

Cheaper land is big draw for distributors

LOGISTICS

James Wilson on how the region is making the most of its location

Anyone travelling along the M62 south of Leeds cannot fail to see the huge distribution sheds on either side of the motorway – evidence of West Yorkshire's ongoing popularity as a location for UK distributors and logistics businesses.

A glance at the map shows why. This is a strategic intersection at the heart of a densely populated area, where some of Britain's main north-south road and rail links cross the M62 – the country's only coast to coast motorway, running between the big ports of Liverpool and Hull.

Rupert Visick, of Gent Visick, a Leeds-based industrial property agent, says: "Companies want to be at the heart of the supply chain and get to the bulk of the population within a sensible driving time." Demand is particularly prevalent from supermarkets and internet retailers, he says.

Land here has also been cheaper and more plentiful than around some of the UK's other big population centres further south, making it easier for companies to achieve economies of scale by building the biggest possible warehouses.

Mike Baugh, based in Leeds as director of the national industrial and logistics team for DTZ, the property agents, says companies have been demanding much bigger units that have been available in Yorkshire but not in the Midlands and south-east.

Proving the point, one of the biggest warehouse developments in the UK and Europe is shortly to open in Bradford, near the M606 motorway spur into the city. Prologis, an international developer, is building a 1m sq ft distribution centre for Marks & Spencer, the emblematic UK retailer, in a 50-50 joint venture. Maud Marshall, of Bradford Centre Regeneration,

says: "It is a huge coup to bring them here." The investment should create 2,500 direct jobs when it opens in 2010.

Prologis says Bradford had a good supply of land, a ready labour force and a prime location. It is investing £250m, according to Tony Reeves, chief executive of Bradford council.

Another area of significant development is the Aire Valley east of Leeds, where a new link road to the M1 motorway is opening up tracts of land for development. Mr Visick says: "Leeds



'[The Prologis venture] can bring lots of other supply chain opportunities'

Tony Reeves
Bradford City Council

was in need of this – it was losing out to other places."

Matt Crompton, managing director of Muse Developments, a spin-off from Amec, says his company has plans for 1.6m sq ft of development that will mostly be distribution sheds. "This is quarter of a mile from the M1 and we think the Aire Valley will be very popular," says Mr Crompton.

Mr Crompton says the Aire Valley development is a successor to Amec's joint venture with Wakefield council to build Wakefield Europort, one of the largest of West Yorkshire's distribution ventures. This is now coming to the end of its development.

The Europort was meant

to be a hub for the exchange of freight from road to an onsite international rail terminal but Mr Visick says problems with rail operations mean it has not developed as envisaged. Mr Crompton says the site has had some big occupiers including Asda, the retailer, and Scottish & Newcastle, the brewer. "It has definitely served its purpose, although more on the east-west logistics route than north-south," he says.

The jobs set to be created at Bradford show that the logistics sector has potential to create much more employment than is often assumed. Property agents say local authorities are generally becoming more supportive of the industry, changing an attitude that warehousing and distribution brought too few of the wrong kind of jobs.

Supporting the ambition to attract more such business, the University of Hull this month opened a Logistics Institute to provide help in areas such as technological development.

Mr Reeves, who says Prologis was impressed by Bradford's "can-do" attitude, wants the Prologis venture to unlock other opportunities to supply M&S – particularly in garment manufacturing. "Bradford has some real skills in that area, particularly among women in the south Asian community," he says. "It is an investment that can bring lots of other supply chain opportunities. We want to build opportunities around it."

Big plots of land are now becoming scarce but Mr Crompton says West Yorkshire should "still stack up" as a distribution centre. Mr Visick predicts a surge in demand for smaller sheds. "There is pressure on urban areas not to have huge lorries travelling through," he points out. "Therefore there will be more trans-shipments to smaller loads."

He also sees demand for sheds for "reverse logistics": that is, getting waste products back from the consumer to the producer because of increasing amounts of pro-recycling regulation.

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12/03/08