

Market sizing the UK Cold Chain

Presentation of findings

23rd October 2020



Agenda

1 Savills

2 Context

3 Presentation of findings

4 Next steps



ACQUISITIONS,
SALES &
LEASING

RESIDENTIAL
MIXED USE

ENERGY &
POWER



LEASE
ADVISORY



Savills

Wider Logistics
Working Group

FUNDING
DEVELOPMENT
& INVESTMENT

CORPORATE
REAL ESTATE

BUILDING
CONSULTANCY &
PROJECT
MANAGEMENT

PLANNING

PROPERTY
MANAGEMENT

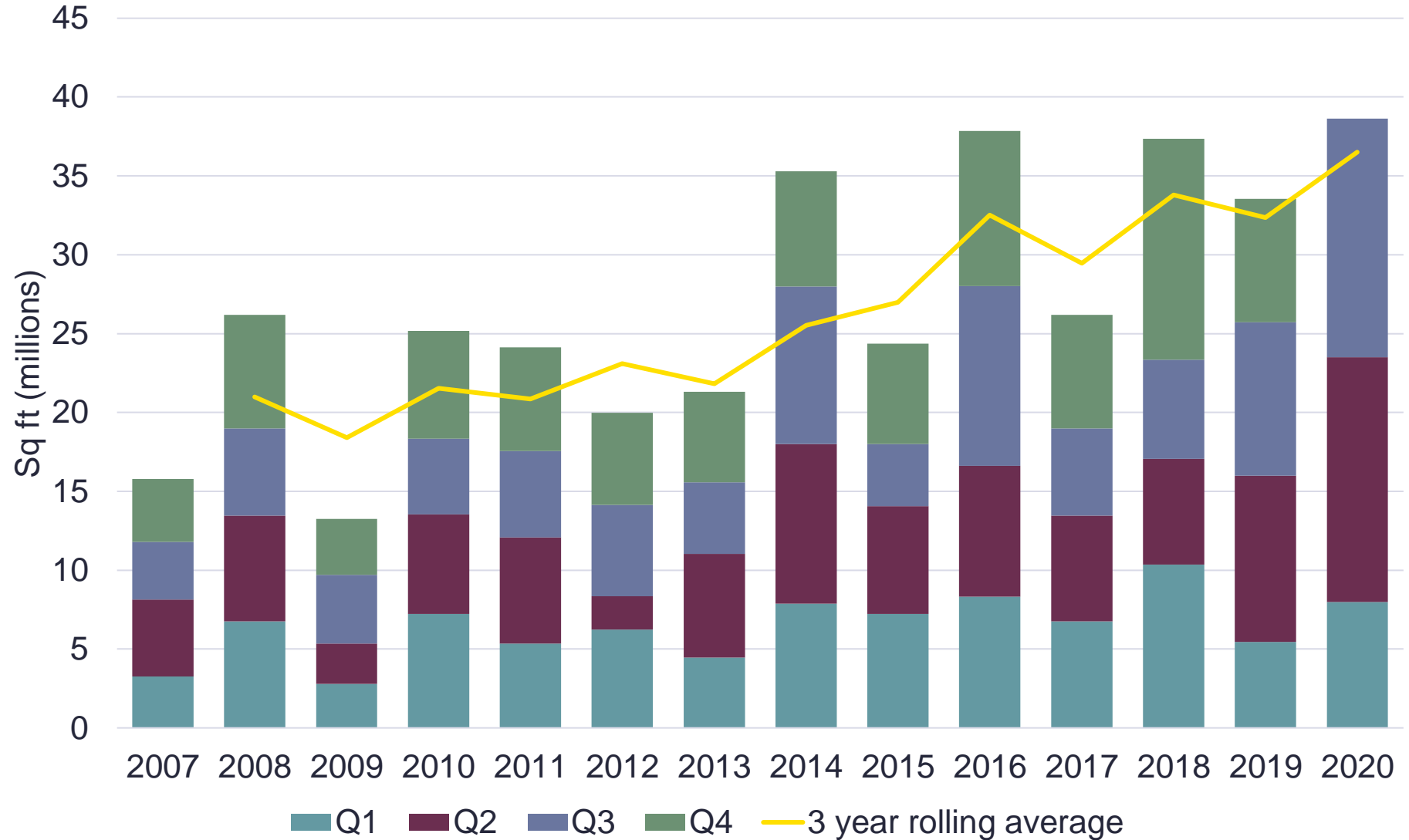
RETAIL
LOGISTICS

RESEARCH &
MARKET
ANALYSIS

RATING

