



Sheds and
Logistics
Development
Conference

Sheds and Logistics Development Conference

Conference Report

Thursday, 19th September 2019
MK Dons Stadium, Milton Keynes

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Foreword



Keith Griffiths,
Managing Director,
Built Environment
Networking

Senior players from one of the UK's most important sectors delivered an excellent day of content as part of our Sheds and Logistics Development conference which took place in the heart of British logistics- Milton Keynes.

It has always been my ambition to put on an end user focused event within the realm of this sector and our audience heard some of the most straight talking, honest and forthright opinion from our diverse array of panellists, ranging from market leaders such as Prologis to last mile specialists such as Network Rail. We were delighted to welcome 300 expert delegates who posed some superb probing questions and stimulated high quality debate.

Much of the day focused on the impact new tech will have on future development's and jobs with contrasting ideas on how to adopt new methods and collaborate with other sectors. Our audience were privy to new details on forthcoming major development schemes with

insight on how they can help deliver them or address some of the challenges that the sector faces.

As you will read in this report, as always at a Built Environment Networking conference there were plenty of opportunities to engage with the speakers as they openly roamed the room to interact with guests- quite a unique feature of our full programme of events.

We are already planning 2020's event which will take place again in Milton Keynes and will feature yet more of the major companies which comprise this unique sector. As always, we welcome partnership involvement from anyone wanting to raise the profile of their company or position themselves as market leaders. Please get in touch with me if you are interested!

**Until next time,
Keith**

keith.griffiths@built-environment-networking.com



From the Keynote



Pam Gosal

Head of Economy & Culture, Milton Keynes Council

[@mkcouncil](#)

MILTON KEYNES HAS ROOM FOR LOGISTICS, SAYS COUNCIL

Milton Keynes has land available for warehouse and distribution developments, a senior official at the council told our Sheds & Logistics Development Conference.

Head of Economy and Culture at Milton Keynes Council Pam Gosal used her keynote presentation to outline progress on the development of the UK's largest new town.

She said that Milton Keynes still has land, including sites that the council owns itself.

And while the council's local plan has only just been adopted, Gosal said Milton Keynes has already started revising its development blueprint, partly in a bid to ensure that it has an adequate supply of sites for the area's booming logistics sector.

However Gosal said the 'very low unemployment rate' in Milton Keynes, where the number of jobs outstrips the working age population, is a 'challenge' for businesses locating there.

Milton Keynes, which is already one of the UK's fastest growing major settlements, is looking to double its population from the current level of 258,000 by 2050.

Gosal also revealed that the South East Midlands LEP (SEMLEP) is working with nearby based Cranfield University to establish a centre of excellence for the technological challenges facing the logistics sector.



Freight, Logistics & Economic Growth

Panel Members:



Chair: Phil Laycock

Director, Built Environment
Networking

[@BENetworking](#)



Danielle Sheppard

Investment Director,
Barwood Capital

[@barwood_capital](#)



Fraser Green

Senior Portfolio Manager,
Aberdeen Standard
Investments

[@ASInvestments](#)



Sue Terpilowski OBE

Chair of Public Policies
Committee, Chartered
Institute of Logistics and
Transport

[@ciltuk](#)



Rod McKenzie

Managing Director, Policy
and Public Affairs, Road
Haulage Association

[@RHANews](#)



Kate Lester

Founder & Chief Executive,
Diamond Logistics

[@Courier_UK](#)

LONDON CURB ON POLLUTING VEHICLES THREATENS SMALL HAULIERS

Sadiq Khan's push to clean up London's air by banning more polluting trucks threatens to drive many small hauliers out of business, our Sheds & Logistics Development Conference was warned.

Rob McKenzie, Managing Director of Policy & Affairs at the Road Haulage Association, told delegates that many hauliers would not be able to adjust to the London Mayor's curbs on the polluting vehicles.

Khan is planning to extend the ultra-low emissions zone (ULEV), which currently covers only central London, to the much bigger area enclosed by the north and south circular roads in 2021. All but the least polluting Euro 6 HGV's must pay a daily charge for entering the zone.

