mention potential issues regarding data logging, when scanning equipment across a number of disparate sites.
- In order to achieve optimum performance, Service Level Agreements should be clearly set out and agreed upon from the beginning, in addition to regular reporting and reviews, as well as a certain degree of trust between parties.
- Regardless of the level of preparation, the risks of outsourcing remain significant; therefore, any venture into third party warehousing should always be carefully planned.

¹⁶ <http://www.shdlogistics.com/news/third-party-logistics-the-benefits-and-challenges>

KUEHNE+NAGEL



When global logistics business Kuehne+Nagel witnessed rapid growth in demand, the company was faced with a situation which meant its own facilities reached full capacity.

The company needed to explore alternative solutions in order to meet growing customer demand. As a result, the business opted to examine the viability of third party warehousing with the expectation that it would provide a quick and cost effective solution.

Renting warehouse space from a third party, Kuehne+Nagel came to the realisation that, while the method did provide an immediate solution to its storage situation, the choice of third party warehousing also brought with it a number of unexpected obstacles.

The biggest challenge came as a result of stock being held across a number of disparate sites meaning valuable time was wasted moving goods between sites, resulting in order fulfilment tasks becoming more laborious. Using multiple sites also meant accurate data logging became a serious concern. As stock moved between

warehouses, barcodes for each separate load were used as a way to identify and track stock, with the information inputted into a database at each separate location. Data logging became not only a time consuming process, but also suffered data inaccuracies, as a result of disparate data streams.

As a result, the company quickly realised that outsourcing was not suitable for its specific long term business requirements and instead approached Spaciotempo to explore if the use of temporary structures would be a more viable option.

- ▶ The results of this will be explored in greater depth later in this white paper.

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Going large

The growth of the eCommerce market has led to an increase in XXL warehousing, in both the UK and Ireland, affording warehouse managers with a significant amount of storage space on one single site.

XXL warehousing

The biggest contributor to this increase has been the impact of online sales in both consumer and business markets, which has led to an increase in the number of low value or smaller scale products being distributed.

As online retail has developed, the idea that manufacturers and delivery organisations will have seen an increase in profits seems like a sensible assumption to make.

CBRE, the world's largest commercial real estate services and investment firm, has predicted that the average value per parcel is falling at a rate of 15% per year.¹⁷

Businesses are also having to contend with rising delivery costs, with at least 40% of eCommerce costs now going towards delivery, forcing manufacturers and retailers to think more strategically in order to economise and cut costs.

As a result the demand for XXL warehouses, or mega fulfilment centres as they are also referred to, has grown. According to research from CBRE, the demand for XXL warehousing reached record levels in 2013, with usage growing to a record 44 million sq m

across Europe, and core markets including the Netherlands and Ireland. The growth in XXL warehouse usage in recent years has resulted in its market share now accounting for almost 15%, compared to around 5% at the start of the decade.¹⁸

Research from CBRE amongst current users of XXL warehousing has identified three major reasons why businesses are increasingly utilising this option: centralisation, economies of scale and a reduction in transport costs.

Speaking about the growth in uptake for XXL warehousing Amaury Gariel, Managing Director EMEA Industrial & Logistics at CBRE, recently commented that the growth in XXL warehousing in recent years has been as a result of the wider supply chain businesses choosing to consolidate operations to centralised hubs, believing them to be a cost effective option.

¹⁷ <http://news.cbre.eu/xxl-warehouses-become-darling-of-european-industrial-and-logistics-market>

¹⁸ http://www.businessimmo.com/system/datas/49773/original/the_market_for_xxl_warehouse_in_europe_L_presentation_in_france.pdf



Limitations

As much as CBRE's research highlights the positives of XXL warehousing, it also cites a number of issues, indicating that this is not the best option for every business.

- By far the biggest concern centres around the lack of viable land, with 80% of respondents identifying that there is currently a lack of plots large enough to develop on the scale needed and of those warehouses already built, there is concern regarding how many of these are in prime, and easily accessible locations.
- XXL Warehousing is typically located in rural locations, where the advantage of space makes this solution a possibility.
- While this option may be beneficial from the perspective of providing companies with substantial amounts of storage space, centralising warehousing operations to such a large degree means businesses are at an increased risk of having one single point of failure in the supply chain.
- Regardless of how prepared a business or organisation may be, the unexpected can and still does happen. Fire, theft and flood are just some of the potential risks businesses need to contend with; to this end, having stock stored in one building puts businesses at substantial risk.
- And of course rural locations are not as accessible as urban areas and industrial estates, often situated away from major transport links. This can make the movement of stock a longer, and more difficult process.