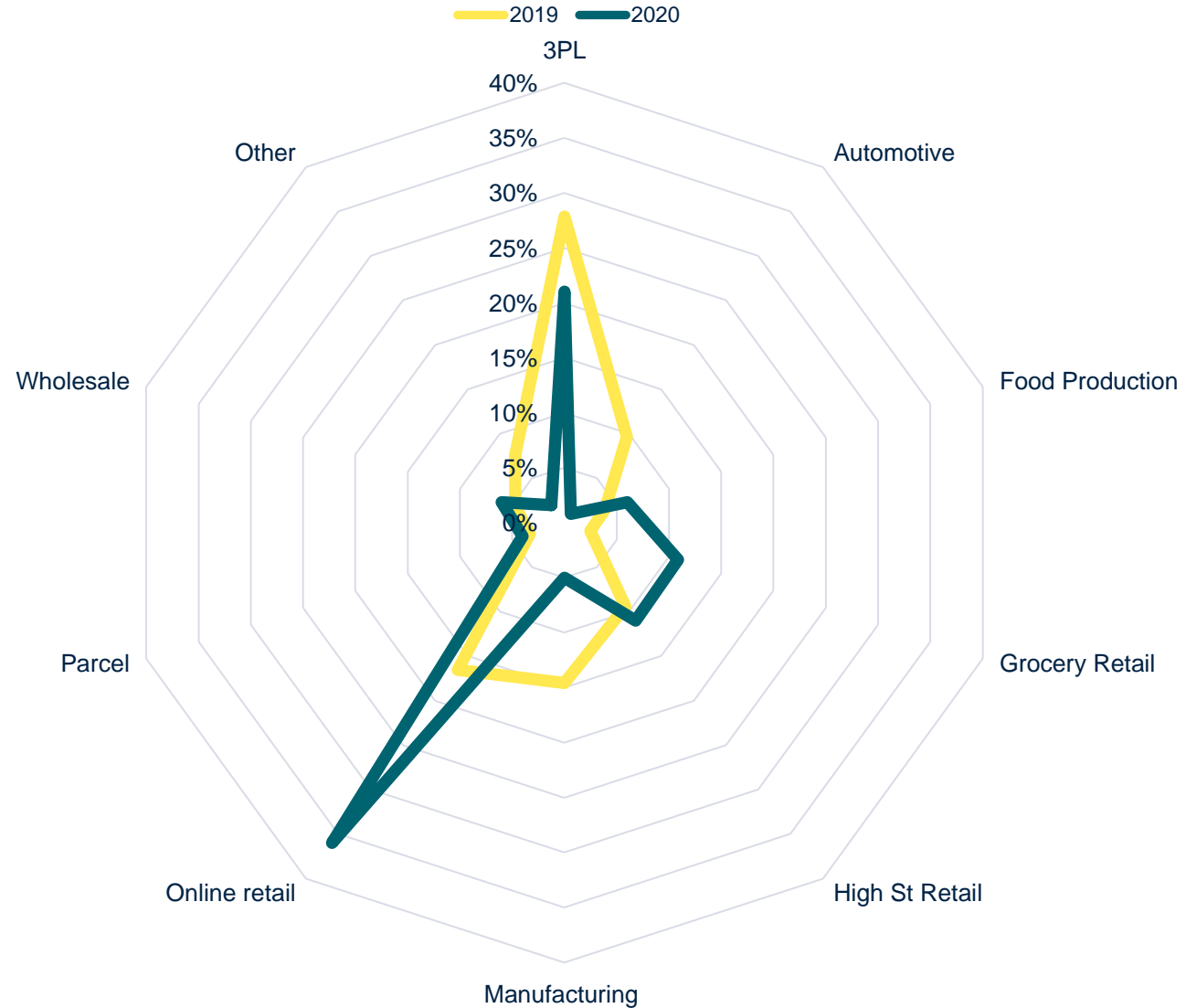
Best ever year for take-up surpassing 2016's total

- Take-up in 2020 has totalled 38.6 million sq ft, 3.6% above 2016, the previous highest record.
- In 2020, 54% of take-up has been built-to-suit, 26% of space transacted has been second hand and 19% has been speculatively developed space.
- In 2020, 29% of the total take-up has been from Amazon.
- 5.5m sq ft (14% of take-up) of deals are for lease lengths under 5 years of which 2.8m sq ft (7% of take-up) is for lease lengths 12 months or less

