



INTRODUCTION

Changing consumer habits may have reversed the fortunes for physical retail, but there has been one big winner. The logistics sector has benefited as retailers move their operations from the shop to the shed. It has been a record 12 months for the industrial sector; investment and take-up volumes have rocketed in response to a variety of additional market drivers. The combined structural pressures of Brexit, Covid-19 and accelerated growth in online spending have contributed to a boom period for sheds.

This investigation seeks to audit the current landscape within the industrial and warehouse built-environment, identifying potential areas for growth as well as highlighting future challenges for the sector. Using data from **EG Radius** and other sources, this report will raise questions about the potential future of warehouse stock in the UK.

Unlike its office or retail counterparts, industrial real estate has never been able to forge an identity as a potential spark for cultural or economic regeneration. It has its limitations when it comes to incubating environments in which people want to live, work and play. Instead, its merits lie in its capacity to enable speed, precision and efficiency to the networks it serves. In an era of "Levelling-up", "Project Speed" and "Build, build, build", what role does industrial real estate have to play in creating a more productive UK?

Industrial real estate:

A sustainable future?

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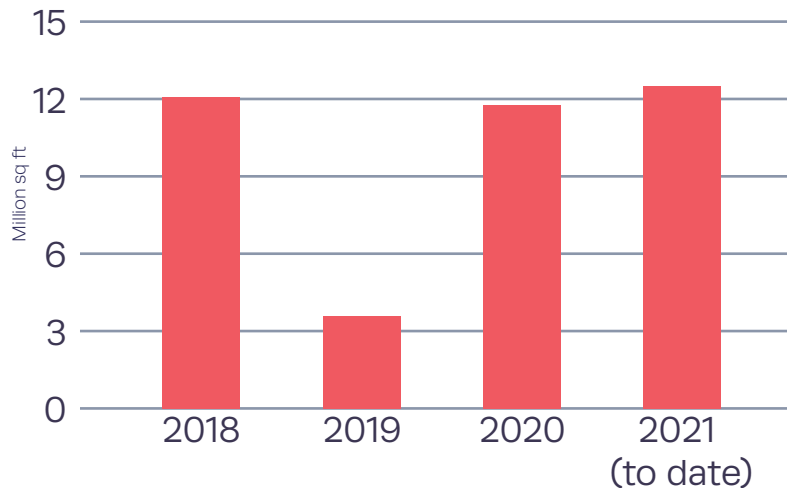


ENVIABLE GROWTH: REAL ESTATE'S SUCCESS SECTOR

The enviable growth in the industrial and logistics sector was not born overnight. It has evolved gradually; multiple forces have been coalescing over a number of years to create conditions for a boom period.

The last 12 months have, however, seen significant forces acting upon those gradual market dynamics of supply and demand. One of those has been the steady recalibration of physical retail. Experts agree there is an over-supply of shops in the country, the consensus landing somewhere between 20% and 40%. In EG's recent report **"Retail Disrupted: the pain and the potential"** we used **EG Radius** data to investigate the ramifications of a decade of heady rents, upward only rent-reviews, lofty business rates, and the growth than online spend has had on the UK retail estate sector. CVA's, administrations and Covid-19 lockdowns has contributed to almost 40m sq ft of retail space being vacated since 2018.

Retail space permanently closed since 2020
[Due to CVA's, administrations & closures due to Covid-19 lockdown restrictions]



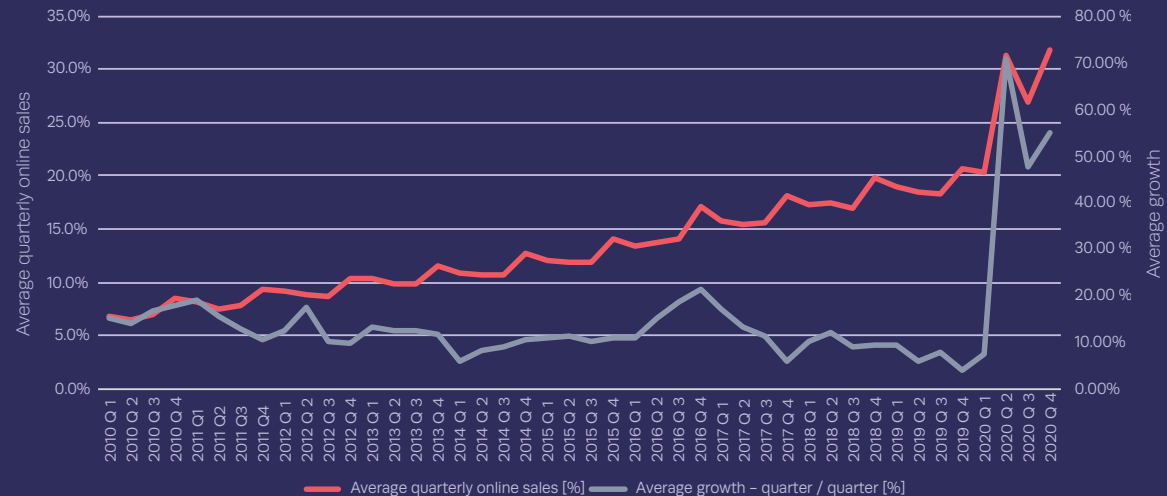
Source: EG Radius



Changing consumer habits may have reversed the fortunes for physical retail, but the logistics sector has benefited as retailers move their operations from the shop to the shed.

The past decade has changed our expectations of the shopping experience. In 2010, some 7% of retail spend came through the internet. That figure has since quadrupled, reaching 31% in December. The move away from store to shed has placed enormous pressures on logistics capabilities and supply chains throughout the country. Before the onset of the pandemic, analysis of annual growth by quarter showed online penetration was beginning to slow. The onset and persistence of the pandemic has changed the dial, with online demand expected to settle in the mid-to-upper 20%.

Online retail spend [%] and annual growth [%] by quarter

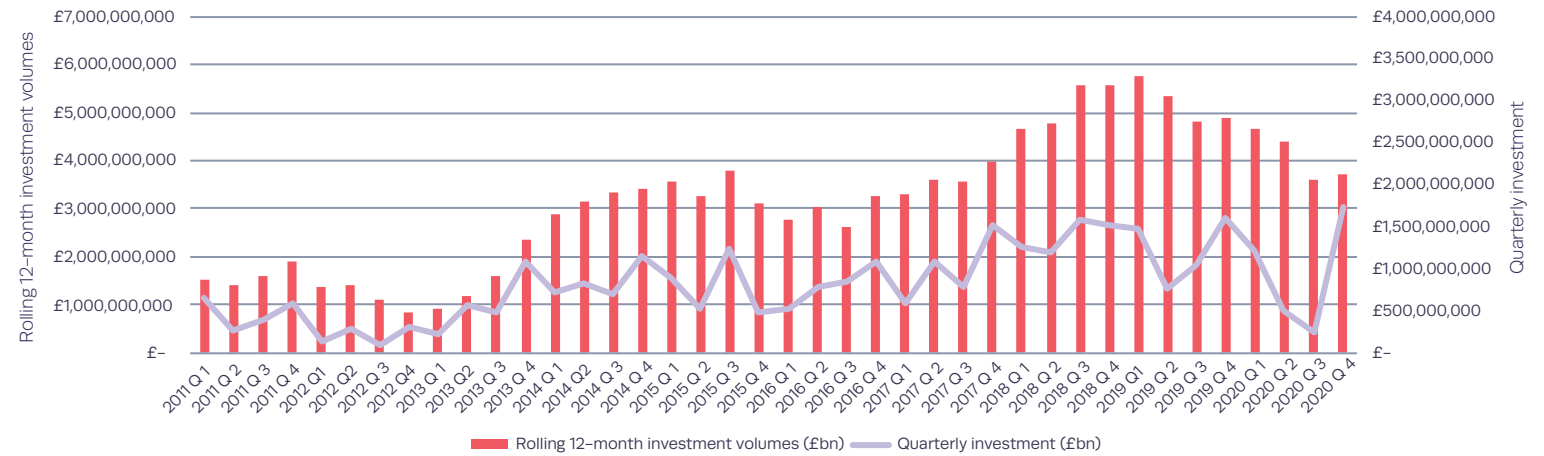


Source: EG analysis of Office for National Statistics data

Given the surge in demand from online it is not a surprise that there have been records broken across structural industrial real estate market in recent years.