WE ALL WANT CLEAN AIR BUT YOU DON'T WANT TO CRIPPLE BUSINESS BY DOING SO

McKenzie said explaining that many hauliers are SMEs and cannot afford the £100,000 cost of replacing existing lorries with new vehicles that are compliant with the new rules.

"We're sowing seeds of our own destruction. If we can't move goods from A to B, business suffers, and everyone suffers. Far from creating a wonderful clean air one you are crippling business," he said, adding that the Euro 5 trucks used by many hauliers are less polluting than small vans, which do not have to meet the same standard.

And a single 44 tonne truck can carry the same amount of goods as 15 vans, all of which are "potentially polluting and belching blue smoke," McKenzie said. "We should be taking them off the road but the priority seems to be trucks."

This proliferation of smaller vehicles also fuels congestion, he said: "We all want clean air but the one thing that stops air being clean is traffic."

"Traffic jams are getting worse and we are creating pollution through traffic jams: it's bonkers," he said, adding that lack of investment in road and rail infrastructure is worsening jams and holding back the development of regional distribution centres.

McKenzie's concerns were backed up by Sue Terpilowski, Chair of the Public Policy Committee at the Chartered Institute of Logistics and Transport (CILT), who urged manufacturers and politicians to collaborate more when developing policy.

She said: "You can't introduce a policy like the Mayor of London has done and not have the vehicles to deliver it because all you will do is stunt business and growth."

And restrictions within London on night-time movements of lorries are out of date, McKenzie said: "Lorries are not very noisy now and the roads are getting very congested. If we were able to be flexible about when we deliver it would cut congestion, cut pollution and really help the economy."

Responding to a question about moves to electrify the haulage sector, McKenzie said 'no-one' has yet been able to produce a small enough battery with enough power for HGVs carrying out long distance journeys.

But the electrification of lorries is a 'red herring' because the most recent vehicles are already low emitting, he said: "Most are Euro 6: they are the least polluting vehicles on the road and way more emissions effective than a Euro 6 car. They are the cleanest on the road so don't knock big trucks."

CILT's Terpilowski said tests had shown that batteries in electric trucks run out of electricity when the air conditioning or the heating is turned on.

She also told delegates that the concerns around freight post-Brexit provides an opportunity for the logistics sector to get across its importance to policy makers, who have

"no idea" about the value of freight to the economy

"Housing always wins because they don't value freight," Terpilowski said, adding that the CILT will be publishing research in the first quarter of next year on the value of the sector.

Logistics must be integrated much more closely into wider development plans, she said: "If any housing development doesn't have a freight and service element it should not be looked at because it's critical that we bring the two together."

And it is 'absolutely ridiculous' that there are no plans to allow freight onto the upgraded Transpennine rail line, she said: "It would take so much traffic off the roads."

Fraser Green, Senior Portfolio Manager at Aberdeen Standard Investments, said that the logistics occupier market is still "pretty buoyant, which means that the pricing of schemes has been affected by the wider commercial property slow down."

THERE'S NO QUESTION THAT LOGISTICS GENERALLY IS FLAVOUR OF THE MONTH INVESTMENT WISE FOR MOST INSTITUTIONS

he said, adding the caveat that corporate tenants are finding it harder to make lettings decisions. He also said that the strong demand for logistics has lessened the incentive to redevelop such sites into housing.

With scarcity of stock helping to pushing rents up to £20 per sq ft, industrial sites have doubled in value, meaning that the returns from turning estate into residential are no longer 'tenable' Green said.

And while metropolitan authorities are pushing for mixed uses, landlords and developers tend to want such sites to remain in industrial uses.

Danielle Sheppard, Investment Director at Barwood Capital, told delegates that that while rents had hovered around

£4.50 per sq ft during the first 15 years of her career, the last ten years has seen 'phenomenal' rental growth.

Multi-storey warehouses will eventually become the norm in the south east, which would involve increasing specification of higher floor densities in order to allow occupiers to add floors, she said: "Certainly in and around London it's got to be something that everyone is looking at because we have a chronic lack of space."

And with vacancy rates in most multi let stock less than 5%, there must be greater provision for smaller occupiers, she said: "Until there is, it's going to continue to be stifling for small business because supply dynamics are historically low."