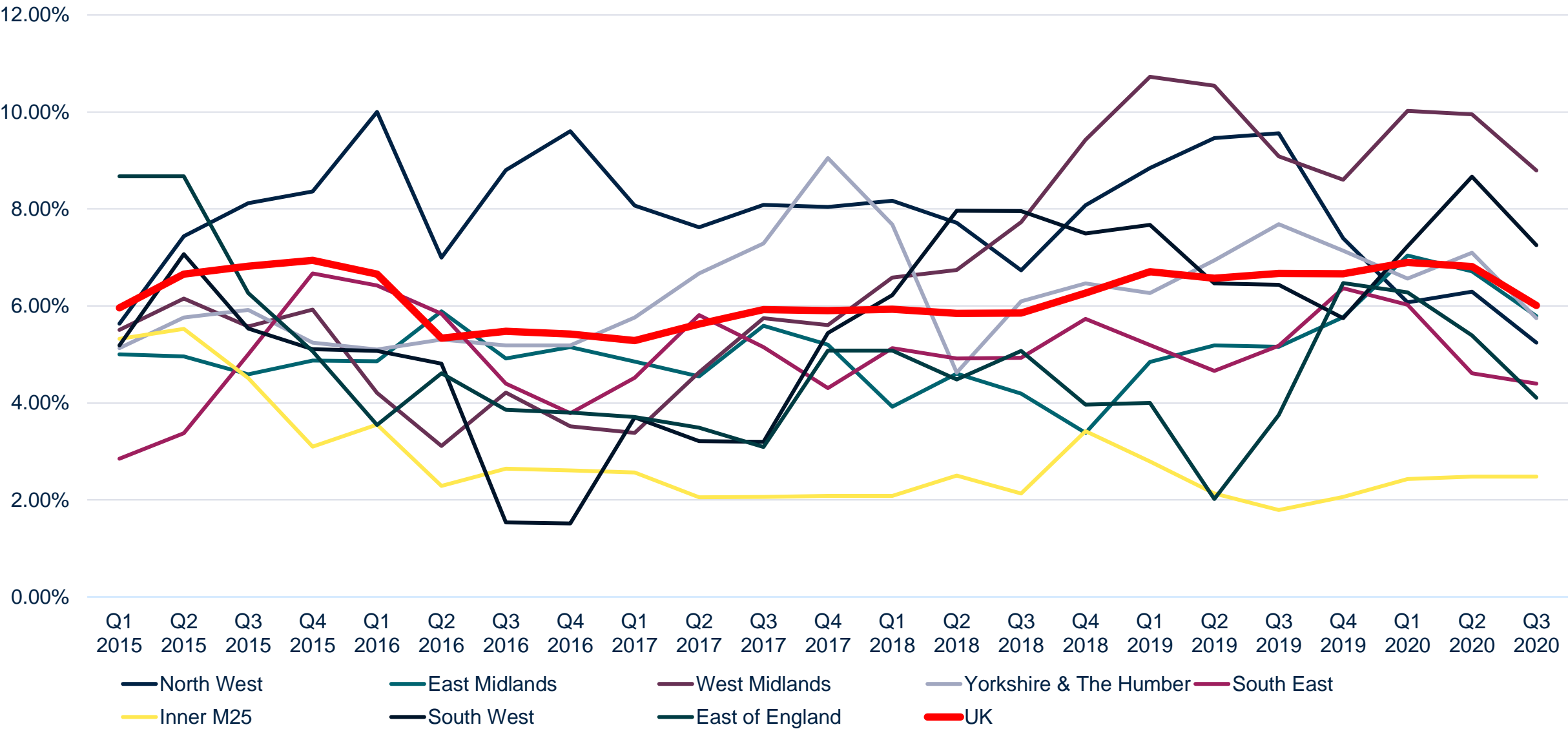


3PL's were dominant in 2019, online retailers are leading in 2020

- In 2020, 36% of space transacted has been from online retailers. 3PL's have accounted for 21% of space transacted followed by Grocery Retailers and High Street Retailers accounting for 11% of take-up each.
- **16.7 million sq ft of cold storage space is under construction or being fitted out**



When vacancy falls.....rents rise!



A red hot property sector

TRD The Real Deal

Investors heat up cold storage market

Investors heat up cold storage market. Providers like Lineage Logistics and Americold have seen large cash infusions during pandemic. TRD ...

1 week ago



WSJ Wall Street Journal

The Hot New Real-Estate Investment Is in Keeping Food Chilled

Cold-storage warehouses, which are similar to industrial warehouses but are refrigerated to store goods that need to remain fresh or frozen, ...

2 weeks ago



W The Think Curiouser

Global Cold Storage Software Market 2026 : AWS, Mimecast ...

... developments in the market ecosystem that thoroughly determine high potential investment returns in Global Cold Storage Software market.