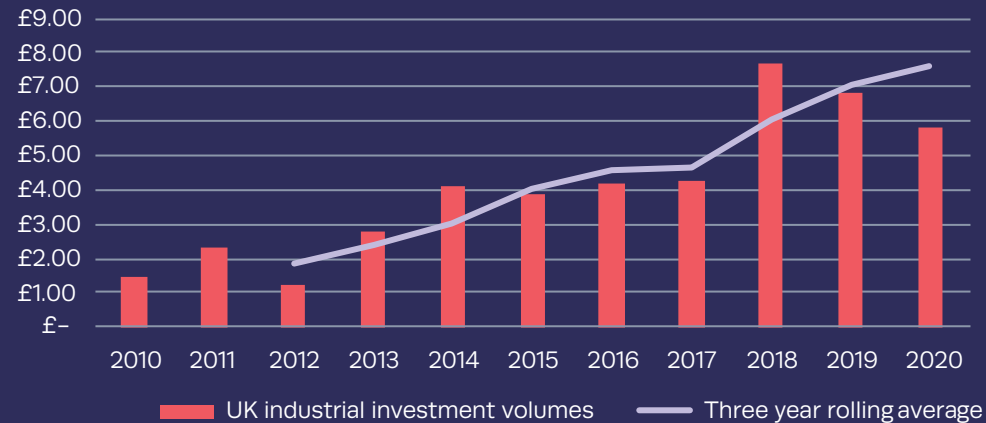
According to EG Radius, capital investment into sheds has been spiking since 2018. The total investment into all industrial and logistics space across all sectors and sizes (and including portfolio transactions) reached £5.8bn in 2020. By including the entirety of the sheds market, including stock that is under 50,000 sq ft and sheds considered light industrial spec space, we can map performance in the entire warehousing sector. By this metric, the three-year rolling average for warehouse investment reached an all-time record in 2020, at £6.7bn, up by 7% year-on-year and a whopping 280% up since 2012.

UK industrial quarterly and rolling 12-month investment, 2011-2020



Source: EG Radius

Investment volumes into all UK industrial real estate (£bn) [2010-2020]



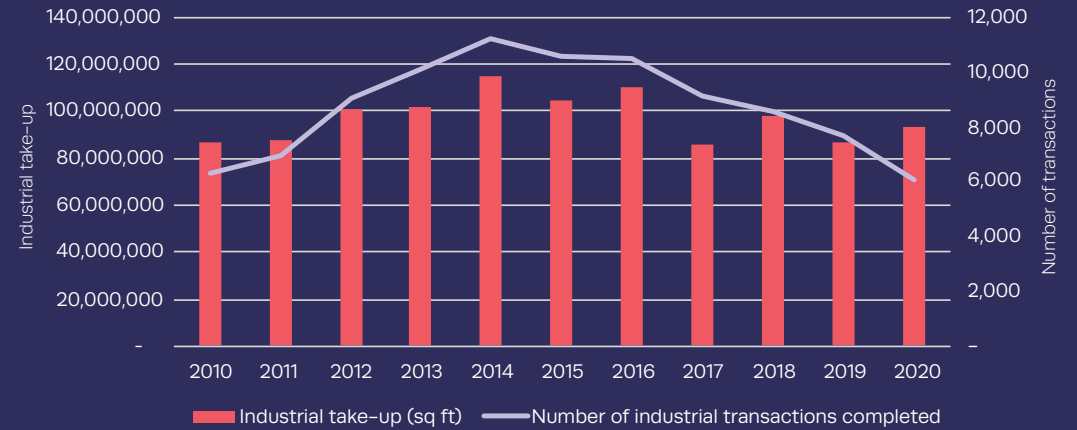
Source: EG Radius



The sustained investment has exerted pressure on yields across the sector, which have hardened by an average of 30 basis points over the past three years. Distribution warehousing investments have proved exceptionally lucrative, moving inwards by 200bps since 2019. This yield compression is expected to persist as investor and occupier appetite for the best in class in industrial stock continues. Falling vacancy rates will inevitably lead increasing rents, further underpinning strong investor sentiment in the sector.

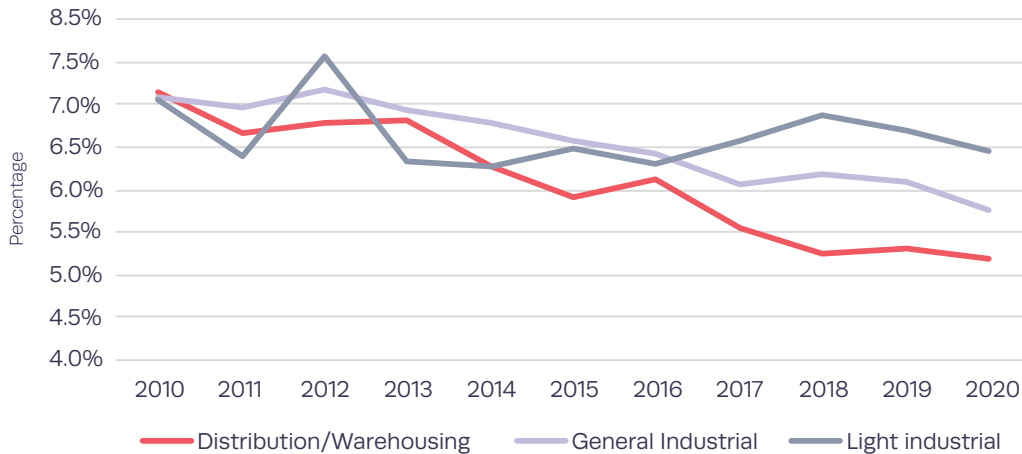
EG Radius shows a phenomenal year for take-up in 2020, topping 92m sq ft, a 7% increase year-on-year. Amazon has been the dominant driver of take-up, accounting for around 40% of activity, according to figures from Savills.

