

# Logistics Spotlight Event

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In conjunction with Tritax Symmetry, Property Week and Analytiqa

22 February 2023

# Agenda

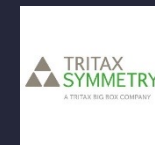
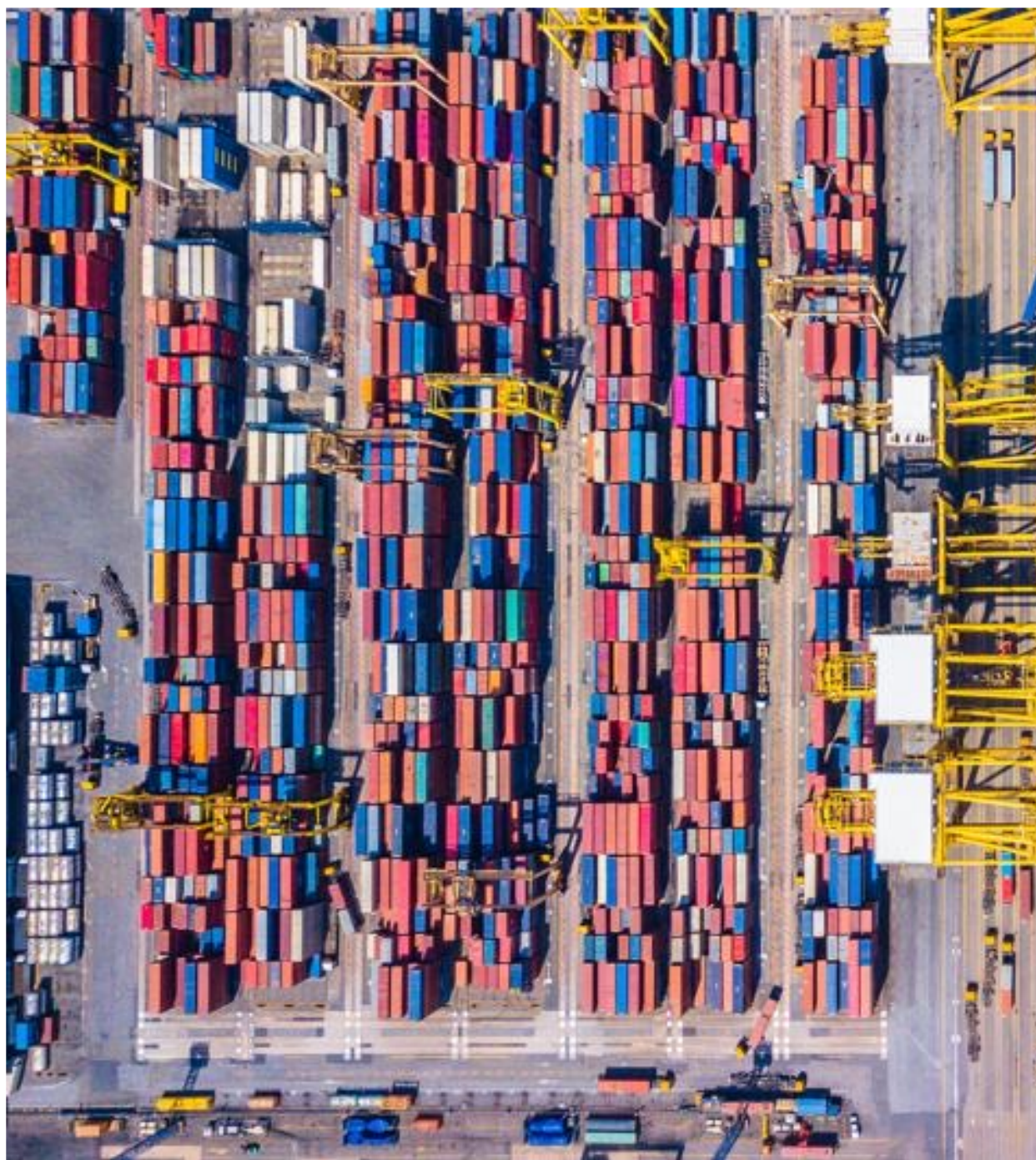
**1** Welcome & Introductions  
Andrew Dickman

