

Storage space boom – Industrial warehouse construction is thriving

As the popularity of online shopping continues to increase, the demand for storage space has followed, with an estimated £3 billion worth of contracts outlined for the construction of industrial warehouses across the UK in 2018.

According to construction analysts Barbour ABI, the first three quarters of 2018 accumulated £2.2 billion worth of warehouse construction contracts (see figure 1.1), an impressive increase of £800 million compared to 2016 figures. With the demand for consumer goods continuing to grow and the competitiveness of delivery speeds being of the utmost importance in today’s retail market, businesses are looking for convenient storage space to fulfil these needs to carry on competing.

INDUSTRIAL WAREHOUSES CONTRACTS AWARDED



(Figure 1.1)

Looking at the figures from a regional perspective, the East and West Midlands lead the way with a combined £2.6 billion worth of warehouse construction since 2016, worth over £400 million more than any other region. The location of the two regions alongside its convenient motorway links and rail connections makes them an attractive option for businesses.

Michael Dall, Lead Economist at Barbour ABI commented, “Since the start of the decade the UK has seen ever increasing numbers of warehouses being constructed as firms re-aligned their offer to meet

the increasing propensity of consumers to shop online. From fashion to food, the need for more storage space to deliver to customers quickly and efficiently has resulted in a boom for warehousing construction.”

“With an increasing amount of shopping taking place online, we expect the number of warehousing construction contracts to continue to increase. In 2017 Barbour ABI recorded a 22% increase compared to 2016 and it is likely we will see a similar increase in 2018. With a number of these being Amazon warehouses, and considering the ambitious growth plans they have, this is clearly an area of construction that is primed for growth.”

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About Barbour ABI:

Barbour ABI is a leading provider of construction intelligence services. With a team of in-house research specialists and a dedicated economics team, it provides commercially relevant insight and unique analysis of trends and developments within the building and construction industry.

Barbour ABI is the chosen provider of Construction New Orders estimates data to the Office for National Statistics and partner of the Government’s Infrastructure and Projects Authority in providing the National Infrastructure and Construction Pipeline. Barbour ABI also provides data for independent organisations, such as the Construction Products Association.

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