Annual industrial take-up (2010–2020)



Source: EG Radius

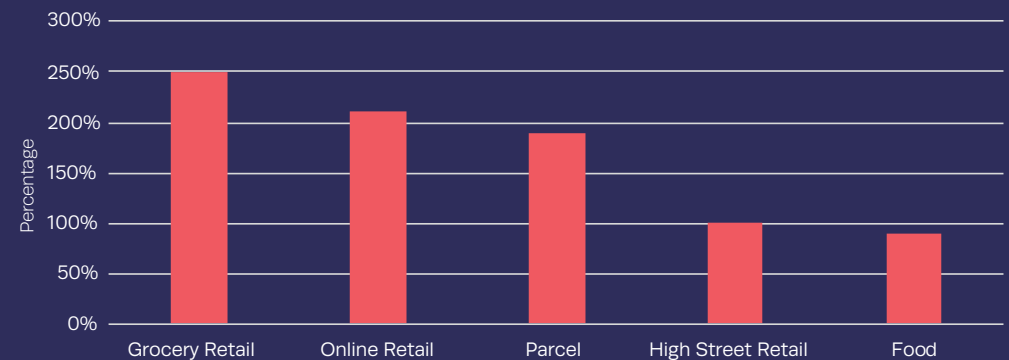
Industrial investment yields [%]



Source: EG Radius

Savills' data further shows the effect that Covid-19 – and the populace's shift to online shopping – has had on the occupier market. Businesses in the parcel (3PL) and online retail sectors have increased their take-up year-on-year by almost 200%. The surge in demand for online food shopping led to a massive 250% year-on-year growth in grocery retail.

Growth (%) of new UK warehouse space leased in 2020 vs 2019

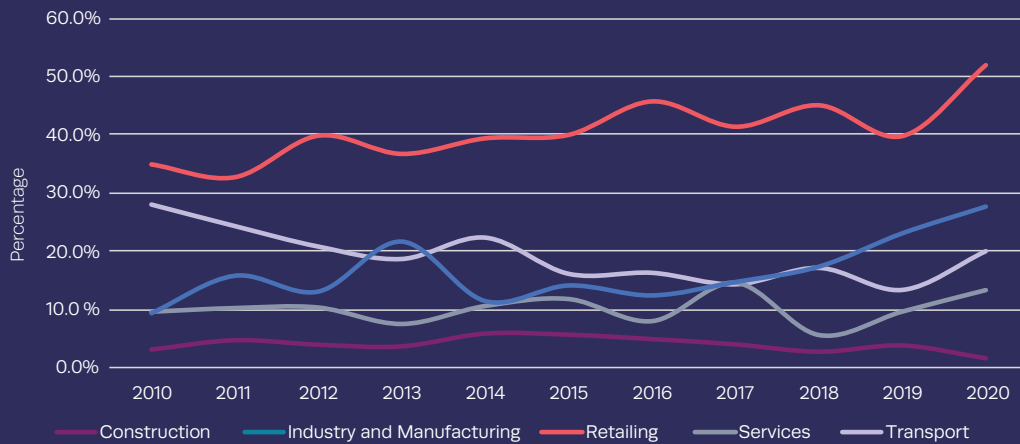


Source: Savills





National industrial take up by top occupier types [%] (2010–2020)

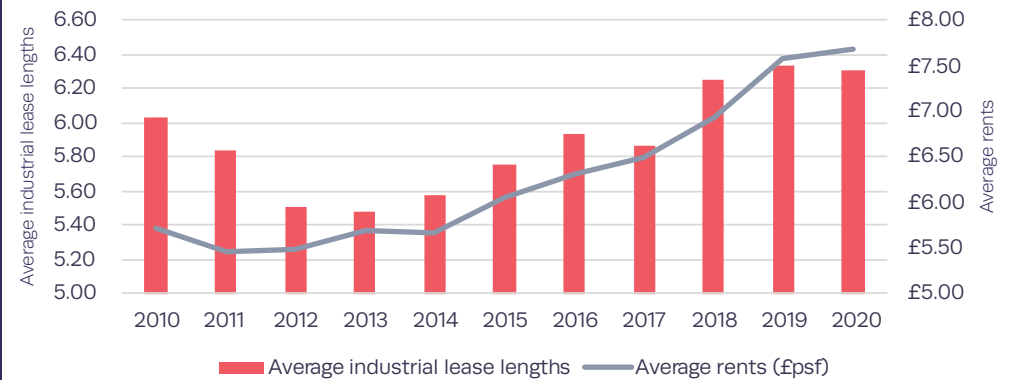


Source: EG Radius

EG Radius data shows that over the past decade the industrial occupier base has been increasingly pivoting away from manufacturing and towards retailing. In 2010, manufacturing made up 28% of take-up in the sector. Today it reflects 20% of activity. Retailing, on the other hand, has grown from 34.9% in 2010 to 52% in 2020.

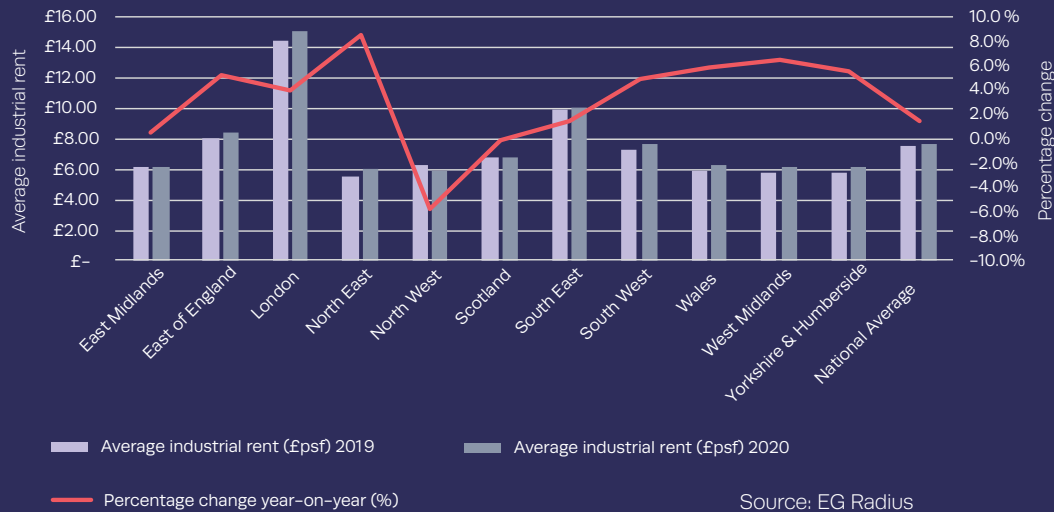
This strong take-up has pushed average rents up across the UK industrial market over the past decade. The chart above shows that after a period of relative stagnation in the early 2010s (slower take up and increased over-supply of stock), rental values and lease lengths have trended upward; signalling occupier intent to pay a premium for quality stock, for longer – good news for long term investors.