**2** Census Insights  
Kevin Mofid

**3** Panel Discussion  
Ian Starling, Phil Shepley, Tom  
Leeming & Richard Sullivan

**4** Keynote  
Alastair Campbell



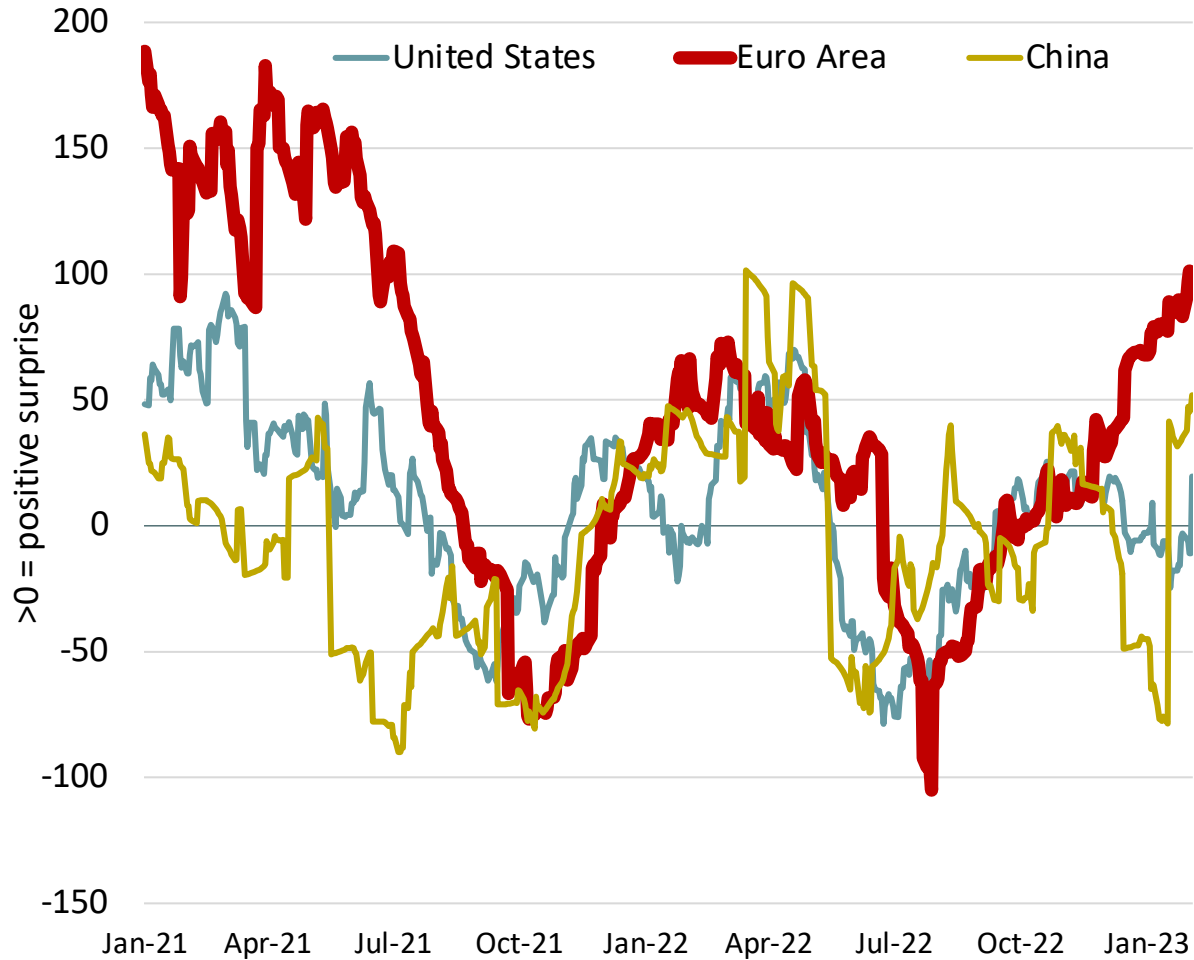


# Logistics Census 2023

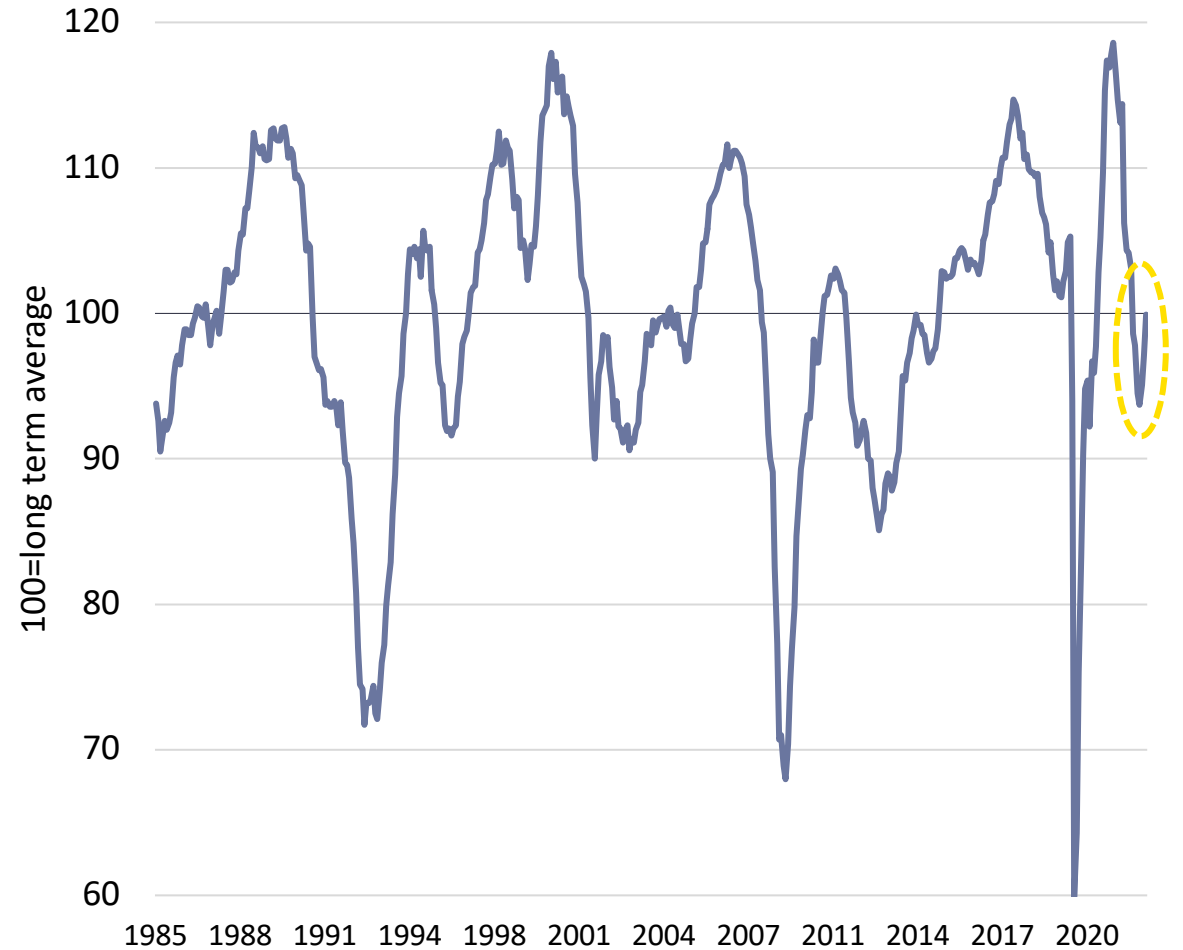
22<sup>nd</sup> February 2023

# An optimistic start to 2023...

### Citi Economic Surprise Index



### European Economic Sentiment Index



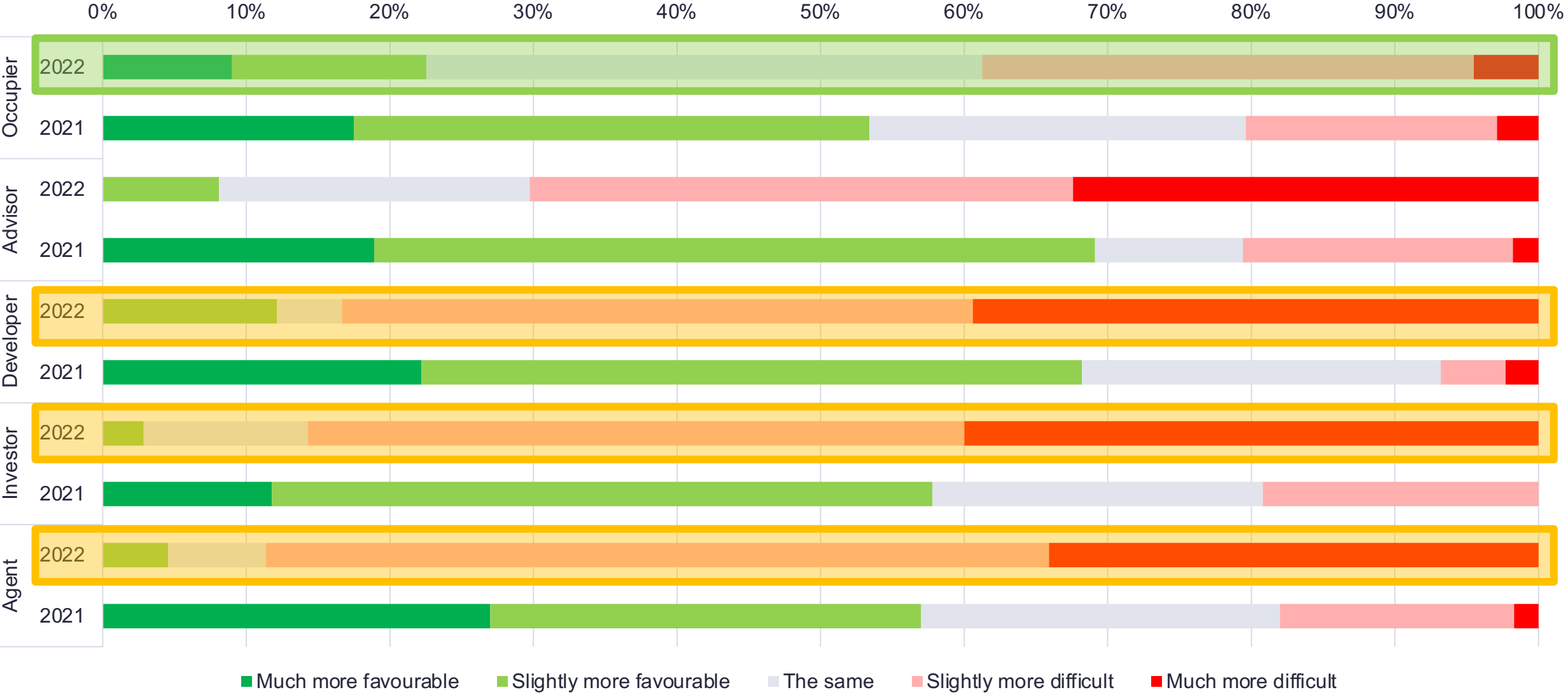
# THE COLLINS WORD OF THE YEAR 2022 IS...

## PERMACRISIS

'Permacrisis', a term that describes 'an extended period of instability and insecurity', has been named Collins Word of the Year 2022. It is one of several words Collins highlights that relate to ongoing crises the UK and the world have faced and continue to face, including political instability, the war in Ukraine, climate change, and the cost-of-living crisis. Six words on Collins' list of ten words of the year are new to CollinsDictionary.com, including 'permacrisis'.

