

FOR IMMEDIATE RELEASE JANUARY 2009

Construction in the Warehouse Sector - UK 2009-2013

New AMA report provides a major review of this important sector of the construction market

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A brief summary of the report is included on the following page.

Priced at £650, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.

Editors Note:

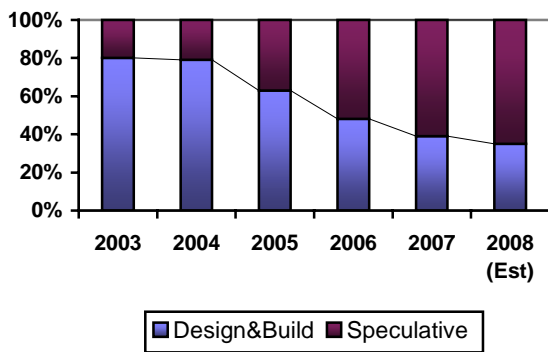
Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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Warehouse Completions by Type (Design & Build / Speculative - 2003-2008 (%))

consolidate their supply chains. This development was strongly tied to continued expansion in retailing activity, and, in particular, the growing popularity of bulk retailing and online retailing. **Speculative development** continues to account for the majority share of all warehousing development with around 65%, compared with **design and build** and this trend has grown over the past 3 years, as the above chart shows.

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The deteriorating economic outlook, slowing consumer markets and declining business confidence across Europe has impacted on the warehousing sector as 2008 progressed. As a result, the supply pipeline is likely to become more restricted in future as finance becomes more difficult to obtain.

Given the effects of the 'credit crunch' on the wider economy, the impact on warehouse property markets and on new development, in particular, will become more apparent going forward in the amount of new construction activity. The recent decline in retail construction which almost inevitably will continue throughout 2009 will also affect the warehousing sector. Private warehouse construction output could have declined by as much as 20-25% in 2008 to reach around £1.8bn (from £2.4bn in 2007), with further falls of around 10-12% expected in 2009, with no significant growth in warehouse construction anticipated before 2011.

The economic downturn is re-shaping the warehousing market in the UK as the manufacturing, retail and logistics sectors seek to move to low cost locations, creating rental growth in many regional cities. Manufacturers are likely to continue moving their operations to lower cost locations in the foreseeable future, thus ensuring a steadily growing demand for logistics property.

AMA Research's report "**Construction in the Warehouse Sector – UK 2009-2013**" is available in hard copy or electronic format for £650 and can be ordered online at www.amaresearch.co.uk or by calling 0871 3103450.

Growth in the warehousing and distribution sector has been significant in recent years, underpinned by strong growth in capital spending in the retail and distribution sector, with a number of retailers investing in additional floor space to improve sales and productivity. With some 150 million sq. m. of warehouse stock, the UK is one of the largest logistics markets in Europe. Of this, around 22% of space is in London and the South East and about the same proportion in the Midlands regions.

Demand for warehouse premises has remained high up to 2007, particularly for large, strategic warehouses, as companies sought to