



Strategic Insights into *UK*
Warehousing: Labour &
Location Dynamics –
What you should know!

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The Study

The landscape of warehouses in the UK is changing – and it's changing fast. Technological advancements and changing consumer behaviors are driving this evolution. Emerging trends in various industries and black-swan events, such as Brexit or the pandemic, are also influencing it. In order to gain additional market insights, we have conducted a survey to gain insights into the future of warehouses in the UK. This study was conducted with 83 senior members across different sectors, including Logistics Service Providers (which accounted for 50% of responses), e-commerce pure-players, primary industry, retail, FMCG, fashion, manufacturing, pharma, and carriers.

One interesting insight upfront: Over 3/4 of the respondents are either unsure, still reviewing their options or haven't simply change approach to warehouse set-up since Brexit or the pandemic. Just over 20% have decided to take some action, either by adopting a more port-centric or more regional approach. What is evident from Miebach's experience, however, is that an increasing number of companies are relocating their distribution operations to the UK because of Brexit, to serve the local market. This move can increase service levels and reduce tax costs. This trend is expected to continue in the short term.

The questionnaire for the study consisted of seven short questions focusing on two essential perspectives: location and labour availability. With more than 80 respondents, the results of the study are summarised below.

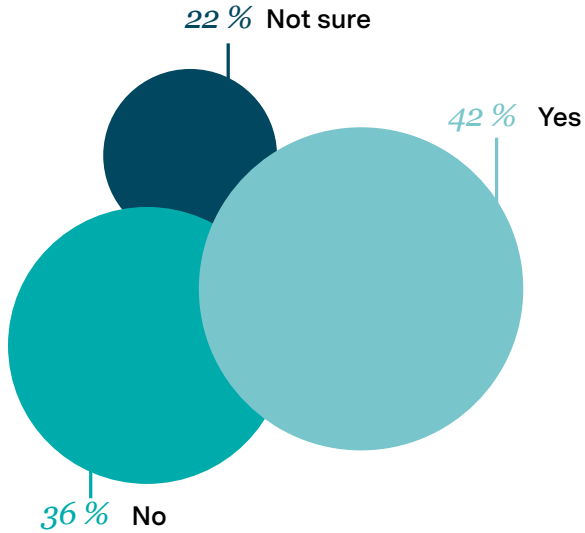


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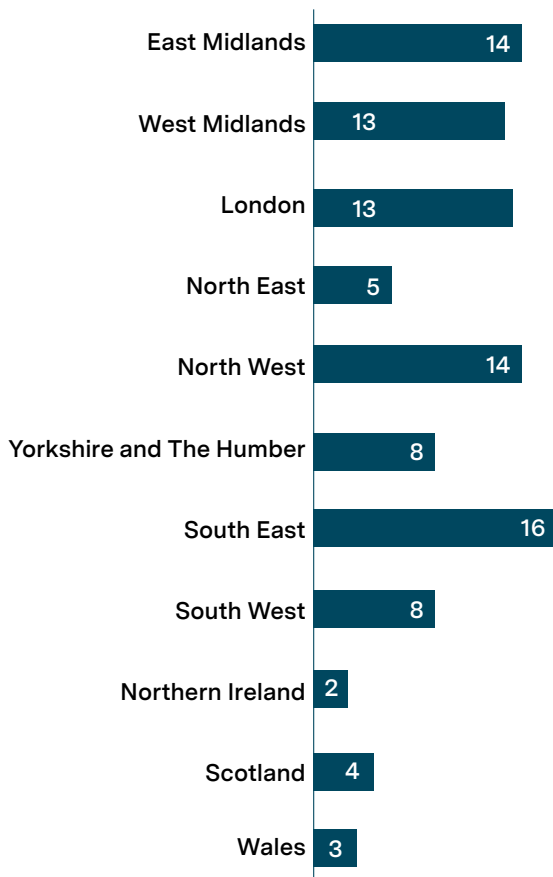
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Study Insights

Do you consider the UK's 'Golden Triangle of Logistics' (Bedford-Nottingham-Birmingham) the optimum location to site warehouse operations in the UK?