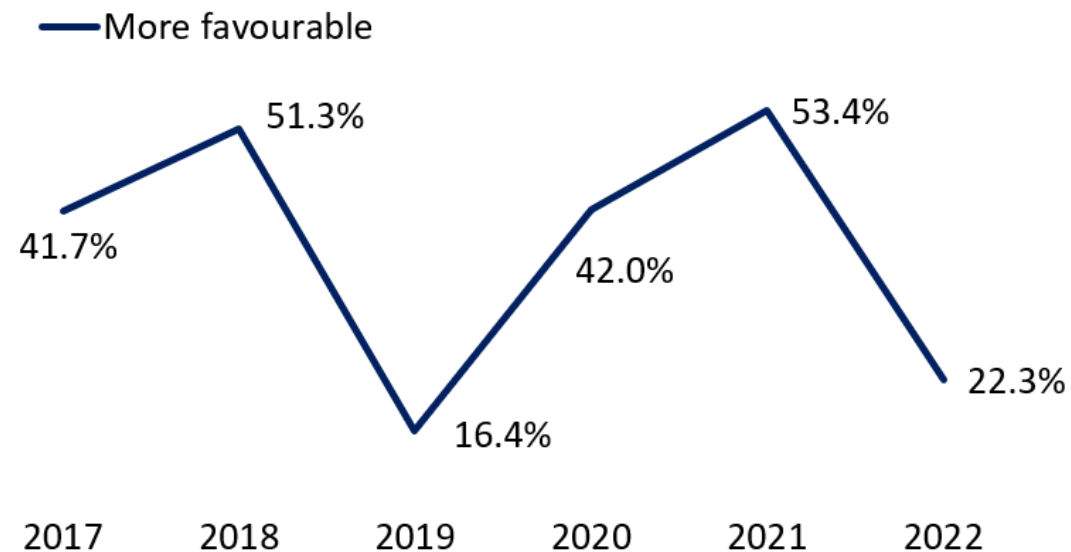
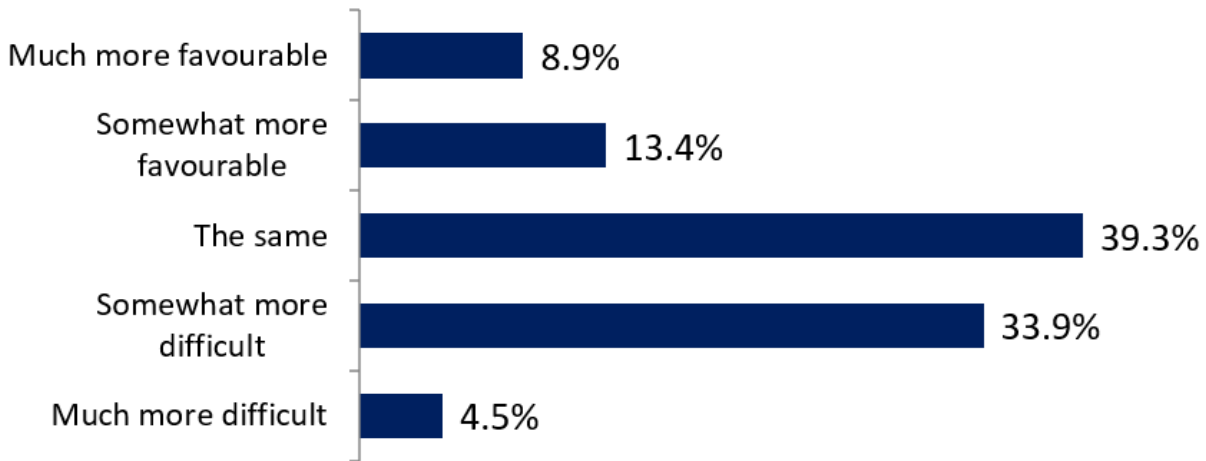


# How do market conditions compare?



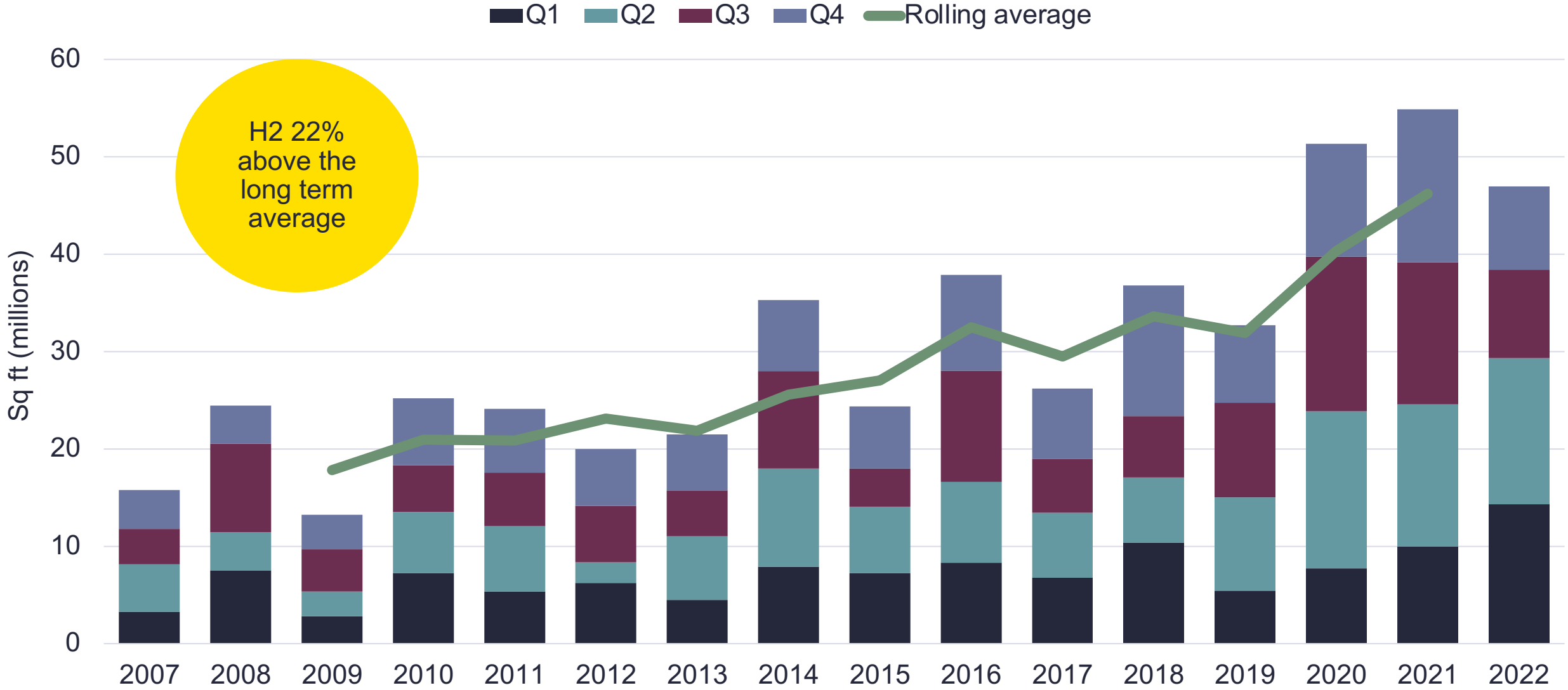
# Trading conditions

“How do you view current business conditions versus the last six months?”



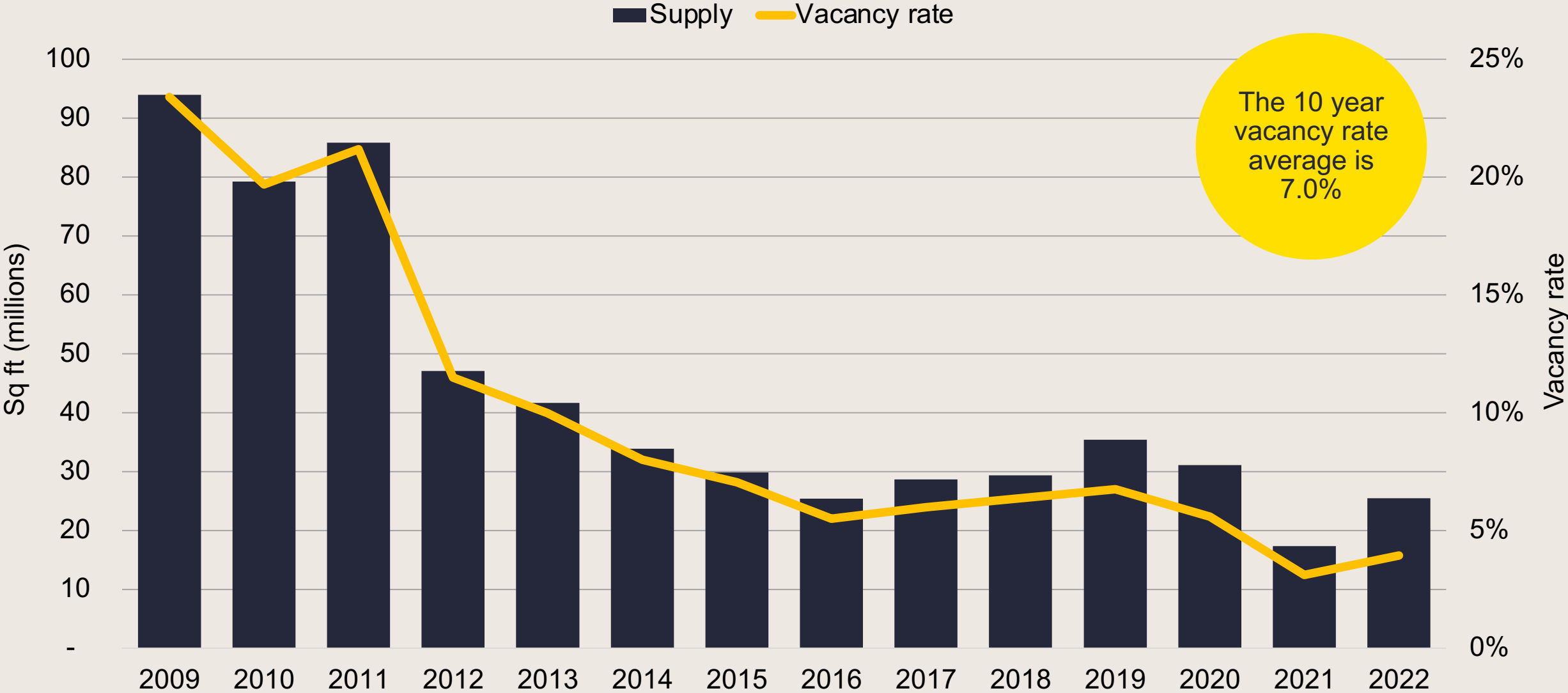
Across the six years of the Census, Q4, 2022 had the second-lowest share of respondents who currently perceive more favourable trading conditions