Average national industrial rents (£psf) and lease lengths (years) [2010–2020]



Source: EG Radius

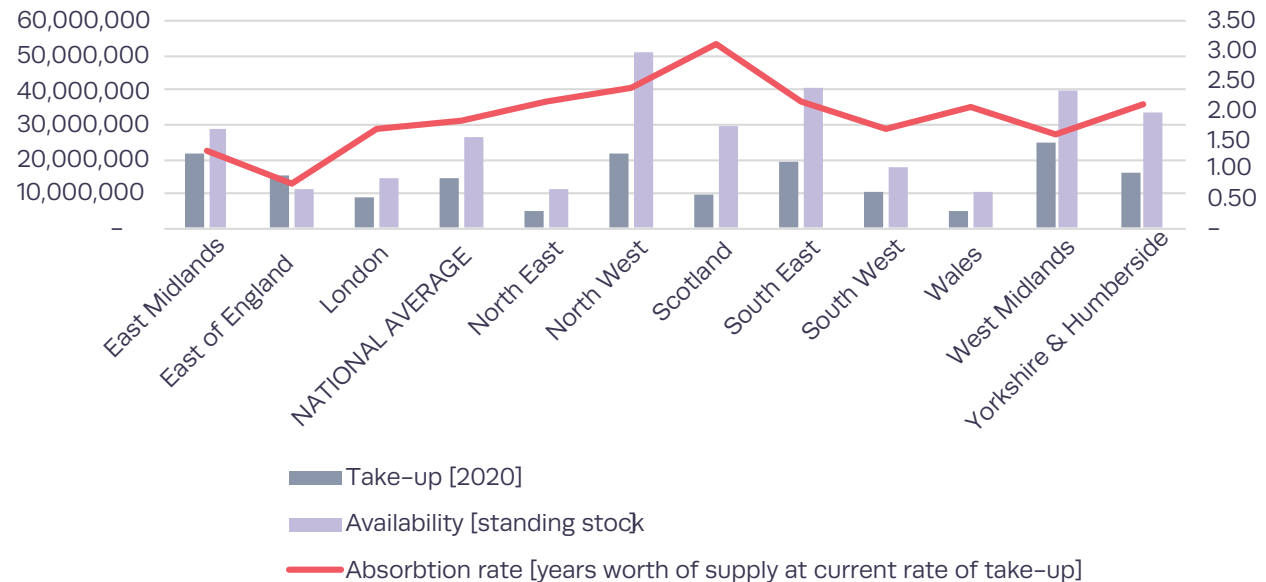
Average regional industrial rental growth (£psf) [2019–2020]



All UK regions have experienced rental growth, except the North West, according to **EG Radius**. And while the national average UK warehouse rent rose by 1.5% last year to top £7.70 per sq ft, the rate of increase has slowed. Could the market be headed towards saturation?

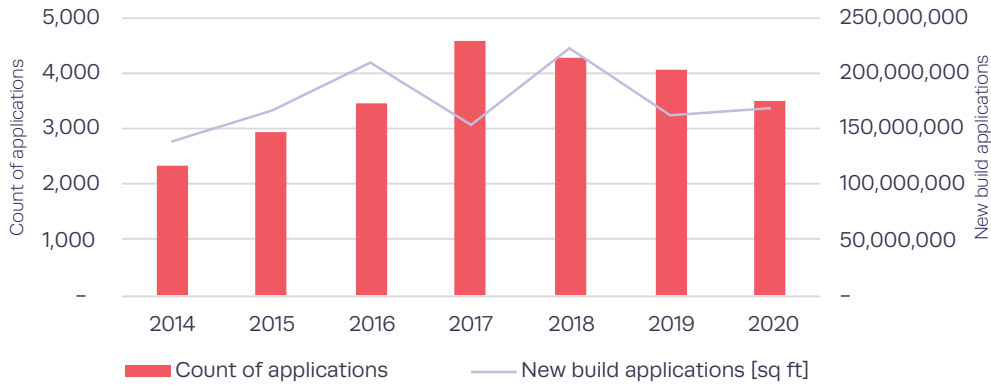
Using **EG Radius** availability data we can see how much currently available standing stock (discounting sheds that haven't been built yet) there is per region, set against the levels of take-up on a calendar year. Six of the eleven UK regions sit above the national average of 1.83 years of stock remaining. The East and West Midlands, along with East of England remain the most constrained, due to successive years of strong occupier demand.

Absorption rate by region – years of stock available



The theory goes that an undersupplied market will see an increase in planning activity to placate that strong occupier demand. National planning for new build industrial stock has remained over 150m sq ft annually since 2016 – a sure indicator that there will continue to be a slow and steady release of stock.

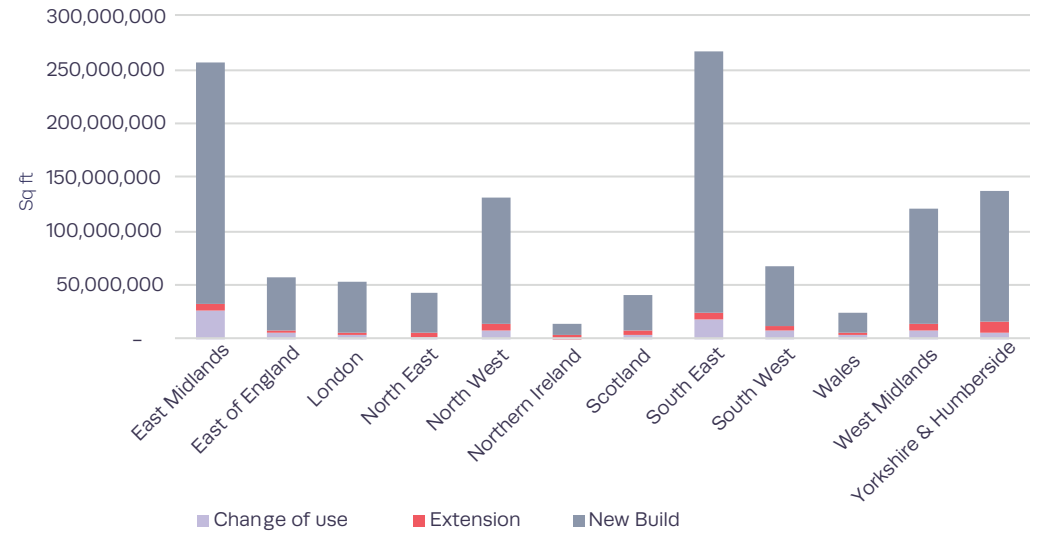
**Industrial planning applications (sq ft and count)
[new build only] 2014–2020**



Source: EG Radius

It won't be a surprise that the increasing demand from occupiers for bigger and bigger Grade A premises is being met with developer intent to build out new fit-for-purpose sheds. Indeed, some 88% of all applications for warehouse space since 2014 have been for new premises, while just 5% have been for extensions to existing premises. As the space race intensifies for more Grade A stock in the coming years, some repurposing of existing second-hand grade B stock may materialise. Change of use, however, has accounted for just 8% of all applications since 2014.

Industrial planning applications by type (sq ft) 2014–2020



Source: EG Radius

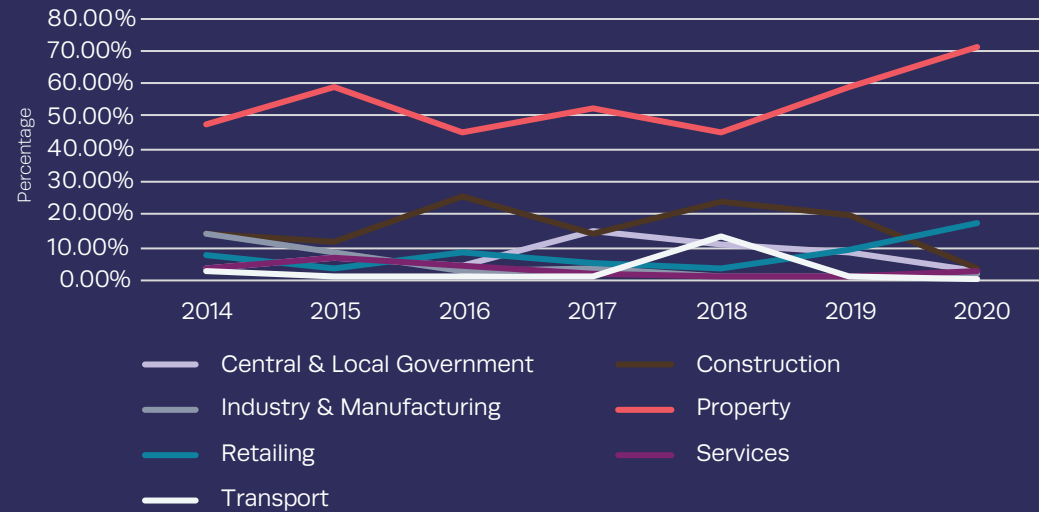
As with the occupier metrics, there are some familiar leaders when it comes to who is lodging planning applications for new space. Property applicants have always made up the lion's share, but it is the retailers that are slowly becoming the next most dominant company type, rising from a 7% share of planning applications in 2014, to 17% last year. Conversely, industry and manufacturing applications have declined from 14% in 2014 to just 3% last year.