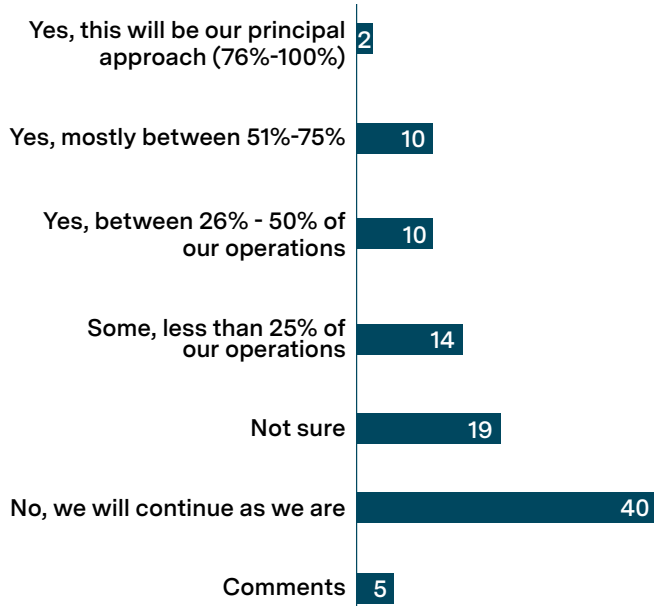


Which other regions do you consider as potentially interesting warehouse site locations? (Multiple options) (in %)

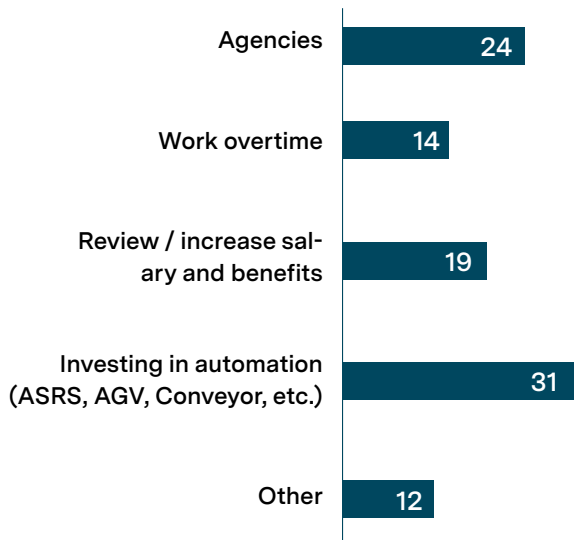


Study Insights

Due to the frequency and scale of recent disturbances and disruptive events (Covid, Brexit, strikes, etc.), do you plan to outsource more of your logistics operations? (in %)



How do you cope with staff shortages? (in %)



Where should my warehouse be?

Supply chain professionals are (or at least should be) constantly asking themselves this question. There are various quantitative tools to help make a decision. When answering this question we need to look at demand, customer location, transportation costs, etc., in addition to other qualitative factors, such as availability of skilled labour, regional stability, tax incentives, local and environmental regulations. In the UK, the answer often points to the same area known as the 'Golden Triangle of Logistics' when considering these factors. The significance of this area, encompassing approximately 289 square miles in the Midlands, lies in its capacity to serve around 90% of the country's population within a four-hour driving radius (Depending on the author, the vertices of the triangle may vary, however, considering Bedford-Nottingham-Birmingham as such is widely accepted).

This has led to increased demand in the area with higher costs, and staffing difficulties. However, in recent years, the sprawl of 3PLs has meant that deliveries of parcels and palletised goods can be made in 24 hours or less, implying a considerable improvement in the levels of service that can be offered. For this reason, 60% of the survey participants are hesitant or simply no longer consider this triangle as the optimal place to locate their warehouse. The main reasons for choosing other regions over the triangle were the stronger transport links and

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Where should my warehouse be?

better workforce availability while costs in the triangle (staff, rent, etc.) are higher. Additionally, the decision of warehouse location may also depend on the industry, with some preferring a regionalised model, especially for Last-Mile fulfillment (3PLs and Retail).

When asked about the UK regions that are considered as potential substitutes (Scotland, Wales, and Northern Ireland were included among the options for completeness), the Southeast and London got more than a quarter of the votes. This seems reasonable when considering that these two regions contain approximately one-third of England's population. Additionally, they have a stronger and more resilient 3PL (third-party logistics) network compared to previous years. In the last decade, the number of locations for logistics operations has nearly doubled.

Drivers to select the *optimal warehouse solution*

Furthermore, the North West is also an attractive area, influenced by the population density of the Greater Manchester area, its more competitive prices, and proximity to important hubs such as the Port of Liverpool and East Midlands Gateway Airport. Now, apart from the Midlands, which is in most cases the theoretically ideal location, we know that more areas have the potential to provide the right service. Therefore, one might ask, what are the top three drivers managers use to select the optimal solution? The survey results show that rental cost is the main one; this is understandable and unsurprising given that in terms of absolute differences in percentages, rent shows the biggest difference between locations.