# Third best year ever for take-up, but slowing into H2



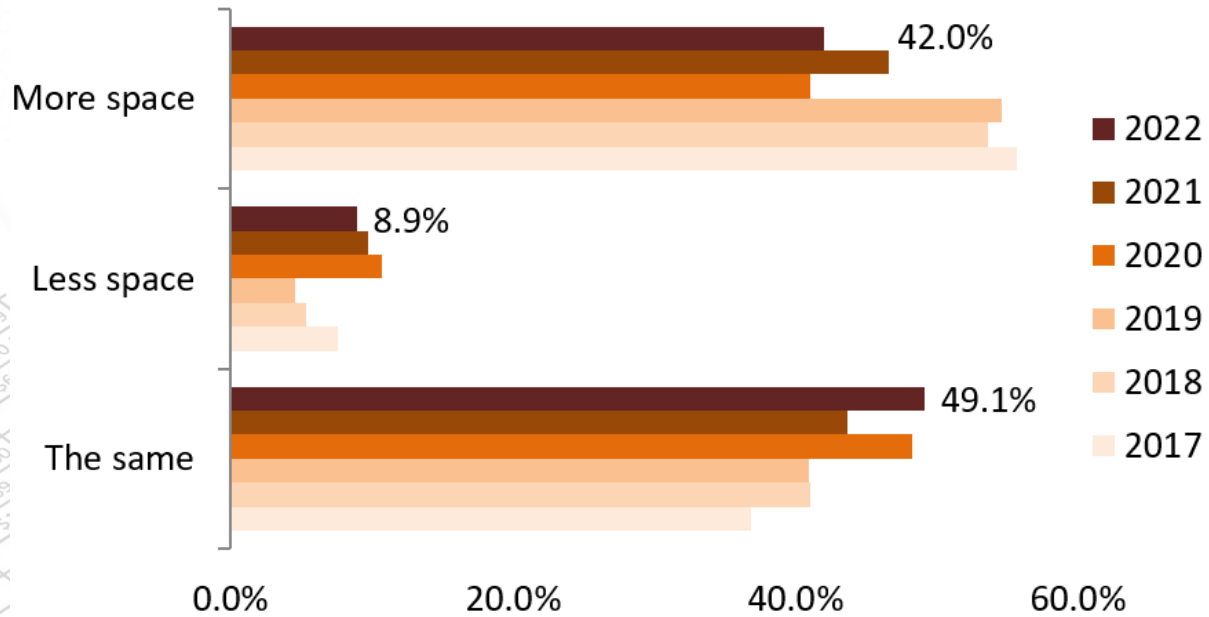


# Nationwide supply and vacancy has risen slightly

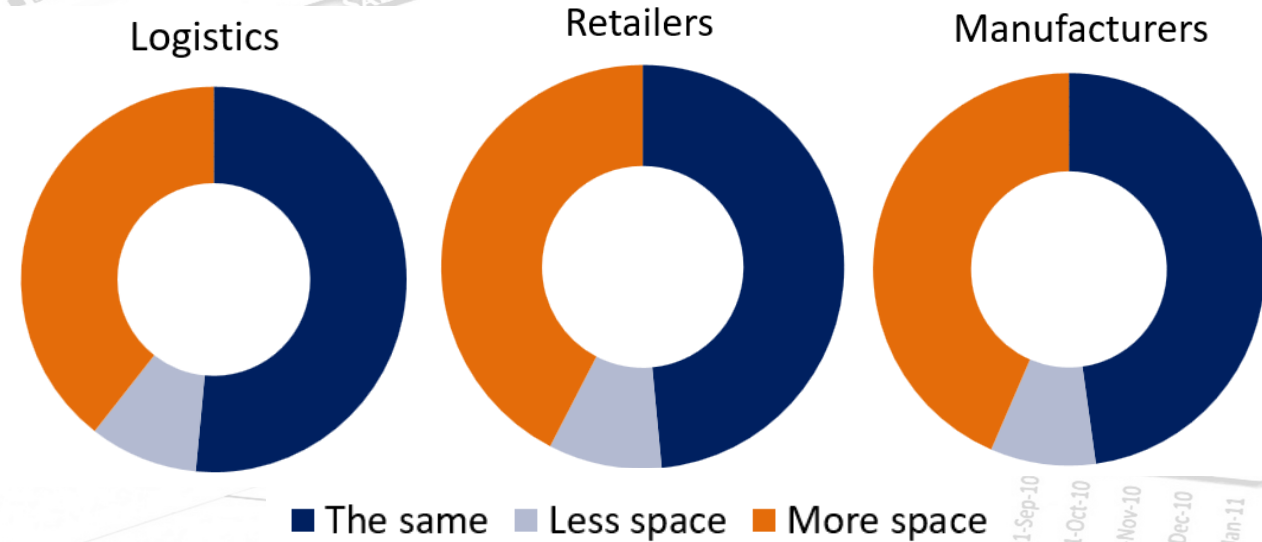


# Demand for Warehousing

“In respect to warehouse space, what do you envisage over the next two years?”



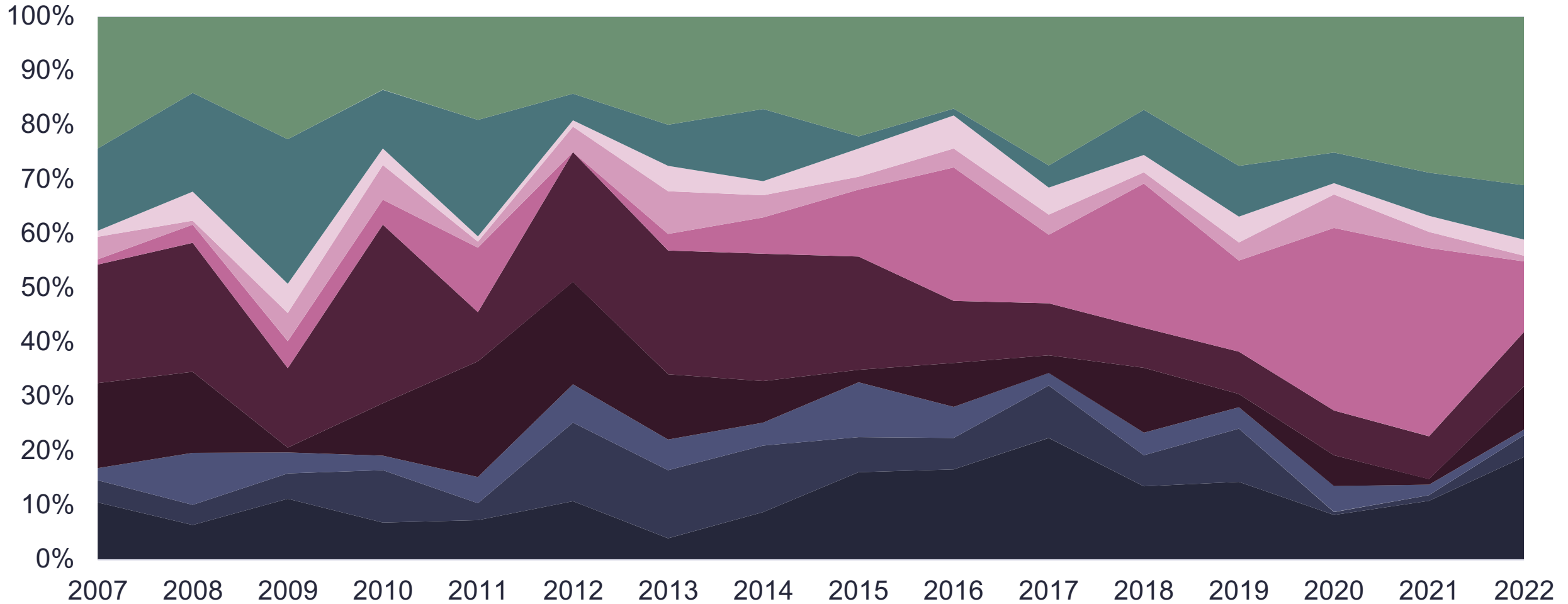
91% of occupiers will require more, or the same, amount of warehouse space over the next two years



