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## Space at a Premium

*In this month's article from the Automated Material Handling Systems Association (AMHSA), Derek Scott, Project Sales Manager for Davicon Mezzanine Floors, looks at the challenge of finding sufficient warehouse space.*

**R**ecent research shows that an inadequate supply of warehouse space will continue to put increasing pressure on internet retailers and distributors up to the end of the decade and beyond.

### Supply and demand

Research undertaken jointly by Savills, the global real estate group, and the United Kingdom Warehousing Association (UKWA) showed that in 2009 – just before the financial crisis hit – there was 100 million sq ft of warehouse space available on the market. Today that has fallen to just 30 million sq ft, a reduction of 70%. Meanwhile, take-up of warehouse space is increasing, according to recent analysis by Savills, and was above average for the first quarter of 2016. Take-up reached 7.1 million sq ft, which is both a 19.5% increase on the last quarter and 26% higher than the long-term first quarter average of 5.7m sq ft. These first-quarter figures dashed fears of a Brexit-inspired slow-down in warehouse demand; it remains to be seen, however, what the actual results of Brexit will be.

The recent Industrial & Logistics Market Report by property consultancy Lambert Smith Hampton, predicted that – even if current elevated levels of new development continued – retailer and distributor needs for warehouse space would exceed the country's available stock by 25 million sq ft by 2020. The report concluded that an unprecedented increase in construction would be required in the next few years to enable internet retailers to continue to fulfil orders.



### The mezzanine solution

All of this means that mezzanine floors are an increasingly attractive option for companies experiencing growth and needing more space for production, distribution or administration. This option is, of course, much cheaper and less disruptive than relocation and may also have other significant advantages. Firstly, it is important to consider companies' employees, who often have skills and experience that are critical to their operations. If a firm relocates – even a relatively short distance away – it cannot guarantee that key staff will want to move home or travel further to work. Staying put and installing a mezzanine floor will not create any staffing problems. In fact, having more usable floor space could improve staff retention, as employees tend to place a high value on working in a high-quality environment with sufficient space for canteens, lockers, training rooms and perhaps even a leisure area such as a gym.

Extra floor space can also improve the quality of a company's output. It may be that the business can be consolidated by bringing operations into one streamlined facility. Departments

such as accounting, sales and marketing may have drifted off site to remote offices to make room for core operations. Bringing everything back under one roof could promote efficiency and communication.

## Looking up, not out

For companies on a growth path, it will generally pay to look up rather than out. Many organisations will find that there is considerable space available in their existing building – it's just not on the floor! For example, the loading bay is usually populated by low-lift pallet trucks that do not need the headroom of, say, a reach truck, so there is free space above this area. In most warehouses, it is possible to expand vertically and add one or two new levels. In fact, it is possible in some cases to double the existing floor area and often a mezzanine floor can be installed without the need for a full planning application.

It may also be the right time to add some automation to the goods-handling process. The current trend is to introduce, where possible, goods-to-man picking, – limiting pickers' movements rather than requiring them to roam around the site looking for order lines. Automation allows conveyors and

lifts to transfer goods between floors with sortation, picking and packing taking place more efficiently over multiple levels. In addition, as a solution to the need for extra working space, building a mezzanine floor is by far the quickest in terms of time – and time is money!



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