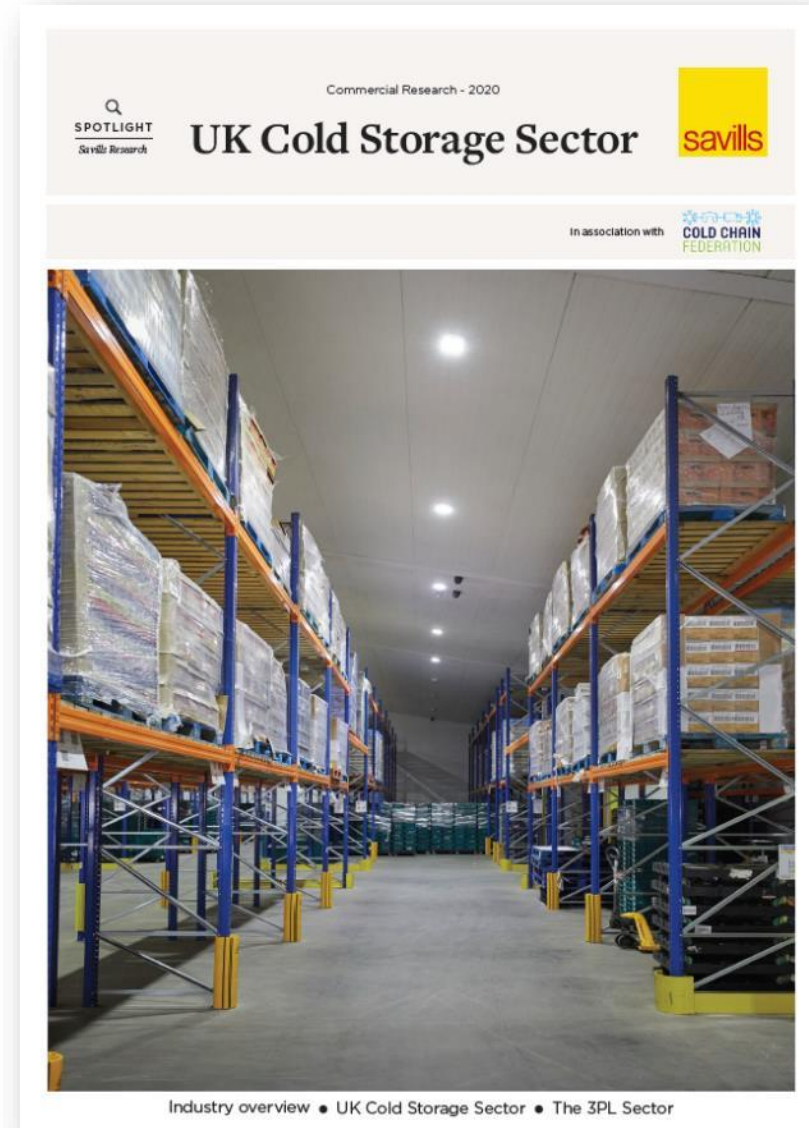
2 hours ago

Exam Question:

How much cold storage space
is there in the UK?

Where is it?

Who occupies it?



Definitions

Third Party storage – ‘Public’ cold stores operated by independent third party logistics providers. These warehouses serve a range of chilled and frozen customers from farmers to retailers.

Retail and Food service – ‘Private’ cold stores operated by major retailers and food service providers, eg. Regional Distribution Centres and other delivery hubs

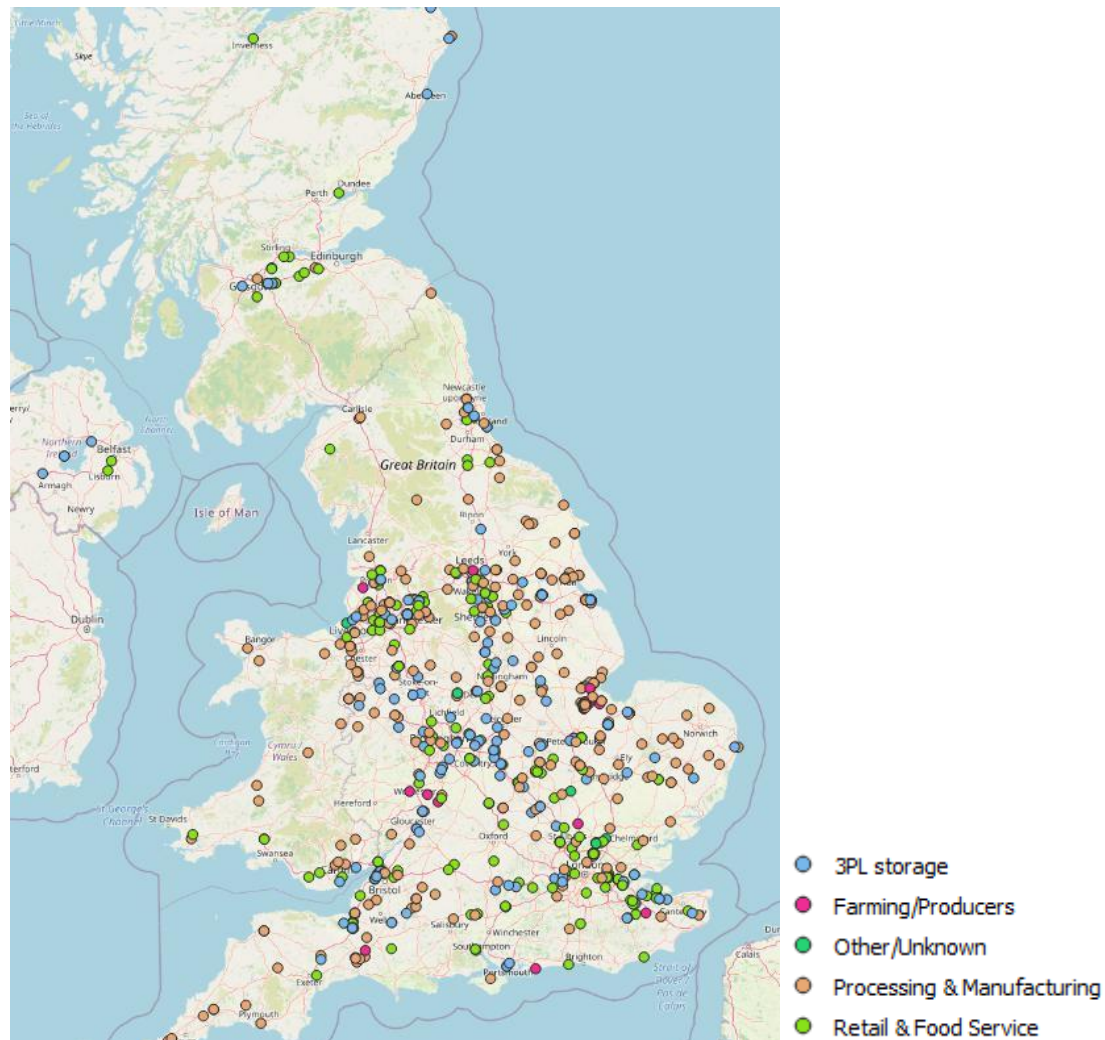
Processing and manufacturing – ‘Private’ facilities associated with the manufacturer or processing of temperature controlled products. Eg. meat and fish processing, or convenience food manufacture