Fewer manufacturers will require less warehouse space over the next two years, though 3PLs are more cautious

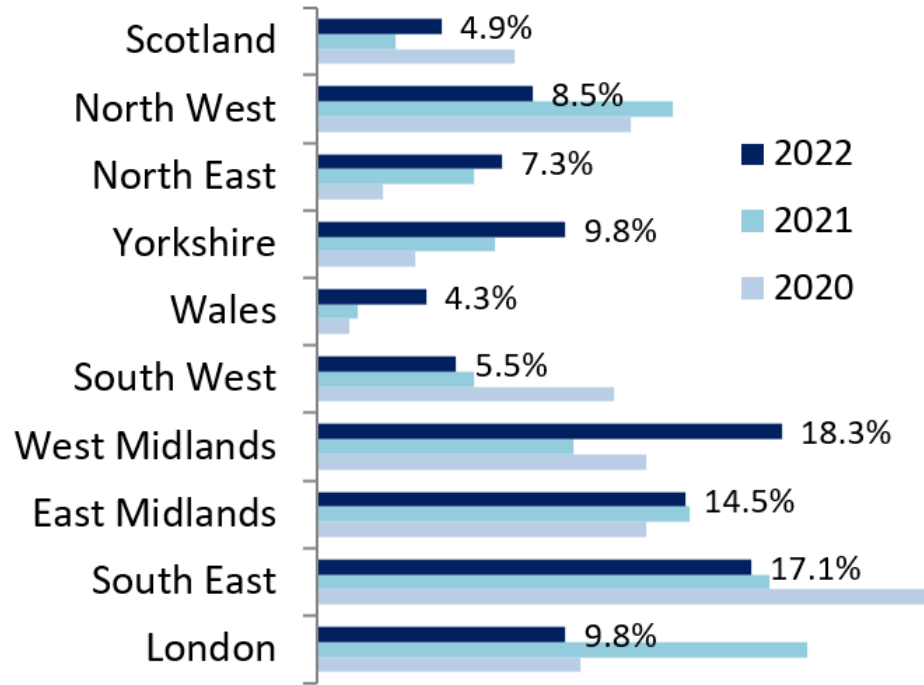
# Who is taking the space?

- Manufacturing
- Automotive
- Food Production
- Grocery retail
- High St Retail
- Online retail
- Parcel
- Wholesale
- Other
- 3PL



# Regional Demand

“If you will require new UK warehouse space over the next two years, where regionally, do you expect to locate?”



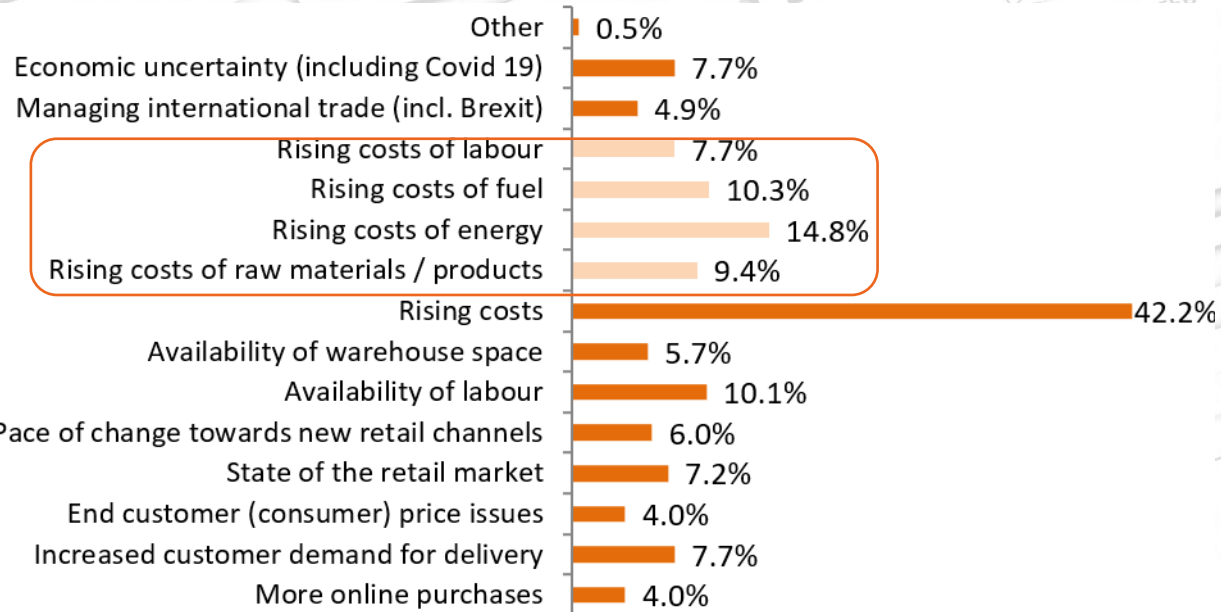
Region	2020	2021	2022
West Midlands	2	5	1
South East	1	2	2
East Midlands	2	3	3
London	6	1	4
Yorkshire	8	6	4
North West	4	4	6
North East	9	7	7
South West	5	7	8
Scotland	7	9	9
Wales	10	10	10



- The West Midlands once again moves up, as the region most in demand from occupiers for their new warehouse space over the next two years, as London moves down a couple of spots in the rankings

# Important Challenges

“What are the key factors impacting your business at the moment?”



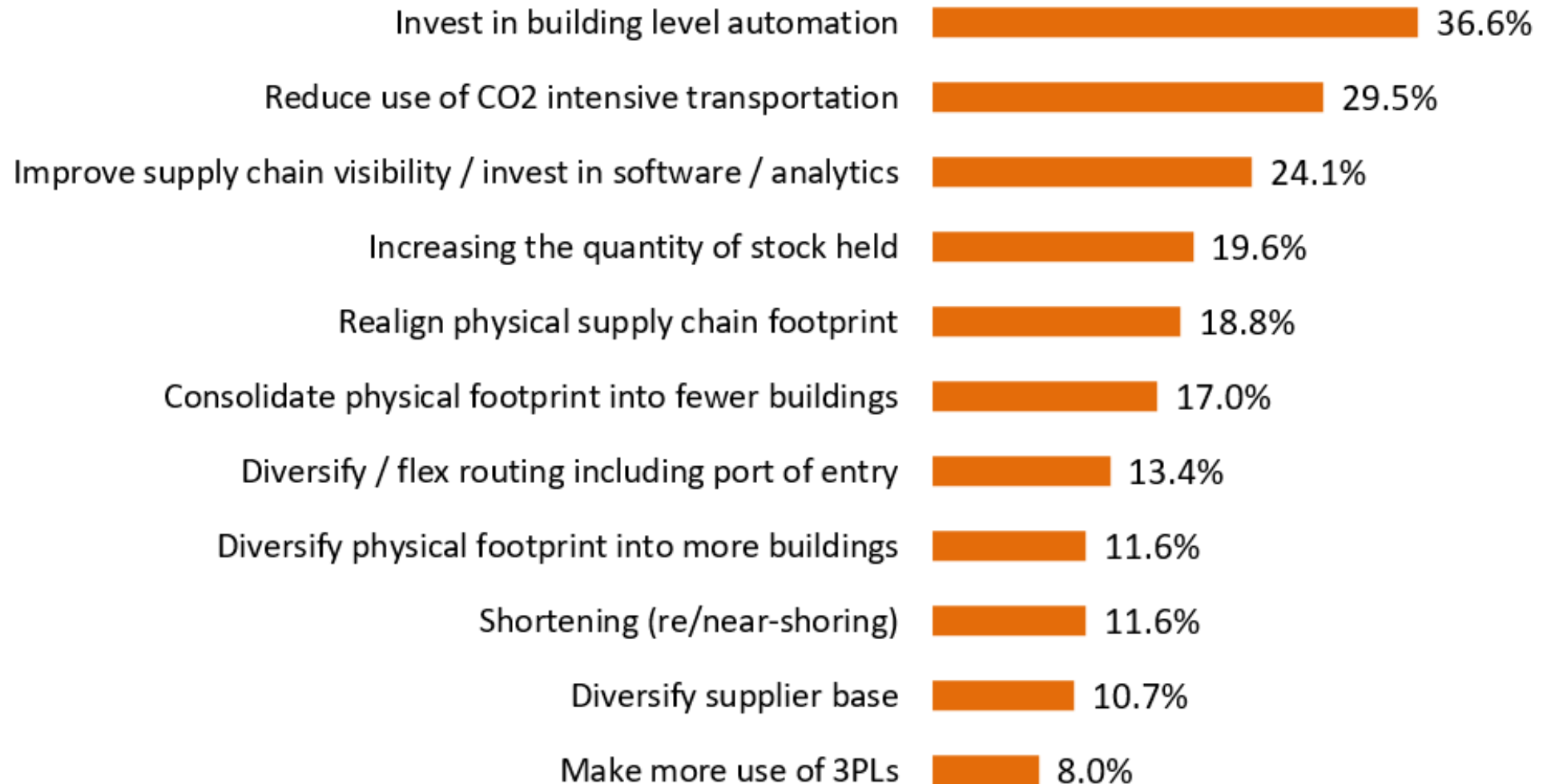
Ranking Occupiers Concerns Q4	2019	2020	2021	2022
Rising costs	2	9	2	1
Availability of labour	4	7	1	2
Customer demand for delivery	3	3	2	3
Covid-19 / Economic uncertainty	n/a	1	6	3
State of the retail market	5	5	10	5
Managing new retail channels	9	8	9	6
Availability of warehouse space	6	6	8	7
Brexit / International trade	1	4	5	8
More online purchases	6	2	4	9
Consumer price issues	8	10	7	9