The second driver is service level. The exponential growth of e-commerce, including the rise of pure e-commerce players, coupled with an increasingly competitive market landscape, has prompted companies to adopt more 'aggressive' strategies to expand their market share. In this context, the ability to offer next-day deliveries has become a critical must-have characteristic for businesses aiming to meet customer expectations and enhance service levels. As a result, there is a growing need for warehouses to be strategically located near parcel hubs and carriers capable of offering late cut-off times.

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Drivers to select the optimal warehouse solution

Finally, the availability of talented and qualified workers emerges as the third key driver. Competition for skilled labour in the UK is intense, particularly in the logistics sector. Companies located in areas with a higher density of skilled workers are better positioned (the Golden Triangle is one of such areas), which provides a competitive advantage, but that translates into higher costs and staff shortages. Therefore, managers look for a balance between good availability of skilled workers, and reasonable costs.

Overcoming *workforce challenges*

It is well known that Brexit has led to a shortage of staff in the logistics business, with many companies facing challenges in attracting and retaining talent. The uncertainty surrounding Brexit, coupled with changes to immigration policies, has resulted in a reduced pool of skilled workers available to the industry. In fact, 60% of participants in the survey stated that they are currently facing challenges in attracting and retaining labour, with a third of them having these issues always. As a result, companies are being forced to explore alternative strategies to overcome this situation and ensure the smooth operation of their warehouse facilities.

Three main answers emerge when participants were asked how they cope with shortages, these answers were selected in almost equal measure. The first of these options is to increase pay and benefits and incentives to stay on, as well as to provide more training, both basic and specialised.

An alternative option is to use agencies, which would incur in higher costs, but at least offer sufficient speed of reaction and flexibility, in case an unpredictable event occurring.

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Overcoming workforce challenges

The third option is to invest in automation (AGVs, AMRs, conveyors, etc.). As determined in a previous global supply chain and logistics trends study this year, conducted by Miebach in collaboration with a group of , it is important to emphasise the need for human expertise when handling logistics ([Link to the Miebach study](#)). Integration of humans and technology, where they work hand-in-hand, has the objective of enhancing the capabilities of humans rather than replacing them, and to streamline repetitive tasks or tasks that could be considered somewhat dangerous, such as handling toxic, corrosive, or heavy materials. Despite the initial investment, which could be significant, a detailed study to support the choice of the right level of automation can result in a relatively short payback period, bringing with it a stronger and more resilient supply chain.

Brexit and pandemic consequences need to be taken into account

Despite the well-known impact of staff shortages caused by disruptive events like Brexit and the pandemic, almost 70% of participants stated that they will not be outsourcing any of their logistics operations as a direct result of these events. More than two-thirds of them are confident in continuing with their current operations. While these companies have their reasons, it is also important to keep in mind that returning to business as usual without adapting poses significant risks.

These events highlighted the vulnerability of supply chains, revealing the importance of robust contingency plans and diversified sourcing policies. Brexit introduced further customs regulations, delays and tariffs. Ignoring these changes will lead to increased costs, delivery delays, and operational inefficiencies. Some solutions might be investing in innovative logistics solutions, such as real-time tracking, automation, and dynamic inventory management, to remain resilient. Adapting to new regulatory environments, leveraging technology for enhanced visibility, and fostering agile supply chain networks ensure businesses can swiftly respond to unforeseen challenges, maintain customer satisfaction, and stay competitive.

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Adapting to the *new reality for sustainable success*

The development of new and cheaper technologies, the spread of new facilities across the UK, especially in England, and services offered by Logistics Service Providers, have created a new environment in the logistics industry. This change has been accelerated by events such as Brexit and the pandemic, which created a profound shortage of skilled employees. In order to remain competitive, companies must adapt to this new reality.

The survey revealed that, despite the competitiveness of the “Golden Triangle”, different areas, especially in the Southeast and Northwest, can offer high levels of service at a lower cost. However, the shortage of qualified employees is a problem that most companies face in their warehouses. To overcome this, companies are exploring alternative strategies such as increasing pay and benefits, using agencies, and investing in automation.

Certainly, there is no one-size-fits-all solution for all companies and industries. For instance, a 3PL provider may prefer not to outsource operations, especially when working under a closed-book contract. Similarly, if demand volumes do not justify automation, it may not be the most suitable option. However, regardless of the decision, it should be the consequence of a comprehensive study that considers the company’s situation, goals and priorities in detail.

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Overcoming workforce challenges

By understanding the key drivers influencing warehouse location decisions and implementing strategies to overcome workforce challenges, companies can position themselves for success in an increasingly competitive marketplace.

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Are you about to launch a warehouse project or do you have any questions or comments on this subject? Do not hesitate and feel free to contact us!”



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Ready to unleash your
Supply Chain Potential?

Contact us:
we build supply chains that
move at the speed of your
business.

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