

United Kingdom Warehousing and Distribution Logistics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The UK warehousing and distribution logistics market is expected to witness a CAGR of 7% during the forecast period.

As COVID-19 made its way around the world, global supply systems were disrupted, throwing supply and demand entirely out of balance. As a result, warehouses and distribution centers were all affected in the United Kingdom. However, the pandemic's impact has forced new assessments of and action on everything from the degree of automation and advanced software required. Industry revenue is expected to expand during the forecast period backed by the easing of lockdown restrictions, improving economic conditions, and therefore boosting demand in the market.

The United Kingdom is experiencing a record-breaking boom in the construction of massive sheds to serve the soaring increase of internet shopping during the pandemic. Nearly 37 million square feet (3.4 million square meters) of warehouse space was slated for construction in 2021, up from 23 million square feet in 2020 and 21 million square feet in 2019.

E-commerce continues to drive demand for warehouse expansion, but new warehouses are also needed to support the development of innovative technologies and sustainable energy. The UK warehousing sector is anticipated to continue strong for the foreseeable future.

UK Warehousing & Distribution Logistics Market Trends

E-commerce Growth Driving the Warehouse Development

In 2021, 40 million square feet of new warehouse space in developments larger than 50,000 square feet was completed, up from

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the 20 million square feet finished in 2020. This indicates that retailers' long-term strategic planning in response to e-commerce expansion has resulted in an increase in development activities.

Vacant warehousing remains low in the UK, with only 46 million square feet of space available, or 10 months' worth of supply at current take-up rates. Due to strong demand, the availability of space, particularly high-quality space, decreased throughout the course of 2021, fueling development.

In 2020, online sales accounted for 27.9% of total retail sales, while e-commerce penetration rates hit a new high of 36.3% in January 2021. Retailers and distribution companies have reacted by aggressively scaling up their operations and expanding delivery services, with warehouse take-up exceeding 50 million square feet in 2020.

According to estimates, every USD 1.1 billion in online sales requires 1.36 million square feet of warehouse space. Online sales increased by USD 37.83 billion Y-o-Y in 2020 and are expected to further increase by USD 45.6 billion over the next four years, demanding more warehouse capacity.

Increased Use of Warehouse Automation

In the United Kingdom, the adoption of automation in warehouses and distribution centers has accelerated due to rising e-commerce activity and the long-term impact of the COVID-19 pandemic.

Brexit resulted in a massive departure of EU nationals employed in the UK logistics industry. There is currently a scarcity of trained Heavy Goods Vehicle (HGV) drivers and Material Handling Equipment (MHE) operators within the space. Industries continue to count on automation to meet demand with their limited workforces.

The situation with the UK labor shortages is said to have worsened in the last 18 months as a result of challenges associated with the pandemic. This, combined with an increase in e-commerce activity, has prompted more industries to adopt automation technology to increase productivity while maintaining social distance.

It is not just labor that is in short supply, the United Kingdom is struggling for space, with more distribution centers needed to meet the demand created by an e-commerce boom and the grocery sector. With the scarcity of land and labor, automation is becoming even more valuable to UK warehousing firms.

UK Warehousing & Distribution Logistics Market Competitor Analysis

The UK warehousing and distribution logistics market is highly fragmented, with the domination of global and regional players. Some of the major players include DHL, DB Schenker, and CEVA Logistics. With a high number of companies operating in the market, the competition is very high. To gain a competitive edge over others, many players have started inducing new technologies like supply chain integration. The market is highly competitive, with players competing and partnering to gain a substantial market share.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

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- 1.1 Study Deliverables
- 1.2 Study Assumptions
- 1.3 Scope of the Study

2 RESEARCH METHODOLOGY

- 2.1 Analysis Methodology
- 2.2 Research Phases

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Current Market Scenario
- 4.2 Value Chain / Supply Chain Analysis
- 4.3 Technological Developments in Warehousing
- 4.4 Government Regulations
- 4.5 Insights into Warehousing Rents
- 4.6 Insights into General Warehousing
- 4.7 Insights into Dangerous Goods Warehousing
- 4.8 Insights into Refrigerated Warehousing
- 4.9 Insights into Effects of E-commerce Growth
- 4.10 Insights into Free Zones and Industrial Parks
- 4.11 Impact of COVID-19 on the Market

5 MARKET DYNAMICS

- 5.1 Market Drivers
- 5.2 Market Restraints
- 5.3 Market Opportunities
- 5.4 Industry Attractiveness - Porter's Five Forces Analysis
 - 5.4.1 Bargaining Power of Buyers/Consumers
 - 5.4.2 Bargaining Power of Suppliers
 - 5.4.3 Threat of New Entrants
 - 5.4.4 Threat of Substitute Products
 - 5.4.5 Intensity of Competitive Rivalry

6 MARKET SEGMENTATION

- 6.1 By End User
 - 6.1.1 Manufacturing
 - 6.1.2 Consumer Goods
 - 6.1.3 Food and Beverage
 - 6.1.4 Retail
 - 6.1.5 Healthcare
 - 6.1.6 Other End Users

7 COMPETITIVE LANDSCAPE

- 7.1 Market Concentration overpower
- 7.2 Company Profiles
 - 7.2.1 DHL

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- 7.2.2 Kuehne + Nagel
- 7.2.3 CEVA Logistics
- 7.2.4 DB Schenker
- 7.2.5 Rhenus Logistics
- 7.2.6 Wincanton PLC
- 7.2.7 Yusen Logistics
- 7.2.8 Fullers Logistics
- 7.2.9 Apex Logistics
- 7.2.10 Expeditors
- 7.2.11 CDL Logistics
- 7.2.12 Whistl*

8 FUTURE OF THE MARKET

9 APPENDIX

- 9.1 Macroeconomic Indicators (GDP Distribution, by Activity, and Insights on Capital Inflows)
- 9.2 External Trade Statistics - Exports and Imports

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