Rising costs are, by a significant margin, the most important challenge facing occupiers

Managing the availability of labour remains a high priority whilst eCommerce growth is less of a challenge

# Supply Chain Strategy

“How do you intend to evolve your supply chain model over the next three (3) years?” (Share of respondents)



# Conclusions

1 Occupational market normalizing but supply remains low by historical standards

2 Trading conditions are tougher for all participants of the Census

3 Rising costs are the number one concern for occupiers

4 Resilience remains a key focus, particularly for manufacturers

# Panel Discussion



Ian Starling:  
Director of Real  
Estate



Phil Shepley:  
Vice President &  
Head of  
Commercial UK,  
Ireland and  
South Africa



Tom Leeming:  
Development  
Director

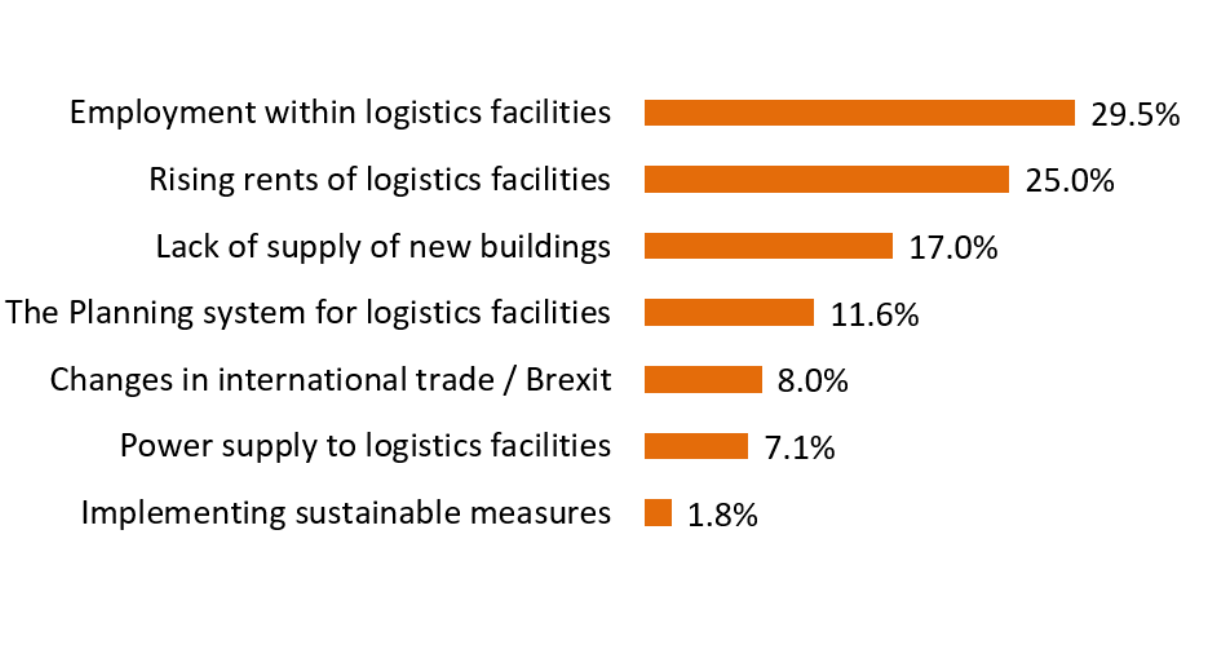


Richard Sullivan:  
Head of UK  
Industrial &  
Logistics



# Greatest challenges

“Excluding Covid, what is currently the greatest challenge facing the industrial & logistics sector?”



### Logistics

- 1 Employment
- 2 Rising Rents
- 3 Lack of Supply



### Retailers

- 1 Employment
- 2 Rising Rents
- 3 Lack of Supply

### Manufacturers

- 1 Rising Rents
- 2 Planning System
- 3 Lack of Supply

- Concerns over the availability and quality of warehouse staff are at their highest levels for five years
- Similarly, the share of occupiers rating the planning system as their greatest challenge is at its highest level

# Sustainable Supply Chains

“Which of the following sustainable measures would most appeal to your operations?”

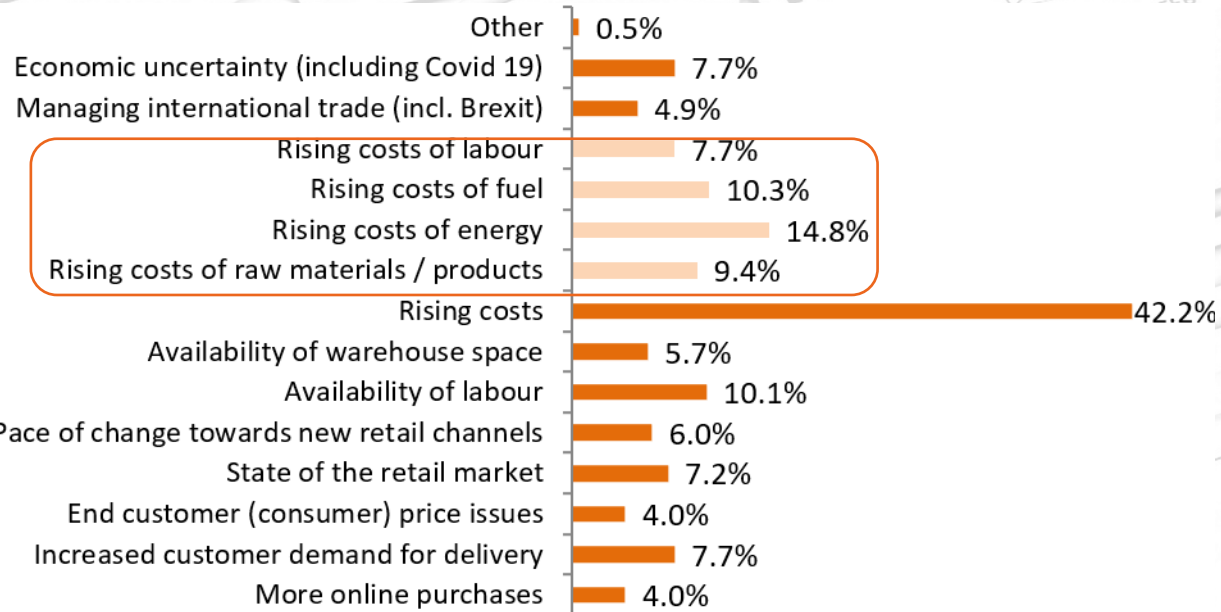
Rank in order 1 – 8 with 1 = most appealing

- |   |  |
|---|--|
| 1 | Green energy                                   |
| 2 | Onsite renewable energy generation and storage |
| 3 | Low carbon operations                          |
| 4 | Indoor environmental quality monitoring        |
| 5 | Electric van / truck charging points           |
| 6 | Grey water / rainwater harvesting              |
| 7 | Electric car charging points                   |
| 8 | Biodiversity                                   |

- Green energy and onsite renewable energy generation and storage were ranked, by some distance, as the two most appealing sustainable measures for occupiers, with biodiversity once again rating as a lower consideration