Farming and Producers – ‘Private’ facilities on farms associated with the storage of fresh produce after picking. Eg. fruit and vegetables

Other – Vacant facilities or specialist warehouses.



Headlines

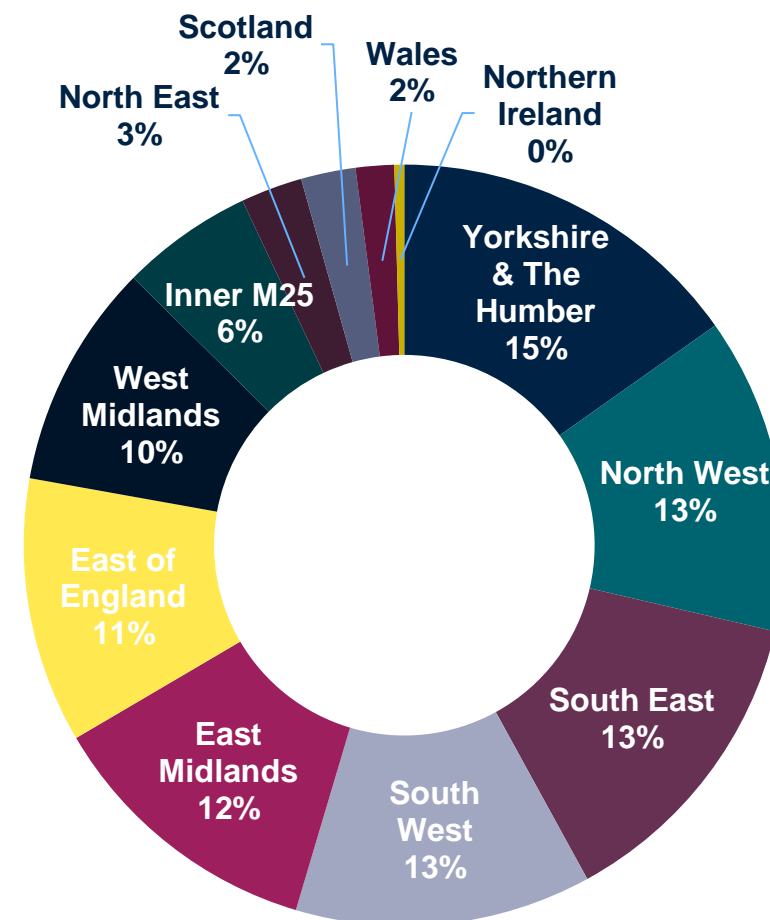
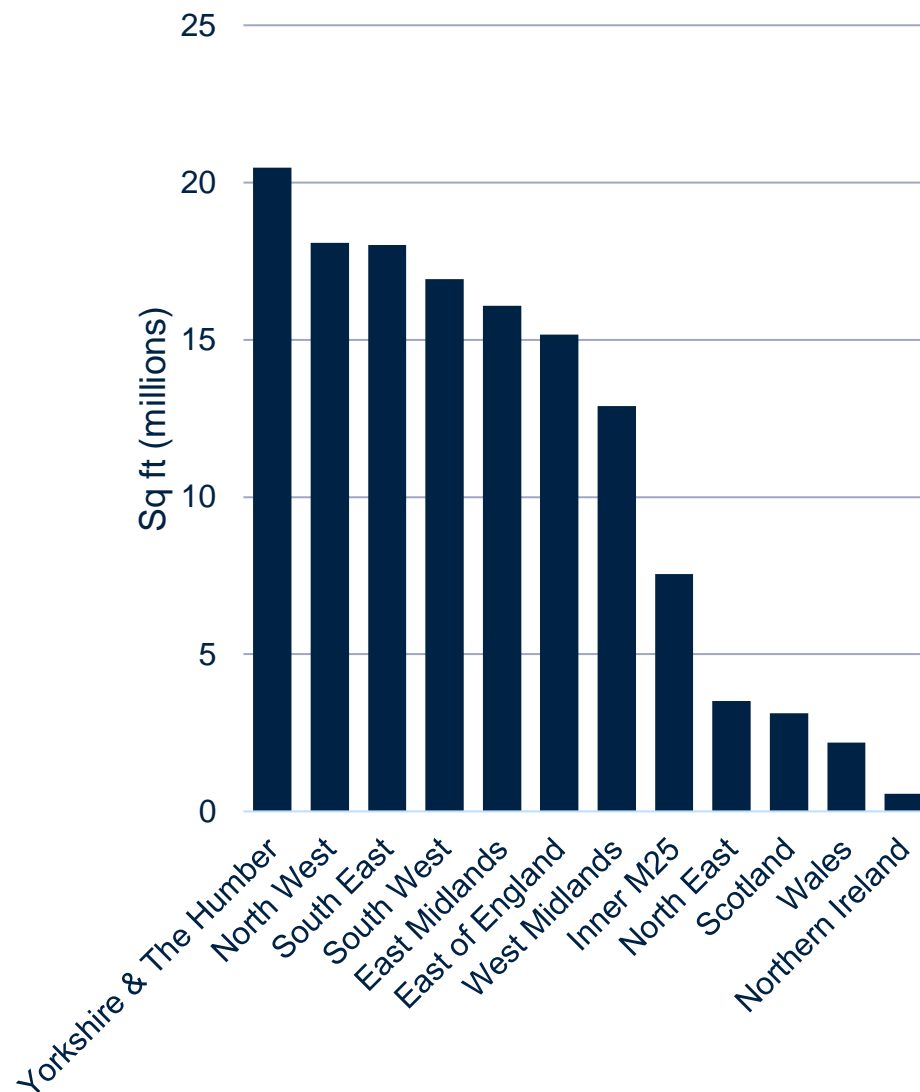