One last useful metric when we consider how over or under supplied a particular sub-sector is, is to compare the absorption rates data with planning activity. This is a measured approach to finding out if developers are able to respond to an impending supply crunch in different UK geographies. Planning activity is set against a five-year average to give a more accurate benchmark of activity, and therefore a more conclusive answer that stretches beyond the calendar year.

The relative strength of planning over that five-year period means that the figures for 2020 are most down on the average. This indicates that while supply is good, the rate at which it is coming through may well be slowing. Indeed, some of those regions which have the lowest absorption rates are at risk from a slowdown in planning activity.

Industrial planning applications by sector [% of the market] 2014-2020



Source: EG Radius

Comparing regional planning activity vs. absorption rates

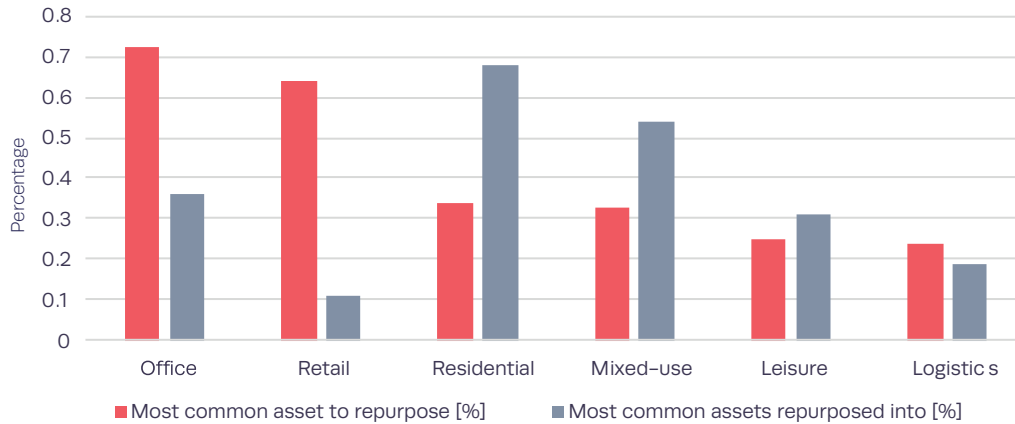


Source: EG Radius

Demand for industrial space is expected to remain robust. Perhaps not as electric as the record breaking 2020, but rents look set to rise and capital investment will remain robust. Overall, supply has managed to match demand for requirements from occupiers, and we have seen record highs for speculative development of new, large Grade-A sheds.

As we have seen in the wider real estate eco-system, adaptability to changing consumer habits and technological advancements is defining the future of bricks and mortar. Industrial real estate is and will not be immune from this. Issues will persist around the long-term viability of Grade-A stock. With technology moving at such a pace, those that operate in logistics space will require flexible floorplates to meet these changing needs. The solution cannot simply be to keep building more big sheds. Persistent vacancy is already a symptom which effects second-hand grade B industrial stock and will likely permeate the Grade-A market in the coming years.

Most common real estate assets to repurpose and repurposed into



Source: PwC and ULI: Emerging Trends in Real Estate

The trade-off between physical retail and logistics space will continue, though the last-mile surge will not be able to reanimate all the vacant high street shops we expect to appear. Research compiled by PwC and ULI indicates that logistics space is one of the least favourable asset classes to repurpose existing real estate space into, behind only retail. It is also the least desirable asset class to repurpose. The infrastructure and technology that is required to set up logistics premises makes it more difficult to create those spaces without starting from scratch, which is one reason obsolescence in industrial units is happening increasingly quickly.

It is important that while the sector is in a period of growth that precautions are made. Unfettered development will only lead to over-supply and redundant sheds up and down the country. Development in tandem with other real estate sectors will be vital to creating sustainable mixed-use assets that can be flexibly adapted for a number of purposes.

Considering the need for careful growth – there are certain data points that can help guide planners, developers, and occupiers on the right places to grow their logistics footplates.

Using a combination of **EG Radius and EG PropertyLink data**, with EG analysis of Office for National Statistics, Valuation Office Agency data and NOMIS data, EG has identified which UK local authorities could benefit from an increase of industrial development – not just in terms of lack of stock, but opportunities for growth in employment too.

The first chart on the next page shows the top ten local authorities in the UK for overall planning applications for new industrial stock.

Harborough comes out on top with 46m sq ft of space applied for since 2014; building on a healthy existing stock provision of 15m sq ft. EG analysis indicates there is still room for growth in this submarket, as only 9% of working population in Harborough work in industrial employment (the national average stands at 17%) and only 3% of Harborough's residents work in this subsector.

Using this same index, Central Bedfordshire, Milton Keynes and Medway all stand as local authorities that will benefit from managed logistics development.



Potential areas for industrial development based on growth in workforce and relative existing stock levels, sorted by top ten areas for planning

Local Authority	Region	Total industrial and logistics stock [sq ft]	Percentage [%] of employees who work in local authority who are employed in industrial / logistics sector	Population estimates of local authority	Percentage [%] of employees who live in local authority who are employed in industrial / logistics sector	Planning for new industrial space [sq ft] [2014–2020]
Harborough	East Midlands	15,213,118	9%	93,807	3%	46,561,726
Bedford	East of England	11,574,176	19%	173,292	7%	30,780,443
Doncaster	Yorkshire and The Humber	29,050,713	21%	311,890	9%	28,897,443
Sunderland	North East	18,524,990	22%	277,705	10%	22,280,678
Central Bedfordshire	East of England	20,135,920	16%	288,648	5%	19,917,556
East Riding of Yorkshire	Yorkshire and The Humber	25,420,014	23%	341,173	7%	19,153,833
North West Leicestershire	East Midlands	18,046,397	30%	103,611	12%	18,343,616
Milton Keynes	South East	31,004,162	14%	269,457	8%	16,766,684
Wakefield	Yorkshire and The Humber	38,010,804	22%	348,312	9%	15,945,276
Medway	South East	11,122,833	17%	278,556	5%	15,505,741

Source: EG Radius, EG PropertyLink and EG analysis of Office for National Statistics, Valuation Office Agency data and NOMIS data



In the second chart we can identify some of the areas in the UK with the lowest amount of industrial development activity. In Copeland there has been just 16,366 sq ft of planning activity since 2014, despite having a shallow existing footprint (1.5 m sq ft) and a relatively high proportion of workers who commute to and live in the area, in the logistics sector. Places like Copeland, Blaenau Gwent and Southend on Sea may benefit economically from an injection of development activity in the medium term. Some on the list, Epsom and Ewell, St. Albans and Cambridge for example, will have a lower level of logistics and warehouse activity due to their reliance on adjacent industries.