Rising costs, diminishing stock

Diminishing stock availability is now resulting in a detrimental impact upon rental costs, with research from Savills showing that prices have surged over the last five years, a trend which is likely to continue, with current predictions expecting rents to reach a twenty year high by the end of the decade.¹⁹

- Since 2012, XXL warehouses have accounted for around 20% of property investment in industrial across Europe with the UK, France and Germany leading the way.
- As a result of increased uptake in XXL warehousing, prime sites are becoming increasingly scarce. The decrease in available stock is now also impacting upon rental prices. A recent study by property specialist Colliers has identified that in the north of England alone, rental costs have risen by an average of 15%, with Manchester witnessing the largest increase, with a 20% increase.²⁰
- XXL warehousing may appear an effective solution, but it comes at a heavy price.

¹⁹ <http://www.aricia.ltd.uk/Temp/LogisticsPropertyShortage080615.pdf>

²⁰ <http://www.liverpoolecho.co.uk/news/business/shortage-big-shed-warehouse-space-9939383>



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Follow suit?

With the need for businesses to deliver a cost effective and prompt service to customers increasingly important in a busy, saturated market, the ways in which this can be achieved must be carefully considered.

Many businesses are turning towards the build-to-suit model, particularly when they are unable to source existing warehousing space that suits their requirements, but can source available land.

■ The build-to-suit model enables businesses to rent land on which they can manufacture and install their own bespoke warehouse facility. Many businesses investing in this solution, however, often lack

expertise when it comes to the design, construction and engineering of the warehouse itself, and rarely know where to make compromises regarding construction elements and materials.

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The capital outlay required for build-to-suit warehousing also makes it a restrictive option. The importance of seeing a high return on investment in order to remain competitive is an important consideration.

■ As a result, businesses need to consider whether it is a sensible solution to invest vital finances into a bricks and mortar solution when other solutions which are more cost and time effective are available.

■ Opting to invest in a build-to-suit model means businesses assume the responsibility of purchasing or renting land. In addition, the solution often requires businesses to hire contractors and planners to oversee the design and construction.

In recent years, there has been a significant growth in uptake for large scale warehouses through the build-to-suit market.

■ Latest research from professional services and investment management company, Jones Lang LaSalle, has revealed that within the logistics sector there is increasingly a demand for warehouses which meet the different demands of business, increasing the uptake for build-to-suit warehousing.²¹

■ Data has also reported that during 2014, 6.4m sq ft of either new warehouse development or redeveloped facilities, were built in the UK, with three quarters of this space comprised of build-to-suit solutions.

■ Commenting on the demand for build-to-suit demand, Director of Research at JLL, Jon Sleeman, commented: *"This trend is indicative of changing occupier needs, particularly the growing demand for big-box warehouses to cater for the growth of online and multichannel retail, which the 20-year-old first generation of big boxes often do not do."*

²¹ <http://www.retail-week.com/stores/property/analysis-the-industrial-warehousing-industry-snapshot/5065009.fullarticle>



Benefits

- Within a build-to-suit framework, buildings are either developed on land a company has bought outright, outsourcing the development of the warehousing build, or more typically, this option works with a landlord or landowner, providing a long term lease option for businesses on the provision that the facilities are built to the specifications of the lease holder.
- Such an option gives businesses greater freedom over choosing a site which best suits their specific commercial needs.

Limitations

The counter argument for build-to-suit warehousing consists of a number of limitations, with perhaps the most significant consideration of this solution being the ability to accurately forecast long term capacity needs and productivity.