More land should be released for sub 10k sq ft units, Sheppard said: "Planners have a responsibility, if they care about small business, to protect land for smaller business. I would love to do more multi-let development but it's increasingly impossible because we're competing with residential or someone who wants to put up a large box, which is more viable."



Leading Freight & Logistics Development Plans

Panel Members:



Chair: Phil Laycock
Director, Built Environment Networking
@BENetworking



Rebecca Cunningham
Principal Development Manager, Network Rail
@networkrail



Harry Sadleir
Development Director, Tritax Symmetry
@tritaxsymmetry



Ollie Bycroft
Vice President, Prologis
@prologisuk



Gwyn Stubbings
Planning Director, Gazeley
@Gazeley_News

IS MULTI-STOREY LOGISTICS THE FUTURE FOR THE UK?

Speaking at Built Environment Networking's Sheds & Logistic Development Conference developers discussed the future of the UK logistics market, and innovations that are changing the industry.

Ollie Bycroft, Vice President of Prologis, said that the logistics developer is looking at multi-storey schemes. But he said that occupiers may have to be offered financial incentives or flexible lease terms to tempt them into taking such stock: "Although there is talk about limited supply in London, it's a big place. There's a lot of stock and building coming back and tenants have the option of not moving from the building they are in. We need to find a solution that works in a London context."

YOU WOULD THINK THAT BUILDING FOUR STOREYS SHOULD BE EASY BUT BUILD COST AND COMPETITION MEANS IT'S NOT THE CASE, WE ARE STRUGGLING WITH THE FINANCIAL VIABILITY AND I BELIEVE THERE HAS TO BE SOME REASON ABOVE THERE NOT BEING AN ALTERNATIVE TO GET OCCUPIERS IN.

With a total development pipeline of around 15m sq ft, Bycroft said: "There's lots on and we need to be selective about what to go after. It's being disciplined about what we are doing as there is a risk of doing everything you can because the capacity is available."

He said that the company's programme, which aims to



deliver about 2m sq ft a year in an equal split between build to suit and speculative development, is 'sustainable'.

Most prospective tenants prefer a speculative building, Bycroft said: "Customers generally prefer the certainty that a building is under construction or is built. They can get a feel for what they are getting. With build to suit it's more of a leap of faith and takes a more slightly sophisticated occupier to understand what they are getting."

While a build to suit building takes about nine to twelve months to deliver, even with a planning consent, many occupiers need a building in three months so will must opt for the speculative or second-hand market.

He said the company has a further 265,000 sq ft under construction and 100 acres promoted through the local plan process at Marston Gate at Milton Keynes, where Prologis has already developed 1.6m sq ft. And the company has secured planning permission on a ten-acre site in Croydon for 250,000 sq m in six units, which are expected to be ready for occupation in autumn next year.

Gwyn Stubbings, Planning Director of Gazeley has looked to Asia for inspiration for successful delivery of Multi-Story logistic facilities. Stubbings told the conference that they were in for a "Bumper year" in terms of take up and has a "big speculative programme"

Rebecca Cunningham, Principal Development Manager at Network Rail Property, said that the state-owned operator is focusing its logistics activities on city centre sites rather than outside of urban areas:

IN ANY URBAN CENTRE WE HAVE LAND THAT MIGHT BE FORMER RAIL FREIGHT OR SIDINGS OR IS NOT TO ITS MAXIMUM POTENTIAL.

An example is a site, immediately to the south of Victoria station, currently used for maintenance and stabling, which could contribute to The City of Westminster Council ambitions to deliver new housing.

Network Rail is considering options including developing over the site or relocating its existing activities to a currently under-used site across the Thames, Cunningham said: "The challenge is making sure that commercialisation of our land really helps to deliver the rail investment we need and improves our service to passengers and freight users. For freight and logistics uses, the more we can understand what the market wants, the more we can future proof and make resilient our large and small sites."

And Network Rail is keen to retain rail as an option on freight sites, she said: "Not every freight or logistics site needs to be connected to be rail but from Network Rail perspective, the USP is that can be rail freight. As long as we keep the potential there, we don't want to lose the future opportunity for rail freight."