Potential areas for industrial development based on growth in workforce and relative existing stock levels, sorted by top ten least active areas for planning

Local Authority	Region	Total industrial and logistics stock [sq ft]	Percentage [%] of employees who work in local authority who are employed in industrial / logistics sector	Population estimates of local authority	Percentage [%] of employees who live in local authority who are employed in industrial / logistics sector	Planning for new industrial space [sq ft] [2014–2020]
Copeland	North West	1,597,533	28%	68,183	11%	16,366
Blaenau Gwent	Wales	5,267,953	25%	69,862	4%	33,410
Epsom and Ewell	South East	763,103	5%	80,627	1%	52,380
Southend-on-Sea	East of England	4,058,207	12%	183,125	5%	91,686
Ceredigion	Wales	1,946,882	8%	72,695	3%	162,756
Eastbourne	South East	2,566,644	9%	103,745	2%	171,611
St Albans	East of England	4,221,127	5%	148,452	2%	174,473
Cambridge	East of England	2,211,000	9%	124,798	10%	186,170

Source: EG Radius, EG Propertylink and EG analysis of Office for National Statistics, Valuation Office Agency data and NOMIS data

The local authorities in the chart below have been sorted by percentage of logistics and industrial employees. The majority of the top ten local authorities sit within the East Midlands – Corby with 56%, South Holland with 46% and Fenland with 44% – and most have seen less than average planning activity for the period since 2014 (which is around 3m sq ft). The majority of local authorities here may be reaching saturation point in terms of how many more residents or commuters they can attract to work in the sector, and saturated in terms of how much more stock can be physically built out before over-supply becomes an issue, or value of land becomes too high, or land itself too scarce.

Most saturated local authorities in terms of current employment in industrial sector

Local Authority	Region	Total industrial and logistics stock [sq ft]	Percentage [%] of employees who work in local authority who are employed in industrial / logistics sector	Population estimates of local authority	Percentage [%] of employees who live in local authority who are employed in industrial / logistics sector	Planning for new industrial space [sq ft] [2014–2020]
Corby	East Midlands	14,953,586	56%	72,218	20%	9,799,250
South Holland	East Midlands	7,841,612	46%	95,019	11%	1,249,699
Fenland	East of England	9,727,803	44%	101,850	8%	1,956,749
South Derbyshire	East Midlands	8,766,712	42%	107,261	10%	4,621,237
Tewkesbury	South West	9,098,815	41%	95,019	9%	2,148,288
Barrow-in-Furness	North West	2,390,208	40%	67,049	10%	785,286
North East Derbyshire	East Midlands	5,289,676	39%	101,462	3%	2,455,303
Hinckley and Bosworth	East Midlands	12,471,138	38%	113,136	6%	10,193,755
Oadby and Wigston	East Midlands	3,670,180	36%	57,015	4%	1,162,252
Amber Valley	East Midlands	13,274,312	34%	128,147	12%	2,081,178

Source: EG Radius, EG Propertylink and EG analysis of Office for National Statistics, Valuation Office Agency data and NOMIS data



This next chart focuses on local authorities with the lowest percentage of employees in the industrial and logistics sectors. These areas are more likely to have a higher proportion of resident white-collar workers. The relatively low planning activity in these areas shows there may well be increased developer intent as the industrial sector seeks to move into more suburban enclaves.

Least saturated local authorities in terms of current employment in industrial sector

Local Authority	Region	Total industrial and logistics stock [sq ft]	Percentage [%] of employees who work in local authority who are employed in industrial / logistics sector	Population estimates of local authority	Percentage [%] of employees who live in local authority who are employed in industrial / logistics sector	Planning for new industrial space [sq ft] [2014–2020]
East Hertfordshire	East of England	6,404,706	2%	149,748	1%	577,113
Mendip	South West	5,788,140	3%	115,587	1%	1,363,389
Lewes	South East	3,671,769	3%	103,268	1%	518,116
Tunbridge Wells	South East	4,427,386	3%	118,724	1%	461,916
Welwyn Hatfield	East of England	7,820,465	4%	123,043	3%	806,451
Worthing	South East	2,600,942	5%	110,570	1%	323,704
Dover	South East	3,866,482	5%	118,131	1%	672,941
East Hampshire	South East	5,402,975	5%	122,308	1%	1,938,048
Epsom and Ewell	South East	763,103	5%	80,627	1%	52,380

Source: EG Radius, EG Propertylink and EG analysis of Office for National Statistics, Valuation Office Agency data and NOMIS data

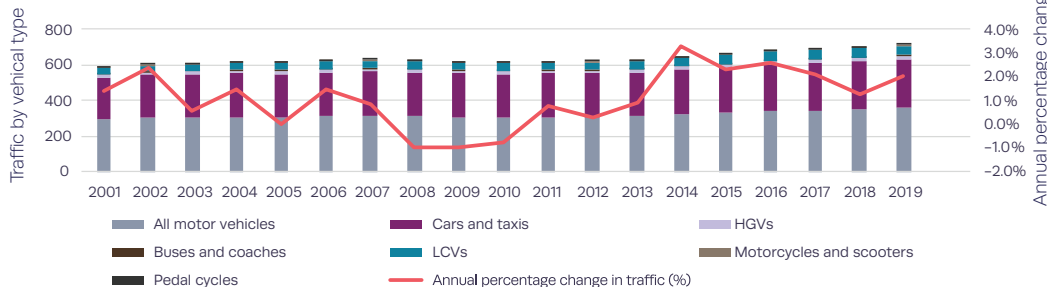
ECONOMIC POWERHOUSE: WHEN A SHED IS MORE THAN BRICKS AND MORTAR

As the UK's industrial footplate continues to grow there will be calls for the asset class to diversify itself into one which offers more than just a bricks and mortar solution for consumerism. As the whole of the built-environment becomes increasingly aware of social value, cultural capital, sustaining healthy ESG credentials, and ethically navigating the potential incoming economic turbulence, what role will industrial play?

Sustainability is one of the most pressing issues facing commercial real estate. Aside from the operational carbon emissions associated with the bricks and mortar, logistics property is by its very nature a greater contributor to this problem than other commercial sub-sectors.

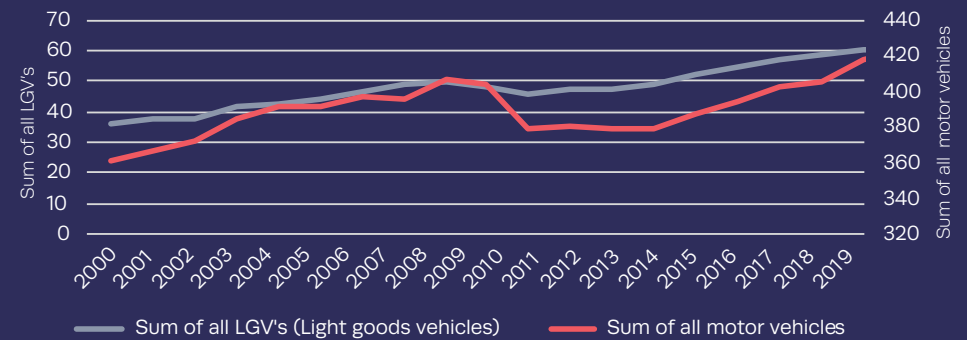
According to the *World Economic Forum*, transport is a much larger contributor to greenhouse gas emissions from supply chains than the actual warehouse buildings – 87% compared with 13%. And with e-commerce growth accelerating rapidly the burden of emissions on the sector is only expected to increase. Data from the *Department for Transport* shows the gradual increase in both heavy goods and light commercial vehicles on UK roads between 2009 and 2019, up from 16.3m miles and 40.7m miles respectively in 2009 to 17.4m miles and 55.5m million miles in 2019.