# Important Challenges

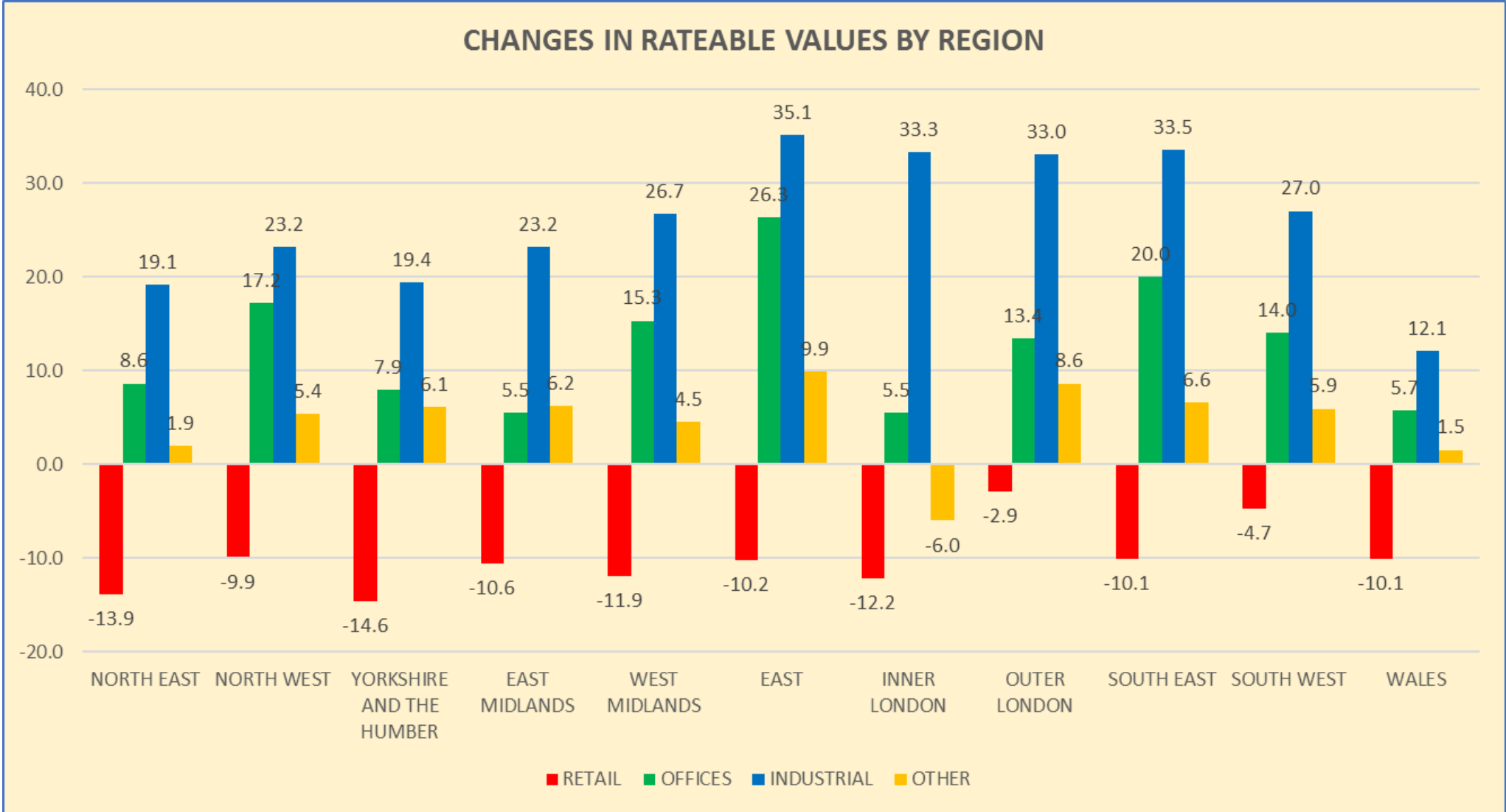
“What are the key factors impacting your business at the moment?”



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Rising costs are, by a significant margin, the most important challenge facing occupiers

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# Investment Plans for 2023

“Where will you focus your supply chain investment in 2023?”

Rank in order of importance 1-8, with 1= most important

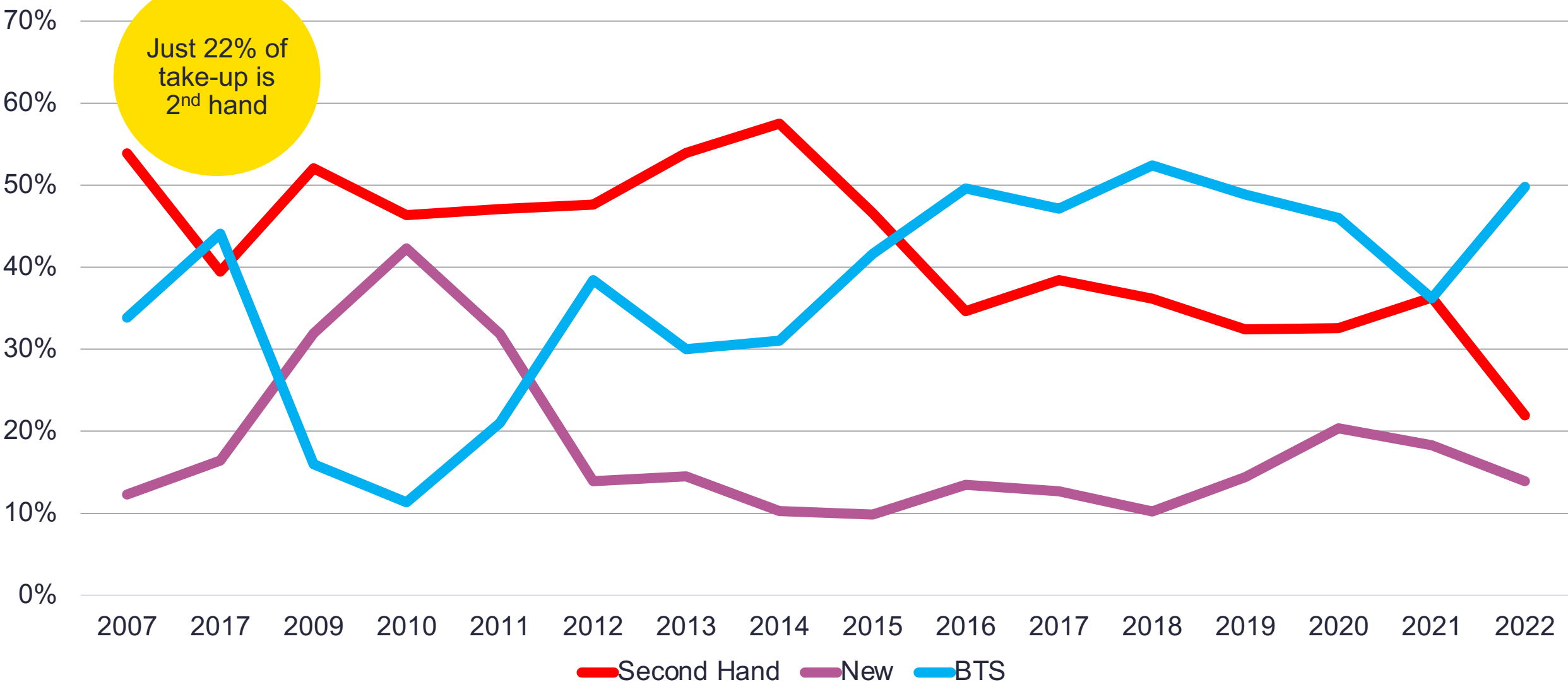
- |   |   |
|---|---|
| 1 | Improved supply chain visibility                      |
| 2 | Increasing efficiency and/or productivity             |
| 3 | Reducing costs  |
| 4 | Increasing resilience                                 |
| 5 | Improved risk management / reducing supply chain risk |
| 6 | Increasing speed to market                            |
| 7 | Reducing carbon footprint                             |
| 8 | Automating existing process                           |

- Improving visibility in supply chains and increasing efficiency / productivity are, by a significant margin, the top priorities for occupiers' investment plans in 2023