- Demand forecasting, and likewise demand planning, is a process that involves not only predicting demand for products, but also aligning these predictions with businesses' capabilities, including production and delivery across the supply chain.
- With businesses having to contend with greater competition, growing complexity of business processes, shifting and consumer demands, and an increasingly volatile economic landscape, the likelihood of accurate demand forecasting becomes a difficult process, often meaning that an investment in a permanent, build-to-suit warehouse cannot be justified.
- Once a design is established for a build-to-suit warehouse, it remains fixed, with little flexibility and scalability, which can be a significant disadvantage in an increasingly competitive market.
- By the time a business has invested time and capital into a permanent warehouse facility, it can often be outdated by the time of completion.
- Permanent facilities do not allow businesses to remove or change the design again if demand fluctuates, and the ability to move it somewhere else if facilities need to be reconfigured is also an option which becomes far more difficult.

In a landscape where the ability to remain both proactive and respond promptly to customer needs is vital, a build-to-suit model can prove to be limiting.

Peaks in demand

- Seasonal peaks in demand are a common challenge faced by manufacturers, meaning that warehouses can, and often do, run out of space.
- This could be as a result of unexpected or rapid growth, peaks in demand and seasonal demands, and an issue which is particularly relevant within the food industry.
- A significant drawback of the build-to-suit model is the limitation for increased capacity during such occurrences.

One company recently faced with this dilemma was Greenvale, one of the UK's largest suppliers of potatoes, directly supplying produce to some of the leading British supermarkets.

During the Christmas period of 2015, the business witnessed an unprecedented surge in demand, way beyond the usual seasonal expectations. As a result, the company needed a rapid solution to enable it to meet storage requirements and accommodate customer demand for an interim time period.

With the expectation that demand was a seasonal issue, Greenvale knew that the option of either a permanent warehouse or a third party provider was not viable. The immediacy required led Greenvale to explore the possibility of temporary warehousing, from Spaciotempo.

Spaciotempo quickly installed a temporary warehouse, complete with a thermo-insulated roof and special black-out covers to protect the potatoes from sunlight, and walls constructed using 40mm insulated panels, to ensure an optimum storage temperature. Features such as these meant the company could ensure its produce was

kept in optimal condition, and also ensured the company was able to meet strict regulatory requirements, a vital consideration for food manufacturers.

Spaciotempo's solution took less than a week to be installed and provided a quick and cost effective solution for Greenvale's rapidly changing business needs, in a way that a permanent solution could not. In addition, the company benefited from the ability to install the facility with minimal onsite disruption, allowing Greenvale to continue to record impressive productivity and output figures throughout the whole project.



Greenvale AP

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Exploring a number of warehousing solutions currently being utilised, it becomes clear that whilst they are not without their distinct benefits, none of the previously examined solutions provides a comprehensive answer to the challenges faced across the warehousing sector.

There is an alternative solution, however, which is growing in popularity and delivering business benefits for both the short and long term, for a reasonable investment.

For more than 40 years, Spaciotempo has been delivering a complete solution to industry – temporary structures.

Temporary warehousing solutions are typically constructed from aluminum frames which are fixed to concrete bases to ensure optimum robustness.

- Structures are clad in single skin steel panels and topped with a thermal insulated roof, consisting of an inflated PVC fabric envelope.
- In addition, customers have the choice of a range of different doors including manual roller shutter, electric roller shutter and speed door options, which ensure structures are weather proof and watertight, comparable to any permanent structure.
- Temporary structures do not come with the kind of capital outlay and flexibility limitations of many other warehouse options, and are becoming the most effective solution to the UK and Ireland's warehouse crisis.



Flexibility and scalability

Opting for a temporary solution provides businesses with much greater freedom than many of the permanent solutions currently available.

- Rather than committing to a fixed solution, which restricts and limits development, temporary structures provide much needed flexibility, with buildings designed to individual specifications during the planning stage. Installation is a rapid process, allowing businesses to continue without the risk of business disruption.
- One of the major disadvantages of a permanent solution, even with build-to-suit models, is that they remain fixed and are inflexible. Temporary warehousing offers a more scalable solution which is easily adaptable upon completion, allowing businesses to either up or downscale as demand dictates, providing warehousing managers with additional peace of mind when navigating a rapidly changing climate, and enabling businesses to remain competitive and financially viable.
- Once they are no longer required, temporary structures can be taken away or moved elsewhere if reconfiguration of the site is needed, delivering a more cost effective solution to XXL warehousing and rental schemes, putting control back in the hands of warehouse managers.