Annual traffic by vehicle type: traffic in Great Britain from 1993 – 2019 by vehicle type in vehicle miles (billions)



Source: Department for Transport; road traffic statistics

Tracking vehicle counts on major and minor roads: Comparing LGV's to all motor traffic (2000–2019) (millions)



Source: EG analysis of Department for Transport data

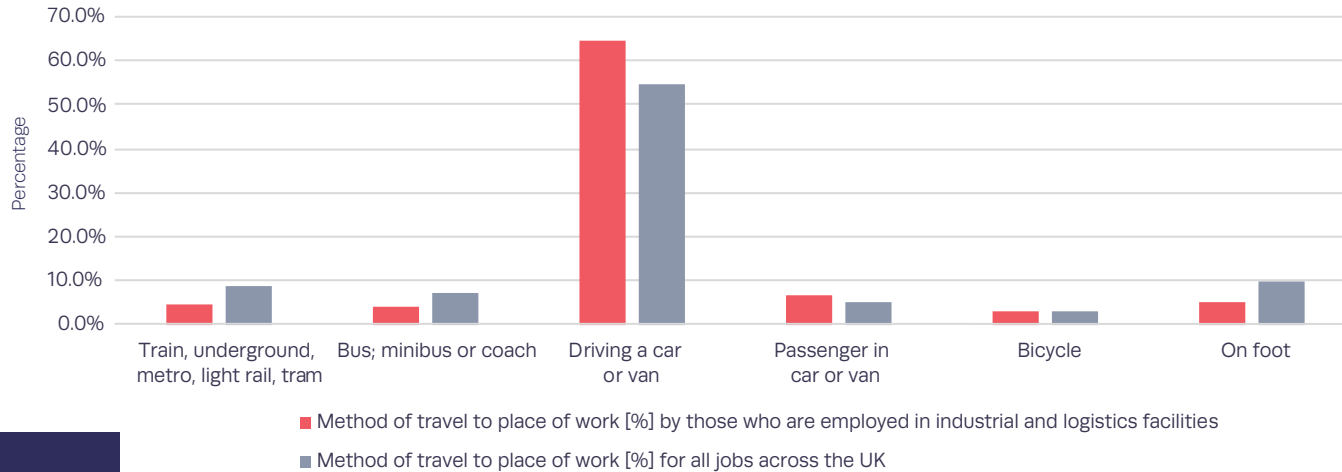
Since 2000 the number of miles being driven by LGV's annually has increased by 56%, compared to all UK road traffic which has jumped by 15%. In the last 30 years, van traffic has more than doubled in the UK with a corresponding 67% increase in greenhouse gas emissions from them.

Those invested in industrial real estate will be expected to contribute to the UK's ambition of reaching net carbon zero by 2050, meaning that a focus on enabling an environmental supply chain will become ever more prevalent. A shift to electric vehicles will likely require more from industrial and logistics assets, with the need to housing charging and battery storage facilities.

There may too be a need to reapproach infrastructure around logistics hubs, and the behaviours of its largely blue-collar workforce.

The physical location of most of the UK's industrial assets deems anything other than driving by car or van to work impossible. According to EG analysis of Office for National Statistics data, 65% of all employees who work in the industrial and logistics sector travel in their own vehicles, compared to the national average of 54%. The increase of urbanised logistics facilities in satellite areas of large and small towns means that there has been an uptake in cycling provision for this subsection of the workforce, though public transport modes are less popular than the national averages. With an expectation that the number of employees in industrial roles will increase in the coming years, increasing provision for staff to get to their place of work in a more sustainable fashion will likely creep up the agenda, in line with ESG credentials.

Method of travel to work by industry



Source: EG analysis of Office for National Statistics data



Sustainability raises huge challenges in terms of decarbonising logistics and will drive big changes in the design and specification of warehouses. As growth in the sector continues and as industrial assets become more visible and as attract a larger, more professional workforce, sheds will have to find increasingly adaptive way to meet net carbon zero, sustainability and other ESG targets.

Greening is the most obvious way to meet these multiple criteria. Sheds by their current morphology are big-boxes – introducing solar panels, wind turbines and other green energy extraction sources will be easier to facilitate and roll out on warehouses than other commercial buildings, especially in sites located away from urbanised areas.

Offsetting emissions by greening and rewilding space that is not used, as well as encouraging the growth of grassland, forestry and other natural environments in and around these sites will all go to help the environmental credentials of these sites. A biodiversity net gain should be the ambition for new build industrial and logistics sites. Not only will implementation of these measures create more efficient and sustainable buildings and environment, but they will create more vibrant places for the employees that frequent these spaces – and perhaps in the long term, destinations for people to spend recreational time and even live.

Unlike its office or retail counterparts, industrial real estate has never been able to forge an identity as a potential spark for cultural or economic regeneration. It has its limitations when it comes to incubating environments in which people want to live, work and play. Instead, its merits lie in its capacity to enable speed, precision and efficiency to the networks it serves. The biggest challenge that industrial real estate may well face – will be to create an identity of its own – to create and incubate social value and cultural capital, as its office and retail counterparts are expected too.

Despite the boom period the sector is experiencing – there are some challenges ahead. The economic turbulence from Brexit and the pandemic have helped sheds excel in the short term. In the medium, and long term however, that turbulence could have an effect on the sheds market from the bottom-up.

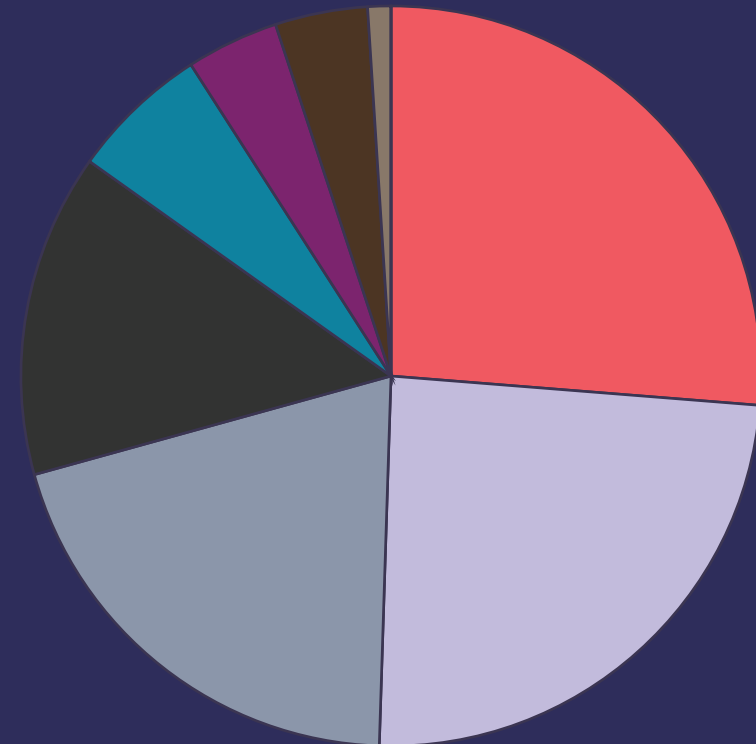


FEEDING THE MACHINE: A LOGISTICAL CHALLENGE POST BREXIT

The ramifications of the UK's decision to leave the European Union are still unresolved. Businesses will be relieved that a trade deal was agreed last year; and while the deal itself ensures the country does have a future trading relationship with the EU, it also introduces new barriers to trade. It also stems a flow of migrant workers, which have been critical to the efficiency of logistics operations for many years.

