
Hoarding for Brexit sparks race for warehouse space in Britain

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In a vast warehouse complex 40 miles north of London, staff are wrestling with ways to cram in more goods after a surge in demand from companies building stockpiles ahead of Brexit.

Efforts at Miniclipper Logistics to add new racks by narrowing the aisles are being duplicated across Britain as Brexit contingency plans spark a race for storage space. The company, which after adding a mezzanine floor and a temporary warehouse has 300,000 square feet of capacity, has already had to turn new business away.

“Almost every day we receive another inquiry regarding Brexit,” Sales Director Jayne Masters told Reuters. “We have customers queuing up to move goods in.”

The world’s fifth-largest economy risks stumbling into a disorderly exit from its biggest trading partner, the European Union, if parliament votes down Prime Minister Theresa May’s withdrawal agreement on Dec. 11.

Business leaders fear that would lead to border checks, blocked ports and major tailbacks on the roads, threatening the \$540 billion worth of goods that move back and forth between the two and damaging major companies such as GSK and Unilever.

As a result, companies from Rolls-Royce and Airbus to retailers, manufacturers and food and drink groups have all said they are building up stock ahead of Brexit on March 29. A closely watched industry survey showed stockpiling was one factor driving output in November.

But in an economy built on production cycles that run to the minute, and where storing stock wastes time and money, warehousing is in short supply and prices are rising.

Owners of frozen and chilled storage space say they are fully booked until the middle of next year. And the government has had to request more secure storage for medication be built after it discovered that an order for all drugmakers to hold six weeks of supply could not be met.

“This is introducing extreme stress into the system,” Mike Thompson, head of the

Association of the British Pharmaceutical Industry (ABPI), told Reuters.

According to the Bank of England, large corporates are more active than small in preparing for up to a month of disruption.

Companies are seeking space for around six months to one year, enough to see them through Britain's departure, but much less than the normal contracts of five years.

And the type of space is also changing. Where firms normally want racks so they can access components as needed, many now want them removed so they can bulk-stack finished product from the floor up.

Adrian Colman, the head of Britain's largest logistics firm Wincanton, said customers started asking for extra space around three months ago to store finished product, spare parts for their factories and raw materials including packaging.

With around 20 million square feet of warehouse space under control in the UK, Colman has never seen such a collective move by manufacturers to secure storage. "Companies are trying to do what they can without breaking the bank," he said.

Charlie Pool, head of online warehouse marketplace Stowga, says there is enough ambient storage in Britain. It just might not be in the right location, increasing costs for business.

"Any company that dithers is increasing their costs," he said. "They may not end up in the right location, and prices are going up."

According to Stowga, the national average price has risen from around 1.85 pounds per pallet per week in September to over 2 pounds now. In London, that price is much higher. Where Stowga traditionally dealt with small and medium-sized companies, in the last month they've been working with big household names.

The surge in demand for storage space, spurred by a groundswell of protest against May's deal in parliament, has coincided with the Christmas rush.

One Miniclipper warehouse was 99.9 percent full last month. Reaching 15 meters up to the eaves, it holds pallets of air conditioning equipment, sportswear, toiletries and health foods.

As much of that moves out for Christmas, customers are booked to move Brexit stockpiles in. Masters said that while businesses traditionally used one logistics provider, they were now ringing around multiple sites to find space. "We haven't ever had this many inquires for new business," she said.

(Reuters)