Sustainable solution

As availability of commercial space continues to fall, increasingly businesses are looking for options which are not only cost effective, but provide a practical and genuinely sustainable solution.

- Latest research from the UK Green Building Council reports that the UK building sector is responsible for almost a quarter of UK waste, producing more than 400 million tonnes per year. Sourcing solutions that do not contribute to this is a critical consideration for the industry.²²
- The nature of temporary buildings means they are constructed in half the time of a traditional building, providing around a 65% reduction in energy usage. Once they are no longer required they can be taken away to be either utilised elsewhere or reconditioned, causing minimal environmental impact.
- Temporary warehousing provides a genuine and scalable solution for businesses concerned with their green credentials, providing as it does, a solution which not only helps to save the planet, but business capital too.

²² <http://www.ukgbc.org/resources/key-topics/circular-economy/waste>

As explored earlier in this white paper, international logistics company Kuehne+Nagel experienced a significant upsurge in demand which resulted in its facilities reaching capacity.

Looking for an immediate solution, the company initially utilised third party. After a while, however, Kuehne+Nagel realised that this was not the correct solution for them.

As a result, the company decided it was time for a new approach, engaging Spaciotempo to provide a more cost effective solution. Spaciotempo installed a total of four temporary warehouses, connected using another Spaciotempo solution - retractable tunnels.

The temporary structures further link to the company's permanent building at Foston and provide a flush finish, utilising racking as opposed to block pallet storage in order to maximise available storage capacity.

The temporary facilities are now providing Kuehne+Nagel with optimum storage, which utilises block stacking of pallets, providing an additional storage for up to 3,000 pallets.

In addition to providing critical on site storage, the timescale for installation was just 15 days, ensuring that the business's operations were uninterrupted, and Kuehne+Nagel could be back to full capacity quickly and smoothly.

Commenting on the benefits of temporary warehousing for their business Contracts Manager at Kuehne+Nagel, Mark Handel, explained: *"For all of our clients, it is important that they can have immediate access to their goods, something which was a priority for our merchandise client who at any one time could have upwards of 4,000 products stored at our site in Heywood. This is something we couldn't always provide, due to having to move goods between sites. Since installing the new onsite storage facility we have been able to ensure that we have instant access to our client's goods, significantly reducing stock fulfilment times, and improving the service we can offer to our clients."*

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Customer service

The value of good customer service should not be underestimated at any time; however, as markets becoming increasingly saturated, the degree to which a company can successfully maintain and develop its customer relationships becomes fundamental, with the ability to differentiate yourself from your competitors vital.

■ Utilising a temporary warehouse, which is typically installed in a matter of weeks, not only ensures that business operations can remain on site, but the immediacy of the solution enables business activity to continue, uninterrupted, providing that all important competitive edge.

■ The additional benefits of a temporary structure, by keeping facilities on a single site, provide warehouse managers with the ability to ensure client stock remains at optimum levels and readily available, reducing stock fulfilment times, inventory processes inventories, which impact positively on company financials and most significantly customer service.

It is clear that the warehousing sector within the UK and Ireland faces a number of obstacles and challenges over the coming years, with the UK's recent decision to leave the European Union undoubtedly making its mark upon the sector.

■ Only a few weeks after the ballot boxes were counted, a vast degree of research and conjecture has been produced regarding the implications of the referendum result. Unsurprisingly there is a lack of clear consensus in regards to the long term outlook, with projections ranging from negative to optimistic, all the way to extremely positive.

■ Although early days, we can feel reassured that, according to research from the EEF, few businesses have seen an immediate impact following the Brexit vote. The fall in the pound is of course concerning from a long term perspective, however on a more positive note, it is leading to a number of

manufacturers exploring opportunities within the export market. The Office of National Statistics has reported that total exports in the UK fell by just under 4.5% during April and May this year with both exporters and buyers remaining cautious prior to the vote

■ Ernst & Young predicts that as result of the weakened pound, UK exports will witness an upturn, with the expectation that over the next 12 months demand for exports from the UK will increase by around 3.5% as businesses take advantage of the low value of the pound²³.

The long term future for both manufacturing and exports remains uncertain, therefore the ability for businesses to remain proactive is vital.

²³ <https://www.rt.com/business/352439-uk-wheat-export-growth/>

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