Harry Sadleir, Development Director at Tritax Symmetry, said developers should be given more incentives, such as a fast track planning consents in order to spur more sustainable development, such as constructing to the net zero standard or building sites at greater density.



Leading Freight & Logistics Development Plans

Panel Members:



Chair: Lucy Hudson

Lead Officer Freight & Logistics, Transport for the North

[@Transport4North](#)



Danielle Lawrence

Senior Asset Manager, Thames Enterprise Park

[@iSec_group](#)



Greg Cooper

Director, Hines UK

[@Hines](#)



Philip O'Callaghan

Managing Director for the UK and Ireland, Mountpark

[@mountparkEU](#)



Nick Kay

Development Director, St.Modwen Properties

[@StModwen](#)

STRONG COUNCIL LEADERSHIP NEEDED DURING PLANNING PROCESS

Planning committee members should pay the cost of lost appeals out of their own pockets if they reject their officers' advice, a leading logistics developer has suggested.

Philip O'Callaghan, Managing Director of Mountpark, told Built Environment Networking event that this move would concentrate elected members minds.

In the context of a scheme that has been recommended for approval by officers, he said: "If planning members decide to turn it down and subsequently the developer wins an appeal, they should pay the council's cost of the appeal. That might make them think twice about turning against it. Some councils have very strong leadership and consents go through really quickly and in other instances it's completely different. It's almost as if we have to go to the chief executive because otherwise it's not worth it."

Nick Kay, Development Director at St Modwen, said the developer has two sites, 60 acres at junction 29 of the M25 at Brentwood and 100 acres to the east of Basildon, which have taken six years to be allocated even though both were earmarked in the draft deposit of the local plan.



Planners are still often prejudiced against logistics on the job generation grounds, he said: "It's frustrating when councils express view that they want offices and not necessarily sheds."

WE ARE DELIVERING MORE OFFICES IN THOSE BUILDINGS THAN HAVE BEEN PROBABLY DELIVERED IN THOSE AREAS SINCE THE EARLY 2000S

he said, referring to how there is a growing demand for office to accommodate the increasingly technical and professional nature of the logistics sector's workforce.

Greg Cooper, Director of Industrial & Logistics at Hines, told delegates that local plans are not keeping up with growing demand for logistics space in the online shopping age: "To meet this consumer shift, there are going to have more warehouses in places that haven't necessarily had warehouses to date. Logistics has been very much at the bottom of the food



chain in terms of planning policy with all focus on housing, so it is often very difficult to meet demand."

Mountpark's O'Callaghan said supply is at a ten-year low point, prompting developers to respond 'aggressively'.

To make up the short fall, he said the industry's speculative build delivery rate is at its highest level since 2013.

Pressure to future proof power networks is becoming an increasing headache for logistics developers, he said: "We've had tenants and after two years found that they were using a third of the power we supplied to them, quite often there's a lot of unused power in the grid, which has not been allocated."

He was backed up by Hines' Cooper, who described power as 'one of the key issues' going forward.

Danielle Lawrence, Senior Asset Manager at Thames Enterprise Park, said that it is submitting detailed plans by the end of October for a 30-acre scheme housing an automated food cold store.

"If and when Brexit happens, we are going to need that supply chain," she said, noting that the adjacent London Gateway

Port already imports 30% of the UK's food, capitalising on its proximity to the capital where 14% of the nation's food is consumed.

The 45m high store will be much larger than the only other automated cold store currently operating in the UK, enabling larger boxes and machinery to be accommodated.

Lawrence said that the height of the new facility, part of plans to build 4.5m sq m of logistics and related space on the 415-acre site of a former oil refinery near Tilbury, means better use can be made of expensive land in London.

The plans for the park also include a combined heat and power plant, which will provide electricity for the site that is 4p per hour cheaper than the National Grid, she said:

BEING ABLE TO PROVIDE CUSTOMERS WITH THAT CHEAP POWER IS A REAL BENEFIT.