678 units over
50,000 sq ft

134m sq ft

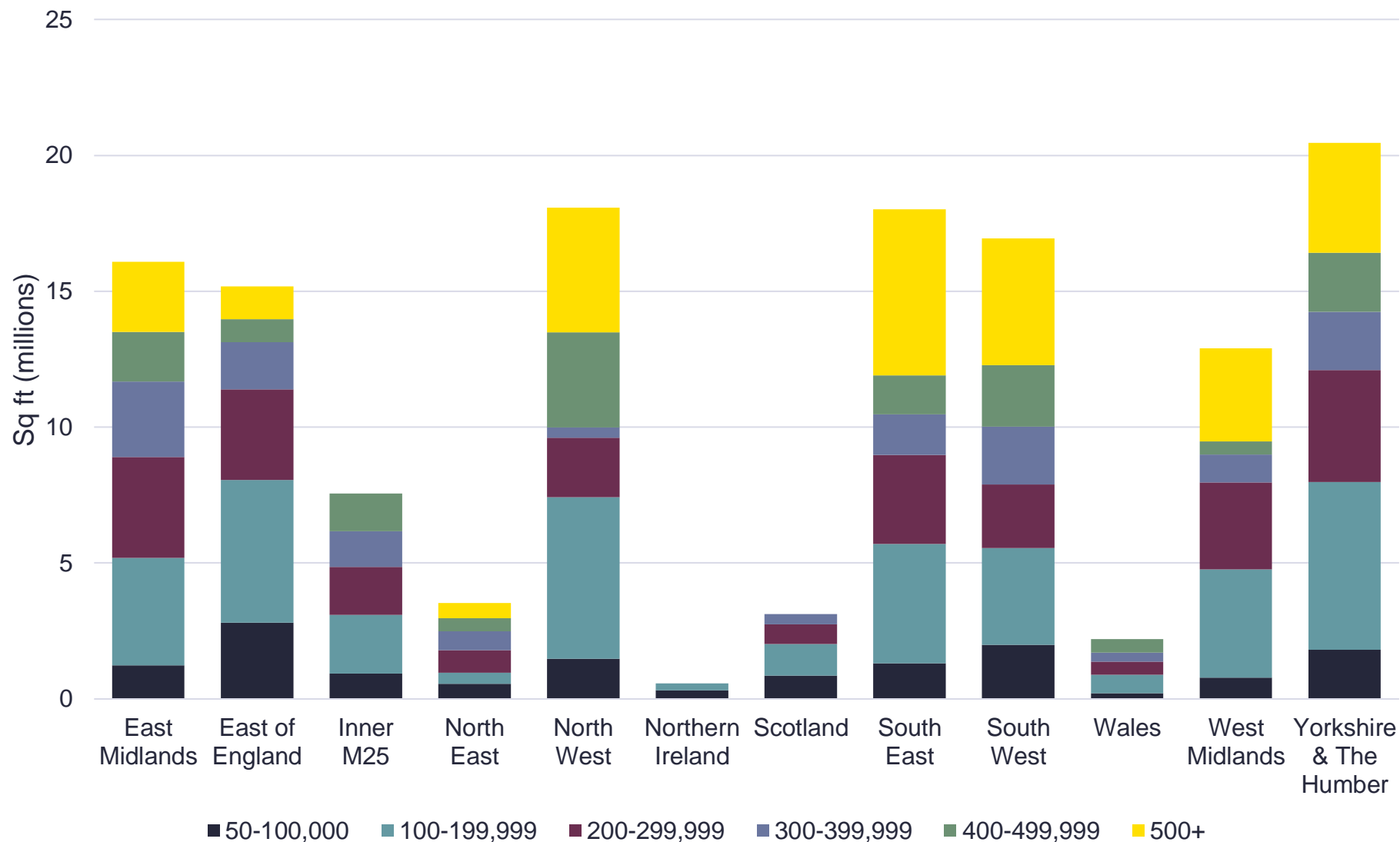
Cold storage warehouses by region

- Our sample has identified 678 units over 50,000 sq ft with a significant portion given to cold storage
- This equates to 134m sq ft of warehousing of which there is 48m sq ft given over to cold storage