The **UK Logistics Confidence Index**, a survey of 100 senior executives in the logistics sector, ranked Brexit as the most important issue facing businesses over the next 12-months, followed closely by driver and skills shortages and economic downturns in customer markets, according to 100 senior executives in the logistics industry.

What will be the single most important issue facing your business in the next 12 month?



- Impact of Brexit
- Driver / skills shortage
- Economic downturn in your end customer markets
- Customer price pressure
- Investment into technology
- Investment into physical infrastructure
- Shortage of warehouse space
- Further industry consolidation
- Other

Source: The UK Logistic Confidence Index 2020, Barclays & BDO



In a typical warehouse, around 1-in-5 workers currently employed are EU migrants, according to the **Migration Advisory Committee**, meaning that the workforce will be theoretically cut by 20% if they are no longer allowed to enter the UK for work.

According to the CBI, non-UK workers make up 25% of staff working in warehouses in the UK and the government's Employer Skills Survey shows that in 2017, more than half of establishments in the sector (51.5%) had tried to recruit non-UK nationals to fill hard-to-fill vacancies, with those in warehousing and storage (62.5%) most likely to have done so.

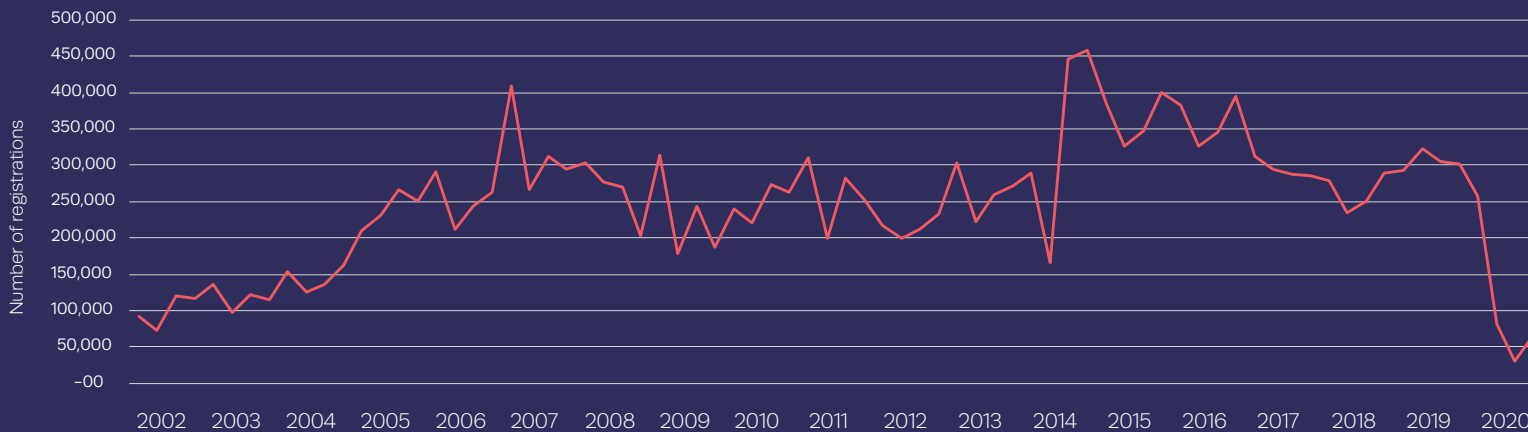
Any continued reduction in availability of the segment of potential employees brings with it the risk of being unable to meet staffing requirements. EG analysis of **Department for Work & Pensions** data shows that since the EU referendum was announced in 2016, National Insurance registrations from EU nationals have fallen by 32% to the start of 2020.

The impact of the UK's withdrawal from the EU obviously has wider ramifications than employment supply, however. Import and export levels between the UK and its trading partners are likely to change drastically.

In the short-term, however, developers and landlords will benefit from this – nearshoring supply chains will keep the upward pressure on rents and will mean that more land will be required on which to build out more stock.



NINo Registrations To Adult Overseas Nationals Entering The UK from the European Union [Jan 02 – Dec 20]



Source: EG analysis of Department for Work & Pensions data

CONCLUSION

The industrial sector continues to go from strength to strength, making the most of advantageous conditions, which in recent years have ranged from Brexit trepidation, the rise in e-commerce and the short-term effects of consumer behaviour brought about by Covid-19.

Record breaking levels of take-up, development, investor capital, and yield suppression mean that logistics space has become the default sector to guard safe, long-term returns. Industrial space remains the invisible yet omnipotent component in the complex real estate eco-system.

While logistics space will remain an important component in the UK's ability to become more productive, it has its limitations when it comes to incubating environments in which people want to live, work and play. Unlike its office or retail counterparts, industrial real estate has never been able to forge an identity as a potential spark for cultural or economic regeneration. This challenge, married with sustainability targets, future trading relations with our trading partners and the ability of asset classes to adapt and evolve to ever changing consumer demands will surely define the long-term growth of the sector.

Warehouses are crucial in virtually every supply chain and will remain so for as long as materials and goods need to be stored, handled and moved. The merits of warehousing are often understated. They are the lubricant on the cogs of our economy, providing the apparatus for goods and services transitioning through the market. The continued expansion in the asset class is expected to fall in line with our consumer habits. A large proportion of this growth has already born from our switch to mass online retail purchasing, which has been exacerbated by the events of 2020. Market fundamentals of supply and demand are also more also likely to be

affected by our changing relationships with our greatest trading partners. These factors have already coalesced to create the conditions for a buoyant market; as long as they are sustained the sector will continue to grow to fit this growing needs. E-commerce, cold storage and transport have been the main beneficiaries, and last-mile hubs will continue to become a more visible asset in our suburban areas.

The immediate outlook for warehousing is bright. The records which have been broken in recent years show that the short- and medium-term future for logistics space will continue to be a growth period. Specifically, for development and occupation of high-end Grade-A, large sheds.

The creation, refurbishment or repurposing of real estate can inject renewed energy into towns, cities and region – this includes industrial and logistics space. We have already seen regionally some areas that have benefitted from the spate of industrial growth in the UK. Encouraging business growth in areas across the country should see communities reap the benefits that warehousing employment can bring.

Development must be fit-for-purpose, structurally and economically, delivering prosperity to the areas that require it. Obsolescence in the market is a concern, much like other commercial real estate sectors, with low quality stock out of favour and with more and more Grade-A stock flooding the market, players in the sector would be wise to think about remedies for this potential oversupply of redundant buildings.