Innovation and Infrastructure

Panel Members:



Chair: James Nicholls

Managing Partner, Stephen George + Partners
@sgpLLP



Rachel Price

Business Development Manager Intralogistics, Siemens
@Siemens



Daniel Hulme

Chief Executive Officer, Satalia
@SataliaSolves



Lucy Hudson

Lead Officer Freight & Logistics, Transport for the North
@Transport4North



Will Cooper

Head of Development Project Management, Savills
@Savills

TECHNOLOGY WILL CAUSE NET JOB LOSS BY 2035 – AI EXPERT PREDICTS

Within 15 years technology will be destroying jobs more rapidly than people can be retrained to fill new roles, the Sheds & Logistics Development Conference has heard.

Daniel Hulme, Chief Executive Officer of Artificial Intelligence consultancy Satalia, predicted to delegates at the Built Environment Networking event that technology will continue to free more people from existing tasks over the next decade but at a price.

He said: “The concern is that with the constant impulse to drive more and more efficiency, technology will replace old jobs. There is a concept of economic singularity: the point at which you remove jobs and people can’t retrain fast enough to get new jobs.”

THE PREDICTION IS THAT WE WILL REACH THIS TURNING POINT IN THE NEXT 15 YEARS AND I DON’T THINK OUR ECONOMIES ARE SET UP FOR THAT.



Rachel Price, a Business Development Manager at Siemens, said that the multinational is working on plans that will deliver a fully automated logistics warehouse within next 12 to 18 months.

Referring to work that the company is carrying out with a post and parcel carrier, which involves the installation of AI and sensors throughout the plant’s conveyor belts and machines, she said: “Connecting all the machines will give access to real time data so you won’t need presence of an engineer on site or even potentially operators. The logistics industry is so competitive, and margins are so tight that you are almost forced down this road.”

But while Hulme expressed concerns about a looming scarcity of jobs, this is currently not a headache in the logistics sector, said Will Cooper, Head of Development Project Management at Savills.

He said that as labour becomes scarcer and more expensive, there will be more appetite within the sector to invest in robotics.

And the increasingly skilled nature of the logistics workforce is pushing occupiers and developers to offer higher quality warehouse working environments, he said: “People working in warehouses are a lot more skilled than they were in the past. It’s not a load of old boys in brown coats, they are very highly skilled and they’ve got IT degrees.”

“The competition for employment is with Google at King’s Cross. Unless you are going to pay them a hell of a lot more it’s got to be an attractive place to work. You’re never going to make an industrial unit on the side of the M25 as attractive a place as an office in central London but there are things you can do to make the office a more attractive and a nicer place to work,” Cooper said, adding that earmarking green space for planters or sustainable urban drainage schemes could provide logistics workers with a more attractive lunchtime vista than a service yard.

But the “biggest hurdle” to introducing new technology is the slow-moving pace of the planning process, he said:

UNLESS THERE IS A REAL STEP CHANGE IN THE PROCESS THESE SORTS OF INNOVATIONS WON’T TAKE OFF.

And Cooper agreed with earlier speakers during the day that the sector is hampered by constraints on the electricity network.

“Occupiers’ electricity requirements are going up and the network is not getting better. Onsite generation whether renewable or gas generation is becoming absolutely vital,” he said adding that the grid is full to capacity on the feed-in side.

And even though his clients are ‘very busy’, Cooper said Brexit is a headache with many contractors examining clauses to help safeguard against EU withdrawal related delays and not being able source particular products.

One developer has ordered 120 dock doors due to concerns that they will not get them in time for their projects.

Another headache for logistics developers is the rising cost of

steel cladding, he said: “If the steelwork procurement keeps getting more expensive and longer and we have more issues with cladding people are going to start looking more at different ideas.”

Lucy Hudson, Lead Officer for Freight & Logistics at Transport for the North said that Brexit-related changes in trading patterns could create opportunities for ports like Liverpool with facilities to handle ‘enormous’ container ships if rail infrastructure can be enhanced to achieve better east-west connectivity.

“Northern ports could see opportunities, but the reality is that without the certainty that it’s going to happen business won’t make decisions.”



Conference Partners

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National BIM Partner



National Core Partners



Conference Partners



Save the date



22nd September 2020

Milton Keynes
08:00 – 17:00

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For further information on partnership opportunities available contact:
keith.griffiths@built-environment-networking.com

BE Sheds and Logistics Development Conference

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