- Yorkshire is the region that has most cold storage with 20.4m sq ft, equating to 15% of the total proportion



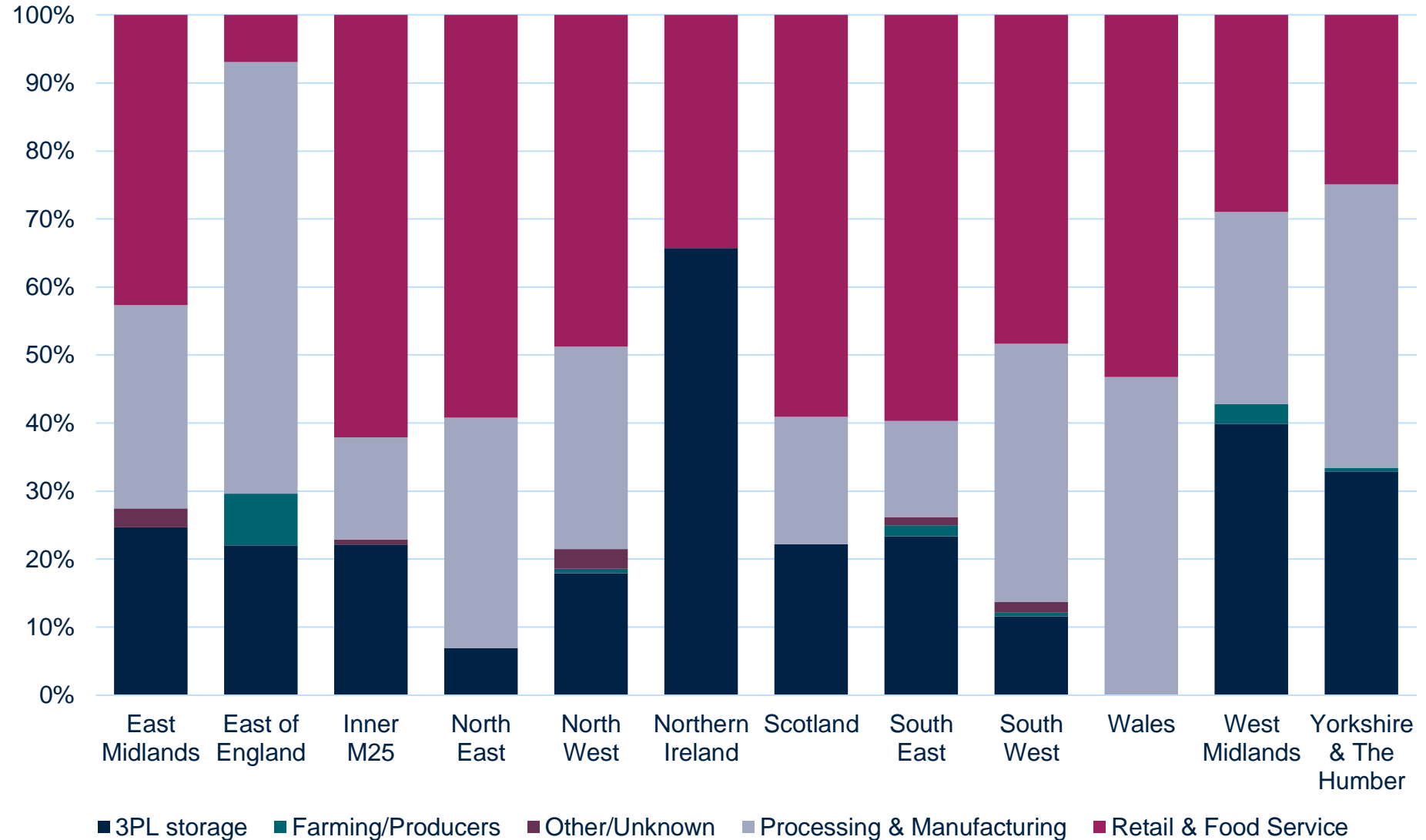
Cold storage by region and size

- By unit count the most prevalent size band is the 100,000 to 200,000 sq ft category with 265 units or 39%
- The SE has proportionally more units over 500,000 sq ft than any other region where 10% of the stock falls into this category