# BTS & spec take-up is growing at the expense of 2<sup>nd</sup> hand

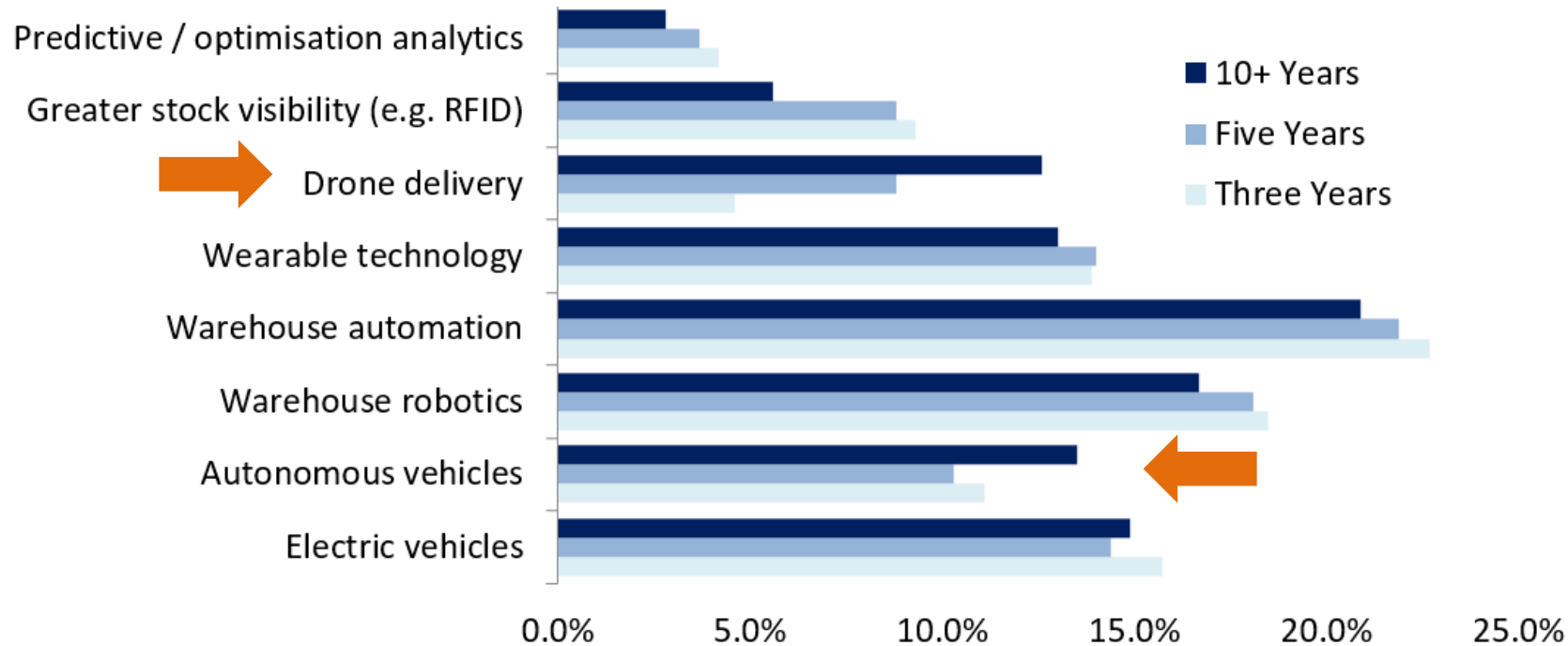


Just 22% of take-up is 2<sup>nd</sup> hand



# Impact of Technology on the Supply Chain

“Rate technological advances by the impact on the supply chain in the next three, five and 10 years”



## Biggest impact

- 1 Warehouse automation
- 2 Warehouse robotics
- 3 Electric vehicles

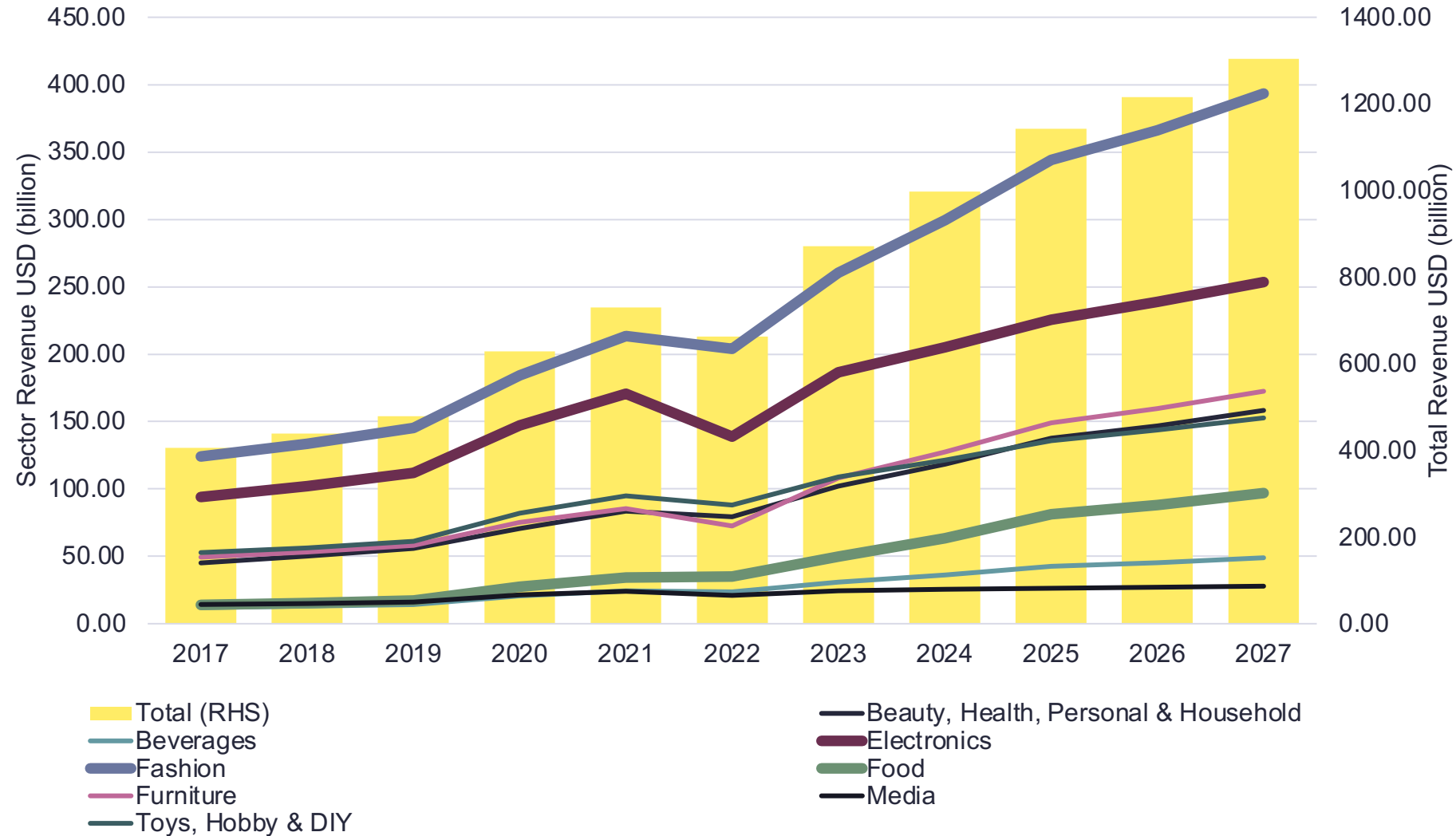
## Growing Importance

- 1 Drone delivery
- 2 Autonomous vehicles

- Warehouse automation, robotics and EVs will have the biggest impact on supply chains in the short, medium and long-term
- The use of drones and autonomous vehicles will have the biggest growing impact over the next decade

# The future of E-commerce

- Total revenue is expected to continue to grow over the next five years, despite economic headwinds (+49%)
- Fashion is projected to remain the highest sector in terms of revenue out to 2027.
- Food sector revenue is expected to almost double by the end of the period.





# Logistics Spotlight Event

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Keynote

Alastair Campbell

It's time to start the conversation.....

**Savills UK National Industrial and Logistics agency team is delighted to be supporting the *Baton of Hope* Charity in 2023.**

**Vision** – achieve a zero-suicide society

- Raise awareness, profile and combat head on the more than 6,000 suicide deaths per year in the UK, when many are preventable
- Objective - get more people talking openly about mental health and suicide, spot the signs, ask the right questions, listen without judgement and to make a difference.

**Savills commitment** –

support BoH throughout 2023 by:

- National and regional events and activities
- Raise profile and awareness
- Promote the adoption of a business charter
- Raise money and support from clients, contacts, competitors and colleagues

The logo for the Baton of Hope charity. It features a large, hollow square on the left side. To the right of the square, the words "BATON", "OF", and "HOPE" are stacked vertically in a bold, black, sans-serif font. "BATON" is the largest word, "OF" is smaller, and "HOPE" is the same size as "BATON".