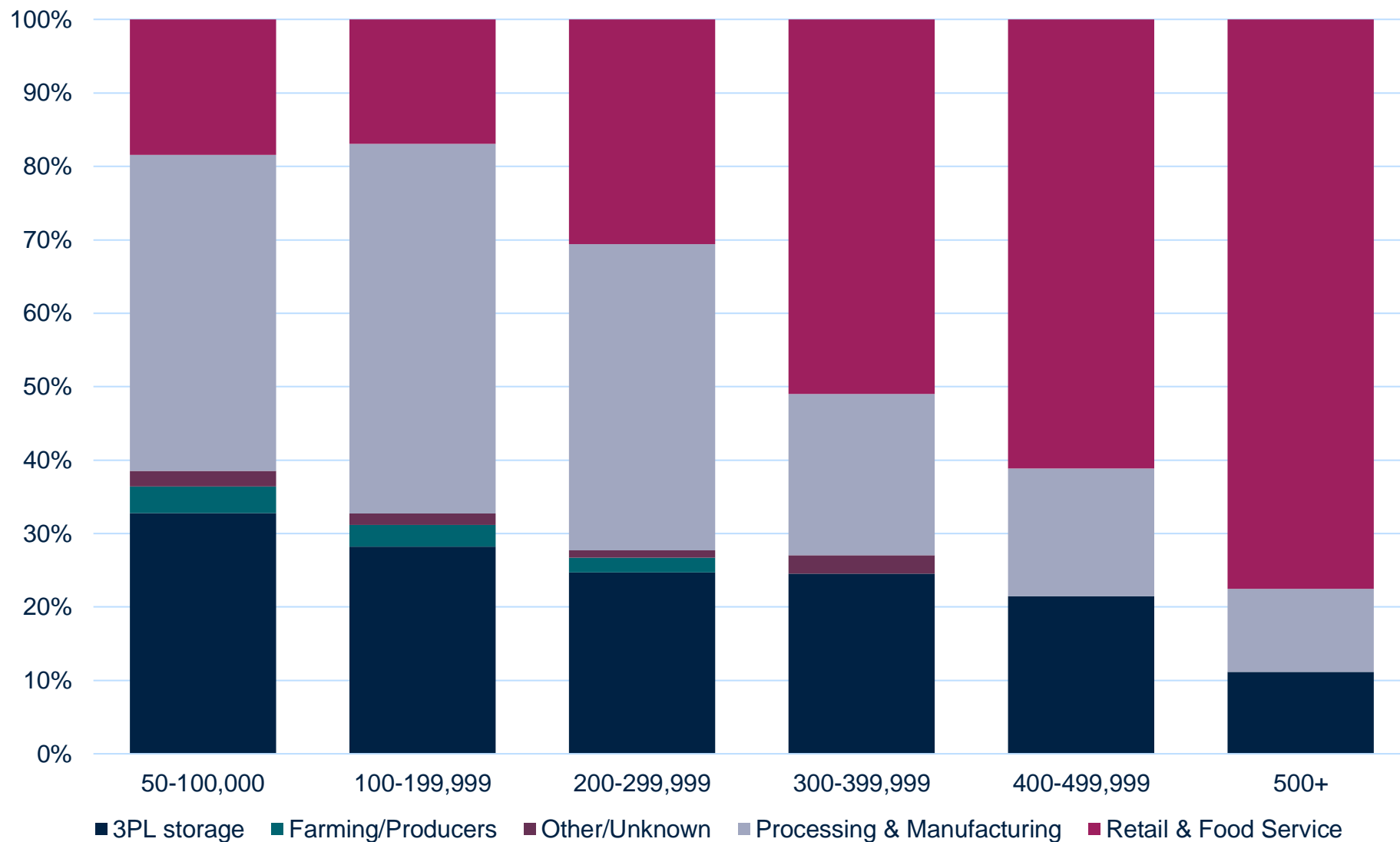
Cold storage units by region and unit type

- By unit count 42% of the units are classified as processing & manufacturing facilities.
- However by floorspace 63% of the space is either retailer or 3PL distribution
- In London and the SE 60% of the floor space is retailed to retailer distribution where as in the East of England 63% of the floor space is related to processing & manufacturing



Cold storage units by size and unit type

- In the 500,000 sq ft + category over 70% of the units are occupied by retailers
- In the smaller size bands the dominant occupiers are processing & manufacturing occupiers



The 3PL sector in focus

- Of the 678 units identified in the UK 181 are occupied by companies in the 3PL sector, accounting for 31.5m sq ft
- Yorkshire being the region with the most units (34) and also the highest floorspace (6.7m sq ft).
 - Other regions with a high concentration of 3PL occupied units are the West Midlands with 27 units (15% of the total), the South East with 23 units (13% of the total) and the East Midlands with 19 units (10% of the total).
- The majority of space occupied by 3PL's is in the smaller size ranges with 74% of the space occupied being under 200,000 sq ft.
- Just 7% of the units occupied by 3PL's are over 400,000 sq ft but this reflects 20% (6.2m sq ft) of the entire floorspace occupied by 3PL's.



Next steps

- Revisit the data in 2021 to add more detail covering
 - Unit age
 - Unit height
 - Refrigerant in use
 - Maintain database with new and planned facilities
- Your suggestions!

